HÖEGH AUTOLINERS

Quarterly Report
Q3 2022

Contents

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Highlights Q3 2022

- Financially another strong quarter for Höegh Autoliners. Operating profit (EBITDA) of USD 114 million and Net profit after tax of USD 92 million.
- Gross freight rate increased with 7.3% to USD 80.7 per cbm compared to Q2 mainly as a result of increasing BAF compensation.
- Profit of USD 21 million from profit sharing agreement related to sale of two vessels.
- Option to purchase Höegh Tracer exercised.
- Awarded ECOVADIS Gold medal for corporate sustainability, and joined First Mover Coalition with commitment to running at least 5% of our deep sea shipping on net zero-emission fuels by 2030.
- Q3 dividend of USD 20 million has been declared and will be paid in November.

Consolidated results and key figures

(USD million)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Total revenue	329	318	229	914	676
EBITDA	114	99	45	291	124
Profit/(loss) for the period	92	53	(9)	181	(15)
EBITDA adjusted	115	99	51	292	131
Earnings per share, basic	0.48	0.28	(0.35)	0.95	(0.58)
Cash and cash equivalents	130	61	77	130	77
Cash flow from operations	100	80	46	259	110
Net interest bearing debt	449	514	646	449	646
Equity ratio	57%	55%	38%	57%	38%

Financial performance

Freight revenues were USD 329 million in Q3 2022, compared to USD 318 million in Q2 2022 and USD 229 million in Q3 2021. Volumes in Q3 2022 were 4% (0.2m cbm) lower than in Q2 2022 mainly due to the sale of two vessels in the quarter and some repositioning of tonnage in order to optimise the systems and meet customer demands. Compared with Q2 2022, net freight rates increased with 1% due to good cargo mix and continuous repricing in several markets.

Running expenses per day in Q3 2022 was USD 7 047 (excl. U.S. Flag vessels), a small reduction from Q2 2022.

EBITDA was USD 114 million in Q3 2022 (Adjusted EBITDA USD 115 million) compared to USD 99 million in Q2 2022 (Adjusted EBITDA USD 99 million) and USD 45 million in Q3 2021 (Adjusted EBITDA USD 51 million).

Net profit after tax in Q3 2022 was USD 91.9 million compared to USD 53.2 million in Q2 2022 and a net loss of USD 9.1 million in Q3 2021. The net profit after tax in Q3 2022 includes a total of USD 20.8 million in gain related to the sale of the vessels Höegh Maputo and Höegh Singapore and USD 8.9 million in gain from remeasured lease liability for Höegh Tracer.

Freight revenues for YTD September 2022 were USD 914 million compared to USD 676 million YTD September 2021.

EBITDA for YTD September 2022 was USD 291 million compared to USD 124 million YTD September 2021. Adjusted EBITDA for YTD September 2022 was USD 292 million compared to USD 131 million YTD September 2021.

Net profit after tax for YTD September 2022 was 181 million compared with a net loss after tax of USD 15 million YTD September 2021.

Cash flow and financing

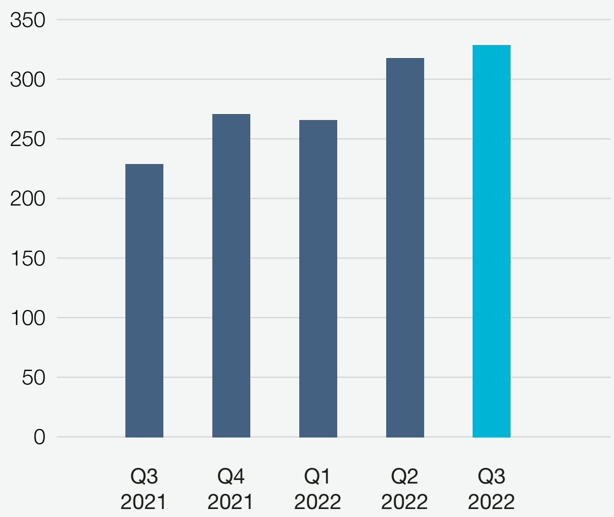
Cash flow from operations was USD 100 million for Q3 2022 compared to USD 80 million for Q2 2022 and USD 46 million for the same quarter last year. Cash flow from investing activities for Q3 2022 was positive with USD 23 million mainly due to proceeds from sale of two vessels.

Cash and cash equivalents were USD 130 million at the end of Q3 2022, compared to USD 61 at the end of the previous quarter, and USD 77 million at the end of Q3 2021. A dividend payment of USD 15 million was paid in September.

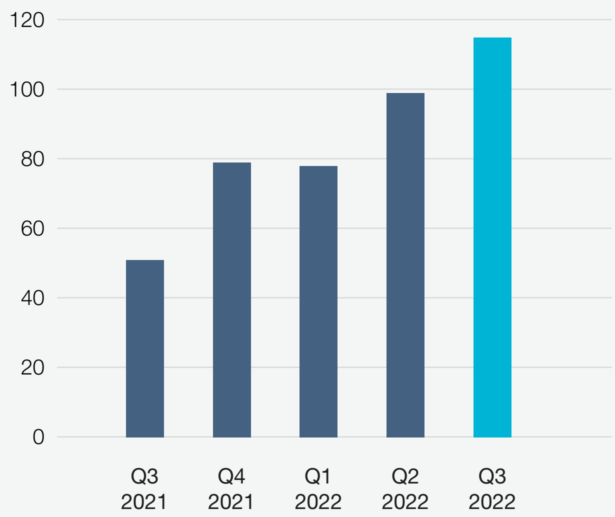
The Company has currently not drawn on the Revolving Credit Facility of USD 96 million.

Financial performance – graphs

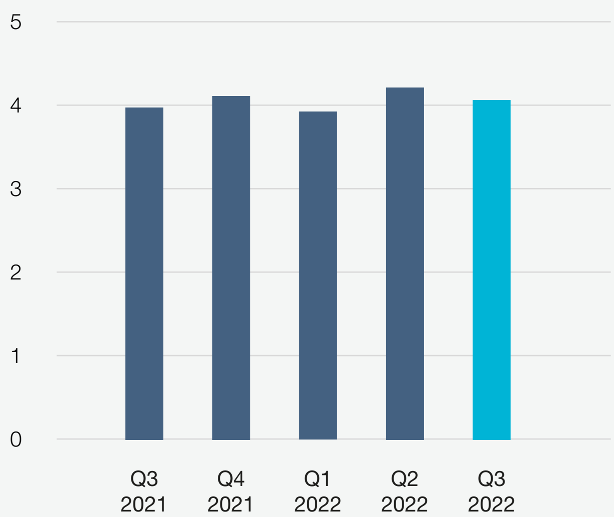
Total revenue (USD million)



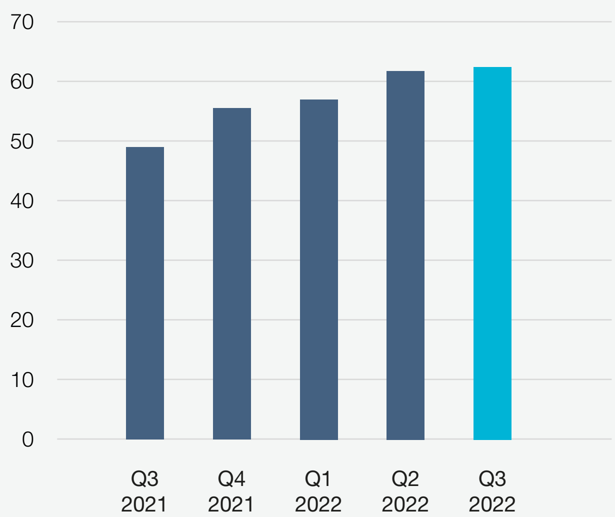
EBITDA adjusted (USD million)



Volumes (cbm in million)



Net freight rate (per cbm)



Operational performance

Market update

The global vehicle demand is continuing to rise, and automakers are seeing some supply-chain improvements for key components such as semiconductors. Increasing inflation, the energy crisis and a slowing economy, are impacting sales forecasts in Europe.

Höegh Autoliners's main markets

Automotive

Key Höegh Autoliners destination markets improved in Q3 by 4% y-y. The underlying demand remained strong in Q3. Inventory levels increased slightly during the quarter, from a low base.

China dominated vehicle exports' growth to Europe, while shipments to the U.S. remained constrained by parts shortages and production losses faced by Japanese and Korean OEMs. The deep-sea shipments of new vehicles for the year are down compared to 2021, but expected to recover in 2023.

High & Heavy (HH) markets

All Höegh Autoliners HH destination markets showed solid performance in Q3. Main factors supporting demand remained growing investments in sustainable energy and infrastructure, and need for inventory replenishment for the equipment suppliers.

Solid construction equipment sales in HA markets, coupled with low inventory levels, drove strong growth of core construction equipment shipments' out of Asia, particularly from China.

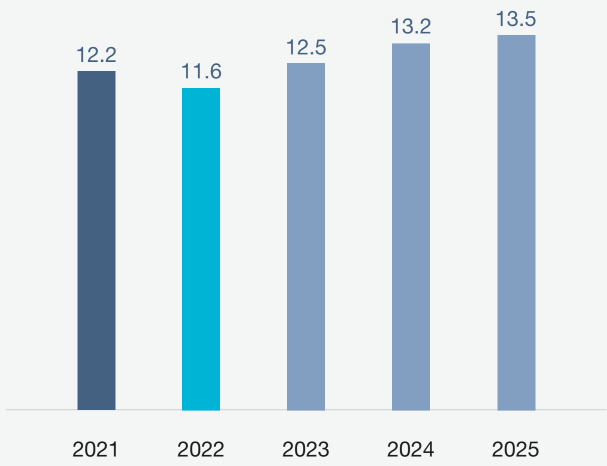
Capacity/Fleet

A tight capacity market is expected to remain in the near term, with limited net fleet growth.

Fleet efficiency has improved during Q3, with full vessels and limited use of space charters. However, there are still operational disruptions driving the capacity tightness. Charter rates continue to increase for medium and large vessels.

Höegh Maputo and Höegh Singapore were delivered to new owners in August/September. A purchase option of USD 53 million on Höegh Tracer has been declared, the market value of the vessel was USD 96 million at the end of September 2022. The ownership of the vessel will be transferred to the Company during Q1 2023.

Factory New Light Vehicle (FNLV) deep sea shipments (Units in million)



Source: S&P Global Mobility – Oct 2022 Forecast

Sustainability

Environment

The calculations of Annual Efficiency Ratio (AER) are based on the data submitted for Q3 2022. Carbon intensity for the current year and quarter is based on unverified DCS data and may change after the final verification in first half of each calendar year. Höegh Autoliners uses DNV and ABS for verification of AER data.

All vessels under Höegh Technical Management and our U.S. Flag vessels are included in the reported data. Annual Efficiency Ratio (AER) data for past quarters is presented in the graph to the right. AER for the third quarter of 2022 is lower than the previous quarters of 2022. Favourable weather conditions, sale of two vessels and use of sustainable biofuel are the main explanations behind the improved AER.

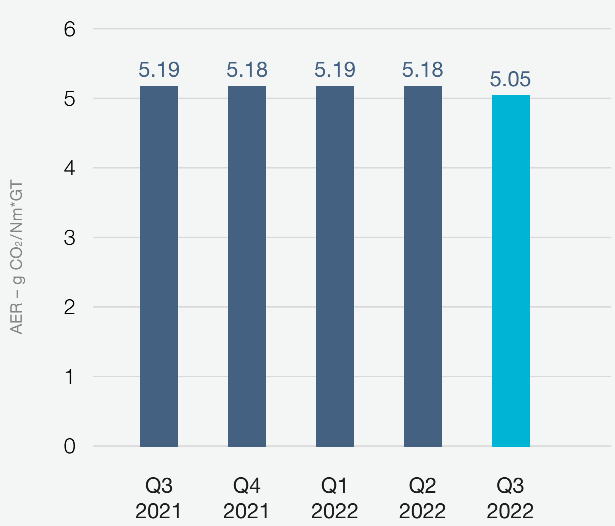
For 2022, the Poseidon Principles AER target for medium sized vessels between 30 000 and 49 000 GT is 5.6 g CO_2/Nm*Gt and 4.7 for vessels over 50 000 GT. The Company is predicted to have one medium size vessel and 33 large vessels by end of 2022.

The Company now offers our customers the possibility of transporting cargo out of Europe while running on advanced biofuels meeting the highest sustainability standards. The option is an important step in the Company's ambitious sustainability strategy to reduce the environmental footprint and another concrete step on our path to zero.

During the third quarter of 2022, Höegh Autoliners has further explored the future bunkering market for carbon neutral fuels and has received Gold Medal rating by EcoVadis, which is the world's largest provider of business sustainability ratings. The Company has furthermore taken decisive steps to improve efficiency of the existing fleet by ordering two propeller boss cap fins for retrofitting, which will improve fuel efficiency of between 1 and 1.5% for the two vessels.

In the third quarter of 2022, Höegh Autoliners joined the First Movers Coalition to send a strong market demand signal for the emerging technologies essential for a net-zero transition. Höegh Autoliners has committed to running at least 5% of our deep sea operations on either green ammonia or green methanol by 2030.

Annual Efficiency Ratio (AER)



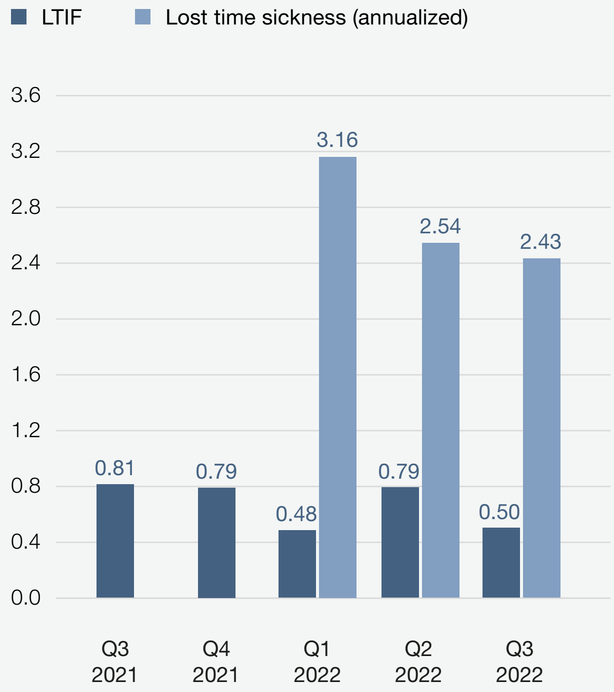
Health, safety and security

The Company 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 number lost time incident cases.

Lost time sickness has been recorded for the first time in 2022, and the numbers in the graph have been annualized. 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.

We have two reported security incidents in the third quarter which were related to contraband being found onboard the vessels Höegh Oslo and Höegh Osaka. After investigation by the Company and local police, the vessels and crew were cleared from any involvement in the contraband findings.

LTIF development crew 2021–2022 (incident frequency per 1 million hours past 12 months)



Outlook

The general market fundamentals remain very positive with a tight tonnage situation and repricing of cargo in most trade lines. There is still volatility when it comes to delays, port congestions and supply chain disruptions but this is easing somewhat. The global situation with high inflation and fear for recession has so far not impacted the financial performance of our business but this is something we closely monitor. Most of the increase in bunker prices earlier this year is from Q3 covered by BAF and will not impact the results much going forward unless prices move drastic from current levels.

The strong balance sheet in combination with current cash generation makes the Company very resilient for a temporary setback if an eventual recession should impact volumes negatively. The general market for our freight services continues to be strong. Increasing freight rates in combination with lower bunker expenses are expected to give an increase in EBITDA in Q4 compared to Q3.

Oslo, 26 October 2022

The Board of Directors of Höegh Autoliners ASA

Leif O. Høegh
Chair

Morten W. Høegh
Deputy Chair

Jan B. Kjærvik
Director

Martine Vice Holter
Director

Kasper Friis Nilaus
Director

Johanna Hagelberg
Director

Kjersti Aass
Director

Consolidated interim financial statements

Interim consolidated statement of comprehensive income

(USD 1 000)	Notes	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Total revenues	2	329 267	229 326	914 034	675 581	946 915
Bunker expenses		(93 894)	(55 715)	(236 255)	(151 833)	(212 076)
Voyage expenses and other operating expenses		(88 700)	(95 062)	(279 967)	(296 663)	(393 860)
Charter hire expenses		(3 619)	(5 358)	(19 114)	(20 628)	(24 599)
Running expenses		(25 647)	(24 374)	(76 056)	(70 407)	(97 329)
Administrative expenses		(3 405)	(4 231)	(11 883)	(11 898)	(16 292)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**114 002**	**44 586**	**290 759**	**124 152**	**202 759**
Profit from associates and joint ventures		1 856	-	1 856	-	1 205
Gain/(loss) on sale of assets		20 849	12	20 261	(160)	(205)
Reversal of impairment	3	-	-	-	-	96 230
Depreciation	3	(36 030)	(32 246)	(112 771)	(101 933)	(134 461)
Operating profit before financial items		**100 677**	**12 353**	**200 105**	**22 059**	**165 528**
Interest income		191	13	196	35	202
Interest expenses	4	(6 509)	(8 373)	(21 641)	(24 715)	(32 986)
Dividends	4	-	-	-	-	12 726
Income from other financial items	4	8 262	418	29 738	3 086	2 172
Expenses from other financial items	4	(7 250)	(16 217)	(14 730)	(18 253)	(18 949)
Profit/(loss) before tax		**95 372**	**(11 805)**	**193 669**	**(17 787)**	**128 693**
Income tax		(133)	(845)	(210)	(845)	(738)
Change in deferred tax		(3 346)	3 544	(12 798)	3 544	(3 186)
Profit/(loss) for the period		**91 893**	**(9 106)**	**180 661**	**(15 088)**	**124 768**
Other comprehensive income/(loss)						
Items that may be reclassified to profit and loss:						
Currency translation differences		(644)	(236)	(1 689)	(236)	(300)
Items that will not be reclassified to profit and loss:						
Remeasurement on defined benefit plans		-	-	-	22	402
Changes in fair value of equity investments		-	-	-	-	(803)
Other comprehensive income/(loss), net of tax		**(644)**	**(236)**	**(1 689)**	**(214)**	**(700)**
Total comprehensive income/(loss) for the period		**91 249**	**(9 342)**	**178 972**	**(15 302)**	**124 068**
Earnings per share, continued operations (USD)		**0.48**	**(0.35)**	**0.95**	**(0.58)**	**0.92**
Earnings per share basic (USD)	7	**0.48**	**(0.35)**	**0.95**	**(0.58)**	**0.92**
Earnings per share diluted (USD)	7	**0.48**	**(0.35)**	**0.94**	**(0.58)**	**0.92**

Interim consolidated statement of financial position

(USD 1 000)	Notes	30.09.2022	30.09.2021	31.12.2021
Assets				
Non-current assets				
Deferred tax assets		897	892	977
Vessels	3	978 812	942 397	1 016 589
Leased assets	3	270 251	210 766	229 174
Newbuildings and projects	3	133 308	13 211	13 131
Equipment	3	16 325	14 863	14 397
Investments in associates and joint ventures		4 948	8 196	9 100
Other non-current assets		1 322	1 636	1 170
Other non-current financial assets		1 755	2 654	1 779
Total non-current assets		**1 407 616**	**1 194 613**	**1 286 316**
Current assets				
Bunker		59 124	39 524	41 241
Vessels held for sale	3	-	4 192	12 084
Trade and other receivables		84 451	66 636	81 454
Prepayments		2 293	1 652	2 124
Cash and cash equivalents		130 168	77 053	228 416
Total current assets		**276 036**	**189 057**	**365 319**
Total assets		**1 683 652**	**1 383 670**	**1 651 635**

Interim consolidated statement of financial position *cont.*

(USD 1 000)	Notes	30.09.2022	30.09.2021	31.12.2021
Equity and liabilities				
Equity				
Share capital	7	443 898	493 358	443 898
Share premium reserve		289 384	255 486	289 384
Other paid-in equity		388	-	39
Retained earnings		231 201	(223 104)	67 228
Total equity		**964 871**	**525 741**	**800 549**
Non-current liabilities				
Pension liabilities		2 599	2 725	2 330
Deferred tax liabilities		40 391	21 482	27 681
Other non-current liabilities		107	9 369	107
Non-current interest bearing debt	5	237 926	380 423	359 704
Non-current lease liability	5	189 852	206 205	201 893
Total non-current liabilities		**470 875**	**620 203**	**591 716**
Current liabilities				
Current interest bearing debt	5	36 711	85 408	85 280
Trade and other payables		38 567	48 689	42 861
Income tax payable		102	188	467
Current accruals and provisions		50 796	52 308	51 904
Other current financial liabilities		6 933	-	5 918
Current lease liability	5	114 797	51 134	72 940
Total current liabilities		**247 906**	**237 727**	**259 370**
Total equity and liabilities		**1 683 652**	**1 383 670**	**1 651 635**

Interim consolidated statement of changes in equity

(USD 1 000)	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total
Equity 01.01.2021	493 358	255 486	-	(207 801)	541 044
Loss of the period YTD 2021	-	-	-	(15 088)	(15 088)
Other comprehensive income YTD 2021	-	-	-	(214)	(214)
Equity 30.09.2021	**493 358**	**255 486**	**-**	**(223 104)**	**525 741**
Equity 01.01.2021	493 358	255 486	-	(207 801)	541 044
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	-	-	-	124 768	124 768
Other comprehensive income	-	-	-	(700)	(700)
Equity 31.12.2021	**443 898**	**289 384**	**39**	**67 228**	**800 549**
Share bonus program	-	-	349	-	349
Dividend	-	-	-	(15 000)	(15 000)
Profit of the period YTD 2022	-	-	-	180 661	180 661
Other comprehensive income YTD 2022	-	-	-	(1 689)	(1 689)
Equity 30.09.2022	**443 898**	**289 384**	**388**	**231 201**	**964 871**

Interim consolidated statement of cash flows

(USD 1 000)	Notes	Q3 2022	Q3 2021*	YTD 2022	YTD 2021*	2021
Cash flows from operating activities						
Profit/(loss) before tax		95 372	(11 805)	193 669	(17 787)	128 693
Financial expenses		5 306	24 158	6 436	39 846	36 835
Share of net income from joint ventures and associates		(1 856)	-	(1 856)	-	(1 205)
Depreciation and amortisation	3	36 030	32 246	112 771	101 933	134 461
Reversal of impairment	3	-	-	-	-	(96 230)
(Gain)/loss on sale of tangible assets	3	(20 849)	(12)	(20 261)	160	205
Tax paid (company income tax, withholding tax)		(148)	6	(1 071)	(669)	(745)
Cash flow from operating activities before changes in working capital		**113 854**	**44 592**	**289 687**	**123 483**	**202 014**
Changes in working capital						
Trade and other receivables		(972)	3 254	(2 996)	2 893	(13 190)
Bunker		6 359	(287)	(17 883)	(14 582)	(16 299)
Prepayments		(719)	5 732	(170)	4 263	199
Trade and other payables		(13 834)	1 482	(4 294)	(4 019)	(9 543)
Accruals and provisions		(3 906)	(7 111)	(1 108)	2 268	8 115
Other current liabilities		-	-	-	(81)	840
Other changes to working capital		(886)	(1 371)	(3 874)	(4 626)	(33)
Net cash flow provided by operating activities		**99 895**	**46 290**	**259 362**	**109 599**	**172 103**
Cash flows from investing activities						
Proceeds from sale of tangible assets	3	20 932	14	33 245	9 017	9 034
Investment in vessels and other tangible assets	3	(2 831)	(4 219)	(129 139)	(19 375)	(23 661)
Investments in joint ventures and associates		4 192	219	4 192	529	765
Other dividends		-	-	-	-	9 544
Interest received		227	13	247	35	202
Net cash provided by/(used in) investing activities		**22 520**	**(3 973)**	**(91 455)**	**(9 794)**	**(4 116)**
Cash flows from financing activities						
Proceeds from capital increase		-	998	3 797	998	128 352
Repayment of debt		(9 750)	(19 535)	(143 461)	(64 497)	(84 497)
Repayment of lease liabilities		(16 698)	(13 037)	(69 441)	(45 403)	(59 954)
Paid on interest rate swaps		-	(865)	-	(2 561)	(2 561)
Interest paid on mortgage debt		(3 355)	(3 301)	(13 027)	(9 974)	(13 976)
Interest paid on lease liabilities		(4 301)	(3 608)	(12 337)	(11 155)	(15 723)
Other financial items		(1)	(3 447)	(7 465)	(3 674)	(3 592)
Dividend to shareholders		(15 000)	-	(15 000)	-	-
Net cash flow used in financing activities		**(49 106)**	**(42 795)**	**(256 934)**	**(136 266)**	**(51 951)**
Net change in cash during the period		**73 309**	**(478)**	**(89 027)**	**(36 460)**	**116 036**
Cash and cash equivalents beginning of period		60 721	77 978	228 416	115 148	115 148
Exchange differences in cash and cash equivalents		(3 862)	(447)	(9 221)	(1 634)	(2 768)
Cash and cash equivalents end of period		**130 168**	**77 053**	**130 168**	**77 053**	**228 416**

* Cash flow figures for 2021 have been restated to align with current year presentation.

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 International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated interim financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting.* They do not contain all the information and disclosures required in an annual financial report and should be read in conjunction with the Group's annual report for 2021.

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 2021. The interim financial information for 2022 and 2021 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 2021.

Segment reporting

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

Tax

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

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

Earnings per share

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

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

Note 2 Total revenues

(USD 1 000)	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Category of services					
Net freight revenues	254 390	195 505	740 495	594 272	823 644
Other surcharges	74 083	32 960	170 871	75 762	116 476
Freight revenues	**328 473**	**228 465**	**911 366**	**670 034**	**940 120**
Time charter (TC) revenues	-	-	-	2 314	2 314
Terminal related revenues	794	861	2 668	3 233	4 481
Total revenues	**329 267**	**229 326**	**914 034**	**675 581**	**946 915**
Recognition principle					
Services transferred over time	328 473	228 465	911 366	672 348	942 434
Services transferred at point in time	794	861	2 668	3 233	4 481
Total revenues	**329 267**	**229 326**	**914 034**	**675 581**	**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.

Note 3 Vessels, newbuildings, equipment and leased assets

30.09.2022 (USD 1 000)	Vessels	Newbuildings & Projects*	Equipment	Leased Assets	Total
Cost at 01.01.	2 006 672	13 131	28 252	379 061	2 427 116
Additions	22 596	128 091	687	5 633	157 006
Transfer from newbuilding and projects	5 661	(8 875)	3 214	-	-
Newbuilding interest	-	1 819	-	-	1 819
Remeasured leases	-	-	-	102 739	102 739
Reclassification to assets held for sale	-	(442)	-	-	(442)
Disposals	-	(417)	(318)	(35 289)	(36 024)
Cost at 30.09.	**2 034 929**	**133 308**	**31 834**	**452 143**	**2 652 215**
Accumulated depreciation and impairment at 01.01.	(990 084)	-	(13 854)	(149 887)	(1 153 825)
Depreciation	(66 034)	-	(1 933)	(44 804)	(112 771)
Disposals	-	-	277	12 798	13 075
Accumulated depreciation and impairment at 30.09.	**(1 056 118)**	**-**	**(15 510)**	**(181 893)**	**(1 253 520)**
Net carrying amount at 30.09.	**978 812**	**133 308**	**16 325**	**270 251**	**1 398 695**
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 30.09.**	**-**	**-**			**-**
Book value sold assets	12 084	859	41		12 984
Sales price	33 233	-	12		33 245
Gain/(loss)	**21 149**	**(859)**	**(28)**		**20 261**

* Newbuildings & Projects include first 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.

In February 2022, two vessel leases were extended by two and three years, resulting in a total increase in leased assets and lease liabilities of USD 52 million. In May 2022, the leased vessel Höegh Beijing was purchased for 22 million, reflected above as disposal of leased assets and additions to vessels. In August 2022, it was decided to exercise option to purchase the leased vessel Höegh Tracer, resulting in an increase in leased assets and lease liabilities of USD 29 million.

Note 3 *cont.*

2021 (USD 1 000)	Vessels	Newbuildings & Projects*	Equipment	Leased Assets	Total
Cost at 01.01.	1 984 932	12 294	32 237	354 367	2 383 830
Additions	1 366	21 239	1 058	43 295	66 957
Transfer from newbuilding and projects	20 374	(20 374)	-	-	-
Remeasured leases	-	-	-	28 111	28 111
Disposals	-	(27)	(5 042)	(46 712)	(51 782)
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 relates to investments in IT-projects.

** One vessel is classified as asset 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.

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 us principle for all the vessels in operation, and not vessel-by-vessel.

The market values for the vessels increased with more than 20% through 2021, and was over 5% higher than the carrying values at year-end 2021. 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, and the Group estimated the recoverable amount of the fleet at year-end 2021, resulting in a reversal of impairment of USD 96 million. The market values for the vessels have continued to increase in the first nine months of 2022.

Note 4 Financial income and expenses

Interest expenses (USD 1 000)	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Interest mortgage debt	3 367	3 901	10 699	10 959	14 834
Capitalised interest on newbuildings	(1 203)	-	(1 819)	-	-
Interest on lease liabilities	4 342	4 108	12 616	11 655	16 030
Other interest expenses	3	364	145	2 102	2 122
Total	**6 509**	**8 373**	**21 641**	**24 715**	**32 986**

Other financial items

Income from other financial items (USD 1 000)	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Dividends*	-	-	-	-	12 726
Gain on currency exchange	-	-	-	934	-
Gain on interest rate swaps	-	323	-	2 022	2 022
Debt modification gain**	-	-	20 869	-	-
Other financial items***	8 262	96	8 870	130	150
Total	**8 262**	**418**	**29 738**	**3 086**	**14 898**

Expenses from other financial items (USD 1 000)	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Loss on currency exchange	6 218	277	9 671	2 703	2 698
Loss on shares	-	89	-	177	185
Debt modification loss	-	10 307	-	10 307	10 307
Other financial items***	1 032	5 543	5 059	5 066	5 759
Total	**7 250**	**16 217**	**14 730**	**18 253**	**18 949**

* Dividends for 2021 were 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 amount includes USD 3.1 million in withholding tax which the Company expects to be refunded. The withholding tax is recognised as current receivable at 30 September 2022.

** 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.

*** Other financial items for 2021 include debt modification loss on the refinanced loan facility in 2021 and arrangement fee for the refinancing. Income from other financial items in 2022 mainly relate to remeasurement of lease liabilities. The expenses from other financial items in 2022 include expensed arrangement fee for the refinanced loan facility.

Note 5 Interest bearing debt

Non-current and current interest bearing debt

Interest bearing debt (USD 1 000)	30.09.2022	30.09.2021	31.12.2021
Non-current interest bearing debt	237 926	380 423	359 704
Non-current lease liabilities	189 852	206 205	201 893
Current interest bearing debt	36 636	82 876	82 876
Accrued interest	75	2 531	2 404
Current lease liabilities	114 797	51 134	72 940
Total interest bearing debt	**579 286**	**723 169**	**719 817**
Cash and cash equivalents	130 168	77 053	228 416
Net interest bearing debt	**449 119**	**646 116**	**491 401**

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. A down payment on the existing facility of USD 82 million was made in connection with the refinancing. As of 30 September 2022, the RCF and Facility B have not been drawn. Höegh Autoliners complies with all loan covenants at 30 September 2022.

Repayment schedule for interest bearing debt (USD 1 000)	Mortgage debt	Leasing commitments	30.09.2022
Due in 2022	9 234	16 874	26 108
Due in 2023	36 636	112 866	149 502
Due in 2024	36 636	46 634	83 270
Due in 2025	36 636	38 812	75 448
Due in 2026 and later	158 575	89 463	248 038
Total repayable interest bearing debt	**277 718**	**304 649**	**582 366**
Arrangement fee	(3 080)	-	(3 080)
Book value interest bearing debt	**274 638**	**304 649**	**579 286**

Note 5 *cont.*

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*	Non-cash changes: New liability	30.09.2022
Non-current interest bearing debt	359 704	(62 461)	(15 629)	(43 687)	-	237 926
Current interest bearing debt	85 280	(81 000)	(5 240)	37 671	-	36 711
Non-current lease liabilities	201 893	-	-	(16 675)	4 633	189 852
Current lease liabilities	72 940	(69 441)	-	110 299	999	114 797
	719 817	**(212 902)**	**(20 869)**	**87 608**	**5 633**	**579 286**

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

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

Reconciliation of liabilities arising from financial activities

Liabilities 2021 (USD 1 000)	31.12.2020	Cash flows	Non-cash changes: Fair value changes	Non-cash changes: Other changes*	Non-cash changes: New liability	31.12.2021
Other non-current liabilities	43	-	(43)	-	-	-
Non-current interest bearing debt	-	-	-	353 711	5 992	359 704
Current interest bearing debt	520 751	(84 497)	-	(353 850)	2 876	85 280
Other current financial liabilities	2 508	-	(2 508)	-	-	-
Non-current lease liabilities	207 561	-	-	(43 101)	37 434	201 893
Current lease liabilities	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 liabilites due to changes in index, rates and exercised purchase option.

Mortgage debt (USD 1 000)	Maturity	Outstanding amount
USD 680 million senior secured	January 2028	290 250
Total mortgage debt		**290 250**

Security
The USD 680 million senior secured term loan and revolving credit facility is secured by mortgages in 14 of the Group's vessels, with a book value of USD 613 million. In addition, the debt is secured by an assignment of earnings and insurances.

Note 6 Segment reporting

The Group has two operating segments, Shipping services and Logistics services. The Logistics segment represents less than 10% of the Group's total revenue, profit or loss and assets. The Group has decided that the segment is not material to the Group for the period ended 30 September 2022 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 30 September 2022.

Basic and diluted earnings per share for the third quarter was positive with USD 0.48 compared with negative USD 0.35 in the same quarter last year.

The Company's share capital is as follows:

Share capital 30.09.2022	
Number of shares	190 769 749
USD million	443.9
NOK million	2 823.4

Note 8 Transactions and balances with related parties

The Group has had three vessels under U.S. flag with Maersk Lines Ltd. and Farrell Lines during the third quarter of 2022. All three vessels are owned as individual U.S. Trusts. Each vessel is on a bareboat charter to Maersk Lines or Farrell Lines from the Trusts and Höegh Autoliners Shipping AS has the vessels on time charter from Maersk Lines Ltd.

As of 30 September 2022, Höegh Autoliners Shipping AS has an outstanding receivable of USD 18.9 million. Transactions between Maersk and Höegh Autoliners Shipping AS amount to USD 20.2 million in the third quarter of 2022.

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 4.9 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 Federal Courts in Brazil. Höegh Autoliners disagrees with CADE's decision, and is in the process of initiating an annulment process. No provision has been made in the financial statements.

Note 10 Events after the balance sheet date

Exercise of purchase option

On 19 October 2022, Höegh Autoliners ASA exercised an option to purchase the vessel Höegh St. Petersburg from Pioneer Leasing, a company controlled by Credit Agricole Corporate and Investment Bank (CA-CIB). The average market value of the vessel estimated by three different brokers was USD 70 million by the end of Q3. The purchase of the vessel is fully financed at attractive terms.

Dividend

On 26 October 2022, the Board of Directors resolved to distribute a cash dividend of USD 0.10 per share. The dividend will be paid out in November.

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.

(USD million)	**Q3 2022**	**Q3 2021**	**YTD 2022**	**YTD 2021**
Reconciliation of Total revenues to EBITDA and Adjusted EBITDA				
Total revenues (incl other income)	329	229	914	676
Operating expenses	(215)	(185)	(623)	(551)
EBITDA	**114**	**45**	**291**	**124**
Anti-trust expenses	1	6	1	7
Adjusted EBITDA	**115**	**51**	**292**	**131**

(USD million)	**30.09.2022**	**30.09.2021**	**31.12.2021**
Net interest bearing debt			
Non-current interest bearing debt	238	380	360
Non-current lease liability	190	206	202
Current interest bearing debt	37	85	85
Current lease liability	115	51	73
Less Cash and cash equivalents	130	77	228
Net interest bearing debt	**449**	**646**	**491**

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