



HÖEGH LNG

# Interim results

for the quarter ended 30 September 2023



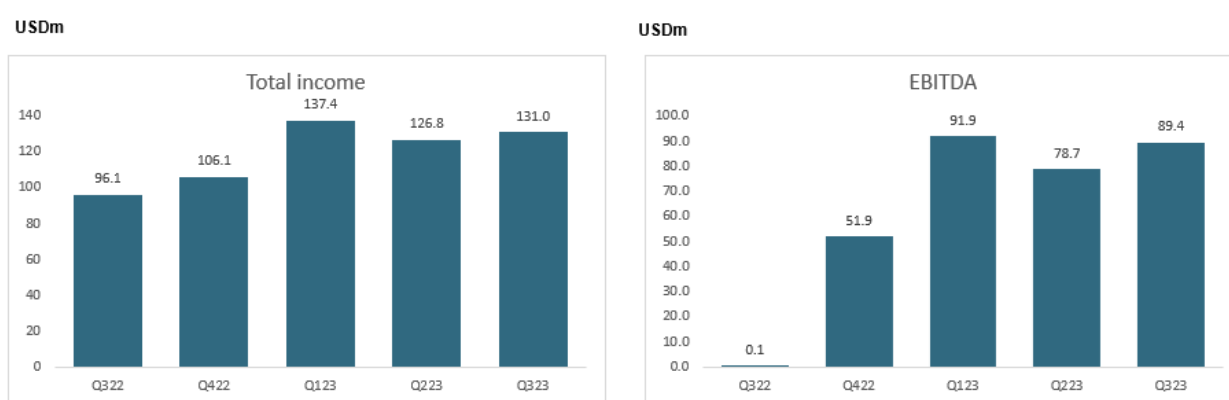
## Highlights for the quarter ended 30 September 2023

- EBITDA of USD 89.4 million
- Net profit after taxes of USD 27.5 million
- On 1 August 2023 the group repaid its HLNG03 bond loan (NOK 1.500 million) on maturity date.
- In September, Höegh LNG and Aker BP entered into a strategic partnership to develop a fully comprehensive carbon transport and storage (CCS) offering for industrial CO2 emitters in Northern Europe.

## Subsequent events

- Hoegh Gannet successfully completed its commissioning period and commenced commercial regas operations in Germany in November
- Höegh LNG received top score of 100 in the GRESB sustainability assessment for 2023

## Reported total income and EBITDA



## Group financial review<sup>1</sup>

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 131.0 million and an EBITDA of USD 89.4 million for the third quarter of 2023, compared to USD 126.8 million and USD 78.7 million for the preceding quarter. The increase in EBITDA of USD 10.7 million during the third quarter was primarily due to the full employment of Hoegh Giant and Hoegh Gandria which resulted in higher time charter revenues. However, the increase was partially offset by some days of idle time for Hoegh Galleon as it completed an interim LNGC charter at the end of September, and an increase in administrative expenses.

The group recorded a profit after tax of USD 27.5 million for the third quarter of 2023, up USD 8.0 million from a profit after tax of USD 19.6 million in the preceding quarter. This increase was mainly related to the aforementioned increase in EBITDA, partly offset by an increase in interest expenses and other net financial items.

Operating cash flows decreased in third quarter by USD 5.5 million to USD 71.5 million. The decrease was mainly driven by changes in working capital which was partially offset by the increase in EBITDA and lower payment of corporate income tax. Net cash outflows from investing activities of USD 5.7 million was mainly related to investment in new equipment for FSRUs. Net cash outflows from financing activities during the quarter totalled USD 249.3 million, primarily comprising repayment of HLNG03 bond, regular instalments of borrowings and lease payments, dividends paid to non-controlling interests in Höegh LNG Partners (HMLP) and interest payments. The net decrease in cash and cash equivalents during the third quarter was USD 183.5 million.

On 30 September 2023, Höegh LNG held USD 128.8 million in unrestricted cash (USD 312.3 million). Net interest-bearing debt, including lease liabilities, decreased during the third quarter by USD 5 million to USD 1 440 million (USD 1 445 million). Total assets and book equity on 30 September 2023, after adjusting for the mark-to-market

<sup>1</sup> Unless otherwise stated, figures in this section are compared with figures for second quarter of 2023.

of interest rate swaps, were USD 2 529 million (USD 2 719 million) and USD 768 million (USD 745 million) respectively, equivalent to an adjusted book equity ratio of 30% (27%).

## Key financial figures

(In USD'000 unless otherwise indicated)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
<b>INCOME STATEMENT</b>					
Total income	130 968	126 847	137 402	106 064	96 098
Operating profit before depreciation and amortisation (EBITDA)	89 405	78 746	91 903	51 894	59
Operating profit (loss)	59 490	48 840	63 841	22 649	(30 065)
Profit (loss) for the period	27 520	19 554	34 062	(3 987)	(45 928)
<b>FINANCIAL POSITION</b>					
Total assets	2 575 296	2 748 933	2 587 998	2 431 225	2 452 576
Total assets adjusted for hedging	2 529 443	2 718 508	2 576 427	2 404 144	2 427 404
Equity adjusted for hedging	768 634	745 204	729 175	699 216	706 031
Adjusted equity ratio (%) <sup>1</sup>	30 %	27 %	28 %	29 %	29 %
Net interest-bearing debt	(1 440 196)	(1 444 628)	(1 479 166)	(1 336 667)	(1 344 065)
<b>CASH FLOWS</b>					
Net cash flows from operating activities	71 480	76 982	69 239	69 600	32 731
Net cash flows from investing activities	(5 663)	(11 823)	(183 378)	(14 334)	(163 207)
Net cash flows from financing activities	(249 315)	96 088	118 476	(59 608)	146 813
Net increase (decrease) in cash & cash equivalents	(183 498)	161 248	4 337	(4 341)	16 337

<sup>1</sup> Reconciliation of equity ratio adjusted for hedging is presented in appendix 1 - alternative performance measures (APMs).

## Business review

### Business development

Hoegh Giant commenced its long-term contract with TSRP/Compass in Brazil from beginning of the third quarter.

Hoegh Galleon ended its short-term time charter contract in the LNG carrier market at the end of September. From the beginning of the fourth quarter, the vessel commenced its long-term contract with AIE.

Höegh LNG's business development team is in active dialogue with several potential new projects looking for FSRU capacity.

### Clean Energy

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. Currently, this includes floating solutions for ammonia to hydrogen, blue hydrogen production and carbon capture & storage (CCS).

Among other initiatives, Höegh LNG is participating in a development project for an industrial-scale ammonia cracker to be placed on a floating terminal for the supply of hydrogen to end-consumers. 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.

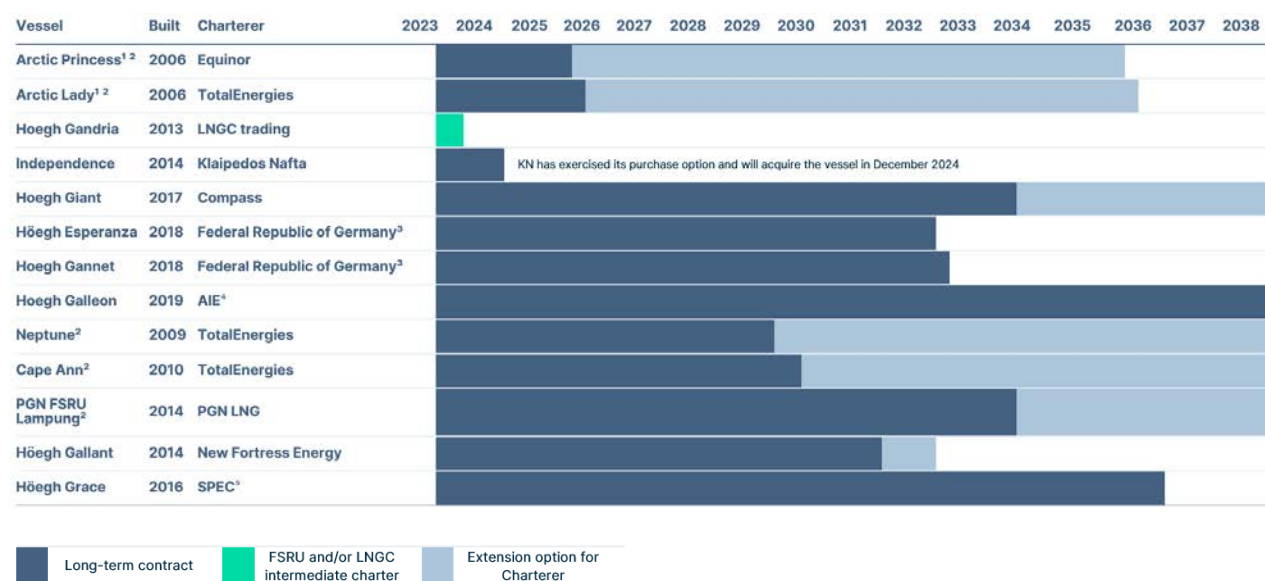
In September 2023, Höegh LNG and Aker BP entered into a strategic partnership to develop a fully comprehensive carbon transport and storage offering for industrial CO<sub>2</sub> emitters in Northern Europe. The agreement combines the companies' respective strengths, expertise, and technologies to establish a strong value chain for CCS on the Norwegian Continental Shelf that includes gathering, transporting and securely injecting CO<sub>2</sub> for permanent storage in subsea reservoirs.

## Operations

The fleet overall has delivered a stable operating performance in the third quarter, although Hoegh Galleon was idle for 10 days at the end of September, before commencing its long-term contract with AIE in Australia. In the third quarter, Hoegh Gannet continued its commissioning work in Germany. The commissioning was successfully completed in November, when the FSRU commenced commercial regas operations. The FSRU earned regular charter hire from its charterer during the commissioning period. Cape Ann, which is employed on a long-term charter with TotalEnergies, was repositioned to Le Havre in France in September. At the end of October, Cape Ann finalised its commissioning and started to deliver natural gas to the grid as France's first FSRU.

## 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 the LNG carrier Hoegh Gandria which is currently employed on a one-year LNGC contract ending in March 2024. The average<sup>2</sup> remaining contract length per vessel was 7 years at the end of September 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

## 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. Due to our high focus in this area, Höegh LNG was for the second year running awarded 5 stars, this time with a 100/100 score in the GRESB infrastructure assets benchmark report for 2023. This placed Höegh LNG first among participating energy resource processing companies.

Höegh LNG's overall climate ambition remains committed to reduce total CO2 emissions by 50% and have the first net zero-carbon FSRU in operation in 2030. Energy management, monitoring and optimization of our operations are one of the main drivers to reduce emissions in our current fleet.

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>.

<sup>2</sup> As per 30 September 2023. Proportionate share for partly owned assets and assuming no termination rights are exercised. Charterers' extension option periods excluded.

## 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 30 September 2023.

	Q3 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

### Debt financing

On 1 August 2023 the group repaid its HLNG03 bond loan (NOK 1.500 million) on maturity date.

Hoegh Gannet completed its commissioning period in Germany in November, which was a requirement for completing the previously announced refinancing of Hoegh Gannet. Closing of this refinancing is now in progress, and the group expects to complete it before end of November 2023. Upon closing, the group will repay the previous debt facility for Hoegh Gannet and will also repay the USD 100 million corporate credit facility arranged in June. This credit facility was primarily established as a bridge facility pending the completion of the refinancing of Hoegh Gannet.

### 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 September 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

While global LNG and gas markets have been calmer in the third quarter of 2023 relative to the situation seen a year earlier, they are still tight compared to historical averages. Even as Europe's natural gas storages were filled close to maximum capacity through the quarter and demand remained subdued, prices rose significantly from a low in early summer with considerable volatility caused by supply side worries on the one hand, and uncertainty regarding upcoming winter demand on the other. Europe is more reliant on LNG than before imports of Russian pipeline gas collapsed in 2022, which causes European prices to be more sensitive to market events in other regions. Asian demand for LNG has picked up as compared to 2022 but is still behind 2021 levels.

While global LNG supply growth is limited in the short-term, longer-term market growth is supported by advancing upstream liquefaction projects, not least in the US and Qatar.

LNG carrier spot charter rates rose sharply through the third quarter of 2023 driven by the upcoming northern hemisphere heating season. On the other hand, term rates receded somewhat. This reflects the calmer gas markets but is likely also a result of the rapid LNGC fleet expansion. Newbuilding prices for LNG carriers remain at record-high levels, with long lead times.



The FSRU market continues to be busy with several new projects in execution phase, while other projects are developing at earlier stages. In Europe, five FSRUs were commissioned into operation last year, and a total of six units are either commissioned or scheduled to be commissioned through 2023. Elsewhere, a total of four units are either commissioned or scheduled to be commissioned through 2023. On 30 September 2023, there were 44 FSRUs on the water globally, excluding four barges with limited storage and/or send-out capacity. Following the recent surge in demand for FSRUs, only one existing unit remains available for prompt delivery in the market. There is one open FSRU newbuild on order with expected delivery in 2026 and 3-4 ongoing conversions contracted to specific FSRU projects. One old conversion with relatively limited storage capacity was sold to scrap during the quarter.

## Outlook

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 earlier this year provides flexibility to pursue FSRU conversion opportunities.

## Interim consolidated statement of income

USD'000	Unaudited Q3 2023	Unaudited Q2 2023	Unaudited Q3 2022	Unaudited YTD 2023	Unaudited YTD 2022
Time charter revenues	125 682	113 936	92 255	366 125	258 076
Management and other income	2 456	10 168	1 249	22 179	6 875
Share of results from investments in associates and joint ventures	2 830	2 743	2 594	6 913	9 775
<b>TOTAL INCOME</b>	<b>130 968</b>	<b>126 847</b>	<b>96 098</b>	<b>395 217</b>	<b>274 726</b>
Vessel operating expenses	(29 206)	(37 667)	(25 818)	(102 246)	(73 707)
Administrative expenses	(12 357)	(10 434)	(70 221)	(32 916)	(99 682)
<b>OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)</b>	<b>89 405</b>	<b>78 746</b>	<b>59</b>	<b>260 055</b>	<b>101 337</b>
Depreciation	(29 916)	(29 906)	(30 124)	(87 885)	(86 031)
<b>OPERATING PROFIT (EBIT)</b>	<b>59 490</b>	<b>48 840</b>	<b>(30 065)</b>	<b>172 170</b>	<b>15 306</b>
Interest income	2 363	2 435	720	6 475	1 275
Interest expenses	(28 909)	(27 770)	(24 424)	(84 298)	(71 105)
Income from other financial items	234	2 781	4 903	3 924	6 933
Expenses from other financial items	(1 427)	(3 065)	(1 099)	(7 135)	(2 635)
<b>NET FINANCIAL ITEMS</b>	<b>(27 739)</b>	<b>(25 618)</b>	<b>(19 900)</b>	<b>(81 035)</b>	<b>(65 532)</b>
<b>ORDINARY PROFIT (LOSS) BEFORE TAX</b>	<b>31 751</b>	<b>23 222</b>	<b>(49 965)</b>	<b>91 135</b>	<b>(50 226)</b>
Income taxes	(4 231)	(3 668)	4 037	(9 999)	(1 196)
<b>PROFIT (LOSS) FOR THE PERIOD AFTER TAX</b>	<b>27 520</b>	<b>19 554</b>	<b>(45 928)</b>	<b>81 136</b>	<b>(51 422)</b>

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

Equity holders of the parent	23 643	15 677	(56 800)	69 505	(81 439)
Non-controlling interests	3 877	3 877	10 872	11 631	30 017
<b>PROFIT (LOSS) FOR THE PERIOD AFTER TAX</b>	<b>27 520</b>	<b>19 554</b>	<b>(45 928)</b>	<b>81 136</b>	<b>(51 422)</b>

## Interim consolidated statement of comprehensive income

USD'000	Note	Unaudited Q3 2023	Unaudited Q2 2023	Unaudited Q3 2022	Unaudited YTD 2023	Unaudited YTD 2022
<b>Profit (loss) for the period</b>		27 520	19 554	(45 928)	81 136	(51 422)
<b>Items that will not be reclassified to profit or (loss)</b>						
Net gain (loss) on other capital reserves		(340)	382	(638)	(164)	(1 828)
<b>Items that may be subsequently reclassified to profit or (loss)</b>						
Net gain (loss) on hedging reserves	5	16 249	18 777	28 253	13 200	95 202
Share of other comprehensive income from joint ventures		2 812	4 273	8 474	4 581	27 715
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX</b>		<b>18 720</b>	<b>23 432</b>	<b>36 089</b>	<b>17 617</b>	<b>121 089</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<b>46 240</b>	<b>42 986</b>	<b>(9 839)</b>	<b>98 753</b>	<b>69 667</b>
<b>Total comprehensive income attributable to (from):</b>						
Equity holders of the parent		42 363	39 109	(27 503)	87 122	18 327
Non-controlling interests		3 877	3 877	17 664	11 631	51 340
<b>TOTAL</b>		<b>46 240</b>	<b>42 986</b>	<b>(9 839)</b>	<b>98 753</b>	<b>69 667</b>

## Interim consolidated statement of financial position

USD'000	Note	Unaudited	Unaudited	Audited	Unaudited
		2023	2023	2022	2022
		30 Sep	30 Jun	31 Dec	30 Sep
<b>ASSETS</b>					
<b>Non-current assets</b>					
Deferred tax assets		657	1 026	1 156	1 379
Vessels and depot spares		2 035 089	2 050 032	1 895 614	1 903 182
Right-of-use assets		76 913	84 229	99 245	106 978
Investments in associates and joint ventures		126 339	121 026	114 997	126 409
Other non-current financial assets	5	31 773	31 763	23 334	40 678
Other non-current assets		16 133	16 948	15 018	16 249
Shareholder loans		15 830	15 529	13 800	10 411
Non-current restricted cash		28 088	17 079	15 790	15 790
<b>Total non-current assets</b>		<b>2 330 822</b>	<b>2 337 633</b>	<b>2 178 954</b>	<b>2 221 077</b>
<b>Current assets</b>					
Bunkers and inventories		2 877	1 250	859	2 280
Shareholder loans		-	-	-	1 895
Trade and other receivables		59 800	52 589	65 623	51 528
Other current financial assets	5	34 020	27 968	23 774	15 380
Current restricted cash		18 938	17 156	15 264	9 324
Cash and cash equivalents		128 839	312 337	146 751	151 093
<b>Total current assets</b>		<b>244 474</b>	<b>411 300</b>	<b>252 271</b>	<b>231 499</b>
<b>TOTAL ASSETS</b>		<b>2 575 296</b>	<b>2 748 933</b>	<b>2 431 225</b>	<b>2 452 576</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital		12	12	12	12
Other paid-in capital		907 083	907 083	907 083	907 083
Hedge and other capital reserves		41 121	22 389	23 501	26 041
Retained earnings		(311 010)	(334 653)	(380 515)	(372 651)
<b>Equity attributable to equity holders of the parent</b>		<b>637 206</b>	<b>594 832</b>	<b>550 081</b>	<b>560 486</b>
Non-controlling interests		176 078	176 078	176 078	176 078
<b>Total equity</b>		<b>813 283</b>	<b>770 909</b>	<b>726 159</b>	<b>736 564</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		22 288	20 748	18 713	18 132
Non-current interest-bearing debt	4	1 183 455	1 208 830	1 069 323	1 090 665
Non-current lease liabilities	4	50 656	58 905	75 492	83 482
Other non-current financial liabilities	5	33 760	43 028	32 072	49 653
Deferred revenues		4 838	5 875	8 540	9 914
<b>Total non-current liabilities</b>		<b>1 294 998</b>	<b>1 337 386</b>	<b>1 204 140</b>	<b>1 251 847</b>
<b>Current liabilities</b>					
Current interest-bearing debt	4	348 541	490 547	337 611	314 476
Current lease liabilities	4	33 614	33 138	32 201	31 780
Income tax payable		9 347	7 491	7 500	8 185
Trade and other payables		18 279	19 700	22 975	15 685
Other current financial liabilities	5	8 101	38 134	28 420	38 882
Other current liabilities		49 133	51 626	72 219	55 157
<b>Total current liabilities</b>		<b>467 015</b>	<b>640 637</b>	<b>500 926</b>	<b>464 165</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 575 296</b>	<b>2 748 933</b>	<b>2 431 225</b>	<b>2 452 576</b>



## Interim consolidated statement of cash flows

USD'000	Unaudited Q3 2023	Unaudited Q2 2023	Unaudited Q3 2022	Unaudited YTD 2023	Unaudited YTD 2022
<b>Cash flows from operating activities:</b>					
Profit (loss) before tax for the period	31 751	23 222	(49 965)	91 135	(50 226)
<i>Adjustments to reconcile profit or loss before tax to net operating cash flows</i>					
Depreciation	29 916	29 906	30 124	87 885	86 031
Interest income	(2 363)	(2 435)	(720)	(6 475)	(1 275)
Interest expenses	28 909	27 770	24 424	84 298	71 105
Net loss (gain) on interest rate hedges and other derivatives	(234)	(2 510)	176	(977)	(688)
Loss (gain) on exchange and other non-cash adjustments	2 032	(200)	(5 014)	1 085	(5 044)
Share of results from investments in associates and joint ventures	(2 830)	(2 743)	(2 594)	(6 913)	(9 775)
<i>Working capital adjustments</i>					
Change in inventories, receivables and payables	(15 282)	6 974	34 485	(28 057)	4 132
Payment of corporate income tax	(418)	(3 002)	1 814	(4 279)	(821)
<b>I) NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>71 480</b>	<b>76 982</b>	<b>32 730</b>	<b>217 701</b>	<b>93 439</b>
<b>Cash flows from investing activities:</b>					
Acquisition of public common units in Höegh LNG Partners LP	-	-	(163 489)	-	(163 489)
Investment in FSRUs, assets under construction and class renewals	(6 918)	(10 108)	-	(202 698)	(1 168)
Investment in intangibles, equipment and other	(524)	(13)	(5)	(568)	(162)
Grants to joint ventures and associates	-	(3 500)	-	(1 199)	(2 336)
Interest received	1 779	1 798	287	3 601	551
<b>II) NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(5 663)</b>	<b>(11 823)</b>	<b>(163 207)</b>	<b>(200 864)</b>	<b>(166 604)</b>
<b>Cash flows from financing activities:</b>					
Capital contribution from owners	-	-	163 489	-	203 289
Dividend paid to non-controlling interest (HMLP)	(3 877)	(3 877)	(4 058)	(11 631)	(12 174)
Transaction cost paid	-	-	-	(8 593)	-
Proceeds from borrowings gross	-	210 580	-	565 580	22 500
Proceeds from sale of own bonds (buy back)	-	-	40 555	-	40 555
Payment of financing and refinancing fees and debt issuance cost	(2 311)	(2 730)	(55)	(13 654)	(1 243)
Repayment of borrowings	(198 963)	(66 343)	(26 960)	(442 806)	(86 600)
Settlement of interest rate swaps	-	-	-	4 317	-
Interest paid on mortgage debt and bonds	(28 082)	(25 611)	(20 129)	(78 194)	(58 908)
Lease payments	(9 248)	(9 149)	(9 250)	(27 448)	(27 482)
(Increase) decrease in restricted cash and cash collateral	(6 835)	(6 781)	3 221	(22 322)	10 279
<b>III) NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(249 315)</b>	<b>96 088</b>	<b>146 813</b>	<b>(34 751)</b>	<b>90 216</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>(183 498)</b>	<b>161 247</b>	<b>16 336</b>	<b>(17 913)</b>	<b>17 051</b>
Current cash and cash equivalents at the beginning of the period	312 337	151 089	134 756	146 751	134 041
<b>Current cash and cash equivalents at the end of the period</b>	<b>128 839</b>	<b>312 337</b>	<b>151 093</b>	<b>128 839</b>	<b>151 093</b>

## Interim consolidated statement of changes in equity for the quarter ended 30 September 2023

USD'000	Attributable to equity holders of Höegh LNG Holdings Ltd.								Non-controlling interests	TOTAL EQUITY
	Share capital	Share premium	Contributed Surplus	Other paid-in capital	Hedging reserves	Other capital and reserves	Retained earnings	TOTAL		
<b>As of 1 January 2023</b>	<b>12</b>	<b>556 262</b>	<b>350 821</b>	<b>(0)</b>	<b>26 917</b>	<b>(3 416)</b>	<b>(380 515)</b>	<b>550 081</b>	<b>176 078</b>	<b>726 159</b>
Profit for the period	-	-	-	-	-	-	69 505	69 505	11 631	81 136
Other comprehensive income (loss)	-	-	-	-	17 781	(164)	-	17 617	-	17 617
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 781</b>	<b>(164)</b>	<b>69 505</b>	<b>87 122</b>	<b>11 631</b>	<b>98 753</b>
HMLP dividend to non-controlling interests	-	-	-	-	-	-	-	-	(11 631)	(11 631)
Other changes in equity	-	-	-	-	-	3	-	3	-	3
<b>Total other transactions recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>(11 631)</b>	<b>(11 628)</b>
<b>As of 30 September 2023 (unaudited)</b>	<b>12</b>	<b>556 262</b>	<b>350 821</b>	<b>(0)</b>	<b>44 698</b>	<b>(3 577)</b>	<b>(311 010)</b>	<b>637 205</b>	<b>176 078</b>	<b>813 283</b>

## Interim consolidated statement of changes in equity for the quarter ended 30 September 2022

USD'000	Attributable to equity holders of Höegh LNG Holdings Ltd.								Non-controlling interests	TOTAL EQUITY
	Share capital	Share premium	Contributed Surplus	Other paid-in capital	Hedging reserves	Other capital and reserves	Retained earnings	TOTAL		
<b>As of 1 January 2022</b>	<b>12</b>	<b>556 262</b>	<b>154 753</b>	<b>109 446</b>	<b>(67 622)</b>	<b>(2 663)</b>	<b>(422 833)</b>	<b>327 356</b>	<b>323 677</b>	<b>651 033</b>
Profit (loss) for the period	-	-	-	-	-	-	(81 439)	(81 439)	30 017	(51 422)
Other comprehensive income	-	-	-	-	101 594	(1 828)	-	99 766	21 323	121 089
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101 594</b>	<b>(1 828)</b>	<b>(81 439)</b>	<b>18 327</b>	<b>51 340</b>	<b>69 667</b>
Shareholder contribution	-	-	207 368	-	-	-	-	207 368	-	207 368
Acquisition of public common units in HMLP incl. internal capital changes	-	-	-	(109 446)	(3 440)	-	131 621	18 735	(186 765)	(168 030)
Transaction cost	-	-	(11 300)	-	-	-	-	(11 300)	-	(11 300)
HMLP dividend to non-controlling interests	-	-	-	-	-	-	-	-	(12 174)	(12 174)
<b>Total other transactions recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>196 068</b>	<b>(109 446)</b>	<b>(3 440)</b>	<b>-</b>	<b>131 621</b>	<b>214 803</b>	<b>(198 939)</b>	<b>15 864</b>
<b>As of 30 September 2022 (unaudited)</b>	<b>12</b>	<b>556 262</b>	<b>350 821</b>	<b>(0)</b>	<b>30 532</b>	<b>(4 491)</b>	<b>(372 651)</b>	<b>560 486</b>	<b>176 078</b>	<b>736 564</b>

# Notes to the interim consolidated financial statements

## 1. Corporate information

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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 15 November 2023.

The number of issued and outstanding shares for the quarter ending 30 September 2023 was 1 200 000.

## 2. Basis for preparation and accounting policies

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The interim consolidated financial statements for the period ending 30 September 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 30 September 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

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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 30 September 2023 a tax provision of USD 6.5 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 30 September 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	132 648	-	-	-	147 896
PGN FSRU Lampung facility	18 150	18 027	414	-	-	36 591
Høegh Esperanza facility	24 330	25 504	26 735	28 025	232 897	337 491
Hoegh Giant facility	12 750	12 750	12 750	101 250	-	139 500
Hoegh Gannet facility	11 042	11 042	11 042	76 042	35 885	145 052
Hoegh Galleon facility	144 199	-	-	-	-	144 199
USD 385 million facility	25 597	25 597	211 418	5 250	-	267 862
Hoegh Gandria facility	-	-	110 580	-	-	110 580
Bond debt	-	121 750	-	-	-	121 750
Senior RCF	100 000	-	-	-	-	100 000
<b>Interest-bearing debt outstanding</b>	<b>351 316</b>	<b>347 318</b>	<b>372 938</b>	<b>210 567</b>	<b>268 782</b>	<b>1 550 922</b>
<b>Lease liabilities</b>	<b>33 614</b>	<b>34 988</b>	<b>15 444</b>	<b>221</b>	<b>3</b>	<b>84 271</b>
<b>Total interest-bearing debt including lease liabilities</b>	<b>384 931</b>	<b>382 306</b>	<b>388 383</b>	<b>210 788</b>	<b>268 786</b>	<b>1 635 193</b>
Debt issuance costs	(2 775)					(18 926)
<b>Current and total interest-bearing debt including lease liabilities</b>	<b>382 156</b>					<b>1 616 267</b>

On 1 August 2023 the group repaid its HLNG03 bond loan (NOK 1.500 million) on maturity date.

Hoegh Gannet completed its commissioning period in Germany in November, which was a requirement for completing the previously announced refinancing of Hoegh Gannet. Closing of this refinancing is now in progress, and the group expects to complete it before end of November 2023. Upon closing, the group will repay the previous debt facility for Hoegh Gannet and will also repay the USD 100 million corporate credit facility arranged in June. This credit facility was primarily established as a bridge facility pending the completion of the refinancing of Hoegh Gannet.

The group is in the process of refinancing Hoegh Galleon which is currently financed with under a sale-leaseback structure. The group expects this process to be completed in the first quarter of 2024 and has reclassified the existing debt from non-current to current in the balance sheet as of 30 September 2023.

## 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 bond loan is denominated in NOK and has mainly been hedged both for interest rate risk and currency risk with CCIRS. On 30 September 2023, the net fair value of interest-rate and cross-currency swaps was USD 35.7 million (negative USD 9.1 million). The group's pro rata shares of the net fair value of interest swaps entered into by joint ventures amounted to a negative USD 10.8 million on 30 September 2023 (negative USD 14.2 million).

### Effects on other comprehensive income and hedging reserves

In the third quarter of 2023, other comprehensive income (OCI) derived from the interest-rate swaps amounted to USD 19.1 million compared with USD 23.1 million in second quarter 2023. The total amount of interest rate swaps recognised in equity was positive by USD 44.7 million on 30 September 2023 (positive USD 25.7 million).

<b>MTMs of cash flow hedges in the Financial Position</b>	<b>30 Sep 23</b>	<b>30 Jun 23</b>	<b>31 Mar 23</b>	<b>31 Dec 22</b>	<b>30 Sep 22</b>
Total MTMs of IRS presented as financial assets	56 654	44 582	30 561	44 249	43 466
Total MTMs of IRS and CCIRS presented as financial liabilities	(20 918)	(53 701)	(54 629)	(23 960)	(48 894)
Total MTMs of IRS in the joint ventures	(10 802)	(14 157)	(18 990)	(17 168)	(18 294)
<b>Net MTMs of cash flow hedges</b>	<b>24 935</b>	<b>(23 276)</b>	<b>(43 058)</b>	<b>3 121</b>	<b>(23 722)</b>
Net foreign exchange losses (gains) under cross currency swaps included in MTMs on bonds HLNG03 and HLNG04	24 526	53 329	46 970	30 502	55 141
Ineffectiveness and settlements	(4 811)	(4 348)	(1 278)	(6 680)	(886)
<b>Interest rate swaps recorded against equity</b>	<b>44 650</b>	<b>25 706</b>	<b>2 634</b>	<b>26 942</b>	<b>30 533</b>

## 6. Contingent liabilities

Hoegh 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

The background for the potential tax liability is presented in note 26 in the 2022 annual report. There has not been any development in the discussion with HMRC during the third quarter 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.

## 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.

<b>NET INTEREST-BEARING DEBT</b>	<b>30 Sep 23</b>	<b>30 Jun 23</b>	<b>31 Mar 23</b>	<b>31 Dec 22</b>	<b>30 Sep 22</b>
Interest-bearing debt, current and non-current	(1 616 267)	(1 791 421)	(1 663 017)	(1 514 628)	(1 520 404)
Non-current restricted cash	28 088	17 079	16 056	15 790	15 790
Cash and cash equivalents	147 875	329 713	167 795	162 171	160 549
<b>Net interest-bearing debt</b>	<b>(1 440 304)</b>	<b>(1 444 628)</b>	<b>(1 479 166)</b>	<b>(1 336 667)</b>	<b>(1 344 065)</b>

<b>EQUITY ADJUSTED FOR HEDGING TRANSACTIONS</b>					
Total equity	813 283	770 909	731 809	726 159	736 564
Hedge reserve including non-controlling interest share	(44 649)	(25 705)	(2 634)	(26 942)	(30 533)
<b>Equity adjusted for hedging transactions</b>	<b>768 634</b>	<b>745 204</b>	<b>729 175</b>	<b>699 216</b>	<b>706 031</b>

<b>EQUITY RATIO ADJUSTED FOR HEDGING TRANSACTIONS</b>					
Total assets	2 575 296	2 748 933	2 587 998	2 431 225	2 452 576
Hedge assets	(45 853)	(30 425)	(11 571)	(27 081)	(25 172)
<b>Total assets adjusted for hedging transactions</b>	<b>2 529 443</b>	<b>2 718 508</b>	<b>2 576 427</b>	<b>2 404 144</b>	<b>2 427 404</b>
<b>Equity adjusted for hedging transactions</b>	<b>768 634</b>	<b>745 204</b>	<b>729 175</b>	<b>699 216</b>	<b>706 031</b>
<b>Equity ratio adjusted for hedging transactions</b>	<b>30%</b>	<b>27%</b>	<b>28%</b>	<b>29%</b>	<b>29%</b>

## Appendix 2 – Abbreviations

### Abbreviation

CCIRS

DFDE/TFDE

FID

FSRU

Höegh LNG or the group

Höegh LNG Partners, HMLP or the partnership

Höegh LNG Holdings or the company

IRS

LNGC

LTI

MLP

### Definition

Cross-currency interest rate swap

Dual/Tri fuel diesel electric propulsion

Final investment decision

Floating storage and regasification unit

Höegh LNG Holdings Ltd and subsidiaries

Höegh LNG Partners LP

Höegh LNG Holdings Ltd.

Interest-rate swap

LNG carrier

Lost-time injury

Master limited partnership



**HÖEGH LNG**