



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	994 034 340
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	LEIF HÖEGH & CO AS
Forretningsadresse:	Parkveien 55 0256 OSLO

### Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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### Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Cathrine Manum
Dato for fastsettelse av årsregnskapet:	16.08.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*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, 20.07.2022



## Resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Administrative expenses	2	382 000	390 000
<b>Sum kostnader</b>		<b>382 000</b>	<b>390 000</b>
<b>Driftsresultat</b>		<b>-382 000</b>	<b>-390 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		0	4 000
Currency gain		17 000	0
Other financial income		14 000	0
<b>Sum finansinntekter</b>		<b>31 000</b>	<b>4 000</b>
Currency loss		0	6 000
Other financial expenses	4	5 866 000	82 438 000
<b>Sum finanskostnader</b>		<b>5 866 000</b>	<b>82 444 000</b>
<b>Netto finans</b>		<b>-5 835 000</b>	<b>-82 440 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-6 217 000</b>	<b>-82 830 000</b>
Skattekostnad på ordinært resultat	3	0	0
<b>Ordinært resultat etter skattekostnad</b>		<b>-6 217 000</b>	<b>-82 830 000</b>
<b>Årsresultat</b>		<b>-6 217 000</b>	<b>-82 830 000</b>
<b>Overføringer og disponeringer</b>			
Overføring til/fra fond		-6 217 000	-82 830 000
<b>Sum overføringer og disponeringer</b>		<b>-6 217 000</b>	<b>-82 830 000</b>



### Balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	5/9	421 158 000	427 286 000
<b>Sum finansielle anleggsmidler</b>		<b>421 158 000</b>	<b>427 286 000</b>
<b>Sum anleggsmidler</b>		<b>421 158 000</b>	<b>427 286 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	6	336 000	243 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>336 000</b>	<b>243 000</b>
<b>Sum omløpsmidler</b>		<b>336 000</b>	<b>243 000</b>
<b>SUM EIENDELER</b>		<b>421 494 000</b>	<b>427 529 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	8	329 810 000	329 810 000
Overkurs	8	498 893 000	498 893 000
<b>Sum innskutt egenkapital</b>		<b>828 703 000</b>	<b>828 703 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	8	-408 083 000	-401 866 000
<b>Sum opptjent egenkapital</b>		<b>-408 083 000</b>	<b>-401 866 000</b>
<b>Sum egenkapital</b>		<b>420 620 000</b>	<b>426 837 000</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Kortsiktig konserngjeld	7	652 000	652 000
Annen kortsiktig gjeld	7	221 000	39 000
<b>Sum kortsiktig gjeld</b>		<b>873 000</b>	<b>691 000</b>
<b>Sum gjeld</b>		<b>873 000</b>	<b>691 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>421 493 000</b>	<b>427 528 000</b>



### Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	736 691 000	921 800 000
Annen driftsinntekt	2	10 412 000	0
<b>Sum inntekter</b>		<b>747 103 000</b>	<b>921 800 000</b>
<b>Kostnader</b>			
Bunker expenses	3	145 104 000	189 124 000
Voyage exp and other operating exp	3	307 792 000	352 318 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	7	153 020 000	169 150 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	7	8 194 000	28 616 000
Charter hire expenses	3	14 210 000	61 488 000
Running expenses	4	88 543 000	88 524 000
Administrative expenses	5	16 712 000	27 633 000
Profit/(loss) from associates and JV	28	-463 000	-3 443 000
Gain/(loss) from sale of assets	7	2 651 000	-4 000
<b>Sum kostnader</b>		<b>735 763 000</b>	<b>913 406 000</b>
<b>Driftsresultat</b>		<b>11 340 000</b>	<b>8 394 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt	9	344 000	1 475 000
Annen finansinntekt	10	5 016 000	2 678 000
<b>Sum finansinntekter</b>		<b>5 360 000</b>	<b>4 153 000</b>
Annen rentekostnad	9	44 558 000	67 202 000
Annen finanskostnad	10	5 197 000	4 994 000
<b>Sum finanskostnader</b>		<b>49 755 000</b>	<b>72 196 000</b>
<b>Netto finans</b>		<b>-44 395 000</b>	<b>-68 043 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-33 055 000</b>	<b>-59 649 000</b>
Skattekostnad på ordinært resultat	11	936 000	4 094 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-33 991 000</b>	<b>-63 743 000</b>
Profit/(loss) from discontinued operations	6	14 935 000	1 564 000



## Konsernets resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Årsresultat</b>		<b>-19 056 000</b>	<b>-62 179 000</b>
Remeasurement on defined benefit plans	5	-217 000	-139 000
Currency translation differences	28	369 000	-1 004 000
Changes in fair value		-1 039 000	-183 000
Sum resultatkomponenter for IFRS-foretak		-887 000	-1 326 000
<b>Totalresultat</b>		<b>-19 943 000</b>	<b>-63 505 000</b>
<b>Overføringer og disponeringer</b>			
Overføring til/fra fond		-19 056 000	-62 179 000
<b>Sum overføringer og disponeringer</b>		<b>-19 056 000</b>	<b>-62 179 000</b>



### Konsernets balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	11	892 000	892 000
<b>Sum immaterielle eiendeler</b>		<b>892 000</b>	<b>892 000</b>
<b>Varige driftsmidler</b>			
Vessels	7	978 161 000	1 053 960 000
Leased assets	8	217 921 000	329 334 000
Newbuildings and projects	7	12 294 000	11 436 000
Equipment	7	15 859 000	22 540 000
<b>Sum varige driftsmidler</b>		<b>1 224 235 000</b>	<b>1 417 270 000</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i tilknyttet selskap	28	8 960 000	18 156 000
Other non-current assets	12	1 288 000	1 363 000
Other non-current financial assets	12	2 834 000	5 607 000
<b>Sum finansielle anleggsmidler</b>		<b>13 082 000</b>	<b>25 126 000</b>
<b>Sum anleggsmidler</b>		<b>1 238 209 000</b>	<b>1 443 288 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Bunker		24 942 000	32 984 000
<b>Sum varer</b>		<b>24 942 000</b>	<b>32 984 000</b>
<b>Fordringer</b>			
Trade and other receivables	13	68 265 000	87 832 000
Vessels held for sale	7	13 610 000	0
Prepayments	13	2 322 000	2 199 000
Other current financial assets	14	971 000	3 173 000
<b>Sum fordringer</b>		<b>85 168 000</b>	<b>93 204 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	15	116 139 000	142 134 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>116 139 000</b>	<b>142 134 000</b>



## Konsernets balanse

Beløp i: USD	Note	2020	2019
Sum omløpsmidler		226 249 000	268 322 000
<b>SUM EIENDELER</b>		<b>1 464 458 000</b>	<b>1 711 610 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	17	329 810 000	329 810 000
Overkurs	17	498 893 000	498 893 000
<b>Sum innskutt egenkapital</b>		<b>828 703 000</b>	<b>828 703 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		-494 843 000	-482 626 000
<b>Sum opptjent egenkapital</b>		<b>-494 843 000</b>	<b>-482 626 000</b>
Minoritetsinteresser		207 951 000	215 680 000
<b>Sum egenkapital</b>		<b>541 811 000</b>	<b>561 757 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	5	2 588 000	5 379 000
Utsatt skatt	11	24 214 000	24 750 000
<b>Sum avsetninger for forpliktelser</b>		<b>26 802 000</b>	<b>30 129 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	20	0	524 987 000
Other non-current liabilities	19	7 343 000	11 782 000
Non-current lease liabilities	8	207 561 000	290 465 000
<b>Sum annen langsiktig gjeld</b>		<b>214 904 000</b>	<b>827 234 000</b>
<b>Sum langsiktig gjeld</b>		<b>241 706 000</b>	<b>857 363 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	20	520 751 000	82 113 000
Leverandørgjeld	21	51 372 000	77 090 000



## Konsernets balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Betalbar skatt	11	482 000	735 000
Other current liabilities	23	7 586 000	7 922 000
Current accruals and provisions	22	45 042 000	40 997 000
Current lease liabilities	8	55 706 000	83 633 000
<b>Sum kortsiktig gjeld</b>		<b>680 939 000</b>	<b>292 490 000</b>
<b>Sum gjeld</b>		<b>922 645 000</b>	<b>1 149 853 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 464 456 000</b>	<b>1 711 610 000</b>



## Skattedirektoratet

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

Høegh 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 Høegh & Co Holdings AS Org. nr: 992 436 859
- Høegh Autoliners Management AS Org. nr: 921 482 957
- Høegh Autoliners Shipping AS Org. nr: 977 270 510
- Høegh Autoliners Shipowning AS Org. nr: 996 235 769
- Høegh Autoliners AS Org. nr: 933 099 628
- Høegh Fleet Services AS Org. nr: 974 388.766

### Bakgrunn:

De ovennevnte selskap inngår alle i konsernet Leif Høegh & 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 Høegh 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 forretningspråket, og det rapporteres også internt på dette språket. Eierne Leif og Morten Høegh bruk engelsk som forretningspråk. Morten er for øvrig bosatt i London. Kreditorne 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 Postboks 9200 Grønland 0134 Oslo	Besøksadresse Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org. nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>		



*"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



## Skattedirektoratet

Saksbehandler  
Jan Hoelstad

Deres dato  
01.02.2010

Vår dato  
03.02.2010

Telefon  
22077325

Deres referanse  
Hege Buer /  
Martin Hogganvik

Vår referanse  
2009/766865

HÖEGH AUTOLINERS MANAGEMENT AS  
Postboks 4 Skøyen  
0212 OSLO

## Søknad om tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til Deres brev av 1. februar 2010 samt e-poster fra Martin Hogganvik 1. og 2. februar 2010 i sakens anledning. De søker om at Leif Höegh & Co AS, org. nr: 994 034 340, innvilges dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk.

### Bakgrunn:

Leif Höegh & Co AS er eid av selskaper kontrollert av Leif og Morten Höegh. Selskapet driver innenfor internasjonal shipping hvor engelsk er dominerende språk for kommunikasjon. Både selskapet og dets aksjonærer benytter engelsk som forretnings- og rapporteringsspråk. Selskapet er finansiert gjennom internasjonale finansinstitusjoner/banker som også kun etterspør informasjon på engelsk. Det understrekes i søknaden at selskapet eller eierne av selskapet, ikke er på børs, og regnskapsinteressentene derfor er en begrenset krets av brukere. Norsk årsregnskap og årsberetning utarbeides derfor kun som en oversettelse av det regnskapet som er utarbeidet på engelsk, og eneste formål med oversettelsen er å oppfylle regnskapslovens krav til at det skal foreligge på norsk. Denne kostnaden anses derfor ikke å ha noen verdi. Det søkes derfor om dispensasjon. Det vises ellers til at selskapets datterdatter selskap, Höegh Autoliners Holdings AS i vedtak av 26. januar 2010 er innvilget slik dispensasjon.

### 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:

*"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. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som et verktøy i sin kontrollvirksomhet.

Postadresse

Postboks 9200 Grønland

0134 Oslo

skattedirektoratet@skatteetaten.no

Besøksadresse

Fredrik Selmers vei 4

Org. nr: 974761076

Sentralbord

800 80 000

Telefaks

22 17 08 60



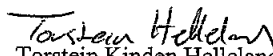
Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir negativt berørt ved en eventuell dispensasjon. Søkeren må som et utgangspunkt kunne vise at de har en særlig interesse for ikke å utarbeide årsregnskap og/eller årsberetning på norsk.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Det framgår av søknaden at alle aksjonærene ønsker at årsregnskapet utarbeides på engelsk språk. Selskapet opererer innen en bransje med sterk internasjonal karakter og arbeidsspråket er engelsk. Finansieringen hentes også fra profesjonelle institusjoner som generelt betjener det internasjonale shippingmiljøet med engelsk som kommunikasjonsspråk. Alle sentrale aktører innen shipping bransjen, antas å måtte beherske engelsk språk.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering Leif Høegh & Co AS 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, 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



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LEIF HÖEGH & CO AS

Consolidated Financial Statements 2020

Consolidated Financial Statements 2020



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## Consolidated Financial Statements

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## Directors' Report

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

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

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

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

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

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

### GENERAL MARKET OVERVIEW

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

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

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

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

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

### RESULT 2020

#### *Leif Höegh & Co (Group)*

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

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



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

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

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

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

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

## FINANCIAL POSITION

### *Leif Höegh & Co (Group)*

Gross interest-bearing debt was reduced from USD 607 million in 2019 to USD 521 million at year-end 2020. The interest-bearing mortgage debt is classified as current debt at 31 December 2020 as the maturity date is July 2021. On 25 June 2021, Höegh Autoliners Holdings reached an agreement with the lenders in the loan syndicate for an extension of the loan facility. For more details, see note 26. The cash balance at the end of the year was USD 116 million, which was down from USD 142 million at the end of 2019.

The book equity totalled USD 542 million in 2020, a decrease from USD 562 million in 2019. Book equity represented 37% of total equity and liabilities at 31 December 2020. The Group's covenants relating to the USD 1,000 million loan facility are related to a minimum book equity ratio, working capital and a minimum cash covenant. The Group complied with these requirements at year-end 2020.

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

Net cash flow from operating, investing and financing activities was negative with USD 26 million. The net cash flow from operations amounted to USD 126 million. Cash flow from investing activities was positive with USD 5 million, mainly related to sale of the subsidiary Horizon Terminal Services in December 2020. Net cash flow used in financing activities was negative with USD 157 million, whereof USD 71 million was related to payment of lease liabilities. Repayment of mortgage debt has in 2020 been made in full after deferrals of instalments in 2019 and amounted to USD 83 million.

### *Leif Höegh & Co AS (Company)*

The net loss for 2020 amounted to USD 6.2 million (net loss of USD 82.8 million in 2019) mainly due to impairment of the shareholdings in the subsidiary Leif Höegh & Co Holdings AS. The impairment is a consequence of the reduction of the excess values for vessels owned by subsidiaries of Höegh Autoliners Management AS. The Company has a total equity of USD 421 million and an equity ratio of 99.7%. The Board of Directors has proposed that the net loss for 2020 is attributed to retained earnings. No dividends will be proposed for the financial year 2020.

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



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## FINANCIAL RISK

### **Market risk**

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

The Group is only to a limited extent exposed to currency fluctuations as the majority of its income and expenses are in USD. The largest non-USD costs are in NOK and relate to general administrative expenses. The Group have USD/NOK currency hedges at the end of 2020, expiring during first half of 2021. Fluctuations in EUR constitute a smaller risk, however; this is partly balanced, as parts of the Group's costs and revenues are both Euro-denominated.

### **Credit risk**

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

### **Liquidity risk**

The Group has a cash balance of USD 116 million, decreased from USD 142 million at the end of 2019. The decrease is mainly due to lower net cash flow during the year and higher repayment of debt in 2020 than previous year. The mortgage debt is classified as current at year-end as the maturity date is in July 2021. The outstanding debt has been refinanced for a minimum of two years. See note 26 for more details on the refinancing.

## ORGANISATION

Høegh Autoliners had at the end of the year 374 land-based employees from 24 different nations. Average age among shore-based staff was at the end of the year 43 years, and the average service in the Group was seven years.

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

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

In 2020, the Group experienced four LTIs (Loss Time Incident). A Lost Time Incident is an injury to crew member, which affects the ability to work the subsequent shift on board. The frequency of such injuries per million working hours (LTIF) is 0.58, slightly lower than the target of 0.7, whereas the target industrial standard is 1.0. The four incidents were:

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

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

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

## SUSTAINABLE DEVELOPMENT

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



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## **Compliance**

Høegh 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. Høegh Autoliners has an internal learning program called "Zero". This program is developed to help employees take a stand against corruption in general and facilitation payments in particular. Most of the Group's employees have completed various e-learning programs on compliance during 2020, including a brand new e-learning on competition law and anti-trust. Compliance Ambassadors are appointed in all offices and the Code of conduct was launched through the event Integrity Day conducted in all offices. Sanctions and export control compliance is a constant focus area due to the ever-changing regulatory landscape. There is also an emphasis on data privacy and particularly transfers to countries outside the EU.

## **Environment**

The maritime industry is under continued pressure to reduce its environmental footprint. Høegh Autoliners has had a positive trend through 2020, with reduced average consumption and an EEOI at 26,9 g CO<sub>2</sub> per t\*km, down 9% from 2019. Fuel efficiency has improved 38% since 2008, and Høegh Autoliners continues to seek energy optimisation through innovation and operational initiatives. Høegh Autoliners purchased about 290,000 tons of low sulphur fuel oil and 40,000 tons of distillates in 2020.

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

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

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

## **Stakeholder engagement**

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

The global car carrier anti-trust investigation in the PCTC industry, which was initiated in 2012, has been finalised in most of the relevant jurisdictions, notably the Japan, China, EU and the U.S. No fines have been invoked against the Group, save for the U.S., where the Group pleaded guilty to one offence, which entailed a fine. There are pending class actions in Canada and a private stand-alone action filed by a single customer. As before, the Group continues to cooperate fully with all relevant agencies. It is expected that the few remaining investigations and related matters may continue for another few years.

## **LOOKING FORWARD**

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

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

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



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The Board of Directors/CEO  
Oslo, 16 August 2021

*Leif Høegh*

Leif O. Høegh  
Chair

*Westye Høegh*

Westye Høegh  
Board member

*Morten Høegh*

Morten W. Høegh  
Board member

*Martine Vice Holter*

Martine Vice Holter  
Board member

*Thor Jørgen Guttomsen*

Thor Jørgen Guttomsen  
Board member/CEO



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## Consolidated statement of comprehensive income

<i>(USD 1 000)</i>	<i>Notes</i>	<i>2020</i>	<i>2019 Restated*</i>
Total revenues	2	736 691	921 800
Other income	2	10 412	-
Bunker expenses	3	(145 104)	(189 124)
Voyage expenses and other operating expenses	3	(307 792)	(352 318)
Charter hire expenses	3	(14 210)	(61 488)
Running expenses	4	(88 543)	(88 524)
Administrative expenses	5	(16 712)	(27 633)
<b>Operating profit</b>		<b>174 740</b>	<b>202 713</b>
Profit/(loss) from associates and joint ventures	28	463	3 443
Gain/(loss) on sale of assets	7	(2 651)	4
Impairment	7	(8 194)	(28 616)
Depreciation	7	(153 020)	(169 150)
<b>Profit/(loss) before financial items</b>		<b>11 338</b>	<b>8 394</b>
Interest income	9	344	1 475
Interest expenses	9	(44 558)	(67 202)
Income from other financial items	10	5 016	2 678
Expenses from other financial items	10	(5 197)	(4 994)
<b>Profit/(loss) before tax from continued operations</b>		<b>(33 058)</b>	<b>(59 649)</b>
Income tax expenses	11	(936)	(4 094)
<b>Profit/ (loss) from continued operations</b>		<b>(33 994)</b>	<b>(63 743)</b>
<b>Discontinued operations</b>			
Profit/(loss) for the year from discontinued operations	6	14 935	1 564
<b>Profit/(loss) for the year</b>		<b>(19 059)</b>	<b>(62 179)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss:</b>			
Remeasurement on defined benefit plans	5	(217)	(139)
Currency translation differences	28	369	(1 004)
Changes in fair value		(1 039)	(183)
<b>Other comprehensive income, net of tax</b>		<b>(886)</b>	<b>(1 326)</b>
<b>Total comprehensive income for the period</b>		<b>(19 945)</b>	<b>(63 505)</b>
<b>Profit attributable to:</b>			
Owners of the Company		(12 216)	(38 897)
Non-controlling interest		(7 729)	(24 608)
<b>Total comprehensive income for the period</b>		<b>(19 945)</b>	<b>(63 505)</b>

\* See note 6




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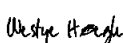
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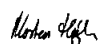
## Consolidated statement of financial position

(USD 1 000)	Notes	31.12.2020	31.12.2019
<b>Assets</b>			
<i>Non-current assets</i>			
Deferred tax asset	11	892	892
Vessels	7	978 161	1 053 960
Leased assets	8	217 921	329 334
Newbuildings & Projects	7	12 294	11 436
Equipment	7	15 859	22 540
Investments in associates and joint ventures	28	8 960	18 156
Other non-current assets	12	1 288	1 363
Other non-current financial assets	12	2 834	5 607
<b>Total non-current assets</b>		<b>1 238 209</b>	<b>1 443 288</b>
<i>Current assets</i>			
Bunker		24 942	32 984
Vessels held for sale	7	13 610	
Trade and other receivables	13	68 265	87 832
Prepayments	13	2 322	2 199
Other current financial assets	14	971	3 173
Cash and cash equivalents	15	116 139	142 134
<b>Total current assets</b>		<b>226 248</b>	<b>268 321</b>
<b>Total assets</b>		<b>1 464 458</b>	<b>1 711 609</b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital	17	329 810	329 810
Share premium reserve	17	498 893	498 893
Retained earnings		(494 843)	(482 626)
<b>Equity attributable to owners of the parent</b>		<b>333 860</b>	<b>346 078</b>
Non-controlling interests		207 951	215 680
<b>Total equity</b>		<b>541 812</b>	<b>561 758</b>
<i>Non-current liabilities</i>			
Pension liabilities	5	2 588	5 379
Deferred tax liabilities	11	24 214	24 750
Other non-current liabilities	19	7 343	11 782
Non-current interest bearing debt	20	-	524 987
Non-current lease liabilities	8	207 561	290 465
<b>Total non-current liabilities</b>		<b>241 705</b>	<b>857 362</b>
<i>Current liabilities</i>			
Current interest bearing debt	20	520 751	82 113
Trade and other payables	21	51 372	77 090
Income tax payable	11	482	735
Other current liabilities	23	7 586	7 922
Current accruals and provisions	22	45 042	40 997
Current lease liabilities	8	55 706	83 633
<b>Total current liabilities</b>		<b>680 939</b>	<b>292 489</b>
<b>Total equity and liabilities</b>		<b>1 464 458</b>	<b>1 711 609</b>


The Board of Directors  
Oslo, 16 August 2021

  
Leif O. Høegh  
Chair

  
Westye Høegh  
Board member

  
Morten W. Høegh  
Board member

  
Martine Vice Holter  
Board member

  
Thor Jørgen Guttormsen  
Board member / CEO

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## Consolidated statement of changes in equity

<i>(USD 1 000)</i>	<i>Notes</i>	<i>Issued Share capital</i>	<i>Retained earnings</i>	<i>Total Controlling interests</i>	<i>Non- controlling interests</i>	<i>Total</i>
Equity 01.01.2019		828 704	(410 474)	418 229	261 327	679 557
Implementation effect IFRS 16	8	-	(33 255)	(33 255)	(21 039)	(54 294)
Profit / (loss) of the year		-	(38 085)	(38 085)	(24 094)	(62 179)
Other comprehensive income		-	(812)	(812)	(514)	(1 326)
<b>Equity 31.12.2019</b>		<b>828 704</b>	<b>(482 626)</b>	<b>346 078</b>	<b>215 680</b>	<b>561 758</b>
Profit / (loss) of the year		-	(11 673)	(11 673)	(7 385)	(19 059)
Other comprehensive income		-	(543)	(543)	(344)	(886)
<b>Equity 31.12.2020</b>		<b>828 704</b>	<b>(494 843)</b>	<b>333 860</b>	<b>207 951</b>	<b>541 812</b>

## Consolidated statement of cash flows

<i>(USD 1 000)</i>	<i>Notes</i>	<i>2020</i>	<i>2019</i>
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax		(33 058)	(59 649)
Depreciation and amortisation	7/8	153 020	169 150
Impairment	7	8 194	28 616
(Gain)/loss on sale of tangible assets	7	2 651	(4)
Changes due to discontinued operations	6	(14 935)	-
<b>Cash flow provided by operating activities before changes in working capital</b>		<b>115 872</b>	<b>138 113</b>
<b>Working Capital</b>			
Trade and other receivables	13	19 567	35 113
Bunker		8 042	2 810
Prepayments	13	(124)	(623)
Trade and other payables	21	(25 718)	3 172
Accruals and provisions	22	4 046	(9 187)
Income tax payable	11	(253)	(152)
Other current liabilities	23	(336)	2 779
Other changes to working capital		4 478	(3 129)
<b>Net cash flow provided by operating activities</b>		<b>125 575</b>	<b>168 895</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible assets	7	4 003	19
Investment in vessels, other tangible and intangible assets	7	(27 388)	(22 845)
Investments in joint ventures and associates		9 640	6 253
Sale of operations, net of cash sold companies	6	19 184	-
<b>Net cash flow provided by/(used in) investing activities</b>		<b>5 440</b>	<b>(16 573)</b>
<b>Cash flows from financing activities</b>			
Repayment of debt	15/16/20	(83 412)	(38 500)
Payment of lease liabilities	8/15/16	(71 436)	(87 331)
Other financial items		(2 162)	(7 886)
<b>Net cash flow used in financing activities</b>		<b>(157 009)</b>	<b>(133 717)</b>
<b>Net change in cash and cash equivalents</b>		<b>(25 995)</b>	<b>18 605</b>
Cash and cash equivalents beginning of period		142 134	123 529
<b>Cash and cash equivalents end of period</b>	<b>15</b>	<b>116 139</b>	<b>142 134</b>
Non restricted cash, 31.12		115 651	141 214
Restricted cash, 31.12	15	488	920
<b>Cash and cash equivalents end of period</b>	<b>15</b>	<b>116 139</b>	<b>142 134</b>



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## Notes 2020

### 1 Corporate information

Leif Høegh & Co AS (the "Company") is a privately-owned company domiciled in Norway. The address of the Company's registered office is Drammensveien 134, N-0277 Oslo, Norway. The consolidated financial statements of the Company for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and can be obtained at this address.

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

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

## Summary of significant accounting policies

### BASIS OF PREPARATION

#### Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 16 August 2021.

#### Basis of measurement

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

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

#### Currency

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

### CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### New and amended standards and interpretations

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

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

### ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting principles and reported amounts of assets and liabilities, revenues and expenses and accompanying disclosures. The estimates are based on management's best knowledge of available information at the time the financial statements are approved. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities, affected in future periods. Changes in accounting estimates are recognised in the period the changes occur. When changes to estimates also affect future periods, the effect is distributed between the current and future periods.

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

- *Residual value and remaining lifetime on assets*  
According to IAS 16, the Group is required to evaluate the estimate for residual value and useful remaining lifetime of its vessels on a yearly basis. For further disclosures, see Note 7.

#### Critical judgements in applying accounting policies

The following judgements have the most significant effect on the amounts recognised in the consolidated financial statements.

- *Determining the lease term of contracts with renewal and termination options – Group as a lessee*  
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.
- *Impairment of assets*  
The Group considers whether there are indicators of impairment. If indicators of impairment are present, the recoverable amount is estimated. The recoverable amount for the Group's main assets, vessels, is the higher of vessel-values provided by brokers and net present value of expected cash flows, based on the long-term forecasts discounted by the Group's WACC. For further disclosures, see Note 7.

### FOREIGN CURRENCY TRANSACTIONS

#### Functional and presentation currency

The Group's presentation currency is USD. This is also the functional currency of the parent company and all significant companies in the Group.

#### Transactions and balances

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



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## CONSOLIDATION POLICIES

The consolidated financial statements include Höegh Autoliners Holdings AS and its subsidiaries. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### Subsidiaries

Subsidiaries are all companies where the Group has a controlling interest. A controlling interest is where the Group has the power to govern the financial and operating policies. This is usually achieved when the Group owns, either directly or indirectly, more than 50% of the shares in the company, or through agreements, are able to exercise control over the company. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

### Business combinations and goodwill

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

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

### Associated companies

Associated companies are all entities in which the Group has significant influence but not control, generally companies owned between 20% and 50%. Interests in associated companies are reported according to the equity method.

The consolidated accounts include the Group's share of profit from associated companies accounted for according to the equity method from the date significant influence is achieved and until such influence ceases. The Group's share of its associates' profits and losses is presented net as a separate line, as part of operations in the statement of comprehensive income and is added to the capitalised value of the investments together with its share of equity movement not recognised in the statement of comprehensive income. When the Group's share of the loss exceeds the investment in an associated company, the Group reduces the carrying value to zero and further losses are not recorded unless the Group has an obligation or an intention to cover this loss.

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

### Joint ventures

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

The results, assets and liabilities of a jointly controlled entity are incorporated in these financial statements using the equity method. The Group's share of its joint ventures' profits and losses is presented net as a separate line as part of operations in the statement of comprehensive income and is added to the capitalised value of the investments together with its share of equity movement not recognised in the statement of comprehensive income. For further disclosures, see Note 28.

### Non-current assets held for sale and discontinued operations

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

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

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

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

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

## REVENUE RECOGNITION

Höegh Autoliners provides RoRo transportation on deep sea and short sea markets as well as terminal related services. The Group also hires out some of its vessels on a time charter (TC) basis. The Group has the following major revenue streams:

- Voyage revenue
- Time charter revenue
- Terminal related revenue

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

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

Each customer contract could initiate recognition of contract assets and liabilities. Historically, the Group has applied terms as deferred (accrued) income and prepayments to capture the information included in the term contract liabilities. The same is the case with other receivables to capture the information included in the term contract assets. Disclosures with regards to contract balances are presented in Note 2. The main contract liability for the Group is deferred (accrued) income where the Group has yet to perform the freight service for future periods (remaining voyage) but has received payment (or the payment is due) from the customers in excess of revenue recognised.

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

### Voyage revenue and expenses

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



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

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

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

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

#### **Time charter revenue**

Time charter revenue is accounted for as operating lease under IFRS 16. The performance obligation for time charter revenue is satisfied over the period the vessel is available to the lessee, hence the revenue is recognised on a straight-lined basis over the term of the charter arrangement. Revenue from vessels on time charter is recognised as a time charter per day less days off hire as applicable.

#### **Terminal related revenue**

The performance obligation for terminal related services is satisfied at the point in time when the service delivery is complete, and revenue is recognised at this time.

### **CASH AND CASH EQUIVALENTS**

Cash includes cash in hand and bank deposits, including restricted bank accounts for deposits in respect of employee taxes. For further disclosures, see Note 15.

### **FINANCIAL INSTRUMENTS**

#### **Financial assets**

Financial assets are initially recognised at fair value when the Group becomes a party to the contractual provisions of the asset, unless the fair value differs from the transaction value. The subsequent measurement of the financial assets depends on what category they are classified into at inception. The Group classifies its financial assets into the following main categories for subsequent measurement; Debt instrument at amortised cost, debt instruments at fair value through other comprehensive income (with cumulative gains and losses reclassified to profit or loss upon derecognition) and equity instruments designated measured at fair value through other comprehensive income (with gains and losses remaining in other comprehensive income).

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined applying commonly used valuation techniques. As of 31 December 2020, the Group holds financial instruments classified in level two and three in the valuation hierarchy.

#### **Amortised cost**

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

#### **Financial assets at fair value through other comprehensive income**

Investments in shares not held for trade purposes, are classified as investments in fair value through other comprehensive income.

Dividends from these companies are recognised through profit or loss unless they clearly represent a recovery of part of the investment, in which case they are recognised in other comprehensive income.

#### **Financial assets at fair value through profit or loss**

This category includes financial assets that are held for trading and financial assets that on initial recognition are designated as fair value through profit or loss. Derivatives are also categorised as held for trading unless they are designated as effective hedging instruments as defined by IFRS 9. The Group uses derivative financial instruments such as interest rate swaps to manage its risks associated with interest rates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income as other financial items. The fair value of bunker caps is determined using the market value at the balance sheet date. The Group has not designated any derivatives as hedging instruments under IFRS 9.

#### **Financial liabilities**

Financial liabilities are after initial recognition measured at amortised cost using the effective interest method, except for financial liabilities recognised through profit or loss, including derivatives.

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

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

#### **Impairment of financial assets**

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

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

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

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

Impairment reversals are recorded when the amount of impairment losses in future periods is reduced, and the reduction can be linked objectively to an event that occurs after the impairment was recognised. A reversal will only be recorded to the extent that the carrying value does not exceed what the amortised cost would have been if the impairment had not been made. Impairment reversals are presented as income or as a reduction of expenses.

#### **Derecognition of financial instruments**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.



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Financial liabilities are derecognised from the balance sheet when the contractual obligation expires, is discharged or cancelled. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest income and other financial items and interest and other finance expenses.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

## INVENTORIES

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

## VESSELS/ NEWBUILDINGS/ EQUIPMENT

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

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

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

### Vessels

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

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

### Newbuildings

Installments on newbuilding contracts are capitalised as "Newbuildings" when they are paid. Upon delivery, newbuildings are reclassified to vessels and are subject to depreciation. The acquisition cost includes direct investments, cost incurred during the construction period and borrowing cost. Borrowing costs are capitalised during the construction period. The newbuilding contracts are financed generally, hence the amount of interest capitalised during the construction period is based on the effective interest of the Group's loan facilities.

### Vessels held for sale

Vessels are held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and their fair value less cost of sale.

### Equipment

Depreciation is calculated on a straight-line basis with the following estimated useful life:

- Vessel equipment 10 years
- Office equipment 3-5 years
- Vehicles 5 years
- IT-system 10-15 years

### Impairment of non-financial assets

The carrying amount of tangible assets is tested for impairment whenever there are indications that the value of these assets may

have been impaired. If the carrying amount of an asset is higher than the recoverable amount, an impairment loss will be recognised in the statement of comprehensive income. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value-in-use. The recoverable amount is determined separately for all assets, but if not possible, this will be determined together with the cash-generating unit to which the asset belongs. All vessels participating in the Group's RoRo operations are considered part of a single cash-generating unit as this is the smallest strategically identifiable group of assets.

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

Impairment losses recognised in prior periods are reversed when indications of impairment no longer exist or have decreased. A loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying value recognised if no impairment charges had been recognised in prior periods and normal depreciation and amortisation policies had been applied.

## LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For all leases where the Group is a lessee, a right-of-use asset and lease liability is recognised in the balance sheet at the date at which the leased asset is available for use by the Group.

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

Only short-term leases (lease term of 12 months or less and do not include a purchase option) and leases of low value assets are exempted from recognition. Low value assets comprise smaller IT and office equipment. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

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

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for non-lease components that are not specified in the lease contract, the Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. This applies for time charter leases where the lease payment includes running expenses which are not specified. All other non-lease components are accounted for separately.

### Measurement

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

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



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

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

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

#### **Extension and termination options**

Extension and termination options are included in a number of vessel, property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the options are held only by the Group and not by the lessor. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. These considerations include penalties to terminate (or not exercise), value of any leasehold improvements, costs and business disruption required to replace the leased asset. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

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

#### **Variable lease payments**

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

#### **Discount rate**

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for all leases in the Group, the lessee's incremental borrowing rate is used. This rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain a similar asset in a similar economic environment with similar terms, security and conditions.

#### **Sale and leaseback transactions**

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

#### **PROVISIONS**

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events. The recognition of the provision is that it is likely (more likely than not) that a future event will lead to a financial settlement as a result of this commitment, and that the size of the amount can be measured reliably. Provisions are evaluated at each balance sheet date and reflects the best estimate of the obligation. When the effect of time is significant, the provision will be the present value of future payments to cover the obligation. For further disclosures, see Note 22.

#### **EQUITY**

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

#### **EMPLOYEE BENEFITS**

##### **Defined contribution plans**

The contribution plans comprise plans whereby the companies make annual contributions to the employees' pension plan, which is the expense for the period. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold enough assets to pay all employees the benefits relating to employee service in the current and prior period. For further disclosures, see Note 5.

##### **Defined benefit plans**

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

##### **Termination benefits**

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

#### **INCOME TAX**

The current tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Taxes payable with long-term maturity are recognised at present value. The tax expense consists of taxes payable and changes in deferred tax. For further disclosures, see Note 11.

##### **Tax payable**

Tax assets and liabilities for the current and prior periods are calculated to the amount expected to be reimbursed from or paid to the tax authorities. Tax rates and tax laws used to compute the amount are those that are approved at the balance sheet date.

##### **Deferred tax**

Deferred tax is calculated on temporary differences between tax and accounting values of assets and liabilities that exist at the balance sheet date. Deferred taxes are recognised using the liability method in accordance with IAS 12. Deferred tax assets are recognised for all deductible temporary differences, unused tax credits carried forward and unused tax losses carried forward to the extent it is probable that future taxable profits may be used against deductible temporary differences and unused tax losses carried forward.

Deferred tax assets and deferred tax liabilities are offset, if the entity has a legal enforceable right to offset against the carrying amounts, and the deferred tax is related to the same taxable unit and the same tax jurisdiction.

##### **Current tonnage tax scheme**

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

Financial income is taxed according to the ordinary Norwegian tax scheme; however, it is only a portion of interest expenses and net currency gain/ loss that gives the right to tax deductions. Dividends and capital gains are taxed according to the Norwegian exemption model. Høegh Autoliners Shipping Pte Ltd is taxed under a tonnage tax scheme in Singapore where shipping-related earnings are tax-free.



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## CASH FLOW

The cash flow is presented according to the indirect method.

## CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities comprise:

- A possible obligation arising as a result of past events where the obligation depends on some uncertain future event
- A present obligation that is not recognised in the accounts since it is not probable that the obligation will result in a payment being made
- Liabilities that cannot be measured reliably

Contingent liabilities are not recognised in the accounts except for contingent liabilities acquired as part of the purchase of a business. Contingent liabilities acquired as part of the purchase of a business are recognised in the accounts at fair value even if the liability is not likely to materialise. Contingent liabilities are not recognised in the financial statement, but if material, disclosed in the accompanying notes.

A contingent asset is defined as a possible asset, that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the entity. Contingent assets are not included in the annual accounts, but information is provided if there is a reasonable certainty that the benefit in question will accrue to the Group.

## EVENTS AFTER THE BALANCE SHEET DATE

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

## CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

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



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## 2 Revenue from contracts with customers

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

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

### Recognition principle

Services transferred over time	742 957	917 156
Services transferred at a point in time	4 145	4 644
<b>Total revenues</b>	<b>747 102</b>	<b>921 800</b>

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

	Note	31.12.2020	31.12.2019
Freight receivables in Ro/Ro operations		101 920	115 844
Deferred freight income		42 438	42 434
<b>Net freight receivables in Ro/Ro operations</b>	<b>13</b>	<b>59 482</b>	<b>73 410</b>

Freight receivables in Other operations		2 825	6 633
Deferred TC income on vessels chartered out		129	566
<b>Net freight receivables in Other operations</b>	<b>13</b>	<b>2 996</b>	<b>6 067</b>

The Group receives payments from customers according to agreed payment terms. Freight receivables are non-interest bearing and are generally on terms of 30 to 90 days. Due to the nature of the Group's services, where the customers are invoiced at the beginning of the voyage, there are no material contract assets at year-end. Under the payment terms generally applicable to the Group's revenue generating activities, prepayments are received only to a limited extent.

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

## 3 Bunker, voyages and charter hire expenses

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

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

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



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### Voyage expenses

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

<b>Charter hire expenses</b>	<b>2020</b>	<b>2019</b>
Charter hire and space charter expenses on short-term time charter contracts	14 210	61 488
<b>Total</b>	<b>14 210</b>	<b>61 488</b>

### Charter hire expenses

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

## 4 Running expenses

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

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

<b>Administrative expenses</b>	<b>2020</b>	<b>2019</b>
Salaries	8 093	17 342
Payroll taxes	1 653	2 641
Pension expenses	405	447
Other administrative expenses	6 561	7 203
<b>Total</b>	<b>16 712</b>	<b>27 633</b>

### Administrative expenses

Salaries to office personnel and other office and administrative expenses related to Head office are presented as "Administrative expenses". Administrative expenses related to Regional and Local offices are presented as "Voyage expenses".

<b>Number of employees</b>	<b>2020</b>	<b>2019</b>
Office	374	504
Sea personnel *	1 339	1 333
<b>Total</b>	<b>1 713</b>	<b>1 837</b>

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

<b>Auditor's fee</b>	<b>2020</b>	<b>2019</b>
Statutory audit	239	286
Assurance services and other audit related services	-	-
Tax services	38	78
Other services	71	32
<b>Total</b>	<b>348</b>	<b>396</b>

Amounts excluded value added tax.



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**Remuneration to the key management**

	<b>Salary</b>	<b>Bonus</b>	<b>Pension premium</b>	<b>Other remuneration</b>	<b>Total</b>
<b>2020</b>					
Former Group CEO	375	-	6	1	381
Group CEO	150	-	3	0	153
Other key management	1 601	350	37	5	1 994
<b>2019</b>					
Former Group CEO	452	309	31	1	793
Group CEO	147	-	2	0	149
Other key management	1 833	499	211	5	2 548

Presented above is remuneration to the management in the Höegh Autoliners Holdings structure. The CEO for the Leif Höegh group does not receive any remuneration for this role. Included in Other key management for 2019 and 2020 are Chief of Departments (Finance and Accounting, Staff, Sales, Trade and Capacity and Operations). A new CEO for Höegh Autoliners Holdings was appointed in September 2020.

**Bonus plan/redundancy package**

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

**Remuneration to the Board of Directors**

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

**Pensions and other long-term employee benefits**

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

**Contribution plans**

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

Norwegian employers are obliged to have an occupational pension scheme for their employees under the Act on Mandatory occupational pension. The Group is in compliance with these regulations.

**Defined benefit plans**

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

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

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

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

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

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



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## 6 Discontinued operation

### a) Description

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

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

### b) Financial performance and cash flow information

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

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

### c) Details of the sale of the subsidiary

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



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## 7 Vessels, newbuildings and equipment

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

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

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

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

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

### Vessels

#### Additions/Disposals

Out of total additions of USD 25 million (USD 15 million in 2019), USD 20 million (USD 14 million in 2019) is related to capitalised drydocking costs.

Two vessels were disposed of in 2020 (none in 2019). Höegh Kunsan, owned by Höegh Autoliners Pte. Ltd was sold, while Höegh Xiarren, chartered in on long term bareboat, was scrapped.



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#### Depreciation and updated accounting estimates

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

#### Assets held for sale

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

#### Charter Out

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

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

#### Charter In

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

#### Impairment

Market values of the vessels lower than the carrying amount is an indicator of possible impairment for the Group's vessels book value. All RoRo vessels in the Group operate in one cash generating unit with the purpose of maximising profit as a total. The impairment assessment is therefore based on the value in use principle for all the vessels in operation, and not vessel-by-vessel. However, four vessels have been excluded from the cash generating unit (pool) as they will no longer be part of the future fleet. One of the vessels was sold in 2020 and two vessels have been sold and delivered in early 2021. Those vessels have been written down to sales price and the last vessel has been written down to estimated scrap value. A separate impairment assessment has been performed for these vessels resulting in a total impairment of USD 8.2 million recorded in 2020.

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

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

#### Sensitivity analysis

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

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

#### Leased vessels

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

#### Newbuildings

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

#### Equipment

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



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## 8 Leases

The Group leases offices, terminals, vessels and different machinery. The office and terminal leases typically run for 5-10 years, most of them without any options to extend. Some leases are adjusted based on consumer price indexes annually. The vessel leases are in general for periods up to 12 years, most of them with options to extend. Leased machinery is roll trailers used for loading and discharging of cargo, and typically run for 5 years with no extension options. Included in Other is trucks and forklifts, with lease periods of 3-5 years. Previously, these leases were classified as operating leases under IAS 17.

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

The Group leases IT and office equipment with contract terms of one to three years. These leases are short-term and/or leases of low value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

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

### Amounts recognised in the balance sheet

The balance sheet shows the following amounts related to leases:

	31.12.2020	31.12.2019
<b>Leased assets</b>		
Premises	10 226	24 995
Vessels	200 686	293 768
Machinery	6 614	9 857
Other	396	714
	<u>217 921</u>	<u>329 334</u>
	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Lease liabilities</b>		
Non-current	207 561	290 465
Current	55 706	83 633
	<u>263 267</u>	<u>374 098</u>

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

### Amounts recognised in profit/(loss)

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

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

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



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## 9 Interest income and expenses

<i>Interest income</i>	2020	2019
Interest income from banks	287	1 345
Other interest income	57	131
<b>Total</b>	<b>344</b>	<b>1 475</b>

<i>Interest expenses</i>	2020	2019
Interest mortgage debt	19 927	31 733
Interest on lease liabilities*	21 395	34 008
Interest on interest rate swaps realised	2 505	1 179
Interest on interest rate swaps unrealised	266	256
Other interest expenses	464	764
<b>Total</b>	<b>44 558</b>	<b>67 939</b>

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

## 10 Other financial items

<i>Income from other financial items</i>	2020	2019
Dividends	2	2
Gain on interest rate swaps	991	-
Gain on currency exchange	3 342	-
Gain on bunker cap	-	2 576
Gain on shares, bonds and futures **	665	-
Other financial items	16	100
<b>Total</b>	<b>5 016</b>	<b>2 678</b>

<i>Expenses from other financial items</i>	2020	2019
Loss on interest rate swaps	-	358
Loss on currency exchange	13	386
Loss on bunker cap	2 867	-
Loss on shares, bonds and futures**	1 354	141
Other financial items*	963	4 109
<b>Total</b>	<b>5 197</b>	<b>4 994</b>

\* Other financial items for 2019 and 2020 include amortisation of debt modification loss from 2018 related to deferral of instalments. See also Note 20.

\*\* Gain on shares, bonds and futures is mainly related to sale of shares in Maputo Car Terminal. Loss on shares, bonds and futures is related to liquidation of Euro Marine Carriers and sale of shares in Fast Terminal Internacional S.A and Horizon Auto Logistics S.A.



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## 11 Tax

### Ordinary taxation

All the Norwegian companies within the Group, with the exception of Høegh Autoliners Shipping AS, are subject to 22% Norwegian company tax. From 1 January 2021 the corporate tax rate remains at 22%.

### Tonnage tax payable

Tonnage tax is assessed and paid according to net tonnage operated during the year. Current year's tonnage tax is assessed at USD 0.5 million (USD 0.6 million in 2019) and is classified under other operating expenses.

### Singapore tax scheme

Høegh Autoliners Shipping Pte. Ltd is taxed under a tonnage tax scheme in Singapore where shipping related earnings are tax free, with exception of interest that are subject to 7% withholding tax.

<i>Income tax for the year</i>	2020	2019
Current tax	(381)	(493)
Tax in subsidiaries outside Norway	(1 051)	(446)
Change in deferred tax	392	(3 112)
Currency effect on deferred tax and adjustments previous periods	104	(43)
<b>Tax (expense) / income</b>	<b>(936)</b>	<b>(4 094)</b>

### Reconciliation of actual tax expense against

#### expected tax expense in accordance with the ordinary Norwegian income tax rate of 22%

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

<i>Income tax payable</i>	2020	2019
Tonnage tax	504	650
Current tax for the year	(23)	85
<b>Tax payable (maturity within 1 year)</b>	<b>482</b>	<b>735</b>

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

\* See Note 5 for further information.

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

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

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



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## 12 Other non-current financial assets

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

### Pension plan assets

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

### Investments in other companies

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

	2020	2019
Rental deposits	1 285	1 361
Other	3	3
<b>Total</b>	<b>1 288</b>	<b>1 363</b>

## 13 Trade, other receivables and prepayments

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

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

<i>Prepayments</i>	2020	2019
Prepayments administration	1 163	620
Other prepayments	1 159	1 579
<b>Total</b>	<b>2 322</b>	<b>2 199</b>

## 14 Other current financial assets

	2020	2019
Bunker swaps*	-	2 867
Currency hedge	971	307
<b>Total</b>	<b>971</b>	<b>3 173</b>

\* See Note 15 for further information.



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## 15 Financial risk

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

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

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

### Market risk

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

### Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings at floating rate and the risk is therefore a cash flow interest rate risk. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. As of year-end 2020 the Group had secured USD 100 million (USD 100 million in 2019) to fixed rates through interest rate swaps, about 25% of the Groups net interest bearing debt. The interest rate swaps are measured at fair value and changes in fair value are recognised through the statement of comprehensive income.

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

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

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

### Fair value interest risk

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

### Foreign exchange rate risk

The Group is exposed to currency fluctuations to a limited extent as a greater part of its income and expenses (including financial and capital expenses) are in USD. The largest non-USD cost is in NOK and relates to general administrative expenses, wages and pension cost. The Group's mortgage debt is denominated in USD. The Group has active currency hedges as of 31.12.2020. For further information see Note 16.

The Group has bank deposits in the following currencies:

Cash and bank deposits	2020	2019
United States Dollar	93 095	106 876
Norwegian Kroner	4 965	8 626
Pound Sterling	929	1 924
Euro	12 356	16 876
Japanese Yen	1 289	4 732
Other currencies	3 505	3 101
<b>Total</b>	<b>116 139</b>	<b>142 134</b>

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



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

#### Bunker price risk

The Group has Bunker Adjustment Factor (BAF) clauses in most commercial contracts designed to adjust for changes in bunker prices. Due to time lag, the Group will not be fully compensated in periods of rapidly changing prices, but it will give reasonable compensation in most periods. The Group has no bunkers derivatives at year-end 2020. The table below presents the total gain/loss relating to bunker swaps, including fair value changes in the current year.

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

Bunker swaps	Total Gain/(loss)
Bunker swaps	(2 867)
<b>Total</b>	<b>(2 867)</b>

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transaction and other financial instruments. The Group has derivatives with sound financial institutions.

Normal credit period for freights is from 25 to 30 days. For new larger customers a credit analysis is conducted. The majority of the largest customers have had a long relationship with Hoegh Autoliners. Bad debt has remained at a very low and stable level in recent years. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The maximum exposure risk is represented by the carrying amounts that are carried in the balance sheets. For further information about receivables see Note 13.

#### Liquidity risk

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

For further information see Note 18 and 20.

Per 31.12.2020	Note	< 1 year	1 - 5 years	> 5 years	Total
Mortgage debt (interest included)	20	534 815	-	-	534 815
Lease liabilities (interest included)*	8	78 267	197 166	104 625	380 059
Interest rate swaps liabilities	19, 23	2 508	43	-	2 551
Trade and other payables	21	48 484	-	-	48 484
Settlement U.S. Department of Justice (cash payments)	19, 23	5 000	6 000	-	11 000
<b>Total</b>		<b>669 075</b>	<b>203 209</b>	<b>104 625</b>	<b>976 909</b>

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

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

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

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



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## 16 Financial instruments

### Financial instruments by category 2020

Assets	Note	Assets at amortised cost	Assets at fair value through profit and loss	Assets at fair value through OCI *	Other	Total
Investments in other companies	12	-	-	2 400	-	2 400
Other non-current financial assets	12	243	-	-	191	434
Trade and other receivables	13	68 265	-	-	-	68 265
Cash (and cash equivalents)	15	116 139	-	-	-	116 139
Currency Hedge	14	-	971	-	-	971
Bunkers swaps	-	-	-	-	-	-
<b>Assets 31.12.2020</b>		<b>184 647</b>	<b>971</b>	<b>2 400</b>	<b>191</b>	<b>188 209</b>

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

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

### Financial instruments by category 2019

Assets	Note	Amortised cost	Assets at fair value through profit and loss	Assets at fair value through OCI	Other	Total
Investments in other companies	12	-	-	3 453	-	3 453
Other non-current financial assets	12	1 275	-	-	880	2 154
Trade and other receivables	13	87 832	-	-	-	87 832
Cash (and cash equivalents)	15	142 134	-	-	-	142 134
Currency Hedge	-	-	307	-	-	307
Bunkers swaps	-	-	2 867	-	-	2 867
<b>Assets 31.12.2019</b>		<b>231 240</b>	<b>3 173</b>	<b>3 453</b>	<b>880</b>	<b>238 746</b>

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



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## Fair value measurement

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data.

<i>Financial instruments at fair value 31.12.2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investment in other companies	-	-	2 500	2 500
Bunker swap asset	-	-	-	-
Currency hedge	-	971	-	971
<b>Total assets</b>	<b>-</b>	<b>971</b>	<b>2 500</b>	<b>3 471</b>
Currency hedge	-	-	-	-
Interest rate swaps (accrued interest included)	-	2 551	-	2 551
<b>Total liabilities</b>	<b>-</b>	<b>2 551</b>	<b>-</b>	<b>2 551</b>

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

## Reconciliation of liabilities arising from financial activities

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

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

<i>Liabilities 2019</i>	<i>Note</i>	<i>31.12.2018</i>	<i>Cash flows</i>	<i>Non - cash changes</i>			<i>31.12.2019</i>
				<i>Fair value changes</i>	<i>Other changes*</i>	<i>New liability</i>	
Other non-current liabilities	19	1 594	-	(491)	-	-	1 103
Non-current int. bearing debt	20	655 199	-	-	(130 212)	-	524 987
Current interest bearing debt	20	45 644	(38 500)	-	74 969	-	82 113
Other current fin. liabilities	23	1 364	-	809	-	-	2 173
Non-current lease liabilities	8	-	-	-	50 601	239 864	290 465
Current lease liabilities	8	-	(87 331)	-	1 557	189 407	83 633
		<b>703 800</b>	<b>(125 831)</b>	<b>318</b>	<b>(3 085)</b>	<b>409 271</b>	<b>984 474</b>

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



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## 17 Equity

<i>Number of shares</i>	<i>Par value NOK</i>	<b>2020</b>	<b>2019</b>
Ordinary shares	104	19 605 238	19 605 238
Average number of shares		19 605 238	19 605 238

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

## 18 Management of capital

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

### Book equity ratio

The Group's book equity ratio is targeted to be between 40-55%. The book equity at year-end 2020 is below the set target.

### Working capital

The Group's working capital is targeted to be above zero excluding short-term lease liabilities. The ratio per year-end 2020 is above the set target.

### Liquidity reserve

The aim is to keep a solid liquidity reserve with minimum cash holding relative to the size of the operation, cash flow development and capital commitments. The Group is targeting a minimum liquidity reserve of 12 months of debt service and unfinanced capital commitments, of which a part may consist of available credit facilities. The liquidity reserve year-end 2020 is above the set target.

Høegh Autoliners Holdings has covenants in the loan agreement regarding minimum book equity ratio, working capital and minimum liquidity. The Group is in compliance with these ratios on a consolidated basis as per year-end 2020.

The Group aims to maximise shareholder return over time. To maintain or adjust the capital structure, the Group may adjust dividend distribution or issue new shares. The Group's dividend policy will follow a normal distribution of 25-30% of net profit p.a. There are restrictions on dividend payments in the loan agreement.

<i>Equity ratio</i>	<b>2020</b>	<b>2019</b>
Total equity	541 812	561 758
Total assets	1 464 458	1 711 609
<b>Equity ratio</b>	<b>37%</b>	<b>33%</b>

## 19 Other non-current liabilities

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

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



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## 20 Non-current and current interest bearing debt

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

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

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

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

Mortgage debt	Maturity	Outstanding amount
USD 1 000 million senior secured facility	July 2021	518 208
<b>Total mortgage debt</b>		<b>518 208</b>

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

### Security

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

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

## 21 Trade and other payables

	2020	2019
Suppliers	42 607	47 493
Prepaid TC on vessels chartered out	2 888	19 927
Public duties payable and holiday pay	5 877	9 669
<b>Total</b>	<b>51 372</b>	<b>77 090</b>



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## 22 Current accruals and provisions

	2020	2019
Accrued voyage expenses	33 237	31 523
Accrued crew expenses	1 741	3 099
Accrued running expenses	7 741	2 355
Other current provisions	2 323	4 019
<b>Total</b>	<b>45 042</b>	<b>40 997</b>

### Accruals

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

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

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

## 23 Other current liabilities

Current financial liabilities	2020	2019
Accrued interest on interest rate swaps	529	263
Interest rate swaps liabilities	1 979	1 910
Currency hedge	-	-
<b>Total</b>	<b>2 508</b>	<b>2 173</b>
<b>Other current liabilities</b>	<b>2020</b>	<b>2019</b>
Settlement U.S. Department of Justice	4 982	4 845
Other liabilities	96	904
<b>Total</b>	<b>5 078</b>	<b>5 749</b>
<b>Total other current liabilities</b>	<b>7 586</b>	<b>7 922</b>

## 24 Transactions with related parties

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

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

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



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LEIF HØEGH & CO GROUP

(Amounts in tables USD 1 000)

The main transactions are listed in the table below:

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

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

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

All Høegh Autoliners commercial subsidiaries make cargo bookings on behalf of Høegh Autoliners AS. Most of the commercial companies are cost-plus-based where the company's income is based on a percentage of the expenses. Based on this transfer pricing principle Høegh Autoliners Shipping AS has from the various commercial subsidiaries expensed USD 20 million (USD 25 million in 2019) as voyage expenses.

## 25 Contingent liabilities

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

The global car carrier anti-trust investigation in the PCTC industry, which was initiated in 2012, has been finalised in most of the relevant jurisdictions, notably the Japan, China, EU and the U.S. No fines have been invoked against the Group, save for the U.S., where the Group pleaded guilty to one offence, which entailed a fine. There are pending class actions in Canada and a private stand-alone action filed by a single customer. As before, the Group continues to cooperate fully with all relevant agencies. It is expected that the few remaining investigations and related matters may continue for another few years.

## 26 Events after the balance sheet date

### Sale of vessels

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

### Loan facility

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

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

### Conversion from private limited company to public limited company

On 6 August 2021, Høegh Autoliners Holdings AS converted from a private limited company to a public limited company, named Høegh Autoliners ASA.



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(Amounts in tables USD 1 000)

## 27 Commitments and guarantees

### Capital commitments

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

### Guarantees

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

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

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

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

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

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



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LEIF HØEGH & CO GROUP

(Amounts in tables USD 1 000)

## 28 Investment in associates and joint ventures

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

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

\* Shares sold in 2020

\*\* Liquidated in 2020

### Specified financial information

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

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

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

\* Figures from unaudited financial statements 2020



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(Amounts in tables USD 1 000)

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

<i>Investment in joint ventures</i>	2020	2019
Carrying amount	-	3 336
Profit/(loss)	43	236
<i>Investment in associates</i>	2020	2019
Carrying amount	8 960	14 820
Profit/(loss)	420	3 207
Currency translation differences (OCI)	369	(1 004)
<b>Total carrying amount of investments joint ventures and associates 31.12.</b>	<b>8 960</b>	<b>18 156</b>

29 List of subsidiaries

<i>Company</i>	<i>Country</i>	<i>Principal activity</i>	<i>Owner share % *</i>	
			2020	2019
Leif Høegh & Co AS	Norway	Holding company	100	100
Leif Høegh & Co Holdings AS	Norway	Holding company	100	100
Høegh Autoliners Holdings AS	Norway	Holding company	61.25	61.25
Høegh Autoliners Management AS	Norway	Management company	100	100
Høegh Autoliners Shipping Pte. Ltd.	Singapore	Ship owning company	100	100
HFS China Ltd.	China	Crewing office	51	51
HFS Philippines Inc.**	Philippines	Crewing office	25	25
Høegh Holdings B.V.	The Netherlands	Holding company	100	100
Høegh Autoliners Panama S. A.	Panama	Commercial operation	100	100
Høegh Autoliners Logistics AS	Norway	Holding company	100	100
S.A.S. Autotrans Logistics	France	Logistics operation	100	100
Høegh Autoliners B.V.	The Netherlands	Holding company	100	100
Horizon Terminal Services LLC. ****	USA	Terminal Services	-	100
Fast Terminal Corp (Dormant)	USA	Terminal Services	100	100
Høegh Autoliners Shipping AS	Norway	Ship owning company	100	100
Alliance Norfolk Trust	USA	Ship owning company	100	100
Alliance St. Louis Trust	USA	Ship owning company	100	100
Alliance Fairfax Trust	USA	Ship owning company	100	100
Høegh Autoliners AS	Norway	Commercial operation	100	100
Alliance Navigation LLC.	USA	Commercial operation	100	100
Høegh Autoliners Germany GmbH	Germany	Commercial operation	100	100
Høegh Autoliners Pty. Ltd.	India	Commercial operation	100	100
Høegh Autoliners K.K.	Japan	Commercial operation	100	100
Høegh Autoliners (Korea) Ltd. (Liquidated)	Korea	Commercial operation	-	100
Høegh Autoliners North America Inc.	USA	Commercial operation	100	100
Høegh Autoliners PTY Ltd.	South Africa	Commercial operation	100	100
Høegh Autoliners Spain S.L.	Spain	Commercial operation	100	100
Høegh Autoliners UK Ltd. (Dormant)	UK	Commercial operation	100	100
Høegh Autoliners S.A.S.	France	Commercial operation	100	100
Leif Høegh & Co China Ltd.***	China	Commercial operation	100	100
Høegh Technical Management Holding Pte. Ltd.	Singapore	Holding company	100	100
Høegh Technical Management, Inc.	Philippines	Management company	100	100

\* For the above listed companies one share has one vote at the General Meeting.

\*\* Although the maximum foreign ownership under Philippine law stands at 25 %, the terms of the agreement under which the entity was established, gives Høegh 100 % control over HFS Philippines Inc. consequently, Høegh consolidates this entity.

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

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



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Leif Höegh & Co AS  
Financial Statement  
2020



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
## Statement of income

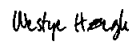
<i>(USD 1000)</i>	<i>Notes</i>	<i>2020</i>	<i>2019</i>
Administrative expenses	2	(382)	(390)
<b>Operating profit/ (loss)</b>		<b>(382)</b>	<b>(390)</b>
Interest income		-	4
Currency gain/(loss)		17	(6)
Other financial income		14	-
Other financial expenses	4	(5 866)	(82 438)
<b>Profit/ (loss) before tax</b>		<b>(6 217)</b>	<b>(82 829)</b>
Tax (expenses) / income	3	-	-
<b>Profit / (loss)</b>		<b>(6 217)</b>	<b>(82 829)</b>

## Statement of financial position

<i>(USD 1000)</i>	<i>Notes</i>	<i>2020</i>	<i>2019</i>
<b>Assets</b>			
<i>Non-current assets</i>			
Investments in group companies	5/9	421 158	427 286
<b>Total non-current assets</b>		<b>421 158</b>	<b>427 286</b>
<i>Current assets</i>			
Cash	6	336	243
<b>Total current assets</b>		<b>336</b>	<b>243</b>
<b>Total assets</b>		<b>421 494</b>	<b>427 529</b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital	8	329 810	329 810
Share premium reserve	8	498 893	498 893
Retained earnings	8	(408 083)	(401 866)
<b>Total equity</b>		<b>420 621</b>	<b>426 838</b>
<i>Current liabilities</i>			
Debt to group companies	7	652	652
Other current liabilities	7	221	39
<b>Total current liabilities</b>		<b>873</b>	<b>691</b>
<b>Total equity and liabilities</b>		<b>421 494</b>	<b>427 529</b>


The Board of Directors  
Oslo, 16 August 2021

  
Leif O. Høegh  
Chair

  
Westye Høegh  
Board member

  
Morten W. Høegh  
Board member

  
Martine Vice Holter  
Board member

  
Thor Jørgen Guttormsen  
Board member / CEO



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## Statement of cash flow

<i>(USD 1000)</i>	<i>Notes</i>	<i>2020</i>	<i>2019</i>
<b><i>Cash flows from operating activities</i></b>			
Profit/(loss) before tax		(6 217)	(82 829)
Impairment shares	4	5 866	82 438
<b>Cash flow provided by operating activities before changes in working capital</b>		<b>(351)</b>	<b>(391)</b>
<b>Working Capital</b>			
Trade and other payables		181	-
<b>Net cash flow provided by operating activities</b>		<b>(170)</b>	<b>(391)</b>
<b><i>Cash flows from investing activities</i></b>			
Dividend received		262	-
<b>Net cash from investing activities</b>		<b>262</b>	<b>-</b>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from issuing capital		-	-
<b>Net cash from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net change in cash during year</b>		<b>93</b>	<b>(391)</b>
<b>Cash 01.01.</b>		<b>243</b>	<b>635</b>
<b>Cash 31.12</b>		<b>336</b>	<b>243</b>



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## Notes

### 1 Summary of significant accounting policies

#### BASIS OF PREPARATION

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

#### EXPENSES

Expenses are recognised as the service is received.

#### FUNCTIONAL AND PRESENTATION CURRENCY

USD is the Company's functional and presentation currency.

#### CURRENCY

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 income statement. Non-monetary items included at historical cost denominated in currencies other than USD are translated at the exchange rate at the time of the original transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rate at the date when the fair value was determined.

#### LONG-TERM INVESTMENTS

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

The impairment evaluation of the investment in subsidiaries compares the equity in the subsidiary with the carrying amount of the investment in the parent. The assessment also takes into account the excess net present value of operations not reflected in the subsidiaries equity. The excess values of the subsidiaries are included when considering the ultimate parents investment in the immediate parent.

#### REVENUES

Revenues and expenses are recognised as the service is provided or received.

#### TAX

The tax expenses consist of taxes payable and changes in deferred tax. Tax increasing and tax reducing temporary differences that are reversed or can be reversed in the same period are offset and netted in the accounts. Net deferred tax assets that are substantiated through future earnings are capitalised as intangible assets. Currency gain or loss related to deferred tax asset, deferred tax liability or taxes payable are presented as tax expense/income. Net deferred tax asset is recognised to the extent it is likely that this can be used.

#### CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are not recognised in the financial statement, but if material, disclosed in the accompanying notes. A contingent asset is not recognised in the financial statements, but disclosed if there is a certain degree of probability that it will be an advantage to Leif Høegh & Co AS.

#### CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

Current assets and current liabilities consist of items that fall due within one year after the balance sheet date.

Other items are classified as non-current assets/liabilities (fixed assets/non-current debt). Non-current debt is recognised at the nominal amount at the date of drawdown.

#### CASH FLOW STATEMENT & CASH

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

#### DEFINED CONTRIBUTION PLAN

The Company makes annual contributions to the employee's pension plan, which is the pension expense for the period.



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## ⊙ LEIF HÖEGH & CO AS

(Amounts in tables in USD 1000)

### 2 Administrative expenses

	2020	2019
Auditors	9	16
Administrative services	15	13
<b>Total</b>	<b>24</b>	<b>29</b>

The auditors' expenses for statutory auditing services amounted USD 9 152, including VAT.

Leif Höegh & Co AS buys administrative services from Höegh Autoliners Management AS (included the Managing director services). Norwegian employers are obliged to have an occupational pension scheme for their employees under the Act on Mandatory occupational pension. The Company is in compliance with this regulation.

	2020	2019
Salaries	170	204
Other	188	156
<b>Total</b>	<b>358</b>	<b>361</b>

The Company has one employee. No remuneration was made to the Board of Directors in 2020.

### 3 Tax

<i>Income tax for the year</i>	2020	2019
Current tax / tax payable	-	-
<b>Tax (expenses) / income</b>	<b>-</b>	<b>-</b>

<i>Tax expenses reconciliation</i>	2020	2019
<b>Profit/ (loss) before tax</b>	<b>(6 217)</b>	<b>(82 829)</b>
Tax at 22% statutory tax rate	1 368	18 222
Change in deferred tax asset (losses carried forward)	(94)	(85)
Permanent differences	(1 290)	(18 136)
Deferred tax assets not recognised (losses carried forward)	17	(1)
<b>Tax (expenses) / income</b>	<b>-</b>	<b>-</b>

<i>Deferred tax*</i>	2020	2019
Loss carried forward	278	184
Loss carried forward not recognised **	(278)	(184)
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>

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

\*\* Deferred tax is not recognised as it is not expected that the Company will utilise the asset against future income tax. Loss carried forward is utilised when the Company receives group contribution or have taxable result.

### 4 Other financial expenses

	2020	2019
Impairment of the share value in Leif Höegh & Co Holdings AS	(5 866)	(82 438)
<b>Total</b>	<b>(5 866)</b>	<b>(82 438)</b>

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



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## ⊙ LEIF HÖEGH & CO AS

(Amounts in tables in USD 1000)

### 5 Investments in group companies

2020	Registered office	Owner share in %	Voting share in %	Net profit/ (loss) 2020
<i>Shares in group companies</i>				
Leif Höegh & Co Holdings AS	Oslo	100%	100%	(5 865)
		<i>Equity 31.12.2020</i>	<i>Equity share</i>	<i>Carrying amount</i>
<i>Shares in group companies</i>				
Leif Höegh & Co Holdings AS		421 158	421 158	421 158
<b>Total</b>				<b>421 158</b>

A dividend of USD 262 thousand has been received in 2020.

2019	Registered office	Owner share in %	Voting share in %	Net profit/ (loss) 2019
<i>Shares in group companies</i>				
Leif Höegh & Co Holdings AS	Oslo	100%	100%	(82 458)
		<i>Equity 31.12.2019</i>	<i>Equity share</i>	<i>Carrying amount</i>
<i>Shares in group companies</i>				
Leif Höegh & Co Holdings AS		427 286	427 286	427 286
<b>Total</b>				<b>427 286</b>

### 6 Cash

The cash accounts are denominated in NOK and USD. Other current payments are made from group companies. USD 28 332 are restricted cash.

### 7 Current liabilities

	2020	2019
Group companies	652	652
Other current liabilities	221	39
<b>Total</b>	<b>873</b>	<b>691</b>

### 8 Equity

Equity	Share capital	Share premium reserve	Retained earnings	Total
Total equity 01.01.2019	329 810	498 893	(319 037)	509 667
Profit / (loss) for the year	-	-	(82 829)	(82 829)
<b>Total equity 31.12.2019</b>	<b>329 810</b>	<b>498 893</b>	<b>(401 866)</b>	<b>426 838</b>
Profit / (loss) for the year	-	-	(6 217)	(6 217)
<b>Total equity 31.12.2020</b>	<b>329 810</b>	<b>498 893</b>	<b>(408 083)</b>	<b>420 621</b>

The share capital consists of 19 605 238 shares with face value NOK 104. There is only one class of shares in the Company, and all shares have equal voting and dividend rights. No dividend has been paid in 2020. The Board has not proposed any dividend to be paid for 2020. The Company has no share option scheme. Leif Höegh & Co AS is 50% owned by Pomor Shipping Norway AS and 50% by Cadus SE.



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(Amounts in tables in USD 1000)

## 9 Transactions with related parties

All transactions with related parties have been carried out using the cost plus method.

## 10 Events after the balance sheet date

The Board of Directors is not aware of substantial events after the balance sheet date, not considered in the financial statement.



To the General Meeting of Leif Höegh & Co AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

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#### *Opinion*

We have audited the financial statements of Leif Höegh & Co AS, which comprise:

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

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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#### *Basis for Opinion*

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

---

*PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo  
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no  
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and  
authorised accounting firm*



Independent Auditor's Report - Leif Høegh & Co AS



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## *Other information*

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

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

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

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

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

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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Independent Auditor's Report - Leif Høegh & Co AS



### *Report on Other Legal and Regulatory Requirements*

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#### *Opinion on the Board of Directors' report*

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

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#### *Opinion on Registration and Documentation*

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

Oslo, 16 August 2021  
**PricewaterhouseCoopers AS**

Bjørn Rydland  
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Auditor's report

**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Rydland, Bjørn	BANKID	2021-08-16 09:16

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**Leif Høegh & Co AS**

Drammensveien 134, N-0212 Oslo

P.O. Box 4 Skøyen, N-0212 Oslo

Phone: +47 21 03 90 00

E-mail: [autoliners@hoegh.com](mailto:autoliners@hoegh.com)

[www.hoegh.com](http://www.hoegh.com)

[www.hoeghautoliners.com](http://www.hoeghautoliners.com)

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Consolidated Financial Statements 2018