

Höegh Autoliners

# Q3 2023 Quarterly report



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<b>Highlights Q3 2023</b>	<b>3</b>
<b>Financial performance</b>	<b>4</b>
<b>Cash flow and financing</b>	<b>4</b>
<b>Financial performance - graphs</b>	<b>5</b>
<b>Operational performance</b>	<b>6</b>
<b>Sustainability</b>	<b>8</b>
Planet	8
People	9
Prosperity	11
<b>Outlook</b>	<b>12</b>
<b>Consolidated interim financial statements</b>	<b>13</b>
Interim consolidated statement of comprehensive income	14
Interim consolidated statement of financial position	15
Interim consolidated statement of changes in equity	17
Interim consolidated statement of cash flows	18
<b>Notes</b>	<b>19</b>
Note 1 Basis of preparation and accounting policies	20
Note 2 Total revenues	21
Note 3 Vessels, newbuildings, equipment and right-of-use assets	22
Note 4 Financial income and expenses	24
Note 5 Interest bearing debt	25
Note 6 Segment reporting	27
Note 7 Share information and earnings per share	27
Note 8 Transactions and balances with related parties	27
Note 9 Contingent liabilities	28
Note 10 Events after the balance sheet date	28
<b>Alternative Performance Measures</b>	<b>29</b>

# Highlights

## Q3 2023

Key figures consolidated accounts	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
<i>(USD million)</i>					
Total revenues	355	356	329	1 064	914
EBITDA	185	181	114	537	291
Profit for the period	142	133	92	392	181
EBITDA adjusted	185	181	115	537	292
Earnings per share, basic	0.75	0.70	0.48	2.06	0.95
Cash and cash equivalents	332	306	130	332	130
Cash flows from operations	201	168	100	543	259
Net interest bearing debt	174	226	449	174	449
Equity ratio	67%	64%	57%	67%	57%

- Operating profit (EBITDA) of USD 185 million and net profit after tax of USD 142 million. Once again, the strongest quarter ever for Höegh Autoliners.
- Gross freight rate increased by 3.7% compared to Q2 2023 to USD 90.5 per cbm.
- Several long-term contracts signed with customers at good rates.
- Signed an agreement with Kongsberg Digital to digitalise our vessels.
- Included in the OBX index on the Oslo Stock Exchange from 15 September 2023.
- Q2 2023 dividend of USD 67 million paid in August 2023.
- Q3 2023 dividend of USD 70 million declared and will be paid in November 2023. The dividend represents 50% of net profit adjusted for non-payable taxes.

# Financial performance

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Freight revenues in Q3 2023 were USD 355 million compared to USD 356 million in Q2 2023 and USD 329 million in Q3 2022. EBITDA in Q3 2023 was USD 185 million compared to USD 181 million in Q2 2023 and USD 114 million in Q3 2022.

Adjusted EBITDA in Q3 2023 was USD 185 million compared to USD 181 million in Q2 2023 and USD 115 million in Q3 2022. See the section Alternative Performance Measures for reconciliation between EBITDA and adjusted EBITDA.

The main reason for the increase in EBITDA from previous quarter is due to lower bunker prices and lower charter hire expenses. The net freight rate increased with almost 5% from Q2, mainly due to good cargo mix backed by an increase in the transported High Heavy/Break Bulk volume. Total volume transported was slightly down from Q2 impacted by port congestions and longer voyages.

Net profit after tax in Q3 2023 was USD 142 million, compared to a net profit after tax of USD 133 million in Q2 2023 and a net profit after tax of USD 92 million in Q3 2022.

Freight revenues YTD September 2023 were USD 1 064 million compared to USD 914 million YTD September 2022.

EBITDA for YTD September 2023 was USD 537 million compared to USD 291 million for YTD September 2022. Adjusted EBITDA for YTD September 2023 was USD 537 million compared to USD 292 million for YTD September 2022.

Net profit after tax for YTD September 2023 was USD 392 million compared with a net profit after tax of USD 181 million for YTD September 2022.

# Cash flow and financing

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Cash flows from operations were USD 201 million for Q3 2023 compared to USD 168 million for Q2 2023 and USD 100 million for the same quarter last year. Capital expenditures in Q3 2023 were USD 73 million, mainly related to first instalments for four of the newbuildings (USD 65 million). The remaining capital expenditures relate to dry dock expenses and vessel upgrades.

Cash and cash equivalents were USD 332 million at the end of Q3 2023 compared to USD 306 million at the end of Q2 2023 and up from USD 130 million at the end of Q3 2022. Dividend for Q2 2023 of USD 67 million was paid out in August.

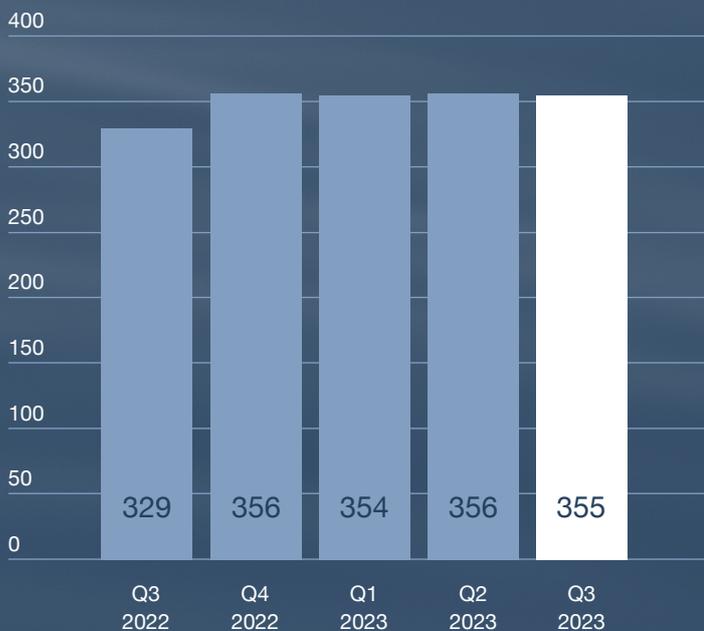
The book equity ratio was 67% at the end of Q3 2023, up from 64% at the end of Q2 2023 and up from 57% at the end of Q3 2022.

Net interest-bearing debt was USD 174 million at the end of Q3 2023 compared to USD 226 million at the end of Q2 2023 and USD 449 million at the end of Q3 2022.



# Financial performance - graphs

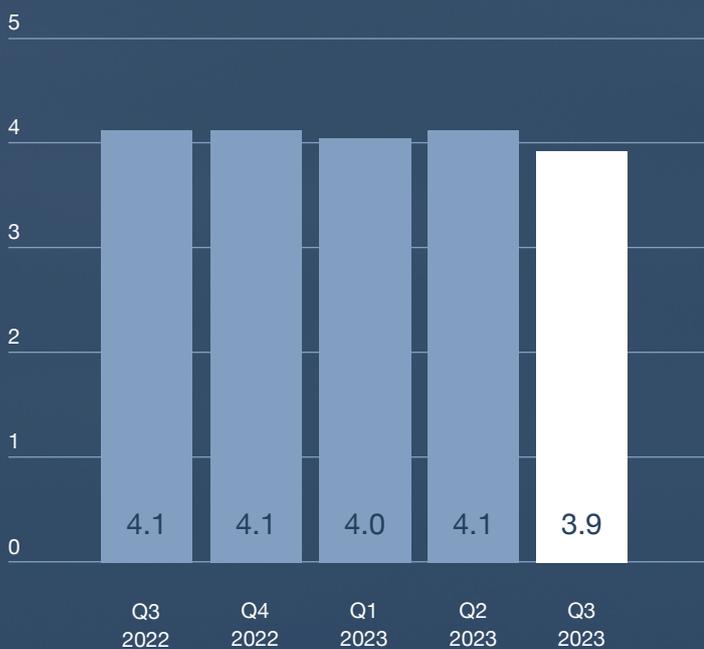
Total revenues (USD million)



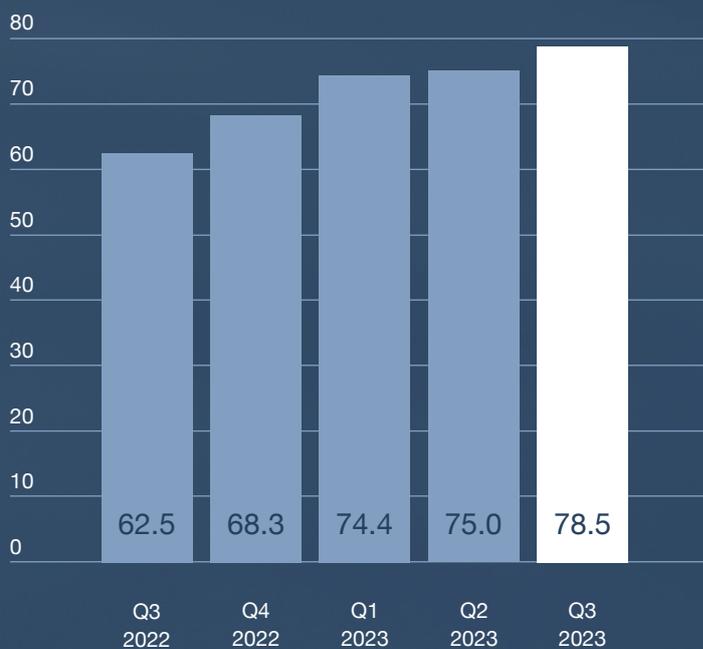
EBITDA adjusted (USD million)



Volumes (CBM million)



Net freight rate (USD per CBM)



# Operational performance

## Market update

Global light vehicle market improved markedly in Q3, with an estimated growth of 6% compared to the same quarter last year, and flat compared to Q2. Light vehicle supply improvements continued to help drive inventory restocking, while the ongoing release of pent-up demand continued also to play a role in supporting production. However, the state of consumer demand remains a key consideration given elevated vehicle pricing and still challenging credit conditions.

## Höegh Autoliner's main markets

### Automotive

Vehicle sales in key HA destination markets expanded in Q3 by an estimated 13% y-y, but were down by 6% Q-Q. The main reason for the Q-Q decline was a significant improvement in Q2 sales compared to previous estimates. The underlying pent-up demand remained robust in Q3. Inventory levels continued to increase during the quarter, but still from a low base.

### Asia outbound

Asia's vehicle exports in the period January-August expanded by 34% y-y, driven by booming Chinese shipments (up 62% y-y), but also by fast recovering shipments from S. Korea and Japan. China is on the path to cement its position as the largest vehicle exporter by volume with Jan-Aug exports of 2.9m units.

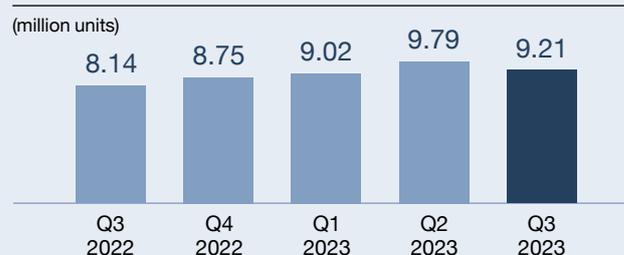
In the period January-August, China's exports to Europe grew by 88% y-y. Japan's exports expanded by 16% as disruptions to its supply chains were almost eliminated. In the same period, S. Korean vehicle shipments strengthened to both USA - up 42% y-y and to Europe - up 17% y-y.

### High & Heavy (HH) markets

All Höegh H&H destination markets continued to perform strongly. The key drivers supporting equipment sales remained massive energy transition and decarbonization investments across the world, strong general infrastructure construction activity, particularly in the U.S., as well as large order backlogs and the need for OEMs to replenish stocks.

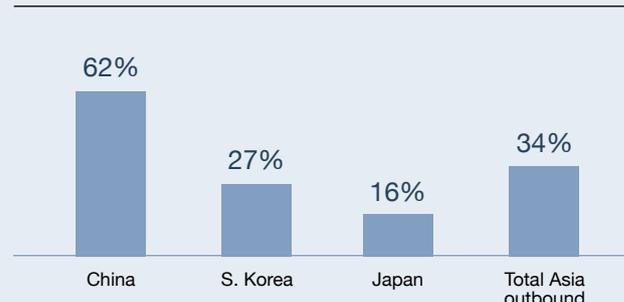
In the period January-August, Asia's core construction equipment shipments increased by 15% y-y, and by 65% when compared to the same period in 2019. China dominated shipments with volumes up 29% y-y and up a massive 165% vs. 2019. Exports were driven by weak domestic market, and consequently, manufacturers' goal to utilize domestic production capacity.

Quarterly light vehicle sales in key HA destination markets\* 2022 - 2023



\*HA key destination markets: Western/Central Europe, North America, Middle East, Oceania. Source: S&P Mobility - Oct 2023 forecast

Vehicle exports from Asia (% change y-y) Jan-Aug 2023



Source: JAMA, KAMA, CAAM, S&P Global Trade Atlas

Exports of core construction equipment from Asia Jan-Aug 2023



Source: S&P Mobility, GTA Aug customs data

## Capacity / Fleet update

Operational disruptions continue to drive market tightness. The tonnage demand remains strong with historically high rates continuing over the quarter. Time charter rates remain at record levels and zero large vessels are available in the spot market for remainder of 2023.

The Aurora newbuilding program is progressing as planned with steel cutting of vessel number three and keel laying of vessel number one during the quarter.



## Planet

### Technical upgrades and newbuilding program:

Our commitment to reducing our environmental impact has continued through the third quarter where we have followed up on our planned initiatives of technical upgrades to our fleet. During the quarter, we have placed orders for four optimized propellers tailored to our operational requirements. These propellers will be installed during special surveys over the coming years, yielding a potential fuel saving of approximately 6% per vessel. Moreover, we have ordered one propeller boss cap fin for enhanced efficiency, projected to improve performance by 1% to 1.5% for the specified vessel. We anticipate observing the positive effects of these measures from 2024 onwards.

Technical upgrades to improve carbon efficiency	FY 22	Q1 23	Q2 23	Q3 23	On order
Upgrades installed (# of vessels)	2	0	2	0	10

In July, Höegh Autoliners exercised the option to construct additional four new multi-fuel and net zero carbon ready Aurora class vessels. Höegh Autoliners will have the option to convert one or more of these vessels to ammonia propulsion as soon as the technology is available. This brings the number of total vessels under the newbuilding program to twelve vessels, all of which will be built by China Merchants Heavy Industry (Jiangsu) Co., Ltd (CMHI). The first of the twelve vessels are scheduled to be delivered in July 2024. Further, we have the option to build four additional vessels (vessels 13-16) and have slot reservations for another four vessels (vessels 17-20).

### Environmental performance:

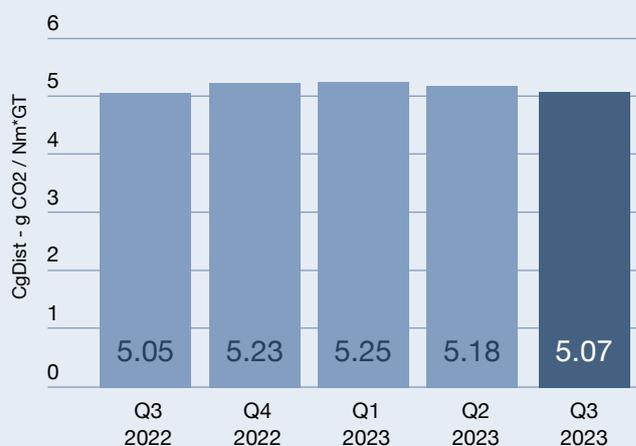
The data presented includes all vessels managed by Höegh Technical Management and our US Flag vessels. The graph on the right illustrates the carbon intensity (CgDist) data for the past five quarters, indicating an improvement in our CgDist for Q3 2023 (5.07) compared to previous quarters in 2023. We are seeing levels slightly above Q3 2022 numbers due to several factors where increased port congestion leading to longer waiting times at ports, and a slight uptick in the average operational speed between ports, are the main drivers. The improvement over the last four quarters is mainly driven by increased use of biofuel, which we expect to continue into Q4. As part of our journey of supporting our customers to decarbonize their supply chains, we continued to offer our customers the option of transporting cargo from Europe using advanced biofuels that adhere to the highest sustainability standards throughout the quarter. As of quarter end, we have ordered around 7,200 MT of sustainable biofuel year-to-date which will reduce the well-to-wake carbon emissions by approximately 85% compared to conventional fuel for the voyages where the biofuel is consumed.

Going forward, we are strongly committed to achieving our carbon intensity reduction target by 2030, and we will continue to explore innovative ways and new partnerships to optimize our fleet's efficiency and to further reduce our environmental impact.

In previous reporting, Höegh Autoliners has referred to its carbon intensity measure as the Annual Efficiency Ratio (AER). To ensure alignment with the Poseidon Principles, the term CgDist will be used going forward. Please be assured that this change is solely related to the terminology used and will not impact any of the previously reported numbers, nor those in the future. The calculations for measuring carbon intensity have remained consistent and will continue to be so.

For 2023, the Poseidon Principles set a CgDist target of 5.4 g CO<sub>2</sub>/Nm\*GT for medium-sized vessels between 30 000 and 49 999 GT and 4.6 for vessels over 50 000 GT. As of the end of Q3 2023, Höegh Autoliners operates one medium-sized vessel and 33 large vessels. Our ambition of reducing our carbon intensity by 30% by 2030 ("30 by 30") will contribute to meeting the Poseidon Principles.

Carbon Intensity\*



\* Carbon intensity for the current year and quarter is calculated based on unverified data from the International Maritime Organization's Data Collection System (DCS) and is subject to change after the final verification, which is carried out by DNV and ABS in the first half of each calendar year.

\*\* Q1 and Q2 CgDist numbers have been restated in this quarters' reporting due to reverification of our reported data, and incorrect reporting of biofuel consumption in Q1 (5.26 to 5.25) and Q2 (5.25 to 5.18)

# People

## Health and safety

Höegh Autoliners has a strong focus on avoiding accidents and negative incidents of all types. We have extended our focus on the safety of our crew, and the continuous efforts in identifying risk and mitigating risk prior to commencement of work.

### Near accident reporting

Near accident reporting is considered as the main tool to identify potential hazards and prevent hazards from re-occurring in the future. By analysing the root cause of near accidents, we are able to determine what is the basic cause of a near accident and we can implement actions to create barriers that will prevent the hazards from re-occurring. We saw two effects of the increase of focus on near accident reporting in H1, stabilisation in the near accidents reporting in Q3 and no near accidents involving power tools.

### Lost time reporting

We have unfortunately seen an increase in the quarter for personnel related incidents onboard, while our focus on preventing incidents related to use of power tools have resulted in zero new incidents. We are continuing focusing on proper safety awareness when using power tools as part of our campaign for 2023. Currently, we are well above our KPI target of 0.7, however, among the reported incidents there are no serious injuries or damage. Examples of incidents were finger injury due to finger jammed between frame and closing door, and a minor finger laceration. One has fully recovered, and one is expected to recover at the end of October.

Improved sickness reporting was initiated in 2022, KPI is set to 2.5 for 2023. In Q3 2023, none of the illness experienced were categorized as serious. Examples of recent sickness cases were tooth ache conditions that needed consultation by dentist.

## Employment and human capital

Höegh Autoliners aims at being a great place to grow, and Q3 has been no exception. Based on analysis from our skills platform we have defined key areas where we need to focus on to build skills to meet our business needs. More than 300 skills development goals have been set by employees as a result of mapping their skills profile.

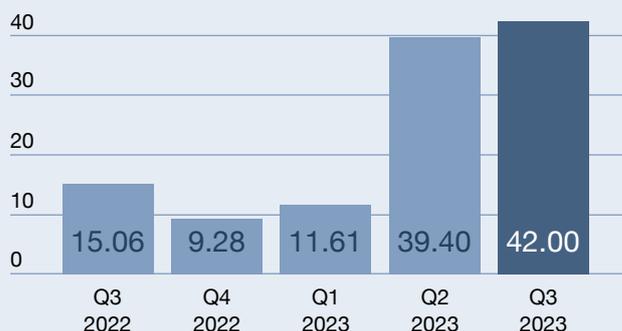
We completed the first year of our Early Career programme which included digital group sessions, external coaching and mentoring. The next step for the first cohort is to use their new skills to develop further through a new role, promotion, rotation, broader responsibilities, or an international experience. A new group will be enrolled in this programme in Q4.

Similarly, our first cohort has completed our Lead Teams programme, and the next group will start in Q4. This is a 10-month programme for leaders at all levels, focusing on practical tools and insight for better communication and strategic leadership.

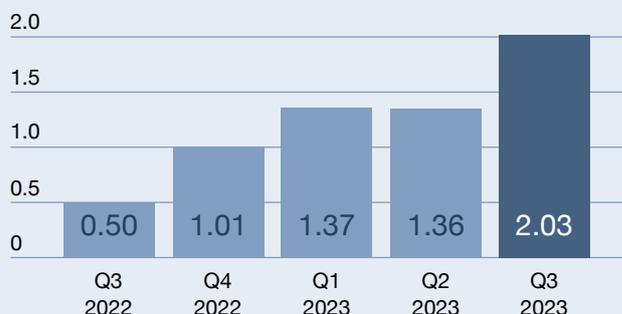
So far in 2023 we have had 61 new joiners in Höegh Autoliners. To make sure they get the best start we have improved the onboarding journey in our systems, including launching a brand-new interactive game to give basic insight in the RoRo business.

The annual HSSE survey has been sent out to all offices, and we are now in the process of analysing the data and plan for initiatives to be implemented with focus on continuous improvements.

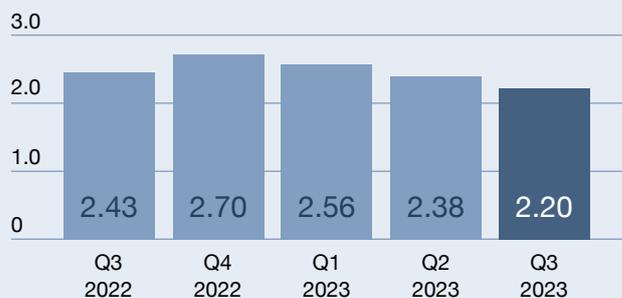
Near Accident Frequency  
(near accidents per million hours past 12 months)



Lost Time Incident Frequency  
(incidents per million hours past 12 months)



Lost Time Sickness Frequency  
(cases per million hours past 12 months)





# Prosperity

## *Sailing for sustainability – lifting profitability*

We are committed to sustaining the profitability of our operations and generating long-term value for our shareholders but also promoting prosperity for the planet and society. Our strategy is centered around continuous improvement, operational excellence, and strong customer relationships, which are essential for building resilience for the future.

Höegh Autoliners continues to distribute dividends on a quarterly basis, consistent with our dividend policy of paying out between 30-50% of adjusted net profit. In August 2023, a dividend of USD 67 million was paid out based on Q2 2023 results. The declared dividend for Q3 2023 of USD 70 million will be paid out in November 2023.

In August 2023, we signed a 5-year contract with a major international car producer for the transport of cars from the US to the Middle East. In the same month we signed a second 5-year contract with a major Japanese construction equipment manufacturer for the transport of construction equipment from Asia to Europe. In September 2023, we signed another contract with a different major international car producer for the transport of cars, mainly EVs, from Asia to Europe and Asia to

the US. The contract is valid for shipments until the beginning of 2028. These contracts represent big milestones for us and confirms our strategy of building long-term relationships with customers in their core trade networks, while at the same time building financial resilience for the future.

In September 2023, Höegh Autoliners was included in the OBX index on the Oslo Stock Exchange which confirms our position as one of the top companies trading on the Oslo Stock Exchange, all within two years since our IPO on Euronext Growth. Höegh Autoliners is proud to be recognized as a leading player in the Norwegian financial market.

During Q3 2023 we have formalized an agreement with Kongsberg Digital to digitalize our fleet. This ensures installation of cutting-edge technology across nearly our entire fleet, including our 12 upcoming Aurora Class newbuildings. This is a strategic move that substantiates our commitment to leveraging digital solutions for increased efficiency and sustainability in the maritime industry.



# Outlook

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The demand situation remains strong. Growth in global car sales and export is leading to increased demand for PCTCs at healthy rates. We expect this situation to continue through fourth quarter. Financially we expect Q4 to be another strong quarter for Høegh Autoliners.

**Oslo, 25 October 2023**

**The Board of Directors of Høegh Autoliners ASA**

Leif O. Høegh,  
Chair

Morten W. Høegh,  
Deputy Chair

Jan B. Kjærvik,  
Board member

Martine Vice Holter,  
Board member

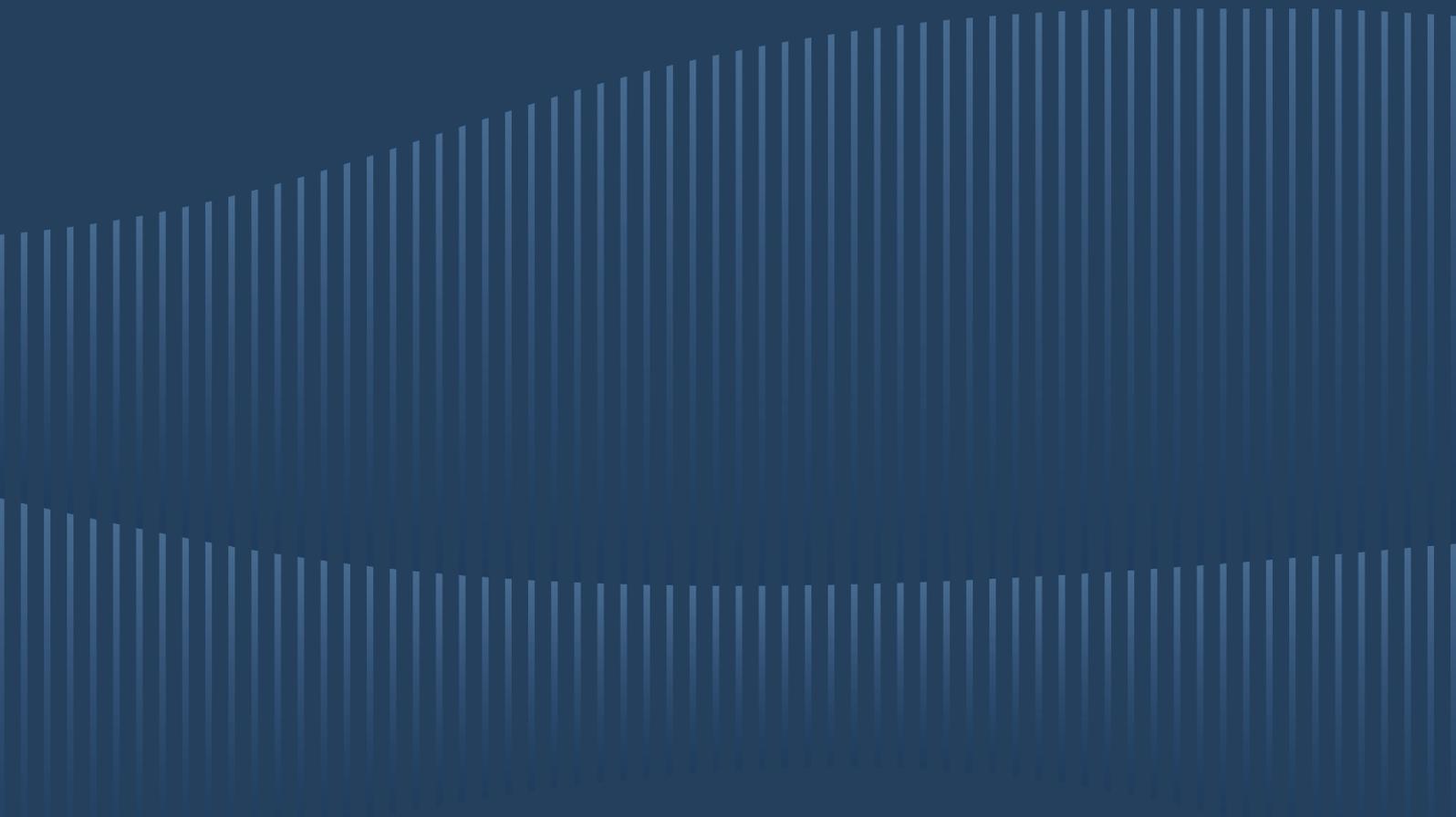
Kasper Friis Nilaus,  
Board member

Kjersti Aass,  
Board member

Johanna Hagelberg,  
Board member

Gyrid Skalleberg Ingerø,  
Board member

# Consolidated interim financial statements



# Interim consolidated statement of comprehensive income

(USD 1 000)	Notes	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Total revenues	2	354 707	329 267	1 064 171	914 034	1 270 320
Bunker expenses		(54 279)	(93 894)	(177 875)	(236 255)	(314 361)
Voyage expenses		(84 743)	(88 700)	(252 919)	(279 967)	(370 359)
Charter hire expenses		(1 602)	(3 619)	(8 431)	(19 114)	(21 325)
Running expenses		(25 301)	(25 647)	(76 220)	(76 056)	(100 361)
Administrative expenses		(3 592)	(3 405)	(12 138)	(11 883)	(17 201)
<b>Operating profit before depreciation, amortisation and impairment (EBITDA)</b>		<b>185 190</b>	<b>114 002</b>	<b>536 589</b>	<b>290 759</b>	<b>446 714</b>
Profit from associates and joint ventures		874	1 856	874	1 856	1 539
Gain/(loss) on sale of assets		(13)	20 849	(12)	20 261	19 094
Depreciation	3	(36 243)	(36 030)	(109 895)	(112 771)	(151 470)
<b>Operating profit before financial items</b>		<b>149 808</b>	<b>100 677</b>	<b>427 555</b>	<b>200 105</b>	<b>315 877</b>
Interest income	4	3 629	191	8 062	196	963
Interest expenses	4	(7 831)	(6 509)	(24 638)	(21 641)	(31 235)
Income from other financial items	4	-	8 262	96	29 738	38 524
Expenses from other financial items	4	(2 473)	(7 250)	(7 860)	(14 730)	(10 552)
<b>Profit before tax</b>		<b>143 133</b>	<b>95 372</b>	<b>403 216</b>	<b>193 669</b>	<b>313 577</b>
Tax expense		(2 032)	(133)	(7 280)	(210)	(6 058)
Change in deferred tax		1 075	(3 346)	(3 711)	(12 798)	(8 934)
<b>Profit for the period</b>		<b>142 176</b>	<b>91 893</b>	<b>392 225</b>	<b>180 661</b>	<b>298 585</b>
<b>Other comprehensive income</b>						
<i>Items that may be reclassified to profit and loss:</i>						
Currency translation differences		48	(644)	(383)	(1 689)	(1 087)
<i>Items that will not be reclassified to profit and loss:</i>						
Remeasurement on defined benefit plans		-	-	-	-	120
Changes in fair value of equity investments		-	-	-	-	(661)
<b>Other comprehensive income, net of tax</b>		<b>48</b>	<b>(644)</b>	<b>(383)</b>	<b>(1 689)</b>	<b>(1 627)</b>
<b>Total comprehensive income for the period</b>		<b>142 224</b>	<b>91 249</b>	<b>391 842</b>	<b>178 972</b>	<b>296 959</b>
Earnings per share basic (USD)	7	0.75	0.48	2.06	0.95	1.57
Earnings per share diluted (USD)	7	0.74	0.48	2.05	0.94	1.56

# Interim consolidated statement of financial position

(USD 1 000)	Notes	30.09.2023	30.09.2022	31.12.2022
<b>Assets</b>				
<i>Non-current assets</i>				
Deferred tax assets		784	897	774
Vessels	3	1 080 359	978 812	988 629
Right-of-use assets	3	126 186	270 251	273 974
Newbuildings and projects	3	231 728	133 308	138 725
Equipment	3	14 080	16 325	15 656
Investments in associates and joint ventures		5 050	4 948	5 233
Other non-current assets		1 028	1 322	1 231
Other non-current financial assets		1 054	1 755	1 078
<b>Total non-current assets</b>		<b>1 460 268</b>	<b>1 407 616</b>	<b>1 425 300</b>
<i>Current assets</i>				
Bunker		43 018	59 124	47 800
Trade and other receivables		86 681	84 451	92 924
Prepayments		4 163	2 293	2 224
Other current financial assets		41	-	-
Cash and cash equivalents		332 095	130 168	183 940
<b>Total current assets</b>		<b>465 998</b>	<b>276 036</b>	<b>326 888</b>
<b>Total assets</b>		<b>1 926 266</b>	<b>1 683 652</b>	<b>1 752 187</b>

## Interim consolidated statement of financial position *cont.*

(USD 1 000)	Notes	30.09.2023	30.09.2022	31.12.2022
<b>Equity and liabilities</b>				
<i>Equity</i>				
Share capital	7	443 898	443 898	443 898
Share premium reserve		289 384	289 384	289 384
Other paid-in equity		927	388	504
Retained earnings		550 028	231 201	329 187
<b>Total equity</b>		<b>1 284 237</b>	<b>964 871</b>	<b>1 062 973</b>
<i>Non-current liabilities</i>				
Pension liabilities		2 508	2 599	2 238
Deferred tax liabilities		40 150	40 391	36 437
Other non-current liabilities		90	107	90
Non-current interest bearing debt	5	308 219	237 926	227 894
Non-current lease liability	5	102 179	189 852	133 505
<b>Total non-current liabilities</b>		<b>453 146</b>	<b>470 875</b>	<b>400 164</b>
<i>Current liabilities</i>				
Current interest bearing debt	5	49 752	36 711	36 626
Trade and other payables		35 488	38 567	37 555
Income tax payable		10 562	102	5 106
Current accruals and provisions		46 649	50 796	44 475
Other current financial liabilities		-	6 933	-
Current lease liability	5	46 432	114 797	165 287
<b>Total current liabilities</b>		<b>188 883</b>	<b>247 906</b>	<b>289 050</b>
<b>Total equity and liabilities</b>		<b>1 926 266</b>	<b>1 683 652</b>	<b>1 752 187</b>

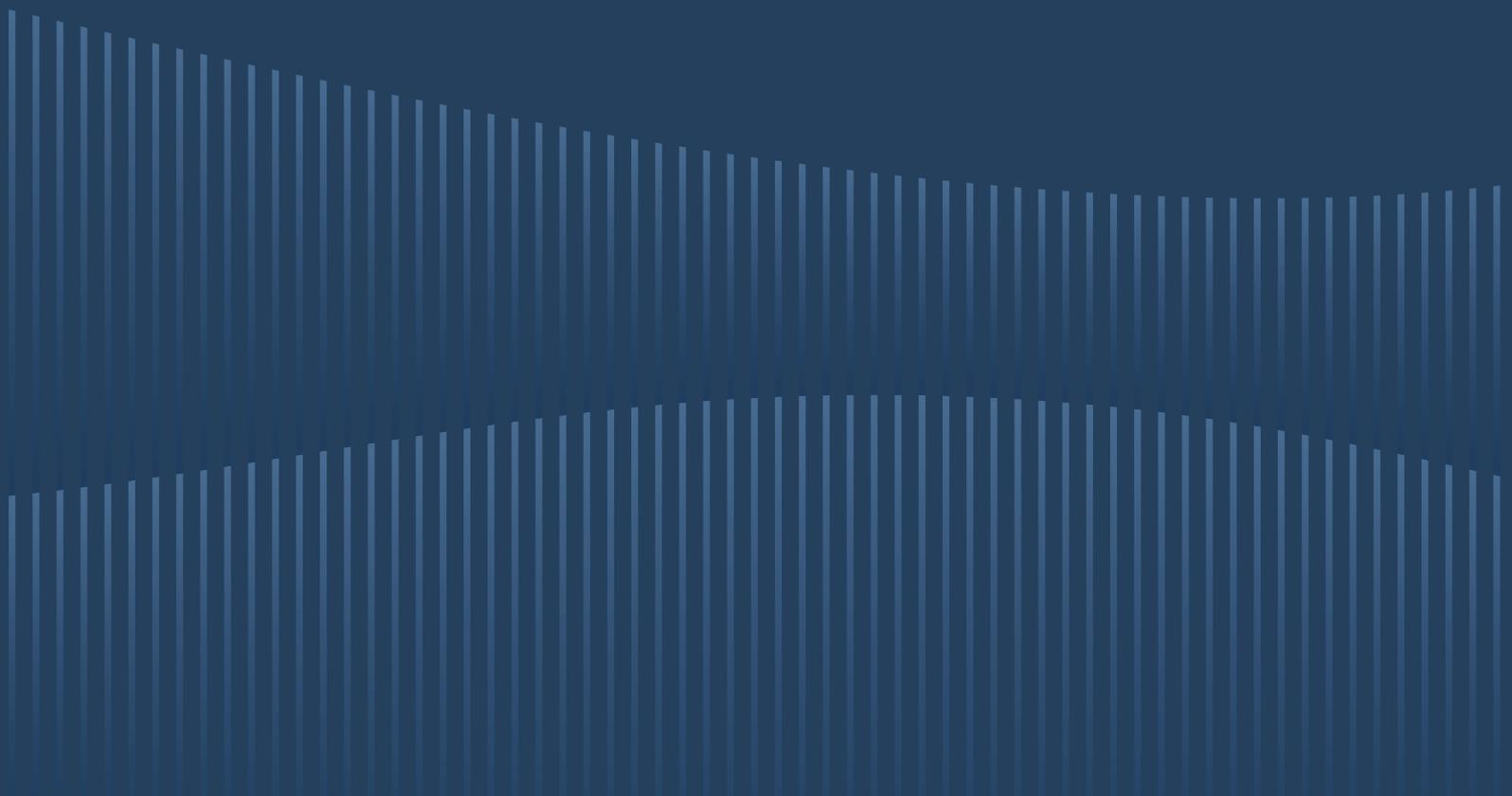
# Interim consolidated statement of changes in equity

(USD 1 000)	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total
Equity 01.01.2022	443 898	289 384	39	67 228	800 549
Share bonus program	-	-	349	-	349
Dividend	-	-	-	(15 000)	(15 000)
Profit of the period YTD 2022	-	-	-	180 661	180 661
Other comprehensive income YTD 2022	-	-	-	(1 689)	(1 689)
<b>Equity 30.09.2022</b>	<b>443 898</b>	<b>289 384</b>	<b>388</b>	<b>231 201</b>	<b>964 871</b>
Equity 01.01.2022	443 898	289 384	39	67 228	800 549
Share bonus program	-	-	465	-	465
Dividend	-	-	-	(35 000)	(35 000)
Profit of the year	-	-	-	298 585	298 585
Other comprehensive income	-	-	-	(1 627)	(1 627)
<b>Equity 31.12.2022</b>	<b>443 898</b>	<b>289 384</b>	<b>504</b>	<b>329 187</b>	<b>1 062 973</b>
Share bonus program	-	-	423	-	423
Dividend	-	-	-	(171 000)	(171 000)
Profit of the period YTD 2023	-	-	-	392 225	392 225
Other comprehensive income YTD 2023	-	-	-	(383)	(383)
<b>Equity 30.09.2023</b>	<b>443 898</b>	<b>289 384</b>	<b>927</b>	<b>550 028</b>	<b>1 284 237</b>

# Interim consolidated statement of cash flows

(USD 1 000)	Notes	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
<b>Cash flows from operating activities</b>						
Profit before tax		143 133	95 372	403 216	193 669	313 577
Financial (income)/expenses		6 675	5 306	24 340	6 436	2 300
Share of net income from joint ventures and associates		(874)	(1 856)	(874)	(1 856)	(1 539)
Depreciation and amortisation	3	36 243	36 030	109 895	112 771	151 470
(Gain)/loss on sale of tangible assets		13	(20 849)	12	(20 261)	(19 094)
Tax paid (company income tax, withholding tax)		(191)	(148)	(2 307)	(1 071)	(1 108)
<b>Cash flows from operating activities before changes in working capital</b>		<b>184 998</b>	<b>113 854</b>	<b>534 281</b>	<b>289 687</b>	<b>445 606</b>
<b>Changes in working capital</b>						
Trade and other receivables		25 465	(972)	6 243	(2 996)	(11 469)
Bunker		(3 136)	6 359	4 781	(17 883)	(6 559)
Prepayments		(2 341)	(719)	(1 939)	(170)	(100)
Trade and other payables		(2 546)	(13 834)	(2 067)	(4 294)	(5 306)
Accruals and provisions		(2 139)	(3 906)	2 173	(1 108)	(7 429)
Other current liabilities		-	-	-	-	(5 918)
Other changes to working capital		263	(886)	(42)	(3 874)	(3 420)
<b>Net cash flows provided by operating activities</b>		<b>200 564</b>	<b>99 895</b>	<b>543 431</b>	<b>259 362</b>	<b>405 405</b>
<b>Cash flows from investing activities</b>						
Proceeds from sale of tangible assets	3	-	20 932	2	33 245	32 078
Investment in vessels and other tangible assets	3	(72 648)	(2 831)	(139 415)	(129 139)	(135 668)
Investments in joint ventures and associates		219	4 192	674	4 192	4 319
Interest received		3 627	227	8 060	247	754
<b>Net cash flows used in investing activities</b>		<b>(68 802)</b>	<b>22 520</b>	<b>(130 678)</b>	<b>(91 455)</b>	<b>(98 517)</b>
<b>Cash flows from financing activities</b>						
Proceeds from issue of debt	5	-	-	130 000	-	-
Proceeds from capital increase		-	-	-	3 797	3 797
Repayment of debt	5	(13 035)	(9 750)	(38 192)	(143 461)	(153 211)
Repayment of lease liabilities		(12 894)	(16 698)	(148 868)	(69 441)	(115 539)
Interest paid on mortgage debt		(7 428)	(3 355)	(19 620)	(13 027)	(17 336)
Interest paid on lease liabilities		(3 003)	(4 301)	(12 099)	(12 337)	(17 889)
Other financial items		(812)	(1)	(2 771)	(7 465)	(8 859)
Dividend to shareholders		(67 000)	(15 000)	(171 000)	(15 000)	(35 000)
<b>Net cash flows used in financing activities</b>		<b>(104 173)</b>	<b>(49 106)</b>	<b>(262 550)</b>	<b>(256 934)</b>	<b>(344 036)</b>
<b>Net change in cash during the period</b>		<b>27 589</b>	<b>73 309</b>	<b>150 203</b>	<b>(89 027)</b>	<b>(37 148)</b>
Cash and cash equivalents beginning of period		305 536	60 721	183 940	228 416	228 416
Exchange differences in cash and cash equivalents		(1 031)	(3 862)	(2 048)	(9 221)	(7 327)
<b>Cash and cash equivalents end of period</b>		<b>332 095</b>	<b>130 168</b>	<b>332 095</b>	<b>130 168</b>	<b>183 940</b>

# Notes



## Note 1 — Basis of preparation and accounting policies

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### Principal activities and corporate information

Höegh Autoliners ASA is a public limited liability company, registered and domiciled in Norway, with its head office in Oslo. The consolidated interim accounts for the Group include Höegh Autoliners ASA with its subsidiaries.

The Group is a fully integrated RoRo entity. It is one of the world's largest operators in the transportation of vehicles and high/heavy rolling cargo and operates a fleet of about 40 vessels in global trading systems from a worldwide network of offices.

### Basis of preparation

The Group's financial reporting is in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not contain all the information and disclosures required in an annual financial report and should be read in conjunction with the Group's annual report for 2022.

The interim consolidated financial statements have been prepared in accordance with the accounting principles followed in the Group's annual financial accounts for the year ended 31 December 2022. The interim financial information for 2023 and 2022 is unaudited.

All presented figures in this interim report have been rounded and consequently, the sum of individual figures can deviate from the presented sum figure.

### Use of judgements and estimates

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. Actual results may differ from these estimates.

The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for the interim financial statements as for the consolidated financial statements for 2022.

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), defined as Management and the Chief Executive Officer (CEO), and are assessed, monitored, and managed on a regular basis.

### Tax

The effective tax rate for the Group will, from period to period, change depending on the gains and losses from investments inside the exemption model and tax-exempt revenues from tonnage tax regimes.

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

### Earnings per share

Calculation of basic earnings per share is based on the net profit or loss attributable to ordinary shareholders using the weighted average number of shares outstanding during the year after deduction of the average number of treasury shares held over the period.

The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share, while giving effect to all dilutive potential ordinary shares that were outstanding during the period.

## Note 2 — Total revenues

(USD 1 000)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
<b>Category of services</b>					
Net freight revenues	307 058	254 390	910 109	740 495	1 016 818
Other surcharges	46 794	74 083	150 943	170 871	249 615
<b>Freight revenues</b>	<b>353 852</b>	<b>328 473</b>	<b>1 061 052</b>	<b>911 366</b>	<b>1 266 433</b>
Time charter (TC) revenues	-	-	-	-	-
Terminal related revenues	855	794	3 119	2 668	3 887
<b>Total revenues</b>	<b>354 707</b>	<b>329 267</b>	<b>1 064 171</b>	<b>914 034</b>	<b>1 270 320</b>
Other income	-	-	-	-	-
<b>Total income</b>	<b>354 707</b>	<b>329 267</b>	<b>1 064 171</b>	<b>914 034</b>	<b>1 270 320</b>
<b>Recognition principle</b>					
Services transferred over time	353 852	328 473	1 061 052	911 366	1 266 433
Services transferred at point in time	855	794	3 119	2 668	3 887
<b>Total revenues</b>	<b>354 707</b>	<b>329 267</b>	<b>1 064 171</b>	<b>914 034</b>	<b>1 270 320</b>

Revenue from contracts with customers are recognised upon satisfaction of the performance obligation by transferring the promised good or service to the customer. Performance obligations for Freight revenues are satisfied over time through the progress of the voyage. As the service is delivered, the customer is receiving and consuming the benefits of the transport services the Group performs. Other surcharges are primarily bunker surcharges, and surcharges related to handling of cargo.

Performance obligation for TC revenue is satisfied over the period the vessel is available to the lessee. Terminal related revenues are recognised at a point in time as the performance obligation is satisfied when the service delivery is complete.

## Note 3 — Vessels, newbuildings, equipment and right-of-use assets

30.09.2023 (USD 1 000)	Vessels	Newbuildings & Projects *	Equipment	Right-of-use Assets	Total
Cost at 01.01	2 061 803	138 725	31 869	466 840	2 699 237
Additions	147 941	97 235	638	3 933	249 747
Transfer from newbuilding and projects	11 301	(11 301)	-	-	-
Newbuilding interest	-	7 081	-	-	7 081
Remeasured leases	-	-	-	1 857	1 857
Disposals	(8 605)	(13)	(764)	(184 281)	(193 663)
<b>Cost at 30.09</b>	<b>2 212 441</b>	<b>231 728</b>	<b>31 743</b>	<b>288 349</b>	<b>2 764 260</b>
Accumulated depreciation and impairment at 01.01	(1 073 175)	-	(16 213)	(192 866)	(1 282 254)
Depreciation	(67 512)	-	(2 213)	(40 170)	(109 895)
Disposals	8 605	-	763	70 873	80 241
<b>Accumulated depreciation and impairment at 30.09</b>	<b>(1 132 082)</b>	<b>-</b>	<b>(17 663)</b>	<b>(162 163)</b>	<b>(1 311 908)</b>
<b>Net carrying amount at 30.09</b>	<b>1 080 359</b>	<b>231 728</b>	<b>14 080</b>	<b>126 186</b>	<b>1 452 352</b>
Book value sold assets	-	13	1	-	14
Sales price	-	-	2	-	2
<b>Gain / (loss)</b>	<b>-</b>	<b>(13)</b>	<b>1</b>	<b>-</b>	<b>(12)</b>

\* Newbuildings & Projects include instalments related to the Aurora newbuilding program.

Two leased vessels, Höegh Berlin and Höegh Tracer, were purchased in Q1 2023, and a third leased vessel, Höegh Trapper, was purchased in Q2 2023. The purchases are reflected above as disposals of leased assets and additions to vessels.

## Note 3 — Vessels, newbuildings, equipment and right-of-use assets *cont.*

31.12.2022 (USD 1 000)	Vessels	Newbuildings & Projects *	Equipment	Right-of-use Assets	Total
Cost at 01.01	2 006 672	13 131	28 252	379 061	2 427 116
Additions	52 923	133 830	857	79 833	267 443
Transfer from newbuilding and projects	6 131	(9 345)	3 214	-	-
Newbuilding interest	-	1 969	-	-	1 969
Remeasured leases	-	-	-	78 854	78 854
Reclassification to assets held for sale	-	(442)	-	-	(442)
Disposals	(3 923)	(417)	(455)	(70 908)	(75 702)
<b>Cost at 31.12</b>	<b>2 061 803</b>	<b>138 725</b>	<b>31 869</b>	<b>466 840</b>	<b>2 699 237</b>
Accumulated depreciation and impairment at 01.01	(990 084)	-	(13 854)	(149 887)	(1 153 825)
Depreciation	(87 014)	-	(2 772)	(61 684)	(151 470)
Disposals	3 923	-	413	18 705	23 041
<b>Accumulated depreciation and impairment at 31.12</b>	<b>(1 073 175)</b>	<b>-</b>	<b>(16 213)</b>	<b>(192 866)</b>	<b>(1 282 254)</b>
<b>Net carrying amount at 31.12</b>	<b>988 629</b>	<b>138 725</b>	<b>15 656</b>	<b>273 974</b>	<b>1 416 984</b>
Net carrying amount vessels held for sale at 01.01	12 084	-	-	-	12 084
Sold vessels	(12 084)	(442)	-	-	(12 527)
Reclassified	-	442	-	-	442
<b>Net carrying amount at 31.12 **</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Book value sold assets	12 084	859	41	-	12 985
Sales price	32 067	-	11	-	32 078
<b>Gain / (loss)</b>	<b>19 983</b>	<b>(859)</b>	<b>(30)</b>	<b>-</b>	<b>19 094</b>

\*\* Newbuildings & Projects include first instalments related to the Aurora newbuilding program.

\*\* One vessel was reclassified as asset held for sale at 31 December 2021 and was sold in January 2022.

The leases for the vessels Höegh Sydney, Höegh Brasilia and Höegh Caribia were in 2022 extended by two and three years, resulting in a total increase in leased assets of USD 74 million. Two leased vessels, Höegh Beijing and Höegh St. Petersburg, were purchased in 2022, reflected above as disposal of leased assets and addition to vessels. Further two purchase options were exercised in 2022, for the vessels Höegh Tracer and Höegh Trapper, which were purchased in Q1 and Q2 2023, resulting in a combined increase to leased assets of USD 54 million.

### Impairment/Reversal of impairment

#### Fleet

All Ro-Ro vessels in the Group operate in one cash generating unit with the purpose of maximising profit as a total. The impairment assessment is therefore based on the value in use principle for all the vessels in operation, and not vessel-by-vessel.

Market values of the vessels higher than the vessels carrying values, is an indication that impairment loss recognised in prior periods may no longer exist or has been reduced. The Group reversed previously recognised impairment losses of USD 96 million in 2021. The market values for

the vessels continued to increase in 2022 and were up around 60% from the end of 2021. The market values at the end of September 2023 have slightly increased from previous quarter and the end of 2022.

Based on an assessment made at 30 September 2023, there are no indications that the vessels may be impaired.

## Note 4 – Financial income and expenses

Interest income (USD 1 000)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Interest income from banks	3 605	37	7 999	43	759
Other interest income	24	155	63	153	204
<b>Total</b>	<b>3 629</b>	<b>191</b>	<b>8 062</b>	<b>196</b>	<b>963</b>

Interest expenses (USD 1 000)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Interest mortgage debt	7 428	3 367	19 621	10 699	15 089
Capitalised interest on newbuildings	(2 600)	(1 203)	(7 081)	(1 819)	(1 969)
Interest on lease liabilities	3 003	4 342	12 099	12 616	17 889
Other interest expenses	-	3	-	145	226
<b>Total</b>	<b>7 831</b>	<b>6 509</b>	<b>24 638</b>	<b>21 641</b>	<b>31 235</b>

### Other financial items

Income from other financial items (USD 1 000)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Debt modification gain*	-	-	-	20 869	20 869
Other financial items (income)**	-	8 262	96	8 870	17 655
<b>Total</b>	<b>-</b>	<b>8 262</b>	<b>96</b>	<b>29 738</b>	<b>38 524</b>

Expenses from other financial items (USD 1 000)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Loss on currency exchange	939	6 218	3 193	9 671	5 308
Other financial items (expense)**	1 534	1 032	4 666	5 059	5 244
<b>Total</b>	<b>2 473</b>	<b>7 250</b>	<b>7 860</b>	<b>14 730</b>	<b>10 552</b>

\* The debt modification gain is related to the refinancing in June 2022, where the modifications to the debt were accounted for as an adjustment to the existing liability. The liability was restated to the net present value of the revised cashflows discounted at the original effective interest rate. See note 5.

\*\* Income from other financial items for 2022 mainly relate to remeasurement of lease liabilities, as well as amortisation of debt modification gain from 2022. Expenses from other financial items for 2022 include amortisation of debt modification from 2021 and arrangement fee for the refinancing concluded in June 2022.

## Note 5 — Interest bearing debt

Interest bearing debt (USD 1 000)	30.09.2023	30.09.2022	31.12.2022
Non-current interest bearing debt	308 219	237 926	227 894
Non-current lease liabilities	102 179	189 852	133 505
Current interest bearing debt	49 595	36 636	36 469
Accrued interest	157	75	157
Current lease liabilities	46 432	114 797	165 287
<b>Total interest bearing debt</b>	<b>506 582</b>	<b>579 286</b>	<b>563 312</b>
Cash and cash equivalents	332 095	130 168	183 940
<b>Net interest bearing debt</b>	<b>174 487</b>	<b>449 119</b>	<b>379 372</b>

Höegh Autoliners refinanced its USD 1 000 million Facility maturing 30 January 2025, on 28 June 2022. The refinancing included extended maturity until January 2028, reduced annual amortisations, reduced interest rate and a reduction of pledged vessels. The refinancing has been accounted for as a debt modification, resulting in a debt modification gain of USD 20.9 million recognised in Q2 2022. See also note 4.

The refinanced facility consists of USD 300 million in term loan Facility A and a Revolving Credit Facility (RCF) of USD 100 million. In addition, a Facility B of USD 280 million in term loan for the purpose of financing delivery of Aurora Newbuilds has been signed. In December 2022, a Facility C of USD 130 million was signed, for the purpose of financing the purchase of three vessels. As of 30 September 2023, the RCF and Facility B have not been drawn, while USD 130 million has been drawn from Facility C in Q1 and Q2 2023. Höegh Autoliners complies with all loan covenants at 30 September 2023.

Repayment schedule for interest bearing debt (USD 1 000)	Mortgage debt	Leasing commitments	30.09.2023
Due in 2023	12 602	12 120	24 722
Due in 2024	49 777	44 194	93 971
Due in 2025	49 777	38 046	87 823
Due in 2026	49 777	15 097	64 874
Due in 2027 and later	200 288	39 154	239 442
<b>Total repayable interest bearing debt</b>	<b>362 221</b>	<b>148 611</b>	<b>510 832</b>
Arrangement fee	(4 250)		(4 250)
<b>Book value interest bearing debt</b>	<b>357 971</b>	<b>148 611</b>	<b>506 582</b>

## Note 5 — Interest bearing debt *cont.*

### Reconciliation of liabilities arising from financial activities

Liabilities 2023 (USD 1 000)	31.12.2022	Cash flows	Non - cash changes			30.09.2023
			Fair value changes	Other changes*	New liability	
Non-current interest bearing debt	227 894	-	-	(36 528)	116 853	308 219
Current interest bearing debt	36 626	(38 192)	-	38 172	13 147	49 752
Non-current lease liabilities	133 505	-	-	(33 758)	2 432	102 179
Current lease liabilities	165 287	(148 868)	-	28 513	1 500	46 432
	<b>563 312</b>	<b>(187 061)</b>	<b>-</b>	<b>(3 602)</b>	<b>133 933</b>	<b>506 582</b>

\* Other changes relate mainly to reclassifications of non-current and current portions of lease liabilities and interest bearing debt and remeasured lease liabilities due to changes in index/rates.

### Reconciliation of liabilities arising from financial activities

Liabilities 2022 (USD 1 000)	31.12.2021	Cash flows	Non - cash changes			31.12.2022
			Fair value changes**	Other changes*	New liability	
Non-current interest bearing debt	359 704	(93 711)	(15 629)	(22 470)	-	227 894
Current interest bearing debt	85 280	(59 500)	(5 240)	16 086	-	36 626
Non-current lease liabilities	201 893	-	-	(123 061)	54 672	133 505
Current lease liabilities	72 940	(115 539)	-	182 725	25 161	165 287
	<b>719 817</b>	<b>(268 750)</b>	<b>(20 869)</b>	<b>53 280</b>	<b>79 833</b>	<b>563 312</b>

\* Other changes relate mainly to reclassifications of non-current and current portions of lease liabilities and interest bearing debt, remeasured lease liabilities due to changes in index, rates and exercised purchase option.

\*\* Fair value changes relate to debt modification from the refinancing, see note 4.

Mortgage debt (USD 1 000)	Maturity	Outstanding amount
USD 810 million senior secured	January 2028	385 343
<b>Total mortgage debt</b>		<b>385 343</b>

### Security

The USD 810 million senior secured term loan and revolving credit facility is secured by mortgages in 17 of the Group's vessels, with a book value of USD 714 million. In addition, the debt is secured by an assignment of earnings and insurances.

## Note 6 — Segment reporting

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The Group has two operating segments, Shipping services and Logistics services. The Logistics segment represents less than 10% of the Group's total revenue, profit or loss and assets.

The Group has decided that the segment is not material to the Group for the period ended 30 September 2023 and has reported information as one combined segment.

## Note 7 — Share information and earnings per share

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Earnings per share takes into consideration the number of outstanding shares in the period.

Basic earnings per share is calculated by dividing profit for the period after non-controlling interest, by average number of total outstanding shares (adjusted for average number of own shares). The Company has no own shares at 30 September 2023.

A share bonus program was introduced for certain key employees in 2021, to promote the long-term growth and profitability of the Company by providing an opportunity to acquire an ownership interest in the Company. The program is a share bonus scheme where awarded shares are assigned on certain terms and conditions, and after a vesting period of three years are converted to shares. The award shares are used in the calculation method for determining the number of bonus shares which shall be granted after the vesting period. Based on the calculation, a total number of potential bonus shares as of 30 September 2023 are 805 317, resulting in a diluting effect of USD 0.01 per share for the three and nine months ended 30 September 2023.

Basic earnings per share for the third quarter was USD 0.75 compared with USD 0.48 in the same quarter last year. Diluted earnings per share for the third quarter was USD 0.74 compared to USD 0.48 in the same quarter last year.

The Company's share capital is as follows:

Share capital	30 September 2023
Number of shares	190 769 749
USD million	443.9
NOK million	2 823.4

## Note 8 — Transactions with related parties

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The Group had three vessels under US flag with Maersk Lines Ltd. during the third quarter of 2023. All three vessels are owned as individual US Trusts. Each vessel is on a bareboat charter to Maersk Lines from the Trusts and Höegh Autoliners Shipping AS has the vessels on time charter from Maersk Lines Ltd.

As of 30 September 2023, Höegh Autoliners Shipping AS has an outstanding receivable of USD 20.3 million from Maersk Lines Ltd. Transactions between Maersk and Höegh Autoliners Shipping AS amount to USD 13.1 million in the third quarter of 2023.

## Note 9 – Contingent liabilities

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### Update on alleged breaches of anti-trust regulations in Brazil

On 23 March 2022, The Administrative Council for Economic Defence (CADE) in Brazil issued a fine of approximately BRL 26 million (USD 5.2 million) to Höegh Autoliners for alleged breaches of anti-trust regulations dating back to 2000-2012. Since Höegh Autoliners did not have any turnover in Brazil in the relevant period, the fine is calculated on a “virtual turnover” principle, based on Brazil’s relevance in the worldwide PCTC market.

The decision (including the “virtual turnover” calculation) may be challenged before the Appellate Court in Brazil. Höegh Autoliners disagrees with CADE’s decision and after reviewing its merits, the Company will proceed with an appeal. No provision has been made in the financial statements as of 30 September 2023.

## Note 10 – Events after the balance sheet date

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### Dividend

On 25 October 2023, the Board of Directors resolved to distribute a cash dividend of USD 0.37 per share. The dividend will be paid out in November 2023.

# Alternative Performance Measures

Höegh Autoliners presents certain financial measures, which, in accordance with the “Alternative Performance Measures” guidance issued by the European Securities and Markets Authority, are not accounting measures defined or specified in IFRS and are, therefore, considered alternative performance measures. Höegh Autoliners believes that alternative performance measures provide meaningful supplemental information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS and increase the understanding of the profitability of Höegh Autoliners’ operations. In addition, they are seen as useful indicators of the Group’s financial position and ability to obtain funding. Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures, which should not be viewed in isolation or as a substitute to the IFRS financial measures.

## Definitions of Alternative Performance Measures (APMs)

This section describes the non-GAAP financial alternative performance measures (APM) that are used in the quarterly and annual reports.

**EBITDA** is defined as Total revenues less Operating expenses. EBITDA is used as an additional measure of the Group’s operational profitability, excluding the impact from depreciation, amortisation, financial items and taxes.

**Adjusted EBITDA** is defined as EBITDA excluding items in the profit or loss which are not regarded as part of the underlying business. Example of such costs are redundancy costs, cost related to anti-trust investigation and other non-recurring one offs.

**Net interest-bearing debt (NIBD)** is defined as interest-bearing liabilities less cash and cash equivalents.

<b>Reconciliation of Total revenues to EBITDA and Adjusted EBITDA</b>	<b>Q3 2023</b>	<b>Q3 2022</b>	<b>YTD 2023</b>	<b>YTD 2022</b>
(USD million)				
Total revenues	355	329	1064	914
Operating expenses	(169)	(215)	(528)	(623)
<b>EBITDA</b>	<b>185</b>	<b>114</b>	<b>537</b>	<b>291</b>
Anti-trust expenses	-	1	-	1
<b>Adjusted EBITDA</b>	<b>185</b>	<b>115</b>	<b>537</b>	<b>292</b>

<b>Net interest bearing debt</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>31.12.2022</b>
(USD million)			
Non-current interest bearing debt	308	238	228
Non-current lease liability	102	190	134
Current interest bearing debt	50	37	37
Current lease liability	46	115	165
Less Cash and cash equivalents	332	130	184
<b>Net interest bearing debt</b>	<b>174</b>	<b>449</b>	<b>379</b>

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## Publication details

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