INTERIM RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2021

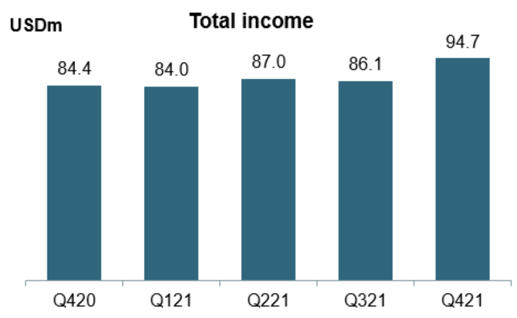
Highlights for the quarter ended 31 December 2021

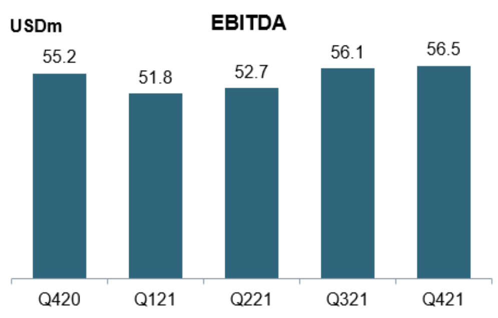
- EBITDA[1] of USD 56.5 million
- Net profit after taxes of USD 3.6 million
- Höegh Gallant commenced the new 10-year contract with a subsidiary of New Fortress Energy
- A new unconditional 10-year FSRU contract signed with a subsidiary of Compass Gãs & Energia
- The FSRU contract with AIE was signed, but is still conditional on final investment decision by AIE
- Refinancing of the PGN FSRU Lampung debt facility and the Neptune debt facility completed by Höegh LNG Partners LP
- Höegh LNG Holdings Ltd. raised USD 30 million in new equity from its shareholder
- Höegh LNG Holdings Ltd. launched a non-binding buyout offer for Höegh LNG Partners LP's common units

Subsequent events

- Klaipėdos Nafta, the charterer of Independence, has publicly announced that it intends to exercise its purchase option to acquire Independence at the end of the existing charter, which runs until the fourth quarter of 2024

Reported total income and EBITDA





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 94.7 million for the fourth quarter of 2021, compared with USD 86.1 million in the preceding quarter. The increase is mainly related to higher time charter revenue for Höegh Gallant after commencing operations in Jamaica from end of November 2021 and time charter revenues from a short-term replacement vessel (charter-in and charter-out) to facilitate early redelivery of Höegh

[1] Please see the definition in Appendix 1.

[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 third quarter of 2021.

Gallant from its previous charter. The EBITDA was USD 56.5 million compared to USD 56.1 million for the third quarter. The slight increase reflects the higher income as described above, offset mainly by non-recurring costs to prepare Höegh Gallant for operations in Jamaica and the cost to charter in the above-mentioned replacement vessel.

The group recorded a net profit after tax of USD 3.6 million for the fourth quarter of 2021, up from a loss of USD 3.1 million in the preceding quarter. This increase is mainly caused by certain one-off financing costs in the third quarter and lower provision for taxes in fourth quarter compared to third quarter.

Operating cash flows increased in the fourth quarter by USD 13.8 million to USD 60.8 million. The net decrease was driven mainly by changes in working capital, predominantly caused by temporary timing effects. Other sources of cash during the quarter comprised USD 30 million in new equity from the shareholders. Spending during the quarter mainly comprised USD 35.9 million in repayment of borrowings and lease payments, dividends paid to non-controlling interests in Höegh LNG Partners (HMLP) and interest payments. The net increase in cash and cash equivalents during the fourth quarter was USD 24 million.

At 31 December 2021, Höegh LNG held USD 134 million in current unrestricted cash (USD 110 million). Net interest-bearing debt, including lease liabilities, decreased during the fourth quarter by USD 62 million to USD 1 440 million (USD 1 502 million). Total assets and book equity at 31 December 2021, after adjusting for the mark-to-market of interest rate swaps, were USD 2 473 million (USD 2 466 million) and USD 744 million (USD 714 million) respectively, equivalent to an adjusted book equity ratio of 30% (29%).

For the full year ended 31 December 2021, Höegh LNG reported a total income of USD 351.8 million and an EBITDA of USD 217.2 million, which compares with USD 335.1 million and USD 225.4 million for the previous year. Although revenues increased, the group also incurred higher expenses in 2021, with increased opex primarily related to maintenance conducted to prepare two vessels for operations in FSRU mode, class renewals and increased SG&A. Höegh LNG reported a net loss of USD 21.2 million for 2021, which compares with a USD 0.1 million profit for 2020. The decrease is, in addition to the decrease in EBITDA, mainly due to a tax provision recorded for uncertain tax position following a tax audit in Indonesia in 2021.

Key financial figures

(In USD'000 unless otherwise indicated)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Income statement					
Total income	94 663	86 151	87 042	83 977	84 366
EBITDA	56 516	56 091	52 737	51 849	55 164
EBIT	28 663	27 771	24 495	22 859	27 090
Profit (loss) after tax for the period	3 575	(3 141)	(19 351)	(2 368)	782
Financial position					
Total assets	2 429 209	2 418 662	2 445 881	2 462 647	2 473 350
Total assets adjusted for hedging [1]	2 473 104	2 465 538	2 494 536	2 515 224	2 527 553
Equity adjusted for hedging reserves [1]	743 505	714 105	721 516	751 853	757 048
Adjusted equity ratio (%) [1]	30.1%	29.0%	28.9%	29.9%	30.2%
Net interest-bearing debt including lease liabilities	(1 440 524)	(1 502 347)	(1 524 399)	(1 530 250)	(1 536 288)
Cash flows					
Net cash flows from operating activities	60 840	47 027	55 043	33 602	54 393
Net cash flows from investing activities	(6 162)	(655)	(10 454)	(9 254)	(1 411)
Net cash flows from financing activities	(30 642)	(58 525)	(49 944)	(39 379)	(52 761)
Net increase (decrease) in cash and cash equivalents	24 036	(12 153)	(5 355)	(15 032)	221

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

Business review

Business development

Höegh LNG completed and signed all documentation for an unconditional 10-year FSRU-charter with TSRP, a subsidiary of Compass Gãs & Energia, Brazil's largest gas distributor in December 2021. The Höegh Gannet is assigned to the charter and operations are expected to start late 2022 or early 2023.

During the quarter, Höegh LNG also signed a conditional 15-year FSRU contract with AIE in Australia. The Höegh Galleon is assigned to the charter.

Höegh LNG continues to develop its pipeline of FSRU projects, to ensure that Höegh Esperanza, as the remaining FSRU in the fleet, will also be assigned to a long-term FSRU charter.

Operations

The fleet delivered a stable operating performance in the fourth quarter. Höegh Gallant was out of service for about one month to prepare the vessel for its operations under the new 10-year contract with a subsidiary of New Fortress Energy which commenced late November 2021.

Covid-19

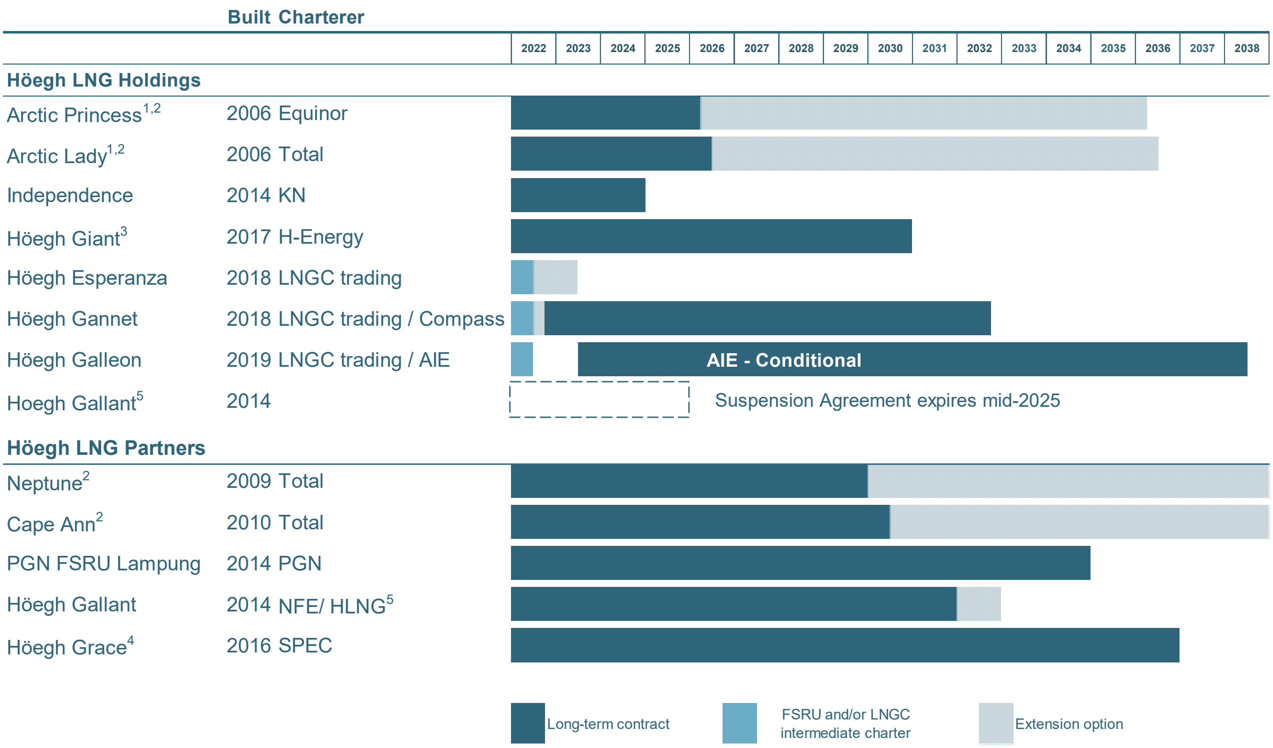
Höegh LNG is experiencing limited operational impacts from Covid-19 and no contractual effects. Ensuring the health and safety of its personnel continues to be the group's highest priority. The board of directors recognises the challenges for all employees and in particular for the seafarers during these challenging times and is grateful for the extraordinary efforts. Per 4 February 2022, close to 93% of maritime personnel has received their second dose of vaccine and some has also received a booster dose.

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. For 2022, the fleet has a high contract coverage. However, three FSRUs currently trading in LNG carrier mode will potentially roll of existing charters in the second quarter of 2022. For two of them, the existing charterers have an option to extend the charters.



[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 99.6% by the end of the fourth quarter, and there was one LTI recorded in 2021.

Technical availability of fleet and safety performance

	2021	2020	2019	2018	2017
Technical availability	99.6%	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

Buyout offer launched for Höegh LNG Partners LP's common units

In December, Höegh LNG launched a non-binding buyout offer for Höegh LNG Partners LP's common units, pursuant to which Höegh LNG would acquire through a wholly owned subsidiary all publicly held common units of the Partnership in exchange for USD 4.25 in cash per common unit. If approved, the transaction would be effected through a merger of the Partnership with a wholly owned subsidiary of Höegh LNG.

The proposed transaction is subject to the negotiation and approval of mutually satisfactory definitive documentation by the parties thereto. If a definitive agreement is reached, the transaction will also require approval by a majority of the holders of outstanding common units in the Partnership. The transaction would be subject to customary closing conditions. There can be no assurance that definitive documentation will be executed or that any transaction will materialize.

New equity

During the fourth quarter, Höegh LNG Holdings Ltd. raised USD 30 million in new equity from its shareholder. The capital increase was settled in cash and is categorised as *Contributed Surplus* in the consolidated statement of changes in equity.

Refinancing

During the fourth quarter, Höegh LNG Partners completed the refinancing of the PGN FSRU Lampung debt facility and the Neptune debt facility. It also signed the loan agreement for a refinancing of the Cape Ann debt facility, which is planned to be completed in the second quarter of 2022. Also, HLNG agreed certain changes to an unsecured bank debt facility entered into earlier in 2021.

- <u>PGN FSRU Lampung debt facility</u>: The commercial tranche of the debt facility of USD 15.5 million was refinanced with an equal amount and will amortize with equal quarterly instalments to zero by 2026. The export credit tranche of the debt facility remains unchanged. Across both tranches, the debt facility is subject to certain restrictions on the use of cash generated by PGN FSRU Lampung as well as a cash sweep mechanism. Until the pending arbitration with the charterer of PGN FSRU Lampung has been terminated, cancelled or favourably resolved, no shareholder loans may be serviced and no dividends may be paid to the Partnership by the subsidiary borrowing under the Lampung Facility, PT Hoegh LNG Lampung. Furthermore, each quarter, 50% of the PGN FSRU Lampung's generated cash flow after debt service must be applied to pre-pay outstanding loan amounts under the refinanced Lampung Facility, applied pro rata across the commercial and export credit tranches. The remaining 50% will be retained by PT Hoegh LNG Lampung and pledged in favour of the lenders until the pending arbitration with the charterer of PGN FSRU Lampung has been terminated, cancelled or favourably resolved. As a consequence, no cash flow from the PGN FSRU Lampung will be available for the Partnership until the pending arbitration has been terminated, cancelled or favourably resolved. This limitation does not prohibit the Partnership from paying distributions to preferred and common unitholders.

- <u>Neptune and Cape Ann debt facilities</u>: The new Neptune facility, which closed in November 2021, has an initial loan amount of USD 154 million, which is scheduled to be fully amortised with quarterly debt service over a period of 8 years based on an annuity repayment profile. The new facility was used to repay the existing balloon amount of USD 169 million, with the difference being mainly financed by cash held by the vessel owning entity and subordinated loans from the shareholders (of which USD 3 million from HMLP). The interest rate swaps entered into under the previous debt facility have a remaining tenor of 8 years and have been novated from the previous group of swap providers to the new lenders and restructured to match the new facility's loan amount and amortisation plan.

The existing Cape Ann debt facility matures on 1 June 2022, and the documentation for the refinancing is ongoing. In December 2021, the new loan agreement was signed and subject to customary closing conditions, the closing and drawdown under the new facility is expected to occur on or about the maturity of the existing facility in the second quarter of 2022. The term and conditions for the new Cape Ann facility are largely identical to the new Neptune facility.

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. In the event the outcome of the dispute is unfavorable to the PT HLNG, it could have a material adverse impact on HMLP's business, financial condition, results of operations and ability to make distributions to unitholders.

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 5% year-on-year in 2021, reaching 380 million tonnes.

LNG carrier rates increased further in the quarter building on a strong end to the third quarter. Following the end of the quarter, the carrier market has eased off and rates have been falling with stocks in Asia adequate to cover the winter period and shorter shipping distances to Europe.

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, ensure the contract with AIE becomes a firm contract, and conclude long-term FSRU employment for Höegh Esperanza, which currently is the remaining FSRU in the fleet which is not assigned to a specific project. The business development activity was high in the fourth quarter of 2021 and this is expected to continue into 2022.

HMLP's main focus is the dispute with the charterer of PGN FSRU Lampung. No assurance can be given at this time as to the outcome of the dispute.

INTERIM CONSOLIDATED STATEMENT OF INCOME

		Unaudited	Unaudited	Unaudited	Unaudited	Audited
USD'000	Note	**Q4 2021**	**Q3 2021**	**Q4 2020**	**2021**	**2020**
Time charter revenues		85 227	81 111	78 708	322 224	313 358
Management and other income		3 844	945	1 501	10 114	4 690
Share of results from investments in associates and joint ventures		5 592	4 095	4 157	19 496	17 088
TOTAL INCOME		**94 663**	**86 151**	**84 366**	**351 834**	**335 136**
Bunker and other voyage related expenses		(669)	(556)	(380)	(2 189)	(2 769)
Operating expenses		(25 858)	(18 114)	(18 364)	(85 907)	(70 844)
Project administrative expenses		(4 088)	(3 558)	(2 893)	(16 546)	(11 123)
Group administrative expenses		(4 400)	(5 806)	(5 782)	(21 721)	(19 738)
Business development expenses		(3 132)	(2 026)	(1 782)	(8 277)	(5 227)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)	4	**56 516**	**56 091**	**55 164**	**217 193**	**225 435**
Depreciation		(27 853)	(28 320)	(28 074)	(113 405)	(112 374)
OPERATING PROFIT		**28 663**	**27 771**	**27 090**	**103 788**	**113 062**
Interest income		192	142	124	733	1 132
Interest expenses		(23 276)	(26 069)	(23 927)	(103 207)	(99 801)
Income from other financial items		118	162	1 070	722	4 354
Expenses from other financial items		(1 550)	(2 350)	(2 888)	(7 431)	(13 967)
NET FINANCIAL ITEMS		**(24 516)**	**(28 115)**	**(25 621)**	**(109 183)**	**(108 282)**
ORDINARY PROFIT (LOSS) BEFORE TAX		**4 148**	**(344)**	**1 469**	**(5 395)**	**4 780**
Corporate income tax		(572)	(2 797)	(687)	(15 889)	(4 634)
PROFIT (LOSS) FOR THE PERIOD AFTER TAX		**3 575**	**(3 141)**	**782**	**(21 284)**	**146**
Profit (loss) for the period attributable to (from):						
Equity holders of the parent		(5 895)	(12 960)	(10 422)	(54 479)	(44 713)
Non-controlling interests		9 470	9 820	11 205	33 195	44 859
PROFIT (LOSS) FOR THE PERIOD AFTER TAX		**3 575**	**(3 141)**	**782**	**(21 284)**	**146**

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	Unaudited	Unaudited	Unaudited	Audited
USD'000	Note	**Q4 2021**	**Q3 2021**	**Q4 2020**	**2021**	**2020**
Profit (loss) for the period		3 575	(3 141)	782	(21 284)	146
Items that will not be reclassified to profit or (loss)						
Net gain (loss) on other capital reserves		(65)	(387)	307	(487)	703
Items that may be subsequently reclassified to profit or (loss)						
Net gain (loss) on hedging reserves	7	15 345	7 479	8 503	47 058	(46 923)
Share of other comprehensive income from Joint ventures	7	4 575	4 519	2 903	20 245	(8 246)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX		**19 855**	**11 610**	**11 713**	**66 816**	**(54 466)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**23 430**	**8 470**	**12 495**	**45 532**	**(54 320)**
Total comprehensive income attributable to (from):						
Equity holders of the parent		9 766	(4 265)	(685)	(2 942)	(89 552)
Non-controlling interests		13 663	12 735	13 181	48 473	35 233
TOTAL		**23 430**	**8 470**	**12 495**	**45 532**	**(54 320)**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Note	Unaudited 2021 31 Dec	Unaudited 2021 30 Sep	Audited 2020 31 Dec
Deferred tax assets		1 274	1 294	1 166
Vessels and depot spares	8	1 963 980	1 982 669	2 032 460
Right-of-use assets	8	129 916	137 758	160 573
Investments in associates and joint ventures		91 198	81 245	45 390
Other non-current financial assets	7	11 654	14 482	17 471
Other non-current assets		21 146	20 431	18 316
Shareholder loans		7 511	-	869
Non-current restricted cash		30 662	28 962	16 895
Total non-current assets		**2 257 342**	**2 266 842**	**2 293 139**
Bunkers and inventories		76	85	129
Shareholder loans		1 777	4 410	3 284
Trade and other receivables		27 442	30 915	26 755
Other current financial assets		111	172	273
Restricted cash		8 419	6 234	7 225
Cash and cash equivalents		134 041	110 005	142 545
Tota current assets		**171 866**	**151 820**	**180 211**
TOTAL ASSETS		**2 429 209**	**2 418 662**	**2 473 350**
EQUITY AND LIABILITIES				
Equity				
Share capital		12	12	773
Other paid-in capital		750 176	704 598	434 521
Retained earnings		(422 833)	(420 570)	(139 539)
Equity attributable to equity holders of the parent		**327 355**	**284 040**	**295 755**
Non-controlling interests		323 676	317 711	301 396
Total equity		**651 031**	**601 751**	**597 151**
Deferred tax liability		16 134	14 943	13 180
Non-current interest-bearing debt	6	1 101 756	1 020 640	1 351 051
Non-current lease liabilities	6	107 790	115 705	138 265
Investments in joint ventures		-	-	1 921
Other non-current financial liabilities	7	34 097	44 987	67 470
Deferred revenues		14 989	15 124	13 889
Total non-current liabilities		**1 274 766**	**1 211 399**	**1 585 777**
Current interest-bearing debt	6	373 385	480 726	184 066
Current lease liabilities	6	30 814	30 572	29 673
Income tax payable		11 141	12 693	3 602
Trade and other payables		19 329	15 913	19 205
Other current financial liabilities	7	34 598	37 730	34 077
Other current liabilities		34 146	27 880	19 799
Total current liabilities		**503 412**	**605 513**	**290 422**
TOTAL EQUITY AND LIABILITIES		**2 429 209**	**2 418 662**	**2 473 350**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
USD'000	**Q4 2021**	**Q3 2021**	**Q4 2020**	**2021**	**2020**
Cash flows from operating activities					
Profit (loss) before tax for the period	4 148	(344)	1 469	(5 395)	4 780
Adjustments to reconcile profit before tax to net cash flows					
Depreciation	27 853	28 320	28 074	113 405	112 374
Fair value adjustments on marketable securities	(4)	14	(19)	4	8
Interest income	(192)	(142)	(124)	(733)	(1 132)
Interest expenses	23 276	26 069	23 927	103 207	99 801
Net loss on interest rate hedges and other derivatives	725	548	3 649	2 503	5 528
Share-based payment and Board remuneration	-	59	(158)	845	687
Share of results from investments in associates and joint ventures	(5 592)	(4 095)	(4 157)	(19 496)	(17 088)
Working capital adjustments					
Change in inventories, receivables and payables	10 908	(187)	2 083	7 372	13 640
Payment of corporate income tax	(281)	(3 215)	(351)	(5 199)	(2 421)
I) NET CASH FLOWS FROM OPERATING ACTIVITIES	**60 840**	**47 027**	**54 393**	**196 513**	**216 177**
Cash flows from investing activities					
Investments in shares/marketable securities	-	-	-	(588)	-
Investment in FSRUs, assets under construction and class renewals	(1 329)	(662)	(1 171)	(11 277)	(4 116)
Investment in intangibles, equipment and other	(103)	(2)	1 627	(1 325)	(2 685)
Loans granted joint ventures and associates	(4 733)		-	(4 733)	-
Investments in associates	-	-	(1 875)	(8 625)	(9 375)
Receipt of interest and dividend	3	9	8	21	430
II) NET CASH FLOWS FROM INVESTING ACTIVITIES	**(6 162)**	**(655)**	**(1 411)**	**(26 527)**	**(15 746)**
Cash flows from financing activities					
Net proceeds from equity issuance (HMLP)	-	-	781	9 136	3 174
Capital contribution from owners	30 000	-	-	30 000	-
Dividend paid to non-controlling interests (HMLP)	(4 058)	(4 058)	(11 632)	(31 802)	(46 435)
Dividend paid to shareholders of the parent	-	-	-	-	(1 905)
Proceeds from borrowings gross	-	223 750	34 170	273 342	211 685
Payment of debt issuance cost, bond discount and refinancing fees	(480)	(3 053)	(2 615)	(12 816)	(7 797)
Repayment and buy-back of bonds	-	-	(31 500)	(12 453)	(161 500)
Repayment of borrowings	(26 463)	(232 889)	(25 570)	(311 935)	(102 589)
Interest paid	(19 096)	(21 395)	(21 056)	(79 427)	(95 875)
Lease payments	(9 401)	(9 389)	(9 371)	(37 307)	(28 533)
(Increase) decrease in restricted cash and cash collateral	(1 144)	(11 491)	14 032	(5 228)	(15 088)
III) NET CASH FLOWS FROM FINANCING ACTIVITIES	**(30 642)**	**(58 525)**	**(52 761)**	**(178 490)**	**(244 863)**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**24 036**	**(12 153)**	**221**	**(8 504)**	**(44 432)**
Current cash and cash equivalents at the beginning of the period	110 005	122 158	142 324	142 545	186 978
Current cash and cash equivalents at the end of the period	**134 041**	**110 005**	**142 545**	**134 041**	**142 545**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

USD'000	Attributable to equity holders of Höegh LNG Holdings Ltd.										
	Share capital	Share premium	Treasury shares	Contributed Surplus	Other paid-in capital	Hedging reserves	Other capital reserves	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
At 1 January 2021	**773**	**447 716**	**(11)**	**-**	**108 639**	**(119 646)**	**(2 177)**	**(139 539)**	**295 755**	**301 396**	**597 151**
Profit (loss) for the year								(54 479)	(54 479)	33 195	(21 284)
Other comprehensive income (loss) for the year						52 024	(486)		51 538	15 278	66 815
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**52 024**	**(486)**	**(54 479)**	**(2 942)**	**48 473**	**45 531**
Amalgamation effects	(761)	108 546	11	106 687				(232 548)	(18 065)	-	(18 065)
Shareholder contribution				48 066					48 066	-	48 066
HMLP dividend to non-controlling interests									-	(31 801)	(31 801)
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								(388)	(388)	388	-
Transfer of assets from HMLP (Note 5)								4 128	4 128	(4 128)	-
Other changes in equity								(7)	(7)	-	(7)
Total other transactions recognised directly in equity	**(761)**	**108 546**	**11**	**154 753**	**807**	**-**	**-**	**(228 815)**	**34 542**	**(26 193)**	**8 349**
At 31 December 2021 (unaudited)	**12**	**556 262**	**-**	**154 753**	**109 446**	**(67 622)**	**(2 663)**	**(422 833)**	**327 355**	**323 676**	**651 031**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

USD'000	Attributable to equity holders of Höegh LNG Holdings Ltd.										
	Share capital	Share premium	Treasury shares	Contributed Surplus	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 year								(44 713)	(44 713)	44 859	146
Other comprehensive income (loss) for the year						(45 543)	703	-	(44 839)	(9 626)	(54 465)
Total comprehensive income (loss) for the year		**-**	**-**		**-**	**(45 543)**	**703**	**(44 713)**	**(89 552)**	**35 233**	**(54 319)**
HMLP dividend to non-controlling interests									-	(46 435)	(46 435)
Dividend to shareholders of the parent								(1 905)	(1 905)	-	(1 905)
Net proceeds from issuance preferred units									-	3 174	3 174
Shares granted to the board of HLNG		60	0						60	-	60
Units granted to the board of HMLP									-	260	260
Share-based payment					240				240	75	315
Capital contribution to HMLP								(6 419)	(6 419)	6 419	-
Transfer of assets to HMLP (Note 5)								(2 911)	(2 911)	2 911	-
Other changes in equity							(86)		(86)	-	(86)
Total other transactions recognised directly in equity	**-**	**60**	**0**	**-**	**240**	**-**	**(86)**	**(11 236)**	**(11 022)**	**(33 596)**	**(44 617)**
At 31 December 2020 (audited)	**773**	**447 716**	**(11)**	**-**	**108 639**	**(119 646)**	**(2 177)**	**(139 538)**	**295 755**	**301 396**	**597 151**

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 22 February 2022.

The number of issued and outstanding shares for the quarter ending 31 December 2021 was 1 200 000.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ending 31 December 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 31 December 2021 have been prepared under the going concern assumption.

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 31 December 2021, the company held 45.7% 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. The subsidiary has as of 31 December 2021 a tax provision of USD 9 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.

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	
	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020
Time charter revenues	38.1	37.4	47.2	41.3	-	-	-	-	85.2	78.7
Management and other income	-	-	0.9	1.5	-	-	2.9	-	3.8	1.5
Share of results from inv. in JVs and associates	2.3	2.9	3.3	1.2	-	-	-	-	5.6	4.2
TOTAL INCOME	**40.4**	**40.3**	**51.3**	**44.0**	**-**	**-**	**2.9**	**-**	**94.7**	**84.4**
Bunker and other voyage related expenses	-	-	(0.7)	(0.4)	-	-	-	-	(0.7)	(0.4)
Operating expenses	(10.7)	(6.8)	(15.1)	(11.6)	-	-	-	-	(25.9)	(18.4)
Project administrative expenses	(2.2)	(0.3)	(1.9)	(2.0)	-	(0.6)	-	-	(4.1)	(2.9)
Group administrative expenses	(1.1)	(1.7)	-	-	-	-	(3.3)	(4.1)	(4.4)	(5.8)
Business development expenses	-	-	-	-	(3.1)	(1.8)	-	-	(3.1)	(1.8)
Operating profit (loss) before depreciation and amortisation (EBITDA)	**26.4**	**31.5**	**33.6**	**30.0**	**(3.1)**	**(2.4)**	**(0.3)**	**(4.1)**	**56.5**	**55.2**

USD million	HMLP		Operations		Business development & project execution		Corporate and other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Time charter revenues	148.9	150.0	173.3	163.4	-	-	-	-	322.2	313.4
Management and other income	0.0	0.0	5.2	4.8	2.0	(0.2)	2.9	(0.0)	10.1	4.6
Share of results from inv. in JVs and associates	11.4	12.1	8.1	5.0	-	-	-	-	19.5	17.1
TOTAL INCOME	**160.3**	**162.1**	**186.6**	**173.1**	**2.0**	**(0.2)**	**2.9**	**(0.0)**	**351.8**	**335.1**
Bunker and other voyage related expenses	-	(0.1)	(2.2)	(2.7)	-	-	-	-	(2.2)	(2.8)
Operating expenses	(29.1)	(24.3)	(56.8)	(46.5)	-	(0.0)	-	-	(85.9)	(70.8)
Project administrative expenses	(4.1)	(2.3)	(11.5)	(6.6)	(0.9)	(2.2)	-	-	(16.5)	(11.1)
Group administrative expenses	(6.4)	(6.3)	-	-	-	-	(15.3)	(13.4)	(21.7)	(19.7)
Business development expenses	-	-	-	-	(8.3)	(5.2)	-	-	(8.3)	(5.2)
Operating profit (loss) before depreciation and amortisation (EBITDA)	**120.7**	**129.1**	**116.1**	**117.3**	**(7.2)**	**(7.6)**	**(12.4)**	**(13.4)**	**217.2**	**225.4**

ASSETS AND LIABILITIES ALLOCATED TO THE OPERATING SEGMENTS AS AT 31 DECEMBER

USD million	HMLP		Operations		Business development		Corporate and other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Tangible Assets										
Invest. in vessels, spare parts and RoU assets	731.2	753.6	1 353.4	1 430.2	9.3	9.2			2 093.9	2 193.0
Liabilities										
Interest-bearing debt incl. lease liability	386.0	414.6	917.3	977.6			310.4	310.8	1 613.7	1 703.1

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 0.7 million in the fourth quarter of 2021 (USD 0.8 million in the third 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. Under the LMA suspension and make-whole agreement 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 Ltd. has made a provision for the present value of the estimated net obligation to HMLP. On 31 December 2021, the provision amounted to USD 61 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 31 December 2021, an aggregate amount of USD 33 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 31 DECEMBER 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	60 248	15 248	68 588	174 580
PGN FSRU Lampung facility	20 788	15 512	18 150	18 150	6 525	79 125
Höegh Esperanza facility	12 500	62 500	12 500	12 500	53 125	153 125
Höegh Giant facility	12 750	12 750	12 750	12 750	110 813	161 813
Höegh Gannet facility	11 042	53 542	11 042	11 042	55 208	141 875
Höegh Galleon facility	9 012	9 012	9 012	9 012	123 921	159 971
USD 385 million facility	25 597	25 597	25 597	25 597	210 268	312 657
Bond debt	272 640	-	-	-	-	272 640
Corporate bank facility	-	29 333	14 667	-	-	44 000
Interest-bearing debt outstanding	**379 577**	**223 495**	**163 967**	**104 300**	**628 448**	**1 499 786**
Lease liabilities	**30 814**	**32 225**	**33 787**	**35 276**	**6 502**	**138 604**
Total interest-bearing debt including lease liabilities	**410 391**	**255 720**	**197 754**	**139 576**	**634 950**	**1 638 390**
Debt issuance costs	(4 286)					(22 740)
Bonds issue discount	(1 906)					(1 906)
Current and total interest-bearing debt including lease liabilities	**404 199**	**255 720**	**197 754**	**139 576**	**634 950**	**1 613 745**

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 31 December 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

The company expects to fulfil the Credit Event requirement within 1 April 2022. As of 31 December 2021, Höegh LNG Holdings Ltd. has raised USD 48 million in new equity after 4 May 2021 and will need to raise an additional USD 52 million before 1 April 2022 to comply with item i) above, or alternatively fulfil item ii) by providing a share pledge over its common units of Höegh LNG Partners LP, which currently are unencumbered.

Refinancing activities in the quarter

During the fourth quarter, Höegh LNG Partners completed the refinancing of the PGN FSRU Lampung debt facility and the Neptune debt facility. It also signed the loan agreement for a refinancing of the Cape Ann debt facility, which is planned to be completed in the second quarter of 2022. Also, HLNG agreed certain changes to an unsecured bank debt facility entered into earlier in 2021.

- PGN FSRU Lampung debt facility: The commercial tranche of the debt facility of USD 15.5 million was refinanced with an equal amount and will amortize with equal quarterly instalments to zero by 2026. The export credit tranche of the debt facility remains unchanged. Across both tranches, the debt facility is subject to certain restrictions on the use of cash generated by PGN FSRU Lampung as well as a cash sweep mechanism. Until the pending arbitration with the charterer of PGN FSRU Lampung has been terminated, cancelled or favourably resolved, no shareholder loans may be serviced, and no dividends may be paid to the Partnership by the subsidiary borrowing under the Lampung Facility, PT Hoegh LNG Lampung. Furthermore, each quarter, 50% of the PGN FSRU Lampung's generated cash flow after debt service must be applied to pre-pay outstanding loan amounts under the refinanced Lampung Facility, applied pro rata across the commercial and export credit tranches. The remaining 50% will be retained by PT Hoegh LNG Lampung and pledged in favour of the lenders until the pending arbitration with the charterer of PGN FSRU Lampung has been terminated, cancelled or favourably resolved. As a consequence, no cash flow from the PGN FSRU Lampung will be available for the Partnership until the pending arbitration has been terminated, cancelled or favourably resolved. This limitation does not prohibit the Partnership from paying distributions to preferred and common unitholders.

- Neptune and Cape Ann debt facilities: The new Neptune facility, which closed in November 2021, has an initial loan amount of USD 154 million, which is scheduled to be fully amortised with quarterly debt service over a period of 8 years based on an annuity repayment profile. The new facility was used to repay the existing balloon amount of USD 169 million, with the difference being mainly financed by cash held by the vessel owning entity and subordinated loans from the shareholders (of which USD 3 million from HMLP). The interest rate swaps entered into under the previous debt facility have a remaining tenor of 8 years and have been novated from the previous group of swap providers to the new lenders and restructured to match the new facility's loan amount and amortisation plan. The existing Cape Ann debt facility matures on 1 June 2022, and the documentation for the refinancing is ongoing. In December 2021, the new loan agreement was signed and subject to customary closing conditions, the closing and drawdown under the new facility is expected to occur on or about the maturity of the existing facility in the second quarter of 2022. The term and conditions for the new Cape Ann facility are largely identical to the new Neptune facility.

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 31 December 2021, the net fair value of interest-rate and cross-currency swaps was negative at USD 54.8 million, representing a decrease in net liabilities of USD 13.3 million during the quarter from a negative USD 68.1 million on 30 September 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 46.7 million on 31 December 2021 (negative USD 50.2 million).

Effects on other comprehensive income and hedging reserves

In the fourth quarter of 2021, other comprehensive income (OCI) derived from the interest-rate swaps amounted to USD 19.9 million compared with USD 12 million in Q3 2021.

The total amount of interest rate swaps recognised in equity was negative by USD 92.5 million on 31 December 2021 (negative USD 112.4 million).

MTMs of cash flow hedges in the Financial Position	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21	31-Dec-20
Total MTMs of IRS presented as financial assets	2 780	3 351	5 044	1 149	134
Total MTMs of IRS and CCIRS presented as financial liabilities	(57 588)	(71 433)	(73 774)	(65 308)	(90 846)
Total MTMs of IRS in the joint ventures	(46 675)	(50 227)	(53 699)	(53 725)	(64 850)
Net MTMs of cash flow hedges	**(101 483)**	**(118 309)**	**(122 429)**	**(117 884)**	**(155 562)**
Net foreign exchange losses (gains) under cross currency swaps included in MTMs on bonds HLNG03 and HLNG04	5 225	3 809	(3 879)	(6 095)	(5 834)
Accumulated break cost paid	(4 285)	(4 285)	(4 285)	(4 285)	(4 285)
Accumulated loss on swaps recorded as loss in subsidiaries	6 044	5 384	6 203	6 039	5 783
Accumulated loss on swaps recorded as loss in JVs	2 024	1 047	-	-	-
Interest rate swaps recorded against equity	**(92 474)**	**(112 353)**	**(124 390)**	**(122 225)**	**(159 897)**

8. VESSELS – IMPAIRMENT ASSESSMENT

An assessment of impairment indicators and estimated recoverable amounts has been carried out for the fourth quarter.

The assessment was based on the following indicators:

- The market value of Höegh LNG Partners LP’s common units on 31 December 2021 valued the common units at price/book < 1.
- The market for FSRUs remains highly competitive causing rate levels for new FSRU contracts to trend down over the recent years. Although Höegh LNG has secured three long-term FSRU contracts during the last five quarters, two FSRUs in the fleet lack firm, long-term FSRU contracts. One is assigned to the conditional contract in Australia with AIE, and the other is being marketed in ongoing tender processes.
- Some of the FSRUs in the fleet are operating on interim LNGC term charters pending the commencement of long-term FSRU contracts with forward start or pending long-term FSRU contracts being concluded. Rate levels obtainable for LNGC term charters remain volatile and subject to seasonality as well as changes to the overall supply/demand balance for LNG transport. Also, Covid-19 continues to create an elevated uncertainty related to the short-term market impact, which can impact the estimation of recoverable amounts.

The fourth 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 as of 31 December 2021 did not identify any impairment requirement.

9. 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. In the event the outcome of the dispute is unfavorable to the PT HLNG, it could have a material adverse impact on HMLP's business, financial condition, results of operations and ability to make distributions to unitholders.

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.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

- Klaipėdos Nafta, the charterer of Independence, has publicly announced that it intends to exercise its purchase option to acquire Independence at the end of the existing charter, which runs until the fourth quarter of 2024

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

NET INTEREST-BEARING DEBT	**31.12.2021**	**30.09.2021**	**30.06.2021**	**31.03.2021**	**31.12.2020**
Interest-bearing debt, current and non-current	(1 613 745)	(1 647 642)	(1 671 001)	(1 681 812)	(1 703 055)
Non-current restricted cash	30 662	28 962	15 520	16 793	16 895
Cash and cash equivalents	142 559	116 348	131 082	134 769	149 873
Net interest-bearing debt	**(1 440 524)**	**(1 502 332)**	**(1 524 399)**	**(1 530 250)**	**(1 536 287)**

EQUITY ADJUSTED FOR HEDGING TRANSACTIONS	**31.12.2021**	**30.09.2021**	**30.06.2021**	**31.03.2021**	**31.12.2020**
Total equity	651 031	601 751	597 125	629 628	597 151
Hedge reserve including non-controlling interest share	92 474	112 354	124 390	122 225	159 897
Equity adjusted for hedging transactions	**743 505**	**714 105**	**721 515**	**751 853**	**757 048**

EQUITY RATIO ADJUSTED FOR HEDGING TRANSACTIONS	**31.12.2021**	**30.09.2021**	**30.06.2021**	**31/03/2021**	**31.12.2020**
Total assets	2 429 209	2 418 662	2 445 881	2 462 647	2 473 350
Hedge assets	43 895	46 876	48 655	52 576	54 203
Total assets adjusted for hedging transactions	**2 473 104**	**2 465 538**	**2 494 536**	**2 515 224**	**2 527 553**
Equity adjusted for hedging transactions	**743 505**	**714 105**	**721 515**	**751 853**	**757 048**
Equity ratio adjusted for hedging transactions	**30%**	**29%**	**29%**	**30%**	**30%**

APPENDIX 2 – ABBREVIATIONS

Abbreviation	Definition
CCIRS	Cross-currency interest rate swap
DFDE/TFDE	Dual/Tri fuel diesel electric propulsion
FID	Final investment decision
FSRU	Floating storage and regasification unit
Höegh LNG or the group	Höegh LNG Holdings Ltd and subsidiaries
Höegh LNG Partners, HMLP or the partnership	Höegh LNG Partners LP
Höegh LNG Holdings or the company	Höegh LNG Holdings Ltd.
IRS	Interest-rate swap
LNGC	LNG carrier
LTI	Lost-time injury
MLP	Master limited partnership
SG&A	Selling, general and administration