INTERIM RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2020

Highlights for the quarter ended 30 September 2020

- EBITDA[1] of USD 53 million
- Net loss USD 2.6 million
- Stable operations despite challenging circumstances created by Covid-19
- Zero LTIs and 99.9% technical availability year to date

Subsequent events

- Höegh LNG shortlisted for First Gen Corporation's FSRU terminal in the Philippines
- AIE signed a lease for up to 25 years with NSW Ports for the Port Kembla Gas Terminal
- Tap issue in HLNG 04 and partial buyback of HLNG 03

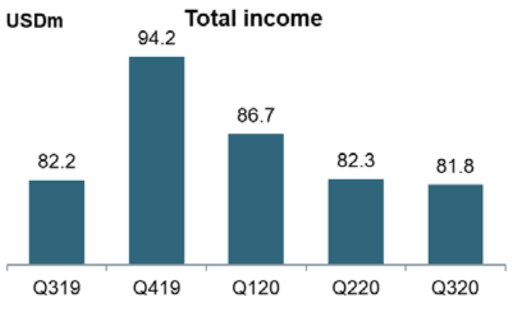
Stable operations and high level of business development activity

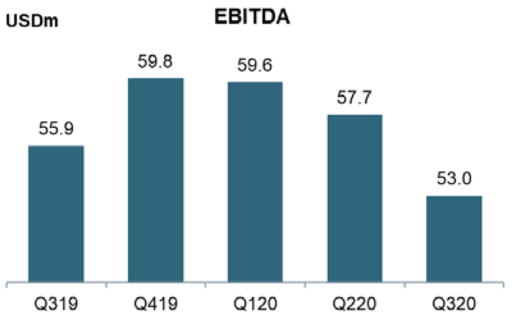
In a quarter with stable operations, Höegh LNG's EBITDA for the third quarter of 2020 was lower than in the preceding quarter. This was mainly because of one-off costs related to implementation of a new ERP system as well as currency and seasonal effects.

Despite the continued challenging circumstances created by the Covid-19 pandemic, Höegh LNG delivered a quarter with stable operations, as shown by a technical availability of close to 100% for the fleet and zero LTIs. All the group's assets operated during the quarter in accordance with their contracts and to the satisfaction of customers. The level of business development activity was high, with good progress on several FSRU projects in the company's pipeline both during and after the third quarter.

Global LNG volumes traded in the quarter fell year-on-year, mainly owing to the effects of the Covid-19 pandemic. As new LNG export capacity came online during the quarter, spot LNG prices were at competitive levels during the quarter and LNG increased its share of the energy mix in many markets at the expense of pipeline or domestic gas supplies.

Reported total income and EBITDA





[1] Please see the definition in Appendix 1.

Group financial review[2]

Höegh LNG Holdings Ltd (Höegh LNG Holdings or the company) and its subsidiaries (together Höegh LNG or the group) reported a total income of USD 81.8 million for the third quarter of 2020, compared with USD 82.3 million in the preceding quarter. The decrease mainly reflects small fluctuations in fleet earnings and a fall in the share of results from joint ventures.

Höegh LNG reported EBITDA of USD 53 million for the third quarter, down from USD 57.7 million in the preceding three months. This decrease reflects reduced income as described above and USD 4.8 million increase in costs compared with the previous quarter. About half of this rise was driven by seasonal holiday-pay effects during the second quarter and unfavourable exchange rate developments for SG&A expenses incurred in currencies other than the USD. In addition, the group expensed USD 2.1 million during the third quarter in costs related to implementing its new ERP system, since it has concluded that only about half of the estimated total cost of USD 5.9 million for this project qualifies for capitalisation on the balance sheet. Implementation is on schedule and to budget, and plans call for the system to be ready for use by the end of 2020. The group expects to expense around USD 1 million related to this project to completion. Moreover, increased project administrative and business development expenses were incurred in the third quarter owing to a higher level of project activity.

Höegh LNG recorded a net loss after tax of USD 2.6 million for the third quarter of 2020, down from a profit of USD 2.9 million in the preceding quarter. This decrease mainly reflects the lower EBITDA reported for the third quarter, realised and unrealised foreign exchange losses on hedging instruments, and increased corporate income tax.

Operating cash flows fell in the third quarter by USD 8.4 million to USD 51.2 million. The net decrease was driven mainly by the lower net result and variations in working capital between the two quarters. Other sources of cash during the quarter comprised a USD 7.7 million net reversal in cash collateral. Uses during the quarter mainly comprised USD 35 million in debt amortisations and lease payments, dividends paid to non-controlling interests in Höegh LNG Partners (HMLP) and interest payments. The net decrease in cash and cash equivalents during the second quarter was USD 9.6 million.

At 30 September 2020, Höegh LNG held USD 142.3 million in current unrestricted cash (USD 151.9 million). Net interest-bearing debt, including lease liabilities, decreased during the third quarter by USD 23.5 million to USD 1 537 million (USD 1 560 million). Total assets and book equity at 30 September 2020, after adjusting for the mark-to-market of interest rate swaps, were USD 2 544 million (USD 2 590 million) and USD 767 million (USD 780 million) respectively, equivalent to an adjusted book equity ratio of 30% (30%).

Key financial figures

(In USD'000 unless otherwise indicated)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Income statement					
Total income	81 778	82 255	86 737	94 189	82 166
EBITDA	52 977	57 726	59 569	59 832	55 875
Impairment	-	-	-	(1 551)	-
EBIT	24 898	29 631	31 444	30 208	29 178
Profit (loss) after tax for the period	(2 555)	2 945	(1 026)	3 992	3 164
Financial position					
Total assets	2 500 934	2 544 656	2 550 588	2 601 838	2 621 006
Total assets adjusted for hedging [1]	2 544 277	2 590 225	2 550 588	2 635 776	2 639 245
Equity adjusted for hedging reserves [1]	767 153	780 424	788 639	800 912	800 271
Adjusted equity ratio (%)[1]	30%	30%	31%	30%	30%
Net interest-bearing debt including lease liabilities	(1 536 975)	(1 560 465)	(1 570 283)	(1 565 968)	(1 608 022)
Cash flow					
Net cash flow from operating activities	51 211	59 610	50 962	77 679	49 923
Net cash flow from investing activities	(1 111)	(10 799)	(2 425)	(2 580)	(170 840)
Net cash flow from financing activities	(59 673)	(16 978)	(115 451)	(58 326)	158 728
Net increase (decrease) in cash and cash equivalents	(9 573)	31 833	(66 914)	16 773	37 811

[1] Equity ratio adjusted for hedging transactions is calculated in Appendix 1 - alternative performance measures (APMs).

[2] The interim consolidated financial statements for Höegh LNG include HMLP on a consolidated basis and, unless otherwise stated, figures in this section are compared with figures of second quarter of 2020.

Business review

Covid-19

Höegh LNG is experiencing limited operational impacts from Covid-19 and no contractual effects. However, ensuring the health and safety of its personnel continues to be the group's highest priority. The situation is dynamic and could change quickly – in particular with regard to maritime personnel and vessel operational logistics, including repairs and maintenance. Although Höegh LNG's operations are not directly affected by the virus pandemic at present, the group has been taking and will continue to take necessary measures to mitigate risks to employees and its operations. The group is continuously monitoring the Covid-19 situation, and undertaking scenario analysis and other evaluations to ensure that Höegh LNG is prepared in the best possible way to address any changes related to the health, safety and wellbeing of personnel, the LNG and FSRU markets, government restrictions, and other aspects affecting operations and the business.

The main effect of the Covid-19 situation continues to be delays to scheduled crew changes, and Höegh LNG is continuously working to ensure the welfare of its maritime personnel by making these delays as short and as few in number possible. While the group has been able to conduct full or partial crew changes on all the vessels in the fleet, the situation remains challenging for the maritime industry owing to travel restrictions and quarantine regulations. Nevertheless, all FSRUs and LNGCs are fully operational and crewed in accordance with relevant safety requirements, all charter parties remain unchanged and in force, and revenues are being collected in accordance with contractual terms.

On the business development side, new potential FSRU projects are emerging owing to the continued decline in LNG prices caused by new production facilities coming on stream and the effect of Covid-19 on energy markets.

Operations

The fleet delivered a stable operating performance in the third quarter with no off-hire experienced.

Höegh Gallant commenced the previously announced LNGC charter with an Asian-based trading house in July. This covers a period of around seven months.

In the third quarter, Höegh Esperanza was located at the terminal at Tianjin, China, where it operated as an FSU. The vessel started FSRU operations again on 31 October 2020.

Business development activity

Höegh LNG's primary objective is to secure long-term FSRU contracts by the end of 2021 for all the units currently trading on short-term LNGC contracts.

After being shortlisted in July as a bidder for FGEN LNG's interim offshore LNG terminal in the Philippines, Höegh LNG was formally invited to the final tender round for the FSRU in October. First Gen Corp, FGEN LNG's parent company, has announced receipt of a permit from the Department of Energy, authorising the construction of the project. First Gen has also announced the signing of a joint cooperation agreement with Tokyo Gas, where the latter will have a 20% interest in the project, and the selection of McConnell Dowell Philippines as the preferred tenderer for the engineering, procurement and construction (EPC) contract.

Australian Industrial Energy (AIE) announced in Australia on 20 October 2020 that Squadron Energy is now the sole owner of AIE after having acquired the shares of partners JERA and Marubeni in the project. The agreements between HLNG and AIE remains unaffected and in place. In November, AIE signed a lease for up to 25 years with NSW Ports for the Port Kembla gas terminal. As previously communicated, Höegh LNG has exclusivity for supplying the FSRU for AIE's Port Kembla gas terminal project.

Also in Australia, AGL Energy's (AGL) project at Crib Point in the state of Victoria is continuing the environment effects statement (EES) process which is expected to be completed during the first half of 2021.

In Cyprus, where Höegh LNG applied for a licence to install an LNG import terminal in April 2020, the group is assessing levels of interest among both national authorities and independent power producers.

Höegh LNG is shortlisted for a project in Latin America which aims to confirm the FSRU supplier and agree detailed terms by the end of 2020. This project is making good progress and expected to reach FID by the first quarter of 2021.

On the Indian subcontinent, Höegh LNG is currently involved in two FSRU projects where it has exclusivity in one and is in a formal tender process for the other. After some delays caused by Covid-19, both these projects are expected to reach FID by the first quarter of 2021.

In addition to the projects listed above, Höegh LNG has a healthy pipeline of others at various stages of development, including several short-term FSRU contracts which have short lead times and could contribute to increased contract coverage in 2022.

Energy transition developments

In October 2020, Höegh LNG received a grant from Innovation Norway to partially fund the company's ongoing work on developing floating solutions in the supply chain for carbon-free fuels, such as hydrogen and ammonia.

Corporate/other activities

Tap issue in HLNG 04 bond and buy-back of HLNG 03 bond

In October 2020, the company completed a NOK 320 million tap issue under the existing senior unsecured bonds with a maturity date of 30 January 2025 (HLNG 04). The tap issue was priced at 93.61% of the par value and the total outstanding amount after the tap issue is NOK 970 million. In conjunction with the tap issue, the company has bought back NOK 295 million of the senior unsecured bonds with maturity date 1 February 2022 (HLNG03) at a price of 100% of par value.

New senior management in Höegh LNG Partners

In August 2020, Steffen Føreid gave notice that he intends to step down from his position as the partnership's chief executive officer and chief financial officer in order to pursue a career opportunity in a different business segment. The partnership announced that Sveinung J.S. Støhle, president and CEO of Höegh LNG Holdings Ltd, would take over as its CEO, with Håvard Furu, the CFO of Höegh LNG Holdings Ltd, as its CFO.

Cost-saving plan

The cost-saving plan announced in the first quarter 2020 is on schedule. The SG&A expenses for the group have been reduced during the year in line with the plan, and the estimated effect for the full year 2020 is around USD 8 million in reduced SG&A compared with the original plans and budgets.

Avenir LNG update

On 14 October 2020, Avenir LNG announced the delivery of Avenir Advantage, its first dual-purpose LNG bunkering and supply vessel (LBV). Following the maiden voyage, this vessel arrived in Malaysia where a previously announced three-year charter to Petronas LNG commenced.

Distribution from Höegh LNG Partners

Höegh LNG Partners declared a quarterly distribution of USD 0.44 per unit for the third quarter on 16 October 2020, corresponding to an annualised distribution of USD 1.76 per unit. On 13 November 2020, Höegh LNG Holdings accordingly received USD 6.7 million in distributions and USD 0.4 million in IDRs for the second quarter of 2020.

Environment, social and governance (ESG)

Höegh LNG reports on sustainability in accordance with the Global Reporting Initiative (GRI) standards in its annual report and has also extended its reporting in alignment with the recommendations of the Norwegian Shipowners' Association (NSA).

Safe and reliable operation of its fleet is a key focus for the group, especially in the current circumstances, and the results demonstrate a continued very strong record. Technical availability is 99.9% for the year to date, while the lost-time injury frequency was zero.

Technical availability of fleet and safety performance

	2020	2019	2018	2017	2016
Technical availability	99.9%	99.5%	99.8%	99.8%	99.9%
Lost time injury frequency [1]	0.00	0.31	0.00	0.38	0.00

[1] Calculated per million exposure hours for seagoing personnel only.

Further information on ESG topics can be found in the sustainability report included in the annual report, which is available on Höegh LNG's website at www.hoeghlng.com.

Market

Mainly owing to the effects of the Covid-19 pandemic, global LNG trade fell 4.5% year-on-year in the third quarter of 2020. Volumes traded reached 85.3 million tonnes, a strong performance when considering the effects of the pandemic on economic growth and other fuels. For the first nine months of 2020, the year-on-year growth in global LNG trade was 2.3%.

With the final start-ups at Cameron LNG and Elba Island LNG the first wave of US LNG export projects was completed in the third quarter. LNG production capacity continued to grow in the quarter, and LNG producers had to reduce exports to balance the market as demand declined. The USA witnessed the largest fall in export volumes, resulting in an average quarterly capacity utilisation of 45%, while other LNG exporters also reduced volumes sold during the quarter.

Given the supply and demand dynamics, spot LNG prices have remained at historically low levels. That gives LNG a competitive advantage compared with oil-linked pipeline and domestic gas prices in several markets. This supported the recovery and resilience of demand in these markets, partly offsetting lower demand in other markets.

As China's economy continued to recover from the Covid-19 effects, the country's LNG imports rose by 13% year-on-year in the third quarter of 2020. As in the second quarter, LNG increased its share in the natural gas and energy mix replacing higher-priced pipeline gas.

After acting as the sink for the LNG spot market in the first half of 2020, European LNG imports declined by 10% year-on-year to 17.1 million tonnes in the third quarter of 2020. This reflected a mix of increased demand in other markets, cargo cancellations in the USA, reduced gas demand and limited additional storage capacity.

Currently, 38 FSRUs are on the water (excluding two smaller barges). Of these, 27 are committed on FSRU contracts and 11 are available and/or trading as LNGCs. Four purpose-built and four converted FSRUs are on order, of which six have firm long-term contracts.

LNGC charter rates for the year to date are lower than in the corresponding period of 2019. While seasonal effects tend to drive down rates through the first half of any year, the decline this year was compounded by lower-than-expected utilisation of liquefaction capacities as demand was hit by the pandemic, shorter average sailing distances as Europe grew its share of imports, and continued strong fleet growth. While the improving spot rates seen in the third quarter are also seasonally driven, they additionally reflect economic recovery in Asia which has attracted competitively priced LNG to the region.

Outlook

Höegh LNG's main commercial focus is to secure long-term FSRU employment for the units currently working as LNGCs. Even though Covid-19 has created uncertainty in energy markets, the LNG market is continuing to perform relatively well and business development activity was high in the third quarter. It is not possible to forecast the short- and long-term impacts of Covid-19 on Höegh LNG's business accurately, other than to say that, at the date of this report, its effect on employees, operations and revenues has been limited.

Results for the fourth quarter will be affected by Höegh Esperanza operating in FSRU mode for approximately two months and the drydocking of Arctic Lady for its 15th anniversary class renewal. The cost of the drydocking is on pass-through to the charterer, but the expected off-hire of about 1.5 months will result in a loss of revenues for Höegh LNG. Since Höegh Giant is on an index-linked charter, the realised rate in the fourth quarter depends on spot market rates for LNGCs. In addition, the group expects to expense approximately USD 1 million related to its new ERP system in the fourth quarter.

INTERIM CONSOLIDATED STATEMENT OF INCOME

USD'000 (Unaudited)	Note	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Time charter revenues		76 431	75 622	76 978	234 650	227 162
Management and other income		701	1 128	1 363	3 189	3 281
Share of results from investments in associates and joint ventures		4 645	5 505	3 824	12 931	11 504
TOTAL INCOME		**81 778**	**82 255**	**82 166**	**250 770**	**241 947**
Bunker and other voyage related expenses		(629)	(1 218)	(300)	(2 389)	(336)
Operating expenses		(17 586)	(17 539)	(16 423)	(52 480)	(51 117)
Project administrative expenses		(2 929)	(1 753)	(3 859)	(8 230)	(12 478)
Group administrative expenses		(6 365)	(3 132)	(4 102)	(13 955)	(14 822)
Business development expenses		(1 291)	(887)	(1 607)	(3 445)	(5 760)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)	4	**52 977**	**57 726**	**55 875**	**170 272**	**157 434**
Depreciation		(28 079)	(28 095)	(26 697)	(84 300)	(79 269)
OPERATING PROFIT		**24 898**	**29 631**	**29 178**	**85 972**	**78 165**
Interest income		147	256	851	1 008	3 125
Interest expenses		(24 254)	(25 640)	(23 434)	(75 874)	(67 688)
Income from other financial items		741	1 663	497	3 284	563
Expenses from other financial items		(2 337)	(1 777)	(1 655)	(11 079)	(4 955)
NET FINANCIAL ITEMS		**(25 703)**	**(25 499)**	**(23 741)**	**(82 661)**	**(68 955)**
ORDINARY PROFIT (LOSS) BEFORE TAX		**(805)**	**4 132**	**5 437**	**3 311**	**9 210**
Corporate income tax		(1 750)	(1 187)	(2 273)	(3 947)	(5 155)
PROFIT (LOSS) FOR THE PERIOD AFTER TAX		**(2 555)**	**2 945**	**3 164**	**(636)**	**4 055**
Profit (loss) for the period attributable to (from):						
Equity holders of the parent		(13 607)	(8 371)	(7 406)	(34 290)	(23 678)
Non-controlling interests		11 052	11 316	10 570	33 654	27 733
TOTAL		**(2 555)**	**2 945**	**3 164**	**(636)**	**4 055**
Earnings per share attributable to equity holders of the parent during the period:						
Basic and diluted earnings per share		(0.18)	(0.11)	(0.10)	(0.45)	(0.31)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000 (Unaudited)	Note	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Profit (loss) for the period		**(2 555)**	**2 945**	**3 164**	**(636)**	**4 055**
Items that will not be reclassified to profit or (loss)						
Net gain (loss) on other capital reserves		431	(35)	-	396	2
Items that may be subsequently reclassified to profit or (loss)						
Net gain (loss) on hedging reserves	8	8 218	649	(13 575)	(55 425)	(63 054)
Share of other comprehensive Income from joint ventures	8	3 457	2 498	(3 164)	(11 149)	(13 671)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX		**12 106**	**3 112**	**(16 739)**	**(66 178)**	**(76 723)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**9 551**	**6 057**	**(13 575)**	**(66 814)**	**(72 668)**
Total comprehensive income attributable to (from):						
Equity holders of the parent		(3 769)	(6 105)	(21 366)	(88 867)	(86 968)
Non-controlling interests		13 320	12 161	7 791	22 052	14 300
TOTAL		**9 551**	**6 057**	**(13 575)**	**(66 814)**	**(72 668)**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Note	Unaudited 2020 30 Sep	Unaudited 2020 30 Jun	Audited 2019 31 Dec	Unaudited 2019 30 Sep
ASSETS					
Non-current assets					
Deferred tax assets		644	555	458	374
Vessels and spareparts	9	2 049 805	2 069 316	2 106 889	2 127 048
Right-of-use assets	9	169 789	177 699	192 641	200 469
Investments in associates and joint ventures		38 537	32 803	29 574	23 974
Other non-current financial assets	8	27 132	43 845	5 141	7 213
Other non-current assets		9 938	12 166	9 962	9 803
Shareholder loans		4 069	3 988	3 831	3 755
Non-current restricted cash		17 010	17 169	17 428	17 540
Total non-current assets		**2 316 924**	**2 357 541**	**2 365 924**	**2 390 174**
Current assets					
Bunkers and inventories		115	1 034	582	568
Trade and other receivables		27 831	28 036	38 352	50 998
Other current financial assets	8	83	87	1 885	1 012
Restricted cash		13 656	6 060	8 117	8 048
Cash and cash equivalents		142 324	151 897	186 978	170 205
Total current assets		**184 010**	**187 115**	**235 914**	**230 831**
TOTAL ASSETS		**2 500 934**	**2 544 656**	**2 601 838**	**2 621 006**
EQUITY AND LIABILITIES					
Equity					
Share capital		773	773	773	773
Other paid-in capital		556 688	556 556	556 044	556 157
Capital reserves		(131 473)	(141 312)	(76 897)	(88 135)
Retained earnings		(131 701)	(116 347)	(83 590)	(75 071)
Equity attributable to equity holders of the parent		**294 287**	**299 670**	**396 330**	**393 724**
Non-controlling interests		301 519	297 704	299 760	286 245
Total equity		**595 804**	**597 372**	**696 088**	**679 968**
Non-current liabilities					
Deferred tax liability		13 128	12 385	12 098	11 855
Non-current interest-bearing debt	7	1 428 940	1 447 513	1 285 454	1 304 119
Non-current lease liability	7	146 837	154 133	162 170	168 366
Investments in joint ventures		4 325	7 125	5 215	9 739
Other non-current financial liabilities	8	98 215	112 992	45 681	58 248
Deferred revenues		1 581	1 704	2 164	2 362
Total non-current liabilities		**1 693 027**	**1 735 853**	**1 512 783**	**1 554 688**
Current liabilities					
Current interest-bearing debt	7	105 168	105 168	296 213	296 213
Current lease liabilities	7	29 103	28 864	34 764	35 212
Income tax payable		3 937	3 483	3 292	3 215
Trade and other payables		13 709	16 242	21 404	14 594
Other current financial liabilities	8	36 996	37 550	17 841	19 789
Other current liabilities		23 190	20 122	19 453	17 327
Total current liabilities		**212 104**	**211 431**	**392 967**	**386 351**
TOTAL EQUITY AND LIABILITIES		**2 500 934**	**2 544 656**	**2 601 838**	**2 621 006**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000 (Unaudited)	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Cash flow from operating activities					
Profit (loss) before tax for the period	(805)	4 132	5 437	3 311	9 210
Adjustments to reconcile profit before tax to net cash flows					
Depreciation	28 079	28 095	26 697	84 300	79 268
Fair value adjustments on marketable securities	4	(11)	5	27	5
Interest income	(147)	(256)	(851)	(1 008)	(3 125)
Interest expenses	24 254	25 640	23 434	75 874	67 688
Net loss (income) on interest rate hedges and other derivatives	1 519	270	(18)	1 879	1 047
Share-based payment cost and Board remuneration not paid-out	212	378	373	845	1 166
Share of results from investments in associates and joint ventures	(4 645)	(5 505)	(3 824)	(12 931)	(11 504)
Working capital adjustments					
Change in inventories, receivables and payables	3 030	8 057	(746)	11 557	7 251
Payment of corporate income tax	(289)	(1 190)	(584)	(2 070)	(3 100)
i) Net cash flow from operating activities	**51 211**	**59 610**	**49 923**	**161 784**	**147 906**
Cash flow from investing activities					
Investments in marketable securities	-	-	(100)	-	(100)
Investment in FSRUs, assets under construction and class renewals	(471)	(1 630)	(170 706)	(2 945)	(181 117)
Investment in intangibles, equipment and other	(649)	(1 736)	(488)	(4 312)	(1 199)
Investments in associates	-	(7 500)	-	(7 500)	-
Interest received	9	67	454	422	1 786
ii) Net cash flow from investing activities	**(1 111)**	**(10 799)**	**(170 840)**	**(14 335)**	**(180 630)**
Cash flow from financing activities					
Net proceeds from equity issuance (HMLP)	268	-	1 403	2 393	3 749
Dividend paid to non-controlling interest (HMLP)	(11 601)	(11 601)	(11 305)	(34 803)	(33 847)
Dividend paid to shareholders of the parent	-	-	(1 905)	(1 905)	(5 715)
Proceeds from borrowings	-	105 000	228 549	177 515	548 549
Payment of debt issuance costs	(84)	(3 370)	(1 820)	(5 182)	(8 526)
Buy-back of bonds (HLNG02)	-	(65 000)	-	(130 000)	-
Repayment of borrowings	(25 623)	(25 676)	(23 541)	(77 019)	(369 379)
Lease payments	(9 419)	(9 303)	(9 257)	(28 007)	(27 440)
Interest paid	(20 941)	(22 307)	(19 709)	(65 973)	(54 844)
(Increase) decrease in restricted cash and cash collateral	7 728	15 279	(3 687)	(29 120)	(7 572)
iii) Net cash flow from financing activities	**(59 673)**	**(16 978)**	**158 728**	**(192 102)**	**44 975**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**(9 573)**	**31 833**	**37 811**	**(44 653)**	**12 251**
Current cash and cash equivalents at the beginning of the period	151 897	120 064	132 394	186 978	290 348
Current cash and cash equivalents at the end of the period	**142 324**	**151 897**	**170 205**	**142 324**	**302 599**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Attributable to equity holders of the parent									
	Paid-in capital				*Capital reserves*					
USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Hedging reserves	Other capital reserves	Retained earnings	**Total**	Non-controlling interests	**Total equity**
At 1 January 2020	**773**	**447 656**	**(11)**	**108 399**	**(74 103)**	**(2 794)**	**(83 590)**	**396 329**	**299 760**	**696 088**
Profit (loss) for the period							(34 290)	(34 290)	33 654	(636)
Other comprehensive income (loss)					(54 972)	396	-	(54 576)	(11 602)	(66 178)
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**(54 972)**	**396**	**(34 290)**	**(88 866)**	**22 052**	**(66 814)**
HMLP dividend to non-controlling interests								-	(34 803)	(34 803)
Dividend to shareholders of the parent							(1 905)	(1 905)	-	(1 905)
Net proceeds from issuance preferred units								-	2 394	2 394
Shares granted to the board of HLNG		60	0					60	-	60
Units granted the board of HMLP								-	128	128
Share-based payment				584				584	73	657
Capital contribution to HMLP							(4 658)	(4 658)	4 658	-
Transfer of assets to HMLP (Note 5)							(7 258)	(7 258)	7 258	-
Total other transactions recognised directly in equity	**-**	**60**	**0**	**584**	**-**	**-**	**(13 821)**	**(13 178)**	**(20 292)**	**(33 470)**
At 30 September 2020 (Unaudited)	**773**	**447 716**	**(11)**	**108 983**	**(129 075)**	**(2 398)**	**(131 701)**	**294 286**	**301 519**	**595 804**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Attributable to equity holders of the parent									
	Paid-in capital				*Capital reserves*					
USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Hedging reserves	Other capital reserves	Retained earnings	**Total**	Non-controlling interests	**Total equity**
At 1 January 2019	**773**	**447 035**	**(12)**	**107 637**	**(22 050)**	**(2 794)**	**(30 258)**	**500 330**	**286 667**	**786 997**
Profit (loss) for the period							(23 678)	(23 678)	27 733	4 055
Other comprehensive income / (loss)					(63 290)			(63 290)	(13 433)	(76 723)
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**(63 290)**	**-**	**(23 678)**	**(86 968)**	**14 300**	**(72 668)**
HMLP dividend to non-controlling interests								-	(33 847)	(33 847)
Net proceeds from issuance of common units				472				472	557	1 029
Net proceeds from issuance of Series A Preferred Units								-	2 719	2 719
Shares granted to the board of HLNG		90	(0)					90	-	90
Units granted to the board of HMLP								-	195	195
Dividend to shareholders of the parent							(5 715)	(5 715)	-	(5 715)
Share-based payment settlement in shares		531	1	(532)				-	-	-
Share-based payment costs				936				936	234	1 170
Capital contribution from HMLP							34	34	(34)	-
Transfer of assets to HMLP (Note 5)							(15 454)	(15 454)	15 454	-
Total other transactions recognised directly in equity	**-**	**621**	**1**	**876**	**-**	**-**	**(21 135)**	**(19 637)**	**(14 722)**	**(34 359)**
At 30 September 2019 (Unaudited)	**773**	**447 656**	**(11)**	**108 513**	**(85 341)**	**(2 794)**	**(75 071)**	**393 724**	**286 245**	**679 970**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The parent company, Höegh LNG Holdings Ltd (Höegh LNG Holdings or the company), is an exempted company limited by shares domiciled in and incorporated under the laws of Bermuda. The principal activities of the company and its subsidiaries (collectively Höegh LNG or the group) are described in Note 4 – segment information. The interim financial statements were approved by the board of directors of Höegh LNG Holdings on 18 November 2020.

The number of issued shares for the quarter ending 30 September 2020 was 77 260 580, of which 1 009 265 were held in treasury. The number of outstanding shares at 30 September 2020 was 76 251 315.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ending 30 September 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements for the year ended 31 December 2019 (the 2019 annual report).

The consolidated interim financial statements are presented in USD and all values are rounded to the nearest USD 1 000 unless otherwise indicated. Because of rounding adjustments, amounts and percentages may not add up to the total.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of interim financial statements in accordance with the IFRS implies the use of estimates, based on judgements and assumptions which affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts might differ from such estimates.

Significant accounting judgements

At 30 September 2020, the company held 45.82% of the common units issued in Höegh LNG Partners LP. HMLP is consolidated on the basis of the company's assessment that Höegh LNG Holdings has de facto control of HMLP even though it has less than 50% of the voting rights. The company's assessment is based on a combination of several factors, with the current composition of the board of directors of HMLP as an important element in the overall conclusion. See Note 20, investments in associates, joint ventures and subsidiaries, in the 2019 annual report for a more detailed description.

Significant estimates and assumptions

Uncertain tax positions

Benefits from uncertain tax positions are recognised when it is probable that a tax position will be sustained by an examination based on the technical merits of the position.

Impairment of vessels, newbuildings and equipment

The carrying amounts of vessels, newbuildings and equipment are tested for impairment whenever there are indications that the value may be impaired. Such impairment assessment calculations demand a high degree of estimation, where management must make complex assessment of expected future cash flows and for which discount rates to use.

Contingent liabilities

Höegh LNG is an international group which, through its ongoing business operations, will be exposed to litigation and claims from public authorities and contracting parties as well as assessments from public authorities in each country it operates in.

In 2002, two UK finance lease agreements were entered into for Arctic Princess and Arctic Lady respectively between two UK lessors and the Joint Gas Ltd and Joint Gas Two Ltd joint venture companies as lessees (the Arctic Leases). The vessels were delivered in 2006 and the lease agreements are for 25 years from delivery. Her Majesty's Revenue and Customs (HMRC) has been challenging the use of similar lease structures and has been engaged in litigation in one case, which was decided in the autumn of 2015 in favour of HMRC. In the event of a formal challenge by HMRC regarding the lessors' right to claim capital allowances under the Arctic Leases, this would lead to higher rental payments to the UK vessel lessors, which would have a negative effect on the earnings of the lessee companies and consequently on Höegh LNG. Leif Höegh (U.K.) Limited, as managing owner and operator of the vessels, has been in dialogue with HMRC on this matter since 2005 and has presented the factual background to and the business rationale for entering into the lease agreements back in 2002. The latest exchange until recently was a letter to HMRC in 2017, providing factual information from Joint Gas Ltd and Joint Gas Two Ltd. In March 2020, Joint Gas Two Ltd (Arctic Lady) received a copy of a letter from HMRC sent to the lessor, with HMRC's comments on the facts provided to HMRC in 2017. In this letter, HMRC summarises the facts presented in the matter and invites the parties involved to further dialogue on the matter. The recent letter from HMRC has not materially changed Joint Gas Two Ltd.'s assessment, and no provision has been made. See Note 19, commitments and guarantees (Arctic Vessels), in the 2019 annual report for a more detailed description. In July 2020, a written reply was provided to HMRC's letter of March 2020.

4. SEGMENT INFORMATION

The group's activities are divided into the following operating segments: HMLP, operations, business development and project execution, and corporate and other. Höegh LNG's operating segments reflect how the group's chief operating decision-maker assesses the financial performance of the group's business activities and allocates resources to these. Revenues, expenses, gains and losses arising from internal sales, internal transfers of businesses, group contributions and dividends within the group are not included in the income statements for the segments. Assets and liabilities allocated to the individual segments include vessels, newbuildings and interest-bearing debt. Other assets and liabilities are followed up at a consolidated level.

Segment reporting is based on the same principles as the group's internal management reporting. Any internal revenues or expenses are presented net.

HMLP

The segment includes the activities of Höegh LNG Partners LP, which is a limited partnership listed on the New York Stock Exchange. The partnership has been formed to own, operate and acquire FSRUs, LNGCs and other LNG infrastructure assets under long-term charters, defined as five years or more. Höegh LNG Partners' fleet comprises ownership interests in five FSRUs, namely (i) a 50% interest in Neptune, (ii) a 50% interest in Cape Ann, (iii) a 100% interest in PGN FSRU Lampung, (iv) a 100% interest in Höegh Gallant and (v) a 100% interest in Höegh Grace.

Operations

The segment is responsible for the commercial and technical management of the group's operational FSRUs and LNGCs which have not been transferred to Höegh LNG Partners LP. It includes the five FSRUs, Independence, Höegh Giant, Höegh Esperanza, Höegh Gannet, Höegh Galleon, and the two LNGCs, Arctic Princess and Arctic Lady. The segment comprises revenues and expenses related to FSRUs and LNGCs in operation, and management income for commercial management services paid by joint ventures. FSRUs are included in the operations segment on delivery from the yard.

Business development and project execution

The segment comprises all activities related to business development and project execution.

Corporate and other

The segment includes corporate functions such as group management, group finance, legal and other administrative expense which are not allocated to the other operating segments.

OPERATING INCOME AND OPERATING EXPENSES BY SEGMENT

USD million	HMLP		Operations		Business development and project execution		Corporate and other		Total	
Income statement	**Q3 2020**	**Q3 2019**	**Q3 2020**	**Q3 2019**	**Q3 2020**	**Q3 2019**	**Q3 2020**	**Q3 2019**	**Q3 2020**	**Q3 2019**
Time charter revenues	37.6	39.0	38.8	38.0	-	-	-	-	76.4	77.0
Management and other income	0.1	(0.0)	0.7	1.2	(0.2)	0.2	0.0	0.0	0.7	1.4
Share of results from inv. in JVs and associates	3.4	2.7	1.2	1.1	-	-	-	-	4.6	3.8
TOTAL INCOME	**41.2**	**41.6**	**40.8**	**40.3**	**(0.2)**	**0.2**	**0.0**	**0.0**	**81.8**	**82.2**
Bunker and other voyage related expenses	-	0.0	(0.6)	(0.3)	-	-	-	-	(0.6)	(0.3)
Operating expenses	(6.2)	(6.3)	(11.4)	(9.8)	-	(0.3)	-	-	(17.6)	(16.4)
Project administrative expenses	(0.7)	(0.7)	(1.6)	(2.2)	(0.6)	(0.9)	-	-	(2.9)	(3.9)
Group administrative expenses	(1.5)	(1.4)	-	-	-	-	(4.8)	(2.7)	(6.4)	(4.1)
Business development expenses	-	-	-	-	(1.3)	(1.6)	-	-	(1.3)	(1.6)
Operating profit (loss) before depreciation and amortisation (EBITDA)	**32.7**	**33.2**	**27.2**	**27.9**	**(2.1)**	**(2.7)**	**(4.8)**	**(2.7)**	**53.0**	**55.9**

USD million	HMLP		Operations		Business development and project execution		Corporate and other		Total	
Income statement	**YTD 2020**	**YTD 2019**	**YTD 2020**	**YTD 2019**	**YTD 2020**	**YTD 2019**	**YTD 2020**	**YTD 2019**	**YTD 2020**	**YTD 2019**
Time charter revenues	112.6	112.7	122.0	114.5	-	-	-	-	234.6	227.2
Management and other income	0.1	0.1	3.2	3.0	(0.2)	0.2	0.0	-	3.2	3.3
Share of results from inv. in JVs	9.1	8.4	3.8	3.1	-	-	-	-	12.9	11.5
TOTAL INCOME	**121.9**	**121.2**	**129.1**	**120.5**	**(0.2)**	**0.2**	**0.0**	**-**	**250.8**	**241.9**
Bunker and other voyage related expenses	(0.1)	(0.2)	(2.2)	(0.2)	-	-	-	-	(2.3)	(0.3)
Operating expenses	(17.5)	(21.1)	(35.0)	(29.4)	-	(0.7)	-	-	(52.5)	(51.1)
Project administrative expenses	(2.0)	(2.2)	(4.5)	(7.2)	(1.7)	(3.1)	-	-	(8.2)	(12.4)
Group administrative expenses	(4.6)	(4.6)	-	-	-	-	(9.3)	(10.2)	(14.0)	(14.8)
Business development expenses	-	-	-	-	(3.5)	(5.8)	-	-	(3.5)	(5.8)
Operating profit (loss) before depreciation and amortisation (EBITDA)	**97.6**	**93.2**	**87.4**	**83.8**	**(5.4)**	**(9.3)**	**(9.3)**	**(10.2)**	**170.3**	**157.5**

ASSETS AND LIABILITIES ALLOCATED TO THE OPERATING SEGMENTS AT 30 SEPTEMBER

USD million	HMLP		Operations		Business development and project execution		Corporate and other		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Tangible assets										
Invest. in vessels,depot spares and RoU assets	760.1	785.9	1 452.5	1 534.4	7.0	7.2	-	-	2 219.6	2 327.5
Liabilities										
Interest-bearing debt incl. lease liability	425.2	467.6	999.9	1 042.4	-	-	284.9	293.9	1 710.0	1 803.9

5. RELATED-PARTY TRANSACTIONS

Höegh LNG provides various management services to the group’s joint venture companies and receives management income from external joint venture partners related to technical, commercial and administrative services. Total management income from related parties in Höegh LNG amounted to USD 0.4 million in the third quarter of 2020 (USD 1 million in the second quarter of 2020). For a more detailed description of recurring related-party transactions, see information disclosed in Note 31 in the 2019 annual report.

On 1 October 2015, the company sold Höegh Gallant to HMLP in a dropdown transaction. The sales contract granted HMLP an option to lease the vessel back to Höegh LNG Ltd from the date of termination or expiry of the lease and maintenance agreement (LMA) until 31 July 2025 (with no option to extend) at a rate equal to 90% of the daily LMA rate plus any incremental taxes or operating expenses as a result of such a charter. The option was declared by HMLP on 26 February 2020. A 100% owned subsidiary of the company has made a provision for the present value of the estimated net obligation to HMLP (net of estimated future time charter revenue). At 30 September 2020, the provision amounted to USD 76.7 million. Since the group consolidates HMLP and all intercompany transactions (including assets/liabilities) are eliminated, the provision and any changes to it will not impact the profit and loss, nor the liabilities in the consolidated financial statements. However, as HMLP is only partly owned by the company, the provision has an effect on the portion of the group's equity being attributed to the non-controlling interests (NCI) in HMLP. At 30 September 2020, an aggregate amount of USD 41.6 million has been reflected as equity attributable to the NCI in relation to the provision, based on the NCI owning approximately 54% of HMLP's common units.

6. CAPITAL COMMITMENTS

At 30 September 2020, Höegh LNG had a remaining outstanding investment commitment in Avenir LNG Limited (Avenir) of up to USD 10.5 million. Payment of USD 3.75 million is expected for the fourth quarter of 2020, with the remaining amount of USD 6.75 million expected to fall due in 2021. In April 2019, the company issued a guarantee of USD 11.7 million in connection with a shipbuilding contract signed by Avenir. In addition, the main shareholders in Avenir have issued guarantees/counter-guarantees related to shipbuilding contracts signed by Avenir. These guarantees are for an original total amount of approximately USD 120 million (plus change orders and interest charges) which the company would be liable for on a joint and several basis. The three main shareholders have entered into counter-indemnity agreements for the said guarantee obligations, so that the company's net liability for a claim would be equal to its pro rata shareholding in Avenir at the time of any claim being raised. Lastly, the main shareholders of Avenir have issued non-binding letters of comfort related to the final payment of instalments under shipbuilding contracts signed by Avenir.

The group had contractual purchase commitments of about USD 4 million at 30 September 2020. These commitments relate primarily to certain regasification equipment and depot spares on order and implementation of a new enterprise resource planning system.

Arctic Lady was dry docked in October 2020 for its 15th anniversary class renewal survey. Expenses for the class renewal will be covered by the charterer under a pass-through arrangement, while the off-hire time is for Höegh LNG's account.

7. INTEREST-BEARING DEBT

The maturity profile for the group's interest-bearing debt is shown in the table below. For a more detailed description of the group's interest-bearing debt, see information disclosed in Note 16 in the 2019 annual report.

DEBT MATURITY PROFILE INCLUDING LEASE LIABILITIES AT 30 SEPTEMBER

USD'000	Due in year 1	Due in year 2	Due in year 3	Due in year 4	Due in year 5 and later	Total
Independence facility	15 248	15 248	15 248	15 248	132 648	193 640
PGN FSRU Lampung facility	19 062	30 390	14 886	14 886	23 500	102 725
Höegh Esperanza facility	12 500	12 500	62 500	12 500	68 750	168 750
Höegh Giant facility	12 707	136 597	-	-	-	149 303
Höegh Gannet facility	11 042	11 042	56 042	11 042	66 510	155 677
Höegh Galleon facility	9 012	9 012	9 012	9 012	135 187	171 237
USD 385M facility (Höegh Gallant and Höegh Grace)	25 597	25 597	25 597	25 597	227 515	329 904
Bond issues	-	158 204	-	-	68 555	226 760
RCF USD 80 million	-	60 000	-	-	-	60 000
Interest-bearing debt outstanding	**105 168**	**458 591**	**183 286**	**88 286**	**722 666**	**1 557 997**
Debt issuance costs						(23 888)
Total interest-bearing debt	**105 168**	**458 591**	**183 286**	**88 286**	**722 666**	**1 534 109**
Lease liabilities	29 103	30 478	31 999	33 680	50 681	175 940
Total interest-bearing debt including lease liabilities	**134 272**	**489 068**	**215 284**	**121 966**	**773 347**	**1 710 049**

8. INTEREST-RATE AND CURRENCY HEDGES

To manage its interest-rate and currency risks, the group has established hedging policies and entered into derivatives to reduce its exposures in accordance with these policies. For a more detailed description of the group's hedging policy and hedging instruments, see Note 13 in the 2019 annual report. The group applies hedge accounting for all hedging instruments which qualify for this, as further described in Note 2.11 in the 2019 annual report.

As commented in Note 8 in the report for the first quarter of 2020, the market value of the derivatives held by the group to hedge currency and interest-rate exposures suffered a significant negative effect from the market turmoil in that period. Some of these effects required significant cash collaterals to be posted under relevant credit support agreements with the swap banks during the first quarter of 2020. At 31 March 2020, the cash collateral posted under these agreements amounted to approximately USD 59 million. A strengthening of the NOK against USD in the second and third quarter meant that some of this collateral was released. At 30 September 2020, the cash collateral amounted to approximately USD 23 million. Moreover, the group bought some USD/NOK FX call options in July under the credit support agreements with its swap banks as a measure to protect its cash position. These are intended to provide partial protection against future cash collateral demands in the event of another dramatic weakening of the NOK against the USD. A premium totalling USD 4.4 million was paid for these options, and their fair value at 30 September 2020 amounted to USD 3 million. That represented a decline of USD 1.4 million recorded as a financial expense in third quarter. At the date of this report, the remaining cash collateral with the swap banks relates mainly to the interest-rate swaps for the debt facility for Höegh Galleon and the cross-currency swaps for the HLNG04 bond loan.

Currency risk

The group had outstanding forward rate agreements (FRAs) at 30 September 2020 totalling NOK 81 million (NOK 162 million) to hedge budgeted administration expenses in NOK by buying NOK and selling USD throughout 2020. The fair value of these FRAs was a negative USD 0.3 million at 30 September 2020, up from a negative value of USD 1.2 million at 30 June 2020. From the FRAs, NOK 81 million was acquired through the sale of USD 8.9 million during third quarter, resulting in a realised exchange loss of USD 0.1 million. Since the USD/NOK rate weakened from 9.75 at 30 June 2020 to 9.48 at 30 September 2020, an unrealised gain of USD 0.8 million from the outstanding FX hedges was recorded in the third quarter.

The total FX loss recorded to date from this scheme amounts to USD 1.7 million whereof USD 1.1 million was recorded as a gain in 2019 and USD 2.8 million as a loss for the year to date 2020.

Interest-rate risk

The group’s interest-bearing debt is subject to floating interest rates, but exposure to interest-rate fluctuations has been hedged by entering into fixed interest-rate swap (IRS) agreements for nearly all loan agreements – including bonds (NOK-denominated bonds hedged by CCIRS), but excluding the two revolving credit facilities. At 30 September 2020, the net fair value of the interest-rate and cross-currency swaps was negative at USD 124.4 million, representing a decrease in net liabilities of USD 14.2 million during the quarter from a negative USD 138.6 million at 30 June 2020. The group’s pro rata shares of the net fair value of interest swaps entered into by joint ventures amounted to a negative USD 67.8 million at 30 September 2020, compared with a negative USD 71.2 million at 30 June 2020.

Effects on other comprehensive income and hedging reserves

In the third quarter of 2020, USD 11.7 million relating to the interest-rate swaps was recorded as other comprehensive income (OCI), compared with an OCI of USD 3 million recorded in the previous quarter. An unrealised loss on the cross-currency swap of the bonds is recorded as a loss in the income statement and offset by an equivalent unrealised currency gain on the outstanding bonds denominated in NOK at the end of each reporting period. Combined with the mark-to-market, the losses recorded on the cross-currency swaps and other items recorded as gains or losses recognised in the income statement, as shown in the table below, a net negative fair value of USD 171.3 million for the group’s hedging instruments is recognised as hedge reserves in consolidated equity at 30 September 2020.

MTMs of cash flow hedges in the Financial Position	**30 Sep 2020**	**30 Jun 2020**	**31 Mar 2020**	**31 Dec 2019**	**30 Sep 2019**
Net fair value of FRAs and USD put/NOK call options	2 598	(1 181)	(3 683)	1 110	-
Total MTMs of IRS presented as financial assets	-	-	-	1 032	1 014
Total MTMs of IRS and CCIRS presented as financial liabilities	(124 352)	(138 592)	(154 855)	(52 925)	(67 859)
Total MTMs of IRS in the joint ventures	(67 753)	(71 210)	(73 708)	(56 604)	(62 775)
Net MTMs of cash flow hedges	**(189 507)**	**(210 983)**	**(232 246)**	**(107 387)**	**(129 620)**
Net foreign exchange losses under cross currency swaps included in MTMs on bonds HLNG03 and HLNG04	22 715	28 840	44 824	6 123	11 896
Accumulated break cost paid	(4 285)	(4 285)	(4 285)	(4 285)	(4 285)
Accumulated loss on swaps recorded as loss	2 326	2 195	1 925	1 835	1 706
Total MTMs of FRAs and USD put/NOK call options	(2 598)	1 181	3 683	(1 110)	-
Interest rate swaps recorded against equity	**(171 349)**	**(183 052)**	**(186 099)**	**(104 824)**	**(120 303)**

9. VESSELS – IMPAIRMENT ASSESSMENT

If applicable, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, being the higher of an asset's net selling price (if applicable) and its value-in-use. See Note 11 in the annual report for 2019 for further information.

A quarterly assessment of impairment indicators and estimated recoverable amounts has been carried out for the third quarter. The assessment was based on the following indicators:

- Book equity continues to be significantly higher than market capitalisation (price/book <1).
- The market for FSRUs remains highly competitive, with no new contracts signed during the third quarter.
- No new contracts are signed for LNG carriers during the third quarter. Rate levels remain low following the decline experienced in first half of the year. To assess if an impairment was applicable, the group estimated the recoverable amounts for its investment in vessels, including right-of-use assets, using the same methodology and principles as for prior periods. The model has been updated to reflect low charter hire rates for vessels currently on intermediate LNGC contracts. However, the long-term assumptions remain unchanged since the group expects markets for FSRUs to improve in the longer term.

As further explained in the 2019 annual report, the recoverable amount for each vessel would be particularly sensitive to changes in the weighted average cost of capital (WACC), weighted average charter rates (FSRU and LNGC), and an extension of intermediate periods without FRSU contracts, particularly for vessels with the lowest headroom.

Impairment testing at 30 September 2020 did not identify any impairment requirement.

10. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- In October 2020, the company completed a NOK 320 million tap issue under the existing senior unsecured bonds with a maturity date of 30 January 2025 (HLNG 04). The tap issue was priced at 93.61% of par value and the total outstanding amount after the tap issue is NOK 970 million. In conjunction with the tap issue, the company has bought back NOK 295 million of the senior unsecured bonds with a maturity date of 1 February 2022 (HLNG03), at a price of 100% of par value.

- Arctic Lady commenced its class renewal survey and went off-hire on 12 October 2020. It is expected to leave the yard during the third week of November, incurring total off-hire days of about 1.5 months.

FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements. These statements are based on various assumptions, many of which are based in turn on further assumptions, including examination of historical operating trends made by the management of Höegh LNG. Although the group believes that these assumptions were reasonable when made, Höegh LNG cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions because such assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control.

Among the important factors which could cause actual results to differ materially from those in the forward-looking statements are: changes in LNG transport, regasification and floating liquefaction market trends; changes in supply and demand for LNG; changes in trading patterns; changes in applicable maintenance and regulatory standards; political events affecting production and consumption of LNG as well as Höegh LNG's ability to operate and control its vessels; changes in the financial stability of clients or the group's ability to win upcoming tenders and to secure employment for the FSRUs on order; changes in Höegh LNG's ability to complete and deliver projects awarded; increases in the group's cost base; changes in the availability of vessels for purchase; failure by yards to comply with delivery schedules; changes in vessels' useful lives; changes in the ability of Höegh LNG to obtain additional financing; the success in achieving commercial agreements for the projects being developed by the group; changes in applicable regulations and laws. Unpredictable or unknown factors herein could also have material adverse effects on forward-looking statements.

APPENDIX 1 – ALTERNATIVE PERFORMANCE MEASURES (APMS)

Höegh LNG's financial information is prepared in accordance with the International Financial Reporting Standards (IFRS). In addition, it is management's intent to provide additional performance measures when this is deemed relevant for the understanding of Höegh LNG's financial performance.

Alternative performance measures are used by Höegh LNG to provide supplemental information to the different users of its external financial reporting. Financial APMs are intended to enhance comparability of the results and to give supplemental information related to measures not within the applicable financial reporting framework, and it is Höegh LNG's experience that these measures are frequently used by equity and debt investors, analysts and other stakeholders. Management uses these measures internally to drive performance in terms of target setting and as the basis for measuring actual financial performance. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over the years and across the group.

Operational measures such as, but not limited to, volumes, technical availability of vessels/fleet and contract backlog are not defined as financial APMs. Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

Höegh LNG's APMs

- Earnings before interest, depreciation, amortisation and impairments (EBITDA): operating profit plus depreciation, amortisation and impairments. EBITDA is defined as the line item operating profit before depreciation and amortisation in the consolidated statement of income.
- Net interest-bearing debt: non-current and current interest-bearing debt less cash, marketable securities and restricted cash (current and non-current).
- Equity adjusted for hedging: total book equity adjusted for mark-to-market value of financial derivative swaps recorded against equity (hedging reserves). Financial derivative swaps consist of interest-rate and cross-currency interest-rate swaps. In the money mark-to-market, financial derivative swaps will increase equity, while out of the money mark-to-market they will reduce equity. The mark-to-market value of interest-rate swaps in Höegh LNG's joint ventures is recorded as part of the line item Investment in joint ventures. The computation of equity adjusted for hedging is consistent with the definitions set out in the group's covenants in loan agreements.
- Equity ratio adjusted for hedging: total book equity adjusted for hedging reserves divided by total assets adjusted for hedging-related assets. The latter represent an increase in investment in joint ventures when removing the negative impact of out of the money mark-to-market financial derivative swaps. See Note 8 for further information.
- Adjusted basic and diluted earnings per share shows the value of EPS as if an allocation of profit had been made for transfer of assets (to) from HMLP.

USD'000

NET INTEREST-BEARING DEBT	**30 Sep 2020**	**30 Jun 2020**	**31 Mar 2020**	**31 Dec 2019**	**30 Sep 2019**
Interest-bearing debt, current and non-current	(1 710 049)	(1 735 679)	(1 713 609)	(1 778 601)	(1 803 910)
Restricted cash, non-current	17 010	17 169	17 315	17 428	17 540
Current cash and marketable securities	156 063	158 045	126 011	195 205	178 348
Net interest-bearing debt	**(1 536 976)**	**(1 560 465)**	**(1 570 283)**	**(1 565 968)**	**(1 608 022)**

EQUITY ADJUSTED FOR HEDGING TRANSACTIONS	**30 Sep 2020**	**30 Jun 2020**	**31 Mar 2020**	**31 Dec 2019**	**30 Sep 2019**
Equity	595 804	597 372	602 540	696 088	679 968
Hedge reserve including non-controlling interest share	171 349	183 052	186 099	104 824	120 303
Equity adjusted for hedging transactions	**767 153**	**780 424**	**788 639**	**800 912**	**800 271**

EQUITY RATIO ADJUSTED FOR HEDGING TRANSACTIONS	**30 Sep 2020**	**30 Jun 2020**	**31 Mar 2020**	**31 Dec 2019**	**30 Sep 2019**
Total assets	2 500 934	2 544 656	2 550 588	2 601 838	2 621 006
Hedge assets	43 343	45 569	-	33 938	18 239
Total assets adjusted for hedging transactions	**2 544 277**	**2 590 225**	**2 550 588**	**2 635 776**	**2 639 245**
Equity adjusted for hedging transactions	**767 153**	**780 424**	**788 639**	**800 912**	**800 271**
Equity ratio adjusted for hedging transactions	**30%**	**30%**	**31%**	**30%**	**30%**

EPS ADJUSTED FOR CAPITAL CONTRIBUTIONS (TO) FROM HMLP

USD'000	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Profit (loss) for the period attributable to (from):					
Equity holders of the parent	(13 607)	(8 371)	(7 406)	(34 290)	(23 678)
Basic and diluted earnings per share	(0.18)	(0.11)	(0.10)	(0.45)	(0.31)
Transfer of assets/capital contribution (to) from HMLP					
Capital contribution (to) from HMLP	-	(4 658)	-	(4 658)	34
Transfer of assets (to) HMLP	(1 747)	1 582	(14 804)	(7 258)	(15 454)
Total contributions/transfers (to) from HMLP	(1 747)	(3 076)	(14 804)	(11 916)	(15 420)
Adjusted profit (loss) for the period attributable to (from) equity holders of the parent	(15 354)	(11 447)	(22 210)	(46 206)	(39 098)
Adjusted basic and diluted earnings per share (USD'1)	**(0.20)**	**(0.15)**	**(0.29)**	**(0.61)**	**(0.51)**

APPENDIX 2 – ABBREVIATIONS

Abbreviation	Definition
ATM	At-the-market
CCIRS	Cross-currency interest rate swap
DFDE	Dual fuel diesel electric propulsion
FID	Final investment decision
FSRU	Floating storage and regasification unit
FSU	Floating storage unit
Höegh LNG or the group	Höegh LNG Holdings Ltd and subsidiaries
Höegh LNG Partners, HMLP or the partnership	Höegh LNG Partners LP
IDR	Incentive distribution rights
IRS	Interest-rate swap
LNGC	LNG carrier
MLP	Master limited partnership
MTM	Mark-to-market
Höegh LNG Holdings or the company	Höegh LNG Holdings Ltd
SG&A	Selling, general and administration
VPS	Norwegian Central Securities Depository