Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	977 270 510
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	HÖEGH AUTOLINERS SHIPPING AS
Forretningsadresse:	Drammensveien 134 0277 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Cathrine Manum
Dato for fastsettelse av årsregnskapet:	30.05.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert

År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 01.07.2023

Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		920 631 000	711 723 000
Reversal of impairment	7	70 302 000	
Sum inntekter		**990 933 000**	**711 723 000**
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	7	70 524 000	69 491 000
Bunker expenses	3	212 076 000	145 104 000
Voyage exp and other op expenses	4	394 045 000	308 750 000
Charter hire expenses	5	89 298 000	100 480 000
Operating and admin expenses	6	110 284 000	94 962 000
Sum kostnader		**876 227 000**	**718 787 000**
Driftsresultat		**114 706 000**	**-7 064 000**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern			2 000
Annen renteinntekt	8	39 000	12 000
Annen finansinntekt	8		1 058 000
Sum finansinntekter		**39 000**	**1 072 000**
Rentekostnad til foretak i samme konsern	16	24 559 000	28 126 000
Annen rentekostnad	8	7 536 000	8 845 000
Annen finanskostnad	8	4 735 000	
Sum finanskostnader		**36 830 000**	**36 971 000**
Netto finans		**-36 791 000**	**-35 899 000**
Ordinært resultat før skattekostnad		**77 915 000**	**-42 963 000**
Skattekostnad på ordinært resultat	9	-25 000	25 000
Ordinært resultat etter skattekostnad		**77 940 000**	**-42 988 000**
Årsresultat		**77 940 000**	**-42 988 000**
Overføringer og disponeringer			

Resultatregnskap

Beløp i: USD	Note	2021	2020
Overføringer til/fra annen egenkapital		77 940 000	-42 988 000
Sum overføringer og disponeringer		**77 940 000**	**-42 988 000**

Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Equipment	7	4 600 000	5 708 000
Vessels	7	987 438 000	967 122 000
Newbuildings and projects	7	8 856 000	9 436 000
Sum varige driftsmidler		**1 000 894 000**	**982 266 000**
Finansielle anleggsmidler			
Andre fordringer	10	3 146 000	5 988 000
Sum finansielle anleggsmidler		**3 146 000**	**5 988 000**
Sum anleggsmidler		**1 004 040 000**	**988 254 000**
Omløpsmidler			
Varer			
Bunker		41 146 000	24 723 000
Sum varer		**41 146 000**	**24 723 000**
Fordringer			
Trade and other receivables	11	70 654 000	63 025 000
Prepayments		1 104 000	1 322 000
Andre fordringer	12		971 000
Konsernfordringer	17	2 560 000	16 584 000
Sum fordringer		**74 318 000**	**81 902 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		51 013 000	40 084 000
Sum bankinnskudd, kontanter og lignende		**51 013 000**	**40 084 000**
Sum omløpsmidler		**166 477 000**	**146 709 000**
SUM EIENDELER		**1 170 517 000**	**1 134 963 000**

Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	2	20 245 000	20 245 000
Overkurs	2	496 922 000	496 922 000
Sum innskutt egenkapital		**517 167 000**	**517 167 000**
Opptjent egenkapital			
Annen egenkapital	2	-377 319 000	-455 258 000
Sum opptjent egenkapital		**-377 319 000**	**-455 258 000**
Sum egenkapital		**139 848 000**	**61 909 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	14	47 056 000	48 930 000
Langsiktig konserngjeld	16	644 701 000	754 551 000
Øvrig langsiktig gjeld	13		5 957 000
Sum annen langsiktig gjeld		**691 757 000**	**809 438 000**
Sum langsiktig gjeld		**691 757 000**	**809 438 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	21	1 830 000	4 222 000
Leverandørgjeld	18	35 946 000	41 547 000
Betalbar skatt	9	487 000	552 000
Kortsiktig konserngjeld	17	251 615 000	177 824 000
Current accruals and provisions	20	43 114 000	34 488 000
Other current liabilities	19	5 918 000	4 983 000
Sum kortsiktig gjeld		**338 910 000**	**263 616 000**
Sum gjeld		**1 030 667 000**	**1 073 054 000**
SUM EGENKAPITAL OG GJELD		**1 170 515 000**	**1 134 963 000**

HÖEGH AUTOLINERS

Höegh Autoliners Shipping AS
Financial Statement 2021

Directors' Report

2021 has been a year of considerable milestones for Höegh Autoliners. With substantial re-pricing and commercial recovery, a successful IPO, launch and signing of contract to build our first Aurora class vessel, the year has provided us with the key building blocks for continuing to deliver high quality global ocean transportation solutions. We remain committed to our vision of a zero emissions future, reducing our carbon footprint and supporting the decarbonisation of our customers' supply chain.

Heading into 2021 we laid behind a challenging 2020, where the impact of COVID-19 and production slowdowns had a severe effect on world trade and deep-sea vehicle shipments. In 2020, we took decisive actions to adjust our capacity to market demand and repositioned some of our vessels in Asia. As anticipated, the Asian outbound market was the first to recover. When volumes sharply increased in Q4 2020, our vessels were well positioned to serve the rush in demand. Throughout 2021 we have seen a re-birth of the deep-sea RoRo industry, with significant re-pricing. This is particularly evident out of Asia where year over year Q4 net rates in % have increased with double digit numbers in all segments. Improved rates, together with prioritising a favourable cargo mix, has been the driving force behind a substantial commercial recovery and profit growth in 2021. This has also outweighed the hampering effects of congestion and return trade inefficiencies on utilisation.

Our well-timed operational turnaround in 2019 enabled us to get through 2021 and the pandemic without any external support and no extensions or amortisation reliefs by our creditors. In a turbulent 2021, we reaped the full benefits of having a lean, scalable, and fully integrated global organisation with considerable inhouse expertise. Operationally we experienced a fantastic performance this year, with a track record of zero major accidents and record good performance within our segment when it comes to port state control results. Port congestions, travel restrictions, closed borders and the constant change of local regulations and requirements has been a big burden to our seafarers. We have put strong efforts into crew change planning and execution, to safeguard the rights and welfare of seafarers. We have also prioritised vaccination for all our officers and crew, to ensure their safety and the safety of all in the communities.

In 2021 we completed our first carbon neutral voyage, with Höegh Trotter sailing from Europe to South Africa running on 100% pure advanced biofuels meeting the highest sustainability standard. The success of this trial voyage demonstrates that with the use of alternative fuels like biofuel, we can contribute significantly towards decarbonising the maritime transportation industry today, while new ship technologies evolve.

In April 2021 we launched the world's largest and most environmentally friendly PCTC vessels. The new Aurora design has substantial emission reduction potential, being the first and only PCTC design to receive ammonia and methanol ready notations by DNV. Compared to industry standard vessels and recent newbuilds, the design also has significantly improved earnings capabilities due to both economies of scale, cargo flexibility, fuel efficiency and lower emissions. In January 2022 we further materialised our ambition by signing the contract with China Merchants Heavy Industry to build a series of up to 12 zero carbon ready Aurora class vessels. In the current global yard orderbook, with little excess capacity to deliver newbuilds before 2025, we have the largest green capacity uplift both in numbers of vessels and CEUs. Considering all relevant aspects, we believe Höegh Autoliners has the most comprehensive green renewal program in the industry.

On 29 November, we successfully were admitted to trading on Euronext Growth Oslo, raising USD 131 million in equity. The offering attracted strong interest from high quality investors and was multiple times oversubscribed. Following the successful private placement and admission to trading we have secured equity financing for the first four Aurora Class vessels.

OPERATIONS AND LOCATIONS

Höegh Autoliners Shipping AS is a 100% owned subsidiary of Höegh Autoliners Management AS. The Company's head office is in Oslo.

The Company 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.

GENERAL MARKET OVERVIEW

2021 was the second exceptional year in our industry, and in the global auto industry where the COVID 19-related effects were compounded by significant supply chain disruptions. Hence, 2021 turned out to be another volatile year for the auto industry.

Unprecedented semiconductors shortages removed 9.5 million units of global production in 2021 with Q3 being the most affected with 3.5 million units lost.

While still supply-constrained, 2021 global sales posted an estimated 79.9 million units, up 3.5% YoY. Compared with the pre-COVID-19 performance, the market was still 11% below 2019. Reduced vehicle output levels affected lead times, depleted inventory levels and delaying fulfilment of prevailing orders.

European auto demand reflected high virus concerns combined with ongoing supply chain disruptions, particularly for German-based production. The 2021 Western and Central European demand posted 13.9 million units, up only 0.2% YoY. US auto demand remained low,with production hit hard by chips and worker shortages. , Dealer inventories were running very low. The 2021 US market posted 15 million units, up 3.4% YoY. Markets in Mexico and South Africa saw a moderate recovery but were still below 2019. Both Middle East and Oceania markets performed strongly in 2021, returning almost to pre-COVID-19 levels.

Most Höegh Autoliners destination markets showed recovering sales albeit at different paces. Total shipments of light vehicles in Höegh Autoliners' relevant trade lanes improved by an estimated 13.6% - a stronger result than the global shipments that grew by an estimated 13.2% compared to 2020. Shipments from Asia to all destinations were particularly strong. Shipments from Asia to North America were up an estimated 9% compared to 2020. Shipments from Asia to Western and Central Europe grew by 26.6% in 2021 compared to 2020, driven by China-based OEMs' ambitions to penetrate the just opening market for electric vehicles.

Shipments of main H&H machinery also showed a strong recovery, particularly from Asia. Combined, shipments from China, Japan and South Korea were up 50% on 2020 driven by Asian exports to both USA (up 33%) and to Europe (up 45%). The main drivers were a trillion USD investment to be released in the U.S. and unprecedented Green Deal in the European Union.

The global PCTC deep sea fleet totalled 657 vessels (over 2 000 CEU capacity) by February 2022. Two vessels were recycled during 2021. The global order book counted 39 vessels, of which three vessels are scheduled for delivery in 2022, eight vessels in 2023, 26 vessels in 2024 and two vessels in 2025. The capacity on order is equal to 7% of the active fleet.

RESULT 2021

The Company reported an increase in operating profit (EBITDA) from USD 62 428 thousand in 2020 to USD 114 928 thousand in 2021. The net profit after tax amounted to USD 78 million (a loss of USD 43 million in 2020), mainly due to reversal of previously recognised impairment charges. The Board of Directors proposes the 2021 profit of USD 78 million to be transferred to other equity.

The increase in revenues is a result of better net rates and higher utilisation. Bunker expenses were up by USD 67 million (46%) from 2020 to 2021 mainly due to higher activity and higher bunker prices. Voyage- and other operating expenses were up by 28%, mainly due to higher activity.

FINANCIAL POSITION

The book equity is total USD 140 million at the end of 2021 (USD 62 million in 2020). The book equity represented 12% of total equity and liabilities.

Net cash flow from operating, investing and financing activities was USD 11 million for 2021 (USD -34 million for 2020). The net cash flow from operations amounted to USD 112 million (USD 74 million in 2020), mainly due to stronger operating results. Net cash flow from investing activities was negative with USD 19 million (negative USD 26 million in 2020), mainly related to drydock and intercompany funding. Net cash flow from financing activities was negative with USD 82 million (negative USD 81 million for 2020).

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

FINANCIAL RISK

Overall view on objectives and strategy
The Company is exposed to financial risk in different areas and is reducing this risk through the use of financial instruments.

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

The Company is only to a limited extent exposed to currency fluctuations as the majority of its income and expenses are in USD. The largest non-USD costs are in NOK and relate to general administrative expenses. Fluctuations in EUR constitute a smaller risk and is partly balanced, as parts of the Company's costs and revenues are both Euro-denominated.

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

Liquidity risk
The Company has a cash balance of USD 51 million, increased from USD 40 million end 2020, mainly due to stronger operating results and lower investments in 2021.

Climate risk
The future emission and environmental regulations require the maritime industry to reduce its environmental footprint. Non-compliance with these regulations may lead to fines or even non-approval of documentation of compliance. There is also uncertainty around future environmental regulations. In case carbon taxes are implemented, operational cost for Höegh Autoliners will increase. In order to meet IMO's 2030 proposed target carbon intensity, improved fuel efficiency will be important. Fuel efficiency is also important for reducing operational costs as a result of high fuel prices and proposed taxes. Höegh Autoliners can either choose to run on low carbon fuels, reduce operational speed, implement fuel saving measures or renew the fleet. Even if Höegh Autoliners' current fleet is among the most fuel efficient in the industry, further fuel efficiency measures will be necessary to further improve fuel efficiency. The current fleet can comply with the proposed regulations by reducing speed or run on bio fuels.

ORGANISATION AND SUSTAINABLE DEVELOPMENT

The Company has no employees.

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

Compliance
Höegh Autoliners is deeply committed to compliance and to create an ethical mindset guiding the Company's decisions. That commitment is reflected in continuous improvement of the compliance program and learning in areas including anti-corruption, competition and anti-trust, applicable sanctions and export control and data privacy, including GDPR. In 2011, the Group was one of the founding members of MACN (Maritime Anti-Corruption Network). Since then, the Group has been an active member and has headed a collective action in the Suez Canal, combatting illegal facilitation payment demands by pilots and others during transit, which has had a demonstrated positive effect. The Group has also been involved in the Norwegian working group on commissions. Höegh Autoliners has an internal learning program called "Zero". This program is developed to help employees take a stand against corruption in general and facilitation payments in particular. Most of the Group's employees have completed various e-learning programs on compliance, and the Company has in 2021 developed a brand-new gamified compliance training. Compliance Ambassadors are appointed in all offices and the Code of conduct was launched through the event Integrity Day conducted in all offices. Sanctions and export control compliance is a constant focus area due to the ever-changing regulatory landscape. There is also an emphasis on data privacy and particularly transfers to countries outside the EU.

Environment
The maritime industry is continuing its work to reduce its environmental footprint. In 2021, Höegh Autoliners set the ambitious target to become carbon neutral by 2040. This will be achieved through fleet renewal, improved fuel efficiency and use of carbon neutral fuels. The average preliminary 2021 AER for the vessels in HTM and MLL was 5.26 g CO2/GT*Nm and between 2008 and 2021, the Company has improved fuel efficiency by 30%, well on track to meet IMO's target of 40% by 2030. Höegh Autoliners purchased about 363,000 tons of low sulphur fuel oil and 48,000 tons of distillates in 2021.

In March 2021, Höegh Autoliners accelerated its decarbonisation efforts successfully completing its first carbon neutral voyage from Europe to South Africa. During this voyage the Horizon class vessel Höegh Trigger ran on advanced biofuels meeting the highest sustainability standards. The successful trial voyage showed that biofuel is a viable choice for vessels in the fleet. Biofuel is unlikely to become the long-term solution for decarbonising the maritime industry, but Höegh Autoliners sees it as a transition fuel.

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

In September 2021, we reaffirmed our long-standing commitment to sustainability by becoming a signatory of the "Getting to Zero" coalition's Call to Action for Shipping Decarbonisation. The Call to Action includes three demands to enable this: commit to decarbonising international shipping by 2050; support industrial scale zero emission shipping projects through national action; and deliver policy measures that will make zero emission shipping the default choice by 2030. Höegh Autoliners has also set a Science Based emission reduction target and report to Carbon Disclosure Project.

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

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

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

Climate related opportunities
Exceeding environmental targets and regulations will help the Company to build green branding. Most of the large customers confirm that sustainability is one of the selection criteria in tender processes.

During the past years, we have seen an increase of electrical vehicles being shipped. The change from fossil fuels to electric cars will likely generate opportunities and increased volumes for Höegh Autoliners and the Aurora class is designed to carry the heavier electrical vehicles on all cargo decks. In Sustainable Development Scenario assumptions of International Energy Agency - World Energy Outlook 2020, around 50% of the global light vehicle fleet will be carbon neutral (electric or hydrogen powered).

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

For further details on sustainability, see the ESG report for 2021 published on the Company's website hoeghautoliners.com.

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

The global car carrier anti-trust investigation in the PCTC industry, which was initiated in 2012, has been finalised in most of the relevant jurisdictions, notably Japan, China, EU and the U.S. No fines have been invoked against the Group, save for the U.S., where the Group pleaded guilty to one offence, which entailed a fine. There are pending class actions in Canada. Further, the administrative council for economic defence (CADE) in Brazil initiated cartel investigations against the Group in 2016 regarding breach of anti-trust regulations. A final decision by CADE was issued on 23 March 2022. See Note 24 for more information. In addition, the Republic of South Africa (the RSA) initiated cartel investigations against the Group in 2013 with seven alleged incidents regarding breach of anti-trust regulations.

The Group has had no interaction with the Tribunal or the Competition Commission since October 2020. As before, the Group continues to cooperate fully with all relevant agencies. It is expected that the few remaining investigations and related matters may continue for another few years.

LOOKING FORWARD

The outbreak of Omicron this winter has led to more delays in ports and port operation due to lack of labour. In addition, some challenges related to bug treatment of cargo to Oceania has caused operational inefficiencies and delays. The semiconductor shortage and supply chain disruptions are continuing to create volatility and some imbalances but also creates opportunities as cargo support in certain markets are strong. However, the fundamental market conditions we experienced in the latter part of 2021 has continued into 2022. The Company is well positioned for the industry recovery expected to continue, driven by improving rates, increasing voyage efficiency and system balance, tight access to tonnage and a historically low newbuild backlog.

We are also moving into a contract renewal cycle and expect current market development to provide favorable re-negotiation conditions. The current market poses challenges for profitable volume growth, and we will have an opportunistic approach to vessel chartering for capacity increase.

The Board of Directors
Oslo, 30 May 2022

Andreas Enger
Chair/CEO

Espen Stubberud
Board Member

Sebjørn Dahl
Board Member

Per Øivind Rosmo
Board member

HÖEGH AUTOLINERS SHIPPING AS

Statement of income

(USD 1 000)	*Notes*	*2021*	*2020*
Total revenues		920 631	711 723
Bunker expenses	3	(212 076)	(145 104)
Voyage expenses and other operating expenses	4	(394 045)	(308 750)
Charter hire expenses	5	(89 298)	(100 480)
Operating and administrative expenses	6	(110 284)	(94 962)
Operating profit before depreciation		**114 928**	**62 428**
Depreciation	7	(70 524)	(69 491)
Reversal of impairment	7	70 302	-
Operating profit/(loss)		**114 706**	**(7 063)**
Interest income	8	39	12
Interest income group companies		-	2
Interest expenses	8	(7 536)	(8 845)
Interest expenses group companies	16	(24 559)	(28 126)
Income/(expenses) from other financial items	8	(4 735)	1 058
Profit / (loss) before tax		**77 915**	**(42 961)**
Income tax expenses	9	25	(25)
Profit / (loss)		77 939	(42 986)

HÖEGH AUTOLINERS SHIPPING AS

Statement of financial position

(USD 1 000)	*Notes*	*31.12.2021*	*31.12.2020*
Assets			
Non-current assets			
Vessels	7	987 438	967 122
Newbuildings and projects	7	8 856	9 436
Equipment	7	4 600	5 708
Other non-current assets	10	3 146	5 988
Non-current receivables group companies		-	-
Total non-current assets		**1 004 039**	**988 253**
Current assets			
Bunker		41 146	24 723
Trade and other receivables	11	70 654	63 025
Prepayments		1 104	1 322
Other current financial assets	12	-	971
Current receivables group companies	17	2 560	16 584
Cash		51 013	40 084
Total current assets		**166 477**	**146 709**
Total assets		**1 170 516**	**1 134 962**
Equity and liabilities			
Equity			
Share capital	2	20 245	20 245
Share premium reserve	2	496 922	496 922
Retained earnings	2	(377 319)	(455 258)
Total equity		**139 848**	**61 909**
Non-current liabilities			
Other non-current liabilities	13	-	5 957
Other non-current financial liabilities	14	47 056	48 930
Non-current debt group companies	16	644 701	754 551
Total non-current liabilities		**691 757**	**809 437**
Current liabilities			
Trade and other payables	18	35 946	41 547
Tax payable	9	487	552
Other current liabilities	19	5 918	4 983
Current accruals and provisions	20	43 114	34 488
Other current financial liabilities	21	1 830	4 222
Current liabilities group companies	17	251 615	177 824
Total current liabilities		**338 910**	**263 615**
Total equity and liabilities		**1 170 516**	**1 134 962**

The Board of Directors
Oslo, 30 May 2022

Andreas Enger
Andreas Enger
CEO/Chair

Espen Stubberud
Espen Stubberud
Board Member

Sebjørn Dahl
Board Member

Per Øivind Rosmo
Per Øivind Rosmo
Board member

HÖEGH AUTOLINERS SHIPPING AS

Statement of cash flows

(USD 1 000)	*Notes*	*2021*	*2020*
Cash flows from operating activities			
Profit/(loss) before tax		77 915	(42 961)
Depreciation and amortisation	7	70 524	69 491
Reversal of impairment	7	(70 302)	-
Cash flow provided by operating activities before changes in working capital		**78 137**	**26 529**
Changes in working capital			
Trade and other receivables		(8 370)	13 955
Bunker		(16 424)	8 029
Prepayments		3 694	7 438
Net change in receivables/payables from/to Group companies		51 876	39 671
Trade and other payables		(4 861)	(14 454)
Accruals and provisions		9 561	(6 268)
Income tax payable		(25)	25
Other current liabilities		(346)	(2 537)
Other changes to working capital		(1 027)	1 187
Net cash flow provided by operating activities		**112 216**	**73 574**
Cash flows from investing activities			
Investment in vessels, other tangible and intangible assets	7	(18 850)	(25 933)
Net cash flow provided by/(used in) investing activities		**(18 850)**	**(25 933)**
Cash flows from financing activities			
Repayment of debt		(84 497)	(83 417)
Net change in other long term borrowings		9 731	8 199
Lease liabilities		(1 714)	(1 557)
Other financial items		(5 957)	(4 605)
Net cash flow used in financing activities		**(82 437)**	**(81 379)**
Net cash flow during the year		**10 929**	**(33 739)**
Cash beginning of period		40 084	73 822
Cash and cash equivalents at 31.12		**51 013**	**40 084**
Non-restricted cash		51 013	40 084
Restricted cash		-	-
Cash and cash equivalents at 31.12		**51 013**	**40 084**

Notes

1 Summary of significant accounting policies

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

VESSELS/ NEWBUILDINGS/ EQUIPMENT/ DOCKING

Fixed assets are recorded at cost less accumulated depreciation and impairments. For newbuilding contracts the cost price includes all the costs incurred in the development and construction process, including interest expenses, construction supervision costs and technical costs. For ships that have been purchased in the second hand market the cost price includes expenses directly related to the acquisition.

When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are reversed, and any gain or loss on the sale or disposal is included in the statement of income.

Vessels
The depreciation is calculated on a straight line basis and corrected for impairment if applicable. The RoRo vessels have an expected useful life of 30 years. Vessels are depreciated to estimated scrap value which will be evaluated at each balance sheet date. Expected economic life of the vessels are reviewed and evaluated at each balance sheet date. If new evaluations materially differ from earlier estimates, the depreciation is changed accordingly.

Ordinary repairs and maintenance costs are expensed as incurred. Docking cost/classification costs are capitalised and amortised over the period until the next anticipated docking/inspection. Costs that do not meet the capitalisation criteria are expensed as repairs and maintenance costs.

Newbuildings
Instalments on newbuilding contracts are capitalised as "Newbuildings" when they are paid. Upon delivery newbuildings are reclassified as vessels and becomes subject to depreciation. The acquisition cost includes direct investments, cost incurred during the construction period and financing cost. Borrowing costs are capitalised during the construction period. The newbuilding contracts are financed individually, hence the amount of interest capitalised during the construction period is based on the effective interest of the loans directly associated with the newbuilding contracts.

Equipment
Depreciation is calculated on a straight line basis with the following estimated lifetime:
• Vessel equipment 10 years

Impairment of non-financial assets
The carrying amount of tangible assets is tested for impairment whenever there are indications that the value of these assets may be impaired. If the carrying amount of an asset is higher than the recoverable amount, an impairment loss will be recognised in the statement of income. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less cost to sell and its value in use.

The recoverable amount is determined separately for all assets, but if this is not practically possible, this will be determined together with the cash-generating unit to which the asset belongs. All vessels participating in the Group's Ro-Ro operations are considered part of a single cash-generating unit as this is the smallest strategically identifiable group of assets. Vessels in lay-up for which there are no concrete plans for when the vessel will be back in operation are not considered "in operation". Impairment losses recognised in prior periods are reversed when indications of impairment no longer exist or have decreased. A loss is only reversed to the extent that the asset's carrying amount does not exceeds the carrying value recognised if no impairment charges had been recognised in prior periods and normal depreciation and amortisation policies had been applied.

LEASES

Leases that transfer to the Company all material risks and benefits associated with ownership is considered as financial leases. All other leases are classified as operating leases. The assessment is based on the substance of the transaction by using the indicators mentioned in IAS 17 and IFRIC 4, and is determined at the conclusion of the contract.

The Company presents financial leases in the accounts as assets and liabilities. When a financial lease is included for the first time the asset is measured at the lower of fair value and present value of the minimum lease. Direct expenses related to the lease are included in the cost price of the asset. The monthly lease payments are divided into an interest element and a repayment element. The commitment is included in the balance sheet as a financial liability. Vessels under financial leases have linear depreciation consistent with vessels directly owned by the Company.

Operating leases are not recognised in the balance sheet. Income and rent associated with operating leases (rent in and out) are recognised on the basis of the agreements.

Leases that are established in connection with the sale of assets (sale-lease back) are recognised based on risk and return in the lease agreement. When such transactions meet the requirements for an operating lease, and are sold at fair value, the profit on the sale is recognised immediately. If the price of the asset is not considered fair value the profit/loss will be deferred and amortised on a straight-line basis over the lease period. Whether a lease should be classified as a financial or operating lease depends on the content of the lease agreement.

FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency
Höegh Autoliners Shipping AS' presentation and functional currency is US dollars (USD).

Transactions and balances
All transactions in currencies other than USD are included in the accounts at the exchange rate on the date of the transaction.

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

ARRANGEMENT FEES

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

FINANCIAL INSTRUMENTS

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined applying commonly used valuation techniques.

The Company uses derivative financial instruments such as bunker contracts and interest rate swaps to manage its risks associated with bunker prices and interest rates. Such derivative instruments are recognised at fair value in the balance sheet. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value are recognised in the income statement in income/(expenses) from other financial items. The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date.

REVENUES AND EXPENSES

Revenues are measured at the fair value of the consideration received or receivable. All voyage revenues and voyage expenses are recognised on a discharge to discharge basis for all spot voyages. Under this method the revenues and expenses are recognised evenly over the period from a voyage starts until it ends. This principle is based on the fact that Ro/Ro operation in its nature has close similarities to a liner operation, which means that each voyage has a predefined last discharge port.

Revenues and expenses related to voyages not finished at year-end are recognised on a pro-rata basis. Income and expenses related to these voyages will to some extent be based on estimates as the actual figures are not available at that time. Vessels on time charter are recognised as a time charter per day less days off-hire.

Voyage expenses include all expenses that are incurred as a direct and incremental consequence of a particular voyage, such as bunker fuel, port fees, cargo loading and unloading expenses, canal tolls and agency fees.

Other operating expenses include expenses such as crew cost, repairs and maintenance, insurance, communication and a share of administrative costs relating to voyages for the period. Other operating expenses are recognised when incurred.

TIME CHARTER- AND BAREBOAT CONTRACTS

Long term time charter and other freight-agreements are valued at year-end and a provision is made for onerous contracts.

MAINTENANCE EXPENSES

In connection with the docking of vessels, the improvements and repairs are capitalised and amortised over the period until the next docking (30 - 60 months). The same applies to the cost of class certification. When purchasing used vessels and at delivery of new buildings, a part of the cost will be deducted and capitalized as docking fee. Upon vessel sales will the expensed capitalized costs be classified as part of gain / (loss). Other maintenance is charged to operations as incurred.

INVENTORIES

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

TAX

Höegh Autoliners Shipping AS is subject to the Norwegian tonnage tax scheme. The scheme is approved by the EFTA Surveillance Authority. According to the system net operating revenue derived from the shipping industry will not be taxed and can be distributed without taxation. Instead of paying tax on income derived from the shipping operations, companies within this system have to pay a tonnage fee based on the size of the vessels. The fee is recognised as an operating expense. Financial income is taxed according to the ordinary Norwegian tax scheme; however it is only a portion of interest expenses and net currency gain/ loss that gives the right to tax deductions. Dividends and capital gains are taxed according to the Norwegian exemption model.

CASH FLOW

The cash flow statement is prepred according to the indirect method. Cash includes cash in bank deposits and are classified as current assets. Capitalised borrowing costs are presented as acquisition of non-current assets.

The Company has no restriction on cash assets.

CONTINGENT LIABILITIES AND ASSETS

Provisions are made for contingent liabilities defined as likely and quantifiable. Contingent assets are not recognised in the financial statement

ESTIMATES

The estimates are based on the management's best knowledge of available information at the time the financial statement is approved.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

Current assets and liabilities include items that fall due within one year after the balance sheet date and items such as cash or cash equivalents. The short-term portion of long-term debt is classified as current liabilities. Financial investments made for the purpose of short-term returns are classified as current assets, while long-term investments of strategic nature are classified as non-current assets.

RECEIVABLES

Trade and other receivables are carried at the original invoice amount, less an allowance made for doubtful receivables. Provision is made when there is objective evidence that the Company will be unable to recover balances in full.

DEBT

Loans and receivables are non-derivative financial assets with fixed or agreed payments that are not traded in an active market. Such assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

EVENTS AFTER THE BALANCE SHEET DATE

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

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

2 Equity

	Share capital	*Share premium reserve*	*Retained earnings*	*Total*
Equity 01.01.2020	20 245	496 922	(412 272)	104 895
Profit / (loss) of the year	-	-	(42 986)	(42 986)
Equity 31.12.2020	**20 245**	**496 922**	**(455 258)**	**61 909**
Profit / (loss) of the year	-	-	77 939	77 939
Equity 31.12.2021	**20 245**	**496 922**	**(377 319)**	**139 848**

Share capital	*Number of shares*	*Currency*	*2021*	*2020*
Ordinary shares	1	NOK	181 800 000	181 800 000
Total			**181 800 000**	**181 800 000**

The shares in Höegh Autoliners Shipping AS are 100% owned by Höegh Autoliners Management AS, which in turn is 100% owned by Höegh Autoliners ASA, listed on Oslo Stock Exchange.

Consolidated financial statement for Höegh Autoliners ASA can be obtained by contacting the parent company, at the address Drammensveien 134, 0212 Oslo.

3 Bunker expenses

	2021	*2020*
Total bunker consumption (1 000 mt)	419	350
Average price (USD/ mt)	506	415
Total	**212 076**	**145 104**

4 Voyage expenses and other operating expenses

	2021	*2020*
Loading	68 293	51 910
Discharging	71 677	53 589
Port cost	83 509	71 801
Canal cost	51 186	40 643
Transhipment	45 598	28 750
Claims and insurance	1 443	1 833
Equipment	9 277	7 632
Commission	42 761	39 232
Other	20 301	13 360
Total	**394 045**	**308 750**

Voyage expenses

Voyage expenses are variable costs relating to vessel operation and transshipment. The activity in 2021 with more vessels in operation, higher volumes and more external transshipment have increased the total voyage expenses. There has also been an increase in voyage expenses, especifically overtime and terminal handling/storage charges, due to Covid related issues like quarantine regulations and labor shortages, which caused delays and congestion in various ports.

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

5 Charter hire expenses

	2021	*2020*
Charter hire expenses on long-term time charter contracts *	64 699	86 270
Charter hire and space charter expenses on short-term time charter contracts	24 599	14 210
Total	**89 298**	**100 480**

** Long-term contracts assume more than one year maturity.*

Charter hire expenses

The decrease in charter hire expenses is due to fewer long-term vessels hired, and reduced rates. This is partly offset by increase of space charters and short-term vessels hired in 2021, compared to 2020.

6 Operating and administrative expenses

	2021	*2020*
Spare parts	7 481	5 761
Consumables	12 561	15 052
Damage on vessels and equipment	331	971
Insurance	10 438	6 772
Tonnage tax	531	504
Other operating and administrative expenses	36 963	27 888
Sea personnel expenses	38 580	35 294
Other	3 399	2 719
Total	**110 284**	**94 962**

Most of the operating expenses are related to technical management and crewing services purchased from Höegh Technical Management Holding Pte Ltd. "Other operating and administrative expenses" encompass management and administrative functions handled by Höegh Autoliners Management AS and regional - local offices. The Company has no employees and has thus no wage expenses or pension liabilities. There are no director's fees paid out during the year.

Auditor's fee	*2021*	*2020*
Statutory audit	67	70
Total	**67**	**70**

Amounts excluded value added tax.

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

7 Vessels, newbuildings and equipment

2021	*Vessels*	*Newbuildings & Projects*	*Equipment*	*Total*
Cost at 01.01	1 809 553	9 436	16 864	1 835 853
Additions	19 430	(580)	-	18 850
Disposals	-	-	-	-
Cost at 31.12	**1 828 983**	**8 856**	**16 864**	**1 854 703**
Accumulated depreciation and impairment at 01.01	(842 431)	-	(11 157)	(853 588)
Depreciation	(69 416)	-	(1 108)	(70 524)
Reversal of impairment	70 302	-	-	70 302
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31.12	**(841 545)**	**-**	**(12 265)**	**(853 810)**
Net carrying amount at 31.12	**987 438**	**8 856**	**4 599**	**1 000 893**
Book value assets sold / disposed	-	-	-	-
Sales price	-	-	-	-
Gain/(loss)	**-**	**-**	**-**	**-**

2020	*Vessels*	*Newbuildings & Projects*	*Equipment*	*Total*
Cost at 01.01	1 784 845	8 211	16 864	1 809 920
Additions	24 708	1 225	-	25 933
Disposals	-	-	-	-
Cost at 31.12	**1 809 553**	**9 436**	**16 864**	**1 835 853**
Accumulated depreciation and impairment at 01.01	(774 066)	-	(10 031)	(784 097)
Depreciation	(68 364)	-	(1 126)	(69 491)
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31.12	**(842 431)**	**-**	**(11 157)**	**(853 588)**
Net carrying amount at 31.12	**967 122**	**9 436**	**5 707**	**982 265**
Book value assets sold / disposed	-	-	-	-
Sales price	-	-	-	-
Gain/(loss)	**-**	**-**	**-**	**-**

Vessels

Additions

Out of the total additions in 2021, USD 16.6 million (USD 20.0 million in 2020) is related to capitalised drydocking costs.

Disposals

There were no disposals of vessels in 2021 and 2020.

Depreciation and updated accounting estimates

The residual value and useful lifetime of the fleet is evaluated annually. There is no change in the residual values in 2021. Out of the total annual depreciation of vessels of USD 70 million, USD 4 million is related to the financial lease of Höegh Copenhagen.

Impairment

Improved market conditions, in combination with a tight capacity market were main drivers for rising market values for vessels. The market values for the vessels have increased with more than 20% through 2021, and is 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 has estimated the recoverable amount of the fleet. The expected net present values generated from the fleet's operations are based on the management's best estimate as per the five year long-term forecast and represent the values in use for the fleet. In the fourth quarter of 2021, the Company reversed USD 70.3 million of previously recognised impairment losses for the vessels in the fleet. The reversal resulted from a positive change in the estimates used to determine the vessels recoverable amounts since the impairment loss was initially recognised.

A Weighted Average Cost of Capital (WACC) is applied as the Group's discount rate, calculated to 7.66% for 2021 (6.45% in 2020).

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

Leased vessels

The bareboat lease of Höegh Copenhagen was renegotiated in 2017, and is currently classified as a financial lease in the Company's financial statements. The remaining lease period is for 13 years. Höegh has the right to purchase the vessel in options throughout the lease period.
Future lease payments in relation to the lease amount to USD 93.7 million. The lease is a fixed lease rate per day, payments due within one year are USD 7.1 million. 1-5 years USD 27.7 million, and more than 5 years USD 58.9 million. For further information see liquidity analysis in Note 15, information on the lease liability in Note 14, and Note 21 for lease commitments.

Newbuildings

The Company has no contracted newbuildings as of year-end 2021.

Equipment

Equipment consists of vessel equipment.

8 Interest and other financial items

Interest income	***2021***	***2020***
Interest income from banks	-	12
Interest income discounted financial receivables	39	-
Total	**39**	**12**

Interest expenses	***2021***	***2020***
Interest mortgage debt	-	-
Interest on interest rate swaps realised	2 032	2 505
Interest on interest rate swaps unrealised	-	266
Interest expense discounted financial receivables	18	457
Interest on financial leases	5 440	5 617
Other interest expenses	46	0
Total	**7 536**	**8 845**

Other financial items	***2021***	***2020***
Gain on interest rate swaps	2 022	991
Gain/(loss) on bunkers cap	-	(2 867)
Gain/(loss) on currency exchange	(2 791)	3 193
Other	(3 966)	(259)
Total	**(4 735)**	**1 058**

9 Tax

Norwegian tonnage tax scheme

Höegh Autoliners Shipping AS is subject to the Norwegian tonnage tax scheme. According to the system net operating revenue derived from shipping will not be taxed and can be distributed without taxation. The companies within this system have to pay a tonnage fee based on the size of the vessels. The fee is recognised as an operating expense. Financial income is taxed according to the ordinary Norwegian tax scheme, however it is only a portion of the interest and currency expenses that gives the right to tax deductions.

Tonnage tax payable

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

Income tax for the year	***2021***	***2020***
Change in deferred tax	-	-
Tax payable	25	(25)
Tax (expense) / income	**25**	**(25)**

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

Reconciliation of calculated and actual tax expense	*2021*	*2020*
Profit / (loss) before tax	77 915	(42 961)
Estimated tax at 22% statutory tax rate *	(17 141)	9 451
Tax effect on result exempted from taxation under the tonnage tax scheme	20 768	(11 535)
Tax payable	25	(25)
Deferred tax asset not recognised	(3 627)	2 084
Tax (expense) / income	**25**	**(25)**
Effective tax rate for the Company	0%	0%

Tax payable	*2021*	*2020*
Tonnage tax	487	527
Other tax payable	-	25
Tax payable	**487**	**552**

Deferred tax assets	*2021*	*2020*
Current assets	(336)	324
Non-current debt / receivables	4 533	7 378
Loss carried forward	66 455	66 577
Deferred tax asset not recognised *	(70 651)	(74 279)
Deferred tax assets	**-**	**-**

** From 1 January 2022 the corporate tax rate remains at 22%.*

Loss carried forward within the tonnage tax scheme is not recognised in the financial accounts due to uncertainty related to the Company's ability to utilise this asset. There is no time restriction for the utilisation of loss carried forward.

10 Other non-current assets

	2021	*2020*
Prepaid TC	3 146	5 988
Total	**3 146**	**5 988**

11 Trade and other receivables

Freight receivables and other receivables	*2021*	*2020*
Freight receivables	67 704	59 580
Provision for impairment on freight receivables	(209)	(98)
Other trade receivables and agents	2 658	963
Public duties	443	445
Other receivables	58	2 135
Total	**70 654**	**63 025**

Total outstanding as of 31.12	*2021*	*2020*
Not due	35 723	34 507
1-15 days over due	10 838	10 264
16-30 days over due	6 535	2 176
31-60 days over due	4 169	6 653
61- days over due	10 439	5 979
Total	**67 704**	**59 580**

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

12 Other current financial assets

	2021	2020
Other receivables	-	971
Total	**-**	**971**

13 Other non-current liabilities

	2021	2020
Settlement U.S. Department of Justice	-	5 957
Total	**-**	**5 957**

In relation with U.S. investigations into the car carrier industry and ocean shipping services to and from the U.S., Höegh Autoliners accepted a settlement with the U.S. Department of Justice in 2017. Höegh Autoliners has agreed to pay USD 21 million in a plea agreement related to U.S. to Middle East exports. The liability is to be settled over a period of five years, with the first downpayment made in December 2017.
One payment remains as of year-end 2021. The liability is presented in the Company's financial statements as a current liability (see note 19), discounted with an interest of 1.38%.

14 Other non-current financial liabilities

	2021	2020
Non-current financial lease liability	47 056	48 887
Interest rate swaps liabilities *	-	43
Total	**47 056**	**48 930**

** For further information see Note 15.*

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

15 Financial risk

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

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

This note contains information about the Company's exposure to the above risks and corporate policies and procedures to monitor and manage them. The Company's risk management guidelines are established to identify, analyse and monitor the various risks and to establish appropriate framework. The guidelines are reviewed regularly to consider changes in the market conditions and the Company's activities.
The Board of Directors has overall responsibility for the establishment and control of the Company's framework for financial risk management.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise four types of risk: cash flow interest rate risk, fair value interest rate risk, foreign exchange rate risk and other price risk, such as bunker price risk. The Company buys and sells financial derivatives in order to mitigate risks from movements in interest rates. Changes in the market value of financial derivatives are recognised through the income statement (Fair value accounting).

Cash flow interest rate risk

The Company's interest rate risk arises from long-term borrowings at floating rate and the risk is therefore a cash flow interest rate risk.
The Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps.
The interest rate swaps are measured at fair value and changes in fair value are recognised through the statement of comprehensive income.
As of year-end 2021 the Company had no interest rate swaps.

	2021	*2020*
Fair value interest rate swaps *	-	(2 022)

** Classified as other non-current financial liabilities in Note 14 and other current financial liabilities in Note 21.*

For 2021, a change in interest rate of 1 percentage would have had an effect on the Company's profit before tax and equity, through the impact of net floating rate borrowings, of about USD 2.6 million (USD 3.5 million in 2020).

Fair value interest risk

The interest rate risk can be reduced through interest rate swaps. The Company currently evaluates the exposure to interest rate risk as limited, and at year-end 2021, the Company did not have any interest rate swaps.

Foreign exchange rate risk

The Company is exposed to currency fluctuations to a limited extent as a greater part of its income and expenses (including financial and capital expenses) are in USD. The Company has no active currency hedges as of 31.12.2021.

Bunker price risk

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

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company has derivatives with sound financial institutions.

Normal credit period for freights is from 25 to 30 days. For larger new customers a credit analysis is conducted. The majority of the largest customers have had a long relationship with Höegh. Bad debt has remained at a very low and stable level in recent years. The Company has provided for 100% of receivables that are past due more than 365 days as experience tells that such claims are difficult to recover. For accounts receivable due between 1 and 365 days provisions are made based on individual assessments. The maximum exposure to credit risk is represented by the carrying amounts of the financial assets that are carried in the balance sheets. For further information about receivables see Note 11.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity management is to ensure, to the extent possible, that the liquidity at any time can meet on-going obligations, both under normal and stressful conditions. The liquidity reserve shall be kept solid with targeted minimum cash holding relative to the size of the operation, cash flow development and capital commitments. The Company will seek to have the majority of its liquidity in bank deposits. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Per 31.12.2021	*Note*	*< 1 year*	*1 - 5 years*	*> 5 years*	*Total*
Debt group companies (interest not included)	*16, 17*	251 615	353 711	290 990	896 317
Financial lease liability (interest not included)	*14, 21*	1 830	8 902	38 154	48 887
Trade payables	*18*	31 557	-	-	31 557
Settlement U.S. Department of Justice (cash payments)	*13,19*	6 000	-	-	6 000
Total		**291 003**	**362 613**	**329 144**	**982 760**

Per 31.12.2020	*Note*	*< 1 year*	*1 - 5 years*	*> 5 years*	*Total*
Debt group companies (interest not included)	*16, 17*	177 824	473 292	281 259	932 374
Financial lease liability (interest not included)	*14, 21*	1 714	10 732	38 154	50 601
Interest rate swaps liabilities	*15, 22*	2 508	43	-	2 551
Trade payables	*18*	41 547	-	-	41 547
Settlement U.S. Department of Justice (cash payments)	*13,19*	5 000	6 000	-	11 000
Total		**228 593**	**490 067**	**319 413**	**1 038 073**

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

Climate risk

The future emission and environmental regulations require the maritime industry to reduce its environmental footprint. Non-compliance with these regulations may lead to fines or even non-approval of documentation of compliance. There is also uncertainty around future environmental regulations. In case carbon taxes are implemented, operational cost for Höegh Autoliners will increase. In order to meet IMO's 2030 proposed target carbon intensity, improved fuel efficiency will be important. Fuel efficiency is also important for reducing operational costs as a result of high fuel prices and proposed taxes. Höegh Autoliners can either choose to run on low carbon fuels, reduce operational speed, implement fuel saving measures or renew the fleet. Even if Höegh Autoliners' current fleet is among the most fuel efficient in the industry, further fuel efficiency measures will be necessary to further improve fuel efficiency. The current fleet can comply with the proposed regulations by reducing speed or run on bio fuels. With the new Aurora class vessels, the Höegh fleet will be in a good position to meet the proposed CII target at current operational speed. For more information on climate related risks and opportunities, see the 2021 ESG report on our website www.hoeghautoliners.com/about-us/sustainable-business.

16 Non-current debt group companies

	2021	*2020*
Höegh Autoliners ASA	506 232	620 712
Höegh Autoliners Shipping Pte Ltd.	138 469	133 839
Total	**644 701**	**754 551**

Interests and arrangement fee on non-current debt to group companies amount to USD 25 million for 2021 (USD 28 million in 2020).

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

17 Current receivables/(payables) group companies

2021	Current receivables	Current debt	Total
Höegh Autoliners ASA	-	(131 058)	(131 058)
Höegh Autoliners Shipping Pte Ltd	-	(61 114)	(61 114)
Höegh Autoliners Management AS	-	(16 742)	(16 742)
Höegh Autoliners Logistics AS	-	(3 049)	(3 049)
Höegh Technical Management	-	(5 418)	(5 418)
Höegh Autoliners PTY Ltd.	-	(142)	(142)
Leif Höegh & Co China Ltd.	997	-	997
Höegh Autoliners K.K.	1 563	-	1 563
Höegh Autoliners AS	-	(29 110)	(29 110)
Höegh Autoliners Germany GmbH	-	(594)	(594)
Höegh Autoliners Spain S.L.	-	(94)	(94)
Höegh Autoliners Pty. Ltd.	-	(876)	(876)
Höegh Autoliners S.A.S.	-	(527)	(527)
Höegh Autoliners North America Inc.	-	(2 407)	(2 407)
Höegh Autoliners Panama, S.A.	-	(71)	(71)
Höegh Autoliners UK Ltd. (Dormant)	-	(412)	(412)
Total	**2 560**	**(251 615)**	**(249 055)**

2020	Current receivables	Current debt	Total
Höegh Autoliners ASA	-	(64 209)	(64 209)
Höegh Autoliners Shipping Pte Ltd	-	(69 506)	(69 506)
Höegh Autoliners Management AS	-	(8 890)	(8 890)
Höegh Autoliners Logistics AS	-	(2 049)	(2 049)
Höegh Technical Management	11 118	-	11 118
Höegh Autoliners PTY Ltd.	-	(49)	(49)
Leif Höegh & Co China Ltd.	4 026	-	4 026
Höegh Autoliners K.K.	1 440	-	1 440
Höegh Autoliners AS	-	(28 876)	(28 876)
Höegh Autoliners Germany GmbH	-	(364)	(364)
Höegh Autoliners Spain S.L.	-	(138)	(138)
Höegh Autoliners Pty. Ltd.	-	(619)	(619)
Höegh Autoliners S.A.S.	-	(807)	(807)
Höegh Autoliners North America Inc.	-	(1 784)	(1 784)
Höegh Autoliners Panama, S.A.	-	(121)	(121)
Höegh Autoliners UK Ltd. (Dormant)	-	(412)	(412)
Total	**16 584**	**(177 824)**	**(161 240)**

18 Trade and other payables

	2021	2020
Suppliers	31 557	41 547
Prepaid TC hire (TC out)	4 389	-
Total	**35 946**	**41 547**

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

19 Other current liabilities

	2021	2020
Settlement U.S. Department of Justice	5 918	4 983
Total	**5 918**	**4 983**

For further information see Note 13.

20 Current accruals and provisions

	2021	2020
Accrued voyage expenses	38 160	33 220
Accrued running expenses and other provisions	4 954	1 269
Total	**43 114**	**34 488**

Accruals

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

21 Other current financial liabilities

	2021	2020
Financial lease liability	1 830	1 714
Accrued interest on interest rate swaps	-	529
Interest rate swaps liabilities	-	1 979
Total	**1 830**	**4 222**

22 Commitments, contingent liabilities and securities

Charter commitments

The Company has as per year-end 2021 operational bareboat commitments of nominal USD 228 million (USD 260 million at year-end 2020) related to the future fixed charter periods. In addition to the fixed periods the Company has several option periods. The total amount refers to seven vessels on bareboat charter (nine in 2020), and three vessels on long-term time charter contracts (three in 2020). The contracts have remaining periods from six months to seven years (one year to seven years at the end of 2020). No provisions have been made for onerous time charter (TC) hire contracts based on the fixed TC periods. For further information see Note 7.

Capital commitments

The Company has no capital commitments at the end of 2021.

Contingent liabilities

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

Security

The USD 1 000 million senior secured term loan and revolving credit facility drawn by the Group is secured by mortgages in most of the Company's vessels, with a total book value of USD 886 million. In addition, the debt is secured by an assignment of earnings and insurances.

HÖEGH AUTOLINERS SHIPPING AS

(Amount in tables in 1 000 USD)

23 Transactions with related parties

Main transactions between group companies

Höegh Autoliners Management AS delivers operational, financial and administrative services while Höegh Technical Management Holding Pte Ltd. delivers technical and crewing services. The Company had three vessels under US flag with Maersk Lines Ltd during 2021. All three vessels are owned as individual US Trusts. Each vessel is on bareboat charter to Maersk Lines from the Trusts and Höegh Autoliners Shipping AS has the vessels on time charter from Maersk Lines Ltd.

ParCar AS, owned 36.45% by Höegh Autoliners ASA, has a 100% ownership of ParCar Shipholding AS. Höegh Autoliners ASA has a 100% ownership in Höegh Autoliners Shipping AS through Höegh Autoliners Management AS. The company ParCar Shipholding AS delivers bareboat charter of Höegh Copenhagen to Höegh Autoliners Shipping AS.

The main transactions are listed in the table below:

Supplier	*Receiver*	*Type of agreement*	*2021*	*2020*
Höegh Autoliners Management AS	Höegh Autoliners Shipping AS	Management agreement	25 508	24 840
Höegh Technical Management Holding Pte Ltd.	Höegh Autoliners Shipping AS	Technical Management	91 865	76 244
Maersk Line Limited	Höegh Autoliners Shipping AS	Technical Management	15 368	21 898
Höegh Autoliners Shipping AS	Maersk Line Limited	Shipping services	28 801	26 069
ParCar Shipholding AS	Höegh Autoliners Shipping AS	Bareboat lease	7 154	7 174

All Höegh Autoliners commercial subsidiaries make cargo bookings on behalf of Höegh Autoliners AS. Most of the commercial companies are cost-plus based where the company's income is based on a percentage of the expenses. Based on this transfer pricing principle Höegh Autoliners Shipping AS has from the various commercial subsidiaries expensed USD 16 million (USD 20 million in 2020) as voyage expenses.

24 Events after the balance sheet date

Ukraine/Russia conflict

Höegh Autoliners does not have planned port calls in Russia or the Black Sea, but disruptions to the global supply chain may indirectly impact our services. Höegh Autoliners does not have any employees resident in the conflict areas. We are monitoring the situation closely and will provide updates as appropriate.

Update on alleged breaches of anti-trust investigation in Brazil

On 23 March 2022, The Administrative Council for Economic Defence (CADE) in Brazil issued a fine of approximately BRL 26 million (USD 5.4 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.

Fleet update

On 25 February 2022, the Company entered into an agreement with Pioneer Leasing Ltd, the owner of the vessels Höegh Maputo and Höegh Singapore, to sell both vessels. The vessels have been operated by Höegh Autoliners since delivery in 2011, and have been on a bareboat charter to Höegh Autoliners a bareboat charter to Höegh Autoliners since 2014. A profit sharing agreement between the Company and Pioneer Leasing will give the Company a financial gain of approximately USD 19 million in aggregate upon completion of the sale in Q3 2022.

The Company has also extended the charterparites for the vessels Höegh Brasilia and Höegh Sydney, wth two and three yeards respectively from April and August 2022.

pwc

To the General Meeting of Höegh Autoliners Shipping AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Höegh Autoliners Shipping AS (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

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

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Oslo, 30 May 2022
PricewaterhouseCoopers AS

Bjørn Rydland
State Authorised Public Accountant

(This document is signed electronically)

Securely signed with Brevio

Auditor's report

Signers:

Name	*Method*	*Date*
Rydland, Bjørn	BANKID	2022-05-30 15:23

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Phone: +47 21 03 90 00
E-mail: autoliners@hoegh.com
www.hoegh.com

www.hoeghautoliners.com

Org NO: 977270510 VAT

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jan Hoelstad	23.05.2011	06.06.2011
Telefon	Deres referanse	Vår referanse
22077325	Martin B. Hogganvik	2009/766865

Höegh Autoliners Management AS
Postboks 4, Skøyen
0212 Oslo

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Det vises til deres brev av 23. mai 2011 samt e-post 31. mai 2011 med supplerende opplysninger i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for:

- RoRo Investments Ltd (Nuf) Org. nr: 996 885 194
- Leif Höegh & Co Holdings AS Org. nr: 992 436 859
- Höegh Autoliners Management AS Org. nr: 921 482 957
- Höegh Autoliners Shipping AS Org. nr: 977 270 510
- Höegh Autoliners Shipowning AS Org. nr: 996 235 769
- Höegh Autoliners AS Org. nr: 933 099 628
- Höegh Fleet Services AS Org. nr: 974 388 766

Bakgrunn:
De ovennevnte selskap inngår alle i konsernet Leif Höegh & Co AS hvor konsernspissen i vedtak av 3. februar 2011 er innvilget dispensasjon fra å utarbeide årsregnskap og årsberetning på norsk språk. I tillegg er i tilsvarende dispensasjon gitt i vedtak av 26. januar 2011 til selskapet Höegh Autoliners Holdings AS som er et underliggende morselskap for de fem siste nevnte selskap ovenfor.

Fra deres begrunnelse gjengis:

Konsernet driver en internasjonal shipping virksomhet hvor US dollar og det engelske språk er dominerende. Innad i konsernet er engelsk forretningsspråket, og det rapporteres også internt på dette språket. Eierne Leif og Morten Høegh bruk engelsk som forretningsspråk. Morten er for øvrig bosatt i London. Kreditorene er internasjonale finansinstitusjoner/banker. De øvrige brukerne av regnskapet er en lukket krets av interessenter. Konsernet er ikke børsnotert.

Det medfører således en ekstra belastning for selskapet å utarbeide regnskap og årsberetning på norsk da dette gjøres kun pga lovkrav

Skattedirektoratets vurdering og konklusjon
Etter regnskapsloven § 3-4 tredje ledd *skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir negativt berørt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapene inngår i et konsern hvor konsernspissen alt er innvilget dispensasjon. De tidligere vurderte forhold ved den behandlingen, er også gjeldene for disse selskapene. Selskapene opererer innen en internasjonal næring hvor engelsk språk benyttes både internt i selskapene, og mellom forretningspartnere.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de ovenfor nevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen
Torstein Kinden Helleland

seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jan Hoelstad