Frøy ASA

Q2 22

August 2022

Highlights

Q2 highlights

Commercial

- Multiple new agreements signed during the quarter, including 5 multi-year time charter contracts in the service segment. Total combined value of approx. NOK 340 million.
- More than 300 treatments carried out with the new combination method for removal of sea lice. Documented positive results on fish welfare and efficiency. As of August 2022, Frøy offers the new treatment methodology on five of its wellboats.
- New 4.500 m3 wellboat ordered in May, scheduled for delivery mid 2024
- NOK 130 million dividend distributed to shareholders in June

Financial

- Revenues in Q2 22 of NOK 507 million, increased from NOK 412 million in Q2 21
- Revenues from fixed contracts and framework agreements up 21% vs. Q2 21
- EBITDA in Q2 22 of NOK 154 million vs. NOK 159 million in Q2 21
- Higher fuel costs impacting EBITDA negatively with approx. NOK 10 million vs. Q2 21. Unscheduled off-hire and maintenance cost impacting EBITDA negatively with approx. NOK 8 million.
- Backlog of 6.2 billion is approx. NOK 200 million higher than Q1 22

Outlook

- Favourable underlying market trends driven by farming in more exposed locations, larger farming sites, new regulations and ESG requirements related to fish welfare, biosecurity and avoiding escapes.
- High fuel costs are expected to impact results also in 2H 22.
- At the end of June, activity was high, in line with normal seasonality, except for the service segment in North of Norway that continues to see somewhat slower activity level than in 2021.

Key figures

Key figures[1]	Q2 22	Q2 21	YTD 2022	YTD 2021
Financial (NOK 1,000,000)				
Contract revenues[2]	278.4	210.9	532.3	411.8
Framework revenues	99.4	101.3	163.3	145.8
Spot revenues	51.6	62.4	102.2	128.4
Fuel & other reinvoiced revenues[3]	76.9	37.5	130.4	81.5
Other revenues[4]	0.4	0.3	9.8	0.9
Total revenues	**506.7**	**412.4**	**938.0**	**768.4**
EBITDA[5]	153.6	159.0	265.2	243.0
EBITDA adjusted[6]	153.2	158.7	255.4	250.1
EBITDA adjusted %	30%	39%	28%	33%
Net cash flow from operating activities	37,3	106.6	174,0	245.4
Net cash flow from investing activities	-150,0	-376.2	-437,2	-1 218.1
Net cash flow from financing activities	-231,7	-62.8	-81,1	1 573.8
Total assets	7 702.6	6 936.4		
Net interest bearing debt[7]	3 687.6	2 994.9		
Cash	394.1	749.8		
Equity	3 147.0	2 948.5		
Profitability and capital structure				
ROE[8]	9 %	12%		
Equity ratio	41 %	43%		
Vessels[9]				
Wellboats	16	15		
Large service vessels	12	11		
Small service vessels	41	44		
Transport vessels	3	4		
Total number of vessels	72	74		

1) This report is unaudited. Please refer to the appendix in this quarterly report for descriptions and reconciliations of alternative performance measures (non-IFRS measures) including definitions of key figures.

2) Contract revenues include time charter revenues. bareboat revenues. and other fixed contract revenues

3) The Group reinvoice fuel and other costs to clients when operating on time charter contracts

4) Other revenues include revenue related to sale of vessels and other non-allocated revenues

5) EBITDA: Operating profit plus depreciations and amortizations

6) EBITDA adjusted: EBITDA adjusted for gain on sale of assets and costs related to the IPO

7) Net interest-bearing debt: Total non-current interest-bearing liabilities. plus current interest-bearing liabilities. less cash

8) Annualized return on equity (ROE) calculated as net profit last 12 months / average equity

9) Number of vessels at end of period

Financial results in the quarter and year to date

Group financial review

Profit and loss

(NOK 1.000.000)	Q2 22	Q2 21	YTD 2022	YTD 2021
Revenue	506.2	412.1	928.3	767.5
Other income	0.4	0.3	9.8	0.9
Total revenue	**506.7**	**412.4**	**938.0**	**768.4**
Direct expenses (goods/services delivered)	118.7	41.6	209.8	91.4
Employee benefit expenses	145.9	119.8	288.9	232.4
Other operating expenses	88.5	92.0	174.2	201.6
EBITDA	**153.6**	**159.0**	**265.2**	**243.0**
EBITDA %	30%	39%	28%	32%
Depreciation	99,8	72.3	191,3	145.8
Operating profit	**53.8**	**86.7**	**73.9**	**97.2**
Financial income	17.7	2.1	57.7	2.3
Financial expenses	35.2	23.4	61.1	45.8
Share of profit (loss) from associates	-0.4	-	0.6	1.1
Profit (loss) before tax	**35.9**	**65.4**	**71.0**	**52.6**
Taxes	-6.4	6.4	-2.8	1.7
Profit (loss) for the period	**42.3**	**59.0**	**73.9**	**50.9**

(Figures in parenthesis refer to the same period previous year.)

Second quarter

Total revenue in Q2 22 amounted to NOK 506.7 million (NOK 412.4 million). The increase in revenues was mainly driven by increased capacity and revenues in the wellboat segment and an increase in reinvoiced fuel costs to clients.

EBITDA in Q2 22 amounted to NOK 153.6 million (NOK 159.0 million) while Q2 22 EBITDA margin ended at 30% (39%). The lower EBITDA margin vs. Q2 21 is mainly related to the increased fuel costs and unscheduled off-hire and maintenance costs on two wellboats in the quarter.

Fuel costs increased vs. Q2 21, impacting EBITDA negatively with approx. NOK 10 million vs. Q2 21. During Q2 22 two wellboats experienced unscheduled maintenance costs and off-hire days. In total the off-hire days amounted to approx. NOK 4 million in lost revenues. Maintenance costs in Q2 22 were approx. NOK 5 million higher than in Q2 21 following the unscheduled vessel repairs.

The total costs related to the ongoing digitalization and consolidation projects to create a more streamlined Frøy amounted to approx. NOK 5 million in the quarter.

Operating profit in Q2 22 ended at NOK 53.8 million (NOK 86.7 million). Financial income in Q2 22 of NOK 17.7 million includes positive effect from fixed interest rate swaps.

Net profit for Q2 22 ended at NOK 42.3 million (NOK 59.0 million).

Year to date (YTD)

Revenue YTD 22 amounted to NOK 938.0 million (NOK 768.4 million). YTD 22 EBITDA amounted to NOK 265.2 million (NOK 243.0 million). Revenues and EBITDA increased YTD 22 vs. YTD 21 due to growth in number of wellboats in operation.

EBITDA margin YTD 22 ended at 28% (32%). Fuel costs impact EBITDA negatively with approx. NOK 20m 1H 22 vs. 1H 21.

Cash flow and net interest-bearing debt (NIBD)

Second quarter

Frøy had positive cash flow from operations of NOK 37.3 million in Q2 22 (NOK 106.6 million). Cash flow from operating activities decreased Q2 22 vs. Q2 21 mainly due to a negative change in working capital in Q2 22.

Cash flow from investment activities ended at NOK 150.0 million in the quarter (NOK 376.2 million). Investments in Q2 22 mainly related to instalments on the wellboats under construction. Investments in Q2 21 were particularly high with multiple wellboats under construction.

The cash flow from financing activities amounted to NOK – 231.7 million in the quarter (NOK -62.8 million). The negative cash flow from financing activities in Q2 22 was mainly driven by the distribution of NOK 130 million in dividends and net repayment of borrowings in the quarter. The net repayment of borrowings in the quarter was a result of down payment of existing debt and limited increase in debt on the newbuilds under construction during the quarter.

The cash position at the beginning of the period was NOK 738.5 million. Total cash flow in the quarter was negative NOK 344 million. Cash position at the end of the quarter at NOK 394.1 million.

At the end of the quarter Frøy had total assets of NOK 7 702.6 million (NOK 6 936.4 million). The main drivers for the change in total assets vs. Q2 21 are increased property plant and equipment. The property, plant and equipment increased Q2 22 vs. Q2 21 due to investments into the ongoing newbuild program.

Gross interest-bearing debt increased to NOK 4 081.8 million (NOK 3 744.7 million). The increase in gross debt is related to new debt on the newbuilds. Net interest-bearing debt at the end of Q2 22 was NOK 3 687.6 million (NOK 2 994.9 million).

Equity ratio Q2 22 of 41% (43%) decreased slightly due to debt on the newbuilds delivered and under construction.

Year to date (YTD)

Frøy had positive NOK 174.0 million cash flow from operations YTD 2022 (NOK 245.4 million). Cash flow from operating activities decreased YTD 22 vs. YTD 21 due to negative change in working capital.

Cash flow from investment activities was NOK – 437.2 million YTD 2021 (NOK -1 218.1 million). Investments YTD relate to the ongoing newbuild program with wellboat newbuilds being the largest component. Investments YTD 21 were particularly high with several wellboats under construction and two wellboats delivered.

The cash flow from financing activities YTD 22 amounted to NOK - 81.1 million. The negative cash flow from financing is mainly explained by the distribution of dividends.

Segment overview

Frøy's segment structure

Wellboat segment

Transport of live fish and biological treatments

vessels: 19 (incl. 3 newbuilds)

Service segment

Installation, maintenance and cleaning of salmon farmers site infrastructure

vessels: 58 (incl. 5 newbuilds)

Sea transport segment

Transport of salmon feed, frozen seafood and other cargo

vessels: 3

Wellboat

Financial results

Revenues in Q2 22 amounted to NOK 270.4 million vs. NOK 195.6 million in Q2 21. Contract revenues increased compared to Q2 21 due to the newbuilds that came into operation on long term contracts during 2021.

EBITDA in Q2 22 came in at NOK 91.4 million (NOK 85.2 million). EBITDA margin came in at 34% (44%). Reinvoiced costs and fuel that carry zero margin increased vs. Q2 21, as a result of increased fuel prices, impacting margins negatively. EBITDA was negatively impacted by unforeseen repair and maintenance costs on two vessels. This also resulted in lost revenues for the two vessels, estimated to approx. NOK 4 million. Direct costs related to maintenance and repair increased approx. NOK 5 million vs. Q2 21.

Frøy operated 16 wellboats at the end of the quarter, one more than at the end of Q2 21. 13 out of 16 wellboats operated on fixed contracts and framework agreements at the end of the quarter.

Spot vessel activity picked up during the quarter
Demand for spot vessels was slow in the beginning of the quarter due to low sea lice levels and low harvesting activity. Activity picked up during the quarter, in line with normal seasonality. At the end of June all vessels were back into operation, with activity at a normal seasonal level.

(NOK 1.000.000)	Q2 22	Q2 21
Contract revenues	165.7	120.9
Framework agreements	15.9	21.0
Spot	24.0	20.7
Fuel and other reinvoiced costs	64.8	33.0
Other	-	-
Total revenues	**270.4**	**195.6**
EBITDA	91.4	85.2
EBITDA %	34%	44 %
Number of vessels	16	15
Number of vessels on fixed contracts	13	13

Service

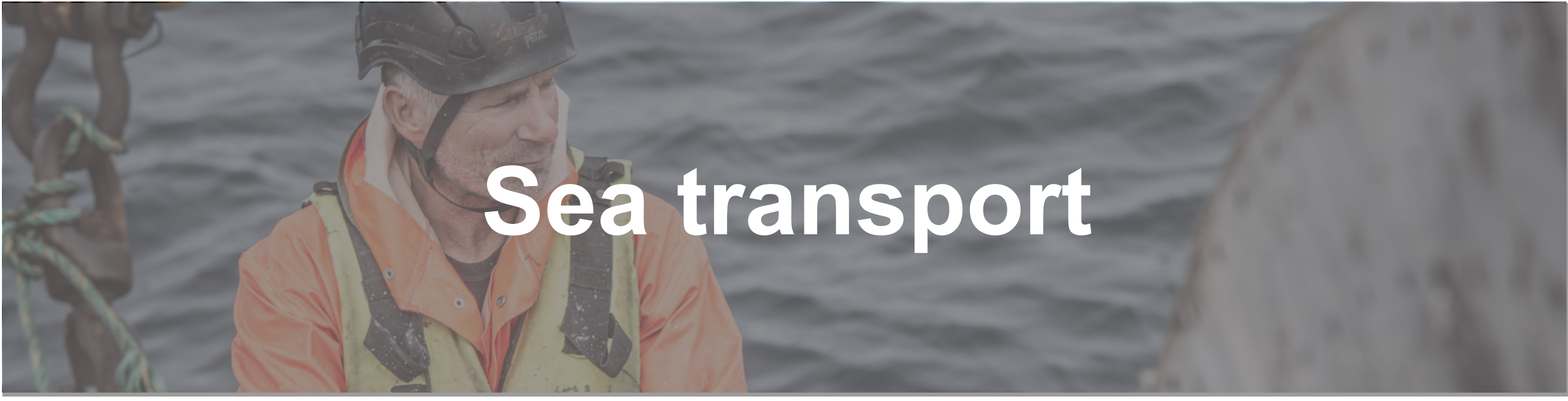
Financial results

Revenues in Q2 22 amounted to NOK 212.0 million vs. NOK 185.2 million in Q2 21. The increase in revenues was driven by higher contract revenues and reinvoiced fuel costs. The increased contract revenues vs. Q2 21 were driven by a full quarter of revenues from Frøy Challenger, the new delousing vessel, that came into operation during Q1 22.

EBITDA in Q2 22 amounted to NOK 65.4 million vs. Q2 21 of NOK 69.6 million. The increased cost of fuel continues to impact results negatively. Fuel costs increased with approx. NOK 6 million vs. Q2 21. EBITDA for the quarter was also impacted by somewhat slower activity for the diving crews and net cleaning crews in Q2 22 than in Q2 21, especially in the north of Norway.

Increased activity in Q2 22. Demand for Frøy´s services follow a seasonal pattern with increasing activity when sea temperatures increase. Activity picked up during Q2, from the relatively slow Q1. At the end of June, activity was high in all regions, except for the North of Norway that continues to see somewhat slower activity than in 2021.

(NOK 1.000.000)	Q2 22	Q2 21
Contract revenues	95.9	78.6
Framework agreements	79.2	80.3
Spot	24.5	21.5
Fuel and other reinvoiced costs	12.0	4.5
Other	0.4	0.3
Total revenues	**212.0**	**185.2**
EBITDA	65.4	69.6
EBITDA %	31 %	38 %
Number of large service vessels	12	11
Number of small service vessels	41	44



Sea transport

Financial results

Revenues in Q2 22 amounted to NOK 24.2 million vs. NOK 31.4 million in Q2 21. Revenues decreased Q2 22 vs. Q2 21 following the planned rebuilding of the vessel Folla. The rebuild was successfully completed end of June, after 10 weeks at the yard. The vessel was rebuilt to a multi-purpose vessel able to carry frozen seafood and fish feed. The rebuilding of the vessel included several investments to improve efficiency and reduce emissions, including a new dynamic positioning (DP) system, ballast water treatment system, SCR system reducing NOx emissions and antifouling paint that are expected to materially reduce fuel consumption.

EBITDA in Q2 22 amounted to NOK 5.0 million (NOK 7.5 million).

Frøy had all three vessels in operation at the end of the quarter. The vessels MS Folla, MS Rotsund and MS Rubin all operate on long term contracts for transport of feed and frozen seafood.

(NOK 1.000.000)	Q2 22	Q2 21
Contract revenues	16.8	11.4
Framework agreements	4.3	-
Spot	3.1	20.0
Fuel and other reinvoiced costs	-	-
Other	-	-
Total revenues	**24.2**	**31.4**
EBITDA	5.0	7.5
EBITDA %	21%	24 %
Number of vessels	3	4

Investments

Wellboat: As of 30.06.22 Frøy had three wellboats under construction.

- MS Gåsø Odin is scheduled to be delivered during Q4 2022.
- MS Veidnes, is expected to be delivered summer 2023.
- The third newbuild, a 4,500 m3 wellboat is scheduled for delivery mid 2024.

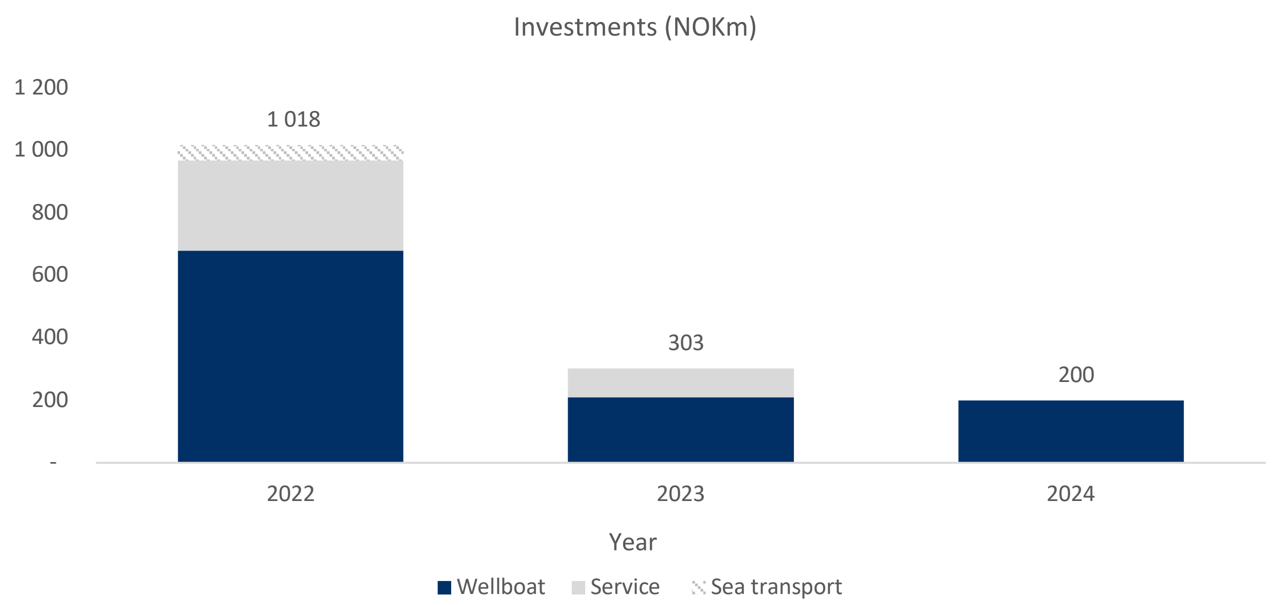
Service: As of 30.06.22 Frøy had 5 service vessels under construction or rebuilding.

- One net cleaning vessel and one large service vessel was delivered mid Q3 2022.
- One net cleaning vessel is scheduled for delivery in Q4 22.
- Two large service vessels are scheduled for delivery during 2023.

After the end of the quarter, Frøy placed an order for two net cleaning vessels. The vessels are scheduled for delivery in Q4 22 and Q2 23.

Sea transport: Frøy rebuilt the multi-purpose fish feed and frozen seafood cargo vessel Folla during Q2 22. The vessel rebuild was completed in June 2022.

Total investments 2022-2024 related to the newbuild program, included two new service vessels ordered after the close of Q2 22, are estimated to approx. NOK 1.5 billion.



Financing

Frøy finances its fleet and equipment with bank debt and leasing.

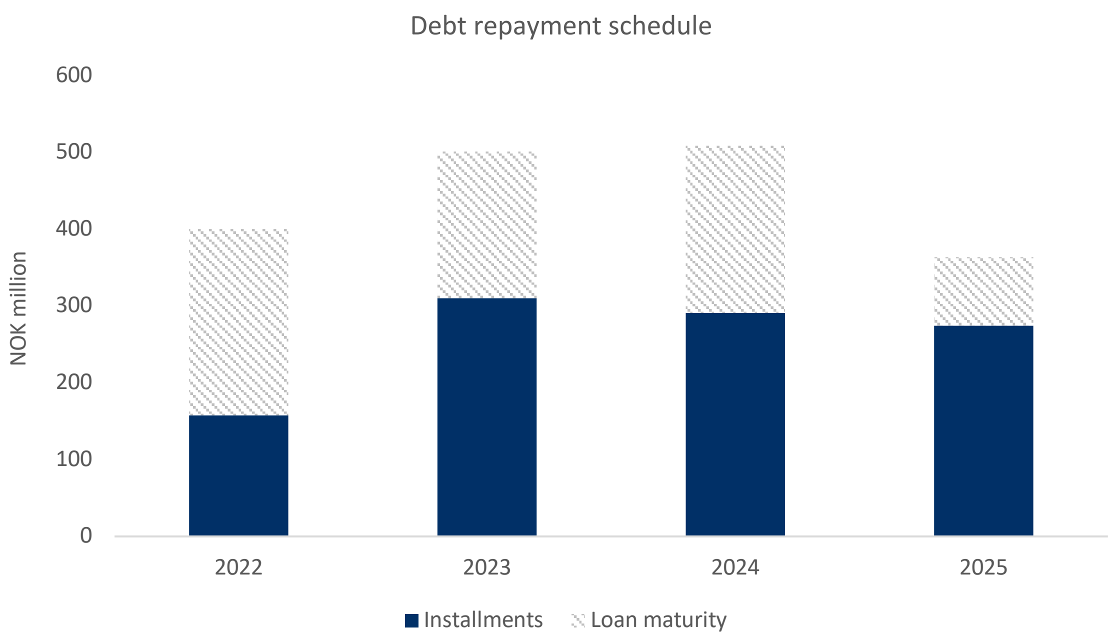
Wellboats: All vessels in the newbuild program are funded by long term bank loans.

Service: The Company finances smaller service vessels mainly with leasing facilities, while large service vessels are mainly financed with long term bank facilities. All newbuilds under construction are fully financed by debt and equity.

Mid 2021 Frøy entered into interest rate swaps until 2030 for two facilities totalling NOK 860 million related to the two wellboats that are expected to be delivered Q4 22 and 23 respectively. In addition, the Group has fixed interest rate swaps for a total of NOK 291 million.

Bank debt - repayment schedule

The repayment profile on the bank debt is shown for the period 2022 to 2025 below.



Order backlog

Order backlog is defined as the aggregate value of work on signed customer contracts, including options. Framework agreements and other agreements without fixed commitments or minimum value clauses are not included in the backlog figures. Management believes that the order backlog is a useful measure as it provides an indication of the amount of committed activity in the coming period.

Total backlog

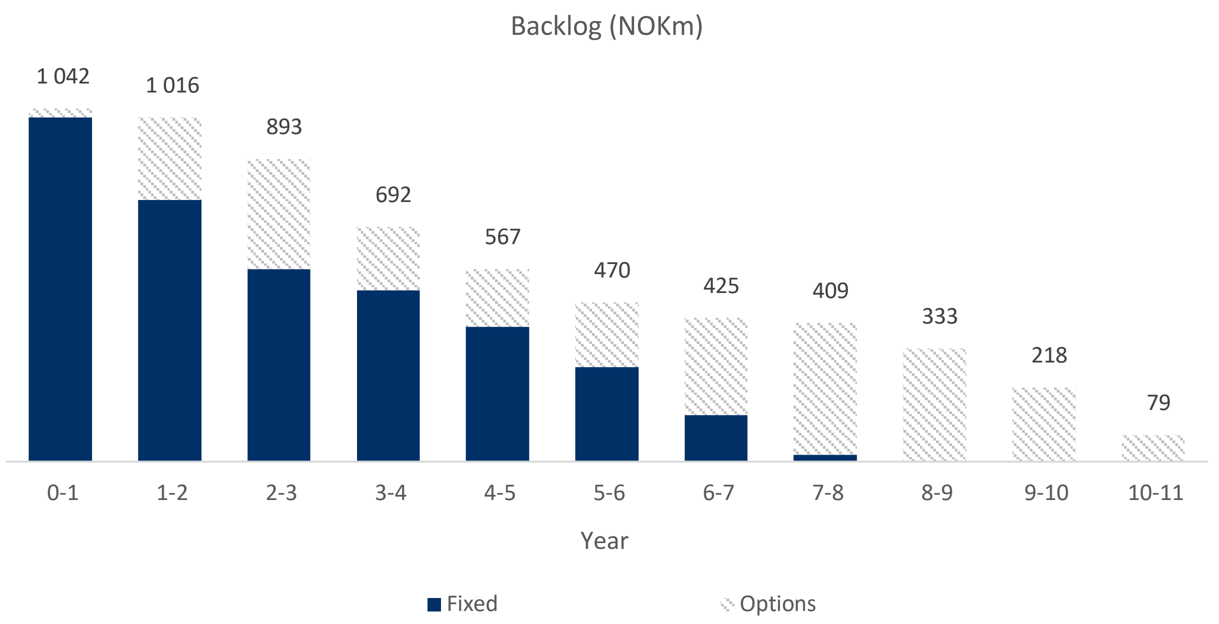
- As of 30.06.22 the total backlog amounted to approx. NOK 6.2 billion including options, which is approx. NOK 0.2 billion higher than reported 31.03.22

Fixed backlog

- Total fixed revenue commitments of approx. NOK 3.7 billion

Options

- Most fixed time charter contracts include extension options
- Total options of close to NOK 2.5 billion



Risk factors

Frøy has not identified any additional risk exposure beyond the risks described in the 2021 annual report. Frøy operates primarily in marine environments, which represents a continual risk of damage to, loss of, or suspension of operation by the Group's vessels due to the forces of nature and climatological risk factors. Frøy is also subject to risks related to laws, regulations and market risk including interest and currency risk. The war in Ukraine and soaring inflation provides increased uncertainty regarding the future global economic outlook and the economic development for all companies. Access to and prices for critical input factors may impact Frøy depending on the future development of the war and sanctions.

Events after the close of the quarter

After the end of the quarter, Frøy signed a contract extension for the feed transport vessel MS Rotsund. The fixed time charter period was extended from October 2022 to October 2024. In addition, the client has been granted the option to extend the contract with 2 additional years, until October 2026. The contract will be included in the backlog in Q3 22.

Outlook

Frøy´s vision is “Solutions for the ocean space”. Frøy delivers a wide range of day-to-day aqua service operations that are business critical day for fish farmers financial results, ESG performance and regulatory compliance. Every day, aqua service specialists from Frøy work with clients to develop and deliver solutions that improve fish welfare and reduce the risk of escapes. Frøy strives to achieve improvements through innovation and continuous improvement of its HSEQ, management systems, training and development of employees.

During 2020/21, Frøy, together with a large Norwegian salmon farmer, applied for and received permission to test 2 new methods for removal of sea lice. One of the methods combines fresh water and thermal treatment, the other method is a combination of fresh water and hydrolicer. With more than 300 completed treatments, we see clear positive effects on fish welfare and efficiency compared to traditional mechanical delousing. During 1H 22, one of the methods was also independently verified by the Institute of Marine Research (Havforskningsinstituttet). As of August 2022, Frøy offers the new treatment methodology on 5 of its wellboats.

Frøy´s ambition is to reduce the carbon footprint from its fleet. The new large hybrid service vessels, that are under construction, will be built with large battery packages that enable the vessels to operate on battery power for the majority of its operating hours. The calculated fuel reduction is estimated to be around 50%, depending on the operating pattern of the vessels. Further technological development and development of alternative fuel infrastructure are needed to realize net zero operations. Frøy is working with government bodies and NGO´s to map the needs and plan how to build up efficient hydrogen and electricity infrastructure along the Norwegian coast.

Frøy continues to see positive market sentiment with high demand for new and efficient vessels and experienced personnel. The new solutions for gentle and efficient removal of sea lice and reduced carbon footprint from our vessels are important measures for Frøy to maintain the position as a preferred provider of solutions to the salmon farming industry.

After the end of Q2 22, Frøy ordered 2 new net cleaning vessels that are scheduled for delivery in Q4 22 and Q2 23.

Increased fuel prices and soaring inflation have impacted the results for 1H 22 and is expected to continue to have an impact in 2H 22, especially in the service segment.

Responsibility statement from the board of directors and CEO

We confirm, to the best of our knowledge, that the financial report for the first half of 2022 has been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by EU, and gives a true and fair view of the Group's assets, liabilities, financial position and profits and loss for the period.

Furthermore, we confirm, to the best of our knowledge, that the interim management report includes a fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Frøya, 31 august 2022

Hege Aasen Veiseth Board member	Svein Sivertsen Chairman of the Board	Paul Birger Torgnes Board member
Ivar Sigmund Williksen Board member	Tonje Foss CEO	Linda Johnsen Board member

Consolidated statement of comprehensive income

Frøy ASA

(NOK 1,000,000)	Note	Q2 22	Q2 21	YTD 22	YTD 21	2021
Revenue		506.2	412.1	928.3	767.5	1 695.8
Other revenue	3	0.4	0.3	9.8	0.9	90.8
Total revenue		**506.7**	**412.4**	**938.0**	**768.4**	**1 786.6**
Direct expenses (goods/services delivered)		118.7	41.6	209.8	91.4	287.2
Employee benefit expenses		145.9	119.8	288.9	232.4	499.8
Other operating expenses		88.5	92.0	174.2	201.6	3 078.0
Depreciation		99.8	72.3	191.3	145.8	313.8
Operating profit		**53.8**	**86.7**	**73.9**	**97.2**	**377.8**
Financial income		17.7	2.1	57.7	2.3	7.7
Financial expenses		35.2	23.4	61.1	45.8	89.3
Share of profit (loss) from associates		-0.4	-	0.6	-1.1	3.3
Profit (loss) before tax		**35.9**	**65.4**	**71.0**	**52.6**	**299.6**
Taxes		-6.4	6.4	-2.8	1.7	16.0
Profit (loss) for the period		**42.3**	**59.0**	**73.9**	**50.9**	**283.6**
Profit or loss for the period attributable to:						
Equity holders of the parent		42.3	59.0	73.9	50.9	283.6
Non-controlling interests		-	-	-	-	-
Total		**42.3**	**59.0**	**73.9**	**50.9**	**283.6**
Other comprehensive income						
Net gain (loss) on cash flow hedges		4.4	0.4	16.7	8.2	11.6
Total comprehensive income for the period		**46.7**	**59.4**	**90.5**	**59**	**295.2**
Total comprehensive income for the period attributable to:						
Equity holders of the parent		46.7	59.4	90.5	59.1	295.2
Non-controlling interests		-	-	-	-	-
Total		**46.7**	**59.4**	**90.5**	**59.1**	**295.2**
Basic earnings per share (NOK)		**0.49**	**0.68**	**0.86**	**0.59**	**4.27**

Consolidated statement of financial position

Frøy ASA

(NOK 1.000.000)	Note	30.06.2022	30.06.2021	31.12.2021
ASSETS				
Non-current assets				
Goodwill and intangible assets		687.6	687.6	687.6
Vessels. property. plant and equipment		5 784.8	4 764.6	5 447.6
Right-of-use assets	4	453.1	453.5	455.4
Pension assets		0.5	4.2	0.6
Investments in associates		26.6	23.6	28.1
Other financial assets		5.5	5.8	16.5
Total non-current assets		**6 958.0**	**5 939.3**	**6 635.3**
Current assets				
Inventory		12.2	12.0	11.5
Trade receivables		281.2	194.4	187.9
Other receivables		74.3	40.9	83.7
Cash and cash equivalents		394.1	749.8	738.5
Total current assets		**744.5**	**997.1**	**1 021.6**
TOTAL ASSETS		**7 702.6**	**6 936.4**	**7 656.8**
EQUITY AND LIABILITIES				
Equity				
Paid-in equity				
Share capital		86.3	86.3	86.3
Share premium		2 289.8	2286.1	2 289.8
Total paid-in equity		**2 376.1**	**2 372.4**	**2 376.1**
Other equity		770.9	576.1	809.8
Total retained earnings		**770.9**	**576.1**	**809.8**
Total equity		**3 147.0**	**2 948.5**	**3 186.0**
Non-current liabilities				
Non-current interest-bearing liabilities		3 023.6	2 949.1	3 370.4
Non-current lease liabilities	4	262.2	296.8	269.4
Deferred tax liabilities		37.7	27.9	40.5
Total non-current liabilities		**3 323.6**	**3 273.8**	**3 680.3**
Current liabilities				
Current interest-bearing liabilities		696.7	403.7	474.3
Current lease liabilities	4	99.2	95.1	92.9
Trade payables and other current liabilities		436.0	211.7	223.3
Taxes payable		-	3.7	-
Total current liabilities		**1 232.0**	**714.2**	**790.5**
Total liabilities		**4 555.6**	**3 987.6**	**4 470.8**
TOTAL EQUITY AND LIABILITIES		**7 702.6**	**6 936.4**	**7 656.8**

Consolidated statement of cash flows

Frøy ASA

(NOK 1.000.000)	Note	Q2 22	Q2 21	YTD 2022	YTD 2021	2021
Cash flows from operating activities						
Profit or loss before tax		35.9	65.3	71.0	52.6	299.5
Income taxes paid		0.0	-	-0.9	-4.6	-8.6
Gain/loss on disposal of vessels and PP&E	3	-0.4	0.3	-9.8	0.9	90.8
Depreciation and impairment		90.8	72.3	191.3	145.8	313.8
Finance income		-17.7	-2.1	-57.7	-2.3	-7.7
Finance expenses		35.2	23.4	61.1	45.8	89.3
Changes in working capital and other		-115.5	-52.6	-81.1	7.2	-96.7
Net cash flows from operating activities		**37.3**	**106.6**	**174.0**	**245.4**	**498.8**
Cash flows from investing activities						
Purchase of vessels and PP&E		-150.4	-377.1	-452.3	-1 220.3	-2 089.5
Purchase of financial assets		-	0.3	-	-	-0.0
Purchase of intangible assets		-	-0.3	-	-0.3	-0.3
Proceeds from sale of vessels and PP&E		0.4	0.3	14.9	1.9	162.3
Dividends		-	0.7	-	0.6	-
Interest received		0.1	-	0.3	-	6.5
Net cash flow from investing activities		**-150.0**	**-376.2**	**-437.2**	**-1218.1**	**-1 921.0**
Cash flow from financing activities						
Proceeds from borrowings		41.5	427.1	311.6	1 554.3	2 488.8
Repayment of borrowings		-72.6	-358.1	-141.9	-764.0	-1 124.5
Issue of Share Capital		-	-	-	1 000	1 000
Transaction cost		-	-	-	-26.1	-22.4
Acquisition of non-controlling interest		-	-86.0	-	-86.0	-86.0
Payments for the principal portion of the lease liabilities		-35.9	-24.0	-60.1	-50.3	-131.9
Interest paid		-35.2	-21.1	-61.1	-43.5	-81.6
Payment of dividends		-129.5	-0.7	-129.5	-0.6	-30.6
Net cash flow from financing activities		**-231.7**	**-62.8**	**-81.1**	**1 573.8**	**-2 011.8**
Net change in cash and cash equivalents		**-344.3**	**-332.4**	**-344.3**	**601.1**	**589.7**
Cash and cash equivalents, beginning of period		738.5	1 082.2	738.5	148.7	148.7
Cash and cash equivalents, end of period		**394.1**	**749.8**	**394.2**	**749.8**	**738.5**

The consolidated statements of cash flows are prepared using the indirect method.

Consolidated statement of changes in equity

(NOK 1.000.000)	Share capital	Share premium	Total paid-in equity	Retained earnings	Net gain (loss) on cash flow hedges	Other Equity	Non-controlling interests	Total Equity
	Attributable to the equity holders of the parent							
At 01.01.2022	**86.3**	**2 289.8**	**2 376.1**	**814.1**	**-4.2**	**809.9**	**-**	**3 186.0**
Profit or loss for the period	-	-	-	73.9	-	73.9	-	73.9
Other comprehensive income	-	-	-	-	16.7	16.7	-	16.7
Total comprehensive income	**-**	**-**	**-**	**73.9**	**16.7**	**90.5**	**-**	**90.5**
Dividends	-	-	-	-129.5		-129.5		-129.5
At 30 June 2022	**86.3**	**2 289.8**	**2 376.1**	**758.4**	**12.5**	**770.9**	**-**	**3 147.0**
At 01.01.2021	**70.0**	**1 328.6**	**1 398.5**	**563.1**	**-15.8**	**547.3**	**25.6**	**1 971.4**
Profit or loss for the period	-	-	-	51.0	-	-8.7	-	51.0
Other comprehensive income	-	-	-	-	8.6	8.6	-	9.0
Total comprehensive income	**-**	**-**	**-**	**51.0**	**8.6**	**-0.1**	**-**	**60.0**
Acquisition of a subsidiary	-	-	-	-1.9	-	-1.9	-25.6	-27.5
Issue of Share Capital	16.4	983.6	1 000.0	-	-	-	-	1 000.0
Transaction cost	-	-26.1	-26.1	-	-	-	-	-26.1
Group Contribution	-	-	-	-30.0	-	-30.0	-	-30.0
At 30 June 2021	**86.3**	**2 286.1**	**2 372.4**	**582.2**	**-6.8**	**575.4**	**0.0**	**2 947.8**

Notes

NOTE 1: General information and significant accounting policies

The consolidated financial statements of the Group for Q2 22 were authorised for issue in accordance with a resolution of the Board of Directors on 31 August 2022. The consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU") and interpretations approved by the EU, including IAS 34. The report does not include all information required in a complete annual report and should therefore be read in conjunction with the Group´s recent financial statements for 2021. The financial report for second quarter 2022 is unaudited. Frøy has not applied any new standards or interpretations after 1 January 2022 that have a significant impact on the Group's accounts.

Presentation currency and functional currency
The consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the functional currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Significant accounting judgements, estimates and assumptions
The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

NOTE 2: Operating segments

The Group operates within three main segments: wellboats, service and sea transport. The remaining of the Group's activities and business are shown in “Elimination and non-allocated” column below. These activities are mainly related to the administrative and financial components of the entity's revenue generating segments.

Q2 22 (NOK 1.000.000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	165.7	95.9	16.8	-	278.4
Framework agreements	15.9	79.2	4.3	-	99.4
Spot	24.0	24.5	3.1	0.0	51.6
Fuel and other reinvoiced costs	64.8	12.0	-	-	76.9
Other	-	0.4	-	-	0.4
Total revenues	**270.4**	**212.0**	**24.2**	**0.0**	**506.7**
Depreciation	48.3	45.7	5.0	0.7	99.8
Operating costs	179.0	146.6	19.2	8.1	353.0
Operating profit	**43.0**	**19.6**	**-0.0**	**-8,9**	**53.8**
Financial income	0.5	0.8	-0.1	16.5	17.7
Financial expenses	27.3	9.0	3.2	-4.4	35.2
Share of profit (loss) from associates	-	-	-0.4	-	-0.4
Earnings before tax	**16.3**	**11.4**	**-3.8**	**12.0**	**35.9**
Tax	-	-2.6	0.0	-3.8	-6.4
Net income	**16.3**	**14.1**	**-3.8**	**15.8**	**42.4**

Q2 21 (NOK 1.000.000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	120.9	78.6	11.4	-	210.9
Framework agreements	21.0	80.3	-	-	101.3
Spot	20.7	21.5	20.0	0.2	62.4
Fuel and other reinvoiced costs	33.0	4.5	-	-	37.5
Other	-	0.3	-	0.2	0.3
Total revenues	**195.6**	**185.2**	**31.4**	**0.2**	**412.4**
Depreciation	31.3	34.4	5.1	1.5	72.3
Operating costs	110.4	115.6	23.9	3.5	253.4
Operating profit	**53.9**	**35.2**	**2.4**	**-4.8**	**86.7**
Financial income	0.5	1.0	0.2	0.4	2.1
Financial expenses	12.2	6.7	2.5	2.0	23.4
Share of profit (loss) from associates	-	-	-	-	-
Earnings before tax	**42.2**	**29.5**	**0.1**	**-6.4**	**65.4**
Tax	-	-8.7	-	2.3	-6.4
Net income	**42.2**	**20.8**	**0.1**	**-4.1**	**59.0**

YTD 22 (NOK 1,000,000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	322.3	175.3	34.6	-	532.3
Framework agreements	21.1	127.5	14.7	-	163.3
Spot	42.6	46.2	12.7	0.7	102.2
Fuel and other reinvoiced costs	106.9	23.5	-	-	130.4
Other	-	9.8	-	-	9.8
Total revenues	**492.9**	**382.3**	**62.1**	**0.7**	**938.0**
Depreciation	95.3	84.8	10.0	1.3	191.3
Operating costs	334.2	282.1	43.2	13.5	672.9
Operating profit	**63.5**	**15.5**	**8.9**	**-14.1**	**73.8**
Financial income	0.6	0.9	0.0	56.2	57.7
Financial expenses	45.6	16.3	5.9	-6.7	61.1
Share of profit (loss) from associates	-	-	0.6	-	0.6
Earnings before tax	**18.5**	**0.2**	**3.5**	**48.8**	**71.0**
Tax	-	-2.3	-	-0.5	-2.8
Net income	**18.5**	**2.5**	**3.5**	**49.4**	**73.9**

YTD 21 (NOK 1,000,000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	235.4	156.6	19.8	-	411.8
Framework agreements	20.5	125.3	-	-	145.8
Spot	46.0	46.0	39.0	-2.6	128.4
Fuel and other reinvoiced costs	73.0	6.5	0.9	1.1	81.5
Other	-	-	-	0.9	0.9
Total revenues	**374.9**	**334.4**	**59.7**	**-0.6**	**768.4**
Depreciation	65.8	69.9	9.7	0.4	145.8
Operating costs	232.3	234.4	51.0	7.7	525.4
Operating profit	**76.8**	**30.1**	**-1.1**	**-8.7**	**97.2**
Financial income	0.5	1.1	0.3	0.4	2.3
Financial expenses	23.8	13.9	4.6	3.5	45.8
Gain/loss on shares at fair value	-	-	-1.1	-	-1.1
Earnings before tax	**53.5**	**17.3**	**-6.4**	**-11.8**	**52.6**
Tax	-	-4.2	-	2.5	1.7
Net income	**53.5**	**13.1**	**-6.4**	**-9.3**	**50.9**

NOTE 3: Other income

Gains or losses that arise from sale of property, plant and equipment are calculated as the difference between net sales price and book value of the asset.

Other income (NOK 1.000.000)	Q2 22	Q2 21
Gain related to sale of PP&E	0.4	0.3
Other	-	-
Total other income	**0.4**	**0.3**

NOTE 4: Right-of-use assets and lease liabilities – IFRS 16

The Group's leased assets Q2 22

The Group leases several assets, mainly service vessels. Leases of land and buildings generally have lease terms between 5 and 10 years, while motor vehicles and other equipment generally have lease terms between 3 and 7 years.

Right-of-use assets (NOK 1.000.000)	Service vessels	Land and buildings	Other machines and equipment	Total
Carrying amount 01.01.2022	**326.0**	**12.4**	**117.0**	**455.4**
Additions	14.0	3.0	32.8	49.8
Depreciations	-25.3	-2.4	-21.2	-48.9
Termination of contracts	-1.9	-0.2	-0.1	-2.2
Gains and losses	-1.1	0.0	-0.1	-1.1
Carrying amount 30.06.2022	**311.9**	**12.7**	**128.5**	**453.1**
Remaining lease term or useful life	10 years	10 years	3-7 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	

The Group's lease liabilities Q2 22

Changes in the lease liabilities (NOK 1.000.000)	Total
Total lease liabilities at 01.01.2022	**362.3**
New leases recognised during the period	49.8
Total cash payments for lease liabilities	-54.3
Interest expense on lease liabilities	5.8
Termination of contracts	-2.2
Total lease liabilities at 30.06.2022	**361.4**
Current lease liabilities in the statement of financial position	99.2
Non-current lease liabilities in the statement of financial position	262.2
Total cash outflow during the period	**-54.3**

The Group's leased assets Q2 21

Right-of-use assets (NOK 1.000.000)	Service vessels	Land and buildings	Other machines and equipment	Total
Carrying amount 01.01.2021	**415.7**	**16.7**	**104.0**	**536.4**
Additions	28.7	-	30.7	59.4
Depreciations	-18.3	-2.4	-18.5	-39.2
Termination of contracts	-92.1	-	-	-92.1
Gains and losses	-11.0	-	-	-11.0
Carrying amount 30.06.2021	**323.0**	**14.3**	116.2	**453.5**
Remaining lease term or useful life	10 years	10 years	3-7 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	

The Group's lease liabilities Q2 21

Changes in the lease liabilities (NOK 1.000.000)	Total
Total lease liabilities at 01.01.2021	475.1
New leases recognised during the period	59.4
Total cash payments for lease liabilities	-57.8
Interest expense on lease liabilities	7.5
Termination of contracts	-92.2
Total lease liabilities at 30.06.2021	**392.0**
Current lease liabilities in the statement of financial position	95.1
Non-current lease liabilities in the statement of financial position	296.8
Total cash outflow during the period	**-57.8**

NOTE 5: Related party transactions

All transactions within the Group or with other related parties are based on arm's length principles. The following overview provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

Sales to related parties:
Salmonor AS (entity under common control): NOK 29.7 million
Norway Royal Salmon ASA (entity under common control): NOK 17.1 million

Purchases from related parties (incl. mgmt. fees):
NTS ASA (parent company): NOK 2.0 million
Siholmen AS (related party to former CEO Helge Gåsø): NOK 0.3 million
Frøy Sjøtransport AS (related party to former CEO Helge Gåsø): NOK 7.0 million

NOTE 6: Major shareholders as of 30.06.22

Name of shareholder	No. of shares	%
NTS ASA	62 269 112	72.11
Gåsø Næringsutvikling AS	1 884 298	2.18
State Street Bank and Trust Comp	1 426 442	1.65
HSBC Bank Plc	1 185 494	1.37
Skandinaviska Enskilda Banken AB	1 026 000	1.19
Trøndelag Helgeland Invest AS	702 411	0.81
BNP Paribas Securities Services	656 820	0.76
Riiber Holding AS	634 490	0.73
Amble Investment AS	631 147	0.73
Verdipapirfondet Pareto Investment	580 000	0.67
VPF Fondsfinans Norge	578 756	0.67
Verdipapirfondet Alfred Berg Norge	574 208	0.52
Torghatten Aqua AS	570 000	0.66
Verdipapirfondet Alfred Berg Aktiv	444 939	0.45
GH Holding AS	427 868	0.50
Aars AS	418 844	0.49
Furberg & Sønn A/S	400 000	0.46
DnB NOR Bank ASA, Meglerkonto Innland	346 707	0.40
LIN AS	327 868	0.38
The Bank of New York Mellon SA/NV	283 880	0.33
Total 20 largest shareholders	**75 369 284**	**87.28**
Total other	10 979 319	12.72
Totale number of shares 30.06.2022	**86 348 603**	**100.00**

At the end of the quarter Frøy ASA had 86 348 603 shares outstanding and 4 322 shareholders.

NOTE 7: Overview of commitments related to newbuilds

Frøy´s ongoing newbuild program consists of new vessels and rebuilding of vessels in the wellboat, service and sea transport segments. As of 30.06.22 Frøy had three wellboats and five service vessels under construction. In addition, Frøy had one vessel scheduled for rebuilding in the sea transport segment.

(NOK 1.000.000)	2022	2023	2024
Wellboat	680	210	200
Service	250	60	0
Sea transport	50		
Total	**985**	**270**	**200**

NOTE 8: Financial instruments

At the end of the quarter the Group had four interest rate swap agreements qualifying and booked as cash flow hedges. The fair value of the agreements is calculated as the discounted value of the derivatives future cash flows with the market rate as of 30.06.22.

(NOK 1.000.000)	30.06.2022	30.06.2021
Fair value of interest rate swap / booked value	-14.7	7.0

Appendix: Non-IFRS financial measures / Alternative performance measures

To enhance investors' understanding of the Group's performance, the Group presents certain measures that might be considered as alternative performance measures ("APM") as defined by the European Securities and Markets Authority ("ESMA") in the ESMA Guidelines on Alternative Performance Measures 2015/1057.

An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in IFRS. The Group is of the view that the APMs provide investors relevant and specific operating figures which may enhance their understanding of the Group's performance.

The non-IFRS financial measures/APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The non-IFRS financial measures/APMs presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.

The Company believes that the non-IFRS measures/APMs presented herein are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, amortisation and impairment, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), business practice or based on non-operating factors. Accordingly, the Group discloses the non-IFRS financial measures/APMs presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods, and of the Group's ability to service its debt. Because companies calculate the non-IFRS financial measures/APMs presented herein differently, the Group's presentation of these non-IFRS financial measures/APMs may not be comparable to similarly titled measures used by other companies.

The non-IFRS financial measure/APMs are not part of the Company’s consolidated financial statements and are thereby not audited. The Company can give no assurance as to the correctness of such non-IFRS financial measures/APMs and investors are cautioned that such information involve known and unknown risks, uncertainties and other factors, and are based on numerous assumptions. Given the beforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these non-IFRS financial measures/APMs.

The Group has defined and explained the purpose of the following APMs:

EBITDA AND ADJUSTED EBITDA

EBITDA is defined as total revenue less operating expenses (direct expenses, employee benefit expenses and other operating expenses).

Adjusted EBITDA is defined as total revenue less operating expenses (direct expenses, employee benefit expenses and other operating expenses), IPO costs and gain on sale of assets.

EBITDA is used by the management as measure the Group's ability to service debt and finance investments. Segment result is defined as adjusted EBITDA. Management believes the measure enables an evaluation of operating performance and a basis to allocate resources to the segment. For YTD 21 adjustment include costs related to the IPO and NOK 1 000 million equity raise.

Reconciliation of adjusted EBITDA

(NOK 1.000.000)	Q2 22	Q2 21	YTD 22	YTD 21
Total revenue	506.7	412.1	938.0	768.4
Direct expenses	118.7	41.6	209.8	91.4
Employee benefit expenses	145.9	119.8	288.9	232.4
Other operating expenses	88.5	92.0	174.2	201.6
EBITDA	**153.6**	**159.0**	**265.2**	**243.0**
Less gain on sale of assets	0.4	0.3	9.8	0.9
IPO costs	0	0	0	8.0
Adjusted EBITDA	**153.2**	**158.7**	**255.4**	**250.1**

EQUITY RATIO

Equity ratio is defined as total equity divided by total assets. Equity ratio is used by the management to measure the Group´s solidity.

(NOK 1.000.000)	30.06.2022	30.06.2021
Equity	3 147.0	2 948.5
Total equity and assets	7 702.6	6 936.4
Equity ratio	**41 %**	**43 %**

Net interest-bearing debt

Net interest-bearing debt is defined as non-current interest-bearing liabilities + non-current lease liabilities + current interest-bearing liabilities + current lease liabilities – cash and cash equivalents

(NOK 1.000.000)	30.06.2022	30.06.2021
Non-current interest-bearing liabilities	3 023.6	2 949.1
Non-current lease liabilities	262.2	296.8
Current interest-bearing liabilities	696.7	403.7
Current lease liabilities	99.2	95.1
Cash and cash equivalents	394.1	749.8
Net interest-bearing debt	**3 687.6**	**2 994.9**

ROE- Return On Equity

Return on equity (ROE) is calculated as net profit last 12 months / average equity. ROE is used by the management to measure the Group´s profitability.

(NOK 1.000.000)	30.06.2022	30.06.2021
Equity	3 147.0	2 948.5
Net profit last 12 months	266.8	
ROE	**9 %**	

Order backlog

Frøy´s operating revenues consist of time charter agreements, bareboat agreements and spot agreements that normally include the rental of vessels and crew. The time charter agreements include an agreed vessel capacity for a defined period, as well as manning of vessels.

The future minimum contract revenues under non-cancellable customer contracts as of 30.06.2022 are, as follows:

Future minimum lease and customer revenues (NOK 1.000)	30.06.2022	30.06.2021
0 to 1 years	**1 015 539**	**934 973**
- Lease revenue share	605 736	539 921
- Customer contract share	409 803	395 052
1 to 2 years	**771 764**	**840 193**
- Lease revenue share	473 456	504 070
- Customer contract share	298 308	336 123
2 to 3 years	**568 641**	**611 644**
- Lease revenue share	345 628	378 572
- Customer contract share	223 014	233 072
3 to 4 years	**505 413**	**424 673**
- Lease revenue share	306 678	262 929
- Customer contract share	198 734	161 744
4 to 5 years	**397 693**	**382 633**
- Lease revenue share	243 065	238 513
- Customer contract share	154 627	144 120
More than 5 years	**436 233**	**723 250**
- Lease revenue share	277 881	455 070
- Customer contract share	158 353	268 180
Total lease and customer contract	**3 695 282**	**3 917 366**
Total lease revenue share	2 252 444	2 379 075