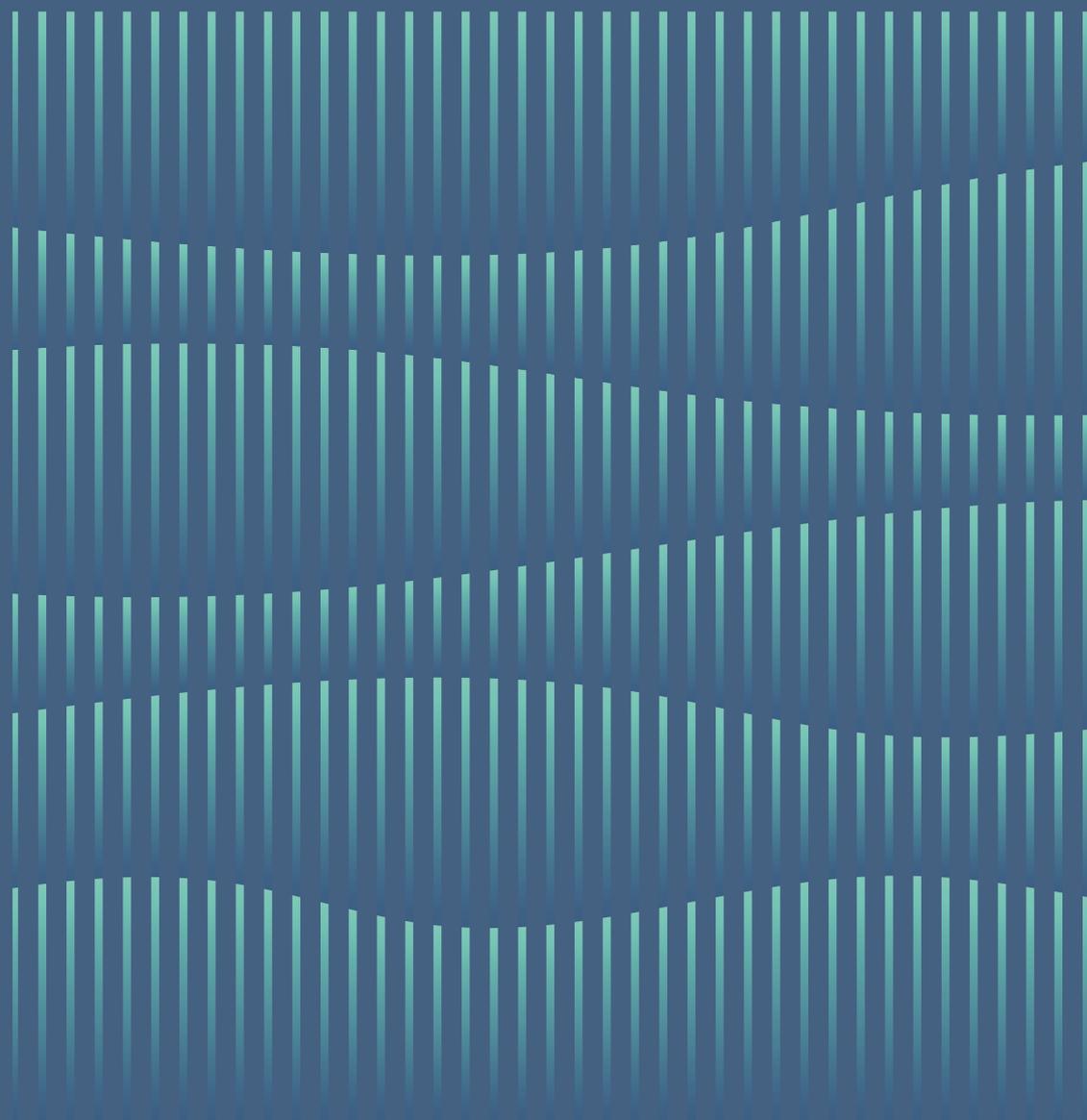


Höegh Autoliners

Annual report 2022





HÖEGH AUTOLINERS

Sailing for Sustainability

Welcome to our new way of reporting. Here we combine our Annual and ESG report into one for a more holistic and transparent reader experience. It contains all you need to get a full overview of what we do and how we create value, our achievements so far and what we strive to accomplish in the future, for our future.

Key figures 2022

USD (million)

1270

Total revenue

447

EBITDA

299

Profit for the period

61%

Equity ratio

Key figures consolidated accounts	2022	2021	2020
<i>USD (million)</i>			
Total revenues	1270	947	737
EBITDA	447	203	175
Profit/(loss) for the period	299	125	(19)
Adjusted EBITDA	448	210	165
Cash and cash equivalents	184	228	115
Cash flow from operations	405	172	168
Net interest bearing debt	379	491	669
Equity ratio	61%	48%	37%
Number of operating days	13 986	15 338	14 670
Net rate per CBM (USD)	62.5	50	45.9

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Meet Höegh

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Höegh Autoliners in brief

Höegh Autoliners is a leading global provider of transportation services within the Roll-on Roll-off (RoRo) segment.

11

Global trade routes

37

Vessels (28 owned and 9 chartered in)

15

Average age of fleet (in years)

~400

Office employees with 22 nationalities

~1 200

Seafarers from China and the Philippines

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

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

Our corporate head office is located in Oslo, Norway but we employ approximately 400 people from 22 nationalities who are working out of 16 offices around the globe. In addition, we employ around 1 200 seafarers, through our crewing offices in the Philippines and China.

As of 31 December, the Group operates a fleet of 37 Pure Car and Truck Carriers (PCTC) vessels, of which 28 are owned and 9 are chartered in, with capacity ranging from 2 300 to 8 500 CEU, with an average capacity of ~6 700 CEU. In April 2021 we launched the design of the world's largest and most environmentally friendly PCTC vessels, the Aurora class. The Aurora class has DNV's new "ammonia ready" notation, which makes it the first in the segment to be ready for operation on carbon neutral ammonia. Together with its capacity to carry up to 9 100 cars it will be the world's largest and most environmentally friendly car carrier to be built. The Group has signed contracts for eight Aurora vessels and has options for further eight vessels. The first vessels will be delivered in the second half of 2024.

Fully integrated global organisation with considerable inhouse expertise:

Commercial management

Operational management

Full technical services

Newbuilding project management

Crewing



● Head offices

● Sales offices

● Agent with Höegh staff

Head office in Oslo consist of strategic, managerial and key staff functions only.

Office in Manila successfully developed into an operational and support hub.

Several local sales and operation offices streamlined with global network of agents.

Seafarers Dedicated personnel ensuring the safety of crew, cargo and vessel

~70 employees

~160 employees

~145 employees

~1 200 employees

Our history

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



1927

Mr. Leif Høegh founded Leif Høegh & Co and since then Høegh has been a well-recognised name in the international shipping industry. The owning and operation of oil tankers came to form the mainstay of Leif Høegh & Co from the early days.



1987

Leif Høegh & Co ASA was listed on the Oslo Stock Exchange after merging the various shipowning entities. This consolidation process laid the basis for new development towards a decentralised business model.



2000

Leif Høegh & Co acquired all the shares in HUAL, later renaming it to Høegh Autoliner.



2006

The Company was restructured into two separate entities – Høegh Autoliner and Høegh LNG – with a common holding company (Leif Høegh & Co Limited). The ship management expertise was maintained in Høegh Fleet Services.



2015

Høegh Autoliner took delivery of the largest and greenest vessels in the market: the Horizon class with a capacity of 8 500 car equivalent units (CEU).



2022

A contract with China Merchants Heavy Industry to build a series of its zero-carbon ready Aurora class vessels was signed. Uplisted to the main market on the Oslo Stock Exchange. Commenced distributing quarterly dividends to shareholders from August. Joined the First Movers Coalition (FMC), committing to accelerate the demand for zero-carbon technology.



1970

The company started transporting cars with lift on/lift off vessels. A joint venture was formed with Ugland which shaped HøeghUgland Auto Liners (HUAL). This company became the basis for developing Høegh into a world leading RoRo operator.



1995

Høegh Fleet Services AS was established as a separate ship management entity, serving Leif Høegh & Co's fleet.



2003

The third generation took control of the Company. Cousins Leif O. Høegh and Morten W. Høegh made an offer to acquire all outstanding shares in Leif Høegh & Co AS. The offer was well received and the Company was privatised and delisted.



2008

Høegh Autoliner relocated its shipowning activities from Bermuda to Norway. The same year the Company acquired a fleet of 12 car carriers from A.P. Moller-Maersk (APMM). APMM became an important minority shareholder with representation and influence through the Board.



2021

Høegh Autoliner successfully completed its first carbon neutral voyage from Europe to South Africa. A conversion to a public limited liability company and change of entity name from Høegh Autoliner Holdings AS to Høegh Autoliner ASA took place. Later in 2021, a successful private placement and admission to trading on Euronext Growth for Høegh Autoliner ASA.

Highlights 2022

Key events

January

- Signed contract for the building of the first four Aurora class vessels.

August

- Exercise of option to purchase Höegh Tracer.
- Commenced distribution of quarterly dividends. Total of USD 35 million distributed in 2022.
- Commenced monthly trading updates to the market.

October

- Received EcoVadis gold medal rating for sustainability reporting, placing the Company among the top 5% of all companies evaluated.

May

- Signed contract for further four Aurora class vessels. The first two vessels will be delivered in the second half of 2024. Options available for another eight vessels.
- Purchase of Höegh Beijing
- Höegh Autoliners joined the Global Maritime Forum's All Aboard Alliance, reiterating its efforts to improve diversity, equality, and inclusion in the maritime industry.
- Uplisted to the main market on the Oslo Stock Exchange.

November

- Exercise of option to purchase Höegh Trapper.

June

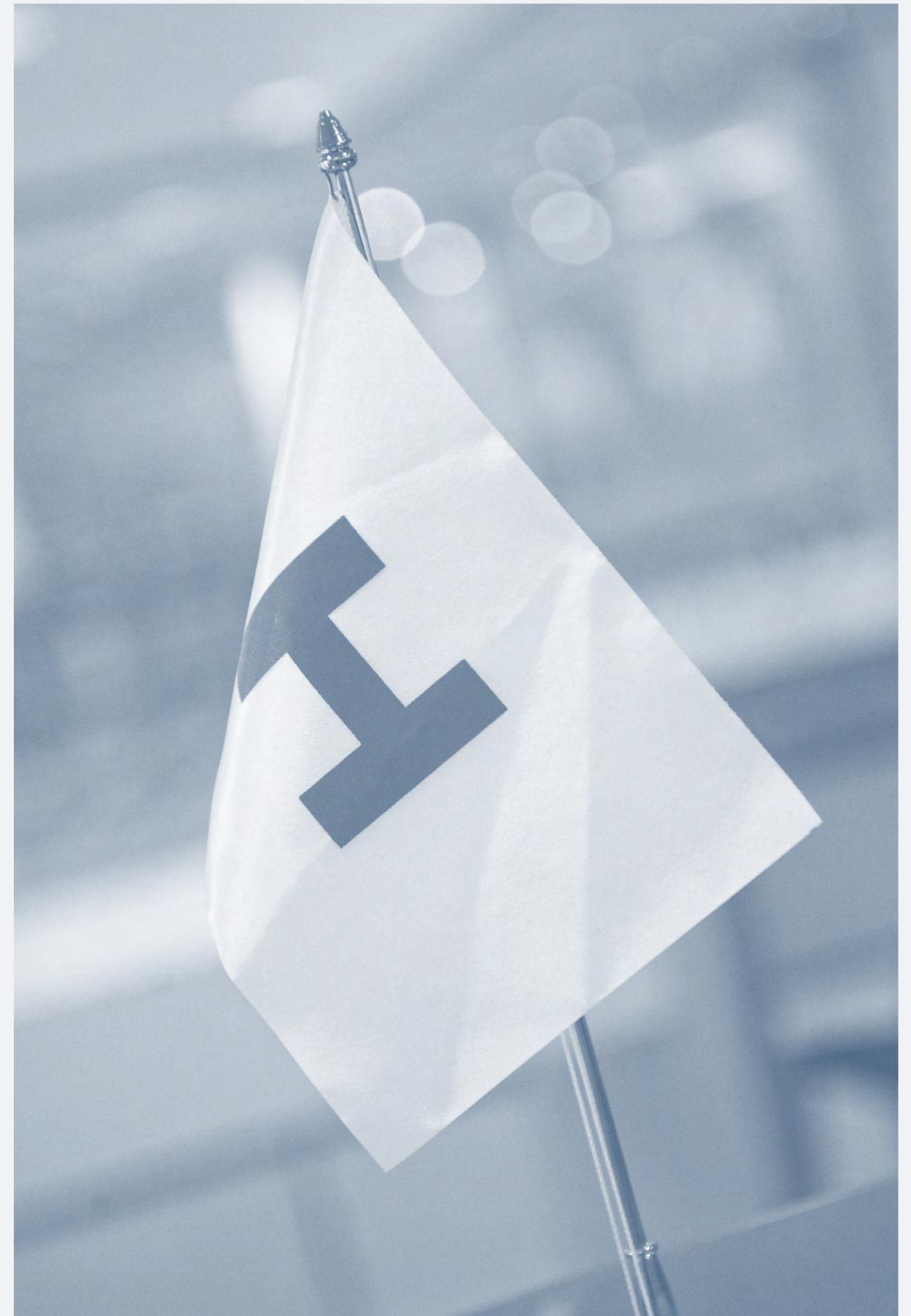
- Successfully refinanced the fleet mortgage debt with significantly improved terms.
- Secured financing of all 8 Aurora vessels

September

- Joined First Movers Coalition (FMC) as the first shipping company, committing to running at least 5% of our deep-sea shipping on zero-emission fuels by 2030.

December

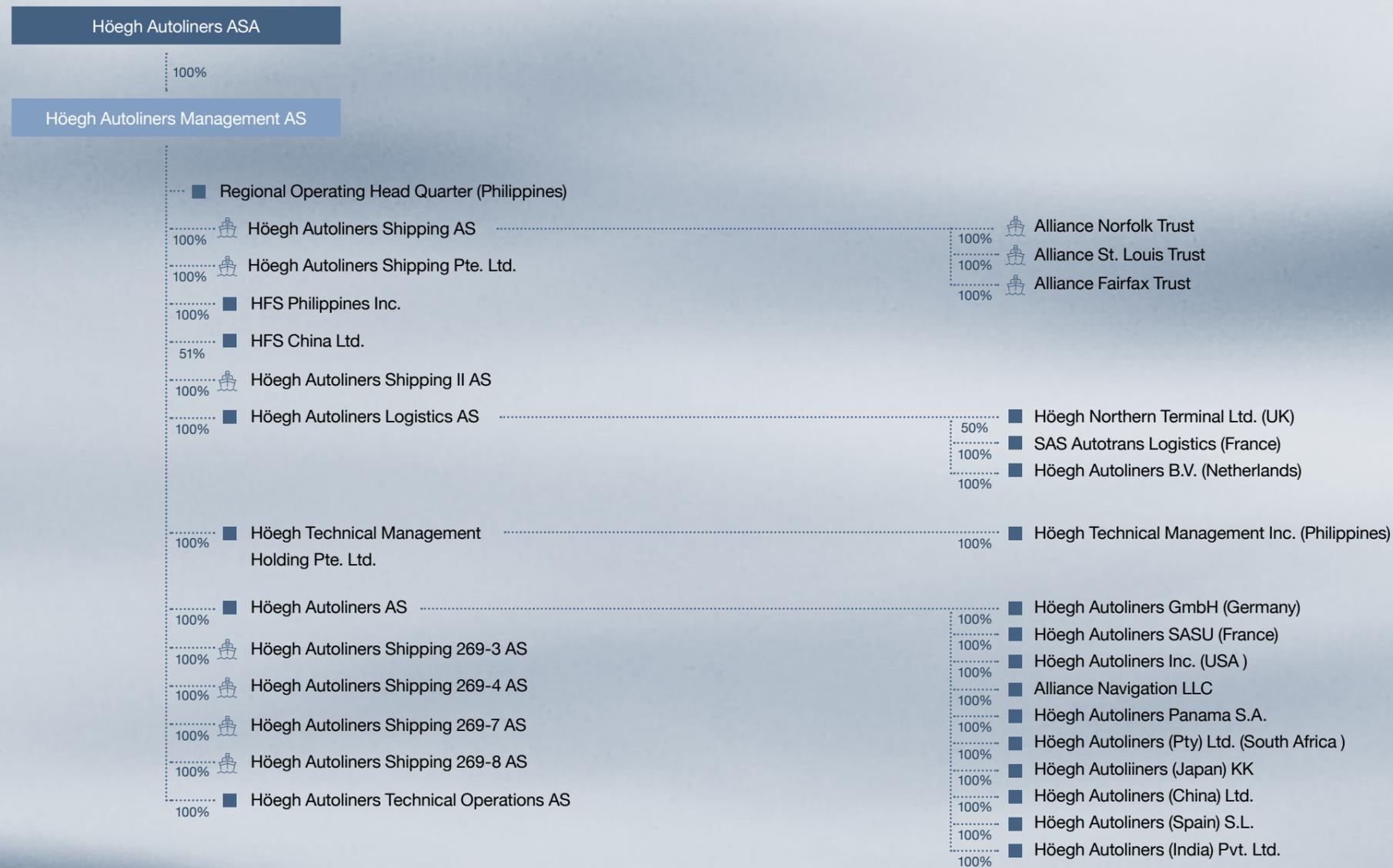
- Purchase of Höegh St. Petersburg.
- Secured financing of USD 130 million for the purchase of Höegh Tracer, Höegh Trapper and Höegh St. Petersburg.



Corporate Structure

Höegh Autoliners ASA's corporate structure

Shipowning



Höegh Autoliners ASA is a holding company and the operations are carried out through the Company's operating subsidiaries.

Main trades and business areas

Höegh Autoliners is one of the world's leading Ro/Ro operators, carrying two million standard car units annually worldwide through our global network of 10 deep sea trades and loops, as well as a Caribbean shortsea service.

East Asia to Africa

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

East Asia to Europe

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

East Asia to North America and the Caribbean

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

Europe to Africa, the Indian Ocean and Oceania

In this service, Durban is offered three times a month, the Indian Ocean Islands of Madagascar and Mauritius monthly, and Reunion twice a month. Several ports in Australia are served up to four times a month. Auckland is serviced twice a month with Lyttelton, Wellington and Nelson offered through reliable feedering. A direct call to Noumea is offered once a month. Furthermore, we can offer customers East African destination via transhipment in Durban.

Europe to the Caribbean and the Americas

This trade covers the major Caribbean markets as well as Mexico with two monthly sailings from Europe. Furthermore, we serve a variety of smaller Caribbean and Latin American destinations via transhipment on our dedicated Caribbean shortsea service. Destinations not covered in the regular schedule are evaluated on inducement basis.

Europe to the Middle East

The twice a month service from Europe to the Middle East combines main load ports in Europe with an extensive port range in the Middle East. Through transhipment in the Middle East, we can connect to India, Pakistan, Iraq, Thailand and Sudan.

Europe to USA, Mexico and Oceania

The Europe to USA, Mexico and Oceania trade connects Höegh Autoliners' main ports in Europe with Baltimore, Jacksonville, Freeport (USA), Kingston (Jamaica) and Veracruz (Mexico) directly to destinations in both New Zealand and Australia via the Pacific Ocean. The port of Mackay has been added to service the mining and agriculture industry in the region.

Middle East, India and Africa to the Americas

This trade connects the Middle East and India with East, South and West Africa, Mexico and the US. Through transhipment in Maputo, Durban and Dakar we connect to East and West Africa, Indian Ocean Islands and Oceania with minimum waiting time due to a synchronised connection within our trade network. Höegh Autoliners currently offers a monthly service in this trade.

North America to Europe

This trade connects the US Gulf and East coast with main ports in Europe. Through transhipment in Bremerhaven, we offer an extensive range of ports in Europe, South Africa, Indian Ocean Islands and New Caledonia. We can also offer East African ports via transhipment in Tangier or Durban. All major ports in Australia and New Zealand are serviced on our direct sailings from US and Mexico.

North America to the Middle East, East Africa and Asia

Höegh Autoliners has an expansive sailing schedule between North America, Mediterranean, the Middle East and Asia. On the east coast of North America, we cover the area from Veracruz (Mexico) in the south to Wilmington DE (USA), in the north. Our port coverage in the Middle East is extensive. Through transhipment in Singapore or Jebel Ali we can furthermore offer a wide network of destinations in Southeast Asia, East Asia, Iraq, and East Africa.

Caribbean shortsea service

The Caribbean shortsea service offers a wide range of ports from Dégrad des Cannes, French Guiana in the south to Port Everglades, FL (USA) in the north. With our deep sea service from Europe, we connect in the US; Baltimore and Jacksonville to join the Caribbean network. Via dedicated hubs in Kingston, Jamaica and Pointe-à-Pitre, Guadeloupe a wide range of ports can be serviced in the region.

Cargo type

Share of total volume



Factory New Light Vehicles (FNLV)



Previously Owned Vehicles (POV)



High & Heavy (H&H)



Breakbulk (BB)



*Reflects share of revenue for Original Equipment Manufacturers' in each segment – typically, Factory New Light Vehicles and High & Heavy are on a multi-year contract with an agreed price. In contrast, used cars and Breakbulk are typically shipped on a spot basis. Note: Metrics based on Höegh Autoliners 2022 YTD figures.

Trade routes

Höegh Autoliners operates a global network of deep sea trades with Pure Car and Truck Carrier (PCTC) vessels. The deep sea trades are further supported by a shortsea services in the Caribbean, offering our customers a wide selection of ports.

2 500+

Annual port calls

11

Global trade routes

16

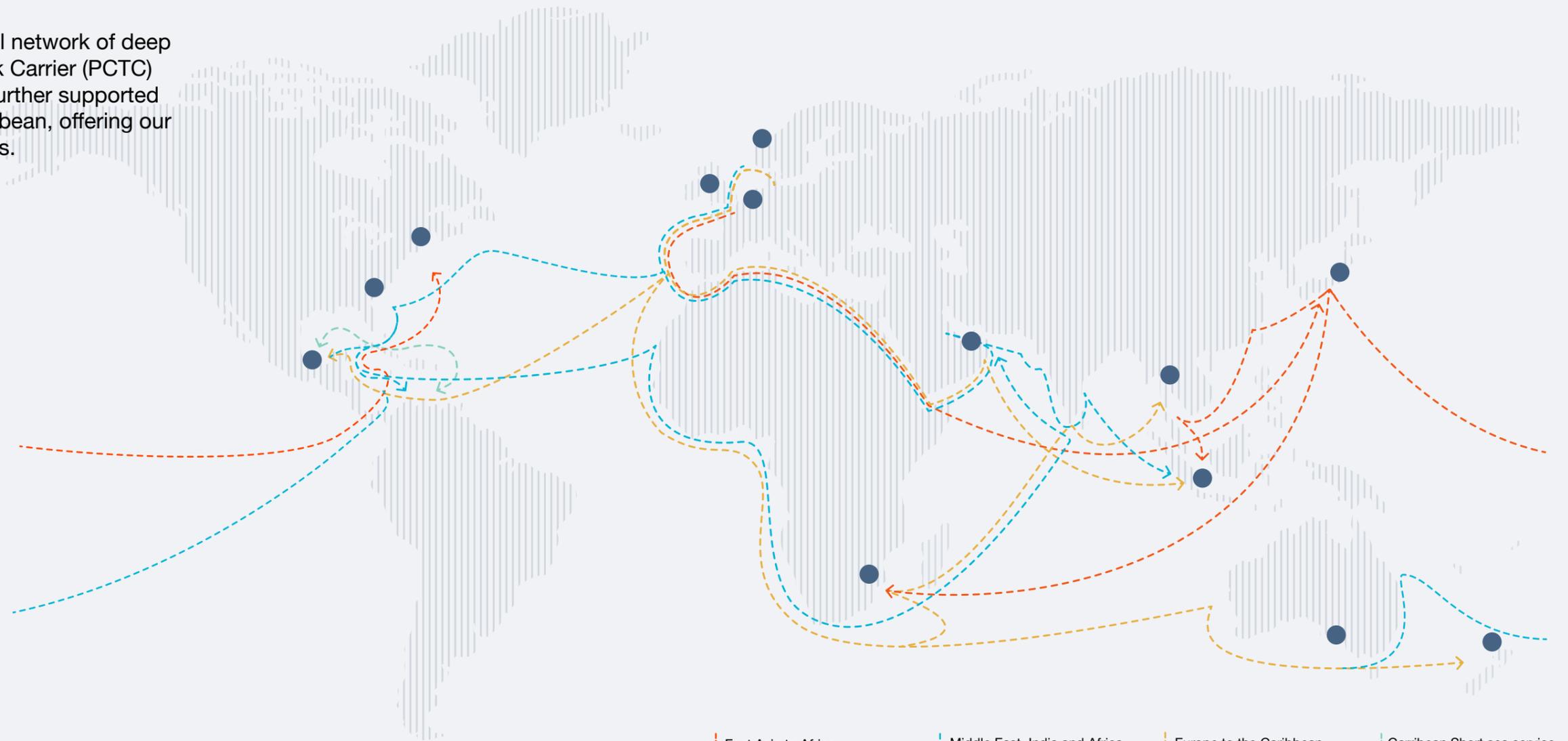
Offices around the world



Market leading position on several trades



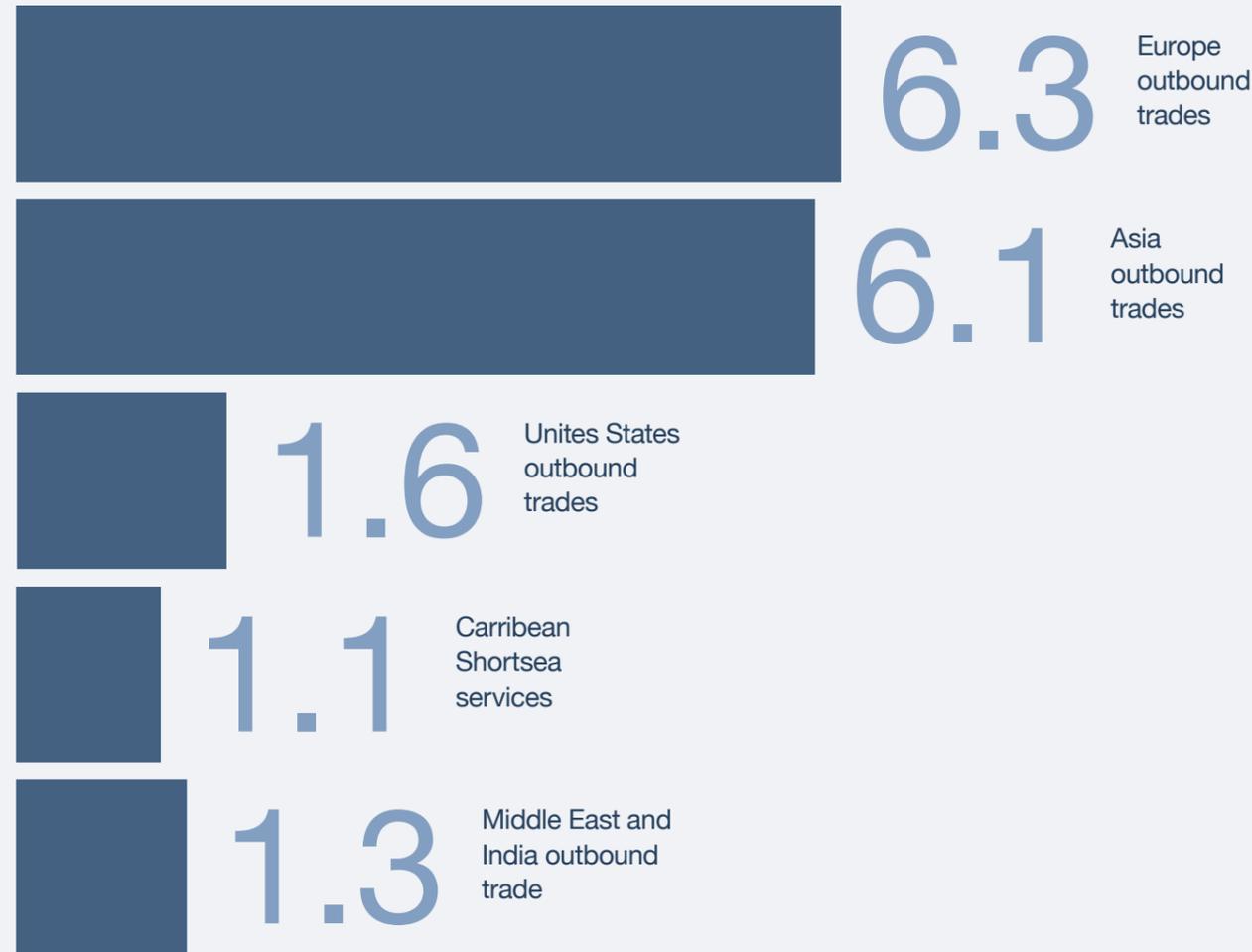
Strong and long-standing OEM customer relationships (40+ years)



- East Asia to Africa
- East Asia to Europe
- East Asia to North America and the Caribbean
- Middle East, India and Africa to the Americas
- North America to Europe
- North America to the Middle East, East Africa and Asia
- North America to Oceania
- Europe to the Caribbean and the Americas
- Europe to the Middle East
- Europe to USA
- Europe to Africa, the Indian Ocean and Oceania
- Caribbean Short sea service

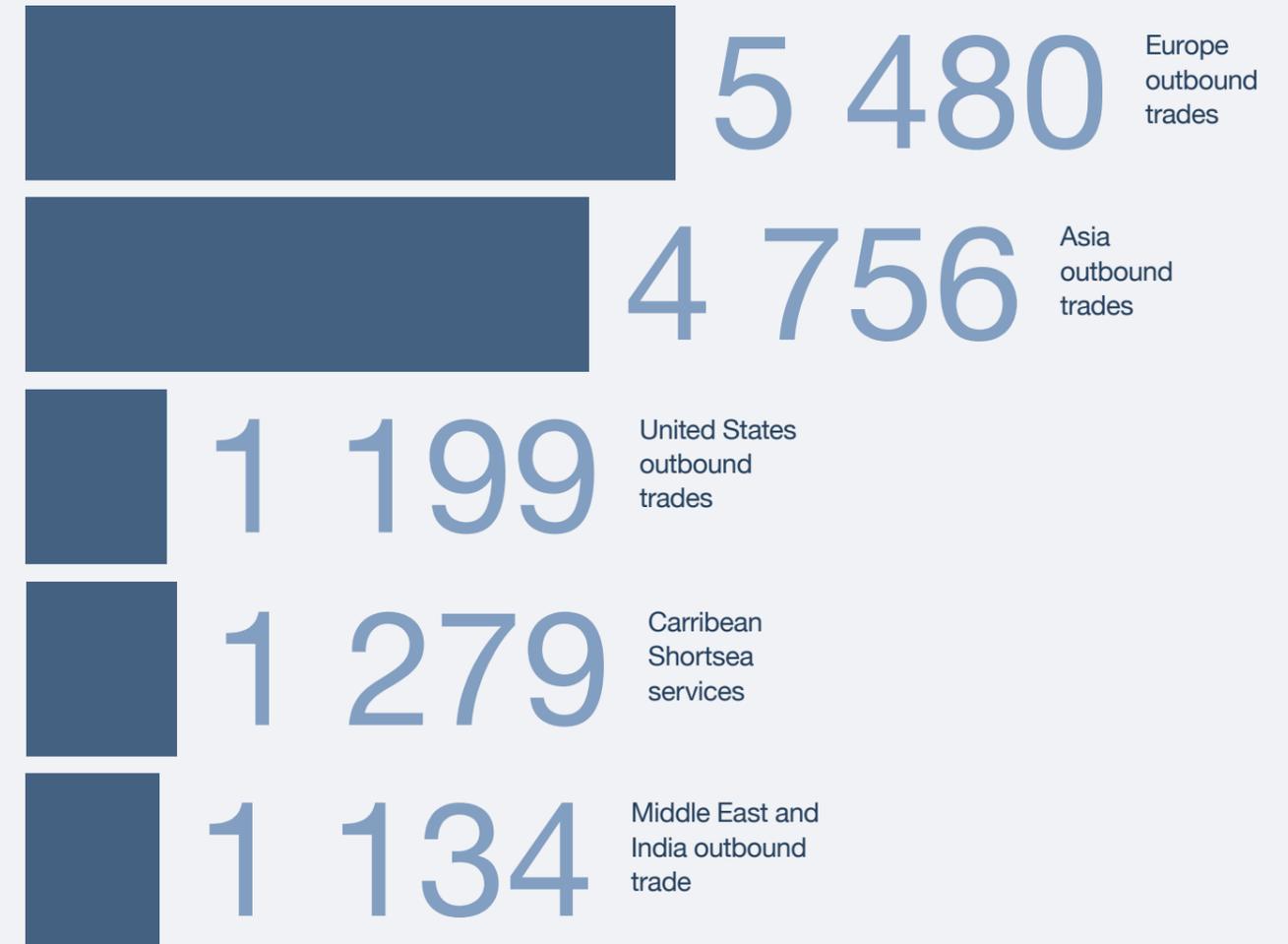
Total volume per trade (2022, CBM mill)

Annualised YTD based on prorated data



Vessel days per trade (2022, days)

Annualised YTD based on prorated data



Ocean transportation

Höegh Autoliners was a pioneer when deep sea transportation of cars started in the late 1960's and across 50 years in the industry, we have developed extensive experience in handling rolling cargo of all types. For cargo that does not roll by itself, we have designed a range of rolltrailers to transport it on board the vessel.

Equipment handling

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

Experienced cargo handling personnel

Secure and safe transportation of cargo to its destination is a key priority for us at Höegh Autoliners. All of our cargo handling personnel are well trained and competent to take care of all types of cargo that can be carried on board Pure Car and Truck Carrier (PCTC) vessels. We have developed procedures and best practices for cargo handling, to minimise the risk of damage, and are continuously improving our operations so that we can provide the best possible service to our customers at all times.

Underdeck stowage only

All cargo transported on board our vessels are safely stowed under deck. This means there is no risk of corrosion, which can be caused by saltwater. More complex loading operations are also supervised by one of our Cargo Superintendents who ensures that all cargo is safely loaded and secured on board the vessel.



*From left: Espen Stubberud, Laura Exner, Sebjørn Dahl, Lise Duetoft, Andreas Enger, Per Øivind Rosmo, Oskar Orstadius

Senior Executive Management

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

Andreas Enger Chief Executive Officer (CEO)

Andreas Enger took the position as CEO of Höegh Autoliners in September 2020.

He joined Höegh Autoliners as CFO in September 2019. He currently sits on the Norwegian Shippowners Association Board. He was the Chairman of Posten Norge AS (the Norwegian Postal Service) between 2019 and 2022. 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 Skog ASA, Executive management group member in charge of strategy and M&A at Petroleum Geo-Services ASA, Chairman & CEO of Peterson Packaging and Partner of McKinsey & Co.

Andreas holds a MSc in Engineering Cybernetics from NTNU in Trondheim, Norway, and a MBA from INSEAD in Fontainebleau, France.

Per Øivind Rosmo Chief Financial Officer (CFO)

Per Øivind Rosmo was appointed Chief Financial Officer (CFO) in September 2020.

Per Øivind joined Höegh in 1988. In 1992 he was appointed Head of Reporting Accounting & Control in Bona Shipholding Ltd, a stock-listed Tanker Shipping Company. Following the sale of Bona Shipholding to Teekay Shipping Corp. In 1999, he was appointed General Manager for Teekay Shipping Norway AS. In 2001, Per Øivind returned to Höegh and has since 2003 been in charge of Reporting & Control, first in HUAL and later in Höegh Autoliners.

Per Øivind holds a master's degree from Norwegian School of Management (BI).

Lise Duetoft Chief Strategy and Analytics Officer

Lise Duetoft joined 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, 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. Lise holds a B.Sc and M.Sc in International Business Administration and Modern Languages from Copenhagen Business School and has attended MBA and Corporate Finance programmes at Kellogg Graduate School of Management in Chicago and at London Business School.

Sebjørn Dahl Chief Operating Officer

Sebjørn Dahl joined Höegh in 1992. In 1996 he was appointed Vice President of Safety and Quality and Fleet Personnel. He was stationed in East Asia from 1998 where he was responsible for the establishment of Höegh offices in Manila, Philippines and Quanzhou, China.

Sebjørn was appointed Executive Vice President in Höegh Fleet Services (HFS) in 2003 and in April 2011 he was appointed Chief HR Officer. In combination with this role Sebjørn was appointed President of HFS in August the same year and has been a member of the top management group since 2011. He was appointed Chief Operations Officer in March 2018.

Sebjørn is educated at the Royal Norwegian Naval Academy and London Business School.

Laura Exner Chief HR and Communications Officer

Laura Exner took the position of Chief HR and Communications Officer in January 2021.

Laura has worked in Höegh Autoliners since February 2019 and has been responsible for HR and administration in Oslo, and later also Communications. Prior to this she has worked in a variety of roles within HR in PwC in Norway and in the UK. She started her HR career in New Zealand in the public service. Laura is a Co-active Training Institute coach, certified in a number of assessment and leadership development tools and has completed ORSC (Organisational and Relationships Systems Coaching).

Laura has a B.Sc. in Psychology from Canterbury University.

Oskar Orstadius Chief Sales Officer

Oskar Orstadius took the position as Chief Sales Officer in September 2020.

Oskar joined Höegh Autoliners in 2012 as Head of Global Port and Cargo Operation. In 2014, he transferred to the commercial department as Head of Break-bulk and expanded our break-bulk 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 (Organisational and Relationships Systems Coaching).

After his active career at sea, Oskar continued working within the PCTC industry in various operational roles including five years in Germany.

Espen Stubberud Chief Trade and Capacity Officer

Espen Stubberud joined Höegh Autoliners in 2007 and has held various commercial and operational positions in the company including one period in Hong Kong and one in the US. In 2016, he was appointed Head of Global Sales before being appointed Chief Trade and Capacity Officer in October 2017.

Espen holds a master's degree from the Norwegian School of Economics and Business Administration (NHH).



Fleet presentation

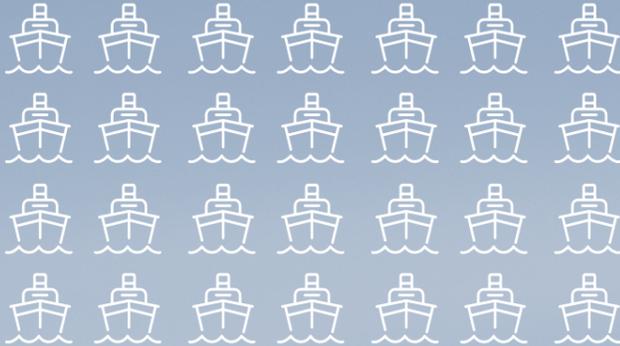
As at 31 December 2022, Höegh Autoliners is operating a fleet of 37 vessels of which 28 are owned and 9 are chartered in. In 2022, purchase options for two Horizon class vessels were exercised and the vessels will be delivered to Höegh Autoliners in 2023. One category 0 vessel has been purchased in 2023. A diversified and large fleet allows

for economies of scale, as well as efficient and flexible services across the deep sea trade routes. With a current fleet wide average carrying capacity of ~6 800 CEU, Höegh Autoliners has the largest average vessel size and lowest emissions within the car carrier industry. For more details on our fleet, see Fleet list in appendix.

37 vessels

28

owned



9

chartered in



A peak into Höegh Autoliners' current fleet performance:

~50%

Of our existing fleet had an **A or B CII** rating in 2022. We continue to work on optimising our fleet to improve our CII score in the future.

40%

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

Vessels	Capacity (CEU)	Owned	Chartered	Average age	Break bulk capacity
Aurora	9 100	8	0	N.A.	44%
Horizon	8 500	4	2	6.3	22%
Category 0	7 850	8	2	16.9	22%
Category 1	6 500	8	2	17.5	19%
<6500	<6 000	8	3	15.7	22%

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



Flexibility of cargo types



Economies of scale



Lower emissions per unit transported

The Aurora class vessel

Shaping the future of green shipping

The most environmentally friendly car carrier ever built



Zero carbon ready vessel



The vessel's multi-fuel engine can run on marine gas oil (MGO) and LNG. With modifications, the vessel can transition to use future zero carbon fuels including ammonia or methanol.



The vessel's design has a large field of solar panels. In addition, it will be ready for receiving electric shore power for zero emission operations during port stays.

Digital enhancement



Digital twins to optimise operations and performance



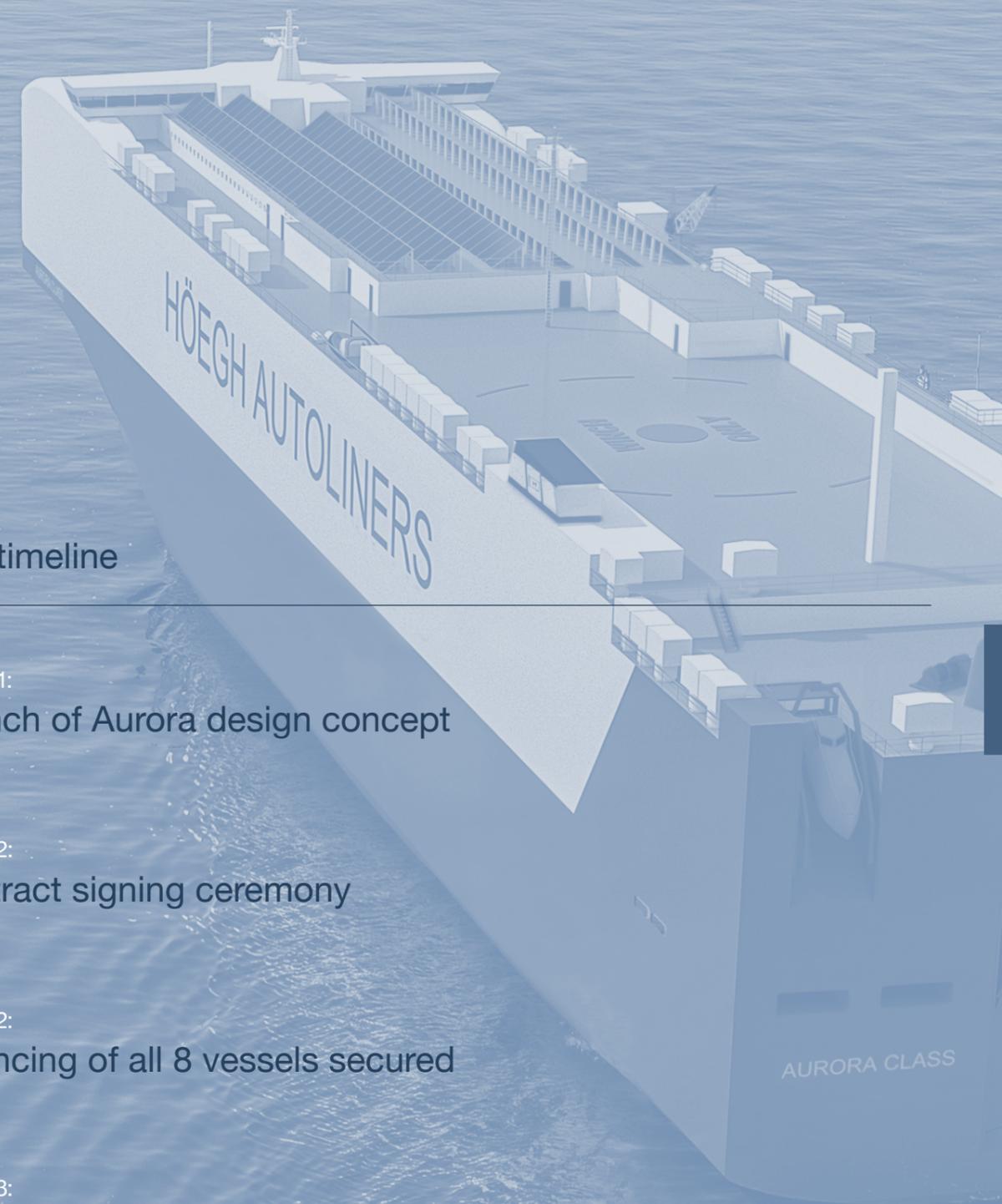
Trim and ballast optimisation for fuel reduction and increased safety



AI voyage planning and execution adapting to vessel and external environment

Aurora timeline

- Q2 2021: Launch of Aurora design concept
- Q1 2022: Contract signing ceremony
- H2 2022: Financing of all 8 vessels secured
- Q1 2023: Steel cutting of vessel number 1
- Q4 2024: Delivery of the first Auroras



Ambition and Efforts

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Delivering exceptional performance and building resilience for the future

During 2022, we continued to see the deep sea transportation demand recover and even surpass the pre-pandemic level. Höegh Autoliners have a strong focus on meeting our customers need in an environment characterized by port delays and capacity shortage. This require a constant effort to find the best possible solutions in a challenging puzzle.

The lack of new capacity entering the market create an immense capacity tightness, pushing spot rates to a record level. With more uncommitted space out of Asia, Höegh Autoliners is well positioned to take advantage of a strong spot market, while simultaneously managing to secure new contracts and renew legacy contracts at sustainable rate levels. Out of the Atlantic region, the lack of space and trip charter availability has required us to focus on fulfilling commitments in legacy contracts while the tight market gradually allows us to renew contracts at sustainable rates. Our team is working intensively to free up additional capacity to serve core customers.

The high and volatile demands put further strain on the supply chain, and we continued to experience port congestion and other operational challenges throughout the world, impacting voyage duration and unfortunately also transit times in some trade lanes. The war in Ukraine increased the volatility of energy prices, which adversely impact our bottom-line earnings, while adding an extra element of uncertainty and deepening the concern of global recession. Despite these difficulties, the entire Höegh Autoliners organization continued to strive for excellence, and I am proud to present 2022 as the strongest financial year ever.

The strong operational results also provided a good opportunity to building a more resilient company for the future. This was achieved by deleveraging and de-risking our balance sheet via a combination of debt reduction, repurchase of long-term leased vessels, and new financial solutions for both the existing fleet and the new vessels. Both the newbuilds and the legacy debt are now financed with long duration and favourable terms, reducing financial risk and exposure to volatile credit markets, while allowing for further financial flexibility. During 2022, we exercised options to purchase 4 vessels: Höegh Beijing, Höegh Tracer, Höegh Trapper, and Höegh St. Petersburg. An additional USD 130 million were successfully raised during the fourth quarter to finance these purchase options. The purchase options enable us to reduce the cash cost and significantly limit our exposure in an overheated charter market. Having full ownership of our fleet combined with near term capacity growth through a market leading newbuild program, we are in a unique position to offer long term and zero-carbon deep sea logistics solutions to priority customers, unaffected by risks and costs associated with time charter renewals.

Committed to value creation for shareholders

Höegh Autoliners was uplisted to the Oslo Stock Exchange on 2 May 2022, roughly 6 months after first admitted to Oslo Euronext Growth, and has been one of the best performing shares during 2022. Our share price increased by 182% during the year, outperforming both the OSE Shipping Index and the main index. This exceptional feat reflects our solid operational results, together with the market confidence in what we deliver and our plan for the future.

Höegh Autoliners' shares have gradually attracted increased interest from investors all around the world as the share price continued to break new records throughout the year. We are fully committed to maintaining an open and trustful dialogue with the market based on equal treatment, and went beyond compliance requirements to assure the market is updated with the latest trends and developments. In addition to the required periodical reporting, we regularly attended investors' roadshows and conferences, and have commenced with monthly trading updates – an attempt well-praised by the market to enhance transparency on what we do.

We believe in the importance of providing our shareholders with a predictable dividend and a competitive return and have commenced dividend payout on a quarterly basis from the second quarter of 2022. We further accelerated our ambitious dividend program in the fourth quarter by increasing the dividend from 30% to 40% of net profit adjusted for extraordinary items, representing an increase of USD 24 million, or 120% Q-o-Q, following exceptional financial performance of the fourth quarter of 2022. Given our operational performance, strong liquidity position, we expect to maintain a high pay-out ratio into 2023.

Sailing for sustainability

Over the last few years, work has been devoted to establishing a comprehensive ESG strategy with a concrete and actionable course of action. As an international shipowner and operator, we believe decarbonisation is the area where we can create the largest impact, and we are passionately committed to a net zero emission future by



“Over the last few years, work has been devoted to establishing a comprehensive ESG strategy with concrete and actionable plans. As an international shipowner and operator, we believe decarbonisation is the area where we can create the largest impact, and we are passionately committed to a net zero emission future by 2040”

- Andreas Enger
Chief Executive Officer, Höegh Autoliners

2040. Our new building program proceeded at full speed in 2022, with the contracts for the construction of our first 8 Aurora class vessels signed in January and May 2022. We retained the option for another 4 vessels (vessels 9-12), as well as slot reservations for vessels 13-16. The vessels will have DNV's ammonia and methanol-ready notation and will be the first in the PCTC segment able to operate on zero-carbon fuel. If we decide to declare the next 4 options in the middle of 2023, we will consider the possibility of ordering at least some of these vessels with the capability to operate on Ammonia from delivery. Together with the capacity to carry up to 9 100 cars, the Aurora class will be the world's largest and most environmentally friendly car carrier ever built.

In addition to the transformational newbuilding program, we have taken other decisive steps to be the preferred green carrier for our customers. Roughly half of our vessels received A or B CII rating for 2022- one of the best fleet performances in the whole sector – and we are turning every stone to further reduce the emission from the existing fleet. The team has been relentlessly working on every improvement, from engine modification to system digitalization – everything counts on our path to zero. The fourth quarter of 2022 also marked a milestone where we now can offer our customers carbon-neutral operations, powered by advanced biofuels meeting the highest industry standard. We are pleased to see that many major OEM customers are already eager to take advantage of this service and the interest is steadily growing.

In September 2022 we joined the First Movers Coalition as one of the first shipping companies. By joining, we are committing to running at least 5% of our deep-sea shipping on zero-emission fuels by 2030. The First Movers Coalition is the leading global public-private partnership to scale new clean technologies to decarbonize long-range transport and materials sectors. It was launched in 2021 by the Office of the US Special Presidential Envoy for Climate John Kerry and the World Economic Forum. The following month we received an EcoVadis Gold medal rating for sustainability, which placed us among the top 5% of all the around 100 000 companies evaluated. EcoVadis is the world's largest and most trusted provider of business sustainability ratings. While much work remains, a gold medal represents a validation stamp of our focus and vision.

Fully integrated global organization and strengthening of our regional headquarter

We have taken pride in the force and flexibility of having a fully integrated global organization with real capacity and expertise across all aspects of shipping activities, covering commercial, operation, technical management, as well as crewing, accounting, and a broad range of office services. Our employees are our most important assets, and we have spent 2022 focusing on building and strengthening technical and leadership capabilities across the whole organization, with a special focus on the Manila office. Established in 1988, the office has successfully developed into our biggest operational and administrative hub with approximately 160 employees. A thorough organization development plan has been laid out to foster a more balanced and diverse organization and better reflect the direction of the business. We continue to build capabilities in many strategic functions such as customer services, cargo assurance, IT and operation support, while simultaneously providing opportunities for personal growth into leadership positions. With that, we want to reinforce our unwavering commitment to diversity and inclusion: we work hard to create a safe and inspiring workplace where people can thrive and grow, feel valued, are treated with respect, and are given equal opportunities all over the world of Höegh Autoliners.

It is an honour for me to work alongside our 1 600 capable, dedicated, and loyal employees around the world. The performance this year could not be made possible without the incredible effort made by them. I would also like to thank our customers, business partners, suppliers, and investors for their trust and support throughout the year. We will continue to remain devoted and do our utmost to navigate safely through the complex water ahead.

Andreas Enger

Andreas Enger, CEO

Vision and values

The foundation for our company culture

Höegh Autoliners delivers high quality ocean transportation solutions to global customers.

Our Vision

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

Our Values

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

Bold

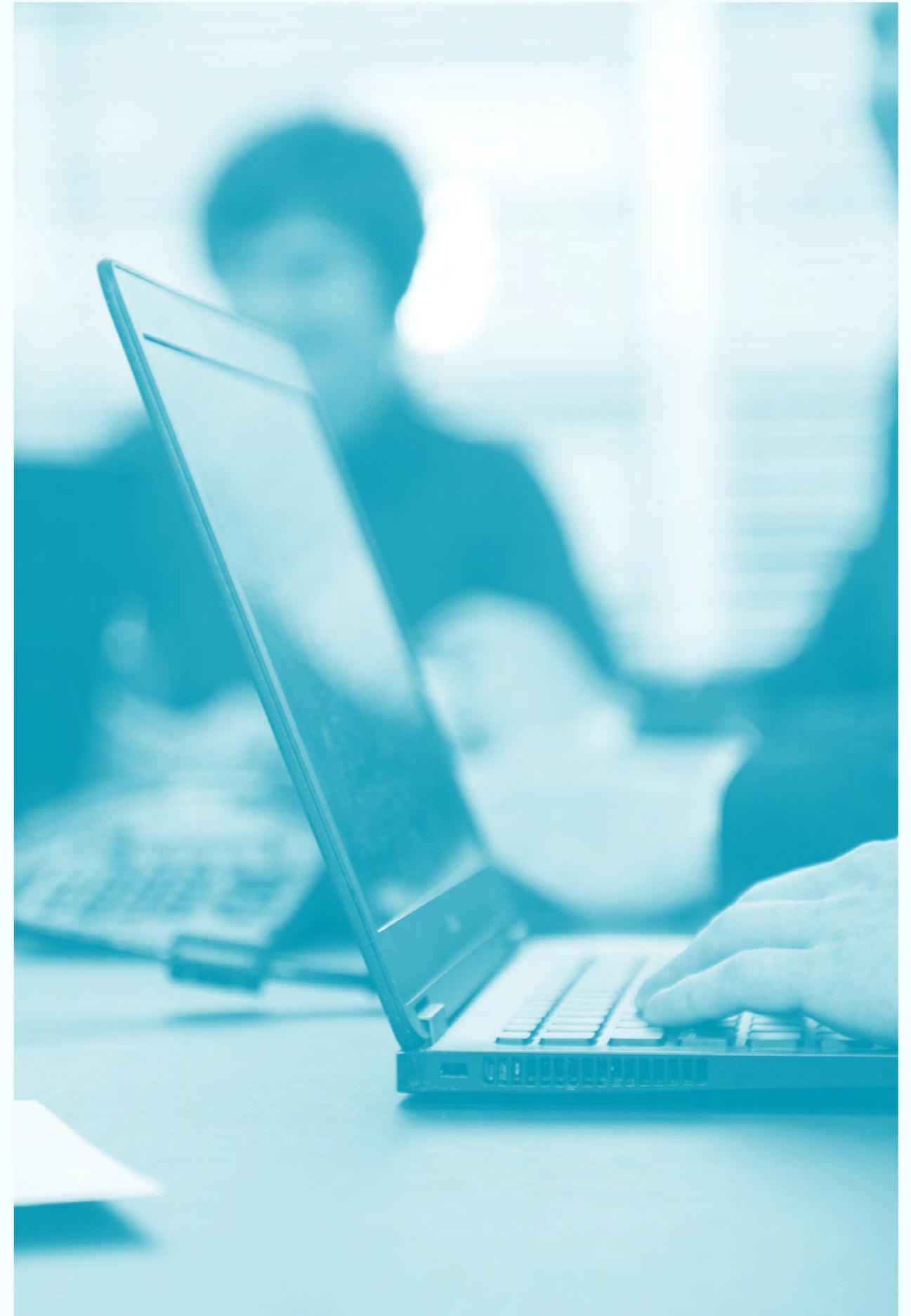
We are not afraid to make courageous decisions or take on difficult challenges. We aim to provide innovative offerings to our customers and are continuously seeking new solutions and concepts for the benefit of our customers, our business, the environment and the global society.

Agile

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

Professional

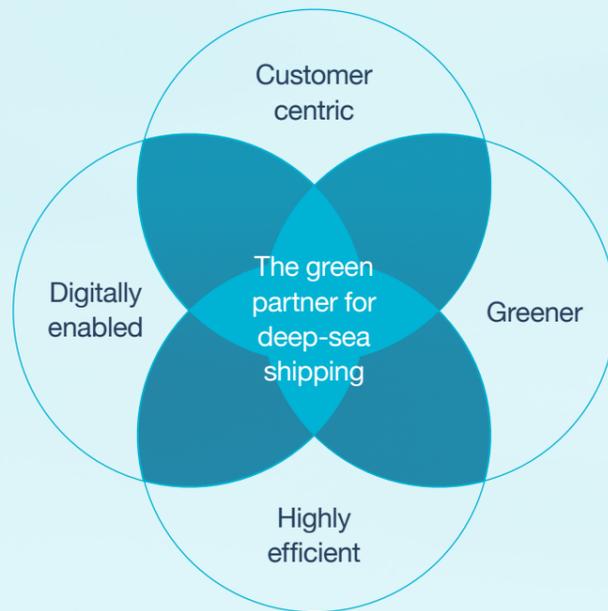
We are committed to deliver the very best service to our customers. We are honest and open and treat our customers and colleagues worldwide with respect. We are consciously challenging ourselves to continually improve.



Our strategy

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

Four core strategic priorities (2022-2026)



Customer centric
Deliver shipping services that create customer satisfaction and loyalty

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

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

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

Our purpose and goals

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

Corporate purpose

Corporate development goals



Planet
Sailing for sustainability

Planet development goals:

- Cut carbon emissions by more than 30% from 2019 to 2030 and reach net zero by 2040
- Partner with customers to create and grow the world's greenest deep-sea shipping services
- Raise the bar of asset life cycle management based on our responsible business philosophy



People
Empowering people to be their best

People development goals:

- Cultivate and invest in diverse agile teams who learn together, collaborate globally and drive bold transformation for our business, partners and customers
- Promote the wellbeing of our people and local communities through relevant programmes and offers
- Adopt digital tools to continually develop our shipping heritage and support efficient and safe operations



Prosperity
Growing responsible business

Prosperity improvement goals:

- Develop lasting relationships with customers sharing our business philosophy
- Ensure financial resilience by management of financial leverage and risks
- Optimise network and capacity to maximise available capacity while maintaining safe operations

Our goal hierarchy

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

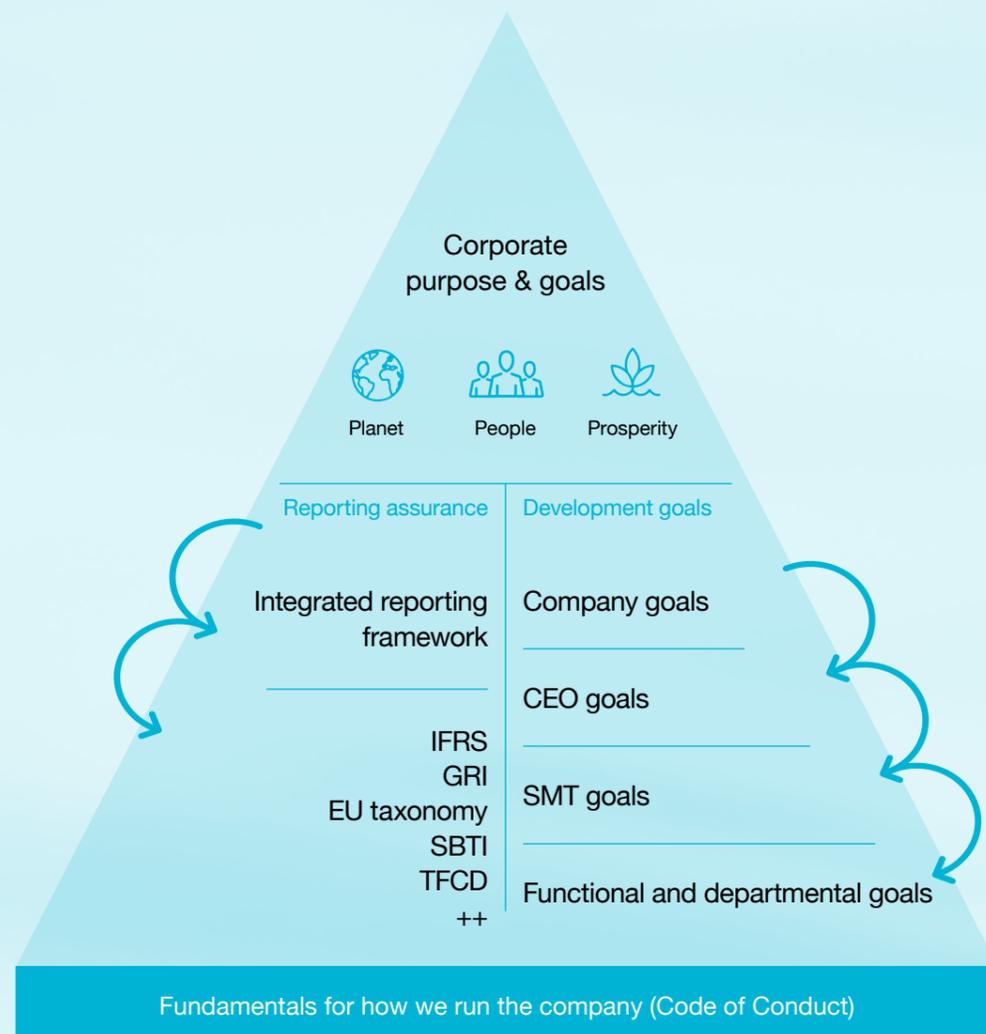
All of our development goals are consistent with our corporate purpose and goals, updated on an annual basis.

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

Goals for the CEO and management team (SMT) include both specific individual priorities and deliverables relevant to the function.

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

Goals are further cascaded throughout the organisation with an appropriate mix of corporate and individual goals.



Sustainability

Our approach

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Our approach

2022 highlights

2022 was yet another year with many highlights for Höegh Autoliners. This includes re-shaping our ESG strategy, improved sustainability performance, updated targets, KPIs and policies, and the launch of several sustainability-oriented projects.

UN Sustainable Development Goals



Our approach - in brief

As a shipping company operating worldwide, we need to take responsibility both for the environment and the society we operate in. Led by our vision of a pathway to net zero and carbon neutral vessel operations by 2040, we have re-shaped our strategy during 2022 including both environmental (E), social (S) and governance (G) aspects. We have continuously been part of various initiatives and stakeholder organizations, and the starting point for our strategy work has been based on United Nations Global Compact, along with an increased understanding of our stakeholders and science-based target initiatives. Since 2020, Höegh Autoliners has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, environment and anti-corruption. We have also reaffirmed our long-standing commitment to sustainability by becoming a signatory of the First Movers Coalition as well as Getting to Zero coalition's Call to Action for Shipping Decarbonization.

These memberships send a message that we position ourselves to fulfil our sustainability strategy and goals, as well as committing to assist our customers with sustainable solutions. To further substantiate our commitments, we have during 2022, signed contracts for eight Aurora vessels and has options for further eight vessels, which will be the world's largest and most environmentally friendly car carriers to be built. This will strengthen our position to serve and build long-term relationships with our customers and to continue to support the decarbonization of their supply chains.

First Movers Coalition (FMC)

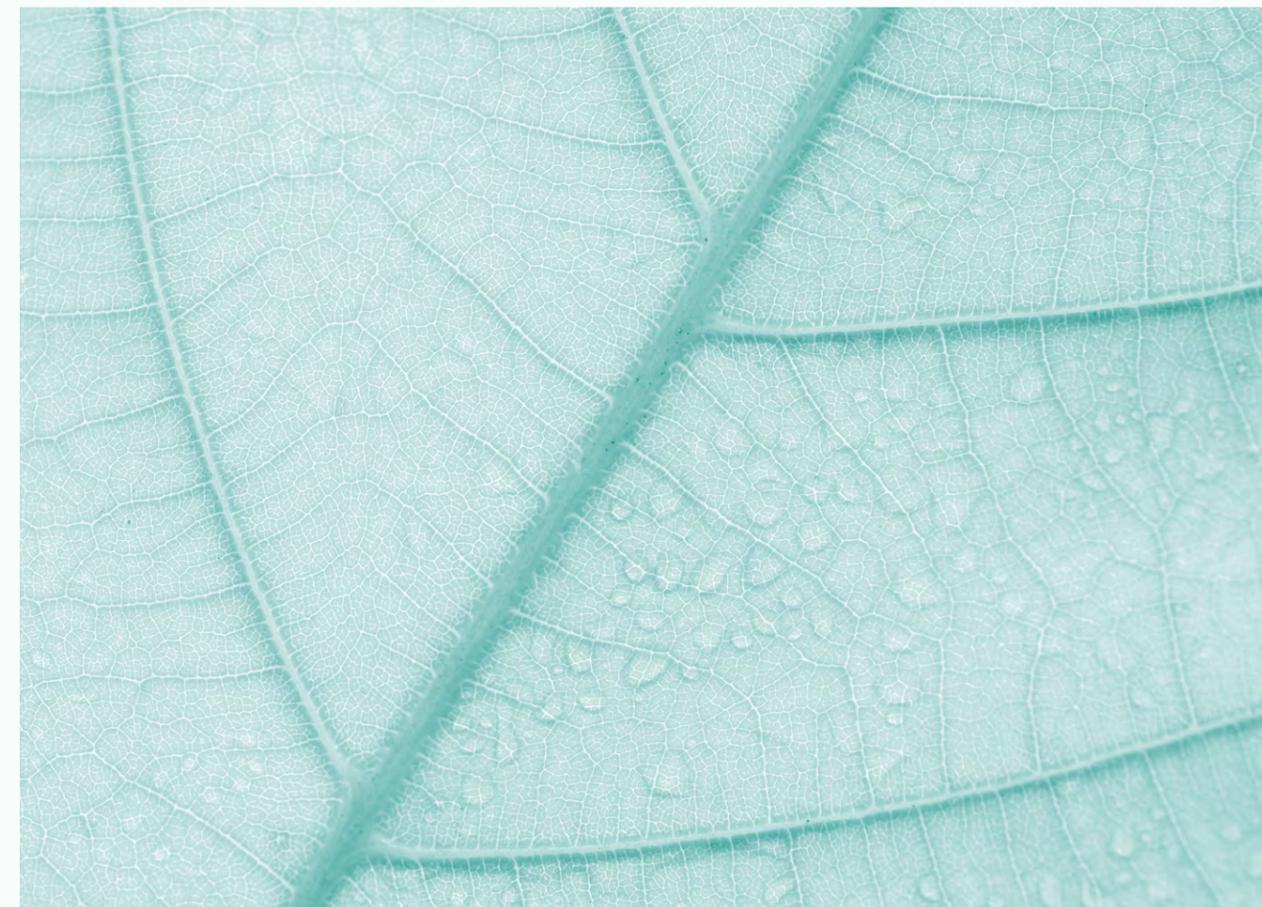
In 2022, we joined the First Movers Coalition where we have committed to run at least 5 % of our deep-sea operations on either green ammonia or green methanol by 2030. The coalition is a global initiative that targets hard to abate industries that are responsible for 30% of global emissions in which shipping industry is included. As a member of FMC, we play an active role in the work of commercializing zero-carbon technologies. This work is important for our continuous offering of sustainable solutions and assisting our customers in decarbonizing their supply chains.

Science Based Target initiative (SBTi)

In 2021, we joined the Science Based Target initiative with an initial commitment to align our emission target with a well-below 2°C pathway by 2030. During 2022, we have updated and resubmitted our committed target to align with SBTi's 1.5 °C pathway. Our submission will be validated during 2023. Within 2040, we are targeting net zero carbon emission along with separate targets to decrease our scope 2 emission by 20% and map our scope 3 emission by 2025. In December 2022, SBTi released a maritime transport sector guidance which we have adapted and aligned our decarbonization strategy and targets.

All Aboard Alliance

In May 2022, we joined the Global Maritime Forum's All Aboard Alliance, reiterating our efforts to improve diversity, equality, and inclusion in the maritime industry. As a founding member of the all Aboard Alliance, we believe that the need for focus on diversity, equality and inclusion has never been stronger, and that we owe it to both the present and the future to improve collectively.



EcoVadis

We received a Gold Medal rating from EcoVadis for our 2021 sustainability reporting. The Gold medal rating is awarded for scoring within the top 5% of the companies evaluated. Its rating criteria are based on international sustainability standards, including the Ten Principles of the UN Global Compact, the International Labour Organization (ILO) conventions, and the Global Reporting Initiative (GRI) standards, and the ISO 26000 standard. We are proud to reach this milestone, and will continue to improve our sustainability reporting in the years to come.

Climate Disclosure Project (CDP)

We received a C score from the Climate Disclosure Project for our 2021 disclosures, which puts us in the awareness band. This means we have knowledge about and of the impacts of climate issues. This also means that we are in the marine transport sector average of C.

Reporting Principles

Our 2022 sustainability reporting has been prepared in accordance with the Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosure (TCFD), UN Sustainable Development Goals (SDGs), GHG (Greenhouse Gas) Protocol, SASB (Sustainability Accounting Standards Board), the Norwegian Transparency Act and European Taxonomy. As the Corporate Sustainability Reporting Directive (CSRD), coming into effect for the reporting of the financial year 2024, will require integrated reporting, we have taken the initiative to gradually adapt to the directive by integrating our 2022 sustainability reporting into our annual report.

Third-Party Verification

PricewaterhouseCoopers (PwC) was commissioned to provide a limited assurance audit on our scope 1 and 2 GHG emissions. Their statement can be found in the appendix.



Our approach

Materiality and stakeholder management

GRI 3-1, 3-2, 3-3

The ESG topics relevant to Höegh Autoliners are defined and prioritized through our materiality assessment in line with our business strategy, through continuous engagement with our stakeholders and in alignment with science-based frameworks. Development in industry policies and regulations, ESG reporting standards and ESG ratings are also taken into consideration when we define and prioritize our material topics.

Our conformity with environmental laws and regulations, social criteria, and business ethics lays the foundation for how we are engaging with and understanding our stakeholders. Our stakeholder's expectations are important to us when we are defining and implementing our strategy and targets, and plays an important role in our internal discussions both within our management team and in the boardroom.

In 2022 we have updated our materiality assessment by adopting the principle of double materiality, which enables us to identify, assess, act and report on the topics where our business has an impact on the environment and society, and on significant risks and opportunities to our business. We have categorized our stakeholders into four categories: Marketplace (Customers, Subcontractors and Suppliers), Workplace (Employees and Consultants), Financial community (shareholders/ investors, banks and insurance) and Society (International policy makers, Governmental regulators and General public).

Our stakeholders, their primary focuses and how we engage with them are summarized below:

Stakeholder category	Stakeholders	Stakeholder primary focus	How we engage
 Marketplace	Customer	Emissions, health and safety, anti-corruption, ship recycling	Meetings, social media, exhibitions, website
	Subcontractors		
	Suppliers		
 Workplace	Employees	Emissions, employment, health and safety, labour, and human rights	Internal communication, intranet, training and coaching
	Consultants		
 Financial community	Shareholders / Investors	Emissions, health and safety, anti-corruption, ship recycling, economic performance	Press releases, stock exchange notices, meetings, emails, exhibitions, annual and interim reports
	Banks		
	Insurance		
 Society	International policy makers/NGOs	Emissions, environmental compliance, labour and human rights, anti-corruption, ship recycling, health and safety	Press releases, websites, social media
	Governmental regulators		
	General public		

Material topics

We have conducted our materiality assessment in three steps, led by our cross-department working group. Firstly, we have defined our stakeholders and grouped them in stakeholder groups. We acknowledge that all of our stakeholders are affected by our ESG performance, and that we are also affected by the performance of our

stakeholders. Further, our stakeholder management and key activities help us understand our stakeholders requirements and expectations which in turn enables us to identify a basket of ESG related topics that is important to us and our stakeholders. Our material topics are then defined and prioritized such that we can assess, act and report on these topics. Our assessment is illustrated below:



Our approach

Corporate Sustainability Governance

Our governance model secures commitment throughout the organisation.

Governing our ESG strategy

As our governance model illustrates, our board of directors is the governing body that approves the overall strategy of the Company, and approves the investments needed to reach our targets and goals. Through approving and issuing new and revised policies, the board incorporates all aspects of Höegh Autoliner's business, including matters related to climate and other ESG topics.

Our Audit committee provides oversight of our reporting and the audit process, including our system of internal controls and compliance with laws and regulations. The 2022 focus for the Audit committee was on overseeing our compliance work, risk management and IT security.

The Sustainability, Governance and Compensation Committee ensures thorough and independent preparation of matters relating to governance and compensation of the Company's executive management, and to ensure focus on sustainability. In 2022 the focus was on reviewing the composition of the executive pay after implementing the long term incentive plan in 2021, along with organisational development activities.

The responsibility for defining and implementing our ESG strategy and targets is governed with our management. The work with our ESG topics is placed within its corresponding departments, defined and prioritized within the boundaries of our four strategic priorities (see page 36) and is substantiated through our cross departmental strategic projects. Our strategic projects are owned and sponsored by a member of the management team, who is driving the project and responsible for the final content presented to the management team and to the board.

The way forward

In order to ensure efficient and high quality ESG reporting, we are continuously working to develop and improve our internal reporting processes. Key focus for 2023 will be to further develop and implement our internal process for ESG reporting, and to make sure our reporting framework is robust and ready to meet the upcoming reporting regulations.

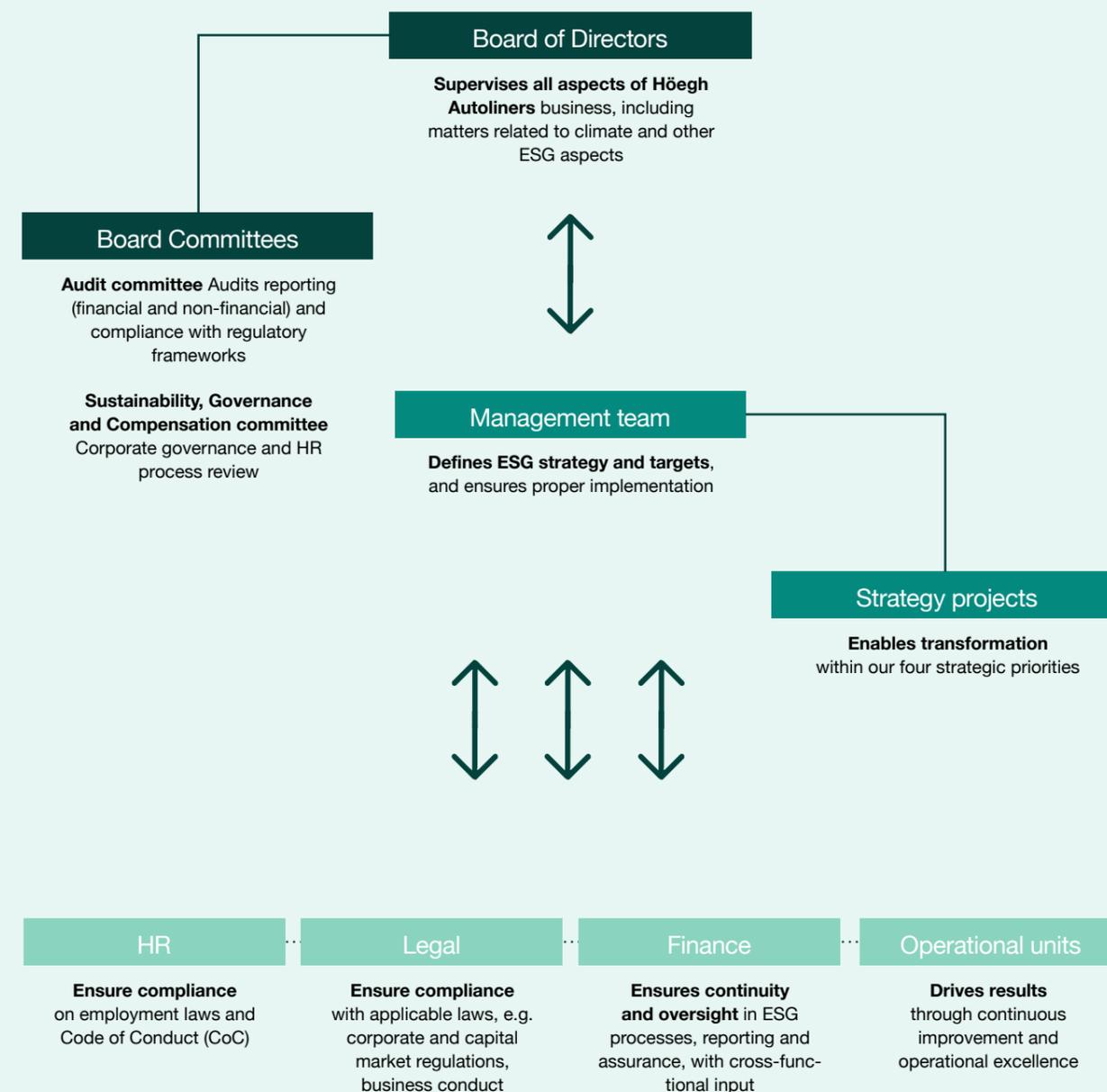
Integrated governance model for strategy and sustainability

- Our corporate governance complies with the Norwegian Code of Practice for Corporate Governance
- Our governance model is designed to ensure an integrated approach to how we build our strategy, make decisions and organize our work

Sustainability goals embedded into performance management

- Our strategy and sustainability goals are designed to drive change in our focus areas
- Goals are cascaded across organisation and anchored in performance reviews

Our governance model secures commitment throughout the organisation



Our approach

Climate-related Financial Disclosures

As a global shipping company, Höegh Autoliners acknowledge that the climate change, including the actions and measures taken by regulatory institutions and industry participants may impose a significant financial impact to our business.

Demands from our customers and business partners will gradually shift towards greener solutions requiring increased focus on assessing our risks and opportunities in order to plan our actions accordingly to stand out as the preferred PCTC operator. We have utilized the guidance provided by the Task Force on Climate-related Financial Disclosures (TCFD) to both assess, manage and mitigate risk, in addition to highlighting climate related opportunities.

Risk management

The first step in identifying and assessing risks is data and intelligence gathering. Höegh Autoliners pays close attention to the work of IMO, relevant research, global macro trends and the development of local and global regulations. The second step is to evaluate the potential impact of each regulation or event, along with the likelihood of its occurrence. The risk is a product of impact and likelihood and is continuously updated. The result of the risk assessment is included in the Company's risk mapping and quarterly risk report, and we put emphasis on both transition risks and physical risks as presented below.

Transition risks	Physical risks
Policy and Legal risks	Acute risk
Technology risk	Chronic risk
Market risk	
Reputation risk	

Management regularly engages with industry experts in developing recommendations for the Board on climate-related risks and opportunities. Management performs a quarterly risk review where environmental regulations and related risks are included. The risk results are also shared with the Board. The management group also monitors, reviews and sets targets for each ESG KPI regularly.

Höegh Autoliners include various scenarios for development of regulations, fuel prices, ETS, CO2 levy, technologies and the market, in its budgeting and forecasting. The recent efforts to become and maintain our position as the PCTC operator with the lowest carbon footprint among the large actors, result from our risk assessment process. Our cross functional ESG group is responsible for identifying and assessing climate related risks and mitigating actions. They inform the management team about risks and suggested mitigating actions. The management team informs the Board. For further details on our climate risk assessment, please refer to the appendix.



Climate related opportunities

We continuously review and update our climate related opportunities which helps us identify key focus areas. This results to more specific policies and measures on climate change mitigation and distinguishing new opportunities for Höegh Autoliners. The ones we have identified as most important are:

- Improved fuel efficiency and a high-performing fleet results in reduced operational cost and emissions, limiting the negative cost effects of carbon taxes like the EU ETS and high fuel prices.
- Low carbon intensity figures and outstanding sustainability performance enables us to assist customers in decarbonising their supply chain. A growing number of customers say that sustainability is one of the selection criteria in tender processes, and this also opens up opportunities for green financing and capital.
- Aurora class vessels are designed to carry heavier electrical vehicles on all cargo decks. This aligns with Sustainable Development Scenario assumptions of International Energy Agency – World Energy Outlook 2020, with estimates that around 50% of the FNLV will be carbon neutral by 2030 (electric or hydrogen powered).
- Transition to a carbon neutral maritime industry has a direct impact on shipping companies. With the possible introduction of 12 Aurora class vessels and current operational speed, the Höegh fleet will be in a very good position to meet IMO's proposed target carbon intensity by 2030.

Targets used to manage climate-related risks and opportunities

Höegh Autoliners' ambition is to reach a net-zero emission by 2040 by adopting a target of a 30 percent reduction in fleet energy efficiency from 2019 to 2030. This commitment enables us to align our targets from our Planet, People, and Prosperity pillars. In that way we continue to focus on sailing for sustainability, empowering people to be their best, and growing as a responsible business, as well as to finalize our four core strategic priorities.

The way forward for our Climate Risk Assessment

Our 2022 reporting of EU Taxonomy enabled us to identify all eligible activities of our operations in which we align our climate risk analysis. The taxonomy aims and ensures that all environmental objectives do not have negative impact on one another. We listed all physical climate risks (acute and chronic) related to our operations as it is the focus of the analysis based on the requirement of EU taxonomy. In lieu of the requirement as part of the reporting for FY 2023, our climate risk analysis will be further developed and completed by 2023.

We plan to extend our climate risk analysis by geographical locations that cover our 11 trade routes. In our identified physical climate risks, we will analyze its effects and implications based on different climate scenarios (such as RCP 4.5 and RCP 6.0)

Lastly, mitigating measures and alignment with existing policies and strategies will be conducted after the completion of the climate risk analysis. This will strengthen our foresight on the overall impact on the organization.

Our approach

EU Taxonomy reporting

The EU Taxonomy is a classification system identifying environmentally sustainable economic activities. The EU Taxonomy is a part of EU's Action Plan for Sustainable Finance, which was announced in 2019 and is a tool used by authorities to reorient businesses to deliver on EU's environmental goals: climate change mitigation, adaption, water and marine life, circular economy, pollution prevention, and biodiversity and ecosystems.

The purpose of the EU Taxonomy is to reorient capital flows towards sustainable investments, systematically integrate sustainability into risk management, and promote transparency in economic and financial operations by defining sustainable activities through a "common language". The classification system translates the EU's environmental goals into criteria for economic activities that are considered eligible.

A company's specific economic activity is considered "eligible" if it is included in the delegated acts of the EU Taxonomy regulation, and hence is considered by the EU as having the potential to substantially contribute to one of the environmental goals. Such eligible activities are aligned with the EU Taxonomy, and thus considered by the EU as sustainable, if they comply with specific requirements defined in three categories of the EU Taxonomy regulation: Substantial contribution, do no significant harm (DNSH) and minimum social safeguards.

The EU Taxonomy requires disclosure on three financial KPIs: revenue, OPEX and CAPEX. For this year's reporting, we will disclose the share of each financial KPI that is associated with our eligible economic activities. As the EU Taxonomy Regulation has not entered into force in Norway at year end 2022, Höegh Autoliners voluntarily provides disclosures based on expected interest from stakeholders. This year's reporting is limited to eligibility, which is in line with the regulatory requirements the first wave of EU registered firms met for year-end 2021 reporting. We aim to report in line with the guidance specified by the EU Taxonomy reporting framework and will report on alignment for next year's reporting as per expected requirements for reporting on financial year 2023.

Eligibility assessment

Höegh Autoliners has one main economic activity, which is deep sea transportation. The Company also has some terminal activities; however, these are considered immaterial and therefore not assessed for this year's report. In the performed eligibility assessment, Höegh Autoliners' activity is assessed to be taxonomy eligible with EU Taxonomy activity 6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities.

Disclosure of financial KPIs

According to the EU Taxonomy regulation, companies shall report the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities as a share of total turnover (revenue), CAPEX and OPEX as well as related relevant qualitative information. See the table to the right for Höegh Autoliners' reporting for 2022.

The way forward

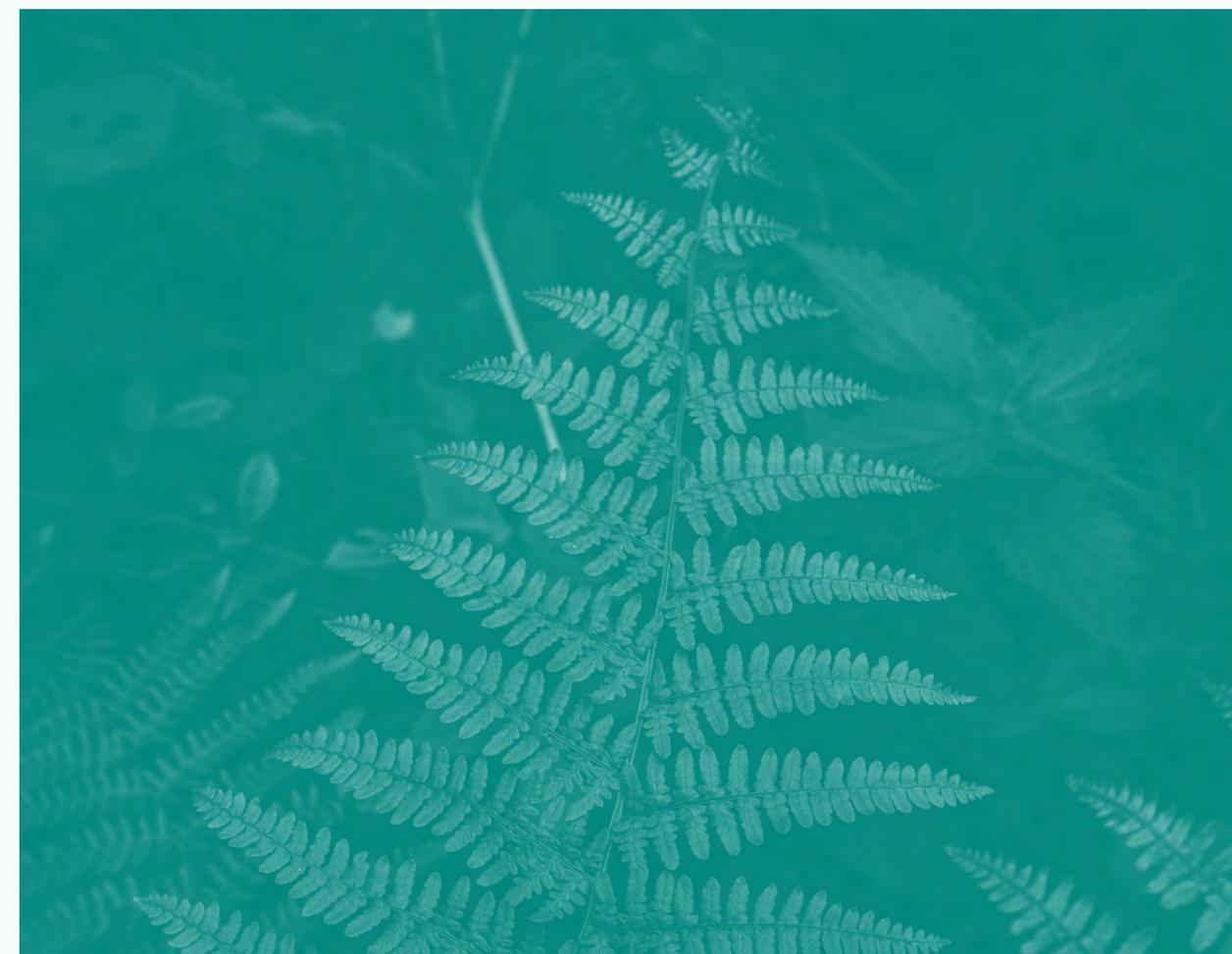
In 2022, Höegh Autoliners focused on identifying our eligible activities, in addition to identifying and closing the gaps towards alignment with the EU Taxonomy, particularly regarding climate risk. We will continue to work with the EU Taxonomy moving towards mandatory reporting on alignment for FY 2023 and are currently working with screening of technical criteria as described in EU Taxonomy activity 6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities. We will also focus on establishing effective and precise systems for monitoring and reporting on financial KPIs.

Höegh Autoliners taxonomy reporting for 2022	Revenue		CAPEX		OPEX	
	Amount	%	Amount	%	Amount	%
Economic activities						
Sea and coastal freight water transport, vessels for port operations and auxiliary activities (6.10)	1 266	99.7%	267	100%	45	100%
Total taxonomy-eligible activities	1 266	99.7%	267	100%	45	100%
Total taxonomy non-eligible activities	4	0.3%	0	0%	0	0%
Total taxonomy-eligible and non-eligible activities	1 270	100%	267	100%	45	100%

Taxonomy-eligible revenue KPI is calculated as Eligible revenue/Total revenue; where Total revenue is revenue stated in Note 2 - Revenue from contracts with customers which include IFRS 15 revenues consisting of net freight revenues, other surcharges and Time Charter income, but excluding terminal related income.

Taxonomy-eligible CAPEX KPI is calculated as Eligible CAPEX/Total CAPEX; where Total CAPEX refers to capitalized additions as stated in Note 7 - Vessels, newbuildings and equipment which include additions to vessels, newbuildings, equipment and leased assets.

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





Our commitments

Climate change

As a shipping company operating worldwide, we need to take responsibility for the environment we operate in. Our strategy has been re-shaped to best meet our commitments and continue to help decarbonize our customers supply-chains.

Emissions & Energy

GRI 302(1-5), 305(1-5, 7)

Höegh Autoliners has high sustainability ambitions and is on a clear path to net zero. We have been working systematically with emissions reductions and fleet improvements for more than a decade resulting in substantial carbon savings and emissions cuts. The progress has been obtained through continuous investments in new technology and other vessel improvements such as derating engines, changing bulbs and propellers, optimal trim and weather routing, hull and propeller cleaning and optimized tuning of the main engine on the current fleet.

To further substantiate our vision to reach net zero operations by 2040, we have adopted a target of a reduction of more than 30% by 2030 (30 by 30) compared to our 2019 levels to strengthen our position as the leading green PCTC operator. This will put us in position to partner with sustainability focused OEMs and continue to develop commercially attractive green propositions.

Höegh Autoliners outperformed IMO 2040 and CII trajectories in 2022:

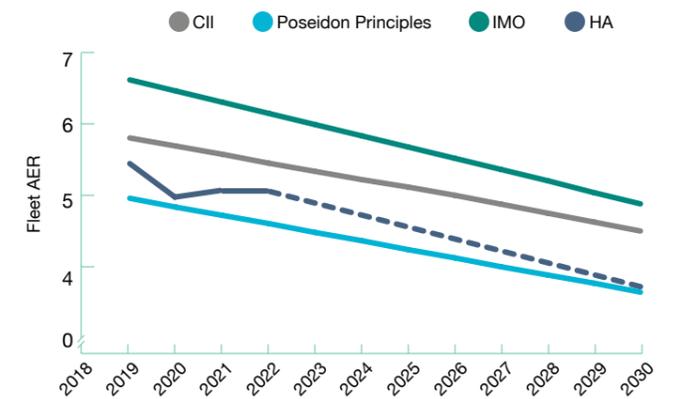
Carbon Intensity Indicator (CII)

On November 1st, 2022, amendments to the International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI entered into force, making it mandatory from January 1st, 2023 to calculate each vessels annual operational carbon intensity indicator (CII) and its CII rating. Based on a ship's CII, its carbon intensity will be rated A, B, C, D or E (where A is the best). The rating indicates a major superior, minor superior, moderate, minor inferior, or inferior performance level. A ship rated D for three consecutive years, or E for one year, will have to submit a corrective action plan to show how the required index of C or above will be achieved.

We are proud to have the best CII rating in the PCTC segment with about half of the Group's vessels having received Carbon Intensity Indicator (CII) rating of A-B in 2022. All of our vessels built after 2010 have an engine configuration that can be converted to Methanol in the future. We continue our work on optimizing the fleet to further improve the CII score in the future. All of Höegh Autoliners' six Horizon class vessels have achieved an A CII-rating as they are 40% more efficient than a standard PCTC vessel.

30 by 30, zero by 40

Höegh Autoliners fleet wide KPI for fuel efficiency is aligned with IMO's and Poseidon Principles standard CII and Annual efficiency ratio (AER). The weighted average AER/CII managed by HTM and our US flag fleet was 5,13 g CO₂/GT*Nm, which is an improvement of 2,5% compared to 2021. Our goal is to improve efficiency by 2% by end of 2023 and 8% by end of 2026.



AER = $gCO_2 / (GT \cdot Nm)$ where gCO_2 is grams of CO₂ emissions computed using the fuel consumption and carbon factor for each type of fuel, GT is gross tonnage and Nm is nautical miles sailed.

In 2022, Höegh Autoliners launched the Green Fleet strategy project, which sets out several concrete measures, and aims to improve efficiency of the operated fleet by 30% by 2030, compared to 2019 levels.

Our reported AER for 2022 is among its best in our segment, and we are outperforming the 2040 IMO target of reducing emissions by 40% within 2040 compared to 2008 levels (green line above). In addition, our emissions are also below the 2030 CII targets issued by IMO (grey line above). We acknowledge that we as per 2022 still have a way to go in order to comply with the Poseidon Principles (light blue line above). However, through our re-shaped decarbonization strategy we will maintain our role as the leading green PCTC operator and meet the 2019 Poseidon principle commitment by 2030.

Emissions scope 1, 2 and 3

The emissions from consumed fuel and refrigerants used onboard have been registered and the greenhouse gases calculated to CO2 equivalents. This is in line with the GHG protocol and amounts to a total of 1 198 413 MT CO2e. Emissions in scope 2 mainly consist of emissions from purchased electricity. Scope 2 emissions are reported using both the location-based method and the market-based method. Location based emissions amount to 291 MT CO2e and market based emissions amount to 478 MT CO2e. Emissions from purchased fuels and flights are covered in scope 3. 211 000 MT CO2e is from transportation of fuel purchased, and 3 549 MT CO2e

Emissions scope 1 – 3 in MT CO ₂ e	2021	2022
Scope 1	1 330 000	1 198 413
Scope 2 Location-based	276*	291
Scope 2 Market-based	486*	478
Scope 3	233 000	214 338
GHG Intensity (Scope 1) (MT CO ₂ e per nm)	0.77	0.35

*2021 Scope 2 emissions have been restated in 2021 due to implementation of a emission factor for our Manila office. Please refer to the GRI index in the appendix for further information on the restatement

Energy mix

In 2022, the total amount of energy consumed was 16 049 GJ. Out of this, 1% was consumed from biofuel (3 858 MT) which is a significant increase compared to our 2021 consumption of 232 MT, with the rest from fossil fuels.

Fuel saving measures in 2022

With our first carbon neutral voyage successfully completed in March 2021, we have accelerated our decarbonization efforts by continuing to offer carbon-neutral voyages to our customers to reduce the overall environmental impact and to help decarbonize their supply chains. The successful trial voyage in 2021 showed us that biofuel is a viable choice for vessels in the fleet and we have increased the use

Fuel saving measures implemented in 2022

Measure	Expected saving	Comment
Fleet renewal program	0,5%	Phasing out of inefficient tonnage.
Reduced propeller polishing intervals	0,2 – 0,4%	Full effect of this measure was realized in 2022.
Propeller boss cap fins	1-2% per vessel	During 2022 the company installed two propeller boss cap fins.
Hull cleaning	1-4% per vessel	Ten hull cleaning jobs were performed in 2022.
Biofuel	100%	In 2022 Höegh Autoliners purchased 3,858 MT of sustainable biofuel, resulting in reduced scope 1 emissions by approximately 1%.

is from flights, adding to a total of 214 549 MT CO2e. 12 189 MT of direct CO2-emissions was generated from burning 3 858 MT biofuel. In accordance with the GHG Protocol this has not been included in scope 1, as the emissions come from the fast carbon cycle. We have seen an increase in scope 2 emissions coming from the return to office (hybrid) setup of all global offices. An increase in our scope 3 emissions from airline travel is offset by the decrease in transportation of purchased fuel. Hence, the decrease in our reported Scope 3 emissions.

Emissions reporting is done in accordance with Höegh Autoliners' GHG methodology statement, which is attached as an appendix to this report.

Other emissions to air in MT	2021	2022
SOx	3 405	3 072
NOx	33 695	30 524
Particular Matter (PM)	2 847	2 567
Volatile Organic Compounds (VOC)	1 304	1 182
Black Carbon (BC)	115	105
CO	1 194	1084

Sulphur emissions

Höegh Autoliners only uses fuel that is compliant with IMO Global Sulphur Cap, 2020. No scrubbers have been installed and none will be installed on the Höegh fleet. Using scrubbers will increase fuel consumption as it requires additional auxiliary power.

of biofuel from 232MT in 2021 to 3 858MT in 2022. Biofuel is unlikely to become the long-term solution for decarbonising the maritime industry, but we view it as a transition fuel until new ship technologies evolve. Our continued efforts to reduce our carbon footprint has positioned us as a leader in our segment, however we will continue to evaluate and implement measures that will reduce emissions further. During 2022 we implemented the fuel saving measures shown in the table below.

How to reach our 2023 goals

Our ambition is to maintain our position as the deep sea PCTC operator with lowest environmental footprint in the industry. Our ambitious goals require investments in energy saving solutions and continuous improvement. The table below contains some of the measures we plan to implement or evaluate in 2023.

Following measures will be implemented in the Green Fleet project during 2023

Measure	Expected saving	Comment
Propeller boss cap fins	1-2% per vessel	Two fins on order
Propeller and propeller boss cap fins	3-4% per vessel	Two projects initiated
Installation of frequency drives	1% per vessel	Five projects initiated
Optimization of turbo charger, main engine and propeller	6-10% per vessel	One project initiated

How to reach our 2025/2030 goals

We have developed a detailed plan for meeting the AER targets in 2025 and 2030. Improved efficiency, use of low carbon fuels and fleet renewal will enable Höegh Autoliners to meet or exceed the targets set by IMO and EU. During 2022, Höegh Autoliners has signed contracts for eight multi-fuel and zero carbon ready Aurora class, which will have DNV's ammonia and methanol ready notations. The vessels will be delivered from end 2024 and onwards. The class will be the first in the PCTC segment ready to operate on zero carbon ammonia. Together with the capacity to carry up to 9 100 cars, the industry leading Aurora class will be the world's largest and most sustainable car carriers.



Roadmap to net zero

2008 -
2022



Reduced emissions per CEU nautical mile by ~38%

- New Horizon series delivered 2015-2016 – the most fuel efficient PCTC vessel
- Modifications to existing vessels
- Current carbon intensity 10% lower than segment average

2021 -
2023



Carbon neutral voyages available to all customers

- Simple commercial proposition, including certification processing
- Use of biofuel where supply and costs permit
- Supplemented with 'real' carbon capture projects within Höegh's own business system through Rift Valley Corporation

2024 -
2025



Reduction in emission footprint from newbuilds

- Delivery of first Aurora vessels with ammonia ready multi-fuel engine
- Partnerships with sustainability focused OEMs
- Continued development of commercially attractive green proposition

2025 -
2030



Availability of net zero carbon shipping

- Conversion to new technologies
- Substantial replacement of existing owned fleet by 2030

2030



30 by 30

- Updated target to reducing emissions by more than 30% by 2030 from a 2019 level
- To meet the 2019 Poseidon Principles commitment by 2030

2040



Achieving net zero

- Own and operated fleet approaching zero carbon emissions

Our commitments

Environmental compliance

Höegh Autoliners continues to improve and adapt best practices to ensure that no harm is done to the environment because of our voyages. We closely follow updates in the regulations to make sure we are compliant

Wastes

GRI 306-3, 306-4

Number and aggregate volume of spills and releases to the environment: 3 cases registered in 2022 with accumulated spills of less than 1 cbm.

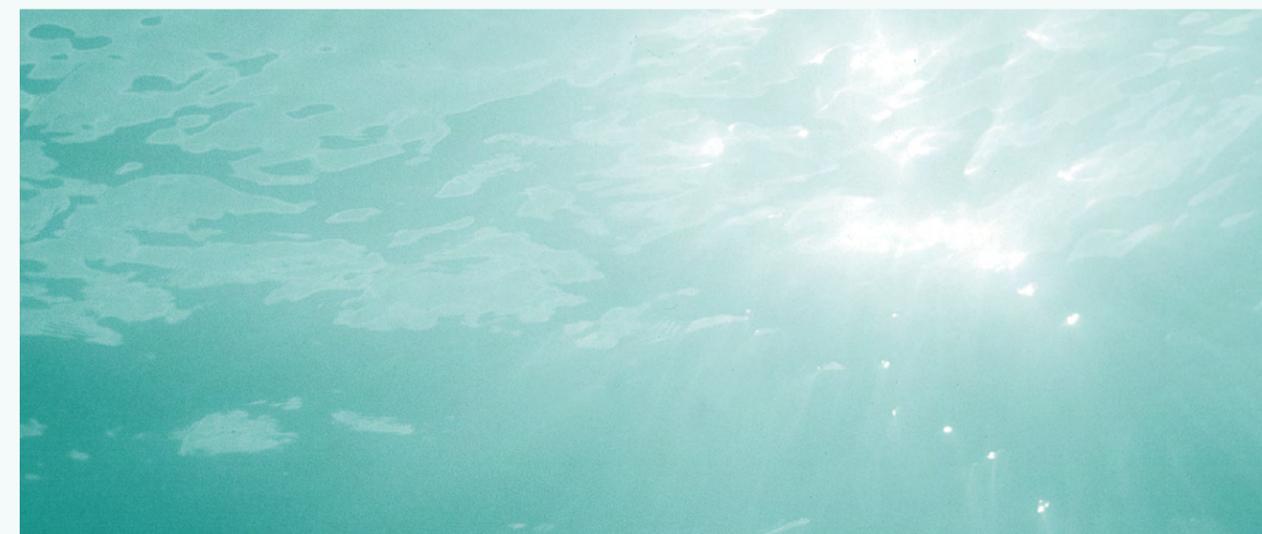
- BERL 22105 Stern Ramp Hydraulic hose Leak {approx. 340L of Environmentally Acceptable Lubricants (EAL) hydraulic oil}
- COPE 2242 Lifeboat davit Hydraulic Oil Spill (approx. 2-3L)
- BERL 2248 Stern Ramp Hydraulic hose Leak {approx. 0.5L of Environmentally Acceptable Lubricants (EAL) hydraulic oil}

Total waste generated except fluorescent lamps: 13 813 m³

Oil spill response and checklists are in place in case of emergency situations. Our crew is well trained and knows how to act in case of an oil spill. The target for 2023 and 2025 is zero incidents of oil spill. To achieve this goal, the following activities are conducted: enhanced crew awareness, regular PMS of the vessel and equipment maintenance (BWTS and OWS). These assure that the vessel is in good condition and performing at its best along with the best trained crews.

Waste generated in the vessels is segregated in separate containers and we practice a zero waste overboard principle. Recycling of waste is performed at approved shore facilities. The waste reduction target for 2023 is 10% replacement of the 2021 busted fluorescent lamps and 5% plastic generation reduction from 2021 data. For 2025, the goal is for all new buildings delivered to have 100% LED onboard and 15% plastic generation reduction from 2021 levels.

Breakdown in m ³	2021	2022
Hazardous (except fluorescent lamps)	13 323 (98%)	13 814 (99%)
Plastics	693	682
Aerosol cans	6	1
Bilge water	5 911	6 005
Carbon soot from economizer	1	4
Domestic waste	435	434
Expired pyrotechnics	3	1
Incinerator ash	24	26
Operational waste	217	216
Used batteries	34	1
Sludge / waste oil	5 840	6 043
Non-hazardous	255 (2%)	201 (1%)
Cooking oil	59	6
Food waste	173	170
Scrap iron from ER	23	24
Fluorescent lamp	17 540 pcs	24 194 pcs



Biodiversity

GRI 304-2

Year	2021	2022
Travel days spent in marine protected areas and areas of protected conservation status	1 978	2 050
Marine casualties and zero defined as very serious marine casualties	0	0
PSC Inspections	101	108
Deficiencies	57	106
Detentions	0	2
Non-compliance of environmental laws and regulations	0	0
Share of fleet with ballast water treatment systems installed	94%	100%

The introduction of invasive species into new marine environments is a major challenge for international shipping, and one that Höegh Autoliners takes seriously. Being at the forefront of environmental protection at sea, the Company has taken vital steps to ensure these pests are not carried either in the vessel's ballast water or on the vessel's hull. To stop the spread of these unwanted guests, Höegh Autoliners takes necessary steps through compliant Ballast Water Treatment Systems and anti-fouling system. At the end of 2022, all our vessels have BWTS installed. We also apply anti-fouling paints of the highest standards to reduce risk of spread of invasive species and to reduce hull resistance.

The vessels ensure that there are no damages to marine life when any shipping activities takes place and when they pass through marine protected areas, environmental critical areas, and areas for protected conservation status. Preventing marine casualties is one of the top priorities regarding environmental performance. This involves continuous crew awareness, training regarding safety navigation and vessel stability. These two are the activities that when mismanaged could lead to serious marine casualties.

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

For 2022, the deficiency ratio was 0.98 with two (2) detentions. To improve this record, several barriers/control measures have been established and being rolled out. Such barriers are: crew awareness campaign, perform frequent technical and safety inspections by HSSEQ department and vessel managers, and thorough Class and third-party service providers pre-PSC inspections. The target remains zero non-compliance of environmental laws and regulations for 2023 and 2025. To carry out the 2023 performance until 2025, continuous vessel performance review, monitoring, and crew awareness are practiced.

Sewage disposal

All vessels have their own sewage treatment plant (STP) and follows the MARPOL Guidelines Annex IV which provides the set of regulation regarding the proper sewage discharge of ships in marine waters. As stated in the guideline, ships are allowed to discharge treated and disinfected sewage to the sea when at least 12 nautical miles from the nearest land, with a speed of no less than 4 knots. A company policy is also in place regarding sewage disposal to ensure compliance of the guidelines. In making sure that all vessel discharges are treated, each STP is approved by the "Class Society" and verified annually to ensure all vessels are complying with the regulations.

Supplier Assessment

GRI 308-1, 308-2, 414-1, 414-2

All suppliers are required to sign Höegh Autoliners' Supplier Code of Conduct as it sets out the minimum requirements to meet our standards of responsible business practices in addition to be compliant with relevant laws and regulations. To further enhance the ESG risk assessment in our supply chain, we launched a third-party supply chain monitoring tool during 2021 that covers all aspects of E, S and G. All suppliers are required to sign Höegh Autoliners' Supplier Code of Conduct while accomplishing the platform. To jumpstart this program, we used a risk-based approach to determine the initial list of suppliers that will be pioneering the platform. We were able to reach our target for 2022 which was to assess 50 suppliers.

Every year, we continue to assess more participants from our supply chain based on their risk categorization until we reach the 90% target for all our suppliers in 2025. This will strengthen our ESG performance in our supply chain via this current program, and help us comply with the Norwegian Transparency Act. The survey distributed revolves around the practices of our supply chain in terms of ESG performance. We assess their performance from their governance policies, environmental practices, and social strategies within their organization. This program helps us map our supply chain beyond their compliance with our supplier code of conduct.

For more information regarding the supplier due diligence, and the work we are doing in order to comply with the Norwegian Transparency Act, refer to the separate statement which will be published on our website at the latest on 30 June 2023.

In addition, new and existing suppliers are evaluated by a third party sanction screening tool. The system monitors and screens not only suppliers but all parties we do business with. We maximize this tool to ensure continuous compliance with all applicable laws, regulations, and requirements in all locations where we conduct business and operate.

	2022
Percentage of new suppliers that were screened using environmental criteria.	100%
Percentage of new suppliers that were screened using social criteria.	100%
Number of suppliers assessed for environmental impacts.	51
Number of suppliers assessed for social impacts.	51

Green ship recycling

Höegh Autoliners 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. Any recycling yard selected must comply with Höegh Autoliners Supplier Code of Conduct.

In working with qualified Ship Recycling Facilities, there are established management systems, procedures and techniques which do not pose health risks to the workers or have a negative impact on the local community. By choosing established ship recyclers who have facilities that handle toxic waste responsibly and ensure proper safety procedures that protect workers, Höegh Autoliners maintains its strict safety standards when recycling vessels.

Since committing its first vessel to green recycling in 2009, the Group has only disposed ships through green recycling. The recycling facility is required to be certified in accordance with:

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

Höegh Autoliners did not recycle any ships in 2022.

"As an inherent business value, sustainability has been and is at the core of Höegh Autoliners' operations. We have a solid history on emission cuts and long-term efforts to combat climate change and are on a clear path towards a zero emissions future. For us, it is not about compliance, but sustainable leadership."

Leif O. Høegh



Health and Safety

As a global operating organization, we are committed to provide a safe and healthy workplace, creating an open and inclusive culture, and a working environment in accordance with our company values

Occupational Health and Safety

GRI 403-1, 403-3, 403-8, 403-9, 403-10, 405-1

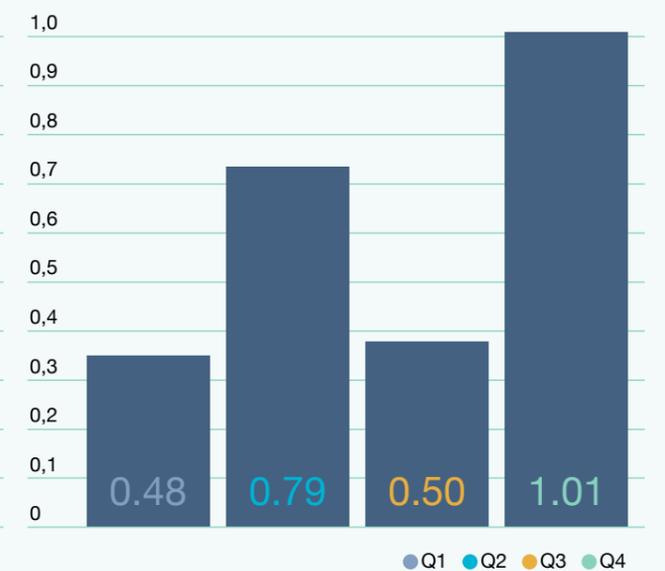
On April 20, 2022, the company was certified to have conformed to the Occupational Health and Safety Management System standard: ISO 45001:2018. We both have zero marine casualties including those that are defined as very serious marine casualties. Our target for 2023 and 2025 is to have zero casualties. We continue to ensure the safety of both our employees onshore and at sea, during the on-going COVID-19 pandemic. Our crewing offices in China and Philippines along with the technical management are up to date with safety practices in our vessels through routine safety campaign.

The initiated safety campaign onboard our vessels in late 2020 was continued throughout 2022. The campaign aims to raise the level of safety awareness and minimize the exposure to unwanted events. In offices and onboard vessels, we have organized safety committees that ensure that workers participate in all matters of importance for the maintenance of safe and healthy work practices.

Lost Time Incident Frequency 2021



Lost Time Incident Frequency 2022



In our continuous efforts regarding crew's occupational health and safety, we always comply and adhere to the labour laws. We always arrange physical examination for all seafarers at qualified medical center prior to their service onboard and provide briefing for safety onboard prior to sign them on. In addition, we arrange AEC (Advance Environmental Course) training for all seafarers and provide welfare fee every quarter for seafarers onboard to purchase and renew related items for physical exercise and social activities etc.

Sufficient PPE including Antigen Test Kit for all on signers to prevent infection from COVID-19 and arrange PCR test for all on signers. Up to date, 100% of our Seafarers are fully vaccinated and with at least one booster vaccine and continued focus is given on carrying out the scheduled crew changes and repatriating by the end of their contract period. Throughout 2022, no crew have stayed beyond the maximum period onboard of 11 months, as required by the Maritime Labour Convention.

Ongoing focus on health and safety

We were certified in the ISO 45001 standard during Q1 2022, and this was an important milestone for our health and safety work with securing the wellbeing of our people and improving the safety and health of employees and other personnel. As part of our efforts to raise awareness and knowledge of this area, we ran campaigns in our global internal communications channels during 2022 on the ISO 45001 standard and how we do our OSH work and specifically assessing risks and identifying opportunities.

Our learning offering was updated with mandatory assignments which give insights into what the standards mean to everyone, and the responsibilities employees hold when it comes to OHS. Mandatory gamified training was one of our learning activities for this, which created good engagement and above average requirement completion scores. In addition, we had good completion score for our deep dive into the ISO 45001 standard provided through our online learning platform. Our target moving forward is to continue all the learning activities with relevant annual updates, as well as including the core training as part of the mandatory onboarding training.



Employment

Employment

GRI 401-1, 401-2, 401-3

At the end of 2022, we have 390 onshore based employees globally after increasing our headcount with 49 additional positions during 2022. We have had 2 consultants that work alongside our employees, mainly related to IT project work. The methodology is based on contractual set up and we use the estimated FTE based on their scope of work. There have not been significant fluctuations in this number during 2022. We had a voluntary turnover rate of 7.85% and a total turnover rate of 11,25 % for the year. For 2025 our ambition is to have a voluntary turnover of 6 % or less. Our data (see annex) shows the distribution of full-time, part-time and temporary employees.

Our global policy and practices ensure our temporary and part-time employees receive the same level of benefits as permanent employees. Höegh Autoliners has a global parental leave policy, to ensure all employees are granted the opportunity to spend time with their newborn or adopted child. The Company follows local rules and regulations for parental leave to ensure both the primary caregiver and co-parents have leave when they become a parent either through birth, surrogacy, or adoption. If leave is not provided by the government, the Company provides a set number of days granted to the employee immediately after the birth/adoption of their child. Our retention of employees who have taken parental leave is still at 100%, and the opportunity to have flexible arrangements that support a work-life balance is at the core of our DEI work in general, to ensure we have working practices for a diverse workforce. Supporting employees in their efforts to balance work and personal life is important in the day-to-day work of our leaders. We have high scores in this part of our annual engagement survey, and we continue to monitor this annually. Our target is to continue having engagement scores in the top quartile.

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

New working arrangements

The move to hybrid working globally has been an important step to update our approach to how we work during 2022. To empower and equip our people to work productively in a flexible way whilst sustaining our sense of belonging, connectivity and culture we therefore implemented a working arrangement policy, where flexible and hybrid working is at the core. We have continued to measure our advancement through engagement and pulse surveys and our target is to have positive year on year development on the specific questions included in the surveys.

In the new hybrid working environment we will continue our efforts to support people in caring for their families and monitor the use of benefits that are available. During 2022 we have seen an increase in the use of CARE days and unpaid leave compared to 2021 and looking towards 2023–2025 we will continue to implement our wellbeing targets with relevant programmes and offers. Including wellbeing measures in our surveys gives us a good platform for data driven measures to guide us. 2022 was the first year for our new engagement survey format, and our work-life balance index was on average scored favorably by 86% of respondents. Our target for 2025 will be to have an average score in this section above 90% and the well-being of our people is included in our corporate goals both short-term (annual) and long-term.



Employee data related to illness and incident prevention

The recorded absence rate in the Company due to illness was 1.47% globally in 2022 which was an increase compared to the previous year. Absence is a complex field with significant variations from country to country and the HR team together with leaders globally work together to follow up on absences. We carry out preventive activities to avoid future illness absence by offering health checks, ensuring good Health & Safety practices, and following up on any concerns to make improvements as part of our commitment to our ISO 45001 certification. During 2022 we moved offices in Mumbai and Jacksonville, and as part of these processes we have considered preventive activities related to avoiding absence. This has included reviews of office set-up from both an ergonomic perspective but also considering new ways of working in a hybrid set-up. We have also offered and completed ergonomic review in Norway, as part of our work. In general, we have continued our principles implemented during the pandemic, to apply caution and a collective mindset around everyone's responsibility in preventing sickness.

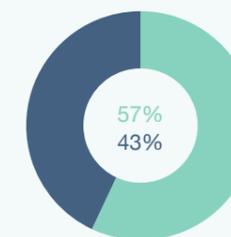
When it comes to incidents, Höegh Autoliners has a strong focus on avoiding incidents of all types. We have extended our focus on the safety of our crew, and the continuous efforts in identifying risk and mitigating risk prior to commencement of work, is showing results in way of reduced trend in number of lost time incident cases until third quarter, with an increasing trend at the end of the year. Incidents in Q4 were finger injuries and affected crew have since recovered.

Lost time sickness has been recorded for the first time in 2022. We continue to analyse all lost time sickness cases and focus on identifying sickness in the pre-boarding medical check to limit the number of cases occurring onboard. The annualized year-to-year LTSF ended at 2.7. We continuously analyse the root causes of all lost time incidents and sickness cases to minimize the number of cases going forward.

Overview of gender balance

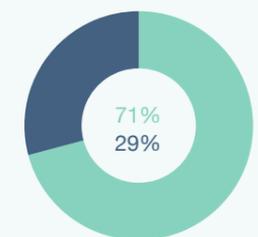
The Board of Directors

Average age: 53
Nationalities: 4



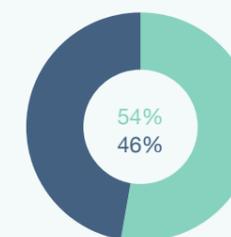
The Executive team

Average age: 53
Nationalities: 4



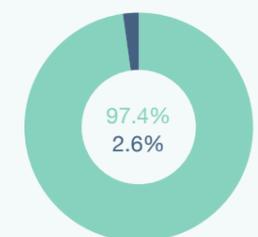
Höegh all

Average age: 41
Nationalities: 22



Crew and officers

Average age: 35
Nationalities: 2



Labour and human rights

Human Rights

We are committed to an organisational culture which is characterized by integrity, openness and respect. Ethics and compliance are integrated parts of what we do, and key human rights issues are embedded in our Code of Conduct as well as our Supplier Code of Conduct. We also recognise that we must take steps to identify potential adverse impacts with which we may be involved whether directly or indirectly through our own activities or our business relationships and are therefore committed to perform human rights due diligence. As part of the implementation of the Norwegian Transparency Act, we have conducted due diligence assessment focused on compliance with basic human rights and decent working conditions, based on a proportional and risk-based mapping of our internal employees, operations, and our supply chain.

Based on the due diligence assessments, we will further implement measures to prevent or reduce negative effects on human rights and decent working conditions in our operations and our supply chain. We believe that this is an ongoing process which supports upholding human rights and work to raise awareness in our organisation related to human rights issues. Key to this awareness work in 2022 included the implementation of our Human Rights policy, which aims to ensure a systematic approach to our human rights focus. The policy was made available through our company communication channels, for it to be accessible to business partners and stakeholders. The policy can be accessed [here](#).

Our target for 2022 was further to update our learning offerings with additional learning on the topic of human rights and seek a completion rate of 80%. With the launch of the mandatory Sustainability and ESG gamified training we met this goal, and we also have available optional human rights learning content through our digital learning platform which is available to all employees. Our 2025 target is to update and roll out annual training for our employees and partners related to Human Rights, and to seek a completion rate of at least 80%.

Early in 2022 we also rolled out a new gamified Compliance training course to all employees, which focuses on our Code of Conduct as well as a range of compliance topics. This training is updated on an annual basis and the human rights perspectives are embedded here, to reflect new learning opportunities and focus areas. Both our gamified training courses launched during 2022 are part of our mandatory onboarding learning for all new employees.

Beyond our own global team, human rights are also included in the systematic approach we have towards supplier assessment. During 2022 we extended a new Compliance training to selected business partners which includes human rights along with other important compliance topics. We aim to continue and accelerate this work in 2023. More information about this can be found under the Supplier assessment on page 60.

Labour rights

Höegh Autoliners recognises our responsibility to help ensure fair business practices in our value chain and direct supply chain. We are committed to respecting labour rights in all our activities, and to supporting our stakeholders in realising their labour rights obligations. The rights to collective bargaining, elimination of child and forced labour, and elimination of discrimination in respect of employment and occupation are recognised within our Human rights policy, Code of Conduct and other company guidelines. During 2022 this was included in our human rights' due diligence assessment and towards 2025 our commitment will continue and be followed through on an annual basis. We also have a grievance and complaints process which is publicly available. During 2022 we updated our communication around this on our company communications platforms to ensure it is easily accessible.

Freedom of association and collective bargaining GRI 407-1

In relation to freedom of association and collective bargaining, all crew and onshore employees are free to organise, and partake in Collective Bargaining Agreement, negotiations through labour unions. All onshore employees are employed on local contracts with employment handbooks based on local legislation. In addition, we have global policies which allow for a standardised approach in many areas related to working arrangements. Crew working hours are within MLC and STCW requirements, as well as CBA. All crew are employed per contract, however, in all respects, treated as fixed employees of the Company. All enjoy the same opportunities in training and succession irrespective of gender and nationality. We have chosen to have crew supplied from the Company's managed crewing office in China and the Philippines, offering employment to crew from China and Philippines respectively.

A holistic approach

Beyond our inherent commitment to respecting labour rights in all our activities, this connects into our commitment related to our people's well-being and taking a holistic approach to this work. During the pandemic we saw that working hours were an area to monitor going forward, and as mentioned in previous sections we have measured this during 2022 and we will continue to do so through our engagement survey. In 2022, from a financial well-being perspective, we have added a new component to our salary review where we have special attention to roles compensated at the lower levels of our internal distribution, to ensure employees through the salary review process retain a decent standard of living. Almost 100% of all employees receive a salary increase each year. In 2022, we also announced an extraordinary one-off flat rate payment to all employees as a recognition of

During 2022, Höegh Autoliners implemented the Human Right policy which aims to ensure a systematic approach to human rights

the company's performance. The approach we chose considered the impact of the global financial issues facing our people. In addition, the regular company bonus process involved bonus payment to almost all employees and as mentioned for our diversity and inclusion work below, equal pay audits are included as part of the salary review process. This will continue going forward, and during 2023, we will start using an additional external analysis tool to substantiate our equal pay work further.

Diversity and inclusion

As a company, we actively promote equality for all employees at sea and onshore and we are committed to striving for an inclusive organisation where each employee feels valued and has a sense of belonging. We offer career opportunities and promote development, so everyone can take ownership of their of their learning and career. We firmly believe that building and sustaining an inclusive and equitable working environment within the organisation leads to a better workplace and more resilient organisation. This is anchored in our people goals, with targets identified towards 2025.

Our ambition is to continue to build an inclusive environment, making our employees feel valued and part of the company's success. In promoting a safe and inclusive workplace, the organisation has zero tolerance to harassment and discrimination. Career opportunities are promoted globally, and our learning and development offerings are available to everyone. We have a clear Diversity & Inclusion statement and policy when recruiting and onboarding new hires and for crewing in particular proactively seek to attract more women by ensuring we offer equal opportunities and wages irrespective of gender (to learn more about gender distribution across our locations and onshore employee categories, including new joiners, please see the HR data in the appendix). We believe that building and sustaining a diverse and inclusive environment for working and learning leads to a better workplace, better ideas and more inspiring conversations.

For crewing, the aim for 2022 and 2025 regarding gender diversity is >2.2% and >2.5% respectively. For our onshore employees the aim for 2022 was 48% and for 2025 the aim for gender diversity is 50%. Looking at the 2022 results, our gender diversity remained relatively stable at 46%, (please refer to the appendix for details). To work continuously and proactively with gender diversity, during 2022, we have had a specific DEI perspective on all our development initiatives as well as during recruitment processes. We have implemented an Early career programme, where the gender diversity was close to 60% females. The programme will be part of our continuous development and talent management work ahead. Based on our 2021 equal pay analysis we also initiated DEI actions during 2022 including closing identified gaps during the salary review, communicating the results of the Equal pay audit to stakeholders, as well as implementing an annual review of equal pay. We followed the same approach to our equal pay audit as in 2021.

To structure, focus and set targets for our diversity and inclusion work, we have both in 2021 and 2022 completed a global analysis for onshore employees focusing on status of our work so far, identify risks and establish relevant and impactful targets to align our DEI and ESG work globally. The analysis has been part of the collaborative work between the human resources team and the employee participation group (AMU) in Norway. To substantiate our analysis and ensure we receive input from our people on key DEI measures, we launched a quick pulse survey to all employees during 2022. We measured 4 individual questions, where one is a benchmarking question to measure progress from our engagement survey earlier in the year. The survey received good response rate and above [90% favourable results] in all areas. However, our aim is to work to further increase all scores to ensure everyone feels like they belong at our company and can reach their full potential. We have summarised our analysis and integrated our targets in the table on the page 70 and 71. A full analysis can be found [here](#).

Crew diversity - HFSC	2021	2022	2021	2022	2021	2022	2021	2022
	Female		Male		Total		% female of total pool	
Officers	4	3	168	165	172	168	2.3%	1.8%
Cadets	2	3	35	19	37	22	5.4%	13.6%
Ratings	1	3	208	196	209	199	0.5%	1.5%
Total	7	9	411	380	418	389	1.7%	2.3%

Crew diversity - HFSP	2021	2022	2021	2022	2021	2022	2021	2022
	Female		Male		Total		% female of total pool	
Officers	10	12	327	319	337	331	3.0%	3.6%
Cadets	4	5	86	103	90	108	4.4%	4.6%
Ratings	6	6	359	349	365	355	1.6%	1.7%
Total	20	23	772	771	792	794	2.5%	2.9%

Our crew diversity performance for 2022 exceeded our target for 2022 and 2025. We initially aim to have >2.2% and >2.5% diversity for the said years respectively but we were able to reach a diversity index of 2.6%.

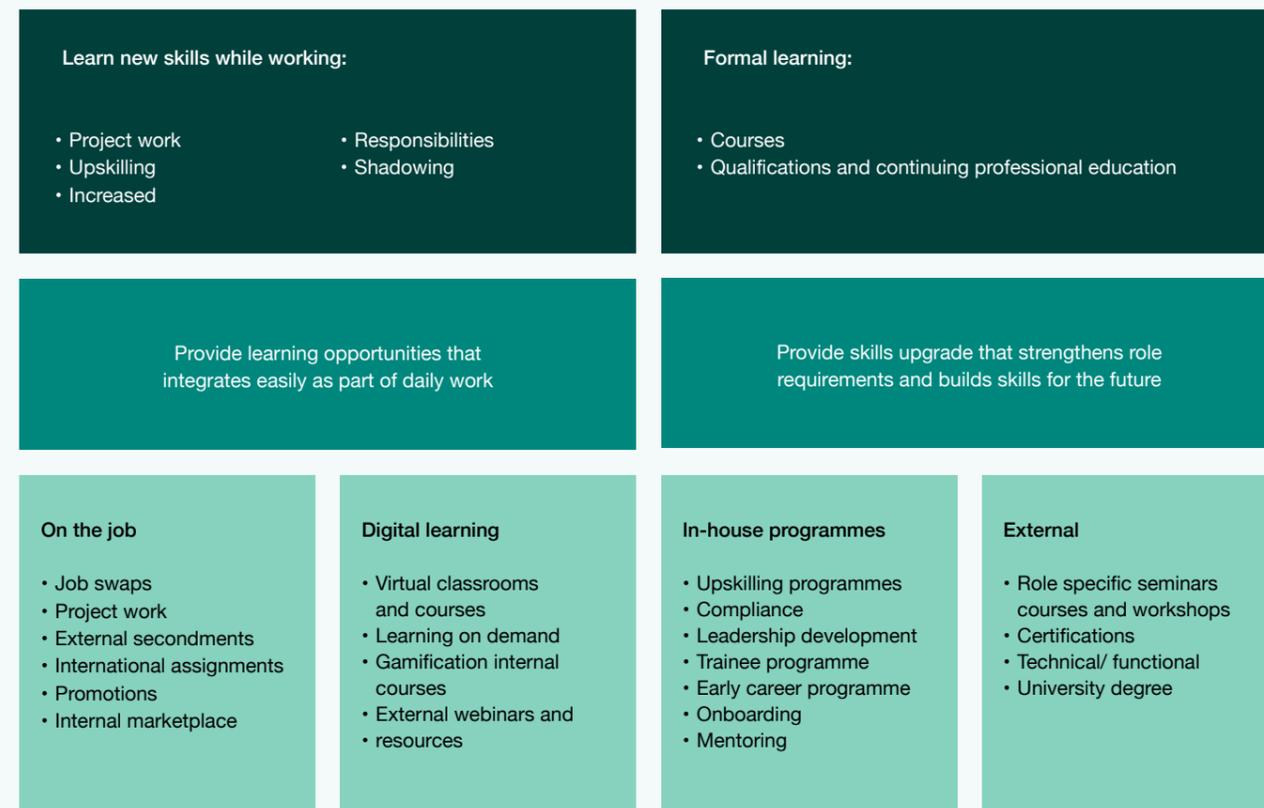
Area	Updated risk analysis and overview of 2022 focus	Progress on 2022 targets and targets ahead based on our risk analysis
Recruitment	<p>A diverse pipeline continues to be core to our DEI risk and has been our focus during 2022 across all of our recruitment activities. More specifically, with our ongoing work we see that growing our internal talent pool to increase diverse teams is a challenge. This results in a risk of maintaining existing structures and not making real change.</p> <p>We have increased regular communication around career opportunities, to encourage internal mobility and equal opportunity. We have a risk of recruiting from a homogenous pool, based on referrals from employees with extensive networks within the shipping industry. We have continued skills/ competency-based approach as well as bias awareness training to mitigate further process risks. We have implemented two golden rules when recruiting; one is all vacancies to be posted internally (with some exceptions) and two is that at least one candidate in the final interview round is of the minority gender for the team. In the Maritime trainee programme we have consciously increased our diversity both in terms of gender, ethnicity and skills in 2022.</p>	<p>2022:</p> <ul style="list-style-type: none"> We achieved 60% completion rate for bias awareness training for recruiting leaders. Bias awareness is included in ESG training for all employees. We extended the Maritime trainee programme with a global participant. <p>Targets ahead:</p> <ul style="list-style-type: none"> For recruitment we need to achieve 100% completion for the bias awareness training in 2023. We aim to increase the diversity balance in teams both onshore and at sea and for recruitment we have an ongoing target of diverse candidates in final interview round and broader searches if we do not have a diverse candidate pool. In 2023 our goal is to recruit internationally for the Maritime trainee programme.
Compensation	<p>Remuneration is an area we on a general basis know can be prone to DEI risks, both regarding base salary and other compensation, and we monitored equal pay as a specific area.</p> <p>We also see that we can have risks related to the annual review process, and monitoring of the process from a DEI perspective has been in focus in 2022.</p> <p>When we recruit externally we also make internal salary adjustments at the same time to avoid any imbalance.</p>	<p>2022:</p> <p>We used the learning from the 2021 (and earlier) salary reviews into the 2022 review. We conducted annual equal pay analysis in advance and/ or after our salary review process to help make better pay decisions.</p> <p>Targets ahead:</p> <ul style="list-style-type: none"> Monitoring that our compensation practices supports fair living wage principles is an ongoing target. Our focus going forward is to promote more gender balance within functions as well as women in leadership positions.
Working environment	<p>Most of our locations came into a hybrid working format during 2022, and with the global policy for office / remote working we hope to both provide flexibility as well as avoid any preferential treatment based on working arrangements which has been a potential risk with the differentiated approach during 2021 and parts of 2022. We also see a risk of not attracting and retaining people if there are not flexible arrangements. We have continued to provide best practices guidance and learning content in this area.</p> <p>We have continued improving our employee listening, with a new engagement set up in 2022, as well as a DEI survey. We have also worked with improving our additional suite of surveys, so that we can hear from diverse voices both candidates in our pipeline, new joiners, leavers and others who received surveys to help us continuously improve our employee experience. With our new engagement survey, we continue to monitor key working environment and DEI questions and have improved opportunities to follow progress. During the pandemic and through new processes related to ISO 45001 we have now in place well-functioning structures for empowering local teams driving local actions regarding working environment and employee participation. We have also had a focus during 2022 to reconnect and refresh our culture, to enable employees' sense of belonging.</p>	<p>2022:</p> <ul style="list-style-type: none"> In 2022 we included new DEI questions in our engagement survey. The engagement survey in general achieved very high engagement scores and the focus from the results was on learning and supporting, cross functional collaboration, communication flexible working. We have implemented a DEI pulse survey during 2022 to follow up on DEI from the engagement survey. <p>Targets ahead:</p> <ul style="list-style-type: none"> Our goals for 2023- 2025 are around wellbeing and diverse teams. Our aim is also to implement an external DEI survey during 2023.

Area	Updated risk analysis and overview of 2022 focus	Progress on 2022 targets and targets ahead based on our risk analysis
Development and opportunities	<p>We have identified the use of informal networks for decision making and access to opportunities as potential DEI risk. Also how we resource internal projects can involve a DEI risk in terms potential differentiated opportunities to be part of career enhancing projects. A continuing risk is that the participants of our development programmes are chosen based on a biased leadership perspective. And we see that a risk around development is that our structures can be barriers to contribute actively in some programmes.</p> <p>In 2022 we have had focus on including DEI perspectives in all development programmes and enhance communication around development so that everyone are aware and empowered to take ownership of their own development and learning. Advancing our leader's dialogue with their people is important continuous work and we have included the DEI focus in our leadership training (and other training) we offer. A significant part of our learning and development programmes are delivered online and we have worked with applying varied ways to encourage active participation during programmes.</p>	<p>2022:</p> <ul style="list-style-type: none"> The ongoing learning assignment bias awareness, 63% complete/in progress in 2022. We participated in the Catalyst mentorship program in Oslo in 2022. We had equal opportunities future skill building program beginning with analytics in 2022, where we had 44% gender diversity. Our goal is for project management to follow in 2023. <p>Targets ahead:</p> <ul style="list-style-type: none"> Target for 2023 is to increase completion for bias awareness training to 100%. We aim to have equal opportunities to skill building for project management to follow in 2023. Our target for 2025 is that we have a 50%/50% split of men and women appointed to recruited leadership positions. This will require higher level of diversity in leadership programs and gender balance in shortlisted candidates The target for our development programmes is to have diversity in teams represented, and minimum 50% gender diversity.
Representation	<p>We have identified the risk of not having enough insights of the representation of various minority groups among our people.</p> <p>For 2022 we had a focus on clearly communicate our employee value proposition. We updated our people story, and used it actively to continue cultivating an inclusive culture where you can bring your whole self to work.</p>	<p>2022 and target ahead:</p> <ul style="list-style-type: none"> In 2022 we implemented DEI survey and an external DEI survey is our aim for 2023. The aim is therefore to have a more databased approach during 2023, as we need more insights into representation of various minority groups among our people.
Wellbeing	<p>During 2022 we have had a gradual return to office work with introduction of hybrid working globally. A risk we have been mindful of in this process is both regarding communication and implementation planning. We have focused on a well communicated timeline and predictable implementation period.</p> <p>A potential risk is that we with return to office working could negatively impact wellbeing. It has been focus on balancing the individual needs and company needs well. In addition, during 2022 it has been important to facilitate reconnecting and employee belonging through overall initiatives. This risk picture we see as particularly important from a DEI perspective, as the return to office working also comes with new and different aspects compared to the remote working situation.</p> <p>We also emphasis the leader/employee dialogue related to new ways of working and a changing working landscape.</p>	<p>2022:</p> <ul style="list-style-type: none"> We implemented a global working arrangement policy in 2022, and for 2023 we have included wellbeing into our corporate goals. We therefore have long-term goals for wellbeing that we will measure through engagement survey. For 2022 we focused on culture and belonging, as well as social events and team events to support employee's wellbeing. <p>Targets ahead:</p> <ul style="list-style-type: none"> For 2023 our aim is to continue building culture and reconnecting, through team/local events. We have location specific targets for this. We will also monitor our working arrangements; our 2023 goal is to continue scoring in the top quartile.

Growing our learning offering

Our learning strategy consists of a combination of formal learning opportunities, and learning new skills and developing while working.

Learning opportunities to suit both organisational future needs and individual career aspirations



During 2022, we have extended our existing portfolio of learning and development opportunities by introducing mentoring programme, an early career programme, a new leadership development programme combining group sessions and coaching, as well as topic specific upskilling programmes for example Data Analytics and Sustainability/ESG. We continue our commitment to digital learning for all, development planning, trainee program for graduates and additional

leadership programs and initiatives so that our succession and development approach works together. During 2022 we had 30 mobility moves, which is an increase from 2021, and a key part of our people strategy towards 2025 is to continue a strong focus on mobility opportunities either through promotions, international assignment or role developments.

2022 targets for learning & development	Progress update and targets ahead
Monitor total learning hours	Use of our digital offering has increased, with around 50% increase in learning hours. We also see increased total learning hours for our global onshore employees. Continued investment in individual and collaborative learning is part of our people development goals for 2023- 2025
Initiate digital and analytics upskilling	We have completed 3 global Data Analytics programmes with 10% of our global onshore employees completing the programme in 2022. Digital upskilling is part of our 2023-2025 goals
Increase project skills	Updated programme management office and broad involvement of employees in strategic projects with a focus on experiential learning. A light touch upskilling will continue during 2023
Develop our integrated reporting practices and competence	We have built skills through both external courses and project work during 2022. This will be continued during 2023
Upskilling within sustainability and ESG skills	We have had gamified learning for all and separate learning activities in teams, in addition to increased communication for knowledge sharing. Continued upskilling in this area is part of our 2023 targets
Increase the adoption of digital learning offering	Continuation of promotion and sharing of digital content
80 % completion of compliance training	All employees have received training and we have a completion rate of 89%. New updates planned for 2023 and a new "Integrity day" for all employees.
Launch a new leadership development framework	We have an ongoing 12 month programme for a significant number of our leaders. This continues with new participants in 2023
Recruit and onboard at least one global candidate in our trainee programme	2 new trainees joined in 2022, one in Oslo and one in Manila. The target for 2023 is continued investments in the programme

We measure how we meet the learning and development needs of our employees through our annual engagement survey, and for 2022 our learning scores were positive and had a positive development (YoY) across the KPI's. However, growth and development are at the core of both people sustainability and a positive employee experience, and it is an important focus for us going forward to enhance our learning culture further and to make sure we build the skills and competencies needed for our organisation to be successful both now and in the future.

A key initiative to drive this during 2023 is one of our strategic projects, where we will be identifying skills development needs and provide new opportunities going forward.

Building skills and a growth mindset through our people strategy

An overall target we had set ourselves for 2022 was to integrate our people strategy more into the business strategy, and set global strategic priorities, ambitions and targets. During 2022, we have therefore worked with this, so that our development approach and processes is well aligned with business processes and integrating closely key development activities with succession and strategic business planning activities. This is continuous work which with important milestone during 2023 to address upskills and growing capabilities towards 2026 and beyond. Our ambition is to have a high-performing and sustainable work environment, where learning is continuous and an integrated part of our culture. We want all employees to know that acquiring new skills and competencies, strengthening their capabilities, and taking active ownership of their development is fundamental to the execution of our business strategy.

Child labour, Forced and compulsory labour

GRI 408-1, 409-1

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

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





Responsible business partner

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

Economic performance

GRI 201-1, 201-3, 201-4

Our highlights of our economic performance in 2022 are as follows:

- Total revenues: USD 1 270 million
- Operating expenses: USD 824 million
- Operating profit before financial items: USD 447 million
- Tax of the year: USD 15 million

For further details on our financial results, please refer to [Section 5 - Financial Results](#)

The Group provides defined contribution plans, defined benefit plans and other post-employment benefits. For more information such plans, please refer to Note 5 in our Consolidated Financial Statements.

The Group has not received any financial assistance from government or governmental organisations during the reporting period. No government is present in the shareholding structure of Höegh Autoliners ASA.

In 2021, the Company initiated a mentoring programme in Oslo for young adults with an immigrant background. The initiative continued in 2022. The mentoring programme has become a regular part of our development programme. The Company has a number of local CSR initiatives and for example in 2022 the Oslo office donated to the Kirkens Bymisjon's Christmas dinner for those in need and a donation was made to a local orphanage in the Philippines Höegh Autoliners has supported over the years through SOS-barnebyer.

Anti-corruption

GRI 205-1, 205-2, 205-3

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

In addition, all our 49 new employees have completed anti-corruption training as part of their onboarding assignments.

Höegh Autoliners enforces a zero-tolerance policy for corruption of any kind. We are committed to conducting business in accordance with the high ethical standards reflected in our Anti-Corruption Policy and Code of Conduct. We stand against corruption and work on several arenas to abolish the use of corruption, bribery and facilitation payments.

We actively seek to build a compliant culture by:

- having a zero-tolerance line against corruption
- regular messages from the management emphasizing the importance of compliant behaviour
- having clear policies and trainings
- encouraging people to speak up against corruption in the line or through our confidential whistleblowing portal
- provide support to people in the organisation who face threats or harassment when saying no to facilitation payments

All Höegh Autoliners employees are required to complete anti-corruption training upon onboarding. Also, all persons representing Höegh Autoliners and its subsidiaries are required to follow our Anti-Corruption Policy and Code of Conduct. We require all suppliers to adhere to the requirements in our Supplier Code of Conduct.

In line with our work against corruption, Höegh Autoliners takes pride in being one of the co-founders and an active member of the Maritime Anti-Corruption Network (MACN).

MACN is a global business network working towards its vision of a maritime industry free of corruption that enables fair trade to the benefit of society and therefore for all. By adopting the MACN Anti-Corruption Principles, communicating progress on implementation, sharing best practices and creating awareness of industry challenges, we are promoting good corporate practice for tackling bribes, facilitation payments and other forms of corruption.

Since 2015, Höegh Autoliners has taken part in MACN's collective actions campaigns, including the 'Say No'-campaign in the Suez Canal to reduce demands for facilitation payments for passage or routine services. We provide regular guidance and trainings to the organisation on anti-corruption, to ensure that everyone is aware of their responsibilities and are ready to handle any difficult situations in relation to corruption, bribery, or facilitation payments.

In 2022, Höegh Autoliners initiated efforts to boost awareness of the "Say No" campaign and encouraged prompt recording and reporting of corrupt demands involving our vessels.

Höegh Autoliners has created, developed, and implemented learning programmes for all Höegh Autoliners' employees and key agents that summarises the laws, policies and procedures to which we must adhere. We use a variety of learning approaches, ranging from gamified training via app, to online learning resources available on demand and deep dive sessions with our legal team.

For purposes of incident reporting, we have an external whistleblowing portal for all employees to secure that incidents or complaints are reported and dealt with correctly and ethically. In the event of a supplier, sub-supplier, prospective supplier or any other person or group believes Höegh Autoliners Supplier Code of Conduct have been violated or breached, this person(s) may report such activity with strict confidentiality to Höegh Autoliners' legal department.

Customer privacy

GRI 418-1

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

During 2022, there was one reported incident where credentials were being sold off in the dark web. With the help of 3rd party partner, the report was investigated and resulted as a low-risk incident. As a result of the investigation and due to the information being stale and already invalid, no data breach can happen and it revealed that none of company issued devices are compromised due to our current end point and perimeter security.

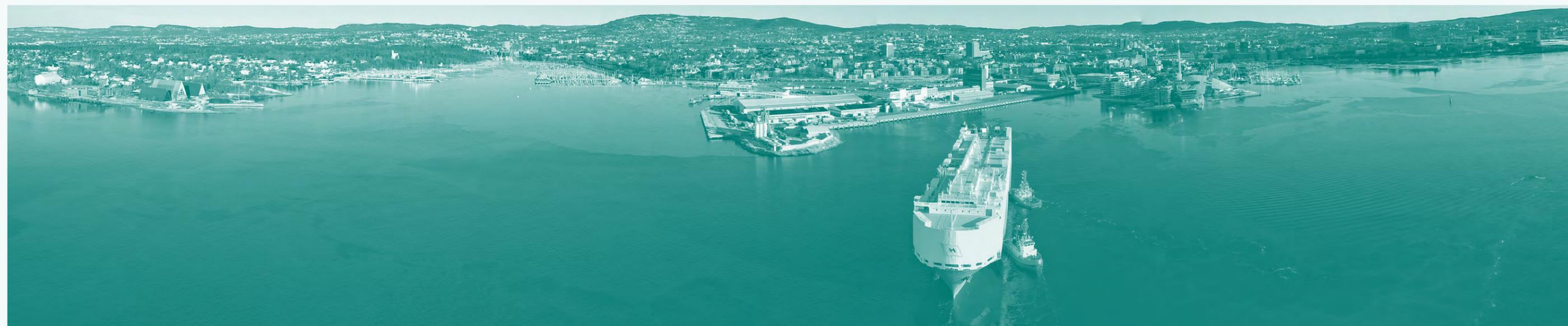
No other personal data was found in the dark web apart from the reported information. Also, the information is not viable to be used within Höegh systems.

We are committed to comply with the laws, but not limited to the General Data Protection Regulation (GDPR). As data privacy is important to us, we ensure that all information is secure even outside the European Economic Area (EEA). Our data privacy policy ensures that we inform the data owner of our practices such as: what and how the data will be used, to whom the data will be shared, and their rights as the data owner. Our Regional Operating Headquarters (ROHQ) in Manila has launched their data privacy manual and appointed a data privacy officer in compliance with the GDPR and Republic Act 10173 (Data Privacy Act of 2012 (DPA)). Privacy policy is managed by Legal, Global HR and HFS Philippines / HFS China.

In addition, we have listed these measures in relation to data privacy:

- On vendor relationships, we started to have new vendors go to sanction screening before we do engagement with them. This effectively will prevent us to work with vendors/suppliers that will be flagged by Lexis/Nexis
- On future implementations for any IT project, data processing and data centers will be hosted in the EU area for GDPR compliance.
- On data security, we are implementing Anti-Ransom ware applications/systems to prevent data loss and/or data breaches resulting from ransomware attacks. We are strengthening our end point (users) protection via securing not just laptops but also mobile devices via implementing device management systems. This will effectively allow us to wipe data from the device once its lost or stolen.

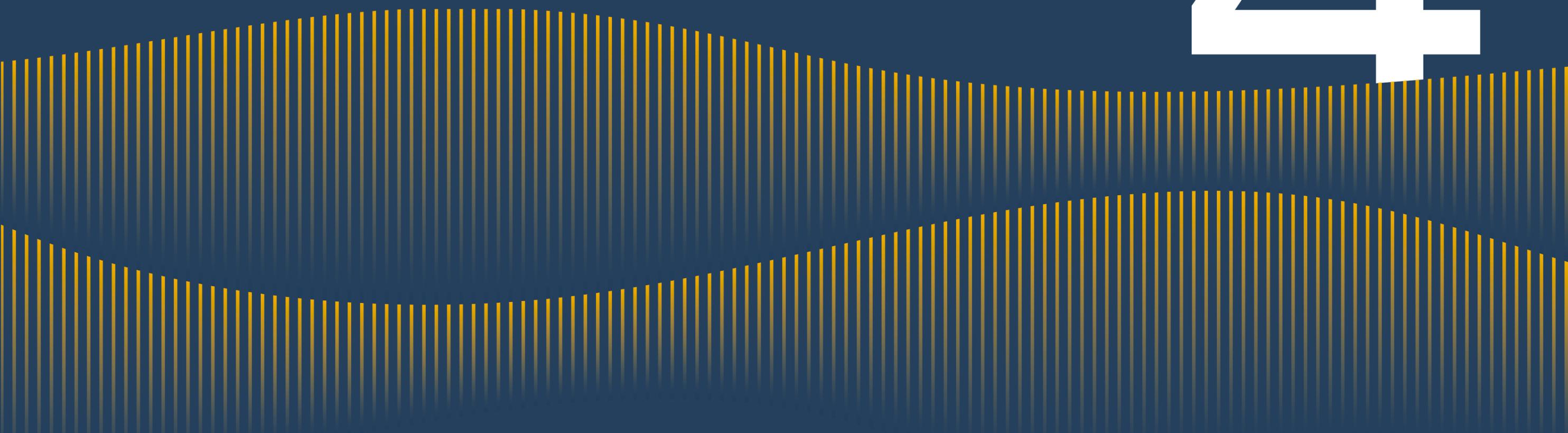
Data Privacy targets for 2023 will be to focus on assuring that existing and future vendor relationships comply with the Schrems II ruling, in regards to data transfers between the EU and other foreign countries. The 2025 targets are to maintain the system integrity and resilience to ensure protection of the privacy data processed.



From the Boardroom

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Board of directors



*From left: Kasper Friis Nilaus, Jan B. Kjærøvik, Kjersti Aass, Leif O. Høegh, Johanna Hagelberg, Morten W. Høegh, Martine Vice Holter

Leif O. Høegh Chair

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

Leif O. Høegh has more than 30 years experience within shipping and investing and has worked for McKinsey & Company and the Royal Bank of Canada group. He has previously been a director in several companies listed on the Oslo Stock Exchange and the New York Stock Exchange.

As a Norwegian national, he holds an MA in Economics from the University of Cambridge and an MBA from the Harvard Business School.

Morten W. Høegh Deputy Chair

Morten W. Høegh was elected to the board of the Company in 2008.

Among other, he serves as Chair of Höegh LNG, he is a Partner of Höegh Capital Partners, Director of Höegh Eiendom, and serves as Chair of Gard P&I Club and the Western Europe committee of DNV.

He served as a director of Höegh LNG Partners LP from 2014 to 2021. From 1998 to 2000 he worked as an investment banker with Morgan Stanley in London. Morten W. Høegh holds an MBA with High Distinction (Baker Scholar) from Harvard Business School and a Bachelor of Science in Ocean Engineering and Master of Science in Ocean Systems Management from Massachusetts Institute of Technology.

As a Norwegian national, he is a graduate of the Military Russian Intelligence and Security School.

Jan B. Kjærøvik Director

Jan B. Kjærøvik was elected to the board of the Company in 2013, and serves today also as Chair of its Audit Committee.

He is currently Interim Treasurer for GE Energy businesses (GE Vernova), preparing for demerger from General Electric parent. Jan has many years of banking and corporate experience in financial roles across banking, energy and maritime sectors. He was most recently Head of Group Finance & Risk Management of A.P. Møller-Maersk Group from 2008 until retirement from Maersk end of April 2021. Prior to that he was Head of Enterprise Risk & Group Treasurer of Aker Kværner/Solutions from 2002 to 2008 and at Nordea in various roles from 1983-2002.

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

Martine Vice Holter Director

Martine Vice Holter was elected to the board of the Company in 2011.

She is the Chief Executive Officer of Höegh Capital Partners (HCP), a family investment office co-located in London and Oslo which oversees all the investment interests of the Höegh family, including cross asset class financial investments as well as public and private direct investments. Martine has been CEO of HCP since 2006. She serves as a board director on several Höegh-controlled investments, including Höegh LNG. She is also a board advisor to Partners Capital Investment Group. Prior to HCP, she was Chief Operating Officer of Arts Alliance Advisors, a venture capital fund, as well as management consultant at McKinsey & Company based 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, Biomaterials Division at Stora Enso Oyj, and was previously the Executive Vice President and Head Sourcing & Logistics.

She has also held the position of Chief Procurement Officer at Vattenfall AB after leading Sourcing and Supply Chain positions at NCC, RSA Scandinavia and at General Motors/SAAB. She is also a member of the board of directors of Bufab AB and Montes del Plata and Veracel.

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

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 has served on the board of The Norwegian Trekking Association (DNT) in Oslo, and currently serves as Vice Chair of the board of The Development Fund. Kjersti Aass holds a MSc in Industrial Economics and Technology Management, with a focus on entrepreneurship from the Norwegian University of Science and Technology.

She is a Norwegian citizen and resides in Norway.

Kasper Friis Nilaus Director

Kasper Friis Nilaus was elected to the board of Höegh Autoliners ASA in 2021. Kasper is CEO of Svitzer, the world's leading towage provider. Prior to this, Kasper has held various positions in Svitzer primarily within commercial and business development and worked as a lawyer in Jonas Bruun Law firm in Copenhagen before joining Svitzer. Kasper holds a Master of Law from the University of Copenhagen and an MBA from the University of Nottingham Business School. Before studying law, Kasper served as an officer of the reserve in the Danish Navy.

Thor Jørgen Guttormsen Deputy for Morten W. Høegh

Thor Jørgen Guttormsen has had a long career with Höegh. He held the position as CEO of Höegh LNG from November 2021 to August 2022, and the position of CEO of Höegh Autoliners from September 2019 to September 2020. He was elected to the board of Höegh Autoliners in 2014, and has been on the board of Höegh Autoliners until August 2021, except for a leave of absence while he was CEO of Höegh Autoliners. He has been CEO of Höegh & Co from 1992 to 2008. Prior to this period, he held positions as Manager in Price Waterhouse and IKO Strategy AS and as CEO of JSA Holding BV (a Paris based shipping company).

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

Board of directors report

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

2022 has been a year of extraordinary progress for the Company: Continued operational excellence, sharply improving market conditions, signing of eight firm Aurora vessels with another eight options to go, and a substantial improvement in the financial structure and reduction of leverage. Together these developments have provided resources to develop the Company further and resilience to tackle any future challenges.

We see that the market recovery in key Höegh Autoliners cargo segments will continue in 2023 despite the continued supply chain challenges, thanks to estimated strong pent-up demand and large order backlogs held by OEMs as well as the need of replenishing ultra-low inventories. This, coupled with low number of newbuildings entering the global fleet in 2023, could imply a tight supply situation in 2023.

In January 2022, a contract was signed with China Merchants Heavy Industry (CMHI) to secure the delivery of the first four multi-fuel and zero carbon ready Aurora class vessels. This was a decisive move in the strategy to accelerate the path to zero and in becoming a spearhead and first mover in the industry in terms of sustainable shipping. In April 2022, it was announced that the Company expanded its order with CMHI to build an additional four new Auroras on the same terms and specifications as the first four vessels, bringing the newbuilding programme to eight vessels.

On 2 May 2022, Höegh Autoliners transferred from Euronext Growth to the main list on the Oslo Stock Exchange, expanding the exposure and possibilities to enhance the liquidity of the share.

The Company concluded the refinancing of the fleet mortgage debt in June 2022 with significantly improved terms. Reduced amortisation profile, lessened interest cost, extended maturity and fewer vessels pledged allows for further financial flexibility for the Company. The newbuilding programme for eight Aurora vessels is fully financed with a combination of mortgage debt and lease agreements. In December 2022, a loan of USD 130 million was signed for the purpose of financing the purchase of the three vessels Höegh St. Petersburg, Höegh Tracer and Höegh Trapper.

During 2022, the Company has purchased Höegh Beijing and Höegh St. Petersburg and has exercised purchase options for two vessels, Höegh Tracer and Höegh Trapper. These transactions will reduce cash capacity costs for the vessels, allowing the Company to release the additional value gains from the lease options and to have better capacity cost control in an overheated charter market. Höegh Tracer and Höegh Trapper are both Horizon class vessels and among the largest and most environmentally friendly PCTC in the market and are an important part of the Company's ambitious path to zero emissions future by 2040. The ownership of Höegh St. Petersburg was transferred to Höegh Autoliners in December 2022, Höegh Tracer was delivered on 1 March 2023 and Höegh Trapper will be delivered in June 2023. The Company also extended the three vessel leases for Höegh Caribia, Höegh Sydney and Höegh Brasilia, for two and three years. The Company's deep sea network is now fully covered by owned vessels or long term charters with attractive purchase options, supplemented by a limited use of space charters.

From August 2022, the Company commenced distributing dividends on a quarterly basis in accordance with our dividend policy of paying between 30-50% of adjusted net profit. During the year, a total of USD 35 million was paid out as cash dividend to the shareholders.

In January 2022, a contract was signed with China Merchants Heavy Industry (CMHI) to secure the delivery of the first four multi-fuel and zero carbon ready Aurora class vessels



Market developments*

2022 marked another challenging year for the auto industry as it continued to navigate supply chain challenges, alongside a transition to demand constraints in several markets facing economic headwinds and fading pent-up demand, coupled with long-term dynamics involving structural shift from internal combustion engine to electric propulsion. While semiconductor availability continued to improve, the OEM's ability to accelerate production and meet ongoing demand recovery still faced some challenges. All these factors resulted in a slight contraction of global sales in 2022, down 2% YoY to 78.7 million units. Benchmarked against the pre-COVID 2019 performance, the market was still down 12%. The year 2023 is expected to be a year of recovery, but likely a cautious one.

Total light vehicle shipments in Höegh Autoliners' relevant trade lanes contracted by an estimated 8.6% - a result of the weak, supply-constrained sales across all HA markets. Despite total shipments contraction, shipments from Asia to all destinations were particularly strong - up 17%. Shipments from Asia to USA were up an estimated 7% y-y. Shipments from Asia to Western and Central Europe grew by an impressive 22% in 2022 y-y, driven by China-based OEMs' strong ambitions to penetrate the booming market for electric vehicles.

Global shipments of core H&H equipment reflected strong demand recovery in 2022, up 12% y-y. The increase is mainly driven by increased investments in green infrastructure and funds. Shipments from China, Japan and South Korea, combined, were up 14% y-y driven by booming shipments to both USA (up 27% y-y) and to Europe (up 13% y-y).

The global PCTC fleet trading in the deep-sea trades totalled 676 vessels (3.9m CEU capacity) by mid-January 2023. No vessels over 2 000 CEU were recycled during 2022. The global order book counted 113 vessels, of which 11 vessels are scheduled for delivery in 2023, 48 vessels in 2024, 39 vessels in 2025, 14 vessels in 2026 and one vessel in 2027. The capacity on order is equal to 22% of the total fleet.

* Sources: FNLV sales and shipment forecast data is based on the latest available S&P IHS sales and production forecasts (Jan/Feb 2023). H&H shipment data is based on customs statistics extracted from S&P Global Trade Atlas. PCTC fleet data are based on Clarksons Platou data 17 January 2023 (vessels over 2000 CEU capacity).

Result 2022

Höegh Autoliners (Group)

The Group reported an increase in operating profit (EBITDA) from USD 203 million in 2021 to USD 447 million in 2022. The main reasons for the increase are higher net rates.

The net profit after tax amounted to USD 299 million (USD 125 million in 2021), following strong operating results through the year. The net result for 2021 was highly impacted by a reversal of previously recognised impairment losses of USD 96 million.

Total revenues in 2022 amounted to USD 1 270 million, which is up 34% from 2021. The increase in revenues is mainly a result of higher net rates and better utilisation as the volumes have been quite stable, but also repricing of contracts together with higher BAF compensation have contributed to the increase in revenues. Bunker expenses increased by USD 102 million (48%) from 2021 to 2022 due to higher bunker prices. Voyage expenses decreased with USD 24 million (6%). Charter hire expenses decreased with USD 3 million as fewer short time vessels have been hired in and there was less use of space charters in 2022 compared to 2021. Running expenses for the vessels have increased with USD 3 million from 2021, mainly due to higher crew cost. The administrative expenses are in line with 2021.

Höegh Masan, a vessel classified as held for sale as of 31 December 2021 was delivered to its new owners in January 2022. Höegh Maputo and Höegh Singapore were sold in Q1 2022 on behalf of the owner. A profit share agreement between Höegh Autoliners and the owner gave Höegh Autoliners a financial gain of approximately USD 20 million in aggregate when the sale was completed in Q3 2022. Purchase options for Höegh Tracer and Höegh St. Petersburg were exercised in August 2022 and in October 2022. In November 2022, a purchase option for Höegh Trapper was exercised. The exercise of the purchase options for the vessels contributed with a total financial gain of USD 19 million. Höegh Beijing was purchased in May 2022 and Höegh St. Petersburg was purchased in December 2022. Höegh Tracer was purchased on 1 March 2023 and Höegh Trapper will be purchased in Q2 2023. In 2022, the Company also extended three vessel leases, Höegh Caribia, Höegh Sydney and Höegh Brasilia, by two and three years.

The mortgage loan was refinanced in June 2022, with considerably improved terms and giving a net debt modification gain of USD 16 million (including expensed arrangement fee). See note 19 for further details. In December 2022, the Company also signed a loan of USD 130 million for the purpose of financing the purchase of the three vessels Höegh St. Petersburg, Höegh Tracer and Höegh Trapper.

Interest expenses are slightly lower in 2022 than in 2021, mainly due to capitalised interest on newbuildings. Of the total interest expenses of USD 31 million in 2022, USD 18 million is related to leased assets.



On 2 May 2022, Höegh Autoliners transferred from Euronext Growth to the main list on the Oslo Stock Exchange, expanding the exposure and possibilities to enhance the liquidity of the share.

Financial position

Höegh Autoliners (Group)

During 2022, the Company had full debt service of its interest-bearing debt. Gross interest-bearing mortgage debt was reduced from USD 445 million in 2021 to USD 265 million at year-end 2022. A refinancing of the loan facility was concluded in June 2022, where the maturity on the outstanding amount was extended to January 2028. In December 2022, a loan of USD 130 million was signed for the financing of the purchase of the three vessels Höegh St. Petersburg, Höegh Tracer and Höegh Trapper. Net interest-bearing debt was reduced from USD 491 million in 2021 to USD 379 million in 2022. For more information on the interest-bearing debt and the refinancing, see Note 19 in the consolidated accounts.

The cash balance at the end of the year was USD 184 million, which was down from USD 228 million at the end of 2021. The cash balance for 2021 included new equity from the private placement of USD 130 million. The strong financial results through 2022 have enabled the Group to remain in a strong cash position at year-end 2022, even after buying Höegh St. Petersburg for USD 30 million in cash in December and distributing dividends to shareholders of USD 35 million.

The book equity totalled USD 1 063 million in 2022, an increase from USD 801 million in 2021. Book equity represented 61% of total equity and liabilities on 31 December 2022. The Group's covenants relating to the USD 810 million loan facility are related to a minimum book equity ratio, working capital and a minimum liquidity. The Group complied with these requirements at year-end 2022.

Net cash flow from operating, investing and financing activities was negative with USD 37 million (2021: positive with USD 116 million). The net cash flow from operations amounted to USD 405 million (2021: USD 172 million). Cash flow from investing activities was negative with USD 99 million (2021: negative USD 4 million). The increase from 2021 is mainly due to the first instalments for eight Aurora vessels of USD 120 million and proceeds of USD 32 million from sale of vessels. Net cash flow used in financing activities was negative with USD 344 million (2021: negative USD 52 million), whereof USD 35 million was related to dividend payments to shareholders, USD 115 million (2021: USD 60 million) was related to payment of lease liabilities. The mortgage debt payments in 2022 amounted to USD 153 million (2021: USD 84 million), whereof USD 82 million relate to a down payment in connection with the refinancing in June 2022.

The eight newbuilds under construction are financed with a combination of debt and equity. The average equity share is 25% and the remaining equity to be paid before delivery is USD 80 million in total, to be paid in 2023 and 2024.

Höegh Autoliners ASA (Company)

The net profit for 2022 amounted to USD 15 million (USD 641 million in 2021). A reversal of previously recognised impairment loss related to the value of shareholdings of USD of 11 million (USD 638 million in 2021) was recorded in 2022. The reversal was due to increased market values and recoverable values for our vessels. The Company has a total equity of USD 1 400 million and an equity ratio of 73%. The Company has during 2022 distributed cash dividends to the shareholders of USD 35 million. On 31 December 2022, USD 44 million in dividend paid in February 2023 has been recorded as current liability. The Board of Directors has proposed that the net profit for 2022 is transferred to retained earnings. Dividends will be distributed regularly in 2023 following an authorisation given to the Board of Directors.

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 risks

Market risk

Interest rate risk

The interest rate risk can be reduced through interest rate swaps. The Group currently evaluates the exposure to interest rate risk as limited, and at year-end 2022, the Group did not have any interest rate swaps.

Foreign exchange rate risk

The Group is only to a limited extent exposed to currency fluctuations as the majority of its income and expenses are in USD. The largest non-USD costs are in NOK and relate to general administrative expenses. The Group has USD/NOK currency hedges at the end of 2022 (no currency hedges at end 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. See note 14 for more details.

Bunker price risk

The Group has Bunker Adjustment Factor (BAF) clauses in most commercial contracts, designed to adjust for changes in bunker prices. Due to time lag, the Group will not be fully compensated in periods of rapidly changing prices, but the BAF will give reasonable compensation in most periods. The Group has no bunker derivatives at year-end 2022 (2021: no bunker derivatives).

Credit risk

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

Liquidity risk

The Group has a cash balance of USD 184 million at the end of 2022, decreased from USD 228 million at the end of 2021. The outstanding mortgage debt was refinanced in June 2022 with a new maturity in January 2028. A down payment of USD 82 million was made on the existing loan facility before the refinancing. A new loan of USD 130 million was signed in December 2022 for the purpose of financing the purchase of three vessels. In 2022, the first instalment for the eight new Aurora class vessels was paid to the yard, amounting to a total of USD 120 million. The next instalments will be paid based on certain milestones in the period up to the delivery of the last two vessels in 2026. All eight Aurora vessels are fully financed, through bank loans and leasing agreements. The purchase of Höegh St. Petersburg was made with cash in December 2022. In addition, dividends of USD 35 million has been paid out during the year. The strong operating results during 2022 is a main contributor to the cash balance at year-end.

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

Climate risk

Over 80% of world trade currently is transported by sea, the maritime industry is a significant contributor to greenhouse gases. In the coming decades the shipping industry will need to undergo a radical transformation if it is to meet challenging targets to cut greenhouse emissions and to comply with future emission and environmental regulations. Non-compliance with these regulations may lead to fines or even non-approval of documentation of compliance. In case carbon taxes are implemented, operational cost for Höegh Autoliners will increase. In order to meet IMO's 2030 proposed target carbon intensity, improved fuel efficiency will be important. Fuel efficiency doesn't only mean complying with emission regulations but is also important for reducing operational costs as a result of high fuel prices and proposed taxes. Höegh Autoliners can either choose to run on low carbon fuels, reduce operational speed, implement fuel saving measures or renew the fleet. Even if Höegh Autoliners' current fleet is among the most fuel efficient in the industry, further investments in fuel efficiency measures will be necessary if we would like to further improve fuel efficiency.

During 2022, the Group has intensified the efforts towards improving efficiency of the fleet through the use of different fuel saving technologies. The current fleet can comply with the proposed regulations by reducing speed or run on biofuels. Höegh Autoliners' vessels are now regularly powered by advanced biofuels and with the new Aurora class vessels, the Höegh fleet will be in a very good position

to meet the IMO 2030 proposed target. The Aurora class vessels are designed to meet the proposed CII target in current operational speed. For more information on climate related risks and opportunities, see the chapter on Sustainability in this annual report.

Organisation

Höegh Autoliners had at the end of the year 390 land-based employees from 22 different nations. The average age of shore-based staff was 41 years at the end of the year, and the average service in the Group was 9 years.

Höegh Autoliners operates an "equal opportunities policy" in all locations and encourages continual learning and development for all employees. In 2022, females made up 43% of the Board of Directors and 46% of the global land-based organisation. The Group had 1,172 seafarers employed by the end of 2022, of which, 2.7% were females. 67% of the seafarers are from the Philippines and 33% are from China. We actively seek to even out the gender gap within the Company in employment processes, and we offer equal opportunities and wages irrespective of gender. More information on Höegh Autoliners' work and policies regarding social responsibility, including diversity, equality, discrimination, human rights, and anti-corruption can be found in the chapter on Sustainability in this Annual report. See also our report on Diversity and inclusion published on our website.

Absence through illness continues to be low and well below industry average. In 2022, the number of days registered as "absence due to illness" represented 0.8% for employees in Norway. Global turnover in 2022 was 11% compared to 12% in 2021.

In 2022, the Group experienced six LTIs (Lost Time Incidents). A Lost Time Incident is an injury to crew member, which affects the ability to work the subsequent shift on board. The frequency of such injuries per million working hours (LTIF (Lost Time Incident Frequency) is 1.01 in 2022, slightly higher than the target of 0.7, whereas on target industrial standard is 1.0. The incidents in 2022 were:

- Finger injury when overhauling ME exhaust valve, recovered onboard
- Foot injury when moving pallet down ramp, recovered onboard
- Back pain after lifting Sea water pump, crew repatriated for medical follow up, recovered
- Hot oil splashed onto arm when overhauling Purifier, repatriated for medical follow up
- Finger injury checking battery connection, repatriated for medical follow up, recovered
- Swollen foot after basketball, recovered onboard

All except one is fully recovered by end December 2022, one crew is still undergoing treatment.

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

Directors and Officers' liability insurance

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

Sustainable development

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

Compliance

Höegh Autoliners is deeply committed to compliance and to create an ethical mindset guiding the Company's decisions. That commitment is reflected in continuous improvement of the compliance program and learning in areas including anti-corruption, competition and anti-trust, applicable sanctions and export control and data privacy, including GDPR. In 2011, the Group was one of the founding members of MACN (Maritime Anti-Corruption Network). Since then, the Group has been an active member and has headed a collective action in the Suez Canal, combatting illegal facilitation payment demands by pilots and others during transit, which has had a demonstrated positive effect. The Group has also been involved in the Norwegian working group on commissions. Höegh Autoliners has an internal learning program 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, and the Company has in 2022 launched a brand-new gamified compliance training for all employees. Compliance Ambassadors are appointed in all offices.

Sanctions and export control compliance is a constant focus area due to the ever-changing regulatory landscape, but in 2022 the Company has specifically focused on communication and training of sanctions compliance to its employees and agents. There is also an emphasis on data privacy and particularly transfers to countries outside the EU.

Environment

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

The average preliminary 2022 AER for the vessels in HTM and MLL was 5.13 g CO₂/GT*Nm and between 2008 and 2022, the Company

has around 38% reduction in fleet carbon intensity, close to IMO's target of 40% by 2030. Our Horizon class vessels are 40% more emission efficient compared to a standard PCTC vessel. Our Aurora class vessels will enable fuel flexibility with ammonia ready multi-fuel engines and will be the most environmentally friendly PCTC vessels.

Höegh Autoliners purchased about 337 000 tons of very low sulphur fuel oil, 45 000 tons of distillates and 3 900 tons of biofuels in 2022.

Höegh Autoliners has high sustainability ambitions and is on a clear path to zero. After successfully completing its first carbon neutral voyage from Europe to South Africa in 2021, Höegh Autoliners' vessels are now regularly powered by advanced biofuels, meeting the highest industry standards for sustainability. Höegh Autoliners is offering its customers carbon-neutral operations to reduce the overall environmental impact. Half of the Group's vessels have received Carbon Intensity Indicator (CII) rating of A-B in 2022. The Group continues the work on optimizing the fleet to improve the CII score in the future.

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 proudly joined the First Movers Coalition (FMC) in October 2022. FMC was initiated by World Economic Forum and the US Special Presidential Envoy for Climate John Kerry to accelerate demand for zero-carbon technology. By joining, Höegh Autoliners is committing to running at least 5% of its deep-sea shipping on zero-emission fuels by 2030. Our commitments through the coalition are another important part of our sustainability strategy to become carbon-neutral by 2040. It underlines our strong ambitions to be a maritime frontrunner sailing for sustainability and changing the industry to become greener. Höegh Autoliners has also set a Science Based emission reduction target and report to Carbon Disclosure Project.

Climate related risks

Short term (0 – 3 years). Reduced air quality, flooding of ports and canals, hurricanes, wave heights etc. can harm both personnel, cargo and assets. This may lead to operational downtime and increased operational costs.

Medium term (3 – 10 years). Extreme weather conditions may affect suppliers or local infrastructure (access to port/locks). This can potentially lead to disruptions and project delays, which, again, can have financial and reputational impact.

Long term (> 10 years). Climate changes can lead to extreme conditions, causing conflicts, instability, disruptions and migrations. This can affect Höegh Autoliners' operational profile and lead to increased operational expenditure.



Climate related opportunities

Electric car sales are accelerating, with China and Europe setting new records. Despite the Covid-19 pandemic and supply chain challenges, including semiconductor chip shortages, global sales of electric cars have kept rising strongly in 2022 (Global EV Outlook 2022). The change from fossil fuels to electric cars will likely generate opportunities and increased volumes for Höegh Autoliners and the Aurora class is designed to carry the heavier electrical vehicles on all cargo decks. Most of the large customers say that sustainability is one of the selection criteria in tender processes.

The transition to a carbon neutral maritime industry will affect all shipping companies. Being smaller and agile may become an advantage in this transition. With eight Aurora class vessels, the Höegh fleet will already be in a very good position to meet IMO's proposed target carbon intensity 2030.

For further details on sustainability, see the chapter 3 on Sustainability in this Annual report.

Stakeholder engagement

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

The global car carrier anti-trust investigation in the PCTC industry, which was initiated in 2012, has been finalised in most of the relevant jurisdictions, notably Japan, China, EU and the U.S. The Group pleaded guilty to one offence in the U.S., which entailed a fine. The administrative council for economic defence (CADE) in Brazil initiated cartel investigations against the Group in 2016 regarding breach of anti-trust regulations. In March 2022, CADE issued a fine of approximately BRL 26 million (USD 4.9 million) to Höegh Autoliners for alleged breaches of anti-trust relations dating back to 2000-2012. Höegh Autoliners disagrees with the CADE's decision and will

appeal. See note 24 in the consolidated accounts for more information. In addition, the Republic of South Africa (the RSA) initiated cartel investigations against the Group in 2013 with seven alleged incidents regarding breach of anti-trust regulations. The Group has had no interaction with the Tribunal or the Competition Commission since October 2020. As before, the Group continues to cooperate fully with all relevant agencies. It is expected that the few remaining investigations and related matters may continue for another few years.

Corporate governance

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

The Company complies with the Norwegian legal framework applicable to companies trading on the Oslo Stock Exchange, and the Company endorses the Norwegian Code of Practice for Corporate Governance (Nw.: Norsk anbefaling for eierstyring og selskapsledelse), issued by the Norwegian Corporate Governance Board, and most recently revised as of 14 October 2021 (the "Code"). For more details on Corporate Governance, reference is made to the Corporate Governance statement in this Annual Report and on the Company's website in our Corporate Governance section.

The Norwegian Transparency Act entered into force on 1 July 2022. The Act requires us to make sure human rights and decent working conditions are respected in our operations and in our supply chains. The work we do related to the Transparency Act is part of our integrated approach to our procurement processes, and the details will be made available in a separate statement which will be published at the latest on 30 June 2023 on our website.

Events after the balance sheet date

Settlement of class-actions in Canada

On 30 January 2023, Höegh Autoliners reached an in-principle settlement agreement with plaintiffs in the anti-trust class actions pending in Canada. The settlement amount is CAD 2.5 million (approx. USD 2 million). The settlement agreement is subject to court approvals in B.C., Ontario and Quebec.

Refund of withholding tax

On 6 February 2023, Höegh Autoliners received a refund of withholding tax amounting to NOK 28.8 million (USD 2.8 million) related to the extraordinary dividend from Den Norske Krigsforsikring (DNK), paid out in December 2021. The refund of the withholding tax will be recorded against the corresponding receivable in the statement of financial position.

Dividend

On 8 February 2023, the Board of Directors resolved to distribute a cash dividend of USD 0.231 per share. The dividend was paid out in February 2023.

Fleet update

On 1 March 2023, the Company purchased the vessel Höegh Berlin. On the same date the Company took ownership of Höegh Tracer following the exercise of the purchase options in August 2022.

Oslo, 30 March 2023

The Board of Directors of Höegh Autoliners ASA

Looking forward

Höegh Autoliners expects the general market for transportation of cars and HH/BB to be strong in 2023. Very few newbuilds will be delivered and the general expectation is that deep-sea transport volumes will increase compared to 2022.

Höegh Autoliners is well positioned in the segment with a stable fleet and well-balanced trade systems. The contract portfolio is gradually renewed at higher rates and the Company also has available capacity to benefit from the increased spot market rates. The Company is in a solid financial position following the IPO, the refinancing of the mortgage debt and the strong cash generation through 2022.

The general global macro situation is closely monitored, and especially a potential recession scenario with continued high interest rates that could negatively impact the demand for the Company's services.

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Leif O. Høegh,
Chair

Morten W. Høegh,
Deputy Chair

Jan B. Kjærvik,
Board member

Martine Vice Holter,
Board member

Kasper Friis Nilaus,
Board member

Kjersti Aass,
Board member

Johanna Hagelberg,
Board member

Andreas Enger,
CEO



Corporate governance

1. Implementation and reporting on corporate governance

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

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

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

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

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

2. The business

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

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

The Company’s Articles of Association can be found on the Company’s website, [here](#).

3. Equity and dividends

Equity

As of 31 December 2022, the total equity amounted to USD 1 063 million, corresponding to 61%, up from 48% at the end of 2021. The liquidity position is good, with cash and cash equivalents of USD 184 million at year end 2022. The Group had net interest-bearing debt of USD 379 million at the end of 2022. The Group was in compliance with all loan covenants at year-end 2022.

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

Dividend policy

The board of directors has adopted the following dividend policy:

Høegh Autoliners targets to distribute dividends to shareholders of between 30-50% of annual net profit after tax adjusted for extraordinary items, taking into consideration its outlook, investment opportunities and financial position. Any declaration of dividends will, however, be at the discretion of the Board of Directors. Dividends will be declared in USD and paid in NOK.

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

The board has decided to not propose distribution of a dividend for the financial year 2022, to the Annual General Meeting to be held in April 2023.

Authorisations to the Board of Directors to resolve dividends

To ensure flexibility to achieve the Company’s target to distribute dividends in line with the Company’s dividend policy, the annual general meeting resolved on 27 April 2022 to grant the board an authorisation to distribute dividends on the basis of the Company’s annual accounts for 2021, in accordance with section 8-2 (2) of the Norwegian Public Limited Liability Companies Act. The authorisation could be used on one or more occasions and was valid until the Company’s annual general meeting in 2023, but no longer than to and including 30 June 2023. Based on the authorisation to the board, the Company has distributed quarterly dividends in 2022 based on the annual accounts for 2021 for a total of USD 35 000 000 (NOK 351 365 000).

Authorisations to the Board of Directors to acquire shares in the Company

On 27 April 2022, the General Meeting resolved to grant the board of directors an authorisation to, on behalf of the Company, acquire own shares with a total nominal value of up to NOK 282 339 228, which equals 10 percent of the Company’s share capital. The maximum amount to be paid for each share is NOK 200 and the minimum is NOK 1. The authorisation is valid until the Company’s annual general meeting in 2024, however no longer than to and including 30 June 2024.

Authorisations to the Board of Directors to increase the share capital

To ensure flexibility for the Company related to financing further growth, issuance of shares in connection to share incentive programs and to position the Company to be able to efficiently carry out mergers, acquisitions and investments in other companies, the General meeting resolved on 27 April 2022 to grant the board of directors an authorisation to increase the share capital in the Company by up to 20 percent, i.e., up to NOK 564,678,457. The authorisation is valid until the Company’s annual general meeting in 2023, but no longer than to and including 30 June 2023.

4. Equal treatment of shareholders

Shareholders

As of 31 December 2022, the Company had 1 821 shareholders, of which 176 were foreign, and the remaining were Norwegian. The Norwegian shareholders account for 112 611 614 of the Company’s shares, or 59% of the total number of shares.

Pre-emptive rights

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

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

Transactions in treasury shares

The Company does not own any treasury shares 31 December 2022.

Transactions with close associates

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

5. Freely transferable shares

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

6. General meetings

The general meeting will be held in the second quarter of the year. The board of directors will ensure that the Company’s shareholders can participate and exercise their voting rights in the Company’s general meeting.

The Board of Directors will further ensure that:

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

Participation without being present

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

7. Nomination committee

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

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

The nomination committee is also responsible for proposing the remuneration to the members of the board of directors and the nomination committee.

8. Board of directors: composition and independence

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

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

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

The board of directors is composed so that it can act independently of any special interests. The composition of the board of directors is in compliance with the independence requirements of the Code. Three of the directors are women, and the majority of the directors are independent of the Høegh Autoliners group's executive management and material business connections. No member of the Company's executive management serves on the board of directors. Three of the directors, Johanna Hagelberg, Kjersti Aass and Jan B. Kjærvik, are independent of the Company's major shareholders. Information on the background and experience is available on the Company's website.

9. The work of the board of directors

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

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

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

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

Audit Committee

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

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

Sustainability, Governance and Compensation Committee

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

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

Management team

In 2022, the executive management team at Høegh Autoliners ASA consists of a Chief Executive Officer (CEO) and six other team members:

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

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

An overview of the background and expertise of the executive management team is available on the Company's website.

10. Risk management and internal control

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

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

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

11. Remuneration of the Board of Directors

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

12. Remuneration of executive management

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

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

The compensation package consists of three main elements:

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

Short-term variable remuneration

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

Long-term variable remuneration

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

It is an annual plan where award shares are assigned annually at the board's discretion. An award share is an artificial share which only purpose is to simulate the fair market value of a share. The award share is used in the award calculation method for determining the amount of bonus shares which shall be granted to the employee after the award shares have vested. The award shares are automatically vested three (3) years after the award date with a two year lock up.

13. Information and communications

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

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

Communication

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

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

Silent period

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

14. Takeovers

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

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

15. Auditor

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

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

For the financial year 2022, Bjørn Rydland was the Company's engagement partner from PwC.

Shareholder information

Höegh Autoliners shares are traded under ticker code “HAUTO” and were first listed on the Oslo Euronext Growth on 29 November 2021 and then transferred to the Oslo Stock Exchange main list on 2 May 2022.

Share capital and share price development

As per year end 2022, the shares were trading at NOK 64.9 per share, valuing the company at NOK 12.38 billion. This implies an increase of 182% from the price of NOK 23 per year end 2021 and outperforming both the OSE Shipping index and the main index, which increased by 64% and 2% respectively in the same period. Adjusting for dividend, this implies a return to shareholder of 190% in a year. As per 31.12.2022, the Company had 190 769 749 shares with a nominal value of NOK 14.80.

Höegh Autoliners' share price tripled in value throughout 2022 on the back of strong earnings momentum, ambitious newbuilding program and the initiation of solid cash dividend to shareholders. The exceptional market conditions continued throughout 2022, fuelled by limited capacity growth for a prolonged period in combination with bounced back demand from customers post pandemic. The Company was able to fully take advantage of the favourable market condition by filling up capacity with well-paid spot cargo, while continuing to reprice the contract portfolio with rates at a more sustainable level. This led to significant quarterly results and positive earnings outlook during the year. The Company initiated dividend payment post second

quarter 2022 and has since continued to pay minimum 30% of net profit adjusted for extraordinary items. The Company's continuous commitment to green shipping future, demonstrated by the ambitious newbuilding program, was also well received by the market. 8 Aurora class vessels were ordered in 2022, with delivery from end 2024 and onwards, and these will be among the greenest, smartest vessels ever built.

Key figures	2022	2021
Share price, high (NOK)	67.50	23.66
Share price, low (NOK)	24.60	20.77
Share price, closing 31.12 (NOK)	64.90	23.00
Market cap (NOK billion)*	12.38	4.39
Diluted earnings per share (NOK)*	15.38	8.11
Dividend per share (NOK)*	1.842	-

*Assumed USD/NOK rate of 9.86 as of 31.12.2022 and 8.82 as of 31.12.2021

Share price development 2022*



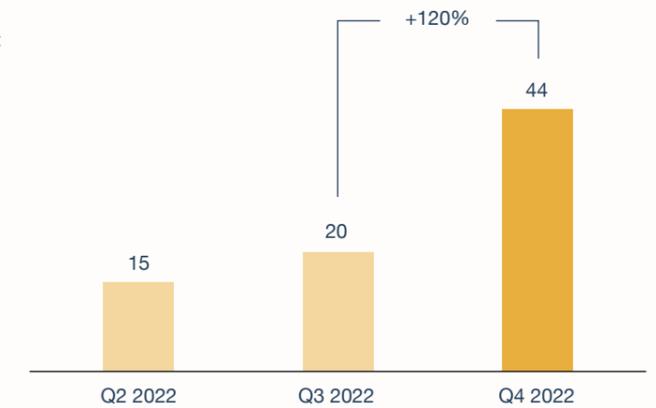
*Source: Euronext live

Dividends

Höegh Autoliners targets to distribute quarterly dividends to shareholders of between 30-50% of quarterly net profit adjusted for extraordinary items, taking into considerations its outlook, investment opportunities and financial position.

The Board of Directors resolved the distribution of USD 15 million (USD 0.079 per share) post Q2 2022, USD 20 million (USD 0.105 per share) post Q3 2022, and USD 44 million (USD 0.231 per share) post Q4 2022. These amounted to 30%, 30% and 40% respectively of the quarterly net profit adjusted for extraordinary items. USD 35 million were paid in 2022, and USD 44 million was paid early 2023. The Company has increased the dividend payout ratio substantially post Q4 2022 results, given the exceptional financial performance in the last quarter.

Dividend payment the last three quarters (USD mill)



Ownership structure

As per 31.12.2022, Höegh Autoliners had 1 821 shareholders. Our top 20 largest shareholders held 88% of our shares. The majority of the shares were held in Norway and Denmark.

Shareholders by geographical region¹

Top countries	Share %
Norway	59.8
Denmark	26.4
United Kingdom	4.7
Other	9.1

¹) As per December 2022, based on the shareholder analysis.
Source: VPS per 31.12.2022

Top 20 largest shareholders per 31.12.2022

Investor	Number of shares	% of total	Country
LEIF HÖEGH & CO AS	91 517 841	47.97 %	Norway
A.P. Møller - Mærsk A/S	50 367 455	26.40 %	Denmark
Goldman Sachs International	4 428 231	2.32 %	United Kingdom
INTERTRADE SHIPPING AS	2 200 000	1.15 %	Norway
CLEARSTREAM BANKING S.A.	1 794 773	0.94 %	Luxembourg
SPESIALFONDET KLP ALFA GLOBAL ENER	1 766 335	0.93 %	Norway
DAMGÅRD INVEST AS*	1 720 135	0.90 %	Norway
Fray Leon International S.A	1 604 000	0.84 %	Panama
VERDIPAPIRFONDET STOREBRAND NORGE	1 593 669	0.84 %	Norway
UTHALDEN AS	1 333 017	0.70 %	Norway
J.P. MORGAN SECURITIES PLC	1 157 761	0.61 %	United Kingdom
DZ Privatbank S.A.	1 130 821	0.59 %	Luxembourg
VERDIPAPIRFONDET KLP AKSJENORGE	1 101 307	0.58 %	Norway
Skandinaviska Enskilda Banken AB	1 098 868	0.58 %	Sweden
J.P. Morgan SE	1 062 031	0.56 %	Luxembourg
VERDIPAPIRFONDET DNB NORGE	1 058 922	0.56 %	Norway
J.P. Morgan SE	952 881	0.50 %	Luxembourg
U.S. Bank National Association	812 294	0.43 %	United States
Morgan Stanley & Co. Int. Plc.	792 724	0.42 %	United Kingdom
Morgan Stanley & Co. International	782 090	0.41 %	United Kingdom
Top 20 shareholders - Total	168 275 155	88%	

*Damgård Invest AS is controlled by the CEO. Total number of shares controlled by the CEO is 1 840 135.

Investor relation

Höegh Autoliners aims at an open and trustful dialogue with the financial market, and all communication shall be on basis of equal treatment.

In addition to the quarterly reporting, the Company keeps the investors and analysts updated by sending out monthly trading updates, arranging roadshows and investor events, together with attending industry conferences. Both virtual and physical meetings were organised to provide all investors – domestic and international – with latest developments. As per the date of this report, Höegh Autoliners is covered by 7 sell-side analysts, predominantly from international investment banks. For more investor related information, please visit the Investor section on the Company's website.

Financial calendar 2023

Annual Report	2022: 31 March 2023
Quarterly Presentations	Q1 2023: 04 May 2023 Q2 2023: 17 August 2023 Q3 2023: 26 October 2023
Annual General Meeting	25 April 2023

Analyst coverage

Company	Analyst name	Phone	Email
ABG Sundal Collier	Petter Haugen	+47 22 01 61 39	petter.haugen@abgsc.no
DNB Markets	Jørgen Lian	+47 24 16 91 88	jorgen.lian@dnb.no
SEB	Frederik Ness	+47 22 82 71 18	frederik.ness@seb.no
Clarksons Platou Securities	Frode Mørkedal	+47 22 01 63 27	frode.morkedal@clarksons.com
Pareto Securities	Eirik Haavaldsen	+47 24 13 21 20	eirik.haavaldsen@paretosec.com
Nordea	Erik Hovi	+47 99 22 50 42	erik.hovi@nordea.com
Fearnley Securities	Øystein Vaagen	+47 22 93 63 97	o.vaagen@fearnleys.com

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Consolidated Financial Statements

Consolidated statement of comprehensive income

(USD 1 000)	Notes	31/12/2022	31/12/2021
Total revenues	2	1 270 320	946 915
Bunker expenses	3	(314 361)	(212 076)
Voyage expenses	3	(370 359)	(393 860)
Charter hire expenses	3	(21 325)	(24 599)
Running expenses	4	(100 361)	(97 329)
Administrative expenses	5	(17 201)	(16 292)
Operating profit before depreciation, amortisation and impairment (EBITDA)		446 714	202 759
Profit from associates and joint ventures	26	1 539	1 205
Gain/(loss) on sale of assets	7	19 094	(205)
Reversal of impairment	7	-	96 230
Depreciation	7/8	(151 470)	(134 461)
Operating profit before financial items		315 877	165 528
Interest income	9	963	202
Interest expenses	9	(31 235)	(32 986)
Dividends	10	-	12 726
Income from other financial items	10	38 524	2 172
Expenses from other financial items	10	(10 552)	(18 949)
Profit before tax		313 577	128 693
Income tax expenses	11	(14 991)	(3 924)
Profit for the year		298 585	124 768
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Currency translation differences	26	(1 087)	(300)
Items that will not be reclassified to profit and loss:			
Remeasurement on defined benefit plans		120	402
Changes in fair value	15	(661)	(803)
Other comprehensive income, net of tax		(1 627)	(700)
Total comprehensive income for the period		296 959	124 068
Earnings per share basic (USD)	16	1.57	0.92
Earnings per share diluted (USD)	16	1.56	0.92

Consolidated statement of financial position (Assets)

(USD 1 000)	Notes	31/12/2022	31/12/2021
Assets			
<i>Non-current assets</i>			
Deferred tax assets	11	774	977
Vessels	7	988 629	1 016 589
Leased assets	8	273 974	229 174
Newbuildings and projects	7	138 725	13 131
Equipment	7	15 656	14 397
Investments in associates and joint ventures	26	5 233	9 100
Other non-current assets	12	1 231	1 170
Other non-current financial assets	12	1 078	1 779
Total non-current assets		1 425 300	1 286 316
<i>Current assets</i>			
Bunker		47 800	41 241
Vessels held for sale	7	-	12 084
Trade and other receivables	13	92 924	81 454
Prepayments	13	2 224	2 124
Cash and cash equivalents	13	183 940	228 416
Total current assets		326 888	365 319
Total assets		1 752 187	1 651 635

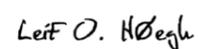
Consolidated statement of financial position (Equity and liabilities)

(USD 1 000)	Notes	31/12/2022	31/12/2021
Equity and liabilities			
<i>Equity</i>			
Share capital		443 898	443 898
Share premium reserve		289 384	289 384
Other paid-in equity		504	39
Retained earnings		329 187	67 228
Total equity	16	1 062 973	800 549
<i>Non-current liabilities</i>			
Pension liabilities	5	2 238	2 330
Deferred tax liabilities	11	36 437	27 681
Other non-current liabilities	18	90	107
Non-current interest bearing debt	19	227 894	359 704
Non-current lease liabilities	8	133 505	201 893
Total non-current liabilities		400 164	591 716
<i>Current liabilities</i>			
Current interest bearing debt	19	36 626	85 280
Trade and other payables	20	37 555	42 861
Income tax payable	11	5 106	467
Current accruals and provisions	21	44 475	51 904
Other current liabilities	22	-	5 918
Current lease liabilities	8	165 287	72 940
Total current liabilities		289 050	259 370
Total equity and liabilities		1 752 187	1 651 635

Oslo, 30 March 2023

The Board of Directors of Höegh Autoliners ASA

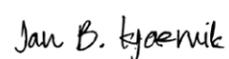
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Leif O. Høegh,
Chair



Morten W. Høegh,
Deputy Chair



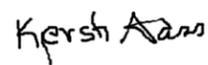
Jan B. Kjærviik,
Board member



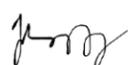
Martine Vice Holter,
Board member



Kasper Friis Nilaus,
Board member



Kjersti Aass,
Board member



Johanna Hagelberg,
Board member



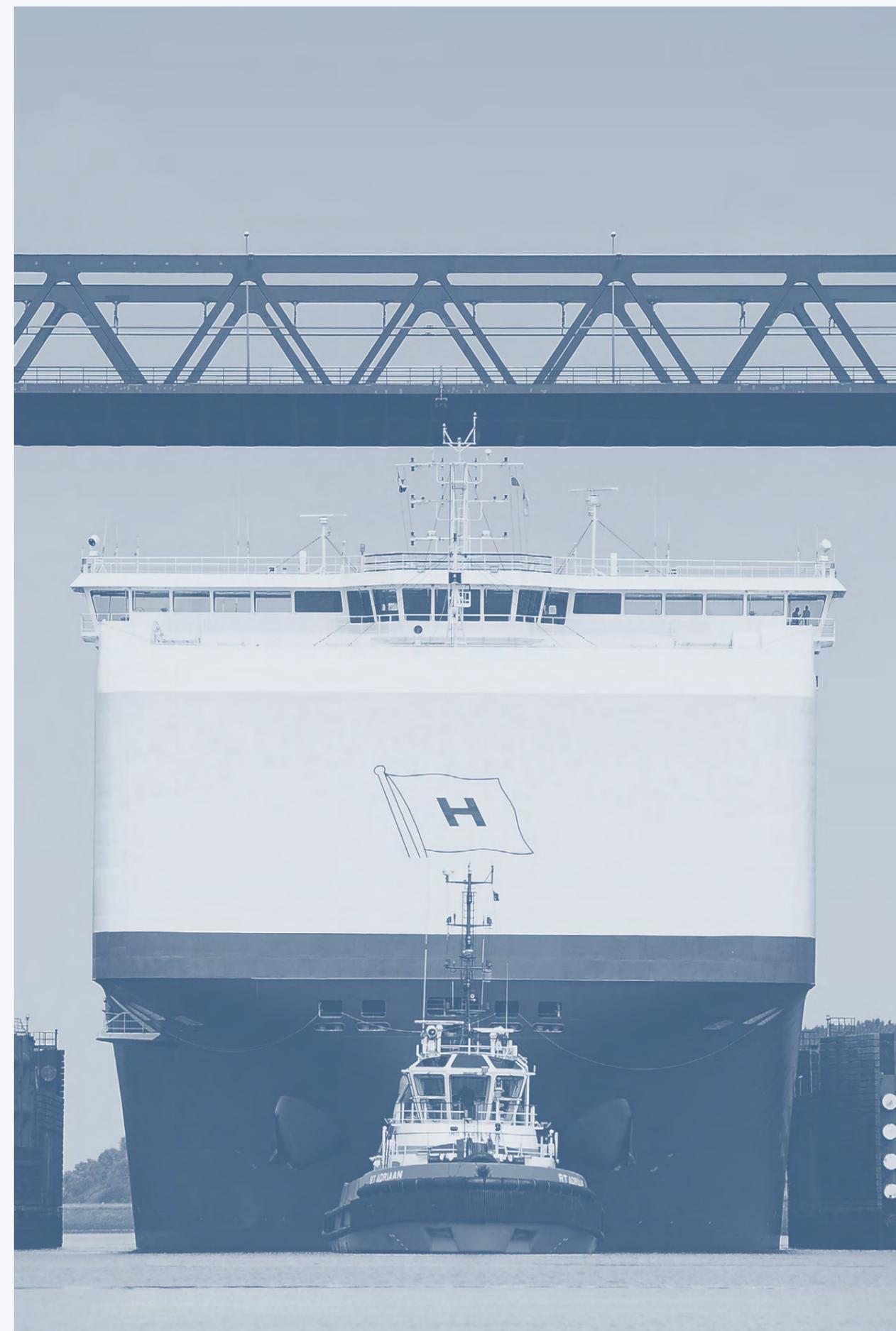
Andreas Enger,
CEO

Consolidated statement of changes in equity

(USD 1 000)	Notes	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total
Equity 01.01.2021		493 358	255 486	-	(207 801)	541 043
Funds issue		4 248	-	-	(4 248)	-
Conversion derivative CEO		-	-	-	4 248	4 248
Share capital reduction 24.11		(150 908)	-	-	150 908	-
Share issue 24.11		94 561	39 613	-	-	134 174
Share issue 29.12		2 639	1 105	-	53	3 797
Transaction costs		-	(6 820)	-	-	(6 820)
Share bonus program	6	-	-	39	-	39
Profit of the period 2021		-	-	-	124 768	124 768
Other comprehensive income 2021		-	-	-	(700)	(700)
Equity 31.12.2021	16	443 898	289 384	39	67 228	800 549
Share bonus program	6	-	-	465	-	465
Dividend		-	-	-	(35 000)	(35 000)
Profit of the period 2022		-	-	-	298 585	298 585
Other comprehensive income 2022		-	-	-	(1 627)	(1 627)
Equity 31.12.2022	16	443 898	289 384	504	329 187	1 062 973

Consolidated statement of cash flows

(USD 1 000)	Notes	2022	2021
Cash flows from operating activities			
Profit before tax		313 577	128 693
Financial (income)/ expenses		2 300	36 835
Share of net income from joint ventures and associates		(1 539)	(1 205)
Depreciation and amortisation	7/8	151 470	134 461
Reversal of impairment	7	-	(96 230)
(Gain)/Loss on sale of tangible assets	7	(19 094)	205
Tax paid (company income tax, withholding tax)		(1 108)	(745)
Cash flows provided by operating activities before changes in working capital		445 606	202 014
Changes in working capital			
Trade and other receivables	13	(11 469)	(13 190)
Bunker		(6 559)	(16 299)
Prepayments	13	(100)	199
Trade and other payables	20	(5 306)	(8 290)
Accruals and provisions	21	(7 429)	6 862
Other current liabilities	22	(5 918)	840
Other changes to working capital		(3 420)	(33)
Net cash flows provided by operating activities		405 405	172 103
Cash flows from investing activities			
Proceeds from sale of tangible assets	7	32 078	9 034
Investment in vessels and other tangible assets	7	(135 668)	(23 661)
Investments in joint ventures and associates		4 319	765
Other dividend	10	-	9 544
Interest received		754	202
Net cash flows used in investing activities		(98 517)	(4 116)
Cash flows from financing activities			
Proceeds from issue of shares		3 797	128 352
Repayment of debt	14/15/19	(153 211)	(84 497)
Repayment of lease liabilities	8/14/15	(115 539)	(59 954)
Paid for interest rate swaps		-	(2 561)
Interest paid on mortgage debt		(17 336)	(13 976)
Interest paid on lease liabilities		(17 889)	(15 723)
Other financial items		(8 859)	(3 592)
Dividend to shareholders		(35 000)	-
Net cash flows used in financing activities		(344 036)	(51 951)
Net change in cash and cash equivalents		(37 148)	116 036
Cash and cash equivalents beginning of period		228 416	115 148
Exchange differences in cash and cash equivalents		(7 327)	(2 768)
Cash and cash equivalents end of period	14	183 940	228 416
Non restricted cash, 31.12		183 481	227 969
Restricted cash, 31.12	14	459	447
Cash and cash equivalents end of period	14	183 940	228 416



Consolidated Financial Statements

Notes 2022

Note 1 — Significant accounting policies

Corporate information

Höegh Autoliners ASA (the “Company”) is a public limited liability company domiciled in Norway. The Company is listed on the Oslo Stock Exchange. The address of the Company’s registered office is Drammensveien 134, N-0277 Oslo, Norway. The consolidated financial statements of the Company for the year ended 31 December 2022 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.

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 March 2023.

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 new standards and amendments to IFRS applicable as of 1 January 2022, which have been adopted by the Group during the current financial year. The adopted

new standards and amendments had no material impact on the Group’s consolidated financial statements. These include Covid 19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16), Annual Improvements to IFRS Standards 2018-2020, Onerous contracts- Cost of Fulfilling a Contract (Amendment to IAS 37), Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) and Reference to Conceptual Framework (Amendments to IFRS 3).

The following new or amendments to standards and interpretations have been issued and become effective for annual reporting periods beginning on or after January 1, 2023, and earlier adoption is permitted.

- Insurance Contracts (IFRS 17) and Insurance Contracts (Amendment to IFRS 17)
- Presentation of Financial Statements (Classification of Liabilities as Current or Non-current (Amendment to IAS 1)
- Presentation of Financial Statements and Practice Statement 2 (Disclosure of Accounting Policies) (Amendment to IAS 1)
- Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates) (Amendment to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12)

The Group has not early adopted any new or amended standards effective for 2023 in preparing these accounts, and they are not expected to have a significant impact on the Group’s consolidated financial statements. The Group has not yet fully assessed the impact of changes which are effective for 2024 and beyond.

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 ASA 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.

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 26.

Non-current assets held for sale

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.

Note 1 — Significant accounting policies *cont.*

Management must be committed to the plan to sell the asset and the sale expected to be 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.

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 when necessary. The Group has the following major revenue streams:

- Voyage revenue
- Time charter revenue
- Terminal related revenue

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

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

Each customer contract could initiate recognition of contract assets and liabilities. Historically, the Group has applied terms as deferred (accrued) income and prepayments to capture the information included in the term contract liabilities. The same is the case with other receivables to capture the information included in the term contract assets. Disclosures with regards to contract balances are presented 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 14.

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 2022, the Group holds financial instruments classified in level three in the valuation hierarchy.

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

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

Financial assets at fair value through profit or loss. This category includes financial assets that are held for trading and financial assets that on initial recognition are designated as fair value through profit or loss. Derivatives are also categorised as held for trading unless they are designated as effective hedging instruments as defined by IFRS 9. The Group uses derivative financial instruments such as interest rate swaps to manage its risks associated with interest rates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income as other financial items. The fair value of bunker caps is determined using the

market value at the balance sheet date. The Group has not designated any derivatives as hedging instruments under IFRS 9.

Financial liabilities

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

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

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

Impairment of financial assets

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

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

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

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.

Note 1 — Significant accounting policies *cont.*

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.

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 vessels, property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the options are held only by the Group and not by the lessor. The 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 44 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.

Note 1 — Significant accounting policies *cont.*

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 21.

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 and Management Remuneration Report published on the Company's website.

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.

Share bonus program

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

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

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

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

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.

CASH FLOW

The cash flow is presented according to the indirect method.

SEGMENT REPORTING

The Group has two operating segments, Shipping services and Logistics services. The Logistics segment represents around 0.5% of the Group's total revenue, profit or loss and assets. The Group has decided that the segment is not material to the Group for the period ended 31 December 2022 and has reported information as one combined segment.

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.

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.

Note 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 (USD 1 000)	Income statement 2022	Cash flow 2022	Income statement 2021	Cash flow 2021
Net freight revenues	1 016 818		823 644	
Other surcharges	249 615		116 476	
Freight revenues	1 266 433	1 252 305	940 120	928 634
Time charter (TC) revenues	-	2 658	2 314	619
Terminal related revenues	3 887	3 887	4 481	4 481
Total revenues	1 270 320	1 258 851	946 915	933 734
Other income	-	-	-	-
Total income	1 270 320	1 258 851	946 915	933 734

Recognition principle (USD 1 000)

Services transferred over time	1 266 433	942 434
Services transferred at point in time	3 887	4 481
Total revenues	1 270 320	946 915

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. Other surcharges

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

(USD 1 000)	Notes	31/12/2022	31/12/2021
Freight receivables in Ro/Ro operations		160 363	124 786
Unearned freight income		77 135	57 291
Net freight receivables in Ro/Ro operations	13	83 228	67 495
Freight receivables in Other operations		2 936	3 492
Net freight receivables in Other operations	13	2 936	3 492

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

Note 3 — Bunker, voyages and charter hire expenses

Voyage expenses

Voyage expenses are variable costs relating to vessel operation and transshipment. The activity in 2022 with less vessels in operation and fewer port calls have decreased total voyage expenses. There has been a reduction of transshipment expenses due to the regulations of cargo to Russia.

Charter hire expenses

The decrease in charter hire expenses is due to less short time vessels hired in and less use of space charters in 2022 compared to 2021.

Bunker expenses (USD 1 000)

	2022	2021
Total bunker consumption (1 000 mt)	375	419
Average price (USD/mt)	838	506
Total	314 361	212 076

Voyage expenses (USD 1 000)

	2022	2021
Loading	69 664	68 293
Discharging	74 225	71 677
Port cost	69 063	83 509
Canal cost	51 243	51 186
Transshipment	36 134	45 598
Claims and insurance	2 159	1 443
Equipment	6 451	4 873
Commission*	43 492	42 761
Terminal	3 711	4 236
Other	14 214	20 283
Total	370 359	393 860

* Including administrative expenses related to regional and local offices.

Charter hire expenses (USD 1 000)

	2022	2021
Charter hire and space charter expenses on short-term time charter contracts	21 325	24 599
Total	21 325	24 599

Note 4 — Running expenses

Running expenses are the costs of managing the vessel, including crew wages, management fees, insurance, spares, repairs and maintenance. The increase in expenses from 2021 to 2022 is due to higher crew costs.

(USD 1 000)	2022	2021
Sea personnel expenses	46 007	43 152
Spares, Repair & Maintenance	12 112	11 719
Consumables	13 618	12 836
Insurance	11 694	11 375
Ship management other	16 930	18 246
Total	100 361	97 329

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

Administrative expenses (USD 1 000)	2022	2021
Salaries	9 957	10 752
Payroll taxes	1 351	1 445
Pension expenses	362	383
Other administrative expenses	5 531	3 711
Total	17 201	16 292

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	2022	2021
Office	390	376
Sea personnel *	1 172	1 251
Total	1 562	1 627

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

Auditor's fee (USD 1 000)	2022	2021
Statutory audit	382	229
Assurance services and other audit related services	84	-
Tax services	4	56
Other services	34	99
Total	504	385

Amounts excluded value added tax.

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

Pensions and other long-term employee benefits

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

Defined benefit plans

The Group has per year-end 2022 defined benefit plans for employees in China and the Philippines.

The schemes in China and the Philippines are considered immaterial, hence no detailed disclosures are provided.

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

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.

Pension expenses (USD 1 000)	2022	2021
Norway		
Defined contribution plan	433	466
Total Norway	433	466
Other countries	925	1 008
Total pension expenses*	1 358	1 474

* Of the total pension expenses USD 0.4 million (2021: USD 0.4 million) is reported as administrative expenses, the remaining is reported as voyage expenses.

Net pension liabilities (USD 1 000)	2022	2021
Norway		
Other countries	2 145	2 237
Total net pension liability	2 238	2 330

Note 6 — Share bonus program

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

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

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

For the award shares assigned in 2021, the expected volatility was based on three years historical volatility (50 %) at peer and no dividends were expected in the periods. The share price at the award date in November 2021 was NOK 21.

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

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

The following table shows the number of award shares issued under the Share bonus program, the number of award shares outstanding as at 31 December 2022 and the year in which the award shares will vest.

Share bonus program (USD 1 000)	2021	2022	Total
Outstanding at beginning of period	-	-	-
Awarded during the period	1 038 317	93 442	1 131 759
Exercised during the period	-	-	-
Outstanding at end of period	1 038 317	93 442	1 131 759

Vesting date

29 November 2024	1 038 317	-	1 038 317
20 December 2025	-	93 442	93 442
Outstanding at end of period	1 038 317	93 442	1 131 759

Costs share bonus program (USD 1 000)

	2022	2021
2022 award	-	-
2021 award	465	39
Total cost	465	39

Note 7 — Vessels, newbuildings and equipment

2022 (USD 1 000)	Vessels	Newbuilding & Projects *	Equipment	Leased Assets	Total
Cost at 01.01	2 006 672	13 131	28 252	379 061	2 427 116
Additions	52 923	133 830	857	79 833	267 443
Transfer from newbuilding and projects	6 131	(9 345)	3 214	-	-
Newbuilding interest	-	1 969	-	-	1 969
Remeasured leases	-	-	-	78 854	78 854
Reclassification to assets held for sale	-	(442)	-	-	(442)
Disposals	(3 923)	(417)	(455)	(70 908)	(75 702)
Cost at 31.12	2 061 803	138 725	31 869	466 840	2 669 237
Accumulated depreciation and impairment at 01.01	(990 084)	-	(13 854)	(149 887)	(1 153 825)
Depreciation	(87 014)	-	(2 772)	(61 684)	(151 470)
Disposals	3 923	-	413	18 705	23 041
Accumulated depreciation and impairment at 31.12	(1 073 175)	-	(16 213)	(192 866)	(1 282 254)
Net carrying amount at 31.12	988 629	138 725	15 656	273 974	1 416 984
Net carrying amount vessels held for sale at 01.01	12 084	-	-	-	12 084
Sold vessels	(12 084)	(442)	-	-	(12 527)
Reclassified	-	442	-	-	442
Net carrying amount at 31.12 **	-	-	-	-	-
Book value sold assets	12 084	859	41	-	12 985
Sales price	32 067	-	11	-	32 078
Gain / (loss)	19 983	(859)	(30)	-	19 094

* Newbuildings & Projects mainly relate to Aurora newbuildings.

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

The leases for the vessels Höegh Caribia, Höegh Sydney and Höegh Brasilia have been extended by two and three years, resulting in a total increase in leased assets of USD 74 million.

Two leased vessels, Höegh Beijing and Höegh St. Petersburg, were purchased in May 2022 and December 2022, reflected above as disposal of leased assets and addition to vessels. Further two purchase options have been declared in 2022, for the vessels Höegh Tracer and Höegh Trapper, which will be purchased in Q1 and Q2 2023, resulting in a combined increase to leased assets of USD 54 million.

Höegh Maputo and Höegh Singapore were sold in Q1 2022 on behalf of the owner. A profit sharing agreement between Höegh Autoliners and the owner gave Höegh Autoliners a financial gain of approximately USD 20 million in aggregate when the sale was completed in Q3 2022.

Note 7 — Vessels, newbuildings and equipment *cont.*

2021 (USD 1 000)	Vessels	Newbuilding & Projects *	Equipment	Leased Assets	Total
Cost at 01.01	1 984 932	12 294	32 237	354 367	2 383 830
Additions	1 366	21 239	1 057	43 295	66 956
Transfer from newbuilding and projects	20 374	(20 374)	-	-	-
Remeasured leases	-	-	-	28 111	28 111
Disposals	-	(27)	(5 042)	(46 712)	(51 781)
Cost at 31.12	2 006 672	13 131	28 252	379 061	2 427 116
Accumulated depreciation and impairment at 01.01	(1 006 771)	-	(16 377)	(136 446)	(1 159 594)
Depreciation	(71 958)	-	(2 416)	(60 087)	(134 461)
Reversal of impairment	88 235	-	-	-	88 235
Reclassification to assets held for sale	411	-	-	-	411
Disposals	-	-	4 939	46 647	51 585
Accumulated depreciation and impairment at 31.12	(990 084)	-	(13 854)	(149 887)	(1 153 825)
Net carrying amount at 31.12	1 016 589	13 131	14 397	229 174	1 273 291
Net carrying amount vessels held for sale at 01.01	13 610				13 610
Sold vessels	(9 110)				(9 110)
Reclassified	(411)				(411)
Reversal of impairment	7 995				7 995
Net carrying amount at 31.12 **	12 084				12 084
Book value sold assets	9 109	27	103		9 239
Sales price	8 949	-	85		9 034
Gain / (loss)	(160)	(27)	(18)		(205)

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

** One vessel is reclassified as assets held for sale at 31.12, and has received reversal of 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.

Additions

Out of total additions to vessels of USD 59 million (USD 22 million in 2021), USD 7 million (USD 18 million in 2021) is related to capitalised drydocking costs.

Disposals

One vessel was disposed of in 2022 (two in 2021), Höegh Masan, owned by Höegh Autoliners Shipping Pte. Ltd.

Assets held for sale

Management decided in 2020 that the three vessels Pusan, Incheon and Masan, owned by Höegh Autoliners Shipping Pte. Ltd, should be divested as they did not fit the future fleet strategy. Two of the vessels were sold and delivered to new owners in January and February 2021, and the third vessel was sold and delivered to new owners late January 2022. The vessels have been reclassified and are presented separately in the statement of financial position for 2021 and 2022.

Depreciation

The residual value and useful lifetime of the fleet is evaluated yearly. There is no change in the residual values in 2022.

Charter Out

Per year-end 2022 the Group has none of its vessels chartered out (none in 2021).

The Group is expecting to receive no charter hire income in the years 2023-2027.

Charter In

Per year-end 2022 the Group has 3 vessels chartered in on time charter contracts (3 in 2021). In addition, the Group has 6 vessels on bareboat charter (10 in 2021). The contract lengths are up to 6 years (7 years in 2021). Leased vessels are from 2019 recognised according to IFRS 16 Leases, see Note 8 for further information on leased assets.

Impairment / Reversal of impairment

Fleet

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

Continued improvement to market conditions, in combination with a tight capacity market were main drivers for rising market values for vessels. The market values for the vessels have increased with nearly 60% through 2022, and is over 69% higher than the carrying values at year-end 2022. Market values of the vessels higher than the vessels carrying values, is an indication that impairment loss recognised in prior periods may no longer exist or has been reduced. In 2021, the Group reversed USD 96.2 million of previously recognised impairment losses for the vessels in the fleet. The reversal resulted from a positive change in the estimates used to determine the vessels recoverable amounts since the impairment loss was initially recognised.

The increase in the market values of the vessels in 2022, together with the expected positive development in freight rates and volumes the next few years, support the assessment that no impairment indicators exist at year-end 2022.

A Weighted Average Cost of Capital (WACC) is applied as the Group's discount rate, calculated to 9.28% for 2022 (7.66% in 2021).

Leased vessels

For further information on leased vessels, see Note 8 Leases and Note 14 for liquidity analysis.

Newbuildings

In January 2022, the Group signed a contract with China Merchants Heavy Industry for four fixed and eight optional multi-fuel and zero carbon ready Aurora class vessels. In April 2022, a contract for further four vessels was signed, bringing the newbuilding programme to eight vessels. The first two vessels are planned for delivery the second half of 2024, and the Company expects delivery of two vessels every six months after that. The contract for the first four vessels has a total value of USD 398 million. The contract for the additional four vessels has the same terms and specifications as the first four vessels. The Company retains its existing option for another four vessels (vessel 9-12) until end July 2023.

Equipment

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

Note 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.

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

Leased assets (USD 1 000)	31.12.2022	31.12.2021
Premises	9 184	8 887
Vessels	255 089	209 001
Machinery	9 537	11 006
Other	164	280
Total	273 974	229 174

The additions to the leased assets in 2022 were USD 79.8 million (2021: USD 43.3 million), mainly related extending the leases for Höegh Brasilia, Höegh Sydney and Höegh Caribia. Further USD 79 million were added to leased assets from remeasurements of existing leases, of which USD 23 million relates to variable vessel leases, and USD 56 million are from the decisions to exercise purchase

Amounts recognised in profit / (loss)	2022	2021
Depreciation charges for leased assets:		
- Premises	2 868	2 569
- Vessels	54 400	53 362
- Machinery	4 300	4 040
- Other	116	116
Total depreciation charges for leased assets	61 684	60 087
Interest on lease liabilities	17 889	20 887
Variable lease payments not included in the measurement of lease liabilities (LIBOR adjustment)	-	(4 856)
Total interest on lease liabilities	17 889	16 030
Expenses relating to short-term leases	16 289	16 597
Expenses relating to leases of low-value	110	123

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:

Lease liabilities (USD 1 000)	31.12.2022	31.12.2021
Non-current	133 505	201 893
Current	165 287	72 940
Total	298 792	274 833

options for the vessels Höegh Tracer, Höegh Trapper and Höegh St. Petersburg. Two leased vessels, Höegh Beijing and Höegh St. Petersburg, were purchased in 2022. There were no other disposals of leased assets in 2022, apart from expired leases related to offices and machinery.

The total cash outflow for leases in 2022 was USD 133.3 million, including USD 18 million in interest (2021: USD 75.7 million, including USD 16 million in interest), and includes the purchase price for the two leased vessels purchased in 2022, Höegh Beijing and Höegh St. Petersburg.

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

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 44 million (2021: USD 68 million). The Group has not provided any residual value guarantees related to its lease agreements.

Note 9 – Interest income and expenses

Interest income (USD 1 000)

	2022	2021
Interest income from banks	759	-
Other interest income	204	202
Total	963	202

Interest expenses (USD 1 000)

	2022	2021
Interest mortgage debt	15 089	14 834
Capitalised interest on newbuildings	(1 969)	-
Interest on lease liabilities*	17 889	16 030
Interest on interest rate swaps realised	-	2 032
Other interest expenses	226	90
Total	31 235	32 986

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

Note 10 – Other financial items

Dividends (USD 1 000)		
	2022	2021
Dividends*	-	12 726
Total	-	12 726

Income from other financial items (USD 1 000)		
	2022	2021
Gain on interest rate swaps	-	2 022
Debt modification gain**	20 869	-
Other financial items***	17 655	150
Total	38 524	2 172

Expenses from other financial items (USD 1 000)		
	2022	2021
Loss on currency exchange	5 308	2 698
Loss on shares	-	185
Debt modification loss	-	10 307
Other financial items***	5 244	5 759
Total	10 552	18 949

* Dividends for 2021 is related to a payment from Den Norske Krigsforsikring (DNK) where Höegh Autoliners Management AS, as member of DNK, received USD 12.7 million in dividend payment in December 2021.

** The debt modification gain is related to the refinancing in June 2022, where the modifications to the debt were accounted for as an adjustment to the existing liability. The liability was restated to the net present value of the revised cashflows discounted at the original effective interest rate. See Note 19.

*** Expenses from other financial items for 2021 include amortisation of debt modification loss from 2021 and arrangement fee for the refinancing. Income from other financial items in 2022 mainly relate to remeasurement of lease liabilities, as well as amortisation of debt modification gain from 2022. Expenses from other financial items for 2022 include amortisation of debt modification from 2021 and arrangement fee for the refinancing concluded in June 2022.

Note 11 – Tax

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 2023 the corporate tax rate remains at 22%.

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% withholding tax.

Tonnage tax payable

Tonnage tax is assessed and paid according to net tonnage operated during the year. Current year's tonnage tax is assessed at USD 0.4 million (USD 0.5 million in 2021) and is classified under other operating expenses.

Income tax for the year (USD 1 000)		
	2022	2021
Current tax	(4 783)	(468)
Tax in subsidiaries outside Norway	(1 275)	(269)
Change in deferred tax	(8 923)	(3 366)
Currency effect on deferred tax and adjustments previous periods	(11)	180
Tax expense	(14 991)	(3 924)

Reconciliation of actual tax expense against expected tax expense in accordance with the ordinary Norwegian income tax rate of 22% (USD 1 000)

	2022	2021
Profit before tax	313 571	128 717
Estimated tax at 22% income tax rate	(68 986)	(28 318)
Tax effect of non taxable income within the tonnage tax scheme in Norway and Singapore	64 137	32 215
Other tax payable	(505)	(317)
Permanent differences / deferred tax assets not recognised	(9 637)	(7 504)
Tax expense	(14 991)	(3 924)
Effective tax rate for the Group	5%	3%

Income tax payable (USD 1 000)		
	2022	2021
Tonnage tax	429	531
Current tax for the year	4 678	(64)
Tax payable (maturity within 1 year)	5 106	467

Note 11 — Tax cont.

Deferred tax assets (liabilities) (USD 1 000)	2022	2021
Fixed assets	(11)	(5)
Non-current debt / receivables	(36 572)	(30 863)
Pension liabilities *	91	119
Loss carried forward	55	3 067
Deferred tax liabilities	(36 437)	(27 681)
Deferred tax assets subsidiaries outside Norway	774	977
Total	(35 663)	(26 705)

* For further information see Note 6.

	2022	2021
Deferred tax liabilities at 01.01.	(26 705)	(23 322)
Charged to the income statement	(8 923)	(3 366)
Charged to other comprehensive income	(35)	(16)
Deferred tax liabilities at 31.12.	(35 663)	(26 705)

Deferred tax assets / (tax) within the tonnage tax scheme (USD 1 000)	2022	2021
Current assets	-	(336)
Non-current debt / receivables	6 445	4 520
Loss carried forward	65 134	66 427
Deferred tax assets not recognised	(71 579)	(70 611)
Deferred tax assets / (liabilities)	-	-

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

Note 12 — Other non-current financial assets

Other non-current financial assets (USD 1 000)	2022	2021
Pension plan assets	36	95
Investments in other companies	938	1 598
Other non-current financial assets	104	85
Total	1 078	1 779

Pension plan assets

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

Investments in other companies

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

Other non-current assets (USD 1 000)	2022	2021
Rental deposits	1 228	1 167
Other	3	3
Total	1 231	1 170

Note 13 — Trade, other receivables and prepayments

Trade and other receivables (USD 1 000)	Note	2022	2021
Freight receivables		83 282	67 704
Provision for impairment on trade receivables		(54)	(209)
Net freight receivables	2	83 228	67 495
Agents		(147)	(272)
Other trade receivables	2	2 936	3 492
Tax and public duties		1 119	1 004
Unsettled claims		-	(33)
Receivables related companies		990	1 142
Other receivables		4 798	8 626
Total		92 924	81 454

Total outstanding as of 31.12 (USD 1 000)	2022	2021
Not due	54 776	35 723
1 -15	10 279	13 507
16-30	1 664	3 866
31-60	4 376	4 169
61-	12 186	10 439
Total	83 282	67 704

Prepayments (USD 1 000)	2022	2021
Prepayments administration	1 405	1 173
Other prepayments	819	951
Total	2 224	2 124

Note 14 — Financial risk

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

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

The Group's risk management guidelines are established to identify, analyse and monitor the various risks and to set the appropriate frameworks.

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

Market risk

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

Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings at floating rate and the risk is therefore a cash flow interest rate risk. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. The interest rate swaps are measured at fair value and changes in fair value are recognised through the statement of comprehensive income. As of year-end 2022 the Group had no interest rate swaps.

For 2022, a change in interest rate of 1 percentage point 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 1.5 million (USD 2.6 million in 2021).

Fair value interest risk

The interest rate risk can be reduced through interest rate swaps. The Group currently evaluates the exposure to interest rate risk as limited, and at year-end 2022, the Group did not have any interest rate swaps.

IBOR reform - phase 2

The Group's loan facility and lease liabilities have been interest bearing with LIBOR as reference rate. The agreements reference 1-month, 2-months and 3-months USD LIBOR. USD LIBOR can be used until 30 June 2023. The loan facility was refinanced in June 2022, which included a switch from LIBOR to SOFR as reference rate. For the lease agreements which still have LIBOR as a reference rate, work will be initiated to ensure a rate-switch mechanism is in place before 30 June 2023. The Group does not expect any material costs to be incurred in connection with the change from LIBOR to another reference rate.

Non-derivative liabilities exposed to USD LIBOR Measured at amortised cost (USD 1 000)

	Carrying value 31/12/2022	Of which: Have yet to transition to an alternative benchmark interest rate as at 31.12.2022
Mortgage debt	-	-
Lease liabilities	157 687	157 687
Total liabilities exposed to USD LIBOR	157 687	157 687

Note 14 – Financial risk cont.

Non-derivative liabilities exposed to USD LIBOR Measured at amortised cost (USD 1 000)	Carrying value 31/12/2021	Of which: Have yet to transition to an alternative benchmark interest rate as at
		31.12.2021
Mortgage debt	444 984	444 984
Lease liabilities	274 833	274 833
Total liabilities exposed to USD LIBOR	719 817	719 817

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 no active currency hedges as of 31.12.2022 (2021: no currency hedges). For further information see Note 15.

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

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

FX sensitivity	Year-end 2021	Max Last 12M	Min Last 12M	Sensitivity	Cash effect Fwd12M
Currency (USD / NOK) *	8.82	9.04	8.27	10% NOK appreciation vs USD	-2.79 USDm

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

The Group has bank deposits in the following currencies:

Cash and bank deposits (USD 1 000)	2022	2021
United States Dollar	161 793	200 035
Norwegian Kroner	7 693	5 266
Pound Sterling	1 270	1 472
Euro	5 379	13 741
Japanese Yen	878	2 794
Other currencies	6 926	5 108
Total	183 940	228 416

The equivalent of USD 0.5 million (USD 0.5 million in 2021) of these deposits was held in restricted accounts in respect of employee taxes.

Applied currency rates	Currency	31/12/2022	Average	31/12/2021
Pound Sterling	USD/GBP	0.83	0.79	0.74
Japanese Yen	USD/JPY	131.88	123.48	115.09
Norwegian Kroner	USD/NOK	9.86	9.34	8.82
Euro	USD/EUR	0.94	0.91	0.88

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 2022 (2021: no bunkers derivatives).

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 17 and 19.

Per 31.12.2022 (USD 1 000)	Note	< 1 year	1 - 5 years	> 5 years	Total
Mortgage debt (interest included)	19	58 525	195 288	85 962	339 774
Lease liabilities (interest included)*	8	180 071	121 855	52 346	354 272
Trade and other payables	20	31 095	-	-	31 095
Total		269 691	317 142	138 308	725 141

Per 31.12.2021 (USD 1 000)	Note	< 1 year	1 - 5 years	> 5 years	Total
Mortgage debt (interest included)	19	97 999	387 103	-	485 101
Lease liabilities (interest included)*	8	86 764	167 672	90 059	344 494
Trade and other payables	20	32 360	-	-	32 360
Settlement US Department of Justice (cash payments)	18, 22	6 000	-	-	6 000
Total		223 123	554 774	90 059	867 956

* See Note 7 and 8 for further information.

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

Climate risk

The future emission and environmental regulations are necessary for the maritime industry to reduce its footprint. Non-compliance with these regulations may lead to fines or even non-approval of documentation of compliance. There is also uncertainty around future environmental regulations. In case carbon taxes are implemented, operational cost for Höegh Autoliners will increase. In order to meet IMO's 2030 proposed target carbon intensity, improved

Note 14 – Financial risk cont.

fuel efficiency will be important. Fuel efficiency doesn't only mean complying with emission regulations, but is also important for reducing operational costs as a result of high fuel prices and proposed taxes. Höegh Autoliners can either choose to run on low carbon fuels, reduce operational speed, implement fuel saving measures or renew the fleet. Even if Höegh Autoliners' current fleet is among the most fuel efficient in the industry, further investments in fuel efficiency measures will be necessary if we would like to

further improve fuel efficiency. The current fleet can comply with the proposed regulations by reducing speed or run on bio fuels. With the new Aurora class vessels, the Höegh fleet will be in a very good position to meet the IMO 2030 proposed target. The Aurora class vessels are designed to meet the proposed CII target in current operational speed. For more information on climate related risks and opportunities, see the chapter on Sustainability in this report.

Note 15 – Financial instruments

Financial instruments by category 2022

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

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

Liabilities (USD 1 000)	Note	Financial liabilities at amortised cost	Liabilities at fair value through P&L	Financial Liabilities at fair value through OCI	Other	Total
Other non-current liabilities	18	-	-	-	90	90
Non-current interest bearing debt *	19	227 894	-	-	-	227 894
Current interest bearing debt *	19	36 626	-	-	-	36 626
Non-current lease liabilities	8	133 505	-	-	-	133 505
Trade and other payables (excl. non-fin. liab.)	20	31 095	-	-	-	31 095
Current lease liabilities	8	165 287	-	-	-	165 287
Liabilities 31.12.2022		594 407	-	-	90	594 497

* The mortgage debt was refinanced in July 2022, see Note 19 for further details.

Financial instruments by category 2021

Assets (USD 1 000)	Note	Assets at amortised cost	Assets at fair value through P&L	Assets at fair value through OCI *	Other	Total
Investments in other companies	12	-	-	1 598	-	1 598
Other non-current financial assets	12	95	-	-	85	180
Trade and other receivables	13	81 454	-	-	-	81 454
Cash and cash equivalents	14	228 416	-	-	-	228 416
Assets 31.12.2021		309 966	-	1 598	85	311 649

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

Liabilities (USD 1 000)	Note	Other financial liabilities at amortised cost	Liabilities at fair value through P&L	Financial Liabilities at fair value through OCI	Other	Total
Other non-current liabilities	18	-	-	-	107	107
Non-current interest bearing debt *	19	359 704	-	-	-	359 704
Current interest bearing debt *	19	85 280	-	-	-	85 280
Non-current lease liabilities	8	201 893	-	-	-	201 893
Trade and other payables (excl. non-fin. liab.)	20	32 360	-	-	-	32 360
Current lease liabilities	8	72 940	-	-	-	72 940
Other current liabilities	22	5 918	-	-	-	5 918
Liabilities 31.12.2021		758 096	-	-	107	758 203

* The mortgage debt was refinanced in July 2021, see note 19 for further details.

Note 15 – Financial risk cont.

Fair value measurement

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

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

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

Financial instruments at fair value 31.12.2021 (USD 1 000)	Level 1	Level 2	Level 3	Total
Investment in other companies	-	-	1 598	1 598
Total assets	-	-	1 598	1 598

Reconciliation of liabilities arising from financial activities

Liabilities 2022 (USD 1 000)	Note	Non - cash changes					31/12/2022
		31/12/2021	Cash flows	Fair value changes	Other changes*	New liability	
Non-current interest bearing debt	19	359 704	(93 711)	(15 629)	(22 470)	-	227 894
Current interest bearing debt	19	85 280	(59 500)	(5 240)	16 086	-	36 626
Non-current lease liabilities	8	201 893	-	-	(123 061)	54 672	133 505
Current lease liabilities	8	72 940	(115 539)	-	182 725	25 161	165 287
		719 817	(268 750)	(20 869)	53 280	79 833	563 312

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

** Fair value changes relate to debt modification from the refinancing, see note 10.

Liabilities 2021 (USD 1 000)	Note	Non - cash changes					31/12/2021
		31/12/2020	Cash flows	Fair value changes	Other changes*	New liability	
Other non-current liabilities	18	43	-	(43)	-	-	-
Non-current interest bearing debt	19	-	-	-	353 711	5 992	359 704
Current interest bearing debt	19	520 751	(84 497)	-	(353 850)	2 876	85 280
Other current financial liabilities	22	2 508	-	(2 508)	-	-	-
Non-current lease liabilities	8	207 561	-	-	(43 101)	37 434	201 893
Current lease liabilities	8	55 706	(59 954)	-	71 428	5 760	72 940
		786 569	(144 451)	(2 551)	28 188	52 063	719 817

* Other changes relate mainly to reclassifications of non-current and current portions of lease liabilities and interest bearing debt, remeasured lease liabilities due to changes in index, rates and exercised purchase option.

Note 16 — Share information and earnings per share

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 were delivered to Damgård Invest.

On 10 November 2021, the Board of Directors and AGM of the Company decided to split the share in the ratio 1:5, where the nominal value was reduced from NOK 106 to NOK 21.20. The number of shares increased from 26 340 134 to 131 700 670 following the split.

On 24 November 2021, the Board of Directors and AGM of the Company decided to reduce the share capital by NOK 842 884 288, from NOK 2 792 054 204 to NOK 1 949 169 916 by reducing the share's nominal value from NOK 21.20 to NOK 14.80. The reduction amount was transferred to other equity. Following the private placement in connection with the admission to trading of the Company's shares on Euronext Growth, a capital increase was decided on 24 November 2021. The share capital was increased by NOK 851 000 000 from NOK 1 949 169 916 to NOK 2 800 169 916 by issuance of 57 500 000 new shares, each with a nominal value of NOK 14.80. The shares were subscribed for a price of NOK 21, whereof the amount of NOK 356 500 000 was transferred to share premium. On 29 December 2021, the Board of Directors of the Company decided, according to an authority given by the AGM, to increase the Company's share capital by NOK 23 222 369.20 by issuance of 1 569 079 new shares, at the subscription price of NOK 21.00 per share, equal to the subscription price in the Offering. NOK 9 728 290 was transferred to share premium. The share capital increase was made following the partial exercise of the green shoe option.

Transaction costs of USD 6.8 million related to the admission to trade in November 2021 were recorded net against equity. A stabilisation gain of TUSD 53 was also been recorded against equity.

The Company's number of shares is as follows:

	2022	2021
Total shares at 31 December	190 769 749	190 769 749

Basic earnings per share is calculated by dividing net profit or loss attributable to equity holders of the Company after non-controlling interest, by the weighted average number of total outstanding shares (adjusted for average number of own shares) during the financial year. The Company has no own shares at 31 December 2022 (2021: no own shares).

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

Earnings per share	31 Dec 2022	31 Dec 2021
(USD)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	190 769 749	135 743 593
Effect of dilutive potential ordinary shares:		
- Share options	761 791	397 004
Weighted average number of ordinary shares for the purpose of diluted earnings per share	191 531 540	136 140 597
Profit for the period attributable to the owners of the parent	298 585 388	124 768 299
Earnings per share basic	1.57	0.92
Earnings per share diluted	1.56	0.92

The Board of directors has proposed dividend to be paid for 2022 according to the dividend policy.

Note 17 — Management of Capital

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

Book equity ratio

The Group's book equity ratio is targeted to be between 40-55%. The book equity at year-end 2022 is above the set target (2021: 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 2022 is above the set target.

Equity ratio (USD 1 000)	2022	2021
Total equity	1 062 973	800 549
Total assets	1 752 187	1 651 635
Equity ratio	61%	48%

Note 18 — Other non-current liabilities

Other non-current liabilities (USD 1 000)	2022	2021
Other	90	107
Total	90	107

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 and agreed to pay USD 21 million in a plea agreement related to U.S. to Middle East exports. The liability has been settled over a period of five years, with the first downpayment made in December 2017.

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 2022 is above the set target.

Höegh Autoliners ASA has covenants in the loan agreement regarding minimum book equity ratio, working capital and minimum liquidity. The Group is in compliance with these ratios on a consolidated basis as per year-end 2022.

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. Höegh Autoliners 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. There are no restrictions on dividend payments in the loan agreement.

The following years a yearly payment was made. The last payment was made in 2022, see also note 22.

Note 19 — Non-current and current interest bearing debt

Refinancing of debt

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

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

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

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

2021 - Interest bearing debt (USD 1 000)	Non-current	Current	Total
Interest bearing debt	359 704	82 876	442 580
Accrued interest	-	2 404	2 404
Total interest bearing debt	359 704	85 280	444 984

Mortgage debt (USD 1 000)	Maturity	Outstanding amount
USD 810 million senior secured	January 2028	280 500
Total mortgage debt		280 500

Security

The USD 810 million (2021: 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 604 million (2021: USD 958 million). In addition, the debt is secured by an assignment of earnings and insurances.

Weighted average effective interest rates of total borrowings	2022	2021
Mortgage debt	4.24%	3.09%

Note 20 — Trade and other payables

Trade and other payables (USD 1 000)	2022	2021
Suppliers	26 381	27 433
Prepaid TC on vessels chartered out	6 460	10 501
Public duties payable and holiday pay	4 714	4 927
Total	37 555	42 861

Note 21 — Current accruals and provisions

Current accruals and provisions (USD 1 000)	2022	2021
Accrued voyage expenses	32 806	40 422
Accrued crew expenses	1 928	1 787
Accrued running expenses	8 036	7 741
Other current provisions	1 705	1 954
Total	44 475	51 904

Accruals

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

Other current provisions (USD 1 000)	2022	2021
Provision 01.01	1 954	2 323
Charged/(credited) to the income statement:		
Additional provisions	1 705	1 954
Unused amounts reversed	(128)	(676)
Used during year	(1 826)	(1 647)
Provision 31.12	1 705	1 954

Note 22 — Other current liabilities

Other current liabilities (USD 1 000)	2022	2021
Settlement US Department of Justice	-	5 918
Total other current liabilities	-	5 918

The last payment for the settlement with the US Department of Justice was made in 2022. See note 18 for more information.

Note 23 — Transactions with related parties

Høegh Autoliners Management AS delivers operational, financial and administrative services to other companies in the Group. Høegh Technical Management Holding Pte. Ltd delivers technical and crewing services to Høegh Autoliners Shipping AS and Høegh Autoliners Shipping Pte. Ltd.

The Group had three vessels under US flag with Maersk Lines Ltd during 2022 (2021: three vessels). All three vessels are owned as individual US Trusts.

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

Supplier	Receiver	Type of agreement	2022	2021
Maersk Lines Ltd.	Høegh Autoliners Shipping AS	Technical Management	18 881	15 368
Høegh Autoliners Shipping AS	Maersk Lines Ltd.	Shipping services	27 368	28 801
Høegh Technical Management Holding Pte Ltd.	Høegh Autoliners Shipping Pte Ltd	Technical Management	7 478	11 603
Høegh Technical Management Holding Pte Ltd.	Høegh Autoliners Shipping AS	Technical Management	89 159	91 865
ParCar Shipholding AS	Høegh Autoliners Shipping AS	Bareboat lease	7 075	7 154

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

Supplier	Receiver	2022	2021
Maersk Lines Ltd.	Høegh Autoliners Shipping AS	1 413	1 230
Høegh Technical Management Holding Pte Ltd.	Høegh Autoliners Shipping Pte Ltd	1 200	64
Høegh Technical Management Holding Pte Ltd.	Høegh Autoliners Shipping AS	5 639	5 418
Høegh Autoliners Shipping AS	Maersk Lines Ltd.	20 543	19 985

All Høegh Autoliners commercial subsidiaries make cargo bookings on behalf of Høegh 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 Høegh Autoliners Shipping AS has from the various commercial subsidiaries expensed USD 17 million (USD 16 million in 2021) as voyage expenses.

Main transactions with other related parties

Høegh Capital Partners Ltd delivered consultancy services amounting to TUSD 5 in 2022 (2021: USD 0.7 million). Outstanding payables to Høegh Capital Partners Ltd was TUSD 26 at the end of 2022 (2021: TUSD 45).

A Co-investment agreement between the CEO, Andreas Enger, and Høegh Autoliners Management AS and Leif Høegh & Co Holdings AS, was entered into in June 2020, to govern the CEO's investment in

Each vessel is on bareboat charter to Maersk Lines from the Trusts and Høegh Autoliners Shipping AS have the vessels on time charter from Maersk Lines Ltd.

Høegh Autoliners ASA holds a 36.45% interest (2021: 36.45%) in ParCar AS and has an outstanding receivable of USD 1 million as of 31.12.2022 (2021: USD 1.1 million). ParCar Shipholding AS, which is 100% owned by ParCar AS, leases Høegh Copenhagen on a bareboat lease to Høegh Autoliners Shipping AS.

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 AS received a derivative giving Damgård Invest AS economic rights and risks as if it was a shareholder in the Company, owning 339 534 shares, but without shareholder rights. The Co-investment agreement anticipated the need for adjusting the number of shares in case of a capital raise or similar corporate reorganisation. In November 2021, the derivative was settled with a share capital increase where 344 027 shares were issued and subsequently delivered to Damgård Invest AS. The derivative was valued at fair market value when it was issued and a total of USD 3.3 million was expensed as finance costs in 2021. There are no outstanding balances as at 31 December 2022, between the Company and the CEO, relating to the investment.

Note 24 — Contingent liabilities

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

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

Alleged breaches of anti-trust regulations in Brazil

On 23 March 2022, The Administrative Council for Economic Defence (CADE) in Brazil issued a fine of approximately BRL 26 million (USD 4.9 million) to Høegh Autoliners for alleged breaches of anti-trust regulations dating back to 2000-2012. Since Høegh Autoliners did not have any turnover in Brazil in the relevant period, the fine is calculated on a "virtual turnover" principle, based on Brazil's relevance in the worldwide PCTC market. The decision (including the "virtual turnover" calculation) may be challenged before the Appellate Court in Brazil. Høegh Autoliners disagrees with CADE's decision and after reviewing its merits, the Company will proceed with an appeal. No provision has been made in the financial statements as of 31 December 2022.

Note 25 — Commitments and guarantees

Capital commitments

At the end of 2022, the Group has capital commitments relating to a newbuilding contract with China Merchants Heavy Industry. A contract is for eight fixed and eight optional multi-fuel and zero carbon ready Aurora class vessels was signed in January 2022, and in April 2022 the Group signed a contract to build an additional four new Aurora class vessels on the same terms and specifications as the first four vessels. The contract for the eight fixed vessels has a total value of USD 796 million. The Group retains its existing option for another four vessels (vessel 9-12) until end July 2023. As of 31 December 2022 a total of USD 120 million has been paid in first instalments for the eight vessels. The Group expects delivery of two Aurora vessels every six months starting from the second half of 2024.

Guarantees

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

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

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

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

Note 26 — 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 % 31.12.2022	Voting share/ ownership % 31.12.2021	Nature of relationship	Country	Carrying amount 2022 (USD 1 000)	Carrying amount 2021 (USD 1 000)
Høegh Northern Terminal Ltd.	50	50	Joint venture	UK	-	-
ParCar AS	36.45	36.45	Associate	Norway	5 233	9 100
Sum					5 233	9 100

Specified financial information

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

Reconciliation to carrying amounts (USD 1 000):	ParCar Group
Net assets 31.12.2020	24 581
Other adjustments*	(1 243)
Profit for the period	3 727
Repaid capital	(2 100)
Net assets 31.12.2021	24 966
Group share in %	36,5%
Carrying amount 31.12.2021	9 100
Net assets 31.12.2021	24 966
Other adjustments*	(2 981)
Profit for the period	4 223
Dividends paid	(2 506)
Repaid capital	(9 344)
Net assets 31.12.2022	14 357
Group share in %	36,5%
Group's share	5 233
Carrying amount 31.12.2022	5 233

* Mainly currency translation differences

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

* Figures from unaudited financial statements 2022

** Figures from audited financial statements 2022

2021 Summarised financial information* (USD 1 000)	Assets	Liabilities	Equity	Revenues	Profit/(loss) for the year
Høegh Northern Terminal Ltd.	121	165	(44)	412	(8)
ParCar Group	50,500	25,534	24,966	-	3,727

* Figures from unaudited financial statements 2021

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

Investment in joint ventures (USD 1 000)	2022	2021
Carrying amount	-	-
Profit/(loss)	-	-
Investment in associates (USD 1 000)	2022	2021
Carrying amount	5 233	9 100
Profit	1 539	1 205
Currency translation differences (OCI)	(1 087)	(300)
Total carrying amount of investments joint ventures and associates 31.12.	5 233	9 100

Note 27 — List of subsidiaries

Company	Country	Principal activity	Owner share % *	
			2022	2021
Høegh Autoliners ASA	Norway	Holding company		
Høegh Autoliners Management AS	Norway	Management company	100	100
Høegh 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
Høegh Autoliners Logistics AS	Norway	Holding company	100	100
S.A.S. Autotrans Logistics	France	Logistics operation	100	100
Høegh Autoliners B.V.	The Netherlands	Holding company	100	100
Høegh 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
Høegh Autoliners Shipping II AS	Norway	SPV for entering into shipbuilding contracts	100	100
Høegh Autoliners Shipping 269-3 AS	Norway	SPV for entering into shipbuilding contracts	100	-
Høegh Autoliners Shipping 269-4 AS	Norway	SPV for entering into shipbuilding contracts	100	-
Høegh Autoliners Shipping 269-7 AS	Norway	SPV for entering into shipbuilding contracts	100	-
Høegh Autoliners Shipping 269-8 AS	Norway	SPV for entering into shipbuilding contracts	100	-
Høegh Autoliners AS	Norway	Commercial operation	100	100
Alliance Navigation LLC.	USA	Commercial operation	100	100
Høegh Autoliners Germany GmbH	Germany	Commercial operation	100	100
Høegh Autoliners Pty. Ltd.	India	Commercial operation	100	100
Høegh Autoliners K.K.	Japan	Commercial operation	100	100
Høegh Autoliners North America Inc.	USA	Commercial operation	100	100
Høegh Autoliners PTY Ltd.	South Africa	Commercial operation	100	100
Høegh Autoliners Spain S.L.	Spain	Commercial operation	100	100
Høegh Autoliners S.A.S.	France	Commercial operation	100	100
Leif Høegh & Co China Ltd.***	China	Commercial operation	100	100
Høegh Autoliners Panama S. A.****	Panama	Commercial operation	100	100

Company	Country	Principal activity	Owner share % *	
			2022	2021
Høegh Technical Management Holding Pte. Ltd.	Singapore	Holding company	100	100
Høegh Technical Management Inc.	Philippines	Management company	100	100
Høegh Autoliners Technical Operations AS	Norway	Management company	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 Høegh 100 % control over HFS Philippines Inc. consequently, Høegh consolidates this entity.

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

**** The ownership of Høegh Autoliners Panama S.A. was in 2022 transferred from Høegh Holdings B.V. to Høegh Autoliners AS. Høegh Holdings B.V. has been liquidated in 2022.

Note 28 — Events after the balance sheet date

Settlement of class-actions in Canada

On 30 January 2023, Høegh Autoliners reached an in-principle settlement agreement with plaintiffs in the anti-trust class actions pending in Canada. The settlement amount is CAD 2.5 million (approx. USD 2 million). The settlement agreement is subject to court approvals in B.C., Ontario and Quebec.

Refund of withholding tax

On 6 February 2023, Høegh Autoliners received a refund of withholding tax amounting to NOK 28.8 million (USD 2.8 million) related to the extraordinary dividend from Den Norske Krigsforsikring (DNK), paid out in December 2021. The refund of the withholding tax will be recorded against the corresponding receivable in the statement of financial position, see note 13.

Dividend

On 8 February 2023, the Board of Directors resolved to distribute a cash dividend of USD 0.231 per share. The dividend was paid out in February 2023.

Fleet update

The Company, through its subsidiary Høegh Autoliners Shipping AS, has agreed with the owner of the leased vessel Høegh Berlin to terminate the bareboat charter and purchase the vessel, for a purchase price of USD 34.25 million. The vessel was taken over on 1 March 2023. On the same date, the Company also took ownership of the vessel Høegh Tracer, following the exercise of a purchase option in August 2022. The purchase price for Høegh Tracer was USD 53.2 million.

Alternative Performance Measures

Höegh Autoliners presents certain financial measures, which, in accordance with the “Alternative Performance Measures” guidance issued by the European Securities and Markets Authority, are not accounting measures defined or specified in IFRS and are, therefore, considered alternative performance measures.

Höegh Autoliners believes that alternative performance measures provide meaningful supplemental information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS and increase the understanding of the profitability of Höegh 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.

Reconciliation of Total revenues to EBITDA and Adjusted EBITDA (USD million)	2022	2021	2020
Total revenues (incl other income)	1 270	947	747
Operating expenses	(824)	(743)	(572)
EBITDA	447	203	175
Other income (insurance settlement)	-	-	(10)
Anti-trust expenses	1	7	1
Adjusted EBITDA	448	210	165

Net interest bearing debt (USD million)	31 Dec 2022	31 Dec 2021	31 Dec 2020
Non-current interest bearing debt	228	360	-
Non-current lease liability	134	202	208
Current interest bearing debt	37	85	521
Current lease liability	165	73	56
Less Cash and cash equivalents	184	228	115
Net interest bearing debt	379	491	669

Parent Company Accounts

Statement of income (USD 1 000)	Notes	2022	2021
Operating expenses	2	(1 598)	(1 680)
Operating loss		(1 598)	(1 680)
Interest income		618	40
Interest income group companies	3	39 408	28 699
Interest expenses	3	(19 588)	(18 339)
Reversal of impairment on investment in shares	3	11 072	637 599
Other financial income/(expenses)	3	(1 374)	(4 046)
Profit before tax		28 537	642 272
Income tax expenses	4	(13 150)	(954)
Profit of the year		15 387	641 318

Statement of cash flows (USD 1 000)	Notes	2022	2021
Cash flows from operating activities			
Profit before tax		28 537	642 272
Change in derivative		-	3 250
Reversal of impairment on investment in shares	3	(11 072)	(637 599)
Change in trade debtors		2 148	(3 620)
Change in trade creditors		1 568	(624)
Other change in working capital		(2 247)	223
Net cash flows provided from operating activities		18 934	3 903
Cash flows from investing activities			
Net change in receivables/payables from/to Group companies	6/7	131 823	77 012
Dividend received	5	3 406	765
Net cash flows provided by investing activities		135 229	77 778
Cash flows from financing activities			
Proceeds from issue of equity	9	3 797	128 352
Repayment of debt	10	(153 211)	(84 497)
Repaid on loan		152	152
Dividend	9	(35 000)	-
Net cash flows (used in)/provided from financing activities		(184 262)	44 008
Net change in cash during the year		(30 099)	125 688
Cash 01.01		141 853	16 513
Exchange differences cash and cash equivalents		(388)	(349)
Cash 31.12	8	111 366	141 853

Statement of financial position (USD 1 000)	Notes	31/12/2022	31/12/2021
Assets			
<i>Non-current assets</i>			
Investments in group and other companies	5	1 010 475	1 002 343
Non-current receivables group companies	6	756 076	663 364
Total non-current assets		1 766 551	1 665 707
<i>Current assets</i>			
Current receivables group companies	7	41 261	135 894
Other receivables		1 453	4 986
Cash	8	111 366	141 853
Total current assets		154 080	282 733
Total assets		1 920 631	1 948 440
Equity and liabilities			
<i>Equity</i>			
Share capital	9	443 898	443 898
Share premium reserve	9	289 384	289 384
Other paid-in equity	9	504	39
Retained earnings	9	666 240	729 854
Total equity		1 400 027	1 463 175
<i>Non-current liabilities</i>			
Deferred tax	4	36 896	26 718
Non-current interest bearing debt	10	237 547	353 711
Total non-current liabilities		274 443	380 429
<i>Current liabilities</i>			
Current interest bearing debt	10	38 990	82 404
Current payables group companies	7	158 796	22 000
Tax payable	4	2 478	-
Other current liabilities	11	45 897	432
Total current liabilities		246 160	104 836
Total equity and liabilities		1 920 631	1 948 440

Oslo, 30 March 2023

The Board of Directors of Höegh Autoliners ASA

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Leif O. Høegh

Leif O. Høegh,
Chair

AA

Morten W. Høegh,
Deputy Chair

Jan B. Kjærvik

Jan B. Kjærvik,
Board member

Martine Vice Holter

Martine Vice Holter,
Board member

Kasper Nilaus

Kasper Friis Nilaus,
Board member

Kjersti Aass

Kjersti Aass,
Board member

Johanna

Johanna Hagelberg,
Board member

Andreas Enger

Andreas Enger,
CEO

Parent company accounts

Notes 2022

Note 1 — Summary of significant accounting policies

BASIS OF PREPARATION

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

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

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

FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency

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

Transactions and balances

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

NON-CURRENT INVESTMENTS

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

The impairment evaluation of the investment in subsidiaries compares the equity in the subsidiary with the carrying amount of the investment in the parent. The assessment also takes into account the excess Net present value of operations not reflected in the subsidiaries equity.

The excess values of the subsidiaries are included when considering the ultimate parents investment in the immediate parent.

CURRENT INVESTMENTS

Financial instruments which are held for trading are valued at fair value in accordance with the Accounting Act § 5-8. Other shortterm 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 in connection to refinancing in 2022 have been fully expensed in 2022.

TAX

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

CONTINGENT LIABILITIES AND ASSETS

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

CASH

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

FINANCIAL RISK

For details and information on financial risk see Höegh Autoliners consolidated financial statement 2022.

Note 2 — Operating expenses

(USD 1 000)	2022	2021
Statutory audit	170	71
Remuneration to the board	403	70
Legal fees	383	228
Consultants	120	604
Insurance premiums	227	539
Other expenses	297	168
Total	1 598	1 680

The Company has no employees and therefore no wage expenses or pension liabilities. Both the CEO and the CFO are employed by the group company Höegh Autoliners Management AS. Details on the remuneration to the board can be found in the 2022 Remuneration report published on our website.

Note 3 — Interest income and expenses

Interest income group companies (USD 1 000)	2022	2021
Interest income	35 008	24 562
Arrangement fee	4 400	4 137
Total	39 408	28 699

Interest expenses (USD 1 000)	2022	2021
Interest mortgage debt	15 089	14 202
Arrangement fee	4 400	4 137
Other interest expenses	99	-
Total	19 588	18 339

Other financial items (USD 1 000)	2022	2021
Reversal of impairment on investment in shares*	11 072	637 599
Dividend from associated company	914	-
Currency gain/(loss)	(2 275)	131
Other financial expenses	(12)	(4 177)
Total	9 698	633 552

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

Note 4 — Tax

Income tax for the year (USD 1 000)	2022	2021
Current tax	(2 478)	-
Withholding tax	(494)	(369)
Change in deferred tax	(10 178)	(586)
Currency differences and adjustments prior years	-	-
Tax expense	(13 150)	(954)

Reconciliation of calculated and actual tax expense (USD 1 000)	2022	2021
Profit before tax	28 537	642 272
Tax at 22% statutory tax rate	(6 278)	(141 300)
Withholding tax	(494)	(369)
Tax effect change in tax rate *	-	-
Permanent differences	1 815	141 803
Adjustments prior years	-	-
Currency differences	(8 193)	(1 089)
Tax expense	(13 150)	(954)

* From 1 January 2023 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 (USD 1 000)	2022	2021
Deferred tax liabilities *	(36 896)	(26 718)
Total deferred tax liabilities	(36 896)	(26 718)

* From 1 January 2023 the corporate tax rate remains at 22%.

Note 5 – Investments in group and other companies

Investments in group companies (USD 1 000)

2022	Registered office	Ownership share in %	Voting share in %	Net profit 2022	Equity 31/12/2022	Carrying amount
Høegh Autoliners Management AS	Norway	100	100	2 983	759 124	1 007 775
Total						1 007 775

2021	Registered office	Ownership share in %	Voting share in %	Net profit 2021	Equity 31/12/2021	Carrying amount
Høegh Autoliners Management AS	Norway	100	100	504 645	787 946	996 238
Total						996 238

Investments in other companies (USD 1 000)

2022	Registered office	Ownership share in %	Net profit 2022*	Equity 31/12/2022*	Carrying amount
ParCar AS (group)	Norway	36.45%	4 223	14 358	2 700
Total					2 700

* Financial information from audited statutory financial statements 2022

2021	Registered office	Ownership share in %	Net profit 2021*	Equity 31/12/2021*	Carrying amount
ParCar AS (group)	Norway	36.45%	3 634	24 966	6 105
Total					6 105

* Financial information from unaudited statutory financial statements 2021

Høegh Autoliners ASA purchased 36.45% of the shares in ParCar AS in 2017 through a conversion of receivables. ParCar AS owns 100% of ParCar Shipholding AS, the owner of the vessel Høegh Copenhagen, a vessel leased to Høegh Autoliners Shipping AS on a 18-year bareboat lease. As a consequence of the recovery of the excess values for vessels owned by subsidiaries of Høegh Autoliners Management AS, a reversal of USD 11 million of previously recognised impairment of the value of the investment has been recognised in 2022 (2021: USD 637.6 million).

Note 6 – Non-current receivables group companies

Non-current receivables group (USD 1 000)

	2022	2021
Høegh Autoliners Shipping AS	481 458	506 232
Høegh Autoliners Shipping Pte Ltd.	151 567	157 132
Høegh Autoliners Shipping II AS	123 051	-
Total	756 076	663 364

Note 7 – Current receivables/(payables) group companies

2022 (USD 1 000)	Current receivables	Current payables	Total
Høegh Autoliners Management AS	2 272	-	2 272
Høegh Autoliners Shipping AS	38 990	(145 112)	(106 122)
Høegh Autoliners Logistics AS	-	(13 333)	(13 333)
Høegh Autoliners Shipping II AS	-	(352)	(352)
Total	41 261	(158 796)	(117 535)

2021 (USD 1 000)	Current receivables	Current payables	Total
Høegh Autoliners Management AS	4 836	-	4 836
Høegh Autoliners Shipping AS	131 058	-	131 058
Høegh Autoliners Logistics AS	-	(22 000)	(22 000)
Total	135 894	(22 000)	113 894

Note 8 – Cash

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

Note 9 — Equity

(USD 1 000)	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total
Equity 01.01.2021	493 359	255 485	-	(62 426)	686 419
Funds issue	4 248	-	-	(4 248)	-
Conversion derivative CEO	-	-	-	4 248	4 248
Share capital reduction 24.11	(150 908)	-	-	150 908	-
Share issue 24.11	94 561	39 613	-	-	134 174
Share issue 29.12	2 639	1 105	-	53	3 797
Transaction costs	-	(6 820)	-	-	(6 820)
Share bonus program	-	-	39	-	39
Profit of the year	-	-	-	641 318	641 318
Equity 31.12.2021	443 898	289 384	39	729 854	1 463 175
Share bonus program	-	-	465	-	465
Profit of the year	-	-	-	15 387	15 387
Dividend	-	-	-	(79 000)	(79 000)
Equity 31.12.2022	443 898	289 384	504	666 240	1 400 027

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 were delivered to Damgård Invest AS.

On 10 November 2021, the Board of Directors and AGM of the Company decided to split the share in the ratio 1:5, where the nominal value was reduced from NOK 106 to NOK 21.20. The number of shares increased from 26 340 134 to 131 700 670 following the split.

On 24 November 2021, the Board of Directors and AGM of the Company decided to reduce the share capital by NOK 842 884 288, from NOK 2 792 054 204 to NOK 1 949 169 916 by reducing the share's nominal value from NOK 21.20 to NOK 14.80. The reduction amount was transferred to other equity. Following the private placement in connection with the trading of the Company's shares on Euronext Growth, a capital increase was decided on 24

November 2021.

The share capital was increased by NOK 851 000 000 from NOK 1 949 169 916 to NOK 2 800 169 916 by issuance of 57 500 000 new shares, each with a nominal value of NOK 14.80. The shares were subscribed for a price of NOK 21, whereof the amount of NOK 356 500 000 was transferred to share premium.

On 29 December 2021, the Board of Directors of the Company decided, according to an authority given by the AGM, to increase the Company's share capital by NOK 23 222 369.20 by issuance of 1 569 079 new shares, at the subscription price of NOK 21.00 per share, equal to the subscription price in the Offering. NOK 9 728 290 was transferred to share premium. The share capital increase was made following the partial exercise of the green shoe option.

Transaction costs of USD 6.8 million related to the admission to trading in November 2021 have been recorded net against equity. A stabilisation gain of TUSD 53 has also been recorded against equity. A share bonus program was implemented in 2021 for key employees. For more information on the program, see Note 6 in the consolidated accounts.

The Company's number of shares is as follows:	2022	2021
Total shares at 31 December	190 769 749	190 769 749

Nominal share value of NOK 14.80 (2021: NOK 14.80).

The largest shareholders at 31 December 2022:

Shareholders	Number of shares	% of shares
Leif Høegh & Co AS	91 517 841	47.97%
A.P. Møller - Mærsk A/S	50 367 455	26.40%
Goldman Sachs International	4 428 231	2.32%
Intertrade Shipping AS	2 200 000	1.15%
Clearstream Banking S.A.	1 794 773	0.94%
Spesialfondet KLP Alfa Global Energi	1 766 335	0.93%
Damgård Invest AS	1 720 135	0.90%
Fray Leon International S.A	1 604 000	0.84%
Other	35 370 979	18.54%
Total number of shares	190 769 749	100.00%

At the Annual General Meeting in April 2022, the Board of directors was authorised to resolve the distribution of dividends on the basis of the "Company's annual accounts for 2021. The authorisation is valid until the Company's annual general meeting in 2023, but no longer than to and "including 30 June 2023. Following this authorisation, a total of USD 79 million have been recognised

in 2022 as dividend, whereof USD 35 million has been distributed to the shareholders during 2022 and USD 44 million has been recorded as current liabilities at 31 December 2022. The dividend of USD 44 million was paid to the shareholders in February 2023.

Shares owned or controlled by representatives of the Group at 31 December 2022:

Name	Number of shares	% of shares
Board of directors		
Leif O. Høegh *	45 758 920.5	24%
Morten W. Høegh **	45 758 920.5	24%
Martine Vice Holter	-	-
Jan B. Kjærvik	-	-
Kasper Friis Nilaus	-	-
Johanna Hagelberg	-	-
Kjersti Aass	-	-
Thor Jørgen Guttormsen	-	-
Executive management		
CEO - Andreas Enger ***	1 840 135	1%

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

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

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

As of 31 December 2022, the Company has not granted any loans, guarantees or made any other similar commitments to any of its Board Members or members of Management.

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

2022 Interest-bearing debt (USD 1 000)	Non-current	Current	Total
Mortgage debt	237 547	38 833	276 380
Accrued interest	-	157	157
Total	237 547	38 990	276 537

2021 Interest-bearing debt (USD 1 000)	Non-current	Current	Total
Mortgage debt	353 711	80 000	433 711
Accrued interest	-	2 404	2 404
Total	353 711	82 404	436 115

Mortgage debt (USD 1 000)	Maturity	Outstanding amount
USD 810 million senior secured facility	January 2028	276 380

Security

The USD 810 million (2021: 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 604 million (2021: USD 958 million). In addition, the debt is secured by an assignment of earnings and insurances.

Mortgage debt

The credit facility was refinanced in July 2022, with new maturity in January 2028. For more information, see Note 19 in the consolidated accounts.

Note 11 — Other current liabilities

Other current liabilities (USD 1 000)	2022	2021
Dividend *	44 000	-
Other current liabilities	1 897	432
Total	45 897	432

* See also note 9 and 14.

Note 12 — Contingent liabilities

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

Note 13 — Transactions with related parties

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

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

Supplier	Receiver	Transaction type	2022 (USD 1 000)	2021 (USD 1 000)
Höegh Autoliners ASA	Höegh Autoliners Shipping AS	Interest on loan	23 691	19 295
Höegh Autoliners ASA	Höegh Autoliners Shipping Pte. Ltd.	Interest on loan	7 059	5 267
Höegh Autoliners ASA	Höegh Autoliners Shipping II AS	Interest on loan	3 051	-

Höegh Autoliners ASA holds a 36.45% interest in ParCar AS and has an outstanding receivable of USD 1.0 million as of 31.12.2022 (2021: USD 1.1 million). ParCar Shipholding AS, which is 100% owned by ParCar AS, leases Höegh Copenhagen on a bareboat lease to Höegh Autoliners Shipping AS.

Höegh Capital Partners Ltd delivered consultancy services to Höegh Autoliners ASA amounting to TUSD 5 in 2022 (2021: USD 0.7 million). Outstanding payables to Höegh Capital Partners Ltd was TUSD 26 at the end of 2022 (2021: TUSD 45).

Note 14 — Events after the balance sheet date

Dividend

On 8 February 2023, the Board of Directors resolved to distribute a cash dividend of USD 0.231 per share amounting to USD 44 million. The dividend was paid out in February 2023.

Responsibility Statement

Høegh Autoliners ASA's consolidated financial statements for the period 1 January to 31 December 2022 have been prepared and presented in accordance with IFRS as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for Høegh Autoliners ASA for the period 1 January to 31 December 2022 have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards.

We confirm to the best of our knowledge that the consolidated and separate financial statements for the period 1 January to 31 December 2022 have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and results for the period viewed in their entirety, and that the Board of Directors' report includes a fair review of any significant events that arose during the period and their effect on the financial statements, any significant related parties' transactions and a description of the significant risks and uncertainties to which the Group and the parent company are exposed.

Oslo, 30 March 2023

The Board of Directors of Høegh Autoliners ASA

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Leif O. Høegh

Leif O. Høegh,
Chair

Morten W. Høegh

Morten W. Høegh,
Deputy Chair

Jan B. Kjærvik

Jan B. Kjærvik,
Board member

Martine Vice Holter

Martine Vice Holter,
Board member

Kasper Friis Nilau

Kasper Friis Nilau,
Board member

Kjersti Aass

Kjersti Aass,
Board member

Johanna Hagelberg

Johanna Hagelberg,
Board member

Andreas Enger

Andreas Enger,
CEO





To the General Meeting of Höegh Autoliners ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- the financial statements of the parent company Höegh Autoliners ASA (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Höegh Autoliners ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, 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.

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

Basis for Opinion

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

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

We have been the auditor of the Company for 10 years from the election by the general meeting of the shareholders on 21 August 2013 for the accounting year 2013.

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Statsautoriserede revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Key Audit Matters

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

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessment for vessels and equipment	
<p>On 31 December 2022, the Group owned 37 vessels, of which 28 owned and 9 chartered in, and 8 newbuildings. At the balance sheet date, owned and leased vessels and newbuildings had a net carrying amount of USD 1 382 443 thousand. The Group has not recognised an impairment on the vessels or newbuildings in 2022.</p>	<p>We evaluated and challenged management's assessment of indicators of impairment and the process by which this was performed. We assessed management's accounting policy against IFRSs and obtained explanations from management as to how the specific requirements of the standards, in particular IAS 36 – Impairment of assets, were met.</p>
<p>Indicators of impairment for the vessels and newbuildings were assessed and management concluded that no such indicators were present. As a result, management has not performed an impairment test.</p>	<p>As part of management's assessment, management compiled independent broker valuations for the vessels and newbuildings. We satisfied ourselves that the external brokers had both the objectivity and the competence to provide the estimate. To assess this, we interviewed selected brokers to understand how the estimates for fair value were compiled. We also satisfied ourselves that the brokers were provided with relevant facts in order to determine such an estimate, by testing key inputs such as build date, build location and certain key specifications back to the ships register.</p>
<p>We focused on management's impairment assessment for vessels and newbuildings due to the significant carrying value of these assets and the judgment inherent in the assessment of indicators of impairment.</p>	<p>To assess each of the assumptions in the impairment indicator assessment, we interviewed management and challenged their assumptions. For key assumptions, such as market rates, we inspected supporting documentation from third parties. We considered that freight rates used by management were within an appropriate range and changes did not lead to any indication of impairment.</p>
<p>We refer to note 1 - Significant Accounting Policies and note 7 - Vessels, newbuildings and equipment, where management explains how they assessed the value of the vessels and newbuildings.</p>	<p>We also assessed management's process and results for identification and classification of CGUs to ensure they were appropriate and in accordance with relevant accounting standards.</p>
	<p>We read note 1 - Significant Accounting Policies and note 7 – Vessels, newbuildings and equipment and assessed them to be in line with the requirements.</p>



Revenue from contracts with customers

Freight revenue from contracts with customers was USD 1 270 320 thousand for the year ended December 31, 2022. There is an inherent risk of errors when a revenue stream consists of large numbers of transactions that adds up to material amounts. The inherent risk of errors increases from the complexity that sometimes accompany the requirements for management to use judgement, particularly to determine the transaction price and to decide when performance obligations are satisfied.

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

We refer to note 1 - Significant Accounting Policies and note 2 - Revenue from contracts with customers where management explains the revenue streams and how they are accounted for.

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

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

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

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

We compared the related disclosures in note 1 - Significant Accounting Policies and note 2 - Revenue from contracts to the requirements of the applicable financial reporting framework, IFRS. We found that the disclosures appropriately explained the revenue from contracts with customers.



Other Information

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

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

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Höegh Autoliners ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300D7GNMPKTA4HD46-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

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

Management's Responsibilities

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

Auditor's Responsibilities

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

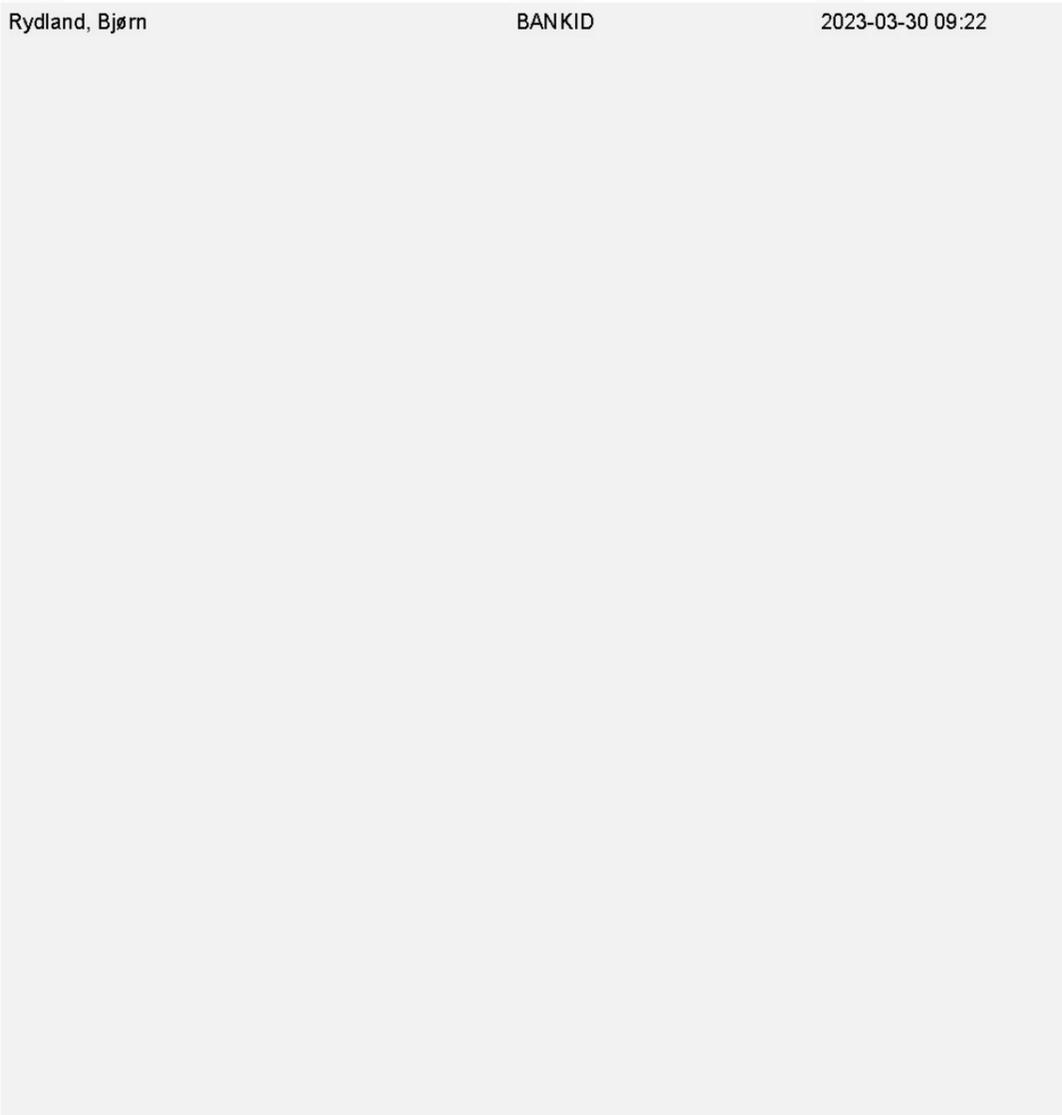
Oslo, 30 March 2023
PricewaterhouseCoopers AS

Bjørn Rydland
State Authorised Public Accountant
(This document is signed electronically)

Revisjonsberetning

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Rydland, Bjørn	BANKID	2023-03-30 09:22



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Appendix

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Task Force on Climate-related Financial Disclosure

Physical impacts of climate change

Risk type Physical
<p>Description</p> <p>Acute impact</p> <ul style="list-style-type: none"> Poor air quality, flooding of ports and canals, hurricanes, wave heights etc. can harm both personnel, cargo and assets. This may lead to operational downtime and increased operational costs. Extreme weather conditions may affect suppliers or local infrastructure (access to port / locks). This can potentially lead to disruptions and project delays, which, again, can have financial and reputational impact. <p>Chronic impact</p> <p>Climate changes can lead to extreme conditions, causing conflicts, instability, disruptions, and migrations. This can affect and damage Høegh Autoliners' operational profile and will lead to increased operational expenditure.</p>
<p>Potential Financial Impacts Small</p> <ul style="list-style-type: none"> Poor air quality, flooding of ports and canals, hurricanes, wave heights etc. can harm both personnel, cargo and assets. This may lead to operational downtime and increased operational costs.
<p>Risk short term Low</p>
<p>Risk medium term Medium</p>
<p>Risk long term Medium</p>
<p>Mitigating actions</p> <p>Accurate and reliable weather routing system may become more important in the future to avoid rough weather and seas.</p> <p>Efficient dry-docking, engine maintenance helps in ensuring that vessels are at their best condition which can help reduce the potential maximum impact of the identified physical risks.</p>

Transition to a low carbon economy

Risk type Regulatory
<p>Description</p> <p>Acute impact</p> <ul style="list-style-type: none"> Future emission and environmental regulations are necessary for the maritime industry to reduce its footprint. Non-compliance with these regulations may lead to fines or even non-approval of documentation of compliance. There is some uncertainty related to future environmental regulations. In case carbon taxes are implemented, operational cost for Høegh Autoliners will increase. <p>Chronic impact</p> <ul style="list-style-type: none"> Implementation of carbon taxation leads to the shift in purchasing alternative fuels. This will result in a significant increase of fuel pricing due to the high demand. Another effect of carbon tax implementation is that machine manufacturers might not be able put a high cost on their products as high capital is needed to fabricate a machine that can run on alternative fuel.
<p>Potential Financial Impacts Medium</p> <p>To comply with future emission regulations, Høegh Autoliners can either choose to run on low carbon fuels, reduce operational speed, implement fuel saving measures or renew the fleet. These alternatives will likely increase operational cost and / or require investments. Speed reduction will likely also affect revenue of each vessel. There is also uncertainty around how to comply with possible future unknown regulations. Increased operational costs may affect Høegh's market position and customer base.</p>
<p>Risk short term Low</p>
<p>Risk medium term Medium</p>
<p>Risk long term Medium</p>
<p>Mitigating actions</p> <p>Høegh Autoliners is currently undergoing a fleet renewal program. We are currently operating some of the worlds' most fuel-efficient vessels in the segment and the Aurora class will elevate efficiency to a new level. Høegh Autoliners also funds a research group called Smart Maritime to get access to the latest research results in the field of low carbon shipping.</p> <p>We are proud members of the Getting to Zero coalition, Call to Action and frequently in dialogue with DNV and Norwegian ship owners' association in order to acquire latest information about technological and regulatory developments. Høegh Autoliners continuously works on improving the fuel efficiency of the operated flapproach to regulatory compliance.</p>

Risk type Reputational
<p>Description</p> <p>Acute impact</p> <ul style="list-style-type: none"> A perception among parts of the public is shipping as a heavy polluting and carbon dioxide emitting within different types of industry. There is a reputational risk involved to not meeting future environmental regulations. <p>Chronic impact</p> <ul style="list-style-type: none"> Poor carbon intensity performance will result in bad reputation and might loss of credibility among investors.
<p>Potential Financial Impacts Medium</p> <p>Not having a credible transition plan may impact outcome of tender processes and result in a negative revenue</p>
<p>Risk short term Medium</p>
<p>Risk medium term Low</p>
<p>Risk long term Low</p>
<p>Mitigating actions</p> <p>Being proactive and preparing for all coming environmental regulations. Front load emission reduction and abide by credible transition plans maintaining a close dialogue with banks, customers, regulatory bodies and other stakeholders.</p>

Risk type Market & Technology
<p>Description</p> <p>Acute impact</p> <ul style="list-style-type: none"> Sanctions and penalties are given in situations if vessels do not keep up and comply with the existing technology that will lead to customers in the market. Fuel and machine availability might have a high cost due to market demands <p>Chronic impact</p> <ul style="list-style-type: none"> In a world with continuous changes in the regulatory landscape, making investments in vessels and technology involves risk. The lifetime of a vessel within Høegh Autoliners is 30 years and the vessels ordered now will have to meet the emission regulations of the future. Market value of older tonnage may decrease in case they don't comply with the coming environmental regulations. There is uncertainty related to future propulsion and fuel technology. Another effect of carbon tax implementation is that machine manufacturers might not be able put a high cost on their products as high capital is needed to fabricate a machine that can run on alternative fuel.
<p>Potential Financial Impacts Large</p> <p>Investment in converting existing tonnage and fleet renewal may be necessary. Older vessels may become non-compliant possibly leading to early recycling or decrease in asset value. Betting on the "wrong" fuel may become costly.</p>
<p>Risk short term Low</p>
<p>Risk medium term Medium</p>
<p>Risk long term Medium</p>
<p>Mitigating actions</p> <p>Høegh Autoliners is part of research program Smart Maritime, which gives us access to their latest research. Høegh Autoliners works closely with its customers to stay ahead of future demands for technology and solutions. This positions us to make the right decisions for the future. Høegh Autoliners Aurora class vessels are designed with a dual fuel engine that can run both on LNG and MGO. The vessel is also designed with ammonia and methanol ready class notations, which provides fuel flexibility for future operation on carbon neutral fuels.</p>

Fleet list

Owned vessels

Vessel	Vessel type	Shipyard	Built	CEU
Höegh Traveller	Post Panamax	Xiamen	2016	8500
Höegh Tracer	Post Panamax	Xiamen	2016	8500
Höegh Trotter	Post Panamax	Xiamen	2016	8500
Höegh Target	Post Panamax	Xiamen	2015	8500
Höegh Trigger	Post Panamax	Xiamen	2015	8500
Höegh Beijing	PCTC	Xiamen	2010	4900
Höegh St. Petersburg	LCTC	Daewoo (Geoje)	2009	7850
Höegh London	LCTC	Daewoo (Okpo)	2008	7850
Höegh Oslo	PCTC	Tsuneishi (Cebu)	2008	5400
Alliance Norfolk	PCTC	Daewoo (Okpo)	2007	6500
Höegh Bangkok	PCTC	Uljanik (Pula)	2007	6850
Höegh Manila	PCTC	Tsuneishi (Cebu)	2007	5400
Höegh Shanghai	LCTC	Daewoo (Geoje)	2007	7850
Höegh Chiba	PCTC	Daewoo (Okpo)	2006	6000
Höegh Detroit	LCTC	Daewoo (Okpo)	2006	7850
Höegh Kobe	PCTC	Daewoo (Okpo)	2006	6000
Höegh Berlin	LCTC	Daewoo (Okpo)	2005	7850
Alliance Fairfax	PCTC	Daewoo (Okpo)	2005	6000
Alliance St. Louis	PCTC	Daewoo (Okpo)	2005	6500
Höegh New York	PCTC	Daewoo (Okpo)	2005	6500
Höegh Seoul	LCTC	Daewoo (Okpo)	2004	7850
Höegh Tokyo	LCTC	Daewoo (Okpo)	2004	7850
Höegh Asia	LCTC	Daewoo (Okpo)	2000	7850
Höegh Osaka	PCTC	Tsuneishi (Hashihama)	2000	5400
Höegh Trove	PCTC	Tsuneishi (Tadotsu)	2000	6500
Höegh Yokohama	PCTC	Tsuneishi (Hashihama)	2000	5400
Höegh Transporter	PCTC	Stocznia Gdynia	1999	6500
Höegh Trader	LCTC	Daewoo (Okpo)	1998	7850
Höegh Trident	PCTC	Hyundai (Ulsan)	1995	6500
Höegh Trooper	PCTC	Hyundai (Ulsan)	1995	6500

Note: HA exercised the purchase option for Höegh Trapper in November 2022, with transfer of ownership expected in Q2 2023

BB vessels

Vessel	Vessel type	Shipyard	Built	CEU
Höegh Trapper	Post Panamax	Xiamen	2016	8500
Höegh Jacksonville	PCTC	Daewoo Mangalia	2014	6500
Höegh Jeddah	PCTC	Daewoo Mangalia	2014	6500
Höegh Copenhagen	LCTC	Daewoo (Geoje)	2010	7850

TC vessels

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

HR Data Appendix

Gender distribution for onshore employees by employee category

	2021			2022		
	No. of employees	Women (%)	Men (%)	No. of employees	Women (%)	Men (%)
	Leaders (excluding SMT)	70	21	79	69	20%
Staff	299	52	48	314	52%	48%
Total	376	47	53	383	46%	54%

Reporting requirements in Norway for Activity duty

	2021					2022				
	Temporary employees	No. of weeks parental leave*	No. of employees working part-time	No. of employees involuntary part-time	Sickness rate	Temporary employees	No. of weeks parental leave*	No. of employees working part-time	No. of employees involuntary part-time	Sickness rate
Women	3	10.65	4	0	0.25%	2	14.6	4	0	1.86%
Men	1	9.26	1	0	0.25%	1	3.65	1	0	1.11%

* Numbers are only reported for Norway, due to differences in local legislation across global locations. For Norway, we have reported the average number of weeks of parental leave for women and men which was taken in 2021, per men/ women. The number does therefore not reflect (average) weeks of leave in total.

Gender distribution by location

	2021					2022				
	No. of employees	No. of women	No. of men	Women (%)	Men (%)	No. of employees	No. of women	No. of men	Women (%)	Men (%)
Norway	68	17	51	25	75	67	19	47	28	70
Germany	19	11	8	58	42	20	12	8	60	40
Thailand	1	1	0	100	0	1	1	0	100	0
USA	19	8	11	42	58	19	7	12	37	63
Panama	16	10	6	63	37	17	10	7	59	41
UAE	5	0	5	0	100	4	0	4	0	100
South Africa	8	4	4	50	50	9	3	6	33	67

Gender distribution by location cont.

	2021					2022				
	No. of employees	No. of women	No. of men	Women (%)	Men (%)	No. of employees	No. of women	No. of men	Women (%)	Men (%)
France	11	3	8	27	73	11	3	8	27	73
Spain	7	3	4	43	57	7	3	4	43	57
Philippines	154	96	58	62	38	169	99	71	59	42
Australia	3	1	2	33	67	2	0	2	0	100
India	11	3	8	27	73	10	3	7	30	70
China	34	11	23	32	68	32	11	21	34	66
Singapore	1	1	0	100	0	1	1	0	100	0
Japan	19	7	12	37	63	20	7	13	35	65
Morocco						1	0	1	0	100
Total	376	176	200	47	53	390	179	211	46	54

Information on employees and other workers

	2021	2022
a. Total number of employees by employment contract (permanent and temporary), by gender.	Total number: 376 Permanent: 372 (Male 199/Female: 173) Temporary: 4 (Male 1/Female 3)	390 Permanent: 386 (Male 208/Female: 178) Temporary: 3 (Male 2/Female 1)
b. Total number of employees by employment contract (permanent and temporary), by region.	"Permanent / Temporary Australia: 3" China: 34 France: 11 Germany: 19 India: 11 "Japan: 19 Norway: 67/1 Panama: 16 Philippines: 151/3 Singapore: 1" Thailand: 1	"Permanent / Temporary Australia: 2" China: 32 France: 11 Germany: 20 India: 10 "Japan: 20 Norway: 67 Panama: 17 Philippines: 166/3 Singapore: 1" Thailand: 1
c. Total number of employees by employment type (full-time and part-time), by gender.	Fulltime: 371 (Male 199/Female: 172) Part-time: 5 (Male 1/Female 4)	Fulltime: 387 (Male 211/Female: 176) Part-time: 3 (Male 0/Female 3)
e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).	This is does not apply to Höegh Autoliners.	This is does not apply to Höegh Autoliners.
f. An explanation of how the data have been compiled, including any assumptions made.	We have compiled the data per countries where Höegh Autoliners is represented.	We have compiled the data per countries where Höegh Autoliners is represented.

HR Data Appendix *cont.*

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

2021			2022		
Age	Total	Rate	Age	Total	Rate
Under 30 years old	31	40,26%	Under 30 years old	11	22,45%
30 – 50 years old	36	46,75%	30 – 50 years old	33	67,35%
Over 50 years old	10	12,99%	Over 50 years old	5	10,20%
Total	77	1	Total	49	100,00%
Gender	Total	Rate	Gender	Total	Rate
Male	35	45,45%	Male	29	59,18%
Female	42	54,55%	Female	20	40,82%
Total	77	1	Total	49	100,00%
Based on employee's country	Total	Rate	Based on employee's country	Total	Rate
Australia	1	1,30%	Australia	0	0,00%
China	3	3,90%	China	1	2,04%
Germany	12	15,58%	Germany	1	2,04%
India	2	2,60%	India	1	2,04%
Japan	3	3,90%	Japan	2	4,08%
Norway	9	11,69%	Norway	6	12,24%
Panama	7	9,09%	Panama	1	2,04%
Philippines	37	48,05%	Philippines	32	65,31%
USA	3	3,90%	USA	2	4,08%
Total	77	100,00%	Total	49	100,00%

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

2021			2022		
Age	Total	Rate	Age	Total	Rate
Under 30 years old	16	36,36%	Under 30 years old	5	12,50%
30 – 50 years old	22	50,00%	30 – 50 years old	32	80,00%
Over 50 years old	6	13,64%	Over 50 years old	3	7,50%
Total	44	100,00%	Total	40	100,00%
Gender	Total	Rate	Gender	Total	Rate
Male	24	54,55%	Male	20	50,00%
Female	20	45,45%	Female	20	50,00%
Total	44	100,00%	Total	40	100,00%
Region (based on employee's location)	Total	Rate	Region (based on employee's location)	Total	Rate
China	1	2,27%	China	3	7,50%
Germany	1	2,27%	Germany	0	0,00%
France	1	2,27%	France	0	0,00%
Japan	1	2,27%	Japan	1	2,50%
Norway	5	11,36%	Norway	9	22,50%
Panama	3	6,82%	Panama	0	0,00%
Philippines	24	54,55%	Philippines	18	45,00%
USA	7	15,91%	USA	1	2,50%
South Africa	1	2,27%	South Africa	1	2,50%
Total	44	100,00%	Total	40	100,00%
			Australia	1	2,50%
			India	2	5,00%
			Spain	2	5,00%
			United States	3	7,50%
			Total	40	100,00%

Höegh Autoliners Greenhouse Gas Methodology Statement

Introduction

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

Organisational boundaries

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

Operational boundaries

The reporting of emissions is divided into three scopes: scope 1 consists of the emissions from burned fuels from our vessels, scope 2 covers emissions related to electricity consumption in our offices, and scope 3 describes emissions related to transportation of purchased fuels and business flights for our employees.

Scope 1

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

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

Scope 2

Scope 2 emissions are reported, using both the location-based method and the market-based method. In the location-based method, the average grid mix of each office is used to calculate the corresponding emissions. For the market-based method, each office location is evaluated to determine if there is a functioning market for purchasing green certificates. Offices located in markets where green certificates can be purchased, will use the residual mix factor, adjusted for any purchased green certificates. Offices located in areas without a proper market for purchasing guarantees of origin or similar, are reported with the same factor as in the location-based method. All Höegh Autoliners offices report electricity consumption, however, agent offices where Höegh may have resources working from, are in this report excluded from Scope 2.

The electricity consumption is reported annually to the Sustainability team and is included in the monthly office lease invoice. The electricity is supplied from the state grid for all offices. The monthly electric consumption stated on the electric bill from January 2022 to December 2022 is being recorded for the scope 2 emission calculation.

Scope 3

Höegh has started a process to report our scope 3 emissions and is working to increase the reporting maturity going forward. For 2022, we have included emissions from employees' business flights and well-to-tank emissions from consumed fuel.

Emissions outside scope

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

Calculations

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

Scope 1 calculations:

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

CO₂: Fuel consumed (tonnes) x relevant conversion factor.

N₂O: Fuel consumed (tonnes) x relevant conversion factor

CH₄: Fuel consumed (tonnes) x relevant conversion factor

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

The conversion factors and leakage factor used are taken from the Third and Fourth IMO GHG Study 2020, DEFRA and www.lovddata.no.

To ensure high quality of data and minimize risk for typos, all noon reports are sent to StormGeo for quality checking. In case unrealistically good or poor performance data is entered, the vessel will get a notification and request to correct the entry. The fuel consumption data is based on tank measurement readings and manual input. In case a vessel for some reason hasn't been able to provide noon reports, ROB figures should be compared and consumption manually calculated.

Scope 2 calculations:

The annual electric consumption of the offices is multiplied by the country's emission factor (CO₂ per kWh) as indicated in location-based emission computation. Location- and market-based emission factors are taken from International Electricity Factors (Carbon Footprint Ltd) and IGES (Institute of Global Environmental Strategies).

The data is manually verified and checked by each office before submitted to the Sustainability team.

Scope 3 calculations:

Emissions from airline travels is gathered from the travel agencies HA uses, for every flight.

Emissions from transportation of fuel is calculated as followed: Well to tank = Fuel consumed (tonnes) x well to tank emission factor (Dr. Elizabeth Lindstad, Chief Scientist, SINTEF Ocean Maritime)

Reporting emissions outside the scopes

Biogenic emissions: Direct CO₂ emissions from burned biomass/biofuels

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

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

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

General disclosures

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Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference	
2-1	Organisational details	2-1-a	name of the organisation	page 10	
		2-1-b	nature of ownership and legal form	pages 16-17	
		2-1-c	location of headquarters	pages 10-11	
		2-1-d	location of operations	pages 10-11	
2-2	Entities included in the organisation's sustainability reporting	2-2-a	list all its entities included in its sustainability reporting	This sustainability report includes all subsidiaries in the Höegh Autoliners group.	
		2-2-b	if the organisation has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting	Not applicable	
		2-2-c	"if the organisation consists of multiple entities, explain the approach used for consolidating the information, including: i. whether the approach involves adjustments to information for minority interests ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities iii whether and how the approach differs across the disclosures in this Standard and across material topics"	pages 110-117	
2-3	Reporting period, frequency and contact point	Reporting cycle	2-3-a	specify the reporting period for, and the frequency of, its sustainability reporting	The reporting period is from January 1, 2022 to December 31, 2022 and is conducted annually.
		Reporting period	2-3-b	specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this	January 1, 2022 to December 31, 2022
		Date of most recent report	2-3-c	report the publication date of the report or reported information	31.03.2023
		Contact point for questions regarding the report	2-3-d	specify the contact point for questions about the report or reported information	Adrian Lim - Sustainability Manager Kristoffer Thomassen - Corporate Reporting Manager Cathrine Manum - Head of Corporate Reporting and Tax

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference									
2-4	Restatements of information	2-4-a	report restatements of information made from previous reporting periods and explain: i. the reasons for the restatements; ii. the effect of the restatements.	For the Manila office emission computation, we used IGES emission factor as it is frequently updated and more reliable. Therefore we have restated the total scope 2 emission for 2021 as follows: <table border="1"> <thead> <tr> <th></th> <th>From</th> <th>To</th> </tr> </thead> <tbody> <tr> <td>Location-based</td> <td>323</td> <td>276</td> </tr> <tr> <td>Market-based</td> <td>532</td> <td>486</td> </tr> </tbody> </table>		From	To	Location-based	323	276	Market-based	532	486
			From	To									
Location-based	323	276											
Market-based	532	486											
2-5	External assurance	2-5-a	"describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved"	page 43									
		2-5-b	if the organisation's sustainability reporting has been externally assured: i. provide a link or reference to the external assurance report(s) or assurance statement(s); ii. describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; iii. describe the relationship between the organisation and the assurance provider	page 43									
2-6	Activities, value chain and other business relationships	2-6-a	report the sector(s) in which it is active	pages 10-11, 18-23									
		2-6-b	describe its value chain, including: i. the organisation's activities, products, services, and markets served; ii. the organisation's supply chain; iii. the entities downstream from the organisation and their activities;	pages 10-11, 18-23, 26-29									
		2-6-c	report other relevant business relationships	Not applicable									
		2-6-d	describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting period.	page 14									
2-7	Employees	2-7-a	report the total number of employees, and a breakdown of this total by gender and by region	pages 186-189									
		2-7-b	report the total number of: i. permanent employees, and a breakdown by gender and by region; ii. temporary employees, and a breakdown by gender and by region; iii. non-guaranteed hours employees, and a breakdown by gender and by region; iv. full-time employees, and a breakdown by gender and by region; v. part-time employees, and a breakdown by gender and by region;	pages 186-189									

General disclosures

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Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
		2-7-c	describe the methodologies and assumptions used to compile the data, including whether the numbers are reported: i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology	pages 66-67, 186-189
		2-7-d	report contextual information necessary to understand the data reported under 2-7-a and 2-7-b	pages 64, 66-67, 69
		2-7-e	describe significant fluctuations in the number of employees during the reporting period and between reporting periods.	There have not been significant fluctuations in this number during 2022.
2-8	Workers who are not employees			
		2-8-a	report the total number of workers who are not employees and whose work is controlled by the organisation and describe: i. the most common types of worker and their contractual relationship with the organisation; ii. the type of work they perform	pages 186-189
		2-8-b	describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported: i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology"	pages 66-67, 186-189
		2-8-c	describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods	Not applicable
2-9	Governance and structure composition			
	Governance structure	2-9-a	describe its governance structure, including committees of the highest governance body	pages 24-25, 46-47, 82-83
		2-9-b	list the committees of the highest governance body that are responsible for decisionmaking on and overseeing the management of the organisation's impacts on the economy, environment, and people	pages 94-97
	Composition of the highest governance body and its committees	2-9-c	"describe the composition of the highest governance body and its committees by: i. executive and non-executive members; ii. independence; iii. tenure of members on the governance body; iv. number of other significant positions and commitments held by each member, and the nature of the commitments; v. gender; vi. under-represented social groups; vii. competencies relevant to the impacts of the organisation; viii. stakeholder representation."	pages 67, 82-97

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-10	Nominating and selecting the highest governance body			
		2-10-a	describe the nomination and selection processes for the highest governance body and its committees	pages 84-97
		2-10-b	describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration: i. views of stakeholders (including shareholders); ii. diversity; iii. independence; iv. competencies relevant to the impacts of the organisation.	pages 84-97
2-11	Chair of the highest governance body			
		2-11-a	report whether the chair of the highest governance body is also a senior executive in the organisation	The Chair of the Board is not part of the senior executive team
		2-11-b	if the chair is also a senior executive, explain their function within the organisation's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated	Not applicable
2-12	Role of the highest governance body in overseeing the management of impacts			
	Role of the highest governance body in setting purpose, values and strategy	2-12-a	describe the role of the highest governance body and of senior executives in developing, approving, and updating the organisation's purpose, value or mission statements, strategies, policies, and goals related to sustainable development	pages 46-47, 82-83
		2-12-b	describe the role of the highest governance body in overseeing the organisation's due diligence and other processes to identify and manage the organisation's impacts on the economy, environment, and people, including: i. whether and how the highest governance body engages with stakeholders to support these processes; ii. how the highest governance body considers the outcomes of these processes;	pages 46-47, 82-83
		2-12-c	describe the role of the highest governance body in reviewing the effectiveness of the organisation's processes as described in 2-12-b, and report the frequency of this review.	pages 46-47, 82-83
2-13	Delegation of responsibility for managing impacts			
		2-13-a	describe how the highest governance body delegates responsibility for managing the organisation's impacts on the economy, environment, and people, including: i. whether it has appointed any senior executives with responsibility for the management of impacts; ii. whether it has delegated responsibility for the management of impacts to other employees	pages 84-97
		2-13-b	describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organisation's impacts on the economy, environment, and people	pages 84-97

General disclosures

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Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-14	Role of the highest governance body in sustainability reporting	2-14-a	report whether the highest governance body is responsible for reviewing and approving the reported information, including the organisation's material topics, and if so, describe the process for reviewing and approving the information	pages 46-47, 84-97
		2-14-b	if the highest governance body is not responsible for reviewing and approving the reported information, including the organisation's material topics, explain the reason for this.	Not applicable
2-15	Conflicts of interest	2-15-a	describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated	pg. 94-97
		2-15-b	report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to: <ul style="list-style-type: none"> i. cross-board membership; ii. cross-shareholding with suppliers and other stakeholders; iii. existence of controlling shareholders; iv. related parties, their relationships, transactions, and outstanding balances" 	pg. 94-97
2-16	Communicating critical concerns	2-16-a	describe whether and how critical concerns are communicated to the highest governance body	pages 94-97 Critical concerns are communicated to the board directly and there is also a regular reporting on compliance work and updates to the Company's Audit Committee.
		2-16-b	report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period	pages 77-78
2-17	Collective knowledge of highest governance body	2-17-a	report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	pages 84-97
		2-18-a	describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, environment, and people	pages 94-97
2-18	Evaluating the highest governance body's performance	2-18-b	report whether the evaluations are independent or not, and the frequency of the evaluations	pages 94-97
		2-18-c	describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organisational practices	Results of the evaluation are reported to the Nomination Committee for consideration of the competence and composition of the board

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-19	Remuneration policies	2-19-a	describe the remuneration policies for members of the highest governance body and senior executives, including: <ul style="list-style-type: none"> i. fixed pay and variable pay; ii. sign-on bonuses or recruitment incentive payments; iii. termination payments; iv. clawbacks; v. retirement benefits 	pages 94-97 The remuneration report will be publicly available in the Investor Relation section of our website
		2-19-b	describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organisation's impacts on the economy, environment, and people.	pages 94-97 The remuneration report will be publicly available in the Investor Relation section of our website
2-20	Process for determining remuneration	2-20-a	describe the process for designing its remuneration policies and for determining remuneration, including: <ul style="list-style-type: none"> i. whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration; ii. how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration; iii. whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organisation, its highest governance body and senior executives 	pages 94-97 The remuneration report will be publicly available in the Investor Relation section of our website
		2-20-b	report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable	pages 94-97 The remuneration report will be publicly available in the Investor Relation section of our website
2-21	Annual total compensation ratio	2-21-a	report the ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	pages 94-97 The remuneration report will be publicly available in the Investor Relation section of our website
		2-21-b	report the ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	pages 94-97 The remuneration report will be publicly available in the Investor Relation section of our website
		2-21-c	report contextual information necessary to understand the data and how the data has been compiled.	pages 94-97 The remuneration report will be publicly available in the Investor Relation section of our website
2-22	Statement on sustainable development strategy	2-22-a	report a statement from the highest governance body or most senior executive of the organisation about the relevance of sustainable development to the organisation and its strategy for contributing to sustainable development	pages 32-33

General disclosures

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Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-23	Policy commitments			
	Values, principles, standards, and norms of behaviour, precautionary principle approach	2-23-a	describe its policy commitments for responsible business conduct, including: i. the authoritative intergovernmental instruments that the commitments reference; ii. whether the commitments stipulate conducting due diligence; iii. whether the commitments stipulate applying the precautionary principle; iv. whether the commitments stipulate respecting human rights	pages 68-69 Our human rights policy is made publicly available in our sustainability section on our webpage.
		2-23-b	describe its specific policy commitment to respect human rights, including: i. the internationally recognized human rights that the commitment covers; ii. the categories of stakeholders, including at-risk or vulnerable groups, that the organisation gives particular attention to in the commitment	pages 68-69 Our Human Rights Policy was approved by the Executive team. Our Human Rights Policy covers all type of workers within the Höegh Autoliners Corporate structure. We have a Supplier Code of Conduct (also available on our website) that covers expected commitments to Human Rights for all of our Suppliers.
		2-23-c	provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this	
		2-23-d	report the level at which each of the policy commitments was approved within the organisation, including whether this is the most senior level;	Our commitments to Human Rights are communicated via various channels including our website, our internal governance portal and through internal communication channels including training.
		2-23-e	report the extent to which the policy commitments apply to the organisation's activities and to its business relationships	
		2-23-f	describe how the policy commitments are communicated to workers, business partners, and other relevant parties	Our human rights policy is made publicly available in our sustainability section on our webpage.

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-24	Embedding policy commitments			
		2-24-a	describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: i. how it allocates responsibility to implement the commitments across different levels within the organisation; ii. how it integrates the commitments into organisational strategies, operational policies, and operational procedures; iii. how it implements its commitments with and through its business relationships; iv. training that the organisation provides on implementing the commitments.	pages 77-78, 94-97
2-25	Processes to remediate negative impacts			
		2-25-a	describe its commitments to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to	pages 77-78
		2-25-b	describe its approach to identify and address grievances, including the grievance mechanisms that the organisation has established or participates in	pages 77-78, Can be found here .
		2-25-c	describe other processes by which the organisation provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to	The investigator will as part of the process provide a report that includes corrective actions going forward to ensure the issue is both resolved on this particular occasion, but also to reduce the risk of it happening again.
		2-25-d	describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms	The design of our whistleblowing policy, procedure and system has been approved by the Executive team. We have regularly reviewed the policy, procedure and system making small improvements, however we have not had any whistleblowing incidents that have necessitated major changes to be made.
		2-25-e	describe how the organisation tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback	

General disclosures

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Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-26	Mechanisms for seeking advice and raising concerns			
		2-26-a	describe the mechanisms for individuals to: i. seek advice on implementing the organisation's policies and practices for responsible business conduct; ii. raise concerns about the organisation's business conduct	pages 77-78, Can be found here .
2-27	Compliance with laws and regulations			
		2-27-a	report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by: i. instances for which fines were incurred; ii. instances for which non-monetary sanctions were incurred	pages 77-78
		2-27-b	report the total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by: i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period; ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods	Not applicable
		2-27-c	describe the significant instances of non-compliance	Not applicable
		2-27-d	describe how it has determined significant instances of non-compliance	Not applicable

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-28	Membership associations			
		2-28-a	report industry associations, other membership associations, and national or international advocacy organisations in which it participates in a significant role	pages 42-43
2-29	Approach to stakeholder engagement			
		2-29-a	List of stakeholder groups, identifying and selecting stakeholders "describe its approach to engaging with stakeholders, including: i. the categories of stakeholders it engages with, and how they are identified; ii. the purpose of the stakeholder engagement; iii. how the organisation seeks to ensure meaningful engagement with stakeholders.	pages 44-45
2-30	Collective bargaining agreements			
		2-30-a	report the percentage of total employees covered by collective bargaining agreements	page 68
		2-30-b	for employees not covered by collective bargaining agreements, report whether the organisation determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organisations.	page 68

Material Topics

Standard number	Disclosure title	Disclosure number	Content	Disclosure
3-1	Process to determine material topics	3-1		
		3-1-a	"describe the process it has followed to determine its material topics, including: i. how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships; ii. how it has prioritized the impacts for reporting based on their significance"	pages 44-45
		3-1-b	"specify the stakeholders and experts whose views have informed the process of determining its material topics."	pages 44-45
3-2	List of material topics	3-2		
		3-2-a	list its material topics	pages 44-45
		3-2-b	report changes to the list of material topics compared to the previous reporting period	pages 44-45

Standard number	Disclosure title	Disclosure number	Content	Disclosure
3-3	Management of material topics	3-3		
		3-3-a	"describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights"	pages 44-79
		3-3-b	"report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships"	pages 44-79
		3-3-c	describe its policies or commitments regarding the material topic	pages 44-79
		3-3-d	"describe actions taken to manage the topic and related impacts, including: i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts"	pages 44-79
		3-3-e	"report the following information about tracking the effectiveness of the actions taken: i. processes used to track the effectiveness of the actions; ii. goals, targets, and indicators used to evaluate progress; iii. the effectiveness of the actions, including progress toward the goals and targets; iv. lessons learned and how these have been incorporated into the organisation's operational policies and procedures"	pages 36-38, 44-79
		3-3-f	"describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e)."	pages 44-79

Performance indicators

Standard number	Disclosure name	Disclosure number	Disclosure title	Reference
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	pages 77, 104-168
		201-3	Defined benefit plan obligations and other retirement plans	pages 77, 104-168
		201-4	Financial assistance received from government	pages 77, 104-168
		GRI 205	Anti-corruption	205-1
205-2	Communication and training about anti-corruption policies and procedures			pages 77-78
205-3	Confirmed incidents of corruption and actions taken			pages 77-78
GRI 302	Energy	302-1	Energy consumption within the organization	pages 53-57
		302-2	Energy consumption outside of the organization	pages 53-57
		302-3	Energy intensity	pages 53-57
		302-4	Reduction of GHG emissions	pages 53-57
		302-5	Reductions in energy requirements of products and services	pages 53-57
GRI 304	Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	page 59
		GRI 305	Emissions	305-1
305-2	Energy indirect (Scope 2) GHG emissions			pages 53-57
305-3	Other indirect (Scope 3) GHG emissions			pages 53-57
305-4	GHG emissions intensity			pages 53-57
305-5	Reduction of GHG emissions			pages 53-57
305-7	Nitrogen oxides (Nox), sulfur oxides (Sox), and other significant air emissions			pages 53-57
GRI 306	Waste	306-3	Waste generated	page 58
		306-4	Waste diverted from disposal	page 58

Standard number	Disclosure name	Disclosure number	Disclosure title	Reference
GRI 308	Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	page 60
		308-2	Negative environmental impacts in the supply chain and actions taken	page 60
GRI 401	Employment	401-1	New employee hires and employee turnover	pages 66-67
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	pages 66-67
		401-3	Parental leave	pages 66-67
GRI 403	Occupational Health and Safety	403-1	Occupational health and safety management system	pages 63-69
		403-3	Occupational health services	pages 63-69
		403-8	Workers covered by an occupational health and safety management system	pages 63-69
		403-9	Work-related injuries	pages 63-69
		403-10	Work-related ill health	pages 63-69
GRI 405	Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	pages 67, 69
		GRI 407	Freedom of association and collective bargaining	407-1
GRI 408	Child labour			408-1
		GRI 409	Forced or compulsory labour	409-1
GRI 414	Supplier social assessment			414-1
		414-2	Negative social impacts in the supply chain and actions taken	page 60
GRI 418	Customer privacy	418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	page 79

SASB Disclosures

Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting metric	Category	2022 Data	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	pages 53-57	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	pages 53-57	TR-MT-110a.2
	(1) Total energy consumed, (2) percentage heavy fuel oil, (3) percentage renewable (Gigajoules (GJ), Percentage (%))	Quantitative	pages 53-57	TR-MT-110a.3
	Average Energy Efficiency Design Index (EEDI) for new ships (Grams of CO ₂ per ton-nauticalmile)	Quantitative	13,02	TR-MT-110a.4
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SOx, and (3) particulate matter (PM ₁₀)	Quantitative	pages 53-57	TR-MT-120a.1
Ecological Impacts	Shipping duration in marine protected areas or areas of protected conservation status	Quantitative	pages 58-61	TR-MT-160a.1
	Percentage of fleet implementing ballast water (1) exchange and (2) treatment	Quantitative	pages 58-61	TR-MT-160a.2
	(1) Number and (2) aggregate volume of spills and releases to the environment	Quantitative	pages 58-61	TR-MT-160a.3
Employee Health & Safety	Lost time incident rate (LTIR)	Quantitative	pages 63-64, 68-69	TR-MT-320a.1
Business Ethics	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantitative	pages 77-78	TR-MT-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	pages 77-78	TR-MT-510a.2
Accident & Safety Management	Number of marine casualties, percentage classified as very serious	Quantitative	page 59	TR-MT-540a.1
	Number of Conditions of Class or Recommendations	Quantitative	166	TR-MT-510a.2
	Number of port state control (1) deficiencies and (2) detentions	Quantitative	pages 58-61	TR-MT-540a.3

Table 2. Activity Metrics

Activity metric	Category	2022 Data	Code
Number of shipboard employees	Quantitative	pages 67, 69	TR-MT-000.A
Total distance traveled by vessels	Quantitative	3 574 848	TR-MT-000.B
Operating days	Quantitative	page 5	TR-MT-000.C
Deadweight tonnage	Quantitative	816 642	TR-MT-000.D
Number of vessels in total shipping fleet	Quantitative	pages 26-27, 182-183	TR-MT-000.E
Number of vessel port calls	Quantitative	page 20	TR-MT-000.F
Twenty-foot equivalent unit (TEU) capacity	Quantitative	252 150 CEU	TR-MT-000.G

Abbreviations

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

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

IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IMO	International Maritime Organisation
ISO	International Organisation for Standardization
KPI	Key Performance Indicator
LCTC	Large Car Truck Carrier
LNG	Liquefied Natural Gas
LTIF	Lost Time Incident Frequency
LTSF	Lost Time Sickness Frequency
MACN	Marine Anti-Corruption Network
MARPOL	International Convention for the Prevention of Pollution from Ships
MGO	Marine Gas Oil
MLC	Maritime Labour Convention
MT	Metric Ton/s
NIBD	Net interest-bearing debt
OEM	Original Equipment Manufacturers
OHS	Occupational Health and Safety
OWS	Oil and Water Separator

PCTC	Pure Car and Truck Carrier
POV	Previously Owned Vehicles
PSC	Port State Control
PwC	PricewaterhouseCoopers
ROHQ	Regional Operating Headquarters
RoRo	Roll-on roll-off
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets Initiative
SDGs	Sustainable Development Goals
SMT	Senior Management Team
STCW	The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers
STP	Sewage Treatment Plant
TC	Time Charter
TCFD	Task Force on Climate- Related Financial Disclosure
UNGC	United Nations Global Compact
WRI	World Resources Institute
WWF	World Wide Fund for Nature
YoY	Year over Year



To the Board of Directors of Høegh Autoliners ASA

Independent statement regarding Høegh Autoliner ASA's 2022 Scope 1 and Scope 2 emissions

We have undertaken a limited assurance engagement of Høegh Autoliners ASA's Scope 1 and Scope 2 (location and market based) emissions for the period 1 January 2022 - 31 December 2022, as presented in Høegh Autoliners ASA's Annual Report 2022, chapter 3 Sustainability; Planet; Climate Change (the Subject Matter).

The applicable criteria against which the Subject Matter has been evaluated is the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (2004) (the Criteria), applied as explained in Høegh Autoliners ASA's Greenhouse Gas Methodology Statement. The Methodology Statement can be found in the appendix to the Annual Report 2022. The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard, is available at <https://ghgprotocol.org/corporate-standard>.

Management's Responsibility

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

Inherent limitations

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

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our Responsibilities

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

A limited assurance engagement in accordance with ISAE 3410 involves assessing the suitability of Høegh Autoliners ASA's use of the Criteria as the basis for the preparation of the Scope 1 and Scope 2 emissions. This also involves assessing the risks of material misstatements of the Scope 1 and Scope 2 emissions whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Scope 1 and Scope 2 emissions as

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presented in the Annual Report 2022. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

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

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

- Through inquiries, obtained an understanding of Høegh Autoliners ASA's control environment and information systems relevant to emissions quantification and reporting, though we did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether Høegh Autoliners ASA's methods for developing estimates are appropriate and have been applied consistently.
- Assessed whether the conversion factors used to calculate the Scope 1 and Scope 2 emissions are in accordance with the criteria and from sources accepted by the GHG Protocol.
- Performed analytical procedures and inquiries to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to Høegh Autoliners ASA's operations.

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

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

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Høegh Autoliners ASA's Scope 1 and Scope 2 (location and market based) emissions for the period 1 January 2022 - 31 December 2022 is not prepared, in all material respects, in accordance with the Criteria.

Bergen, 30 March 2023

PricewaterhouseCoopers AS

Hanne Sælemyr Johansen
State Authorised Public Accountant

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