Höegh Autoliners

Q4 2023
Quarterly report

Highlights
Q4 2023

Key figures consolidated accounts	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
(USD million)					
Total revenues	382	355	356	1 446	1 270
EBITDA	199	185	156	736	447
Profit for the period	197	142	118	590	299
EBITDA adjusted	199	185	156	736	448
Earnings per share, basic	1.03	0.75	0.62	3.09	1.57
Cash and cash equivalents	458	332	184	458	184
Cash flows from operations	203	201	146	746	405
Net interest bearing debt	52	174	379	52	379
Equity ratio	69%	67%	61%	69%	61%

- Operating profit (EBITDA) of USD 199 million and net profit after tax of USD 197 million. The strongest quarter ever for Höegh Autoliners.
- Gross freight rate increased by 6% compared to Q3 2023 to USD 95.6 per cbm.
- Höegh Bangkok sold and delivered to new owners. Sales price was USD 63 million giving a gain of USD 36 million. The vessel was debt free.
- Financing agreement signed for Aurora newbuilds no. 9-12. All newbuilds are then financed on attractive terms.
- Towards the end of the year, Höegh Autoliners decided to stop Red Sea transits.
- We continued to offer our customers carbon free transport and 4% of the fuel used in Q4 was biofuel.
- Q3 2023 dividend of USD 70 million paid in November 2023.
- A dividend of USD 360 million declared and will be paid in March 2024.
- New dividend policy approved by the Board of Directors.

Letter from our CEO

"I am delighted to announce that Höegh Autoliners has accomplished another financially record-breaking performance for the fourth quarter. The Company reported gross revenue of USD 382 million, operating profit (EBITDA) of USD 199 million and net profit after tax of USD 197 million."

Volume development remained flat quarter on quarter. All sailings were full, and net rate reached a new peak of USD 83.4/CBM (up 6% q-o-q) as a result of successful contract repricing and continuously strong spot market. Gross rate rose by 6% to USD 95.6/CBM, mainly driven by the increase in underlying net rate.

On the capacity side, the Company took advantage of the strong market and sold Höegh Bangkok, a 16-year old 6 500 CEU vessel for a price of USD 63 million. The vessel was delivered to the new owner end of the fourth quarter 2023. We also declared a purchase option for Höegh Jacksonville, a 6 500 CEU vessel built in 2014 with a preliminary 2023 CII score of A, currently on bareboat charter lease with Ocean Yield. The vessel will be delivered to Höegh in April 2024 and will continue to serve in our deep sea network.

The newbuilding program continued to make significant process, surpassing construction milestones well ahead of the original schedule. The first two Aurora class vessels are now scheduled to be delivered in July and September 2024. The delivery of the newbuilds will solidify Höegh Autoliners' leading role in reducing our own, as well as our customers' carbon footprint by providing our customers the opportunities to transport their cargo on the newest, most carbon-efficient car carriers ever built.

Operational-wise, in the face of uncertain water, Höegh Autoliners continued to navigate challenge with resilience. Following the escalation of the Houthi group's attack in the Red Sea area, we have for the time being decided to reroute all sailings with Suez transits via the Cape of Good Hope. The safety of our crew, cargo, and vessels remains Höegh Autoliners' top priority. While we expect a negative impact on volumes following the longer sailings, we are working systematically to offset this by cargo repricing and surcharge implementation.

In November 2023, A.P. Møller - Maersk A/S, a long-term owner of the Company, decided to sell out all remaining 20 million shares in the Company for a price of NOK 90.00 per share. The sale enhances the liquidity of the shares, and many of our existing investors have taken the opportunity to increase their position. We appreciate the continued support from our investors, and I am pleased to announce that we will pay a dividend of USD 360 million in March 2024. We have a new dividend policy where we target to distribute quarterly dividends to shareholders of around 100% of cash generation after amortization of debt facilities, capital expenditure and payable taxes.

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

Andreas Enger

Andreas Enger, CEO

Director’s report

Financial performance

Freight revenues in Q4 2023 were USD 382 million compared to USD 355 million in Q3 2023 and USD 356 million in Q4 2022. EBITDA in Q4 2023 was USD 199 million compared to USD 185 million in Q3 2023 and USD 156 million in Q4 2022. Adjusted EBITDA in Q4 2023 was USD 199 million compared to USD 185 million in Q3 2023 and USD 156 million in Q4 2022. See the section Alternative Performance Measures for reconciliation between EBITDA and adjusted EBITDA.

The main reason for the increase in revenues and EBITDA from Q3 is the rate increase achieved in the strong market. The net freight rate increased with 6% from Q3, due to the continuing strong spot market, and repricing of contracts. Total volume transported was stable at around 4 million CBM, same as previous quarters.

Net profit after tax in Q4 2023 was USD 197 million, compared to a net profit after tax of USD 142 million in Q3 2023 and a net profit after tax of USD 118 million in Q4 2022.

Freight revenues for FY 2023 were USD 1 446 million compared to USD 1 270 million FY 2022. EBITDA for FY 2023 was USD 736 million compared to USD 447 million for FY 2022. Adjusted EBITDA for FY 2023 was USD 736 million compared to USD 448 million for FY 2022.

Net profit after tax for FY 2023 was USD 590 million compared with a net profit after tax of USD 299 million for FY 2022.

Cash flow and financing

Cash flows from operations were USD 203 million for Q4 2023 compared to USD 201 million for Q3 2023 and USD 146 million for the same quarter last year. Capital expenditures in Q4 2023 were USD 39 million, mainly related to instalments for the Aurora newbuilding program of USD 30 million. The remaining capital expenditures relate to dry dock expenses and vessel upgrades. Net proceeds from sale of tangible assets of USD 62 million relate to the sale of Höegh Bangkok.

Cash and cash equivalents were USD 458 million at the end of Q4 2023 compared to USD 332 million at the end of Q3 2023. Dividend for Q3 2023 of USD 70 million was paid out in November.

A dividend of USD 360 million has been declared and will be paid in March 2024.

The book equity ratio was 69% at the end of Q4 2023, up from 67% at the end of Q3 2023 and up from 61% at the end of Q4 2022.

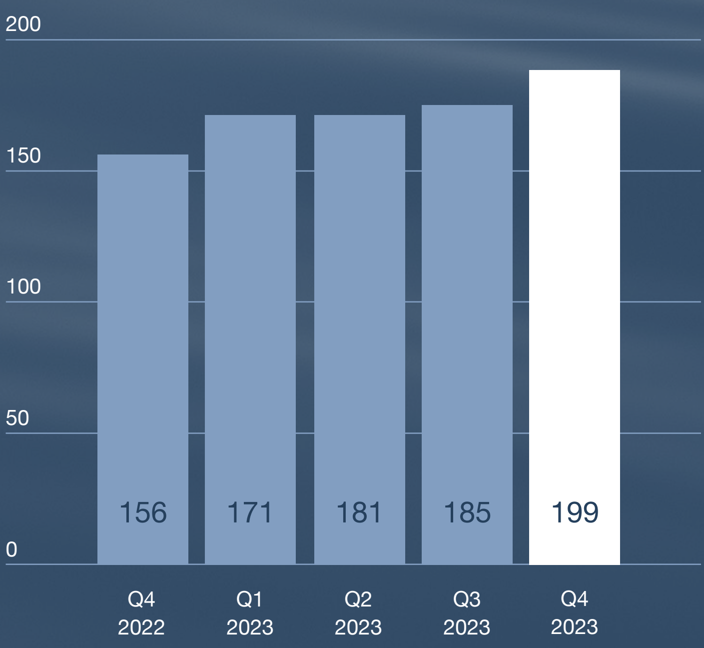
Net interest-bearing debt was USD 52 million at the end of Q4 2023 compared to USD 174 million at the end of Q3 2023 and USD 379 million at the end of Q4 2022.

The total commitment for the newbuilding program is USD 1.2b, of which USD 943 million is financed by loans and leases and the remaining USD 284 million from equity. Of the equity part, USD 234 million has been paid.

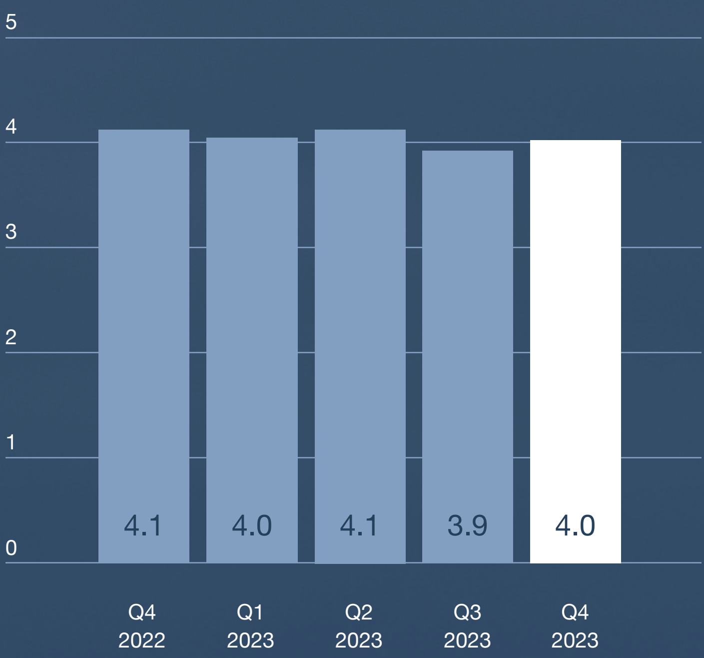
Financial performance - graphs

Total revenues (USD million)

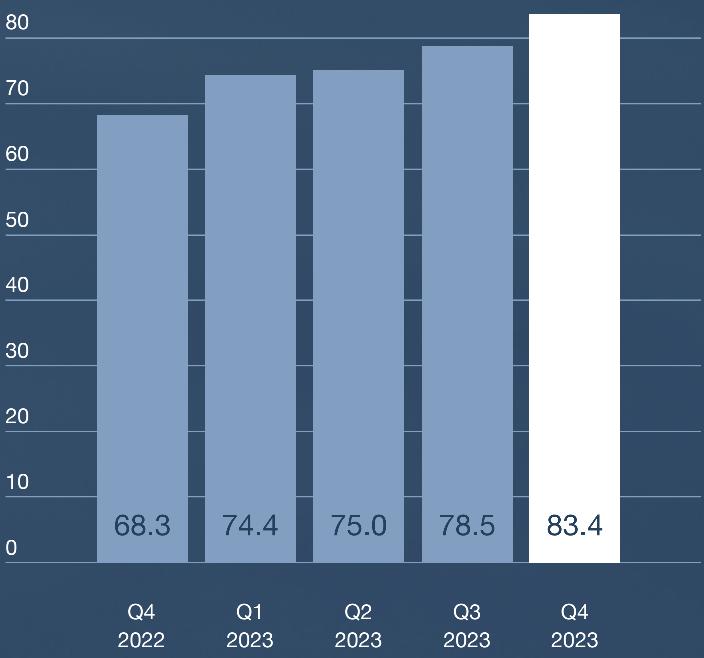
EBITDA adjusted (USD million)



Volumes (CBM million)



Net freight rate (USD per CBM)



Operational performance

Market update

Global light vehicle sales increased by 9% in Q4 compared to the same quarter in 2022 and was up 4% compared to Q3. The recovery in light-vehicle output continued to facilitate inventory restocking efforts across numerous regions. With supply constraints removed, vehicle demand was further rebounding, supported by lingering pent-up demand. However, the state of consumer demand remained a key consideration given elevated vehicle pricing alongside poor credit and lending conditions. Estimated 2023 sales show an 8.9% increase to 86 million units, driven by growing demand for new vehicles. The 2024 forecast projects a mild upgrade to 88.3 million units, up by 2.8% y-y.

Höegh Autoliners' main markets

Automotive

Vehicle sales in key Höegh Autoliners destination markets increased in Q4 by an estimated 3% y-y, but were down by 2% Q-Q. The main reason for the Q-Q decline was a significant improvement in Q3 sales compared to previous estimates. The underlying pent-up demand remained robust in Q4. Inventory levels continued to increase during the quarter, but still from a low base.

Asia outbound

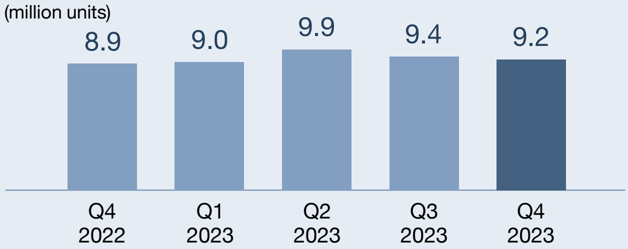
Asia's vehicle exports in the period January-November expanded by 31% y-y, driven by booming Chinese shipments (up 57% y-y), but also by fast recovering shipments from S. Korea and Japan. China is on the path to cement its position as the largest vehicle exporter by volume with January-November exports of 4.4 million units, compared to 4 million units exported from Japan. In January-November, China's exports to Europe grew by 46% y-y. Japan's vehicle exports expanded by 15% whereof shipments to Europe were up 39% while to the US – up 15%. In the same period, S. Korean vehicle shipments strengthened to both USA - up 39% y-y and to Europe – up 6% y-y. Estimated 2023 vehicle exports from Asia increased by 30% y-y.

High & Heavy (H&H) markets

All Höegh H&H destination markets continued to perform solidly in Q4. The key drivers supporting equipment sales remained massive energy transition and decarbonization investments across the world, strong manufacturing and infrastructure construction activity, particularly in the U.S. (driven by CHIPS Act and IRA), as well as still sizeable order backlogs and the need for OEMs to replenish stocks.

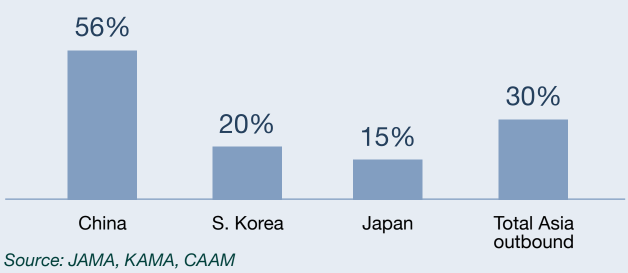
In the period January-November, Asia's core construction equipment shipments increased by 9% y-y, and by 51% when compared to the same period in 2019. China dominated shipments with volumes up 17% y-y and up a massive 93% vs. 2019. Chinese exports were driven by weak domestic market, and oversized domestic production capacity. Forecast for 2024 demand is for a slight market softness, but from historically high levels.

Quarterly light vehicle sales in key HA destination markets*
2022 - 2023



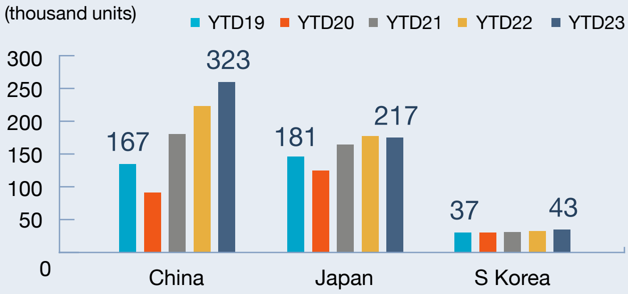
** destination markets: Western/Central Europe, Middle East, N. America, Oceania*
Source: S&P Global Jan 2024 forecast

Vehicle exports from Asia (% change y-y)
Jan-Nov 2023



Source: JAMA, KAMA, CAAM

Exports of core construction equipment from Asia
Jan-Nov 2023



Source: S&P Global Trade Atlas - all cargo sizes

Capacity / Fleet update

Time charter rates have increased 5% during the quarter to new record levels. There is still limited tonnage available in the spot market.

The transits through Red Sea discontinued for most operators from end of fourth quarter, and the vessels are currently rerouting the sailings via Cape of Good Hope.

The Aurora newbuilding program progressing as planned with steel cutting of vessel number five and six during the quarter. Delivery of the two first Aurora vessels is planned for July and September 2024.

Höegh Bangkok was delivered to new owners in the end of November 2023. In October, an option to purchase Höegh Jacksonville was exercised. The vessel will be delivered to Höegh Autoliners in April 2024.

Sustainability

Planet

Technical upgrades and newbuilding program:
Q4 was no exception on our journey of reducing our environmental footprint, and we have continued throughout the quarter to follow up on our planned initiatives of technical upgrades to our fleet.

Technical upgrades to improve carbon efficiency	FY 22	Q1 - Q3 23	Q4 23	On order
Upgrades installed (# of vessels)	2	2	1	12*

* "On order" does not include the LED light orders on 30 of our vessels

During the quarter, we have installed one of our vessels with a new propeller including a propeller boss cap fin (PBCF). Further, we have placed orders for two similar propellers including PBCFs for two of our other vessels. These propellers are optimized propellers tailored to our operational requirements, which accompanied by a PBCF might yield potential fuel savings of up to 5-6% per vessel. In addition, we have placed an order for a "turbo charger derating" for one of our vessels. This will improve the vessel's speed range, enabling the vessel to reduce fuel consumption while holding the same operational speed and might yield potential fuel savings of 2-3% on a vessel basis. Finally, we have ordered LED lights on cargo deck for 30 of our vessels, reducing the overall energy consumption of our vessels. We hope to see the positive effects of these measures from 2025 and onwards.

In November, the first DNV-approved LNG/Ammonia tank was installed on our first Aurora class vessel, marking a significant milestone in our newbuilding program. Two Aurora vessels are set for H2 delivery this year, with the first delivered in July.

Environmental performance:
We remain committed to transparent reporting by disclosing our quarterly fleet carbon intensity (cgDIST) data, encompassing all vessels under our ownership and/or technical management. The graph to the right illustrates the cgDIST for the past five quarters, indicating a marginal uptick in our carbon intensity in Q4 2023 compared to the prior quarter. We experience stable operating environment, but a bit tougher weather in the northern hemisphere as expected for Q4, slightly impacting fuel consumption. This is partly offset by the continued adoption of biofuel which is expected to continue into 2024.

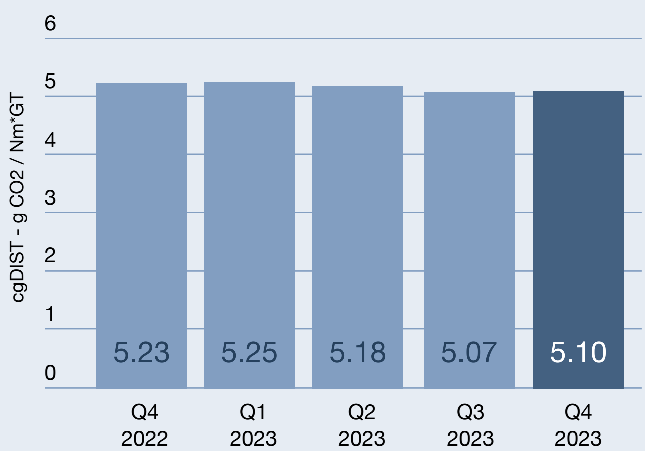
As part of our journey of supporting our customers to decarbonize their supply chains, we continued to offer our customers the option of transporting cargo from Europe using advanced biofuels that adhere to the highest sustainability standards throughout the quarter. During the year, we have ordered around 10,380 MT of sustainable biofuel, about three times the volume of 2022. When consumed, this will reduce the well-to-wake carbon emissions by approximately 85% compared to conventional fuel.

Going forward, we continue to be strongly committed to achieving our carbon intensity reduction target by 2030, and we will continue to explore innovative ways and new partnerships to optimize our fleet's efficiency and to further reduce our environmental impact.

In previous reporting, Höegh Autoliners has referred to its carbon intensity measure as the Annual Efficiency Ratio (AER). To ensure alignment with the Poseidon Principles, the term cgDIST will be used going forward. Please be assured that this change is solely related to the terminology used and will not impact any of the previously reported numbers, nor those in the future. The calculations for measuring carbon intensity have remained consistent and will continue to be so.

*For 2023, the Poseidon Principles set a cgDIST target of 5.4 g CO2/nm*GT for medium-sized vessels between 30 000 and 49 999 GT and 4.6 for vessels over 50 000 GT. As of the end of Q4 2023, Höegh Autoliners operates one medium-sized vessel and 32 large vessels. Our ambition of reducing our carbon intensity by more than 30% by 2030 ("30 by 30") will contribute to meeting the Poseidon Principles.*

Carbon Intensity*



** Carbon intensity for the current year and quarter is calculated based on unverified data from the International Maritime Organization's Data Collection System (DCS) and is subject to change after the final verification, which is carried out by DNV and ABS in the first half of each calendar year.*

People

Health and safety

Höegh Autoliners has a strong focus on avoiding accidents and negative 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.

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

Lost time reporting
We see that the increased focus on personal safety is now yielding positive effect and that the LTIF is now showing a positive trend. Our focus on preventing incidents related to use of power tools have resulted in zero new incidents. We are continuing to focus on proper safety awareness when using power tools as part of our campaign for 2023. Currently, we are well above our KPI target of 0.7, however, among the reported incidents there are no serious injuries. Examples of incidents were sprained ankle during onboard sport activity. Crew has fully recovered.

Improved sickness reporting was initiated in 2022, KPI was set to 2.5 for 2023. We have initiated a close dialogue with our pre-embarkation medical centres with focus on identifying pre-illness indicators. For 2023, we have seen a downward trend and in Q4 2023 we achieved a LTSF of 1.66, and none of the illness experienced were categorized as serious. Examples of recent sickness cases are tooth ache conditions that needed consultation by dentist.

Employment and human capital

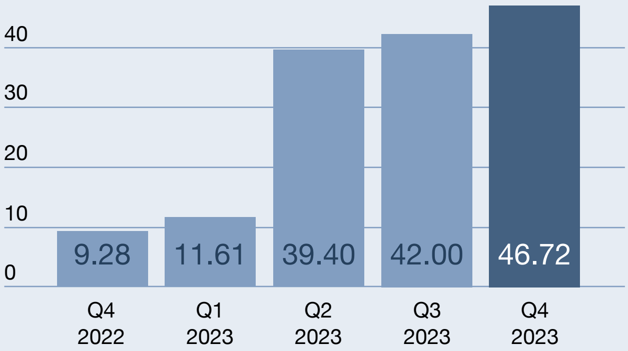
Our annual engagement survey was conducted in Q4 to take the pulse of the land-based organisation. 83% of employees responded to the survey, and the overall results are very high with a stable engagement index of 80% and most scores above the top 25% benchmark that we compare ourselves with. The team results have been shared with leaders and employees early Q1, and the action-planning to follow-up on the results will be a part of the team's goal setting for Q1 2024.

Two new cohorts of 12 leaders were enrolled to the Lead Teams leadership development programme in October 2023 finishing in June 2024. The programme is focusing on practical tools and insight for better communication and strategic leadership. A new cohort of 12 people also was kicked off for our Early Career Programme, a development fast track programme. An integral part of the Early Career Programme is mentoring with internal mentors, and the mentor programme was kicked-off with 23 mentors and equal number of mentees onboard.

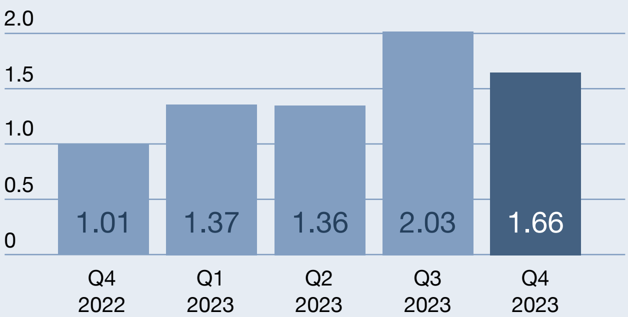
2023 was closed off with the Performance Review conversations, supported by our HR system and skills platform. A strength-based approach was incorporated in the process and will continue in the goal-setting process in Q1 2024. All employees have their skills profile and development goals set in our skills platform.

During Q4 we welcomed 16 new joiners to Höegh Autoliners, of which 11 women and 5 men. To make sure they get the best start we continue improving the onboarding journey in our systems.

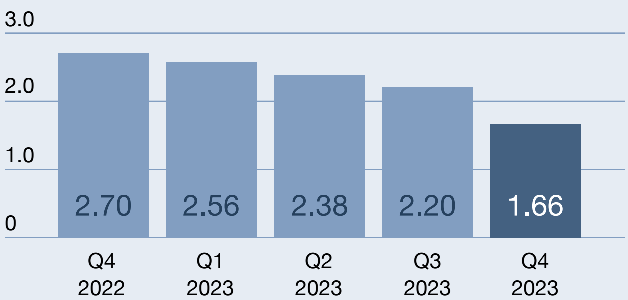
Near Accident Frequency
(near accidents per million hours past 12 months)



Lost Time Incident Frequency
(incidents per million hours past 12 months)



Lost Time Sickness Frequency
(cases per million hours past 12 months)




SECURITY GUARD

Prosperity

Sailing for sustainability – lifting profitability

We are committed to sustaining the profitability of our operations and generating long-term value for our shareholders but also promoting prosperity for the planet and society. Our strategy is centered around continuous improvement, operational excellence, and strong customer relationships, which are essential for building resilience for the future.

Höegh Autoliners continues to distribute dividends on a quarterly basis, consistent with our dividend policy of paying out between 30-50% of adjusted net profit. In November 2023, a dividend of USD 70 million was paid out based on Q3 2023 results. The declared dividend for Q4 2023 of USD 360 million will be paid out in March 2024.

During the quarter, we have reflagged two of our vessels under the Norwegian flag, integrating them into the Norwegian International Ship Registry (NIS). With these additions, more than 1 600 of our seafarers are working on our NIS-registered vessels. This decision reinforces our commitment to ensuring secure and efficient fleet management and at the same time upholding the highest operational standards as overseen by the Norwegian Maritime Authority.

In October, Höegh Autoliners declared the option of purchasing Höegh Jacksonville (6 500 CEU), recognized as one of our fleet's best-performing vessels. At the same time, we announced the sale of Höegh Bangkok (6 500 CEU) which was delivered to her new owners in November 2023. These transactions represent good opportunities for us to optimize our long-term fleet composition, both in terms of maximizing our capacity, strengthening our capital structure and reducing our environmental footprint.

In December, we announced that we have formalized a partnership with Sumitomo Corporation to collaborate on the supply and delivery of clean ammonia as a next-generation sustainable maritime fuel for Höegh Autoliners' Aurora Class vessels. The focus will be the two strategic global bunkering ports of Singapore and Jacksonville (USA) and is another strategic move in our efforts to offer our customers net-zero transportation globally.

In the same month, we also announced a strategic partnership with the leading global provider of ocean transportation solutions, VARO, aimed at advancing the decarbonization of maritime sectors. The collaboration with VARO focuses on supplying 100% advanced biofuels for deep-sea transportation from Europe and marks another significant step in reducing our environmental footprint.

At the end of the quarter, we released our Sustainability Linked Financing Framework in an aim to link our future financing to our sustainability performance and targets. The framework is tied to our carbon intensity trajectory led by our target of reducing our carbon intensity by more than 30% by 2030 from a 2019 level. With this framework we invite financial institutions sharing our vision and business philosophy to align their investments with our decarbonization strategy. The framework can be found on our website.

Outlook

Höegh Autoliners enters 2024 with a solid contract backlog at healthy rates and has more contracts coming up for renewal in the first half of 2024. The general market fundamentals are strong, and rates are firm. Following from the normal seasonal slowdown in the beginning of the year, somewhat reduced capacity due to sale of one vessel and the situation in the Red Sea, we expect to transport lower volumes for Q1 than the average for the last quarters.

The decision not to transit Red Sea led to short term disturbances in scheduling of vessels and consequently lost operating days and increased costs.

As we adjust schedules and recalibrate the network, the financial effect is mainly coming from longer voyages and lower volumes transported by reduced capacity (as long as we continue to sail around Cape of Good Hope). We are in the process of implementing surcharges and repricing cargo wherever we have the possibility to do so. If the situation persists for a longer period, the expectation is that the situation will add to the industry capacity shortage we have experienced in recent years.

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

Oslo, 7 February 2024

The Board of Directors of Höegh Autoliners ASA

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

Gyrid Skalleberg Ingerø,
Board member

Consolidated interim financial statements

Interim consolidated statement of comprehensive income

(USD 1 000)	Notes	Q4 2023	Q4 2022	2023	2022
Total revenues	2	381 904	356 286	1 446 075	1 270 320
Bunker expenses		(64 063)	(78 105)	(241 937)	(314 361)
Voyage expenses		(87 118)	(90 392)	(340 037)	(370 359)
Charter hire expenses		(1 049)	(2 211)	(9 480)	(21 325)
Running expenses		(23 856)	(24 305)	(100 076)	(100 361)
Administrative expenses		(6 897)	(5 318)	(19 035)	(17 201)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**198 921**	**155 956**	**735 510**	**446 714**
Profit from associates and joint ventures		(139)	(317)	735	1 539
Gain/(loss) on sale of assets	3	35 847	(1 168)	35 835	19 094
Depreciation	3	(35 669)	(38 700)	(145 565)	(151 470)
Operating profit before financial items		**198 960**	**115 772**	**626 515**	**315 877**
Interest income	4	4 156	767	12 218	963
Interest expenses	4	(8 700)	(9 594)	(33 338)	(31 235)
Income from other financial items	4	1 643	13 848	196	38 524
Expenses from other financial items	4	(1 409)	(885)	(7 727)	(10 552)
Profit before tax		**194 648**	**119 907**	**597 864**	**313 577**
Tax expense		(2 796)	(5 848)	(10 076)	(6 058)
Change in deferred tax		5 509	3 865	1 798	(8 934)
Profit for the period		**197 361**	**117 924**	**589 585**	**298 585**
Other comprehensive income					
Items that may be reclassified to profit and loss:					
Currency translation differences		212	602	(171)	(1 087)
Items that will not be reclassified to profit and loss:					
Remeasurement on defined benefit plans		(134)	120	(134)	120
Changes in fair value of equity investments		(87)	(661)	(87)	(661)
Other comprehensive income, net of tax		**(9)**	**62**	**(392)**	**(1 627)**
Total comprehensive income for the period		**197 352**	**117 987**	**589 193**	**296 959**
Earnings per share basic (USD)	7	1.03	0.92	3.09	1.57
Earnings per share diluted (USD)	7	1.03	0.91	3.07	1.56

Interim consolidated statement of financial position

(USD 1 000)	Notes	31.12.2023	31.12.2022
Assets			
Non-current assets			
Deferred tax assets		864	774
Vessels	3	1 032 499	988 629
Right-of-use assets	3	142 216	273 974
Newbuildings and projects	3	269 853	138 725
Equipment	3	13 913	15 656
Investments in associates and joint ventures		4 960	5 233
Other non-current assets		859	1 231
Other non-current financial assets		977	1 078
Total non-current assets		**1 466 140**	**1 425 300**
Current assets			
Bunker		43 416	47 800
Trade and other receivables		87 291	92 924
Prepayments		4 164	2 224
Cash and cash equivalents		458 333	183 940
Total current assets		**593 203**	**326 888**
Total assets		**2 059 344**	**1 752 187**

Interim consolidated statement of financial position *cont.*

(USD 1 000)	Notes	31.12.2023	31.12.2022
Equity and liabilities			
Equity			
Share capital	7	443 898	443 898
Share premium reserve		289 384	289 384
Other paid-in equity		1 067	504
Retained earnings		677 380	329 187
Total equity		**1 411 730**	**1 062 973**
Non-current liabilities			
Pension liabilities		2 739	2 238
Deferred tax liabilities		37 053	36 437
Other non-current liabilities		90	90
Non-current interest bearing debt	5	296 198	227 894
Non-current lease liability	5	82 270	133 505
Total non-current liabilities		**418 350**	**400 164**
Current liabilities			
Current interest bearing debt	5	49 589	36 626
Trade and other payables		41 867	37 555
Income tax payable		5 566	5 106
Current accruals and provisions		50 452	44 475
Current lease liability	5	81 790	165 287
Total current liabilities		**229 264**	**289 050**
Total equity and liabilities		**2 059 344**	**1 752 187**

Interim consolidated statement of changes in equity

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

Interim consolidated statement of cash flows

(USD 1 000)	Notes	Q4 2023	Q4 2022	2023	2022
Cash flows from operating activities					
Profit before tax		194 648	119 907	597 864	313 577
Financial (income)/expenses		4 311	(4 136)	28 651	2 300
Share of net income from joint ventures and associates		139	317	(735)	(1 539)
Depreciation and amortisation	3	35 669	38 700	145 565	151 470
(Gain)/loss on sale of tangible assets		(35 847)	1 168	(35 835)	(19 094)
Tax paid (company income tax, withholding tax)		(3 624)	(37)	(5 931)	(1 108)
Cash flows from operating activities before changes in working capital		**195 297**	**155 919**	**729 578**	**445 606**
Changes in working capital					
Trade and other receivables		(610)	(8 473)	5 633	(11 469)
Bunker		(398)	11 324	4 384	(6 559)
Prepayments		(1)	70	(1 940)	(100)
Trade and other payables		6 379	(1 026)	4 312	(5 306)
Accruals and provisions		3 803	(6 320)	5 976	(7 429)
Other current liabilities		-	(5 918)	-	(5 918)
Other changes to working capital		(1 646)	455	(1 687)	(3 420)
Net cash flows provided by operating activities		**202 824**	**146 030**	**746 256**	**405 405**
Cash flows from investing activities					
Proceeds from sale of tangible assets	3	62 481	(1 168)	62 483	32 078
Investment in vessels and other tangible assets	3	(38 796)	(6 529)	(178 210)	(135 668)
Investments in joint ventures and associates		164	128	838	4 319
Interest received		4 151	506	12 211	754
Net cash flows used in investing activities		**28 000**	**(7 062)**	**(102 678)**	**(98 517)**
Cash flows from financing activities					
Proceeds from issue of debt	5	-	-	130 000	-
Proceeds from capital increase		-	-	-	3 797
Repayment of debt	5	(13 035)	(9 750)	(51 228)	(153 211)
Repayment of lease liabilities		(12 153)	(46 098)	(161 022)	(115 539)
Interest paid on mortgage debt		(7 205)	(4 309)	(26 824)	(17 336)
Interest paid on lease liabilities		(3 269)	(5 552)	(15 368)	(17 889)
Other financial items		(609)	(1 394)	(3 380)	(8 859)
Dividend to shareholders		(70 000)	(20 000)	(241 000)	(35 000)
Net cash flows used in financing activities		**(106 271)**	**(87 102)**	**(368 821)**	**(344 036)**
Net change in cash during the period		**124 554**	**51 865**	**274 757**	**(37 148)**
Cash and cash equivalents beginning of period		332 095	130 181	183 940	228 416
Exchange differences in cash and cash equivalents		1 684	1 893	(364)	(7 327)
Cash and cash equivalents end of period		**458 333**	**183 940**	**458 333**	**183 940**

Notes

Note 1 — Basis of preparation and accounting policies

Principal activities and corporate information

Höegh Autoliners ASA is a public limited liability company, registered and domiciled in Norway, with its head office in Oslo. The consolidated interim accounts for the Group include Höegh Autoliners ASA with its subsidiaries.

The Group is a fully integrated RoRo entity. It is one of the world's largest operators in the transportation of vehicles and high/heavy rolling cargo and operates a fleet of about 40 vessels in global trading systems from a worldwide network of offices.

Basis of preparation

The Group's financial reporting is in accordance with IFRS® Accounting Standards as adopted by the European Union (EU) ("IFRS"). The consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not contain all the information and disclosures required in an annual financial report and should be read in conjunction with the Group's annual report for 2022.

The interim consolidated financial statements have been prepared in accordance with the accounting principles followed in the Group's annual financial accounts for the year ended 31 December 2022. The interim financial information for 2023 and 2022 is unaudited.

All presented figures in this interim report have been rounded and consequently, the sum of individual figures can deviate from the presented sum figure.

Use of judgements and estimates

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. Actual results may differ from these estimates.

The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for the interim financial statements as for the consolidated financial statements for 2022.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), defined as Management and the Chief Executive Officer (CEO), and are assessed, monitored, and managed on a regular basis.

Tax

The effective tax rate for the Group will, from period to period, change depending on the gains and losses from investments inside the exemption model and tax-exempt revenues from tonnage tax regimes.

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Earnings per share

Calculation of basic earnings per share is based on the net profit or loss attributable to ordinary shareholders using the weighted average number of shares outstanding during the year.

The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share, while giving effect to all dilutive potential ordinary shares that were outstanding during the period.

Note 2 — Total revenues

(USD 1 000)	Q4 2023	Q4 2022	2023	2022
Category of services				
Net freight revenues	332 591	276 323	1 242 701	1 016 818
Other surcharges	48 447	78 744	199 389	249 615
Freight revenues	**381 038**	**355 067**	**1 442 090**	**1 266 433**
Time charter (TC) revenues	-	-	-	-
Terminal related revenues	866	1 220	3 985	3 887
Total revenues	**381 904**	**356 286**	**1 446 075**	**1 270 320**
Other income	-	-	-	-
Total income	**381 904**	**356 286**	**1 446 075**	**1 270 320**
Recognition principle				
Services transferred over time	381 038	355 067	1 442 090	1 266 433
Services transferred at point in time	866	1 220	3 985	3 887
Total revenues	**381 904**	**356 286**	**1 446 075**	**1 270 320**

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. Terminal related revenues are recognised at a point in time as the performance obligation is satisfied when the service delivery is complete.

Note 3 — Vessels, newbuildings, equipment and right-of-use assets

31.12.2023 (USD 1 000)	Vessels	Newbuildings & Projects *	Equipment	Right-of-use Assets	Total
Cost at 01.01	2 061 803	138 725	31 869	466 840	2 699 237
Additions	149 167	134 623	821	5 591	290 202
Transfer from newbuilding and projects	12 488	(12 488)	-	-	-
Newbuilding interest	-	9 114	-	-	9 114
Remeasured leases	-	-	-	27 802	27 802
Disposals	(106 391)	(122)	(6 919)	(187 314)	(300 745)
Cost at 31.12	**2 117 067**	**269 853**	**25 771**	**316 227**	**2 725 610**
Accumulated depreciation and impairment at 01.01	(1 073 175)	-	(16 213)	(192 866)	(1 282 254)
Depreciation	(91 259)	-	(2 563)	(51 743)	(145 565)
Disposals	79 866	-	6 918	73 905	160 689
Accumulated depreciation and impairment at 31.12	**(1 084 568)**	**-**	**(11 858)**	**(170 719)**	**(1 267 130)**
Net carrying amount at 31.12	**1 032 499**	**269 853**	**13 913**	**142 216**	**1 458 480**
Book value sold assets	26 525	122	1		26 648
Sales price	62 481	-	2		62 483
Gain / (loss)	**35 955**	**(122)**	**1**		**35 835**

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

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

Note 3 — Vessels, newbuildings, equipment and right-of-use assets *cont.*

31.12.2022 (USD 1 000)	Vessels	Newbuildings & Projects *	Equipment	Right-of-use Assets	Total
Cost at 01.01	2 006 672	13 131	28 252	379 061	2 427 116
Additions	52 923	133 830	857	79 833	267 443
Transfer from newbuilding and projects	6 131	(9 345)	3 214	-	-
Newbuilding interest	-	1 969	-	-	1 969
Remeasured leases	-	-	-	78 854	78 854
Reclassification to assets held for sale	-	(442)	-	-	(442)
Disposals	(3 923)	(417)	(455)	(70 908)	(75 702)
Cost at 31.12	**2 061 803**	**138 725**	**31 869**	**466 840**	**2 699 237**
Accumulated depreciation and impairment at 01.01	(990 084)	-	(13 854)	(149 887)	(1 153 825)
Depreciation	(87 014)	-	(2 772)	(61 684)	(151 470)
Disposals	3 923	-	413	18 705	23 041
Accumulated depreciation and impairment at 31.12	**(1 073 175)**	**-**	**(16 213)**	**(192 866)**	**(1 282 254)**
Net carrying amount at 31.12	**988 629**	**138 725**	**15 656**	**273 974**	**1 416 984**
Net carrying amount vessels held for sale at 01.01	12 084	-			12 084
Sold vessels	(12 084)	(442)			(12 527)
Reclassified	-	442			442
Net carrying amount at 31.12 **	**-**	**-**	**-**		**-**
Book value sold assets	12 084	859	41		12 985
Sales price	32 067	-	11		32 078
Gain / (loss)	**19 983**	**(859)**	**(30)**		**19 094**

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

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

The leases for the vessels Höegh Sydney, Höegh Brasilia and Höegh Caribia were in 2022 extended by two and three years, resulting in a total increase in leased assets of USD 74 million. Two leased vessels, Höegh Beijing and Höegh St. Petersburg, were purchased in 2022, reflected above as disposal of leased assets and addition to vessels. Further two purchase options were exercised in 2022, for the vessels Höegh Tracer and Höegh Trapper, which were purchased in Q1 and Q2 2023, resulting in a combined increase to leased assets of USD 54 million.

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 market values for the vessels continued to increase in 2022 and 2023. Market values at the end of 2023 are up 78% and 14% compared to the end of 2021 and 2022.

Based on an assessment made at 31 December 2023, there are no indications that the vessels may be impaired.

Note 4 — Financial income and expenses

Interest income (USD 1 000)	Q4 2023	Q4 2022	2023	2022
Interest income from banks	3 667	595	11 666	759
Other interest income	489	172	552	204
Total	**4 156**	**767**	**12 218**	**963**

Interest expenses (USD 1 000)	Q4 2023	Q4 2022	YTD 2023	2022
Interest mortgage debt	7 464	4 390	27 085	15 089
Capitalised interest on newbuildings	(2 033)	(149)	(9 114)	(1 969)
Interest on lease liabilities	3 269	5 272	15 368	17 889
Other interest expenses	-	81	-	226
Total	**8 700**	**9 594**	**33 338**	**31 235**

Other financial items

Income from other financial items (USD 1 000)	Q4 2023	Q4 2022	2023	2022
Gain on currency exchange	1 529	4 363	-	-
Debt modification gain	-	-	-	20 869
Other financial items (income)	114	9 486	196	17 655
Total	**1 643**	**13 848**	**196**	**38 524**

Expenses from other financial items (USD 1 000)	Q4 2023	Q4 2022	2023	2022
Loss on currency exchange	-	-	1 665	5 308
Other financial items (expense)**	1 409	885	6 062	5 244
Total	**1 409**	**885**	**7 727**	**10 552**

** The debt modification gain is related to the refinancing in June 2022, where the modifications to the debt were accounted for as an adjustment to the existing liability. The liability was restated to the net present value of the revised cashflows discounted at the original effective interest rate. See note 5.*

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

Note 5 — Interest bearing debt

Interest bearing debt (USD 1 000)	**31.12.2023**	**31.12.2022**
Non-current interest bearing debt	296 198	227 894
Non-current lease liabilities	82 270	133 505
Current interest bearing debt	49 360	36 469
Accrued interest	229	157
Current lease liabilities	81 790	165 287
Total interest bearing debt	**509 847**	**563 312**
Cash and cash equivalents	458 333	183 940
Net interest bearing debt	**51 514**	**379 372**

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, resulting in a debt modification gain of USD 20.9 million recognised in Q2 2022. See also note 4.

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. 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 2023, the RCF and Facility B have not been drawn, while USD 130 million has been drawn from Facility C in Q1 and Q2 2023. Höegh Autoliners complies with all loan covenants at 31 December 2023.

Repayment schedule for interest bearing debt (USD 1 000)	**Mortgage debt**	**Leasing commitments**	**31.12.2023**
Due in 2024	50 006	81 790	131 796
Due in 2025	49 777	30 255	80 032
Due in 2026	49 777	12 484	62 261
Due in 2027	49 777	3 514	53 291
Due in 2028 and later	150 511	36 018	186 529
Total repayable interest bearing debt	**349 849**	**164 060**	513 909
Arrangement fee	(4 062)		(4 062)
Book value interest bearing debt	**345 787**	**164 060**	509 847

Note 5 — Interest bearing debt *cont.*

Reconciliation of liabilities arising from financial activities

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

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

Reconciliation of liabilities arising from financial activities

Liabilities 2022 (USD 1 000)	31.12.2021	Cash flows	Non - cash changes: Fair value changes**	Non - cash changes: Other changes*	New liability	31.12.2022
Non-current interest bearing debt	359 704	(93 711)	(15 629)	(22 470)	-	227 894
Current interest bearing debt	85 280	(59 500)	(5 240)	16 086	-	36 626
Non-current lease liabilities	201 893	-	-	(123 061)	54 672	133 505
Current lease liabilities	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, remeasured lease liabilities due to changes in index, rates and exercised purchase option.*

*** Fair value changes relate to debt modification from the refinancing, see note 4.*

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

Security

The USD 810 million senior secured term loan and revolving credit facility is secured by mortgages in 17 of the Group's vessels, with a book value of USD 704 million. In addition, the debt is secured by an assignment of earnings and insurances.

Note 6 — Segment reporting

The Group has two operating segments, Shipping services and Logistics services. The Logistics segment represents less than 10% of the Group's total revenue, profit or loss and assets.

The Group has decided that the segment is not material to the Group for the period ended 31 December 2023 and has reported information as one combined segment.

Note 7 — Share information and earnings per share

Earnings per share takes into consideration the number of outstanding shares in the period.

Basic earnings per share is calculated by dividing profit for the period after non-controlling interest, by average number of total outstanding shares (adjusted for average number of own shares). The Company has no own shares at 31 December 2023.

A share bonus program was introduced for certain key employees in 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 are converted to shares. The award shares are used in the award calculation method for determining the number of bonus shares which shall be granted after the vesting period. Based on the calculation, a total number of potential bonus shares as of 31 December 2023 are 1 578 090, resulting in a diluting effect of USD 0.00 and USD 0.02 per share for the three and twelve months ended 31 December 2023.

Basic earnings per share for the fourth quarter was USD 1.03 compared to USD 0.62 in the same quarter last year. Diluted earnings per share for the fourth quarter was USD 1.03 compared to USD 0.62 in the same quarter last year.

The Company's share capital is as follows:

Share capital	31 December 2023
Number of shares	190 769 749
USD million	443.9
NOK million	2 823.4

Note 8 — Transactions with related parties

The Group had three vessels under US flag with Maersk Lines Ltd. during the fourth quarter of 2023. All three vessels are owned as individual US Trusts. Each vessel is on a bareboat charter to Maersk Lines from the Trusts and Höegh Autoliners Shipping AS has the vessels on time charter from Maersk Lines Ltd.

A.P. Møller-Maersk A/S sold its shares in Höegh Autoliners on 27 November 2023 and was thereafter not considered a related party.

Transactions between Maersk and Höegh Autoliners Shipping AS amount to USD 14.9 million in the fourth quarter of 2023 (up to 27 November 2023).

Note 9 — Contingent liabilities

Update on alleged breaches of anti-trust regulations in Brazil

On 23 March 2022, The Administrative Council for Economic Defence (CADE) in Brazil issued a fine of approximately BRL 26 million (USD 5.5 million) to Höegh Autoliners for alleged breaches of anti-trust regulations dating back to 2000-2012. Since Höegh Autoliners did not have any turnover in Brazil in the relevant period, the fine is calculated on a "virtual turnover" principle, based on Brazil's relevance in the worldwide PCTC market.

The decision (including the "virtual turnover" calculation) may be challenged before the Appellate Court in Brazil. Höegh Autoliners disagrees with CADE's decision and after reviewing its merits, the Company will proceed with an appeal. No provision has been made in the financial statements as of 31 December 2023.

Note 10 — Events after the balance sheet date

Dividend

On 7 February 2024, the Board of Directors resolved to distribute a cash dividend of USD 1.8871 per share. The dividend will be paid out in March 2024.

The Board of Directors has approved a new dividend policy whereby the Company will target to distribute quarterly dividends to shareholders of around 100% of cash generation after amortization of debt facilities, capital expenditure and payable taxes. Any declaration of dividends will be at the discretion of the Board of Directors considering also the outlook and the Company's financial position. Dividends will be declared in USD and paid in NOK.

Financing

The Company has received committed term sheets for full refinancing of the existing bank facilities at improved terms with target closing at the end of Q1 2024.

Alternative Performance Measures

Höegh Autoliners presents certain financial measures, which, in accordance with the "Alternative Performance Measures" guidance issued by the European Securities and Markets Authority, are not accounting measures defined or specified in IFRS and are, therefore, considered alternative performance measures. Höegh Autoliners believes that alternative performance measures provide meaningful supplemental information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS and increase the understanding of the profitability of Höegh Autoliners' operations. In addition, they are seen as useful indicators of the Group's financial position and ability to obtain funding. Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures, which should not be viewed in isolation or as a substitute to the IFRS financial measures.

Definitions of Alternative Performance Measures (APMs)

This section describes the non-GAAP financial alternative performance measures (APM) that are used in the quarterly and annual reports.

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

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

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

Reconciliation of Total revenues to EBITDA and Adjusted EBITDA	Q4 2023	Q4 2022	2023	2022
(USD million)				
Total revenues	382	356	1 446	1270
Operating expenses	(183)	(200)	(710)	(824)
EBITDA	**199**	**156**	**736**	**447**
Anti-trust expenses	-	-	-	1
Adjusted EBITDA	**199**	**156**	**736**	**448**

Net interest bearing debt	31.12.2023	31.12.2022
(USD million)		
Non-current interest bearing debt	296	228
Non-current lease liability	82	134
Current interest bearing debt	50	37
Current lease liability	82	165
Less Cash and cash equivalents	458	184
Net interest bearing debt	**52**	**379**

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