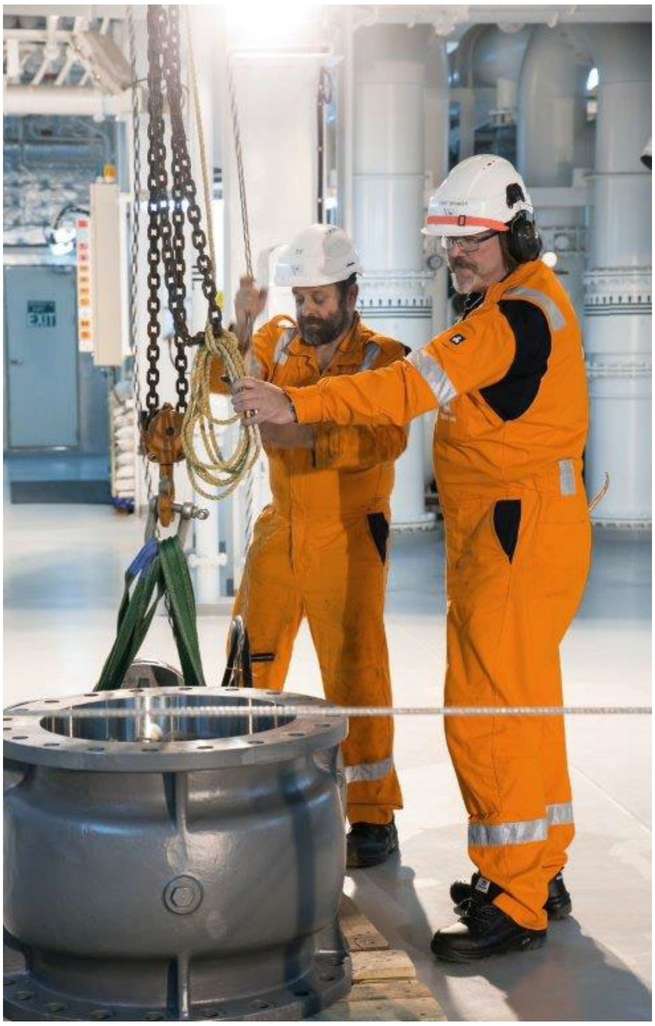
Höegh Evi AS

Annual report 2024



Directors' report 2024 for Höegh Evi AS

Nature of operations
Established on May 8, 2006, Höegh Evi AS ("the company") is headquartered in Oslo, Norway. It provides technical, operational, commercial, and financial management services to Höegh Evi Ltd., its subsidiaries, and associated companies ("the group" or "Höegh Evi"). Höegh Evi Ltd. serves as the privately owned ultimate parent company within the group.

For 50 years, Höegh Evi has been a pioneer and global leader in floating energy infrastructure, with one of the world's largest fleets of FSRUs (floating storage and regasification units) for importing natural gas. Today, Höegh Evi is building the infrastructure needed to make the energy transition possible, with floating terminals for ammonia and hydrogen import and services for carbon transport and permanent storage.

Going concern
The annual financial statements have been prepared under the going concern assumption in accordance with the Accounting Act § 3-3a and the board of directors confirms that this assumption is fulfilled.

Environmental report
The company's external environmental footprint from its activities is not considered significant. However, it considers travel to be the single most impactful activity affecting its environmental impact. Video conferencing and robust digital systems enable hybrid working solutions for all employees, providing flexibility that helps reduce emissions generated by work-related travel and overseas business trips. The group's web portal contains a detailed sustainability report for the whole group (https://www.hoeghevi.com/sustainability).

Transparency report
The company will issue a transparency report as required pursuant to the Norwegian Transparency Act within the deadline 30 June 2025. The report will be made available on the group's web portal (https://www.hoeghevi.com/sustainability).

The working environment and the employees
The workplace maintains a positive environment, with no reported incidents of work-related accidents causing personal injury or significant damage throughout the year. Adhering to Norwegian regulations, the company has established a working environment committee comprising representatives from both employees and management. The company upholds a policy promoting equal opportunities for individuals of all genders and enforces a zero-tolerance stance against discrimination based on gender, age, or ethnicity. In 2024, Höegh Evi made significant strides in empowering its workforce and fostering diversity and gender equality. Signing the WISTA '40 by 30' pledge highlights our global commitment to achieving a 40 percent female leadership ratio by 2030. This report focuses on Höegh Evi AS, where the female leadership balance currently has increased to 30 percent women as of the end of 2024. To advance toward this objective, the company has revamped its recruitment processes, ensuring that job postings attract diverse applicants and that hiring decisions are unbiased in terms of age and gender. Despite efforts, gender representation in the maritime industry's talent pool remains uneven, reflecting in the company's demographics. Women made up 34% of the workforce as of 31 December 2024 compared to 33% at year-end 2023. Regarding employee wellness, the company noted an increase in illness-related leave of absence, although the numbers remain low. The total was 2.08% in 2024, up from 0.76% in 2023. As of 31 December 2024, the company employed 106 people, up from 100 in the previous year.

Future development and strategy
The group offers competitively priced and adaptable LNG infrastructure, laying the groundwork for energy security and independence while facilitating the shift toward a low-carbon future. It's essential LNG infrastructure enables coastal nations to tap into global LNG markets. Unlike gas transported through fixed pipelines, LNG, which can be sourced globally and transported via specialised carriers, the group offers consumers of natural gas ample flexibility in sourcing. After a five-year period of relatively limited growth in global LNG supply, a trend change is approaching as several large liquefaction projects are set to ramp up starting in 2025-2026, particularly in the US and Qatar. Global supply is forecasted to grow by more than 30 percent, from 415 million tonnes per annum in 2024, to 540 million tonnes in 2028.

Through innovative solutions and strategic partnerships, Höegh Evi remains at the forefront of accelerating the energy transition towards a cleaner future. The dedication to driving positive change in the energy sector underscores the group' commitment to sustainability and environmental stewardship. The focus centred on pioneering clean energy solutions, such as floating ammonia terminals, ammonia to hydrogen conversion, blue hydrogen production, and carbon capture & storage (CCS) initiatives.

Comments related to the financial statements
In 2024, the operating profit stood at NOK 26.5 million, marking a decrease from NOK 34.0 million in 2023. The decrease is mainly explained by certain one-off effects in 2023. However, the total profit before tax increased to NOK 45.8 million in 2024 from NOK 16.6 million in 2023. This increase is largely attributed to improved foreign exchange effects. After tax, the total profit for the year amounted to NOK 35.0 million, up from NOK 15.0 million in 2023. The net result has been allocated to retained earnings, with no dividend distributions made in either 2024 or 2023.

As of 31 December 2024, the company's equity ratio improved to 61% compared to 59% at the end of 2023. Total cash flows in 2024 from operating activities were negative NOK 66.9 million, compared to a positive cash flow of NOK 35.0 million in 2023, whilst cash flows from investing activities amounted to NOK 26.8 million (2023: NOK 4.2 million). Cash flows from financing activities in 2024 and 2023 were zero. The company's cash and cash equivalents by the end of 2024 totalled NOK 50.8 million, down from NOK 90.8 million in 2023.

Financial risk
Foreign exchange risk
The company is primarily exposed to NOK/USD fluctuations because its revenues are denominated in USD, while most of its expenses are denominated in NOK.

Credit risk
Customer credit risk is the risk that a counterparty does not meet its obligations under a customer contract, leading to a financial loss The risk is considered low, as outstanding receivables for the most part relate to group companies and VAT.

Liquidity risk
Liquidity risk is the risk that the company will be unable to fulfil its financial obligations when they fall due, including servicing its interest-bearing debt. The liquidity of the company is considered satisfactory.

Other information
The company's Directors and General Manager is covered by the group's D&O insurance.

Diversity, equality and inclusion ("DEI")

Introduction
The Group has 900 employees in total comprising of both seafarers and onshore staff in Norway, Germany, Lithuania, United Kingdom, the USA, Singapore, Indonesia, Egypt, Colombia, Brazil, Jamaica and the Philippines. This review is specifically focused on onshore employees in Norway, of which there are 106.

Höegh Evi is a leading innovator, owner and operator of floating LNG import terminals (FSRUs) and LNG carriers. Our vision is accelerating countries to energy security and transition. Our multidisciplinary team works with our clients to execute complex marine infrastructure projects, moving and processing liquids and gases at high pressures and low temperatures. We have about 700 people onboard the fleet who assure that the assets are being operated reliably with the highest level of safety and integrity.

Our people are key to the success of our business as they impact every part of it. We believe that diversity and inclusion are a source of competitive advantage and that employees from a range of backgrounds, working together and respecting one another's values, lead to even better business results. We oppose any form of discrimination and strive to promote equality in all employment practices.

Although we have some work to do regarding gender diversity, other important demographic variables and forms of diversity are in place. We have a truly varied group of employees in terms of age, nationality, and ethnicity, which really strengthens our company culture. So far, we have worked with DEI through a systematic approach that looks at all our people's processes as well as the workplace and culture in terms of flexibility and work life balance.

Gender balance as of 31 December 2024

	Female	Male
Total gender balance	34%	66%
Gender balance leadership	30%	70%
Gender balance Senior Executive Management	25%	75%
Gender balance Board of Directors	40%	60%
Temporary employees (#)	2	-
Part-time employees (#)	2	-
Involuntary part-time employees (#)	-	-
Parental leave (average number of weeks)	18	12

Höegh Evi generally operates in a male-dominated industry and market, which is also reflected in the statistics on gender balance in the company. The talent pool from which we hire, particularly for maritime personnel, is predominantly male and this is reflected in our demographics.

As of 31 December 2024, women accounted for 34% (106 total, 36 women) of the total onshore employees based in Norway. At year-end 2024, female leaders accounted for 30% (40 total, 12 women), which is an increase of 6% over the past two years. Our goal is to reach 40% female leaders onshore by 2030. By signing the WISTA pledge, we have committed to: Create specific goals to increase diversity anchored by top management, ensure that the diversity goals are measured, regularly followed up, and published on our company's website.

All permanent positions are full-time. Part-time employment is not frequently used, and employees working part-time have chosen to do so voluntarily. No involuntary part-time work has been reported. Temporary employees primarily consist of substitute positions due leaves of absence (parental leave etc). On average, women take longer periods of parental leave than men, but there is equal opportunity and organizational support for men to take extended parental leave.

Remuneration analysis

The remuneration analysis was conducted at year-end 2024 in accordance with the Activity Duty and the Duty to Issue a Statement under the Norwegian Equality and Anti-Discrimination Act, with the aim of identifying unintended wage disparities between women and men.

We have set the following 4 global principles:

1. We ensure all employees receive a competitive compensation package which is benchmarked annually using third party salary survey providers.
2. We follow a consistent reward system for everyone to ensure fair and predictable rewards.
3. We inform employees about their rights to full pay during illness, pregnancy, and birth in compliance with local laws and regulations. This is to ensure transparency during leaves.
4. Employees can take advantage of our company health services. Each set-up is based on local laws and regulations, and vendor agreements.

We follow all applicable laws and regulations related to compensation. Höegh Evi engage external third parties' such as KornFerry, and Willis Towers Watson to provide annual benchmark data to maintain a competitive, fair compensation and benefits policy. These expert firms conduct comprehensive market research and analysis to compare industry standards, regional trends, and job functions. By utilising this data, we ensure that compensation packages are aligned with the current market and ensure our policy remains up-to-date and relevant.

Gender pay gap

	Gender pay gap
Gender pay gap between male and female	28.0%

	Gender pay gap by salary groups
Staff	4.8%
Senior professional	8.7%
Management	26.7%

The gender pay gap indicates that women, on average, is positioned 28% lower in total compensation compared to men. The wage gap is explained by a relatively higher portion of men represented within more senior and management roles and a higher representation of men with longer tenure within each salary group. Staff and senior professionals are comparable but there is a significant difference in the management roles. This is largely attributed to longer tenure for men at Höegh Evi.

The calculations are based on quantitative data extracted from internal systems and include employees as of the end of 2024. Base salary and fixed allowances have been adjusted to 100 percent for part-time employees. A 100 percent position corresponds to 1 950 hours per year.

				Female pay as a percentage of male				
Salary groups	**#**	**Female**	**Male**	**Total remuneration**	**Base salary**	**Bonus**	**Overtime**	**Benefits in kind**
Staff	37	41%	59%	95.2%	94.9%	94.2%	19.2%	128.5%
Senior professionals	33	35%	65%	91.3%	94.2%	62.9%	111.4%	128.5%
Management	36	26%	74%	73.3%	80.2%	57.2%	-	75.8%
Total	**106**	**34%**	**66%**	**72.0%**	**79.9%**	**44.6%**	**70.3%**	**65.6%**

Salary groups
The definitions of salary groups are based on external benchmark mapping using Hay Grades and alignment with Equality Check mapping which safeguards legal and compliance requirements. Additional salary groups exist beyond those presented in the mapping, but categories with fewer than five employees have been aggregated to ensure anonymity and data integrity.

Components of compensation

Total remuneration
The gap for total remuneration decreases when the remuneration is broken down to salary groups *staff* and *senior professional* and indicates that women and men receive comparable total compensation within these job levels. For management the pay gap between male and female is attributable to longer seniority amongst men. If disparities related to pay are identified between males and females who do equal work or work of equal value, there is a mechanism in place to correct this.

Base salary
The base salary is reviewed each year based on local market benchmarks, employee performance, and financial approval from management and the Board of Directors for an overall increase. Salary adjustments may be made as a result of performance, promotions, and government-mandated increases. There is no significant gender pay gap within the staff and senior professional salary groups. Among management, the gap is attributable to a higher number of men with tenure in the industry and longer time in leadership roles.

Bonus
Our bonus scheme rewards eligible employees for their contributions to our company's strategy and business goals during the performance year. The performance-based bonus is variable and discretionary, depending on Höegh Evi's overall performance and individual performance. Management receives a bonus based on the management bonus scheme, and the gap between male and female is attributed to the higher number of males in management positions who are eligible for this management bonus scheme.

Overtime payment
Work-life balance is important and Höegh Evi values our employees' time and well-being. We compensate overtime according to local laws and offer a generous time-off policy to ensure leisure time and recharge. When we compare men and women in the salary group staff, men claim more overtime than women in total. However, for the group senior professionals, the situation is the opposite. Management positions are exempt from overtime compensation.

Benefits in kind
Taxable benefits in kind primarily consists of the value of personal and travel insurance, car allowances, pension and paid mobile phone. In addition, Höegh Evi covers private broadband expenses and provides equipment for home office use. The higher average for women in salary group staff and senior professional is related to pension compensation.

Whistleblowing and conduct reporting procedures
We have routines for the reporting of bullying, harassment and sexual harassment which are described in the personnel handbook, our governance management system, on the intranet and explained in onboarding training for new hires. In addition, we have annual mandatory training of the company's Code of conduct that includes procedures related to bullying, harassment, and sexual harassment.

All employees can report suspected or actual breaches of company policies through designated reporting and whistleblowing channels outlined in the Code of conduct. Employees can report incidents anonymously, without fear of retaliation and in their own language via the independent external whistleblower channel. All reported incidents are submitted to the Chief of Legal & Compliance Officer. Höegh Evi also has a Code of conduct for good and inclusive behavior which is clearly visible to all employees. Managers are also trained on this topic on a regular basis.

Identified risks to DEI

Recruitment

- Overreliance on referrals may limit access to a diverse candidate pool.
- Expedited recruitment timelines may lead to less inclusive selection practices.
- Insufficient role definition may result in unclear or exclusionary criteria.
- Lack of training on unconscious bias among hiring managers.

Promotions and career progression

- Employees on parental leave may inadvertently be excluded from development opportunities.
- Informal career advancement channels may reinforce existing disparities.
- Stereotypes and unconscious bias may impact promotion decisions.
- Unspoken expectations (e.g., travel availability or language skills) may create barriers.

Work environment and organisational culture

- Accommodation of individual needs may rely too heavily on self-disclosure.
- Scheduling practices and travel expectations may negatively impact caregivers.
- Limited provisions for religious observance and cultural holidays.
- Inconsistent physical or technological accessibility.

Compensation and benefits

- Historical pay discrepancies may persist without structured correction mechanisms.
- Variability in compensation based on contract type, leadership style, or workload.
- Lack of transparency in salary-setting processes.

Root causes

The root causes of these challenges are multifaceted and include:

- Industry-specific recruitment practices favouring closed networks.
- Limited leadership diversity and inconsistent application of advancement criteria.
- Inadequate visibility into employee competencies, aspirations, and development needs.
- Societal and organisational norms that influence perceptions of success and leadership.

Strategic goals

To mitigate these risks and align with our values and business objectives, Höegh Evi has established the following goals:

- Achieve a minimum 40:60 gender balance at all management levels.
- Be recognised as an industry leader in diversity, equity, and inclusion.
- Attract and retain talent from diverse cultural and educational backgrounds.
- Ensure all people processes are bias-aware and accessible, from recruitment through to exit.
- Increase internal and external transparency around pay equity, promotions, and development opportunities.

Key actions and initiatives

Recruitment

We are embedding inclusive practices into every stage of the hiring process. This includes requiring gender-balanced shortlists for leadership roles, ensuring accessibility of job advertisements (e.g. screen-reader compatibility), and screening job descriptions for bias. We are developing recruitment KPIs and reviewing our employer branding to better appeal to underrepresented groups.

Career development and internal mobility

Internal promotion and development processes are being enhanced to include transparent communication of available roles and opportunities. We are formalising support for employees on parental leave, ensuring they remain connected and informed. DEI metrics will be tracked in talent reviews, and targeted sponsorship and mentoring programmes (e.g. through WISTA) will continue to be supported.

Workplace culture and infrastructure

We are expanding our approach to reasonable accommodations by formalising risk assessments and adjustment plans, especially for pregnant employees and those with disabilities. Meeting schedules are being rotated to account for time zones and personal obligations. Facilities for religious practice and dietary inclusivity have been introduced, and social events are designed to be inclusive for all.

Compensation and benefits

Annual equal pay reviews are conducted using objective grading systems. Salary adjustments are made where discrepancies are identified, and the budget for these adjustments is built into our annual compensation planning. We aim to make pay equity and evaluation processes more transparent to both managers and staff.

Governance and oversight

DEI is now a formal part of our governance agenda. Responsibility for execution lies with the Chief People Officer, who reports regularly to the Senior Executive Management Team and Board. Progress is monitored through internal audits, HR analytics, employee surveys, and the review of whistleblowing reports. We took part in the All Aboard Alliance in 2023, which commits us to annual reporting, continuous education, and measurable progress against DEI principles.

Ongoing plans to carry out the work

Over the next 12 months, we will:

1. Conduct a company-wide survey to better understand employees' perceptions and experiences of DEI.
2. Promote internal and external success stories to reinforce role models and inclusive culture.
3. Build cross-functional awareness of inclusive leadership practices, particularly among senior managers within our leadership development programs and executive coaching.
4. Evaluate and enhance the reach of our recruitment marketing and career pathways to attract underrepresented talent.
5. We continue to hold our recruitment agencies accountable for providing us with short lists of diverse talent.
6. Take part in WISTA activities as part of our WISTA pledge, ensuring we both communicate and include our communicated to all our employees.
7. Establish a regular DEI reporting to the Board, integrated into our sustainability governance framework.

Our evaluation of progress to date

We are making good progress. Many of our plans and measures are long-term and we continue to focus on them through all our core people processes throughout the year.

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Board of Directors
Oslo, 10 June 2025

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MORTEN HØEGH
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Morten W. Høegh
Chairman

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Director

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Erik Nyheim
Director and General Manager

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Marianne Rummelhoff
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Marianne Rummelhoff
Director

Signed by:
Camilla Nyhus-Møller
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Camilla Nyhus-Møller
Director

STATEMENT OF INCOME 1 JANUARY – 31 DECEMBER

NOK'000	Note	2024	2023
Management and other income	2,3	503 853	433 615
TOTAL OPERATING INCOME		**503 853**	**433 615**
Salaries and personnel cost	4	(223 454)	(205 086)
Administrative expenses	5	(250 138)	(190 298)
Depreciation	6,7	(3 776)	(4 251)
TOTAL OPERATING EXPENSES		**(477 368)**	**(399 635)**
OPERATING PROFIT		**26 485**	**33 980**
Interest expenses		(25)	(51)
Reversal of impairment	8	-	2 984
Interest income	9	4 671	4 114
Foreign exchange gain(loss)	10	14 817	(24 335)
Other financial items		(101)	(103)
NET FINANCIAL ITEMS		**19 362**	**(17 391)**
PROFIT BEFORE TAX		**45 847**	**16 589**
Corporate income tax	11	(10 825)	(1 592)
PROFIT FOR THE YEAR AFTER TAX		**35 022**	**14 996**
Attribute to			
Retained earnings		35 022	14 996
TOTAL		**35 022**	**14 996**

STATEMENT OF FINANCIAL POSITION

NOK'000	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets	11	354	419
Other intangible assets	6	7 291	10 294
Total intangible assets		**7 645**	**10 713**
Tangible assets			
IT equipment and furniture	7	2 393	2 721
Financial assets			
Investments in subsidiaries	13	24 101	24 101
Loans to subsidiaries	9,14	-	22 576
Other non-current receivables		5 600	7 386
Total tangible and financial assets		**32 094**	**56 784**
Total non-current assets		**39 739**	**67 497**
Current assets			
Receivables from companies within Höegh Evi Group	14	209 596	93 792
Other trade receivables and prepayments		16 396	18 393
Cash and cash equivalents	15	50 754	90 813
Total current assets		**276 746**	**202 998**
TOTAL ASSETS		**316 485**	**270 495**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	600	600
Share premium reserve	12	84	84
Other capital reserves	12	(11 666)	(11 584)
Retained earnings	12	205 594	170 572
Total equity		**194 612**	**159 671**
Non-current liabilities			
Pension liabilities	4	787	828
Total non-current liabilities		**787**	**828**
Current liabilities			
Liabilities to other companies within the Höegh Evi Group	16	12 210	11 792
Public duties	17	13 950	13 724
Tax payable	11	10 760	1 498
Trade and other payables		13 305	19 508
Provisions and other current liabilities	18	70 861	63 473
Total current liabilities		**121 086**	**109 996**
TOTAL EQUITY AND LIABILITIES		**316 485**	**270 495**

Board of Directors
Oslo, 10 June 2025

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MORTEN HØEGH
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Chairman

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Director

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Erik Nyheim
Director and General Manager

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Marianne Rummelhoff
Director

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Camilla Nyhus-Møller
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Camilla Nyhus-Møller
Director

STATEMENT OF CASH FLOWS 1 JANUARY – 31 DECEMBER

NOK'000	Note	2024	2023
Cash flows from operating activities			
Profit before corporate income tax		45 847	16 589
Adjustments to reconcile profit before tax to net operational cash flows			
Depreciation	6, 7	3 776	4 251
Reversal of impairment	8	-	(2 984)
Interest income	9	(4 671)	(4 114)
Interest expenses		25	51
Amortisation of prepaid ITERP expenses		1 786	1 739
Unrealised loss (gain) on exchange		(11 276)	(1 017)
Working capital adjustments (receivables and payables)		(100 862)	25 340
Corporate income taxes paid	11	(1 498)	(4 887)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(66 873)	34 969
Cash flows from investing activities			
Capital expenditures tangible assets	7	(445)	(1 468)
Interest received		3 902	2 682
Repayment from lending to Port Dolphin Energy LLC	8	-	2 984
Repayment from lending to Höegh Evi Fleet Management AS	9,14	23 357	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		26 814	4 198
Net increase (decrease) in cash and cash equivalents		(40 059)	39 167
Cash and cash equivalents at 1 January		90 813	51 648
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	50 754	90 813

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of significant accounting policies

The financial statements adhere to the regulations outlined in the Norwegian Accounting Act and comply with Norwegian Generally Accepted Accounting Principles (NGAAP). Since 2012, the company has been authorised to prepare its financial statements in English. All figures in the financial statements are expressed in NOK'000 (Norwegian Krone thousand) unless otherwise stated. The key accounting principles are outlined as follows:

A) Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, income and expenses in accordance with generally accepted accounting principles in Norway.

B) Foreign currency translation

Transactions in foreign currencies are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

C) Revenue recognition

Revenues from sale of goods are recognised when risk passes to the customer, which is normally at the point of delivery of the goods. Revenues from services are recognised when the services have been provided. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duty.

D) Investment in subsidiaries

Investments in subsidiaries are valued at cost in the company accounts. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends/group contributions exceed withheld profits after the acquisition date, the excess amount represent repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

E) Balance sheet classification

Current assets and current liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other assets and liabilities are classified as non-current.

Current assets are valued at the lower of cost and fair value. Current and non-current liabilities are recognised at nominal values. Fixed assets are valued at cost, less depreciation and impairment losses.

F) Property, plant and equipment

Property, plant and equipment is capitalised and depreciated linearly over the estimated useful life. Significant fixed assets, which consist of substantial components with dissimilar economic life, have been unbundled; depreciation of each component is based on the economic life of the component. Cost for maintenance is expensed as incurred, whereas cost for improving and upgrading property, plant and equipment is added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted as used.

G) Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

H) Statement of cash flows

The statement of cash flow is presented using the indirect method. Cash and cash equivalents include bank deposits.

I) Income tax

The company is subject to income tax in Norway. Corporate income tax represents the current income tax, changes in any deferred tax assets and liabilities and adjustments made for previous periods.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount recovered from or expected to be paid to the tax authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax assets

Deferred tax assets are provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

J) Investments in tangible and intangible assets

Tangible assets

Investments in office equipment and IT are depreciated over a period of three to five years on a straight-line basis.

Intangible assets

Development cost is capitalised providing that a future economic benefit associated with development of the intangible asset can be established and it can be measured reliably. Otherwise, the cost is expensed as incurred. Capitalised development cost is amortised linearly over its useful life. Research cost is expensed as incurred.

In its assessment of whether the cost associated with the development of certain projects is eligible to be recognised as an intangible asset, the Höegh Evi group apply a double set of decision criteria that both must be met;

- An intangible asset related to the development of a project is recognised only if the Höegh Evi group can show that the project is technically feasible so that it will be available for use or sale.

- Secondly, the ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources for the implementation and the ability to measure the cost throughout the development is assessed. Depreciation begins when development project has been completed, and the asset is available for use. The asset is amortised over the same period as the expected future value in use. Value in use is the present value of the future cash flows that the asset is expected to generate.

Note 2 – Management and other income

NOK'000	2024	2023
Income from services to group companies, including overhead	503 022	424 763
Other income	831	8 852
Total	**503 853**	**433 615**

Höegh Evi AS offers commercial, administrative and technical services to entities within the group. The company has entered into a sub-management agreement with its subsidiary Höegh Evi Fleet Management AS, which is responsible for providing technical management services to the group's fleet. Reference is made to Note 3 for details on transactions involving related parties.

Note 3 – Transactions with related parties

Below table sets out the income and expenses recorded in 2024 and 2023 with the company's related parties:

NOK'000		Income from related parties	Expenses from related parties
Hoegh LNG Giant Pte. Ltd.	2024	122	-
Hoegh LNG Giant Pte. Ltd.	2023	8 034	-
Höegh Evi Ltd.	2024	38 770	-
Höegh Evi Ltd.	2023	24 941	-
Höegh LNG Partners LP	2024	6 441	-
Höegh LNG Partners LP	2023	13 289	-
Hoegh Evi Asia Pte. Ltd.	2024	9 832	(2 869)
Hoegh Evi Asia Pte. Ltd.	2023	2 592	(2 715)
Höegh Evi Fleet Management AS	2024	84 428	(3 598)
Höegh Evi Fleet Management AS	2023	72 034	(1 104)
Höegh Evi Infrastructure Ltd.	2024	333 386	-
Höegh Evi Infrastructure Ltd.	2023	282 250	-
Höegh LNG Services ROHQ	2024	-	(21 312)
Höegh LNG Services ROHQ	2023	-	(19 890)
Other companies within Höegh Evi group	2024	30 043	(9 282)
Other companies within Höegh Evi group	2023	21 623	(4 434)
Total	**2024**	**503 022**	**(37 061)**
Total	**2023**	**424 763**	**(28 143)**

Note 4 – Salaries and personnel cost

NOK'000	2024	2023
Salaries and holiday pay	140 432	124 864
Bonus	34 658	37 806
Pension cost	14 967	10 042
Social security tax	29 003	29 113
Other remuneration and personnel costs	4 394	3 261
Total	**223 454**	**205 086**

As of 31 December 2024, the company employed 106 individuals, compared to 100 employees as of 31 December 2023. Norwegian employers are obliged to have an occupational pension scheme for their employees under the Norwegian Act on Mandatory Occupational Pension Schemes. The pension plans for the company's Norwegian employees comply with the requirements of this Act. The contributions made to the defined contribution pension plan for full-time employees equal 7-20% of the employee's salary and amounted to NOK 15.0 million for 2024. The company has no legal or constructive obligations to pay further contributions.

The pension liabilities of NOK 0.8 million at year-end 2024 (NOK 0.8 million at year-end 2023) relate to fair value of the obligation the company has toward two key members of management employed in Oslo who will receive a fixed amount if still employed by Höegh Evi when retiring at the age of 67. There are no current portion of the pension liability as of 31 December 2024.

Compensation to General Manager:

NOK'000	2024	2023
Salaries	7 862	6 647
Bonus	5 075	3 278
Other taxable benfits	37	138
TOTAL	12 974	10 063

The General Manager participates in the group's bonus program and also has other distinct incentive schemes specific to his role as General Manager.

No remuneration was paid to the board members for the years 2024 and 2023.

Note 5 - Administrative expenses

NOK'000	2024	2023
Rental of premises	9 037	8 890
External services	104 429	68 107
IT-related expenses	62 393	50 042
Travel expenses	16 015	17 191
Insurance premiums	7 484	7 019
Management services rendered by group company (see Note 3)	37 061	28 143
Other administrative expenses	13 719	10 906
Total	**250 138**	**190 298**

The increase in external service expenses is primarily attributable to non-recurring project-driven costs in 2024. Höegh Autoliners Management AS, a related party company, invoiced NOK 0.5 million to Höegh Evi AS (2023: NOK 0.5 million). This is primarily expenses related to office facility services in Drammensveien 134.

Auditor remuneration (excl. VAT):

NOK'000	2024	2023
Statutory audit	153	267
Audit-related services	-	(456)
Total	**153**	**(189)**

The positive effect of audit-related services during 2023 relate to a reversal of an accrual made in 2022 that was later decided to be invoiced to the ultimate parent of the group.

Note 6 – Intangible assets (IT-software)

NOK'000	2024	2023
Cost on 1 January	46 012	49 653
Disposals	-	(3 641)
Cost on 31 December	**46 012**	**46 012**

NOK'000	2024	2023
Accumulated depreciation on 1 January	(35 718)	(35 898)
Depreciation	(3 003)	(3 461)
Disposals	-	3 641
Accumulated depreciation on 31 December	**(38 721)**	**(35 718)**
Net carrying value on 31 December	**7 291**	**10 294**

The linear depreciation profile is in the range of 5-8 years for IT software.

Note 7 – Tangible assets (IT-hardware and furniture)

NOK'000	2024	2023
Cost on 1 January	13 035	12 304
Additions	445	1 468
Disposals	(184)	(737)
Cost on 31 December	**13 296**	**13 035**

NOK'000	2024	2023
Accumulated depreciation on 1 January	(10 314)	(10 261)
Depreciation	(773)	(790)
Disposals	184	737
Accumulated depreciation on 31 December	**(10 903)**	**(10 314)**
Net carrying value on 31 December	**2 393**	**2 721**

The linear depreciation profile is 3-5 years for IT hardware and furniture.

Note 8 – Reversal of impairment loss

In July 2023, Port Dolphin Energy LLC repaid a portion of the loan provided for by Höegh Evi AS that was completely written off in 2016. Consequently, Höegh Evi AS recorded a partial reversal of the previously recognised impairment.

Note 9 – Interest income

NOK'000	2024	2023
Interest on loan provided to Höegh Evi Fleet Management AS	781	1 432
Other interest income	3 890	2 682
Total interest income	**4 671**	**4 114**

The intercompany loan provided to Höegh Evi Fleet Management AS has been charged quarterly with 3 months Nibor plus a margin of 250 basis points. The loan was fully repaid as of 31 December 2024 (compared to NOK 22.6 million by year-end 2023), however it remains active with a loan facility of up to NOK 35 million. Other interest income is mainly interest earned on bank deposits.

Note 10 - Foreign exchange gain (loss)

The primary reason for the currency gain in 2024 and the currency loss in 2023 is the fluctuations in the NOK/USD exchange rate, with revenues denominated in USD and most expenses denominated in NOK.

Note 11 – Corporate income taxes

Tax rate deferred taxes	22%	22%
Tax rate corporate taxes	22%	22%

NOK'000	**2024**	**2023**
Tax payable Norway	10 760	1 498
Changes in deferred taxes (Norway)	65	107
China, Shanghai representative office taxes paid during the year	-	(13)
Total income tax expenses	**10 825**	**1 592**
Tax base calculation:		
Profit before income tax (including China [Shanghai rep. Office])	45 847	16 589
+/- Permanent differences:		
Non-deductible costs (gifts, subscriptions, donations, entertainment)	3 268	2 057
Other income capped at 3% taxable	-	(8 378)
Tax to China [Shanghai rep. Office]	-	13
Reversal of impairment	-	(2 984)
Actuarial gains on defined benefit pension costs	90	-
+ Changes in temporary differences	(296)	(488)
= Taxable income	**48 909**	**6 810**

Temporary differences (Norway):	**2024**	**2023**
Fixed assets	(822)	(1 076)
Pension liabilities (see Note 4)	(787)	(828)
Temporary differences at 31 December	(1 609)	(1 905)
Deferred tax assets 31 December	**354**	**419**
Taxes payable Norway	10 760	1 498
Tax payable 31 December	**10 760**	**1 498**

Reconciliation of income tax	**2024**	**2023**
Profit before tax multiplied by statutory tax rate Norway	10 086	3 650
Tax in China (Shanghai representative office) - deemed revenues	-	(13)
Permanent differences * statutory tax rate (Norway)	739	(2 044)
Income tax expense	**10 825**	**1 592**

Note 12 – Equity

NOK'000	**Share capital**	**Share premium reserve**	**Other capital reserves**	**Retained earnings**	**Total**
1 January 2023	**600**	**84**	**(11 455)**	**155 575**	**144 805**
Profit for the year 2023	-	-	-	14 996	14 996
Other changes in equity	-	-	(129)	-	(129)
31 December 2023	**600**	**84**	**(11 584)**	**170 572**	**159 671**
Profit for the year 2024	-	-	-	35 022	35 022
Actuarial gain on defined benefit scheme	-	-	90	-	90
Other changes in equity	-	-	(172)	-	(172)
31 December 2024	**600**	**84**	**(11 666)**	**205 594**	**194 612**

The company's shares are wholly owned by Höegh Evi Infrastructure Ltd., a company incorporated in Bermuda.

Note 13 – Investment in subsidiaries

Investment in subsidiaries solely refers to an investment in Höegh Evi Fleet Management, a fully owned Norwegian subsidiary of the company. The subsidiary did not receive or provide any group contributions, nor were there any dividend distributions from this subsidiary in 2024 or 2023. The book equity in Höegh Evi Fleet Management AS is NOK 29.8 million as of 31 December 2024 (2023: NOK 28.2 million).

Note 14 – Receivables with companies within the Höegh Evi group

NOK'000	Country of residence	31 Dec 2024	31 Dec 2023
Höegh Evi Fleet Management AS	Norway	14 761	34 318
Höegh Evi Infrastructure Ltd.	Bermuda	179 831	65 694
Höegh Evi Ltd.	Bermuda	5 199	2 815
Other companies within Höegh Evi group		9 805	13 541
Total		**209 596**	**116 368**

As of year-end 2024, all receivables were categorised as trade or other non-interest-bearing receivables. As of 31 December 2023, NOK 22.6 million was classified as interest-bearing debt under the intercompany loan agreement as detailed in Note 9.

Note 15 – Cash and cash equivalents

NOK'000	31 Dec 2024 Exchange rate	31 Dec 2024	31 Dec 2023 Exchange rate	31 Dec 2023
Deposit NOK	1.00	24 912	1.00	33 119
Deposit USD/NOK	11.34	22 162	10.27	55 065
Deposit EUR/NOK	11.78	3 680	11.35	2 025
Deposit CNY/NOK	1.55	-	1.45	605
Total		**50 754**		**90 813**

Employee's tax deduction amounting to NOK 8.3 million at year-end 2024 is deposited in a separate bank account being restricted cash.

Note 16 – Liabilities to companies within Höegh Evi group

NOK'000	Country of residence	31 Dec 2024	31 Dec 2023
Höegh Evi Fleet Management AS	Norway	3 444	3 740
Höegh LNG Services ROHQ	The Philippines	4 027	3 752
Hoegh LNG Klaipeda, UAB	Lithuania	1 634	1 864
Hoegh LNG Le Havre	France	1 461	-
Höegh LNG Wilhelmshaven GmbH	Germany	-	1 066
Other companies within Höegh Evi group		1 644	1 370
Total		**12 210**	**11 792**

Note 17 – Public duties payable

NOK'000	31 Dec 2024	31 Dec 2023
Accrued social security tax (payroll tax)	4 522	5 066
Employees' taxation withheld	6 934	6 470
Social security tax on accrued holiday pay	2 494	2 188
Total	**13 950**	**13 724**

Note 18 – Provisions and other current liabilities

NOK'000	31 Dec 2024	31 Dec 2023
Holiday pay	17 691	15 517
Bonus accruals	41 214	42 357
External services	11 023	5 086
Other	933	513
TOTAL	**70 861**	**63 473**

Note 19 – Subsequent events

The Board of Directors is not aware of events after the balance sheet date that are of significant importance to the annual financial statements.