HÖEGH LNG

Interim results

for the quarter ended 31 March 2023

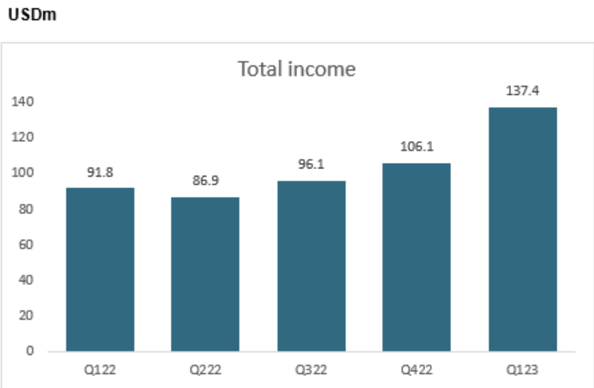
Highlights for the quarter ended 31 March 2023

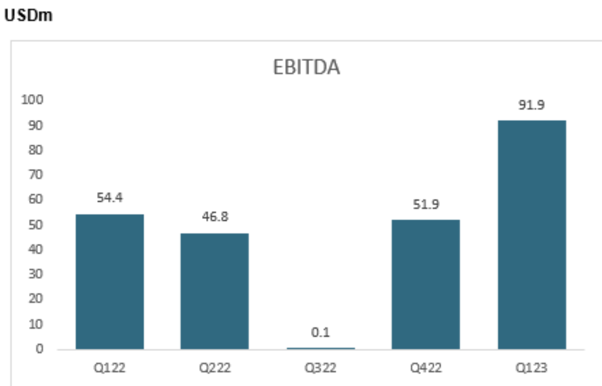
- EBITDA of USD 91.9 million
- Net profit after taxes of USD 34.1 million
- Execution of binding time charter contract for Hoegh Gannet with the Federal Government of Germany
- Loan agreement signed for refinancing of Höegh Esperanza and Hoegh Gannet
- Acquisition of LNG carrier Golar Seal (renamed Hoegh Gandria)
- Höegh LNG Partners voluntarily delisted its 8.75% Series A cumulative redeemable preferred units

Subsequent events

- Höegh LNG, Wärtsilä and partners received EUR 5.9 million in project funding from Norwegian Government for major clean energy initiative related to converting ammonia to hydrogen

Reported total income and EBITDA





Group financial review[1]

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 137.4 million and an EBITDA of USD 91.9 million for the first quarter of 2023, compared to USD 106.1 million and USD 51.9 million for the preceding quarter. The increase in EBITDA of USD 40.0 million was mainly a result of Höegh Giant, Höegh Esperanza and Hoegh Gannet being fully employed during the quarter while they earned less revenue and incurred higher costs while being idle for a period of about 35 days on average during fourth quarter. Moreover, Höegh Giant earned a very strong charter rate in the first quarter of 2023. Fourth quarter also included a lower share of result from joint ventures due to impairment of USD 16 million for the two Arctic vessels which was not repeated in first quarter. Furthermore, the group has realized savings in administrative cost following the delisting of HMLP's units from the New York Stock Exchange.

The group recorded a profit after tax of USD 34.1 million for the first quarter of 2023, up USD 38.0 million from a net loss after tax of USD 4.0 million in the preceding quarter. This increase is mainly related to the aforementioned increase in EBITDA, partially offset by a net increase in interest expenses because of increased borrowings during the quarter.

Operating cash flows, which decreased slightly in first quarter by USD 0.4 million to USD 69.2 million, was mainly driven by increased EBITDA partially offset by temporary increase in net working capital. Net cash outflows from investing activities of USD 183.4 million was mainly related to the acquisition of the LNG carrier Golar Seal. Net cash inflows from financing activities during the quarter totalled USD 118.5 million, primarily comprising net proceeds from refinancing of Höegh Esperanza, offset by regular amortisation 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 first quarter was USD 4.3 million.

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[1] Unless otherwise stated, figures in this section are compared with figures for fourth quarter of 2022.

On 31 March 2023, Höegh LNG held USD 151.1 million in unrestricted cash (USD 146.8 million). Net interest-bearing debt, including lease liabilities, increased during the first quarter by USD 142 million to USD 1 479 million (USD 1 337 million). Total assets and book equity on 31 March 2023, after adjusting for the mark-to-market of interest rate swaps, were USD 2 576 million (USD 2 404 million) and USD 729 million (USD 699 million) respectively, equivalent to an adjusted book equity ratio of 28% (29%).

Key financial figures

(In USD'000 unless otherwise indicated)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
INCOME STATEMENT					
Total Income	137 402	106 064	96 098	86 850	91 778
Operating profit before depreciation and amortisation (EBITDA)	91 903	51 894	59	46 844	54 435
Operating profit (loss)	63 841	22 649	(30 065)	18 874	26 498
Profit (loss) for the period	34 062	(3 987)	(45 928)	(7 511)	2 017
FINANCIAL POSITION					
Total assets	2 587 998	2 431 225	2 452 576	2 423 331	2 407 742
Total assets adjusted for hedging	2 576 427	2 404 144	2 427 404	2 434 012	2 424 177
Equity adjusted for hedging transactions	729 175	699 216	706 031	767 964	741 003
Adjusted equity ratio (%) [1]	28 %	29 %	29 %	32 %	31 %
Net interest-bearing debt	(1 479 166)	(1 336 667)	(1 344 065)	(1 364 576)	(1 448 043)
CASH FLOWS					
I) Net cash flows from operating activities	69 239	69 600	32 731	38 093	22 616
II) Net cashflows from investing activities	(183 378)	(14 334)	(163 207)	(1 100)	(2 297)
III) Net cashflows from financing activities	118 476	(59 608)	146 813	923	(57 520)
Net increase (decrease) in cash & cash equivalents	4 337	(4 341)	16 337	37 915	(37 201)

[1] Reconciliation of equity ratio adjusted for hedging transactions is presented in appendix 1 - alternative performance measures (APMs).

Business review

Business development

Höegh Giant finalised its interim LNG carrier time charter party by the end of the first quarter and is currently idle. The FSRU is expected to commence its long-term FSRU contract with TSRP/Compass in Brazil from beginning of the third quarter this year.

Höegh Galleon is currently employed on a time charter contract in the LNG carrier market which is scheduled to end in September. The FSRU is expected to commence its long-term FSRU contract with AIE in Australia during the fourth quarter this year.

The acquisition of the LNG carrier Hoegh Gandria (ex. Golar Seal) was completed in mid-March 2023. The vessel has subsequently been at a yard in April for its 10th anniversary class renewal, and from late April it commenced employment on a one-year time charter contract.

Höegh LNG's business development team is in active dialogue with several potential new projects looking for FSRU capacity which, amongst others, could provide potential opportunities to convert Hoegh Gandria to FSRU.

Clean Energy

The group continues to develop its strategy within the Clean Energy domain. Höegh LNG is actively seeking areas where the company can contribute to the transition to a low-carbon world while growing its business in a commercially sustainable manner. Höegh LNG plans to leverage the extensive experience from floating terminals, liquid gas handling and marine gas transportation to expand the company's services into energy transition markets.

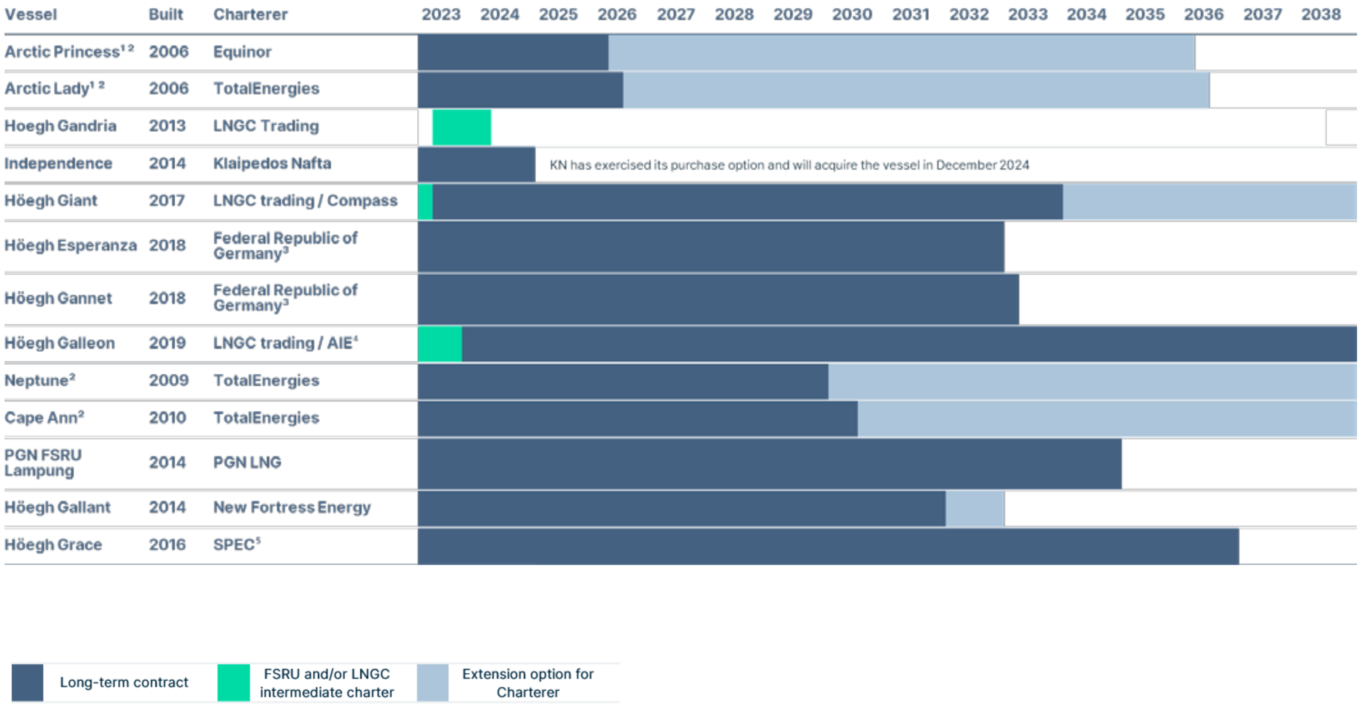
One of the initiatives being explored is a concept for a floating ammonia import terminal solution with capability to convert ammonia to hydrogen onboard. Höegh LNG, Wärtsilä and partners have been granted approximately EUR 5.9 million in project funding from Norwegian Government covering about 50% of the expected costs for developing the technical solution for large-scale conversion of ammonia to hydrogen. The project will seek to increase the viability of using hydrogen as a replacement for fossil fuels.

Operations

The fleet overall has delivered a stable operating performance in the first quarter. Höegh Esperanza has operated successfully in Wilhelmshaven, Germany, since it commenced regular commercial regas operations in late December 2022. Hoegh Gannet arrived in Brunsbüttel, Germany, in January 2023 and is currently performing its commissioning work before entering regular commercial regas operations. Neptune, which is employed on a long-term charter with TotalEnergies, successfully commenced commercial regas operations for Deutsche ReGas in Lubmin, Germany, during January/February 2023. Cape Ann, which is also employed on a long-term charter with TotalEnergies, left its location in China towards the end of March and is currently at a yard for modifications before it will be repositioned for FSRU operations in France later this year.

Fleet overview and contract coverage

The group's fleet comprises ten modern FSRUs and three LNG carriers. The entire fleet is either operating under or committed to long-term contracts with strong counterparties, except for the recently acquired Hoegh Gandria which is currently employed on a one-year LNGC trading contract. The average remaining contract length per vessel[2] on long-term contract (i.e. excluding Höegh Gandria) was 9.1 years at the end of March 2023. The contract coverage for 2023 is close to 100%, with the exception of some expected idle time between contracts for Höegh Giant and Höegh Galleon in 2023.



1. *LNG Carriers*
2. *Units are jointly owned*
3. *The initial term of the charter is 10 years from beginning of 2023. Charterer has the right to terminate any time after year 5.75 by paying a termination fee*
4. *The initial term of the charter is 15 years from late 2023. Charterer has the right to terminate after year 5 and year 10 by paying a termination fee*
5. *The initial term of the charter is 20 years from late 2016. However, each party has an unconditional option to cancel the charter after 10 and 15 years without any termination fee. However, if SPEC waives its right to terminate in year 10 within a certain deadline, Höegh LNG will not be able to exercise its right to terminate in year 10*

Russia's invasion of Ukraine

The situation in Ukraine continues to impact the market for LNG, LNG carriers and FSRUs, in particular since Russia is a major global exporter of crude oil and natural gas. This has led to a surge in demand for LNG, LNG carriers and FSRUs, which has caused LNG prices and FSRU charter rates to increase compared to the period prior to the conflict in Ukraine. While near-term business opportunities have materialised for the company in Europe, the

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[2] As per 31 March 2023. Proportionate share for partly owned assets and assuming no termination rights are exercised. Charterers' extension option periods excluded.

potential effects on the group's business and operations of the conflict in Ukraine are complex to project and therefore highly uncertain. For example, the situation may lead to further regional and international conflicts or armed action. It is possible that such conflict could disrupt supply chains and cause instability in the global economy. Additionally, the ongoing conflict could result in the imposition of further economic sanctions by the United States, the European Union, and other countries against Russia. While much uncertainty remains regarding the global impact of the invasion, it is possible that such tensions could adversely affect the group's business, financial condition, results of operation and cash flows. Furthermore, it is possible that third parties with whom the group has charter contracts may be impacted, which could adversely affect the group's operations.

Environment, Social and Governance (ESG)

Sustainability is a high priority for Höegh LNG. The company acknowledges the responsibility to drive the environmental, social and governance agenda through the development of its operations and has ambitions to stay at the forefront of the industry. A presentation of Höegh LNG's sustainability strategy is provided in the 2022 Sustainability Report published 13 April 2023, see https://www.hoeghlng.com/Sustainability/default.aspx

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 close to 100%, and there was no LTI's recorded during the annualised period up to 31 March 2023.

	Q1 2023	2022	2021	2020	2019
Technical availability	99.9%	99.7%	99.6%	99.7%	99.5%
Lost-time injury frequency (annualised)	0.0	0.0	0.63	0.29	0.31

Corporate/other activities

Acquisition of LNG carrier

On 20 February 2023, Höegh LNG announced an agreement to acquire the 2013-built LNG carrier Golar Seal with 160,000 cbm cargo capacity. The acquisition was completed 22 March 2023 and the vessel was renamed Hoegh Gandria. The transaction underpins the group's growth ambitions. The vessel is an excellent addition to the fleet and provides flexibility for the company to pursue FSRU conversion opportunities. The acquisition was initially financed with cash. The company aims to raise debt on the vessel and has negotiated a credit approved term sheet for a USD 110 million debt facility with a group of lending banks for this financing. Subject to executing the loan agreement and fulfilling customary closing conditions, the group expects to close this financing before end of June 2023.

Refinancing

In February 2023, Höegh LNG signed a new loan facility agreement with a group of banks to refinance Höegh Esperanza and Hoegh Gannet, both employed on long-term contracts in Germany. The new loan facility agreement is for a total amount of USD 685 million and has a tenor of 10 years. The loan amount will be applied to repay the existing loan facilities for the two vessels and general corporate use and will reduce Höegh LNG's average cost of debt. The facility is split in two tranches, one per vessel. The refinancing of Höegh Esperanza has been completed and the loan tranche was drawn on 21 February 2023. The refinancing of Hoegh Gannet is expected to be completed once the vessel has successfully completed its commissioning for regas operations in Germany and customary closing conditions have been fulfilled by the company.

Höegh LNG has a NOK 1.500 million bond loan outstanding with maturity date 1 August 2023 (HLNG03). The company expects to repay this loan on maturity with funds available in the group and funds raised in connection with the contemplated debt financing of Hoegh Gandria and completing the refinancing of Hoegh Gannet. Should the refinancing of Hoegh Gannet be delayed beyond the maturity date of the HLNG03 bond loan, the group has negotiated a credit approved USD 100 million debt facility with a group of lending banks to bridge the potential liquidity gap.

Höegh LNG Partners LP - voluntary delisting of its preferred units

The voluntary delisting of the partnership's 8.75% Series A cumulative redeemable preferred units was effective 2 January 2023.

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. On 13 June 2022, the charterer filed a statement of claim with a request for a primary relief and three alternative reliefs. The charterer's claim of restitution if the LOM is declared null and void is USD 416 million, increasing to USD 472 million by June 2023 plus interest and costs. PT Hoegh LNG Lampung has previously 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 and a claim against the parent company of the charterer for the fulfilment of the charterer's obligations under the LOM as stated in a guarantee provided by the parent company, with a claim for damages. On 13 June 2022, PT Hoegh LNG Lampung filed its statement of claim, and a statement of defence was filed in September. PT Hoegh LNG Lampung will take all necessary steps and will vigorously contest the charterer's claims in the legal process. No assurance can be given at this time as to the outcome of the dispute with the charterer of the PGN FSRU Lampung. Notwithstanding the arbitration process, both parties have continued to perform their respective obligations under the LOM. In the event the outcome of the dispute is unfavourable to PT Hoegh LNG Lampung, it could have a material adverse impact on the group's business, financial condition, and results of operations.

Market

Global LNG and gas markets softened in the first quarter of 2023 after a turbulent year in 2022. LNG spot prices retracted and stabilized, albeit at levels that remain elevated as compared to historical averages. The northern hemisphere winter was mild, especially in Europe. Natural gas storages ended the heating season with inventory levels far higher than what was widely expected, and demand from Asian importers was relatively muted even as China abandoned Covid-related lockdowns. Still, Europe is now far more reliant on LNG imports than before as imports of Russian pipeline gas are decimated as compared to the period up until 2022. Filling storages back up to 90 percent is therefore contingent on continued measured demand combined with large LNG imports through the summer, and future prices indicate that global gas markets will remain tight through the year.

LNG carrier spot charter rates have declined through the first quarter of 2023, as is usual during this time of the year. Term rates have also receded somewhat in reflection of the calmer gas markets but remain at levels pointing to a firmer period coming up later in the year as winter again approaches. Newbuilding prices for LNG carriers have kept increasing and stand at record-high levels.

The FSRU market continues to be busy with several projects making progress. On 31 March 2023, there were 45 FSRUs on the water globally (excluding four barges with limited storage and/or send out capacity). There is one open FSRU newbuild on order with expected delivery in 2026 and 2-3 ongoing conversions contracted to specific FSRU projects. Two older conversions with relatively limited storage capacity are in layup. Following the recent surge in demand for FSRUs, most of the world's fleet of FSRUs is now either employed on existing long-term contracts or committed to FSRU contracts with near-term commencement. Five FSRUs were installed in Europe over the last 12 months, and as many or more are likely to be installed during 2023.

Outlook

Höegh LNG's near-term focus is to ensure its FSRU projects commence operations as planned by its customers in Germany, France, and Brazil over the coming months. Furthermore, the company is planning for commencement of the contract with AIE in Australia with expected start towards the end of this year.

The demand for FSRUs is expected to remain strong. While Höegh LNG has secured long-term contracts for its entire fleet of FSRUs, the business development team is in active dialogue with several potential new projects looking for FSRU capacity. The acquisition of the LNG carrier Hoegh Gandria provides flexibility to pursue FSRU conversion opportunities.

The group expects that the EBITDA for the second quarter of 2023 will be somewhat lower than for the first quarter mainly due to expected idle time between end of interim LNGC contract and commencement of firm long-term FSRU contract for Höegh Giant, and the very strong charter rate earned by Höegh Giant in the first quarter.

Interim consolidated statement of income

USD'000	Unaudited **Q1 2023**	Unaudited **Q4 2022**	Unaudited **Q1 2022**
Time charter revenues	126 507	103 105	84 105
Management and other income	9 556	15 882	3 404
Share of results from investments in associates and joint ventures	1 340	(12 924)	4 269
TOTAL INCOME	**137 402**	**106 064**	**91 778**
Vessel operating expenses	(35 373)	(39 463)	(23 080)
Administrative expenses	(10 126)	(14 707)	(14 262)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)	**91 903**	**51 894**	**54 435**
Depreciation	(28 063)	(29 245)	(27 937)
OPERATING PROFIT (EBIT)	**63 841**	**22 649**	**26 498**
Interest income	1 677	1 470	252
Interest expenses	(27 620)	(25 716)	(23 068)
Income from other financial items	909	5 336	1 411
Expenses from other financial items	(2 644)	(6 418)	(586)
NET FINANCIAL ITEMS	**(27 679)**	**(25 328)**	**(21 991)**
ORDINARY PROFIT (LOSS) BEFORE TAX	**36 162**	**(2 678)**	**4 507**
Income taxes	(2 099)	(1 309)	(2 490)
PROFIT (LOSS) FOR THE PERIOD AFTER TAX	**34 062**	**(3 987)**	**2 017**
Profit (loss) for the period attributable to (from):			
Equity holders of the parent	30 185	(7 864)	(8 541)
Non-controlling interests	3 877	3 877	10 558
PROFIT (LOSS) FOR THE PERIOD AFTER TAX	**34 062**	**(3 987)**	**2 017**

Interim consolidated statement of comprehensive income

USD'000	Note	Unaudited **Q1 2023**	Unaudited **Q4 2022**	Unaudited **Q1 2022**
Profit (loss) for the period		34 062	(3 987)	2 017
Items that will not be reclassified to profit or (loss)				
Net gain (loss) on other capital reserves		(206)	1 029	(461)
Items that may be subsequently reclassified to profit or (loss)				
Net gain (loss) on hedging reserves	5	(21 826)	(4 185)	50 684
Share of other comprehensive income from Joint ventures		(2 504)	570	12 578
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX		**(24 536)**	**(2 586)**	**62 801**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**9 527**	**(6 573)**	**64 818**
Total comprehensive income attributable to (from):				
Equity holders of the parent		5 650	(10 450)	44 114
Non-controlling interests		3 877	3 877	20 703
TOTAL		**9 527**	**(6 573)**	**64 818**

Interim consolidated statement of financial position

USD'000	Note	Unaudited **2023** **31 Mar**	Audited **2022** **31 Dec**	Unaudited **2022** **31 Mar**
ASSETS				
Non-current assets				
Deferred tax assets		1 291	1 156	1 613
Vessels and depot spares		2 061 228	1 895 614	1 945 196
Right-of-use assets		91 697	99 245	122 180
Investments in associates and joint ventures		113 637	114 997	107 607
Other non-current financial assets	5	21 151	23 334	19 593
Other non-current assets		17 896	15 018	19 268
Shareholder loans		11 758	13 800	8 836
Non-current restricted cash		16 056	15 790	30 659
Total non-current assets		**2 334 712**	**2 178 954**	**2 254 953**
Current assets				
Bunkers and inventories		2 678	859	600
Shareholder loans		-	-	1 816
Trade and other receivables		63 557	65 623	46 738
Other current financial assets	5	19 438	23 774	1 192
Current restricted cash		16 525	15 264	5 603
Cash and cash equivalents		151 089	146 751	96 841
Total current assets		**253 286**	**252 271**	**152 789**
TOTAL ASSETS		**2 587 998**	**2 431 225**	**2 407 742**
EQUITY AND LIABILITIES				
Equity				
Share capital		12	12	12
Other paid-in capital		907 083	907 083	820 494
Hedge and other capital reserves		(1 034)	23 501	(17 629)
Retained earnings		(350 329)	(380 515)	(429 348)
Equity attributable to equity holders of the parent		**555 731**	**550 081**	**373 529**
Non-controlling interests		176 078	176 078	338 296
Total equity		**731 809**	**726 159**	**711 825**
Non-current liabilities				
Deferred tax liabilities		19 297	18 713	17 004
Non-current interest-bearing debt	4	1 266 792	1 069 323	1 338 459
Non-current lease liabilities	4	67 117	75 492	100 035
Other non-current financial liabilities	5	50 115	32 072	8 081
Deferred revenues		7 117	8 540	12 510
Total non-current liabilities		**1 410 438**	**1 204 140**	**1 476 088**
Current liabilities				
Current interest-bearing debt	4	296 352	337 611	111 633
Current lease liabilities	4	32 756	32 201	31 144
Income tax payable		7 700	7 500	11 999
Trade and other payables		23 411	22 975	26 056
Other current financial liabilities	5	36 428	28 420	16 511
Other current liabilities		49 104	72 219	22 485
Total current liabilities		**445 751**	**500 926**	**219 829**
TOTAL EQUITY AND LIABILITIES		**2 587 998**	**2 431 225**	**2 407 742**

Interim consolidated statement of cash flows

	Unaudited	Unaudited	Unaudited
USD'000	**Q1 2023**	**Q4 2022**	**Q1 2022**
Cash flows from operating activities:			
Profit (loss) before tax for the period	36 162	(2 678)	4 507
Adjustments to reconcile (gain) loss before tax to net cash flows			
Depreciation	28 063	29 245	27 937
Interest income	(1 677)	(1 470)	(252)
Interest expenses	27 620	25 716	23 068
Net loss (gain) on interest rate hedges and other derivatives	1 767	(5 238)	(298)
Loss (gain) on exchange and other non-cash adjustments	(747)	4 920	(28)
Share of results from investments in associates and joint ventures	(1 340)	12 924	(4 269)
Working capital adjustments			
Change in inventories, receivables and payables	(19 749)	6 357	(27 546)
Payment of corporate income tax	(859)	(174)	(503)
I) NET CASH FLOWS FROM OPERATING ACTIVITIES	**69 239**	**69 600**	**22 616**
Cash flows from investing activities:			
Investment in FSRUs, assets under construction and class renewals	(185 672)	(13 104)	(1 168)
Investment in intangibles, equipment and other	(31)	-	-
Repayment (grants) of loans to joint ventures and assoicates	2 301	(1 250)	(1 161)
Interest received	24	20	32
II) NET CASH FLOWS FROM INVESTING ACTIVITIES	**(183 378)**	**(14 334)**	**(2 297)**
Cash flows from financing activities:			
Dividend paid to non-controlling interest (HMLP)	(3 877)	(3 877)	(4 058)
Transaction cost paid	(8 593)	-	-
Proceeds from borrowings gross	355 000	-	-
Payment of refinancing fees and debt issuance cost	(8 613)	(35)	-
Repayment of borrowings	(177 500)	(28 908)	(32 724)
Settlement of interest rate swaps	4 317	-	-
Interest paid on mortgage debt and bonds	(24 501)	(21 348)	(19 829)
Lease payments	(9 051)	(9 212)	(9 071)
(Increase) decrease in restricted cash and cash collateral	(8 706)	3 772	8 162
III) NET CASH FLOWS FROM FINANCING ACTIVITIES	**118 476**	**(59 608)**	**(57 520)**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**4 337**	**(4 341)**	**(37 201)**
Current cash and cash equivalents at the beginning of the period	146 751	151 093	134 041
Current cash and cash equivalents at the end of the period	**151 089**	**146 751**	**96 841**

Interim consolidated statement of changes in equity for the period ended 31 March 2023

USD'000	Share capital	Share premium	Contributed Surplus	Other paid-in capital	Hedging reserves	Other capital and reserves	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
	Attributable to equity holders of Höegh LNG Holdings Ltd.									
As at 1 January 2023	**12**	**556 262**	**350 821**	**(0)**	**26 917**	**(3 416)**	**(380 515)**	**550 081**	**176 078**	**726 159**
Profit (loss) for the period	-	-	-	-	-	-	30 185	30 185	3 877	34 062
Other comprehensive income (loss)	-	-	-	-	(24 330)	(206)	-	(24 536)	-	(24 536)
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**(24 330)**	**(206)**	**30 185**	**5 650**	**3 877**	**9 527**
HMLP dividend to non-controlling interests	-	-	-	-	-	-	-	-	(3 877)	(3 877)
Total other transactions recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3 877)**	**(3 877)**
At 31 March 2023 (unaudited)	**12**	**556 262**	**350 821**	**(0)**	**2 587**	**(3 621)**	**(350 329)**	**555 730**	**176 078**	**731 809**

Interim consolidated statement of changes in equity for the period ended 31 March 2022

USD'000	Share capital	Share premium	Contributed Surplus	Other paid-in capital	Hedging reserves	Other capital and reserves	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
	Attributable to equity holders of Höegh LNG Holdings Ltd.									
As at 1 January 2022	**12**	**556 262**	**154 753**	**109 446**	**(67 622)**	**(2 663)**	**(422 833)**	**327 355**	**323 677**	**651 032**
Profit (loss) for the period	-	-	-	-	-	-	(8 541)	(8 541)	10 558	2 017
Other comprehensive income (loss)	-	-	-	-	53 117	(461)	-	52 656	10 145	62 801
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**53 117**	**(461)**	**(8 541)**	**44 115**	**20 703**	**64 818**
HMLP dividend to non-controlling interests	-	-	-	-	-	-	-	-	(4 058)	(4 058)
Transfer of assets from HMLP	-	-	-	-	-	-	2 026	2 026	(2 026)	-
Other changes in equity	-	-	-	33	-	-	-	33	-	33
Total other transactions recognised directly in equity	**-**	-	**-**	**33**	**-**	**-**	**2 026**	**2 059**	**(6 084)**	**(4 025)**
At 31 March 2022 (unaudited)	**12**	**556 262**	**154 753**	**109 479**	**(14 505)**	**(3 124)**	**(429 348)**	**373 529**	**338 296**	**711 825**

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 interim financial statements were approved by the board of directors of Höegh LNG Holdings on 23 May 2023.

The number of issued and outstanding shares for the quarter ending 31 March 2023 was 1 200 000.

2. Basis for preparation and accounting policies

The interim consolidated financial statements for the period ending 31 March 2023 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 2022 (the 2022 annual report).

The interim consolidated financial statements for the period ending 31 March 2023 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 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.

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.

A tax audit for the group's Indonesian subsidiary's 2019 tax return was completed in 2021. 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 disagreed with the conclusion of the tax audit and filed an objection request. Nevertheless, due to the uncertainties related to the tax position, the Indonesian subsidiary expensed the additional tax for 2019 and made additional provision for potential tax liabilities for other tax years that was subject to potential audit. During the third quarter 2022 the Indonesian tax authorities changed their position, resulting in a refund of some of the additional taxes paid for 2019, and a reassessment by the group of its uncertain tax liability. Based on the revised assumptions, the subsidiary has as of 31 March 2023 a tax provision of USD 5.5 million for the potential future tax obligation related to the open years that remain subject to a potential tax audit in Indonesia.

4. 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 14 in the 2022 annual report.

Debt maturity profile including lease liabilities on 31 March 2023

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	140 272	-	-	-	155 520
PGN FSRU Lampung facility	18 150	18 150	11 407	-	-	47 707
Höegh Esperanza facility	23 763	24 910	26 112	27 372	247 075	349 232
Höegh Giant facility	12 750	12 750	12 750	107 625	-	145 875
Hoegh Gannet facility	11 042	11 042	11 042	11 042	106 406	150 573
Höegh Galleon facility	9 012	9 012	9 012	9 012	112 656	148 706
USD 385 million facility	25 597	25 597	219 966	9 500	-	280 661
Bond debt	144 122	124 132	-	-	-	268 255
Corporate bank facility	36 667	-	-	-	-	36 667
Interest-bearing debt outstanding	**296 352**	**365 866**	**290 290**	**164 551**	**466 137**	**1 583 196**
Lease liabilities	**32 756**	**34 001**	**31 870**	**1 239**	**7**	**99 873**
Total interest-bearing debt including lease liabilities	**329 108**	**399 867**	**322 159**	**165 790**	**466 144**	**1 683 069**
Debt issuance costs	-					(20 052)
Current and total interest-bearing debt including lease liabilities	**329 108**					**1 663 017**

In February 2023, Höegh LNG signed a new loan facility agreement with a group of banks to refinance Höegh Esperanza and Hoegh Gannet, both employed on long-term contracts in Germany. The new loan facility agreement is for a total amount of USD 685 million and has a tenor of 10 years. The loan amount will be applied to repay the existing loan facilities for the two vessels and general corporate use and will reduce Höegh LNG's average cost of debt. The facility is split in two tranches, one per vessel. The refinancing of Höegh Esperanza has been completed and the loan tranche was drawn on 21 February 2023. The refinancing of Hoegh Gannet is expected to be completed once the vessel has successfully completed its commissioning for regas operations in Germany and customary closing conditions have been fulfilled by the company.

On 20 February 2023, Höegh LNG announced an agreement to acquire the 2013-built LNG carrier Golar Seal with 160,000 cbm cargo capacity. The acquisition was completed 22 March 2023 and the vessel was renamed Hoegh Gandria. The company aims to raise debt on the vessel and has negotiated a credit approved term sheet for a USD 110 million debt facility with a group of lending banks for this financing. Subject to executing the loan agreement and fulfilling customary closing conditions, the group expects to close this financing before end of June 2023.

Höegh LNG has a NOK 1.500 million bond loan outstanding with maturity date 1 August 2023 (HLNG03). The company expects to repay this loan on maturity with funds available in the group and funds raised in connection with the contemplated debt financing of Hoegh Gandria and completing the refinancing of Hoegh Gannet. Should the refinancing of Hoegh Gannet be delayed beyond the maturity date of the HLNG03 bond loan, the group has negotiated a credit approved term sheet for a USD 100 million debt facility with a group of lending banks to bridge the potential liquidity gap.

5. 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 2022 annual report. The group applies hedge accounting for all hedging instruments which qualify for this, as further described in Note 2.10 in the 2022 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 mainly been hedged both for interest rate risk and currency risk with CCIRS (approximately 27% of HLNG03 bond is unhedged). On 31 March 2023, the net fair value of interest-rate and cross-currency swaps was negative USD 24.1 million (positive USD 20.3 million). This represents a decrease in net assets of USD 44.4 million during the quarter. The group's pro rata shares of the net fair value of interest swaps entered into by joint ventures amounted to a negative USD 19.0 million on 31 March 2023 (negative USD 17.2 million).

Effects on other comprehensive income and hedging reserves

In the first quarter of 2023, other comprehensive income (OCI) derived from the interest-rate swaps amounted to negative USD 24.3 million compared with negative USD 3.6 million in fourth quarter 2022. The total amount of interest rate swaps recognised in equity was positive by USD 2.6 million on 31 March 2023 (positive USD 26.9 million).

MTMs of cash flow hedges in the Financial Position	**31 Mar 23**	**31 Dec 22**	**30 Sep 22**	**30 Jun 22**	**31 Mar 22**
Total MTMs of IRS presented as financial assets	30 561	44 249	43 466	16 725	17 147
Total MTMs of IRS and CCIRS presented as financial liabilities	(54 629)	(23 960)	(48 894)	(30 381)	(13 862)
Total MTMs of IRS in the joint ventures	(18 990)	(17 168)	(18 294)	(27 406)	(33 582)
Net MTMs of cash flow hedges	**(43 058)**	**3 121**	**(23 722)**	**(41 062)**	**(30 298)**
Net foreign exchange losses (gains) under cross currency swaps included in MTMs on bonds HLNG03 and HLNG04	46 970	30 502	55 141	35 264	1 729
Ineffectiveness and settlements	(1 278)	(6 680)	(886)	(424)	(609)
Interest rate swaps recorded against equity	**2 634**	**26 942**	**30 533**	**(6 222)**	**(29 178)**

6. 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. His Majesty's Revenue and Customs (HMRC) has been challenging the use of similar lease structures and has been engaged in litigation in one case, which was decided in the autumn of 2015 in favour of HMRC. In the event of a formal challenge by HMRC regarding the lessors' right to claim capital allowances under the Arctic Leases, this would lead to higher rental payments to the UK vessel lessors, which would have a negative effect on the earnings of the lessee companies and consequently on Höegh LNG.

Leif Höegh (U.K) Limited, as managing owner and operator of the vessels, has been in dialogue with HMRC 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. On 13 June 2022, the charterer filed a statement of claim with a request for a primary relief and three alternative reliefs. The charterer's claim of restitution if the LOM is declared null and void is USD 416 million, increasing to USD 472 million by June 2023 plus interest and costs. PT Hoegh LNG Lampung has previously 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 and a claim against the parent company of the charterer for the fulfilment of the charterer's obligations under the LOM as stated in a guarantee provided by the parent company, with a claim for damages. On 13 June 2022, PT Hoegh LNG Lampung filed its statement of claim, and a statement of defence was filed in September. PT Hoegh LNG Lampung will take all necessary steps and will vigorously contest the charterer's claims in the legal process. No assurance can be given at this time as to the outcome of the dispute with the charterer of the PGN FSRU Lampung. Notwithstanding the arbitration process, both parties have continued to perform their respective obligations under the LOM. In the event the outcome of the dispute is unfavourable to PT Hoegh LNG Lampung, it could have a material adverse impact on the group's business, financial condition and results of operations.

7. Events occurring after the reporting period

- Höegh LNG, Wärtsilä and partners received EUR 5.9 million in project funding from Norwegian Government for major clean energy initiative related to converting ammonia to hydrogen

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 5 for further information.

USD'000

NET INTEREST-BEARING DEBT	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Interest-bearing debt, current and non-current	(1 663 017)	(1 514 628)	(1 520 404)	(1 536 656)	(1 581 271)
Non-current restricted cash	16 056	15 790	15 790	30 678	30 659
Cash and cash equivalents	167 795	162 171	160 549	141 402	102 569
Net interest-bearing debt	**(1 479 166)**	**(1 336 667)**	**(1 344 065)**	**(1 364 576)**	**(1 448 043)**

EQUITY ADJUSTED FOR HEDGING TRANSACTIONS	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Total equity	731 809	726 159	736 564	761 743	711 825
Hedge reserve including non-controlling interest share	(2 634)	(26 942)	(30 533)	6 221	29 178
Equity adjusted for hedging transactions	**729 175**	**699 216**	**706 031**	**767 964**	**741 003**

EQUITY RATIO ADJUSTED FOR HEDGING TRANSACTIONS	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Total assets	2 587 998	2 431 225	2 452 576	2 423 331	2 407 742
Hedge assets	(11 571)	(27 081)	(25 172)	10 681	16 436
Total assets adjusted for hedging transactions	**2 576 427**	**2 404 144**	**2 427 404**	**2 434 012**	**2 424 178**
Equity adjusted for hedging transactions	**729 175**	**699 216**	**706 031**	**767 964**	**741 003**
Equity ratio adjusted for hedging transactions	**28 %**	**29 %**	**29 %**	**32 %**	**31 %**

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

HÖEGH LNG