



HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2021

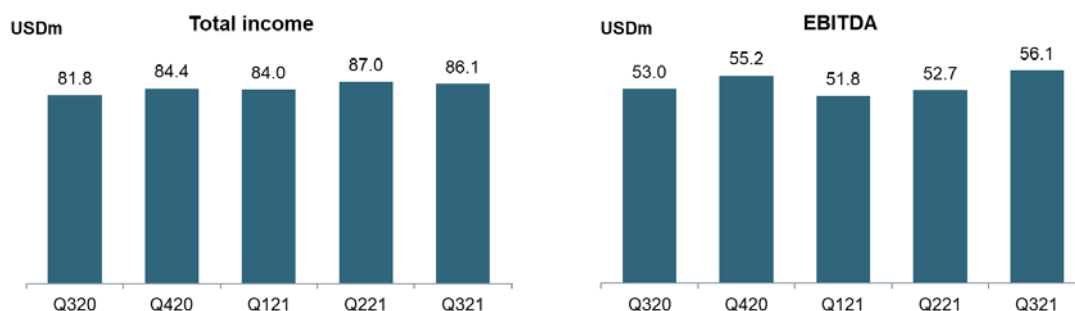
Highlights for the quarter ended 30 September 2021

- EBITDA¹ of USD 56.1 million
- Net loss after taxes of USD 3.1 million
- On 27 July 2021, Höegh LNG Partners LP announced a reduction in quarterly cash distributions to common units
- The charterer under the lease and maintenance agreement for the PGN FSRU Lampung (“LOM”) served a notice of arbitration (“NOA”) on 2 August 2021 to declare the LOM null and void, and/or to terminate the LOM, and/or seek damages. PT Höegh LNG Lampung (“PT HLNG”) has served a reply refuting the claims as baseless and without legal merit and has also served a counterclaim against the charterer for multiple breaches of the LOM. PT HLNG will take all necessary steps and will vigorously defend against the charterer’s claims in the legal process. Notwithstanding the NOA, both parties have continued to perform their respective obligations under the LOM
- Refinancing of Höegh Giant’s debt facility completed in August 2021
- Höegh LNG Partners LP announced in September 2021 a new long-term FSRU contract for Höegh Gallant expected to commence in fourth quarter 2021
- Höegh LNG Partners LP announced in September 2021 a deferral of the maturity date of the commercial tranche of the PGN FSRU Lampung debt facility

Subsequent events

- Höegh LNG has entered into a binding Heads-of-Agreement with a large utility customer to charter one of its FSRUs
- On 1 November 2021, Mr. Sveinung J. S. Støhle stepped down from his position as the company’s President and CEO. The board is undertaking a process to select a successor for this position and has appointed Mr. Thor Jørgen Guttormsen to act as the company’s interim President and CEO while the board conducts its search
- Höegh LNG Partners LP has progressed its ongoing refinancing activities. The loan agreement for the refinancing of Neptune has been signed and commitment letters have been received for the refinancing of the PGN FSRU Lampung debt facility’s commercial tranche

Reported total income and EBITDA



¹ Please see the definition in Appendix 1.

Group financial review²

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 86.1 million for the third quarter of 2021, compared with USD 87 million in the preceding quarter. The EBITDA was USD 56.1 million compared to USD 52.7 million for the second quarter. The increase in EBITDA mainly reflects that Höegh Giant was operating a full quarter under its charter agreement with H-Energy and that Arctic Princess did not incur any off-hire days during third quarter after completing the dry-dock and class renewal in second quarter. EBITDA was also positively affected by lower vessels' operating expenses.

The group recorded a net loss after tax of USD 3.1 million for the third quarter of 2021, up from a loss of USD 19.4 million in the preceding quarter. This increase is mainly caused by the increase in EBITDA, certain one-off financing costs in second quarter not being repeated in third quarter including a substantially lower provision for tax uncertainty related to Indonesia in third quarter compared to second quarter.

Operating cash flows decreased in the third quarter by USD 8 million to USD 47 million. The net decrease was driven mainly by changes in working capital, predominantly caused by temporary timing effects between the two quarters. Other sources of cash during the quarter comprised USD 223.8 million in proceeds from borrowings. Uses during the quarter mainly comprised USD 242.3 million in repayment of borrowings and lease payments, dividends paid to non-controlling interests in Höegh LNG Partners (HMLP), increase in restricted cash deposits and interest payments. The net decrease in cash and cash equivalents during the third quarter was USD 12.2 million.

At 30 September 2021, Höegh LNG held USD 110 million in current unrestricted cash (USD 122.2 million). Net interest-bearing debt, including lease liabilities, decreased during the third quarter by USD 22 million to USD 1 502 million (USD 1 524 million). Total assets and book equity at 30 September 2021, after adjusting for the mark-to-market of interest rate swaps, were USD 2 466 million (USD 2 495 million) and USD 714 million (USD 722 million) respectively, equivalent to an adjusted book equity ratio of 29% (29%).

Key financial figures

(In USD'000 unless otherwise indicated)	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Income statement					
Total income	86 151	87 042	83 977	84 366	81 778
EBITDA	56 091	52 737	51 849	55 164	52 977
EBIT	27 771	24 495	22 859	27 090	24 898
Profit (loss) after tax for the period	(3 141)	(19 351)	(2 368)	782	(2 555)
Financial position					
Total assets	2 418 662	2 445 881	2 462 647	2 473 350	2 500 934
Total assets adjusted for hedging ¹	2 465 538	2 494 537	2 515 223	2 527 553	2 544 277
Equity adjusted for hedging reserves ¹	714 105	721 516	751 853	757 048	767 153
Adjusted equity ratio (%) ¹	29%	29%	30%	30%	30%
Net interest-bearing debt including lease liabilities	(1 502 347)	(1 524 400)	(1 530 250)	(1 536 288)	(1 536 975)
Cash flows					
Net cash flows from operating activities	47 026	55 043	33 602	54 393	51 211
Net cash flows from investing activities	(655)	(10 454)	(9 254)	(1 411)	(1 111)
Net cash flows from financing activities	(58 525)	(49 944)	(39 379)	(52 761)	(59 673)
Net increase (decrease) in cash and cash equivalents	(12 154)	(5 354)	(15 032)	221	(9 573)

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

Business review

Business development

Höegh LNG Partners entered into a 10-year contract with subsidiaries of New Fortress Energy in the third quarter for the Höegh Gallant. The Höegh Gallant is expected to be delivered to New Fortress Energy in December 2021.

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 2021.

Additionally, Höegh LNG continues to develop its pipeline of FSRU projects and continues to achieve important milestones. After the end of the quarter, Höegh LNG entered into a binding Heads-of-Agreement with a large utility customer to charter one of its FSRUs.

Operations

The fleet delivered a stable operating performance in the third quarter.

Covid-19

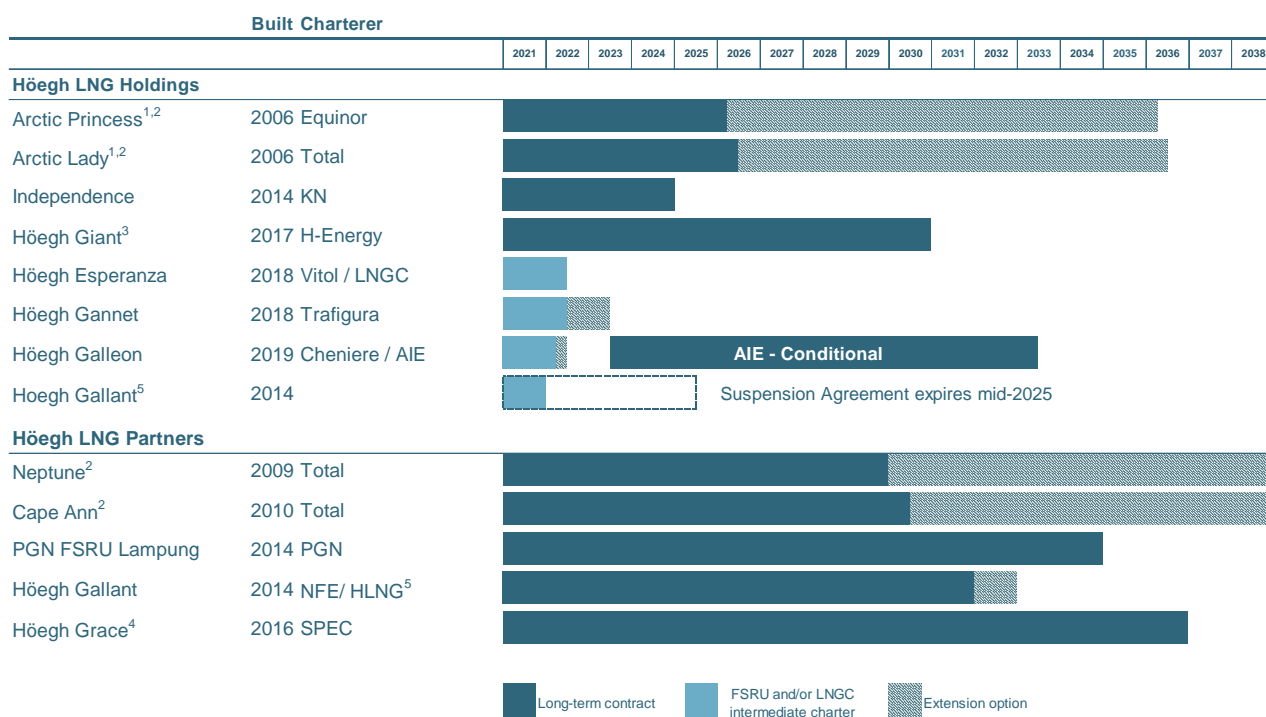
Höegh LNG is experiencing limited operational impacts from Covid-19 and no contractual effects. Ensuring the health and safety of its personnel continues to be the group's highest priority. Höegh LNG is truly grateful for the extraordinary effort displayed by its seafarers during these challenging times. Per 4 November 2021, the group has been able to vaccinate around 79% of the maritime personnel.

The Covid-19 situation is dynamic and could change quickly – in particular with regards to maritime personnel and vessel operational logistics, including repairs and maintenance. Although Höegh LNG's operations are not directly affected by the Covid-19 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 address any changes related to the health, safety and wellbeing of personnel, or to the LNG and FSRU markets, government restrictions, and other aspects potentially 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 working continuously to ensure the welfare of its maritime personnel by making these delays as short and as few in number as 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 as a whole owing to travel restrictions and quarantine regulations. Nevertheless, all FSRUs and LNGCs are fully operational and crewed in accordance with relevant safety and regulatory requirements, all charter parties remain unchanged and in force, and revenues are being collected in accordance with contractual terms.

Fleet overview and contract coverage

The group's fleet consists of 10 modern FSRUs and two LNG carriers. Five of the FSRUs are in Höegh LNG Partners' fleet, and the remaining in Höegh LNG Holdings' fleet. One of Höegh LNG Partners' FSRUs (Höegh Gallant) is on an internal charter to Höegh LNG Holdings. Höegh LNG Partners LP has concluded a new contract with New Fortress Energy (NFE) for this FSRU. Upon commencement of the contract with NFE the internal charter will be suspended⁵. The group has 100% contract coverage for 2021.



¹ LNG Carriers

² Units are jointly owned

³ The initial term of the charter is 10 years. The charterer has annual termination options after year five

⁴ The initial term of the charter is 20 years. However, each party has an unconditional option to cancel the charter after 10 and 15 years without penalty. However, if SPEC waives its right to terminate in year 10 within a certain deadline, Höegh LNG Partners LP will not be able to exercise its right to terminate in year 10

⁵ Höegh LNG shall compensate HMLP monthly for the difference between the charter rate earned under the NFE Charter and the charter rate earned under the previous internal charter contract with the addition of a modest increase until 31 July 2025

Environment, social and governance (ESG)

Technical availability and LTI statistics

Safe and reliable operation of its fleet is a key focus for the group, especially in the current circumstances, and the results demonstrate a strong record of performance. Technical availability was 99.8% by the end of the third quarter, and there was one LTI recorded in May 2021.

Technical availability of fleet and safety performance

	2021 YTD	2020	2019	2018	2017
Technical availability	99.8%	99.7%	99.5%	99.8%	99.8%
Lost-time injury frequency (annualised)	0.63	0.29	0.31	0.00	0.38

Corporate/other activities

Refinancing

Höegh LNG Holdings Ltd. repaid and cancelled the up to USD 80 million credit facility in July 2021 with proceeds from the NOK 330 million tap issue in the HLNG04 bond loan in June 2021 and by drawing USD 44 million on a new bank facility in July 2021.

The group completed the refinancing of the Höegh Giant debt facility with a new USD 165 million 5-year facility in August 2021.

HMLP is in the process of refinancing the debt facilities for its joint ventures which own Neptune and Cape Ann. These debt facilities, which are not part of the consolidated debt of the group, mature on 30 November 2021 and 1 June 2022, respectively. The loan agreement for Neptune has been executed and it is expected that the loan agreement for Cape Ann will be executed in December for this refinancing. Subject to customary closing conditions the refinancing of each of Neptune and Cape Ann is expected to be completed on or about the respective maturity dates of the existing debt facilities.

HMLP is also in the process of refinancing the PGN FSRU Lampung debt facility. The refinancing that had originally been arranged for this FSRU failed to complete due to the failure by the charterer to countersign certain customary documents related to the new credit facility. On 29 September 2021, HMLP announced that it had entered into an agreement with its lenders to defer the maturity of the commercial tranche of its PGN FSRU Lampung debt facility from 29 September 2021 until 14 January 2022. Subject to commitment letters and a term sheet for refinancing of the commercial tranche being in place by 29 December 2021, the maturity date will automatically be further deferred to 29 March 2022. As previously disclosed, the export credit tranche of the Lampung facility matures in 2026 but may be called if the commercial tranche is not refinanced at its maturity date and in accordance with the terms of the Lampung facility. In November 2021, HMLP received commitment letters and a term sheet for refinancing of the commercial tranche, and expects to complete this refinancing before the deferred maturity date, subject to certain required approvals by export credit tranche lenders, completing documentation and customary closing conditions.

Pending arbitration with the charterer of PGN FSRU Lampung

The charterer under the lease and maintenance agreement for the PGN FSRU Lampung (“LOM”) served a notice of arbitration (“NOA”) on 2 August 2021 to declare the LOM null and void, and/or to terminate the LOM, and/or seek damages. PT Höegh LNG Lampung (“PT HLNG”) has served a reply refuting the claims as baseless and without legal merit and has also served a counterclaim against the charterer for multiple breaches of the LOM. PT HLNG will take all necessary steps and will vigorously defend against the charterer’s claims in the legal process. Notwithstanding the NOA, both parties have continued to perform their respective obligations under the LOM. No assurance can be given at this time as to the outcome of the dispute with the charterer of PGN FSRU Lampung.

Pending Class Action Lawsuit relating to Höegh LNG Partners LP

On 27 October 2021 and 3 November 2021, two purported unit holders filed a class action securities fraud lawsuit in the United States District Court for the District of New Jersey against Höegh LNG Partners LP and certain of its current and former officers, alleging violations of the Securities Exchange Act of 1934. Höegh LNG Partners LP believes the allegations are without merit and intends to vigorously defend against them.

Market

Global LNG trade rose by 10.5% year-on-year in the third quarter 2021, reaching 93.6 million tonnes.

LNG carrier rates increased further in the quarter building on a strong end to the second quarter. Following the end of the quarter, the carrier market has remained robust, buoyed by strong demand from Asian consumers and high LNG prices. Newbuilding prices have also increased for LNG carriers as well as for other shipping segments.

By the end of the third quarter, the group entered into the new contract for Höegh Gallant with New Fortress Energy. There were no other FSRU contracts awarded during the quarter. Following the end of the quarter, the group entered into a binding Heads-of-Agreement with a large utility customer to charter one of its FSRUs. Currently, 40 FSRUs are on the water (excluding two KARMOL vessels with significantly lower send-out and small-scale barges). Of these, 32 are committed on FSRU contracts and 8 are available and/or trading as LNGCs. The orderbook comprises one FSRU newbuilding.

Outlook

Höegh LNG's main commercial focus is to deliver the FSRU projects that have been secured and conclude firm long-term FSRU employment for the three units currently trading on interim LNGC contracts. The LNG market is continuing to perform well, and business development activity was high in the third quarter.

HMLP's main focus is to complete the pending refinancing of its PGN FSRU Lampung debt facility and the dispute with the charterer of PGN FSRU Lampung. No assurance can be given at this time as to the outcome of the dispute or of the ongoing refinancing.

The EBITDA for fourth quarter is likely to be negatively impacted by Höegh Gallant expected to be out of service for about one month for certain preparations and modifications before commencing the contract with New Fortress Energy. A portion of the costs associated with the preparations and modifications may be expensed in the quarter in addition to repositioning costs.

INTERIM CONSOLIDATED STATEMENT OF INCOME

		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
USD'000	Note	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Time charter revenues		81 111	77 612	76 431	236 996	234 650
Management and other income		945	4 766	701	6 270	3 189
Share of results from investments in associates and joint ventures		4 095	4 664	4 645	13 904	12 931
TOTAL INCOME		86 151	87 042	81 778	257 170	250 770
Bunker and other voyage related expenses		(556)	(614)	(629)	(1 520)	(2 389)
Operating expenses		(18 114)	(22 002)	(17 586)	(60 049)	(52 480)
Project administrative expenses		(3 558)	(4 923)	(2 929)	(12 459)	(8 230)
Group administrative expenses		(5 806)	(5 313)	(6 365)	(17 226)	(13 955)
Business development expenses		(2 026)	(1 454)	(1 291)	(5 241)	(3 445)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)	4	56 091	52 737	52 977	160 676	170 272
Depreciation		(28 320)	(28 242)	(28 079)	(85 552)	(84 300)
OPERATING PROFIT		27 771	24 495	24 898	75 124	85 972
Interest income		142	148	147	541	1 008
Interest expenses		(26 069)	(30 939)	(24 254)	(79 931)	(75 874)
Income from other financial items		162	164	741	604	3 284
Expenses from other financial items		(2 350)	(2 316)	(2 337)	(5 881)	(11 079)
NET FINANCIAL ITEMS		(28 115)	(32 943)	(25 703)	(84 667)	(82 661)
ORDINARY PROFIT (LOSS) BEFORE TAX		(344)	(8 448)	(805)	(9 543)	3 311
Corporate income tax		(2 797)	(10 902)	(1 750)	(15 317)	(3 947)
PROFIT (LOSS) FOR THE PERIOD AFTER TAX		(3 141)	(19 351)	(2 555)	(24 859)	(636)

Profit (loss) for the period attributable to (from):

Equity holders of the parent		(12 960)	(22 566)	(13 607)	(48 583)	(34 290)
Non-controlling interests		9 820	3 215	11 052	23 724	33 654
PROFIT (LOSS) FOR THE PERIOD AFTER TAX		(3 141)	(19 351)	(2 555)	(24 859)	(636)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
USD'000	Note	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Profit (loss) for the period		(3 141)	(19 351)	(2 555)	(24 859)	(636)
Items that will not be reclassified to profit or (loss)						
Net gain (loss) on other capital reserves		(387)	132	431	(422)	396
Items that may be subsequently reclassified to profit or (loss)						
Net gain (loss) on hedging reserves	7	7 479	(2 231)	8 218	31 713	(55 425)
Share of other comprehensive income from joint ventures	7	4 519	26	3 457	15 670	(11 149)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX		11 610	(2 073)	12 106	46 960	(66 178)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		8 470	(21 423)	9 551	22 101	(66 814)
Total comprehensive income attributable to (from):						
Equity holders of the parent		(4 266)	(25 151)	(3 769)	(12 709)	(88 867)
Non-controlling interests		12 735	3 727	13 320	34 810	22 052
TOTAL		8 470	(21 424)	9 551	22 101	(66 814)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Note	Unaudited	Unaudited	Audited	Unaudited
		2021	2021	2020	2020
		30-Sep	30-Jun	31-Dec	30-Sep
Deferred tax assets		1 294	1 182	1 166	644
Vessels and depot spares	8	1 982 669	2 002 352	2 032 460	2 049 805
Right-of-use assets	8	137 758	145 557	160 573	169 789
Investments in associates and joint ventures		81 245	72 861	45 390	38 538
Other non-current financial assets	7	14 482	16 081	17 471	27 132
Other non-current assets		20 431	22 504	18 316	9 938
Shareholder loans		-	-	869	4 069
Non-current restricted cash		28 962	15 520	16 895	17 010
Total non-current assets		2 266 842	2 276 057	2 293 140	2 316 924
Bunkers and inventories		85	172	129	115
Shareholder loans		4 410	4 321	3 284	-
Trade and other receivables		30 915	33 648	26 755	27 832
Other current financial assets		172	709	273	83
Restricted cash		6 234	8 815	7 225	13 656
Cash and cash equivalents		110 005	122 158	142 545	142 324
Total current assets		151 820	169 825	180 211	184 010
TOTAL ASSETS		2 418 662	2 445 881	2 473 351	2 500 934
EQUITY AND LIABILITIES					
Equity					
Share capital		12	12	773	773
Other paid-in capital		704 598	695 901	434 521	425 215
Retained earnings		(420 570)	(404 728)	(139 539)	(131 702)
Equity attributable to equity holders of the parent		284 040	291 185	295 754	294 287
Non-controlling interests		317 711	305 940	301 395	301 519
Total equity		601 751	597 125	597 149	595 805
Deferred tax liability		14 943	13 856	13 180	13 128
Non-current interest-bearing debt	6	1 020 640	873 097	1 351 051	1 428 940
Non-current lease liabilities	6	115 705	123 638	138 265	146 837
Investments in joint ventures		-	-	1 921	4 325
Other non-current financial liabilities	7	44 987	45 549	67 470	98 215
Deferred revenues		15 124	16 566	13 889	1 581
Total non-current liabilities		1 211 399	1 072 706	1 585 777	1 693 026
Current interest-bearing debt	6	480 726	643 964	184 066	105 168
Current lease liabilities	6	30 572	30 301	29 673	29 103
Income tax payable		12 693	14 171	3 605	3 937
Trade and other payables		15 913	23 686	19 205	13 709
Other current financial liabilities	7	37 730	39 188	34 077	36 996
Other current liabilities		27 880	24 740	19 799	23 190
Total current liabilities		605 513	776 050	290 425	212 103
TOTAL EQUITY AND LIABILITIES		2 418 662	2 445 881	2 473 351	2 500 934

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
USD'000	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Cash flows from operating activities					
Profit (loss) before tax for the period	(344)	(8 448)	(805)	(9 542)	3 311
<i>Adjustments to reconcile profit before tax to net cash flows</i>					
Depreciation	28 320	28 242	28 079	85 552	84 300
Fair value adjustments on marketable securities	14	(2)	4	8	27
Interest income	(142)	(148)	(147)	(541)	(1 008)
Interest expenses	26 069	30 939	24 254	79 931	75 874
Net loss (gain) on interest rate hedges and other derivatives	548	695	1 519	1 778	1 879
Share-based payment and Board remuneration	59	582	212	845	845
Share of results from investments in associates and joint ventures	(4 095)	(4 664)	(4 645)	(13 904)	(12 931)
<i>Working capital adjustments</i>					
Change in inventories, receivables and payables	(187)	9 261	3 030	(3 536)	11 557
Payment of corporate income tax	(3 215)	(1 413)	(289)	(4 919)	(2 070)
I) NET CASH FLOWS FROM OPERATING ACTIVITIES	47 026	55 043	51 211	135 671	161 784
Cash flows from investing activities					
Investments in shares/marketable securities	-	-	-	(588)	-
Investment in FSRUs, assets under construction and class renew als	(662)	(7 505)	(471)	(9 948)	(2 945)
Investment in intangibles, equipment and other	(2)	(574)	(649)	(1 220)	(4 312)
Investments in associates	-	(2 375)	-	(8 625)	(7 500)
Interest received	9	-	9	18	422
II) NET CASH FLOWS FROM INVESTING ACTIVITIES	(655)	(10 454)	(1 111)	(20 363)	(14 335)
Cash flows from financing activities					
Net proceeds from equity issuance (HMLP)	-	-	268	9 136	2 393
Dividend paid to non-controlling interest (HMLP)	(4 058)	(11 843)	(11 601)	(27 743)	(34 803)
Dividend paid to shareholders of the parent	-	-	-	-	(1 905)
Proceeds from borrow ings gross	223 750	39 592	-	273 342	177 515
Payment of debt issuance cost and bond discount	(3 053)	(9 253)	(84)	(12 336)	(5 182)
Repayment and buy-back of bonds	-	(12 453)	-	(12 453)	(130 000)
Repayment of borrow ings	(232 889)	(26 292)	(25 623)	(285 472)	(77 019)
Lease payments	(9 389)	(9 303)	(9 419)	(27 906)	(28 007)
Interest paid	(21 395)	(19 591)	(20 941)	(60 331)	(65 973)
(Increase) decrease in restricted cash and cash collateral	(11 491)	(801)	7 728	(4 084)	(29 120)
III) NET CASH FLOWS FROM FINANCING ACTIVITIES	(58 525)	(49 944)	(59 673)	(147 848)	(192 102)
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	(12 154)	(5 354)	(9 573)	(32 539)	(44 653)
Current cash and cash equivalents at the beginning of the period	122 158	127 513	151 897	142 545	186 978
Current cash and cash equivalents at the end of the period	110 005	122 158	142 324	110 005	142 324

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

USD'000	Attributable to equity holders of Høegh LNG Holdings Ltd.								Non-controlling interests	TOTAL EQUITY
	Share capital	Share premium	Treasury shares	Other paid-in capital	Hedging reserves	Other capital reserves	Retained earnings	TOTAL		
At 1 January 2021	773	447 716	(11)	108 639	(119 646)	(2 177)	(139 539)	295 756	301 396	597 152
Profit (loss) for the period							(48 583)	(48 583)	23 724	(24 859)
Other comprehensive income (loss)					36 297	(422)		35 874	11 085	46 959
Total comprehensive income (loss)	-	-	-	-	36 297	(422)	(48 583)	(12 709)	34 809	22 100
Amalgamation effects	(761)	108 546	11	106 687			(232 548)	(18 065)	-	(18 065)
Shareholder contribution				18 066				18 066	-	18 066
HMLP dividend to non-controlling interests								-	(27 743)	(27 743)
Units granted to the board of HMLP								-	211	211
Net proceeds from issuance of preferred units								-	8 318	8 318
Net proceeds from issuance of common units								-	818	818
Share-based payment cost				807				807	1	808
Capital contribution to HMLP							(171)	(171)	171	-
Transfer of assets from HMLP (Note 5)							271	271	(271)	-
Other changes in equity				85				85	-	85
Total other transactions recognised directly in equity	(761)	108 546	11	125 645	-	-	(232 448)	994	(18 495)	(17 501)
At 30 September 2021 (unaudited)	12	556 262	-	234 284	(83 349)	(2 599)	(420 570)	284 040	317 711	601 751

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

USD'000	Attributable to equity holders of Høegh LNG Holdings Ltd.								Non-controlling interests	TOTAL EQUITY
	Share capital	Share premium	Treasury shares	Other paid-in capital	Hedging reserves	Other capital reserves	Retained earnings	TOTAL		
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)
Shares granted to the board of HLNG		60						60	-	60
Dividend to shareholders of the parent							(1 905)	(1 905)	-	(1 905)
Units granted to the board of HMLP									128	128
Net proceeds from issuance preferred units								-	2 394	2 394
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	-	584	-	-	(13 821)	(13 177)	(20 292)	(33 469)
At 30 Sep 2020 (unaudited)	773	447 716	(11)	108 983	(129 075)	(2 398)	(131 701)	294 286	301 521	595 806

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 17 November 2021.

The number of issued and outstanding shares for the quarter ending 30 September 2021 was 1 200 000.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ending 30 September 2021 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 2020 (the 2020 annual report).

The interim consolidated financial statements for the period ending 30 September 2021 have been prepared under the going concern assumption. As further explained in Note 6 in this report, should HMLP be unable to complete the contemplated refinancing of the Lampung facility, or the refinancing of the Neptune and Cape Ann facilities on a timely basis or at all, HMLP and the group may not have sufficient funds or other assets to satisfy all of its obligations, which would have a material adverse effect on the business, results of operations and financial condition and HMLP's ability to make distributions to its unitholders. Höegh LNG Holdings Ltd. is the guarantor of the Lampung facility. The agreements governing certain of the group's indebtedness contain cross default provisions. An event of default or declaration of acceleration of borrowings outstanding under the Lampung facility would also result in an event of default under other credit facilities, which would permit the lenders to, among other things, accelerate the repayment of borrowings outstanding. If some or all of the group's indebtedness is accelerated and becomes immediately due and payable, the group may not have sufficient funds available to repay such obligations or the ability to renegotiate or refinance such obligations, and the group's liquidity and financial position would be materially adversely affected. Furthermore, if the group suspends payment of its debts, is unable to pay its debts or is otherwise insolvent or enter into bankruptcy or liquidation, its charterparties may terminate their charters. While the group believes it is probable that it will be able to obtain and complete the refinancing processes, at the time of this report, it cannot be certain that refinancing arrangements will be executed in time or at all.

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

Accounting implication of the amalgamation

On 4 May 2021, the legal amalgamation of Larus Limited (a wholly owned subsidiary of Larus Holdings Limited) and Höegh LNG Holdings Ltd was completed. Larus Holdings Limited is a joint venture owned 50/50 by Leif Höegh & Co Ltd. and Funds managed by Morgan Stanley Infrastructure Partners. The amalgamation was accounted for using the pooling of interests' method. The consolidated financial statements are prepared on the basis of a continuation of the Höegh LNG Holdings Ltd group at the time of completion of the amalgamation.

Consolidation of Höegh LNG Partners LP

At 30 September 2021, the company held 45.72% 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 2020 annual report for a more detailed description.

Significant estimates and assumptions

Uncertain tax positions

Liabilities related to uncertain tax positions are recognised when it is determined "more likely than not" that the group will be required to settle a tax obligation in the future. 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.

In late June 2021, the tax audit for the group's Indonesian subsidiary's 2019 tax return was completed. The main finding was that an internal promissory note was reclassified from debt to equity such that 100% of the accrued interest was disallowed as a tax deduction. The group and its Indonesian subsidiary disagree with the conclusion of the tax audit and have filed an Objection Request with the Central Jakarta Regional Tax Office. Nevertheless, the Indonesian subsidiary may not be successful in its appeal and has expensed the additional tax for 2019. In addition, it has recorded an increase in tax provision of USD 8.4 million for the potential future tax obligation related to the open years that remain subject to a potential tax audit in Indonesia.

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 assessments of expected future cash flows and of which discount rates to use. Reference is made to Note 8.

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.

Potential tax liability for UK finance leases

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. See Note 19, commitments and guarantees (Arctic Vessels), in the 2020 annual report for a more detailed description.

Leif Höegh (U.K) Limited, as managing owner and operator of the vessels, has been in dialogue with HMRC 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 of letter with HMRC in September 2021 has not materially changed Joint Gas Two Ltd.'s assessment and no provision has been made.

Pending arbitration with the charterer of PGN FSRU Lampung

The charterer under the lease and maintenance agreement for the PGN FSRU Lampung ("LOM") served a notice of arbitration ("NOA") on 2 August 2021 to declare the LOM null and void, and/or to terminate the LOM, and/or seek damages. PT Höegh LNG Lampung ("PT HLNG") has served a reply refuting the claims as baseless and without legal merit and has also served a counterclaim against the charterer for multiple breaches of the LOM. PT HLNG will take all necessary steps and will vigorously defend against the charterer's claims in the legal process. Notwithstanding the NOA, both parties have continued to perform their respective obligations under the LOM. No assurance can be given at this time as to the outcome of the dispute with the charterer of PGN FSRU Lampung.

Pending Class Action Lawsuit relating to Höegh LNG Partners LP

On 27 October 2021 and 3 November 2021, two purported unit holders filed a class action securities fraud lawsuit in the United States District Court for the District of New Jersey against Höegh LNG Partners LP and certain of its current and former officers, alleging violations of the Securities Exchange Act of 1934. Höegh LNG Partners LP believes the allegations are without merit and intends to vigorously defend against them.

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 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% economic 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 and, 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 & project execution		Corporate and other		Total	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020
Time charter revenues	37.6	37.6	43.6	38.8	-	-	-	-	81.1	76.4
Management and other income	-	-	0.9	0.9	0.0	(0.2)	-	-	0.9	0.7
Share of results from inv. in JVs and associates	2.6	3.4	1.5	1.3	-	-	-	-	4.1	4.7
TOTAL INCOME	39.4	41.0	46.8	40.8	0.0	(0.2)	-	-	86.2	81.8
Bunker and other voyage related expenses	-	-	(0.6)	(0.6)	-	-	-	-	(0.6)	(0.6)
Operating expenses	(6.0)	(6.2)	(12.1)	(11.4)	-	-	-	-	(18.1)	(17.6)
Project administrative expenses	(0.4)	(0.7)	(3.1)	(1.6)	-	(0.6)	-	-	(3.6)	(2.9)
Group administrative expenses	(1.4)	(1.6)	-	-	-	-	(4.4)	(4.8)	(5.8)	(6.4)
Business development expenses	-	-	-	-	(2.0)	(1.3)	-	-	(2.0)	(1.3)
Operating profit (loss) before depreciation and amortisation (EBITDA)	30.7	32.5	31.8	27.2	(2.0)	(2.1)	(4.4)	(4.8)	56.1	53.0

USD million	HMLP		Operations		Business development & project execution		Corporate and other		Total	
	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020
Time charter revenues	110.8	112.6	126.2	122.1	-	-	-	-	237.0	234.7
Management and other income	0.0	0.0	4.3	3.3	2.0	(0.2)	(0.0)	(0.0)	6.3	3.1
Share of results from inv. in JVs and associates	9.1	9.2	4.8	3.9	-	-	-	-	13.9	13.0
TOTAL INCOME	119.9	121.8	135.2	129.2	2.0	(0.2)	(0.0)	(0.0)	257.2	250.8
Bunker and other voyage related expenses	-	(0.1)	(1.5)	(2.3)	-	-	-	-	(1.5)	(2.4)
Operating expenses	(18.4)	(17.5)	(41.6)	(34.9)	-	(0.0)	-	-	(60.0)	(52.4)
Project administrative expenses	(1.9)	(2.0)	(9.6)	(4.6)	(0.9)	(1.6)	-	-	(12.5)	(8.2)
Group administrative expenses	(5.3)	(4.7)	-	-	-	-	(12.1)	(9.3)	(17.3)	(14.0)
Business development expenses	-	-	-	-	(5.2)	(3.5)	-	-	(5.2)	(3.5)
Operating profit (loss) before depreciation and amortisation (EBITDA)	92.6	97.4	84.2	87.4	(4.1)	(5.3)	(12.1)	(9.3)	160.7	170.3

ASSETS AND LIABILITIES ALLOCATED TO THE OPERATING SEGMENTS AS AT 30 SEPTEMBER

USD million	HMLP		Operations		Business development & project execution		Corporate and others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Tangible Assets										
Invest. in vessels, spare parts and RoU assets	736.1	760.1	1 375.0	1 452.5	9.3	7.0	-	-	2 120.4	2 219.6
Liabilities										
Interest-bearing debt incl. lease liability	397.5	425.2	939.2	999.9	-	-	310.9	284.9	1 647.6	1 710.0

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 0.8 million in the third quarter of 2021 (USD 0.5 million in the second quarter of 2021). For a more detailed description of recurring related-party transactions, see information disclosed in Note 31 in the 2020 annual report.

On 1 October 2015, the company sold Höegh Gallant to HMLP. 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 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 and a new LMA was entered into. The new LMA was in September 2021 amended by a LMA suspension and make-whole agreement when HMLP entered into a long-term FSRU contract with NFE for Höegh Gallant, whereby Höegh LNG shall compensate HMLP monthly for the difference between the charter rate earned under the NFE Charter and the charter rate earned under the suspended LMA contract with the addition of a modest increase until 31 July 2025. Höegh LNG has made a provision for the present value of the estimated net obligation to HMLP. At 30 September 2021, the provision amounted to USD 68 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 profit and loss, nor the liabilities in the consolidated financial statements. However, as HMLP is only partly owned by the group, the provision has an effect on the portion of the group's equity being attributed to the non-controlling interests (NCI) in HMLP. On 30 September 2021, an aggregate amount of USD 37 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. 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 2020 annual report.

DEBT MATURITY PROFILE INCLUDING LEASE LIABILITIES AS AT 30 SEPTEMBER 2021

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	60 248	72 400	178 392
PGN FSRU Lampung facility	83 663	-	-	-	-	83 663
Höegh Esperanza facility	12 500	62 500	12 500	12 500	56 250	156 250
Höegh Giant facility	12 750	12 750	12 750	12 750	114 000	165 000
Höegh Gannet facility	11 042	53 542	11 042	11 042	57 969	144 635
Höegh Galleon facility	9 012	9 012	9 012	9 012	126 174	162 224
USD 385 million facility	25 597	25 597	25 597	25 597	216 668	319 057
Bond debt	273 901	-	-	-	-	273 901
Corporate bank facility	44 000	-	-	-	-	44 000
Interest-bearing debt outstanding	487 713	178 649	86 149	131 149	643 461	1 527 122
Lease liabilities	30 572	31 895	33 411	34 861	15 538	146 277
Total outstanding interest-bearing debt including lease liabilities	518 285	210 544	119 560	166 010	658 999	1 673 399
Debt issuance costs	(4 945)					(23 715)
Bonds issue discount	(2 042)					(2 042)
Current and total interest-bearing debt including lease liabilities	511 298					1 647 642

Maturity date of bond loans

The HLNG03 and HLNG04 bond loans have maturity date in August 2023 and January 2025 respectively. However, both loans have been classified as current interest-bearing debt as of 30 September 2021 because the bondholders of each of the bond loans have a right to require that the Höegh LNG Holdings Ltd. purchases all or some of the bonds held by a bondholder at a price equal to 101% of par if a Credit Event has not occurred by 1 April 2022. A Credit Event means that either:

- i. an amount of at least USD 100,000,000 has been contributed to Höegh LNG Holdings Ltd. as new equity or other fully subordinated and non-cash interest/non-amortising capital subsequent to 4 May 2021; or
- ii. first ranking security is created over Höegh LNG Holdings Ltd.'s ownership of common units of Höegh LNG Partners LP

Ongoing refinancing activities

HMLP is in the process of refinancing the debt facilities for its joint ventures which own Neptune and Cape Ann. These debt facilities, which are not part of the consolidated debt of the group, mature on 30 November 2021 and 1 June 2022, respectively. The loan agreement for Neptune has been executed and it is expected that the loan agreement for Cape Ann will be executed in December for this refinancing. Subject to customary closing conditions the refinancing of each of Neptune and Cape Ann is expected to be completed on or about the respective maturity dates of the existing debt facilities.

HMLP is also in the process of refinancing the PGN FSRU Lampung debt facility. The refinancing that had originally been arranged for this FSRU failed to complete due to the failure by the charterer to countersign certain customary documents related to the new credit facility. On 29 September, HMLP announced that it had entered into an agreement with its lenders to defer the maturity of the commercial tranche of its PGN FSRU Lampung debt facility from 29 September 2021 until 14 January 2022. Subject to commitment letters and a term sheet for refinancing of the commercial tranche being in place by 29 December 2021, the maturity date will automatically be further deferred to 29 March 2022. As previously disclosed, the export credit tranche of the Lampung facility matures in 2026 but may be called if the commercial tranche is not refinanced at its maturity date and in accordance with the terms of the Lampung facility. In November, HMLP received commitment letters and a term sheet for refinancing of the commercial tranche, and expects to complete this refinancing before the deferred maturity date, subject to certain required approvals by export credit tranche lenders, completing documentation and customary closing conditions.

Should HMLP be unable to complete the refinancing of the Lampung facility or the Neptune and Cape Ann facilities on a timely basis or at all, HMLP and the group may not have sufficient funds or other assets to satisfy all of its obligations, which would have a material adverse effect on the business, results of operations, financial condition and HMLP's ability to make distributions to its unitholders.

7. 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 2020 annual report. The group applies hedge accounting for all hedging instruments which qualify for this, as further described in Note 2.11 in the 2020 annual report.

Interest-rate risk and currency risk inherent in NOK-denominated bond loans

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. The group's two bond loans are denominated in NOK, and have been hedged both for interest rate risk and currency risk with CCIRS. On 30 September 2021, the net fair value of interest-rate and cross-currency swaps was negative at USD 68.1 million, representing a decrease in net liabilities of USD 0.6 million during the quarter from a negative USD 68.7 million on 30 June 2021. The group's pro rata shares of the net fair value of interest swaps entered into by joint ventures amounted to a negative USD 50.2 million on 30 September 2021 (negative USD 53.7 million).

Effects on other comprehensive income and hedging reserves

In the third quarter of 2021, other comprehensive income (OCI) derived from the interest-rate swaps amounted to USD 12 million compared with a negative OCI of USD 2.2 million in Q2 2021.

The total amount of interest rate swaps recognised in equity was negative by USD 112.4 million on 30 September 2021 (negative USD 124.4 million).

MTMs of cash flow hedges in the Financial Position	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Total MTMs of IRS presented as financial assets	3 351	5 044	1 149	134	-
Total MTMs of IRS and CCIRS presented as financial liabilities	(71 433)	(73 774)	(65 308)	(90 846)	(124 352)
Total MTMs of IRS in the joint ventures	(50 227)	(53 699)	(53 725)	(64 850)	(67 753)
Net MTMs of cash flow hedges	(118 309)	(122 429)	(117 884)	(155 562)	(192 105)
Net foreign exchange losses (gains) under cross currency swaps included in MTMs on bonds HLNG03 and HLNG04	3 809	(3 879)	(6 095)	(5 834)	22 715
Accumulated break cost paid	(4 285)	(4 285)	(4 285)	(4 285)	(4 285)
Accumulated loss on sw aps recorded as loss in subsidiaries	5 384	6 203	6 039	5 783	2 326
Accumulated loss on sw aps recorded as loss in JVs	1 047	-	-	-	-
Interest rate swaps recorded against equity	(112 353)	(124 390)	(122 225)	(159 897)	(171 349)

8. VESSELS – IMPAIRMENT ASSESSMENT

To assess if an impairment is applicable, the group estimates the recoverable amounts for its investment in all vessels, including right-of-use assets. 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:

- The amalgamation with Larus Limited, which was completed on 4 May 2021 valued the shares at price/book <1.
- The market for FSRUs remains highly competitive. Although Höegh LNG secured a long-term FSRU contract with H-Energy in the fourth quarter of 2020, and the long-term contract with New Fortress Energy in third quarter 2021, three FSRUs still remain on interim LNGC contracts, pending long-term FSRU contracts being secured.
- Rate levels obtainable for FSRUs trading on interim LNGC term charters saw a seasonal decline in the first quarter of 2021. The seasonal decline was however shorter than usual this year as rates started to improve in April to relatively strong levels which have continued through the summer and increased further into fourth quarter. Nevertheless, Covid-19 continues to create an elevated uncertainty related to the short-term market impact, which can impact the estimation of recoverable amounts.

The third quarter assessment included a review of all key assumptions and methodology and principles applied for the assessment. The assessment model has been updated and for FSRUs currently without long-term contracts, it continues to apply a combination of intermediate LNGC contracts followed by probability-weighted scenarios for assumed new FSRU contracts. As further explained in note 11 in the 2020 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 FSRU contracts, particularly for vessels with the lowest headroom.

The impairment testing at 30 September 2021 did not identify any impairment requirement.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

- Höegh LNG has entered into a binding Heads-of-Agreement with a large utility customer to charter one of its FSRUs
- Höegh LNG Partners LP has progressed its ongoing refinancing activities. The loan agreement for the refinancing of Neptune has been signed and commitment letters have been received for the refinancing of the PGN FSRU Lampung debt facility's commercial tranche

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.

Important factors which could cause actual results to differ materially from those in the forward-looking statements inter alia include (but are not limited to): 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 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.

USD'000

	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
NET INTEREST-BEARING DEBT					
Interest-bearing debt, current and non-current	(1 647 642)	(1 671 001)	(1 681 812)	(1 703 055)	(1 710 049)
Non-current restricted cash	28 962	15 520	16 793	16 895	17 010
Cash and cash equivalents	116 333	131 082	134 769	149 873	156 063
Net interest-bearing debt	(1 502 347)	(1 524 399)	(1 530 250)	(1 536 287)	(1 536 976)
EQUITY ADJUSTED FOR HEDGING TRANSACTIONS					
Total equity	601 751	597 125	629 628	597 151	595 804
Hedge reserve including non-controlling interest share	112 354	124 390	122 225	159 897	171 349
Equity adjusted for hedging transactions	714 105	721 515	751 853	757 048	767 153
EQUITY RATIO ADJUSTED FOR HEDGING TRANSACTIONS					
Total assets	2 418 662	2 445 881	2 462 647	2 473 350	2 500 934
Hedge assets	46 876	48 655	52 576	54 203	43 343
Total assets adjusted for hedging transactions	2 465 538	2 494 537	2 515 223	2 527 553	2 544 277
Equity adjusted for hedging transactions	714 105	721 515	751 853	757 048	767 153
Equity ratio adjusted for hedging transactions	29%	29%	30%	30%	30%

APPENDIX 2 – ABBREVIATIONS

Abbreviation

CCIRS

DFDE/TFDE

FID

FSRU

Höegh LNG or the group

Höegh LNG Partners, HMLP or the partnership

Höegh LNG Holdings or the company

IRS

LNGC

LTI

MLP

SG&A

Definition

Cross-currency interest rate swap

Dual/Tri fuel diesel electric propulsion

Final investment decision

Floating storage and regasification unit

Höegh LNG Holdings Ltd and subsidiaries

Höegh LNG Partners LP

Höegh LNG Holdings Ltd.

Interest-rate swap

LNG carrier

Lost-time injury

Master limited partnership

Selling, general and administration