

Frøy ASA – Q3 22

16 Nov 2022



FRØY

Important notice

This presentation (the "**Presentation**") has been prepared by Frøy ASA (the "**Company**") and together with its subsidiaries (the "**Group**"). This Presentation has been prepared for information purposes only. This Presentation does not constitute an offer to buy or subscribe for any shares in the Company.

This Presentation speak only as of its date, and the views expressed are subject to change based on a number of factors, including, without limitation, macroeconomic and equity market conditions, investor attitude and demand, the business prospects of the Group and other specific issues. This Presentation and the conclusions contained herein are necessarily based on economic, market and other conditions, as in effect on, and the information available to the Company as of, its date. This Presentation does not purport to contain a complete description of the Group or the market(s) in which the Group operates, nor does it provide an audited valuation of the Group. The analyses contained in this Presentation are not, and do not purport to be, appraisals of the assets, stock or business of the Group or any other person.

Neither the Company nor any of its affiliates (nor any of its or their respective directors, officers, employees, professional advisers or representative) makes any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such information. No responsibility or liability (whether in contract, tort or otherwise) is or will be accepted by the Company or any of its affiliates (or any of its or their respective directors, officers, representatives, employees, advisers or agents) as to, or in relation to, this Presentation.

This Presentation contains forward looking information. The words "believe", "expect", "could", "may", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. All statements other than statements of historical facts included in this Presentation are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Group's actual results, performance, achievements and value to be materially different from any future results, performance, achievements or values expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. No warranty or representation is given by the Company as to the reasonableness of these assumptions. Further, certain forward-looking statements are based upon assumptions of future events that may not prove to be accurate.

This Presentation is governed by and shall be construed in accordance with Norwegian law with Oslo District Court as legal venue.

An aerial photograph of turbulent, teal-colored water with white foam, occupying the left side of the slide.

Agenda

1. Highlights
2. Segment review
3. Financial review
4. Outlook
5. Appendix

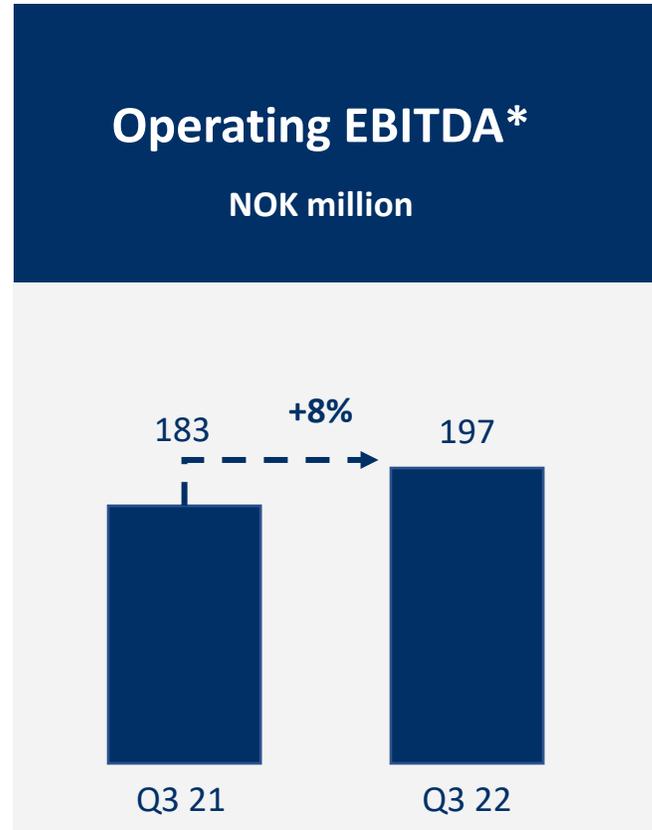
Highlights Q3 22

Highlights Q3 22

- Revenue and EBITDA adj. at all-time high
 - Seasonal increase in activity, improved performance within wellboat and strong underlying performance within service
- New multi-year time charter contracts announced in September for two large service vessels
- High contract coverage on vessels under construction, two new service vessels ordered after end of quarter
- Increased uncertainty on future growth in Norway following the proposed resource tax on salmon farmers



Growth in revenue and operating EBITDA



* EBITDA adjusted for gain from sale of assets

All-time high operating revenues

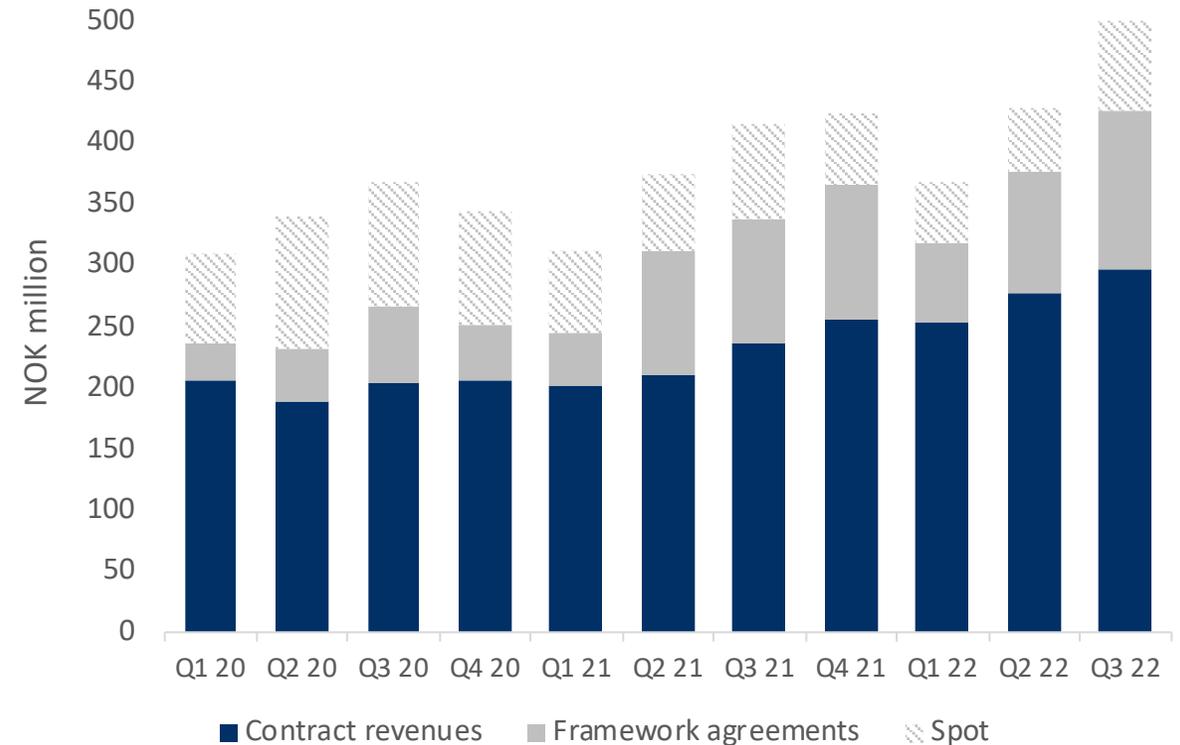
Double digit growth in operating revenues

- **20%** increase in operating revenues¹ Q3 22 vs. Q3 21
- **27%** increase in revenues from contracts and framework agreements vs. Q3 21

Seasonality

- Seasonal change in sea temperatures results in increased demand for aqua services from Q2 into Q3

Revenue split per quarter



Note: Q1 20 is based on proforma figures.

1) Operating revenues defined as contract revenues, revenues from framework agreements and spot revenues. Re invoiced costs and other revenues are excluded from the graph. Please find full revenue split in the quarterly report

Q3 22 backlog NOK 6.2 bn.

Fixed backlog

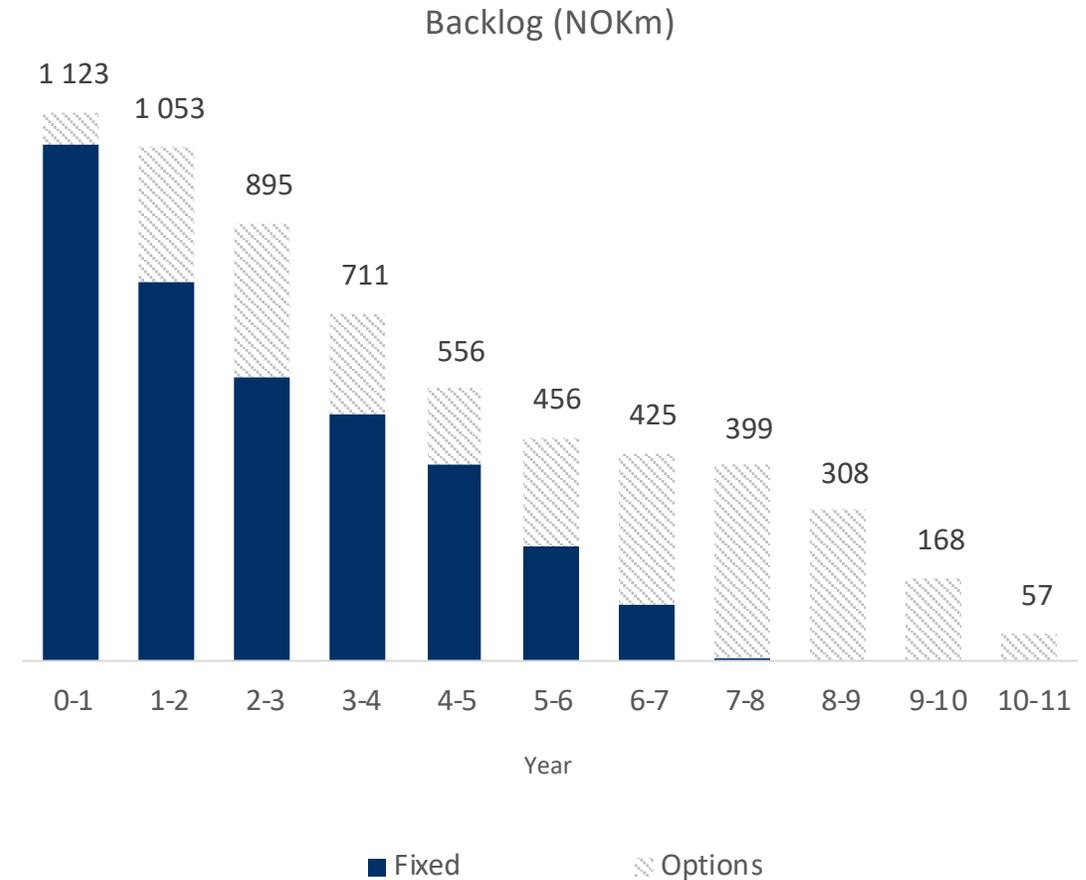
- Total fixed revenue commitments of approx. NOK 3.7 billion
- Wellboat fleet with weighted avg. backlog coverage of approx. 4 years¹

Options

- Most fixed time charter contracts include extension options
- Total options of approx. NOK 2.5 billion

Framework agreements

- Most framework agreements do not have minimum value clauses and are not included in the backlog
- Framework agreements are typically related to diving, cleaning of nets and other service work



Possible implications for Frøy from proposed new salmon tax

- Increased uncertainty on future growth in Norway following the proposed resource tax on salmon farmers
- Norway is the global leading hub for aqua services driven by predictable framework conditions, innovation and cooperation among salmon farmers, service companies and technology companies.
- Less attractive and predictable conditions in Norway are expected to focus more investments into other farming regions abroad
- Frøy will prioritize to grow and support salmon farmers in the regions where they operate
- High activity and continued positive demand to date



Segment review

Wellboat

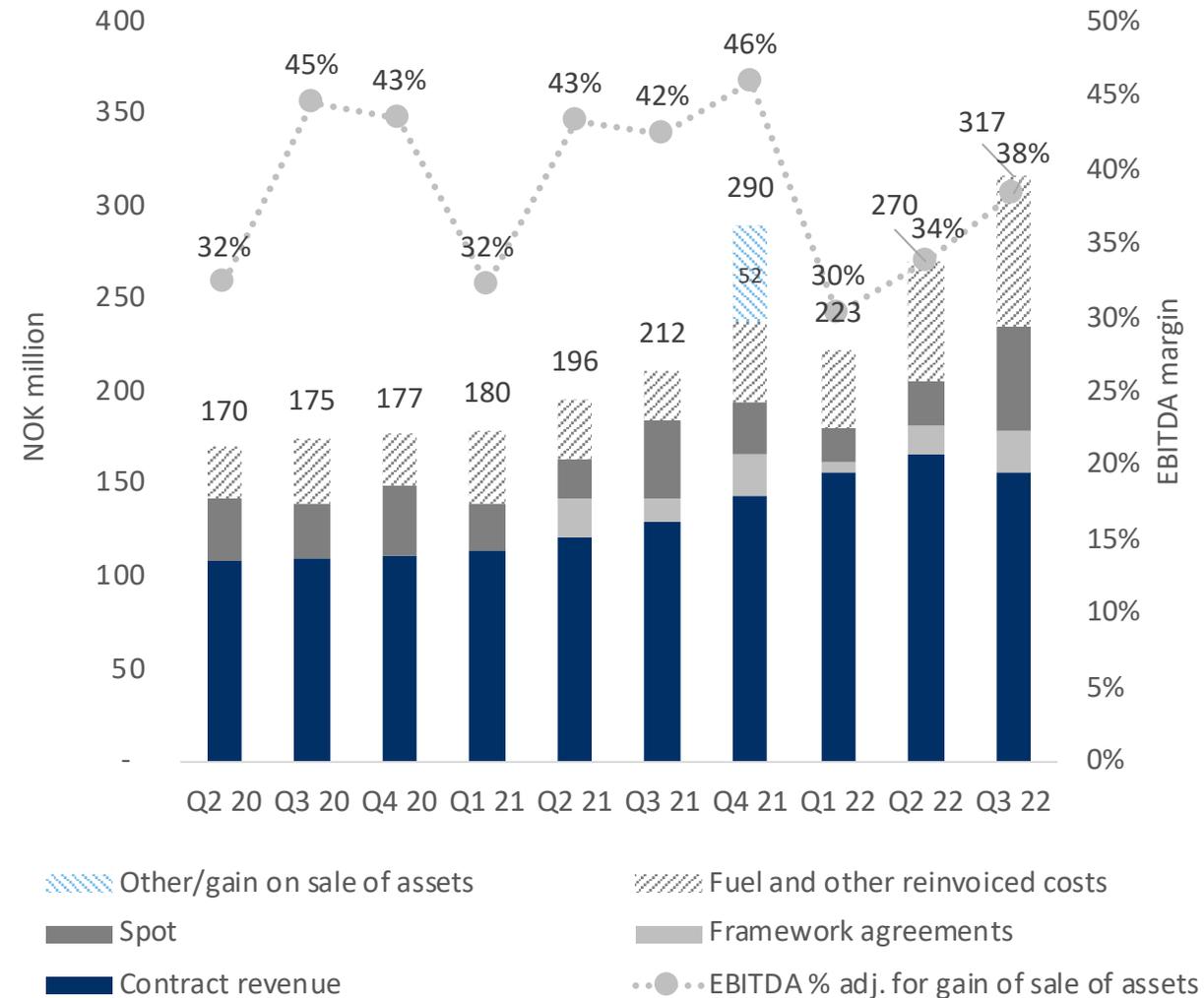


Segment results

- Total revenues NOK 317 million (NOK 212 million)
 - 26% increase in revenues from contract and framework agreements vs. Q3 21
- EBITDA adj. for gain from sale of assets of NOK 122 million (NOK 90m)
- Adj. EBITDA margin of 38% (43%)

Other

- Increased reinviced fuel costs with zero margin reduce the EBITDA margin vs. Q3 21
- The underlying EBITDA margin excluding reinviced fuel costs increased compared to Q3 21



Good fish welfare and biosecurity - a competitive advantage

- Transporting and handling of fish are complex processes
- Frøy handle live fish of different sizes and health status
- Ensuring the best possible fish welfare and biosecurity requires specialist knowledge, fit for purpose systems and effective routines
- Frøy aims to be at the forefront of development of industry requirements and regulations by
 - Adding specialist inhouse competence on water chemistry
 - Investing in data platform and systems
 - Participating in industry projects together with SINTEF, The Institute of Marine Research, the Norwegian Veterinary Institute ++



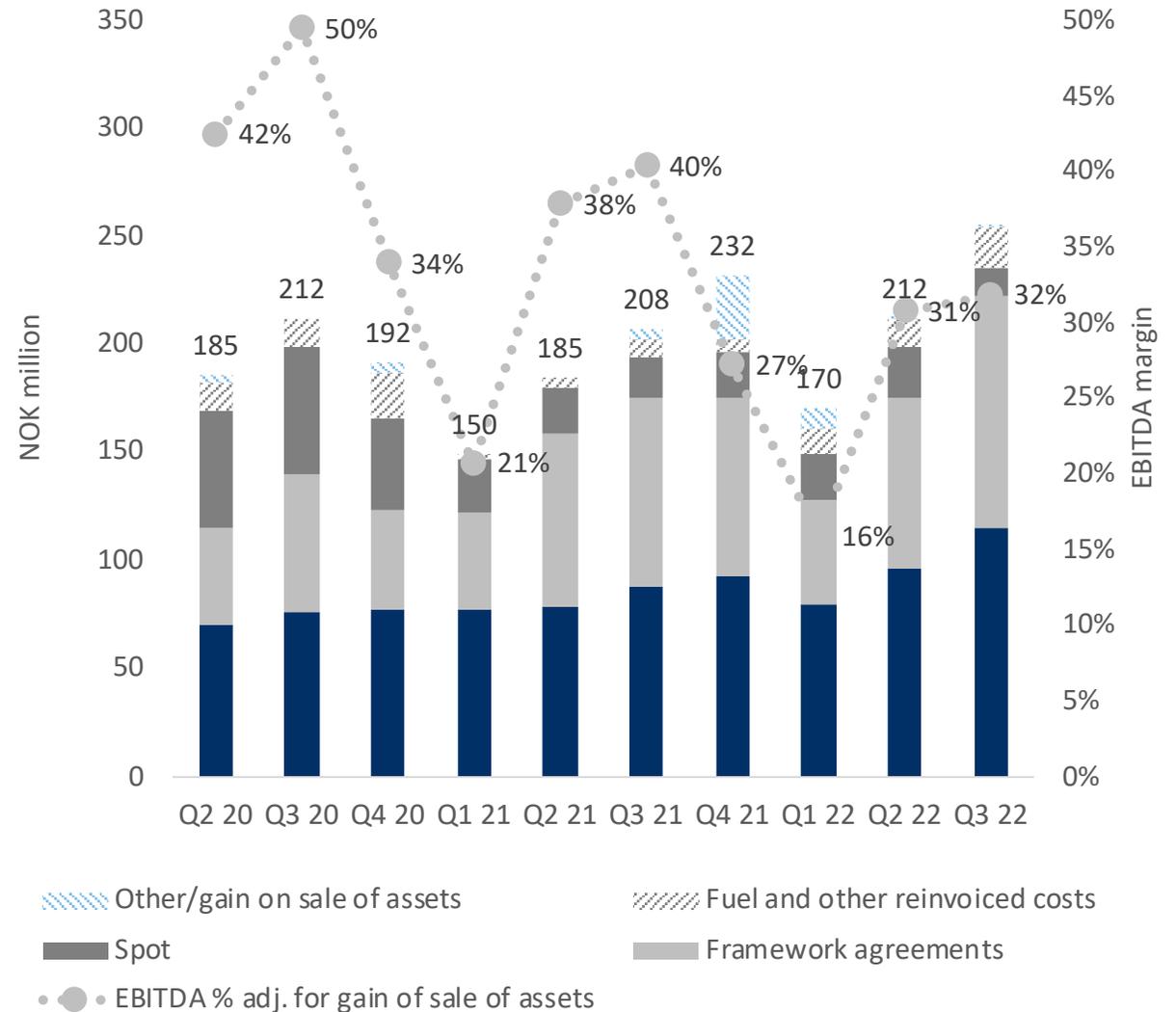
Service

Segment results

- Total revenues NOK 255 million (NOK 208 million)
 - 27% increase in revenues from contract and framework agreements vs. Q3 21
- EBITDA adj. for gain from sale of assets of NOK 81 million (NOK 82 million)
- Adj. EBITDA margin of 32% (40%)
 - Fuel costs increased with approx NOK 12 million vs. Q3 21
 - EBITDA margin excluding the increased cost of fuel and gain from sale of assets was relatively flat compared to Q3 21

Other

- At the end of September activity was on par with last year in all regions



Installing battery packages and power banks on existing fleet

- Reduction of carbon footprint and avoiding stranded assets are a top priority for Frøy
- Strategy of maintaining a modern fleet of vessels with flexibility to retrofit with tomorrow's technology
- Ongoing initiative to rebuild Frøy Valkyrien (built in 2017), projecting new vessels
- The vessel will be equipped with a 1000 kwh battery package and a containerized power bank system
 - Significant reduction in fuel consumption
 - Noise reduction and reduced stress on the fish

+50%

**Reduction in fuel
consumption**

100%

**Battery powered
at farming site**



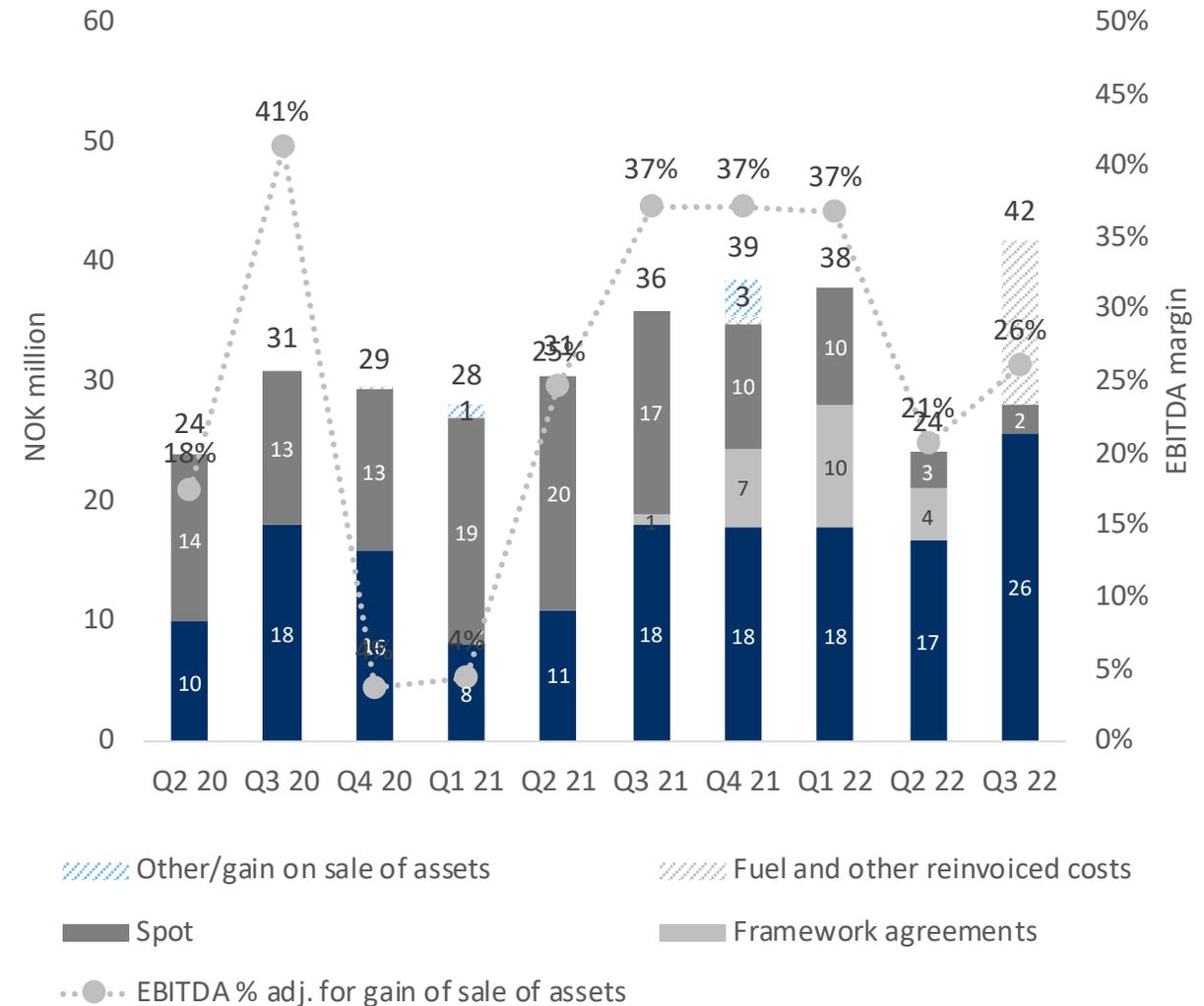
Sea transport

Segment results

- Total revenues of NOK 42 million (NOK 36 million)
- EBITDA of NOK 11m (NOK 13m)
- EBITDA margin 26% (37%)

Other

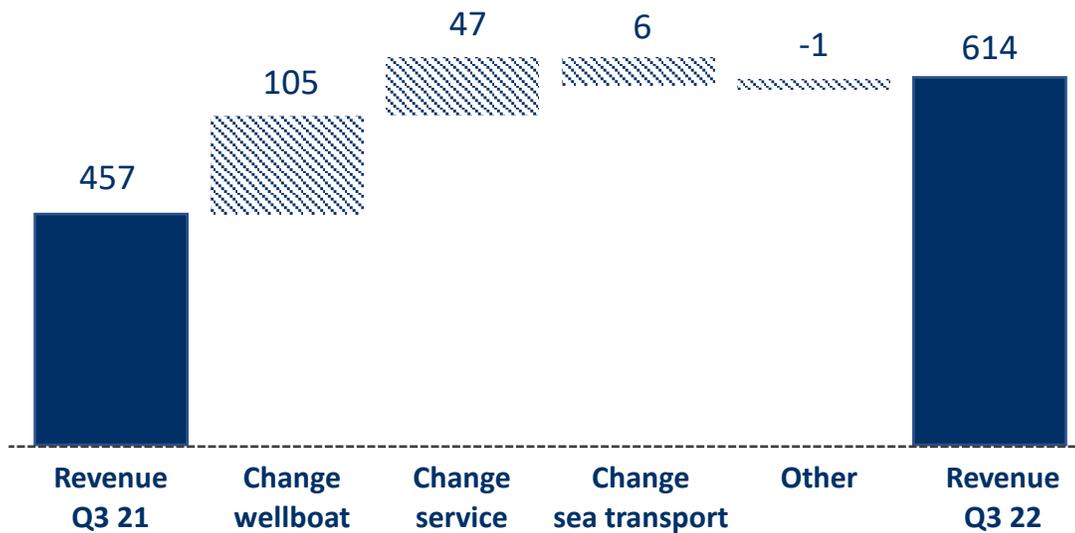
- Revenues excluding fuel and other reinvoiced costs decreased vs. Q3 21 mainly due to a mechanical breakdown and two weeks off-hire on one of the vessels during the quarter



Financial review

Group financial development

Revenue bridge Q3 21 – Q3 22



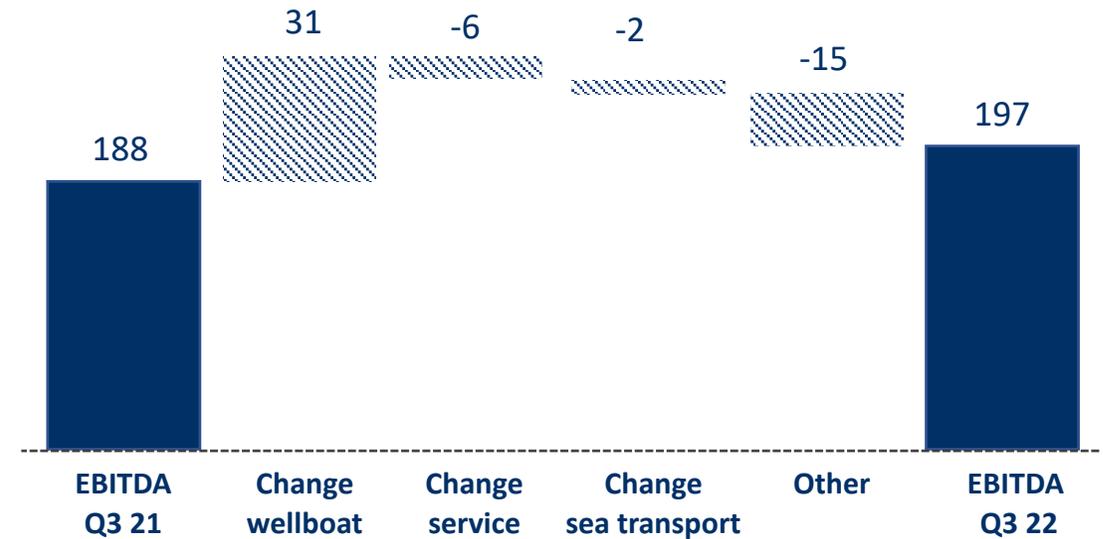
Key driver for change

2 new large vessels in operation & higher reinvoiced fuel

Newbuilds on time charter and framework agreements

Increased reinvoiced fuel costs

EBITDA bridge Q3 21 – Q3 22



Key driver for change

2 new large vessels in operation and strong operations

NOK 12m additional fuel costs

Off-hire and additional maintenance costs

Consolidation / digitalization costs and increased G&A

Profit & loss

- Total revenues of NOK 614 million (NOK 457 million)
- EBITDA of NOK 197 million (NOK 188 million)
- EBITDA margin of 32% (41%)
- Net finance includes NOK 40 million positive P&L impact from fixed interest rate swaps and currency swaps

(NOKm)	Q3 22	Q3 21
Total revenue	614.1	457.3
EBITDA	197.1	188.4
EBITDA %	32%	41%
Depreciation	100.8	78.6
Operating profit	96.3	109.8
Net financial items	3.0	-18.4
Profit (loss) before tax	99.3	91.4
Taxes	2.7	7.3
Net profit	96.6	84.2

Balance sheet

Highlights Q3 22

- Increased vessels, property, plant and equipment vs. Q3 21 due to investments into the ongoing newbuild program
- Gross debt increased due to debt on newbuilds
- Net interest-bearing debt of NOK 3 804 million (NOK 2 892 million)
- Equity ratio 41% (44%)

(NOKm)	30.09.2022	31.12.2021	30.09.2021
Goodwill and intangible assets	687.6	687.6	687.6
Vessels, property, plant and equipment	5 768.1	5 447.6	4 793.1
Right-of-use assets	541.1	455.4	437.8
Other assets	33.6	45.2	32.8
Non-current assets	7 030.4	6 635.3	5 951.4
Inventory	13.8	11.5	11.7
Receivables	337.9	205.5	248.2
Cash and cash equivalents	448.4	738.5	744.9
Total current assets	800.0	1 021.6	1 004.8
TOTAL ASSETS	7 830.5	7 656.8	6 956.2
Total equity	3 246.1	3 186.0	3 032.8
Non-current interest-bearing liabilities	3 102.6	3 370.4	2 869.9
Non-current lease liabilities	337.7	269.4	287.7
Deferred tax liabilities	36.5	40.5	36.8
Total non-current liabilities	3 476.8	3 680.3	3 194.3
Current interest-bearing liabilities	688.6	474.3	389.3
Current lease liabilities	123.5	92.9	93.6
Other current liabilities	295.5	223.3	246.2
Total current liabilities	1 107.6	790.5	729.1
TOTAL EQUITY AND LIABILITIES	7 830.5	7 656.8	6 956.2
Net interest-bearing debt	3 804.0	3 468.5	2 891.9
Equity ratio	41 %	42 %	44 %

Cash flow

Highlights Q3 22

- Positive cash flow from operations of NOK 218 million
- Cash flow from investment activities of NOK -41 million mainly relates to vessel maintenance and equipment upgrades
- Cash flow from financing of NOK -124 million includes down payment of debt and interests paid
- Cash position at NOK 448 million

(NOKm)	Q3 22	Q3 21
Cash flows from operating activities		
Profit or loss before tax	99.3	91.4
Depreciation and impairment	100.8	78.6
Net interest and financial items	3.0	18.4
Changes in working capital and other	20.4	40.0
Net cash flows from operating activities	217.7	228.4
Cash flows from investing activities		
Purchase of property, plant and equipment	-41.0	-123.0
Other	1.8	0.8
Net cash flow from investing activities	-39.2	-122.2
Cash flow from financing activities		
Proceeds from borrowings	7.5	0.4
Repayment of borrowings	-66.9	-65.9
Payment of principal part of lease liabilities	-27.6	-24.8
Interest and transaction costs paid	-37.2	-20.7
Net cash flow from financing activities	-124.2	-110.9
Net change in cash and cash equivalents	54.3	-4.8
Cash and cash equivalents, beginning of period	394.1	749.7
Cash and cash equivalents, end of period	448.4	744.9

Investment program

Wellboat

- MS Gåsø Odin expected to be delivered Jan 23 (prev. Q4 22)
- MS Veidnes newbuild scheduled for delivery summer 2023
- 4.500 m3 newbuild scheduled for delivery 2024

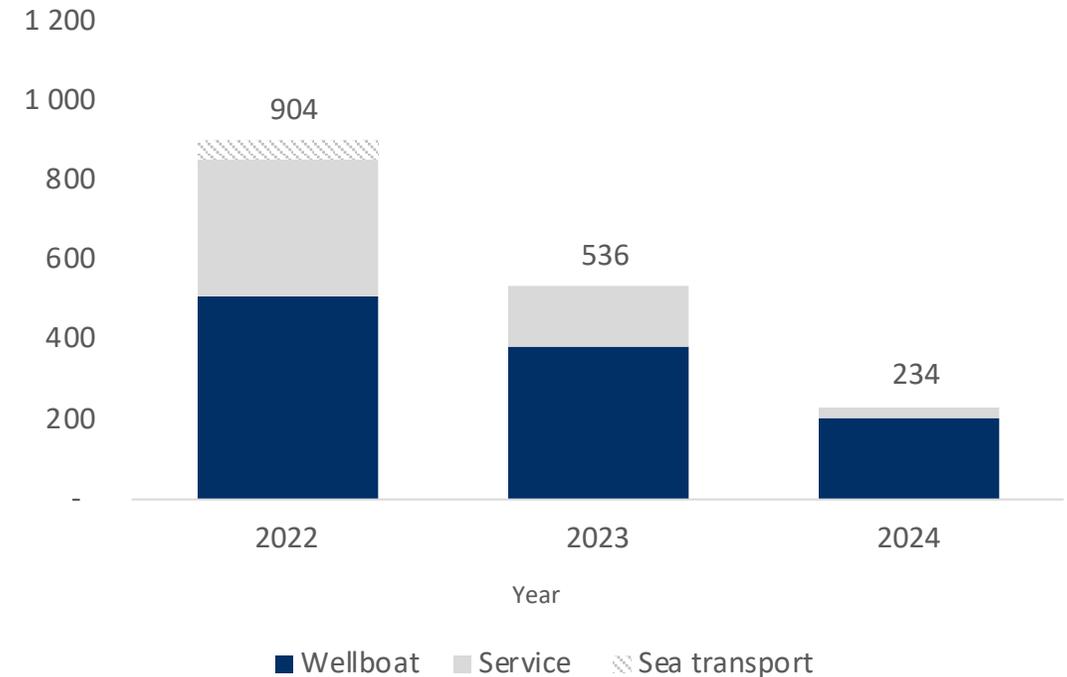
Service

- As of 30.09 Frøy had 6 service newbuilds under construction
- Following the contract announcements during Q3 22 all newbuilds are booked on long term contracts / framework agreements
- 2 additional newbuilds acquired/ordered after quarter end for approx. NOK 125m

Sea transport

- Rebuilding of MS Folla completed in Q2 22

Investments (NOKm)



Total capex 2022-2024 estimated to approx. NOK 1.67 bn. incl newbuilds ordered/acquired after quarter end

Financing

Financing strategy

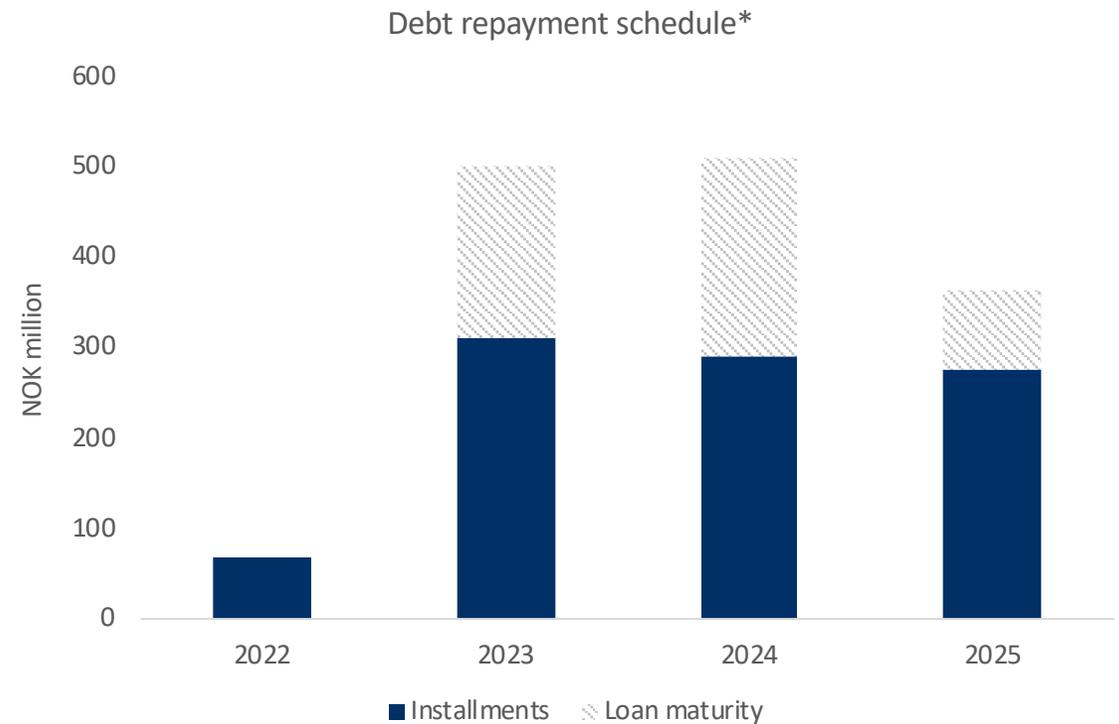
- Frøy finance its fleet and equipment with bank debt and leasing

Newbuild financing

- Bank debt secured on all committed wellboat newbuilds incl. new wellboat ordered after quarter end
 - +/- 80% loan to value

Debt maturities

- Annual regular installments on bank debt of approx. NOK 300 million



* The debt repayment schedule below is updated with refinanced debt after quarter end

Outlook

Outlook

Outlook

- **Increased uncertainty on future growth** in Norway following the proposed resource tax
- **Continued growth** expected in other farming regions
- **High fuel costs** and high inflation expected to continue to impact results in Q4 22
- **Continued high activity into Q4** on par with normal seasonality

Strategic priorities

- **Profitable growth** - Minimum Return On Equity of 10-18%
- **Cost control** – Reduce cost level through more efficient use of resources
- **Continue adding specialist competence and systems** on fish welfare and biosecurity
- **Deliver value and improved solutions** through data

Q&A

Share information 30.09.22

Total number of shares

- 86 348 603 shares outstanding

Total number of shares owned by 20 largest shareholders

- 87 % of total number of shares outstanding

Name of shareholder	No. of shares	%
NTS ASA	62 269 112	72.11
Gåsø Næringsutvikling AS	2 245 124	2.60
HSBC Bank Plc	1 185 494	1.37
Skandinaviska Enskilda Banken AB	1 026 000	1.19
Verdipapirfondet Fondsfinans Norge	875 000	1.01
Trøndelag Helgeland Invest AS	702 411	0.81
BNP Paribas Securities Services	656 820	0.76
Riiber Holding AS	644 490	0.75
Amble Investment AS	631 147	0.73
Verdipapirfondet Pareto Investment	580 000	0.67
Verdipapirfondet Alfred Berg Norge	574 208	0.66
Torghatten Aqua AS	570 000	0.66
DNB Bank AS	564 152	0.65
Verdipapirfondet Alfred Berg Aktiv	444 939	0.52
GH Holding AS	427 868	0.50
Aars AS	418 844	0.49
Furberg & Sønn A/S	400 000	0.46
LIN AS	327 868	0.38
Verdipapirfondet Alfred Berg Norge	298 887	0.35
HMH Invest AS	284 212	0.33
Total 20 largest shareholders	75 123 576	87,00
Total other	11 225 027	13,00
Total number of shares	86 348 603	100.00

Appendix

Non-IFRS financial measures / Alternative Performance Measures

- 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 aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these non-IFRS financial measures/APMs.

APMs and Key Figures

Non-IFRS financial measures / Alternative Performance Measures

- 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), gain on sale of assets and IPO costs
- EBITDA and adjusted EBITDA is used by the management as measure the Group's ability to service debt and finance investments. Management also believes the measure enables an evaluation of operating performance.

Reconciliation of adjusted EBITDA – NOK millions

(NOK 1,000,000)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Total revenue	356	412	457	561	431	507	614
Direct expenses	50	42	46	89	91	119	160
Employee benefit expenses	113	120	138	130	143	146	162
Other operating expenses	110	92	85	82	86	89	95
EBITDA	84	159	188	260	112	154	197
Loss/gain on sale of assets	1	0	6	84	9	0	0
IPO costs	8	0	0	0	0	0	0
Adjusted EBITDA	92	159	183	176	102	153	197

(NOK 1,000,000)	Q1 20	Q2 20	Q3 20	Q4 20
Total revenue	134	385	413	399
Direct expenses	33	60	63	37
Employee benefit expenses	38	106	116	116
Other operating expenses	33	82	54	80
EBITDA	30	137	180	166
Loss/gain on sale of assets	0	3	-4	4
IPO costs	0	0	0	0
Adjusted EBITDA	30	135	183	162



FRØY