



FRØY

Frøy ASA

Q3 22

November 2022

Highlights

Q3 highlights



Commercial

- High activity across services and regions in the quarter
- Revenue and EBITDA adj. for gain on sale of assets at all-time high, driven by 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, two new service vessels ordered after end of quarter



Financial

- Revenues in Q3 22 of NOK 614 million, increased from NOK 457 million in Q3 21
- Revenues from fixed contracts and framework agreements up 27% vs. Q3 21
- Q3 22 EBITDA adj. for gain on sale of assets of NOK 197 million vs. NOK 183 million in Q3 21
- Higher fuel costs impacting EBITDA negatively with approx. NOK 19 million vs. Q3 21
- Backlog of NOK 6.2 billion, flat vs. Q2 22



Outlook

- Increased uncertainty on future growth in Norway following the proposed resource tax on salmon farmers
- Less attractive 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.
- Frøy deliver business critical day to day farming operations and at the end of September, activity was high, in line with normal seasonality
- High fuel costs are expected to impact results also into Q4



Key figures

Key figures ¹	Q3 22	Q3 21	YTD 2022	YTD 2021
Financial (NOK 1,000,000)				
Contract revenues ²	296.8	236.6	829.1	649.5
Framework revenues	130.8	100.6	279.4	246.1
Spot revenues	71.9	79.6	174.1	208.7
Fuel & other invoiced revenues ³	114.1	34.9	259.2	114.9
Other revenues ⁴	0.4	5.6	10.2	6.5
Total revenues	614.1	457.3	1 552.1	1 225.7
EBITDA ⁵	197.1	188.4	462.3	431.3
EBITDA adjusted ⁶	196.7	182.8	452.1	432.9
EBITDA adjusted %	32%	40%	29%	35%
Net cash flow from operating activities	217.7	228.4	391.6	463.3
Net cash flow from investing activities	-39.2	-122.2	-476.4	-1 339.9
Net cash flow from financing activities	-124.2	-110.9	-205.3	1 472.5
Total assets	7 830.5	6 956.2		
Net interest bearing debt ⁷	3 804.0	2 891.9		
Cash	448.4	744.9		
Equity	3 246.1	3 032.8		
Profitability and capital structure				
ROE ⁸	10 %	12 %		
Equity ratio	41 %	44 %		
Vessels⁹				
Wellboats	16	15		
Large service vessels	13	11		
Small service vessels	42	38		
Transport vessels	3	4		
Total number of vessels	74	70		

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)	Q3 22	Q3 21	YTD 2022	YTD 2021
Revenue	613.7	451.7	1 541.9	1 219.2
Other income	0.4	5.6	10.2	6.5
Total revenue	614.1	457.3	1 552.1	1 225.7
Direct expenses (goods/services delivered)	159.6	46.2	369.4	137.6
Employee benefit expenses	162.1	137.7	451.0	370.2
Other operating expenses	95.2	85.0	269.4	286.6
EBITDA	197.1	188.4	462.3	431.3
EBITDA %	32%	41%	30%	35%
Depreciation	100.8	78.6	292.1	224.4
Operating profit	96.3	109.8	170.2	207.0
Financial income	40.1	3.0	97.9	5.3
Financial expenses	37.2	21.4	98.4	67.2
Share of profit (loss) from associates	0.1	-	0.7	-1.1
Profit (loss) before tax	99.3	91.4	170.3	144.0
Taxes	2.7	7.3	-0.1	9.0
Profit (loss) for the period	96.6	84.2	170.4	135.0

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

Third quarter

Total revenue in Q3 22 amounted to NOK 614.1 million (NOK 457.3 million). The increase in revenues was mainly driven by increased capacity and revenues in the wellboat segment and a NOK 79 million increase in reinvoiced fuel costs to clients.

EBITDA in Q3 22 amounted to NOK 197.1 million (NOK 188.4 million) while Q3 22 EBITDA margin ended at 32% (41%). The lower EBITDA margin vs. Q3 21 is due to increased cost of fuel. Fuel costs increased vs. Q3 21, impacting EBITDA negatively with approx. NOK 19 million vs. Q3 21. The EBITDA margin was also impacted by the increase in reinvoiced fuel costs, as these costs are reinvoiced directly without any margin to the clients. Excluding the increased fuel costs EBITDA margins were flat vs. Q3 21.

Operating profit in Q3 22 ended at NOK 96.3 million (NOK 109.8 million). Financial income in Q3 22 of NOK 40.1 million includes positive effects from the company's fixed interest rate and currency swaps. Financial expenses in Q3 22 of NOK 37.2 million increased vs. Q3 21 due to higher interest rate on the company's floating rate debt and an increase of approx. NOK 600 million in gross interest-bearing debt related to the company's ongoing newbuild program.

Net profit for Q3 22 ended at NOK 96.6 million (NOK 84.2 million).

Year to date (YTD)

Revenue YTD 22 amounted to NOK 1 552.1 million (NOK 1 225.7 million). YTD 22 EBITDA amounted to NOK 462.3 million (NOK 431.3 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 30% (35%). Increased fuel costs impact EBITDA negatively with close to NOK 40 million YTD 22 vs. YTD 21.

Cash flow and net interest-bearing debt (NIBD)

Third quarter

Frøy had positive cash flow from operations of NOK 217.7 million in Q3 22 (NOK 228.4 million). Cash flow from operating activities decreased Q3 22 vs. Q3 21 due to lower working capital release in Q3 22 than in Q3 21.

Cash flow from investment activities ended at NOK - 39.2 million in the quarter (NOK - 122.2 million). Investments in Q3 22 were mainly related to vessel maintenance and equipment upgrades. Investments in Q3 21 were mainly related to the rebuilding of Frøy Challenger and instalments on the ongoing newbuild program.

The cash flow from financing activities amounted to NOK – 124.1 million in the quarter (NOK -110.9 million). The negative cash flow from financing activities in both Q3 22 and Q3 21 were mainly driven by repayment of borrowings and payments on the lease liabilities.

The cash position at the beginning of the period was NOK 394.1 million. Total cash flow in the quarter was positive NOK 54.3 million. Cash position at the end of the quarter at NOK 448.4 million.

At the end of the quarter Frøy had total assets of NOK 7 830.5 million (NOK 6 956.2 million). The main drivers for the increase in total assets vs. Q3 21 were related to investments into the ongoing newbuild program.

Gross interest-bearing debt increased to NOK 4 252.4 million (NOK 3 636.8 million). The increase in gross debt is related to new debt on the newbuilds. Net interest-bearing debt at the end of Q3 22 was NOK 3 804.0 million (NOK 2 891.9 million).

Equity ratio Q3 22 of 41% (44%) decreased slightly due to debt on the newbuilds delivered and under construction.

Year to date (YTD)

Frøy had positive NOK 391.6 million cash flow from operations YTD 22 (NOK 463.3 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 – 476.4 million YTD 22 (NOK -1 339.9 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 – 205.3 million (NOK 1 472.5 million). The negative cash flow from financing is explained by the distribution of dividends in Q2 22 and interests paid. The high positive cash flow from financing YTD 21 were mainly related to the issue of NOK 1 000 million in new share capital in connection with the IPO in March 21.

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: 63 (incl. 8 newbuilds)



Sea transport segment

Transport of salmon feed, frozen seafood and other cargo

vessels: 3





Wellboat

Financial results

Revenues in Q3 22 amounted to NOK 316.5 million vs. NOK 211.5 million in Q3 21. Both contract revenues, framework revenues and spot revenues increased compared to Q3 21 driven by the newbuilds that have come into operation during the last year and a generally high activity level in Q3 22. Revenues from contracts and framework agreements increased with 26% vs. Q3 21.

EBITDA in Q3 22 came in at NOK 121.5 million (NOK 90.4 million). EBITDA margin came in at 38% (43%). Fuel costs paid for by Frøy increased with approx. NOK 7 million vs. Q3 21. Re invoiced fuel costs that carry zero margin increased vs. Q3 21, due to increased fuel prices, impacting margins negatively. The underlying EBITDA margin excluding these re invoiced fuel costs increased compared to Q3 21.

Frøy operated 16 wellboats at the end of the quarter, one more than at the end of Q3 21. 14 out of 16 wellboats operated on fixed contracts and framework agreements at the end of the quarter.

Activity increased in line with normal seasonality

Demand for wellboats was high in Q3 22, in line with normal seasonality. Demand for transportation services and removal of sea lice follow sea temperatures and usually peak during Q3. At the end of September activity remained high, on par with what was seen September last year.

(NOK 1.000.000)	Q3 22	Q3 21
Contract revenues	156.0	130.1
Framework agreements	23.5	12.7
Spot	56.0	41.6
Fuel and other re invoiced costs	81.0	27.1
Other	-	-
Total revenues	316.5	211.5
EBITDA	121.5	90.4
EBITDA %	38%	43 %
Number of vessels	16	15
Number of vessels on fixed contracts	14	13

Service

Financial results

Revenues in Q3 22 amounted to NOK 255.2 million vs. NOK 208.0 million in Q3 21. Revenue from fixed contracts and framework agreements increased 27% vs. Q3 21. The increase in contract revenues vs. Q3 21 was driven by newbuilds on fixed contracts.

EBITDA in Q3 22 amounted to NOK 81.6 million vs. Q3 21 of NOK 87.1 million. EBITDA adjusted for gain from sale of assets amounted to NOK 81.2 million in Q3 22 vs. NOK 81.4 million in Q3 21.

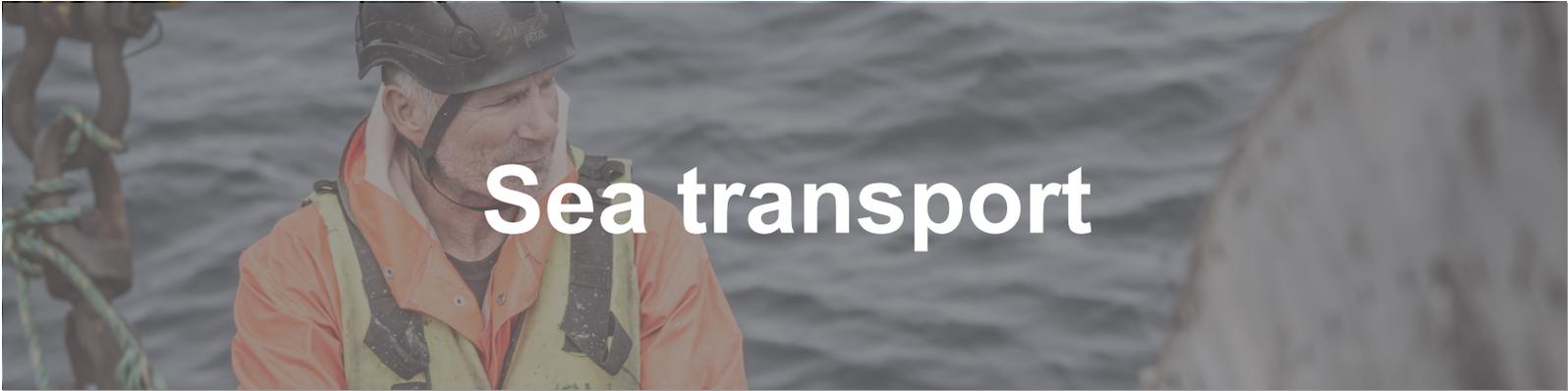
The increased cost of fuel continues to impact results negatively. Fuel costs increased with approx. NOK 12 million vs. Q3 21 due to combination of high activity, with many vessels operating 24-hour shifts, and increased diesel prices. The underlying EBITDA margin excluding the increased cost of fuel and gain from sale of assets was relatively flat compared to Q3 21.

In September, Frøy announced the signing of a multi-year time charter contract for 2 large service vessels with a large Norwegian salmon farmer. The contracts are calculated to have a total value of approx. NOK 200 million, including options.

Frøy operated 55 service vessels at the end of the quarter, with two newbuilds entering the fleet during Q3 22. During August/September 2021 Frøy sold 4 older and smaller service vessels, leaving the total vessel count in this segment at 49 at the end of Q3 21.

Increased activity in Q3 22. The somewhat slower activity in the North of Norway, that was reported in Q2 22, picked up during the quarter. At the end of September activity was on par with last year in all regions.

(NOK 1.000.000)	Q3 22	Q3 21
Contract revenues	115.1	88.3
Framework agreements	107.3	87.1
Spot	12.9	19.2
Fuel and other invoiced costs	19.5	7.7
Other	0.4	5.7
Total revenues	255.2	208.0
EBITDA	81.6	87.1
EBITDA %	32 %	42 %
Number of large service vessels	13	11
Number of small service vessels	42	38



Sea transport

Financial results

Revenues in Q3 22 amounted to NOK 41.8 million vs. NOK 36.1 million in Q3 21. Revenues increased Q3 22 vs. Q3 21 due to higher invoiced fuel costs. Revenues excluding fuel and other invoiced costs decreased vs. Q3 21 mainly due to a mechanical breakdown and two weeks off-hire on one of the vessels during the quarter.

EBITDA in Q3 22 amounted to NOK 10.9 million (NOK 13.4 million). High maintenance cost in the quarter resulted in a reduction in EBITDA vs. Q3 21.

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)	Q3 22	Q3 21
Contract revenues	25.8	18.2
Framework agreements	-	0.8
Spot	2.4	17.1
Fuel and other invoiced costs	13.6	0.0
Other	-	-0.1
Total revenues	41.8	36.1
EBITDA	10.9	13.4
EBITDA %	26%	37 %
Number of vessels	3	4

Investments

Wellboat: As of 30.09.22 Frøy had three wellboats under construction.

- MS Gåsø Odin is expected to be delivered during January 2023, a few months later than previously expected
- MS Veidnes is expected to be delivered summer 2023
- The third newbuild, a 4,500 m³ wellboat is scheduled for delivery mid 2024

MS Gåsø Odin and MS Veidnes are both booked on long term time charter contracts.

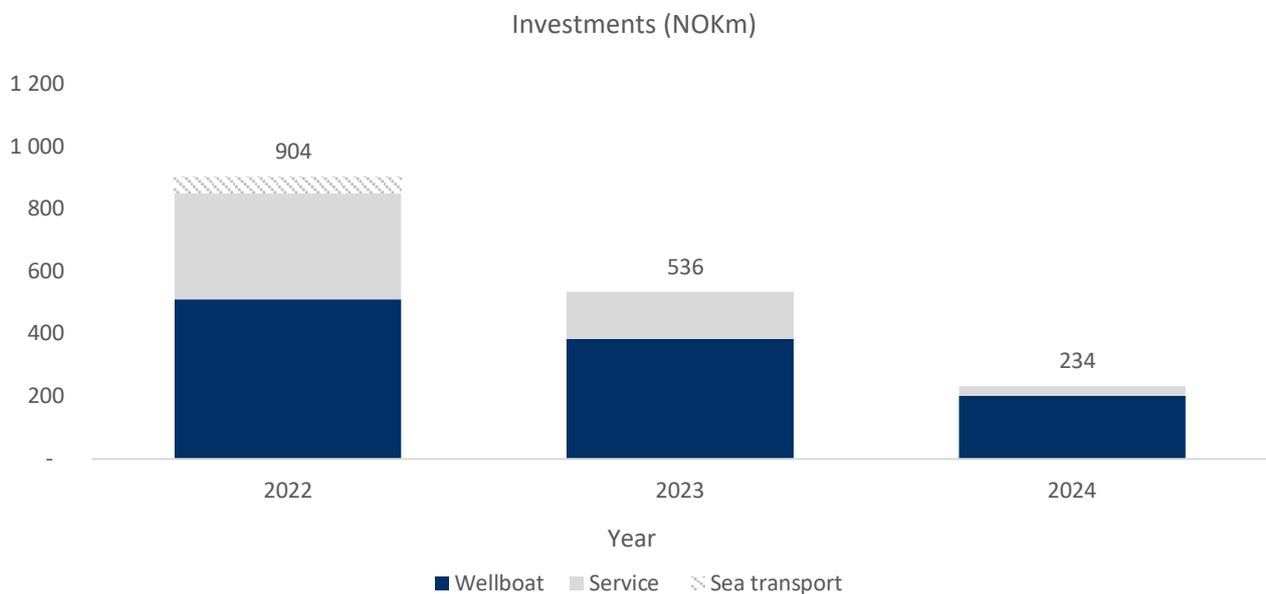
Service: As of 30.09.22 Frøy had 6 service vessels under construction.

- Two net cleaning vessels are scheduled for delivery during winter 2022/2023
- One net cleaning vessel and one diving vessel is scheduled for delivery Q2 23
- Two large service vessels are scheduled for delivery during 2023.

Following the contract announcements during Q3 22, both the two large service vessel newbuilds are now booked on long term time charter contracts. The remaining service newbuilds are expected to be used on Frøy's framework agreements.

After the end of the quarter, Frøy acquired a small service vessel newbuild from an aquaculture client. The vessel will be delivered from the yard during Q4 22. In addition, Frøy placed an order for one large service vessel newbuild scheduled to be delivered 2H 24.

Including the two vessels ordered after the end of the quarter, total investments 2022-2024 related to the newbuild program are estimated to approx. NOK 1.67 billion.



Financing

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

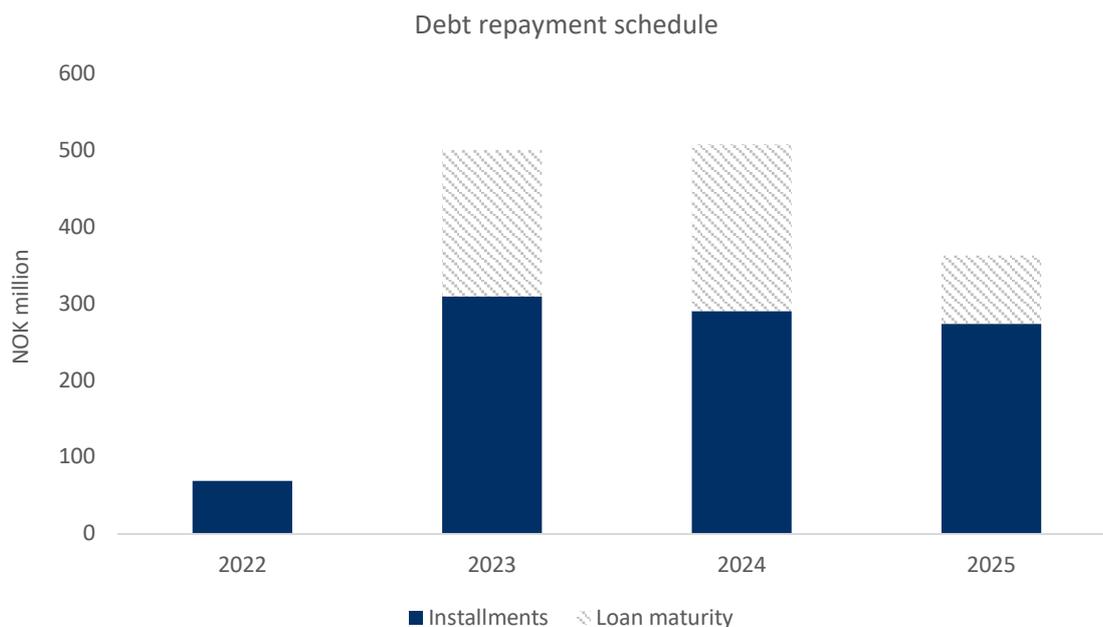
Wellboats: All vessels in the newbuild program are funded by bank loans.

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.

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 274 million.

Bank debt - repayment schedule

The repayment profile on the bank debt is shown for the period 2022 to 2025 below. The remaining loan maturities for 2022 was refinanced after the end of the quarter. The debt repayment schedule below is updated with the refinanced debt after quarter end.



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

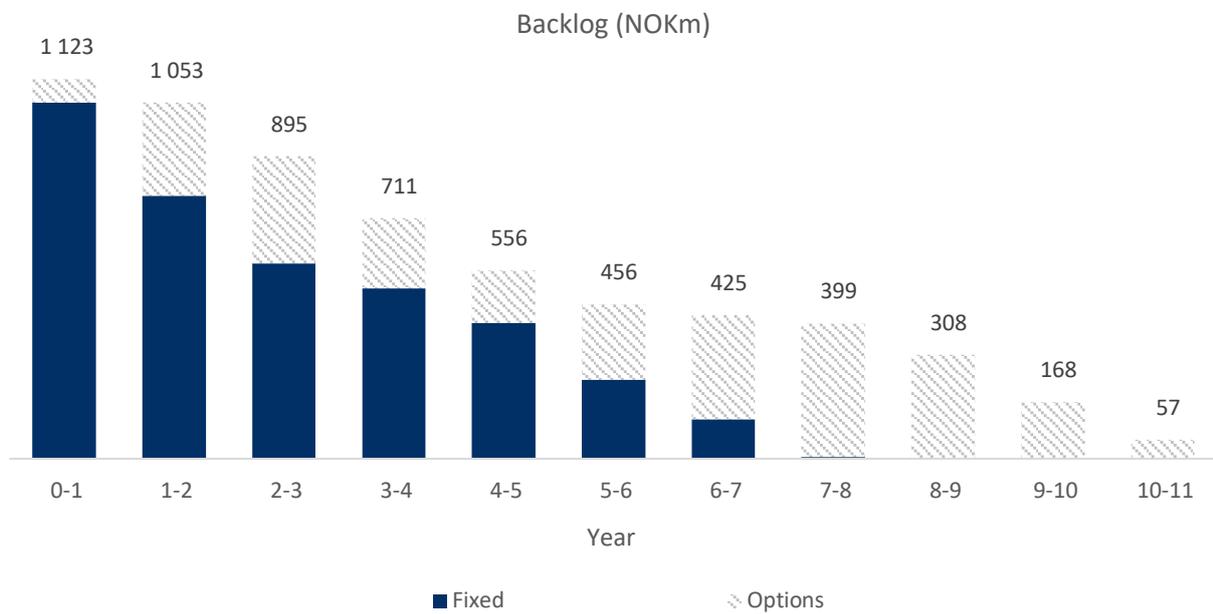
- As of 30.09.22 the total backlog amounted close to NOK 6.2 billion including options, which is flat compared to 30.06.22

Fixed backlog

- Total fixed revenue commitments amount to 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.

The recently proposed resource tax increase the uncertainty regarding future volume growth and future development of Norwegian salmon farming which may also impact demand for Frøy's services in Norway. The proposed tax will need to be approved by the Norwegian Parliament and the final structure of the resolution is still uncertain.

Events after the close of the quarter

On October 10, MS Gåsø Freya grounded outside the island Hitra in Mid Norway. The boat managed, after a couple of hours, to sail to the processing plant with the fish onboard. The vessel was shortly after inspected and brought into dry dock to assess the damages. Frøy expects to record total costs incl. loss of hire of approx. NOK 3 million during Q4 related to the incident.

Outlook

On 28 September 2022 the Norwegian Government proposed to introduce a new resource tax on salmon and trout farming of 40% with the effect from the tax year 2023. The proposal has been sent out for consultation. Following the consultation, the Government will return to the Norwegian parliament with a bill that will enable the rules to apply from 2023 onwards.

The short-term consequences, following the new proposal, has been a broad-based investment halt among Norwegian salmon farmers. Stable and predictable framework conditions is a prerequisite for sustainable development in all industries. Until the new conditions have been approved by a majority of the parliament Frøy expect salmon farmers to remain cautious on new growth initiatives.

Frøy deliver business critical day to day farming operations for salmon farmers. To date, activity has remained high and in line with normal seasonality. However, the halted investments into new smolt facilities, harvesting facilities and other farming infrastructure are likely to impact future growth in Norway, also within Frøy's segments.

Less attractive 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. During Q3 Frøy has continued to invest in new efficient and more environmentally friendly vessels. Frøy continue to work with digitalization and build on our base of +800 specialized aqua service personnel and will actively assist salmon farmers with efficient and sustainable solutions wherever they choose to operate.

Increased fuel prices and soaring inflation have impacted the results YTD 22 and is also expected to continue to have an impact in Q4 22, especially in the service segment.

Frøya, 15 November 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	Q3 22	Q3 21	YTD 22	YTD 21	2021
Revenue		613.7	451.7	1 541.9	1 219.2	1 695.8
Other revenue	3	0.4	5.6	10.2	6.5	90.8
Total revenue		614.1	457.3	1 552.1	1 225.7	1 786.6
Direct expenses (goods/services delivered)		159.6	46.2	369.4	137.6	287.2
Employee benefit expenses		162.1	137.7	451.0	370.2	499.8
Other operating expenses		95.2	85.0	269.4	286.6	308.0
Depreciation		100.8	78.6	292.1	224.4	313.8
Operating profit		96.3	109.8	170.2	207.0	377.8
Financial income		40.1	3.0	97.9	5.3	7.7
Financial expenses		37.2	21.4	98.4	67.2	89.3
Share of profit (loss) from associates		0.1	-	0.7	-1.1	3.3
Profit (loss) before tax		99.3	91.4	170.3	144.0	299.6
Taxes		2.7	7.3	-0.1	9.0	16.0
Profit (loss) for the period		96.6	84.2	170.4	135.0	283.6
Profit or loss for the period attributable to:						
Equity holders of the parent		96.6	84.2	170.4	135.0	283.6
Non-controlling interests		-	-	-	-	-
Total		96.6	84.2	170.4	135.0	283.6
Other comprehensive income						
Net gain (loss) on cash flow hedges		2.5	4.1	19.2	12.3	11.6
Total comprehensive income for the period		99.1	88.2	189.6	147.3	295.2
Total comprehensive income for the period attributable to:						
Equity holders of the parent		99.1	88.2	189.6	147.3	295.2
Non-controlling interests		-	-	-	-	-
Total		99.1	88.2	189.6	147.3	295.2
Basic earnings per share (NOK)		1.12	0.97	1.97	1.56	4.27

Consolidated statement of financial position

Frøy ASA

(NOK 1.000.000)	Note	30.09.2022	30.09.2021	31.12.2021
ASSETS				
Non-current assets				
Goodwill and intangible assets		687.6	687.6	687.6
Vessels, property, plant and equipment		5 768.1	4 793.1	5 447.6
Right-of-use assets	4	541.1	437.8	455.4
Pension assets		0.5	3.1	0.6
Investments in associates		24.1	24.9	28.1
Other financial assets		9.1	4.8	16.5
Total non-current assets		7 030.4	5 951.4	6 635.3
Current assets				
Inventory		13.8	11.7	11.5
Trade receivables		272.3	202.3	187.9
Other receivables		65.6	45.9	83.7
Cash and cash equivalents		448.4	744.9	738.5
Total current assets		800.0	1 004.8	1 021.6
TOTAL ASSETS		7 830.5	6 956.2	7 656.8
EQUITY AND LIABILITIES				
Equity				
Paid-in equity				
Share capital	6	86.3	86.3	86.3
Share premium		2 289.8	2 283.8	2 289.8
Total paid-in equity		2 376.1	2 370.1	2 376.1
Other equity		870.0	662.7	809.8
Total retained earnings		870.0	662.7	809.8
Total equity		3 246.1	3 032.8	3 186.0
Non-current liabilities				
Non-current interest-bearing liabilities		3 102.6	2 869.9	3 370.4
Non-current lease liabilities	4	337.7	284.0	269.4
Deferred tax and other non-current liabilities		36.5	40.5	40.5
Total non-current liabilities		3 476.8	3 194.3	3 680.3
Current liabilities				
Current interest-bearing liabilities		688.6	389.3	474.3
Current lease liabilities	4	123.5	93.6	92.9
Trade payables and other current liabilities		296.2	242.9	223.3
Taxes payable		-0.7	3.2	-
Total current liabilities		1 107.6	729.1	790.5
Total liabilities		4 584.4	3 923.4	4 470.8
TOTAL EQUITY AND LIABILITIES		7 830.5	6 956.2	7 656.8

Consolidated statement of cash flows

Frøy ASA

(NOK 1.000.000)						
	Note	Q3 22	Q3 21	YTD 2022	YTD 2021	2021
Cash flows from operating activities						
Profit or loss before tax		99.3	91.4	170.3	144.0	299.5
Income taxes paid		0.0		-0.9	-4.7	-8.6
Gain/loss on disposal of vessels and PP&E	3	-0.4	5.6	-10.2	6.5	90.8
Depreciation and impairment		100.8	78.6	292.1	224.4	313.8
Finance income		-40.1	-3.0	-97.9	-5.3	-7.7
Finance expenses		37.2	21.4	98.4	67.2	89.3
Changes in working capital and other		20.8	34.4	-60.3	31.2	-96.7
Net cash flows from operating activities		217.7	228.4	391.6	463.3	498.8
Cash flows from investing activities						
Purchase of vessels and PP&E		-41.0	-123.0	-493.3	-1343.0	-2 089.5
Purchase of financial assets		-	-	-	-	-0.0
Purchase of intangible assets		-	-	-	-0.3	-0.3
Proceeds from sale of vessels and PP&E		0.4	0.8	15.2	2.7	162.3
Dividends		-	-	-	0.6	-
Interest received		1.4	-	1.7	-	6.5
Net cash flow from investing activities		-39.2	-122.2	-476.4	-1339.9	-1 921.0
Cash flow from financing activities						
Proceeds from borrowings		7.5	0.4	319.1	1 554.4	2 488.8
Repayment of borrowings		-66.9	-65.9	-208.8	-819.9	-1 124.5
Issue of Share Capital		-	-	-	1 000.0	1 000
Transaction cost		-	-2.3	-	-28.4	-22.4
Acquisition of non-controlling interest		-	-	-	-86.0	-86.0
Payments for the principal portion of the lease liabilities		-27.6	-24.8	-87.7	-75.1	-131.9
Interest paid		-37.2	-18.4	-98.4	-61.9	-81.6
Payment of dividends		-	-	-129.5	-0.6	-30.6
Net cash flow from financing activities		-124.2	-110.9	-205.3	1 472.5	-2 011.8
Net change in cash and cash equivalents		54.3	-4.8	-290.1	595.9	589.7
Cash and cash equivalents, beginning of period		394.1	749.7	738.5	149.0	148.7
Cash and cash equivalents, end of period		448.4	744.9	448.4	744.9	738.5

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

Consolidated statement of changes in equity

(NOK 1.000.000)	Attributable to the equity holders of the parent						Non-controlling interests	Total Equity
	Share capital	Share premium	Total paid-in equity	Retained earnings	Net gain (loss) on cash flow hedges	Other Equity		
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	-	-	-	170.4	-	170.4	-	170.4
Other comprehensive income	-	-	-	-	19.2	19.2	-	19.2
Total comprehensive income	-	-	-	170.4	19.2	189.6	-	189.6
Dividends	-	-	-	-129.5	-	-129.5	-	-129.5
At 30 September 2022	86.3	2 289.8	2 376.1	855.0	15.0	870.0	-	3 246.1
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	-	-	-	135.0	-	135.0	-	135.0
Other comprehensive income	-	-	-	-	12.3	12.3	-	12.3
Total comprehensive income	-	-	-	135.0	12.3	147.3	-	147.3
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	-	-28.4	-28.4	-	-	-	-	-28.4
Group Contribution	-	-	-	-30.0	-	-30.0	-	-30.0
At 30 September 2021	86.3	2 283.8	2 370.1	666.2	-3.5	662.7	0.0	3 032.9

Notes

NOTE 1: General information and significant accounting policies

The consolidated financial statements of the Group for Q3 22 were authorised for issue in accordance with a resolution of the Board of Directors on 15 November 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 third 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.

Q3 22 (NOK 1.000.000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	156.0	115.1	25.8	-	296.8
Framework agreements	23.5	107.3	-	-	130.8
Spot	56.0	12.9	2.4	0.5	71.9
Fuel and other invoiced costs	81.0	19.5	13.6	-	114.1
Other	-	0.4	-	-	0.4
Total revenues	316.5	255.2	41.8	0.5	614.1
Depreciation	47.4	47.9	5.5	0.0	100.8
Operating costs	195.0	173.6	30.9	17.5	417.0
Operating profit	74.1	33.7	5.4	-17.0	96.3
Financial income	1.2	0.1	0.7	38.1	40.1
Financial expenses	29.2	10.2	3.4	-5.6	37.2
Share of profit (loss) from associates	-	-	0.3	-0.2	0.1
Earnings before tax	46.1	23.5	3.1	26.5	99.3
Tax	-	1.4	0.0	1.3	2.7
Net income	46.1	22.1	3.1	25.2	96.6

	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Q3 21 (NOK 1.000.000)					
Contract revenue	130.1	88.3	18.2		236.6
Framework agreements	12.7	87.1	0.8		100.6
Spot	41.6	19.2	17.1	1.7	79.6
Fuel and other invoiced costs	27.1	7.7	0.0		34.9
Other		5.7	-0.1		5.6
Total revenues	211.5	208.0	36.1	1.7	457.3
Depreciation	37.3	32.7	5.2	3.5	78.6
Operating costs	121.1	120.9	22.7	4.1	268.8
Operating profit	53.1	54.4	8.2	-5.9	109.8
Financial income	0.1	0.6	1.3	1.0	3.0
Financial expenses	12.1	5.5	2.5	1.3	21.4
Share of profit (loss) from associates	-	-	-	-	-
Earnings before tax	41.1	49.5	7.1	-6.2	91.4
Tax	-0.5	4.0	0.5	3.3	7.3
Net income	41.5	45.4	6.6	-9.4	84.2

	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
YTD 22 (NOK 1,000,000)					
Contract revenue	478.3	290.4	60.4	-	829.1
Framework agreements	44.6	234.8	14.7	-	294.1
Spot	98.6	59.1	15.2	1.2	174.1
Fuel and other invoiced costs	187.9	43.0	13.6	-	244.5
Other	-	10.2	-	-	10.2
Total revenues	809.4	637.5	103.9	1.2	1 552.1
Depreciation	142.7	132.7	15.5	1.2	292.1
Operating costs	529.1	455.6	74.1	31.0	1 089.8
Operating profit	137.6	49.2	14.3	-31.0	170.2
Financial income	1.8	1.0	0.7	94.3	97.9
Financial expenses	74.8	26.5	9.3	-12.3	98.4
Share of profit (loss) from associates	-	-	0.9	-0.2	0.7
Earnings before tax	64.7	23.7	6.6	75.4	170.3
Tax	-	-0.9	-	0.8	-0.1
Net income	64.7	24.6	6.6	74.6	170.4

YTD 21 (NOK 1.000.000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	366.0	245.3	38.2		649.5
Framework agreements	33.7	211.6	0.8		246.1
Spot	86.3	65.2	55.7	1.6	208.7
Fuel and other invoiced costs	100.0	13.9	1.0		114.9
Other	-	6.6	-0.1		6.5
Total revenues	586.0	542.5	95.6	1.6	1 225.7
Depreciation	103.0	102.7	14.8	3.8	224.4
Operating costs	353.1	355.4	73.2	12.7	794.4
Operating profit	129.8	84.5	7.6	-15.0	207.0
Financial income	0.5	1.6	1.7	1.4	5.3
Financial expenses	35.8	19.4	7.1	4.8	67.2
Gain/loss on shares at fair value	-	-	-1.1	-	-1.1
Earnings before tax	94.5	66.8	1.1	-18.4	144.0
Tax	-	8.0	-	0.9	9.0
Net income	94.5	58.8	1.1	-19.3	135.0

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)	Q3 22	Q3 21
Gain related to sale of PP&E	0.4	5.6
Other	-	-
Total other income	0.4	5.6

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

The Group's leased assets Q3 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	123.0	3.2	36.5	162.7
Depreciations	-38.3	-3.5	-32.4	-74.2
Termination of contracts	-2.1	-0.2	-0.6	-2.8
Gains and losses	0.1	0.0	-0.1	0.0
Carrying amount 30.09.2022	408.6	12.0	120.5	541.1
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 Q3 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		188.0
Total cash payments for lease liabilities		-97.0
Interest expense on lease liabilities		9.3
Termination of contracts		-1.4
Total lease liabilities at 30.09.2022		461.2
Current lease liabilities in the statement of financial position		123.5
Non-current lease liabilities in the statement of financial position		337.7
Total cash outflow during the period		-97.0

The Group's leased assets Q3 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	-	45.1	73.8
Depreciations	-27.4	-3.6	-28.5	-59.6
Termination of contracts	-96.1	-	-	-96.1
Gains and losses	-16.7	-	-	-16.7
Carrying amount 30.09.2021	304.1	13.1	120.6	437.8
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 Q3 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		73.8
Total cash payments for lease liabilities		-85.9
Interest expense on lease liabilities		10.7
Termination of contracts		-96.1
Total lease liabilities at 30.09.2021		377.6
Current lease liabilities in the statement of financial position		93.6
Non-current lease liabilities in the statement of financial position		284.0
Total cash outflow during the period		-85.9

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, where the total value exceeds NOK 0.1 million, that have been entered into with related parties for the relevant financial period.

Sales to related parties:

Salmonor AS (entity under common control): NOK 26.8 million

Norway Royal Salmon ASA (entity under common control): NOK 23.4 million

Purchases from related parties (incl. mgmt. fees):

NTS ASA (parent company): NOK 1.9 million

Siholmen AS (related party to former CEO Helge Gåsø): NOK 0.4 million

NOTE 6: Major shareholders as of 30.09.22

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
Totale number of shares	86 348 603	100,00

At the end of the quarter Frøy ASA had 86 348 603 shares outstanding and 4 209 shareholders.

NOTE 7: Overview of commitments related to newbuilds

Frøy's newbuild program consists of new vessels and rebuilding of vessels in the wellboat, service and sea transport segments. The overview shows Frøy's total commitments related to the newbuild program for the full financial years. The two vessels acquired / ordered after quarter end is not included in this overview.

(NOK 1.000.000)	2022	2023	2024
Wellboat	512	386	202
Service	288	111	0
Sea transport	50		
Total	851	497	202

NOTE 8: Financial instruments

At the end of the quarter the Group had five 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 30.09.22.

(NOK 1.000.000)	30.09.2022	30.09.21	31.12.2021
Fair value of interest rate swap / booked value	17.2	-3.0	-3.7

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)	Q3 22	Q3 21	YTD 22	YTD 21
Total revenue	614.1	457.3	1 552.5	1 225.7
Direct expenses	159.6	46.2	369.4	137.6
Employee benefit expenses	162.1	137.7	451.0	370.2
Other operating expenses	95.2	85.0	269.4	286.6
EBITDA	197.1	188.4	462.3	431.3
Less gain on sale of assets	0.4	5.6	10.2	6.5
IPO costs	0	0	0	8.0
Adjusted EBITDA	196.7	182.8	452.1	432.9

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)	30.09.2022	30.09.2021
Equity	3 246.0	3 032.8
Total equity and assets	7 830.5	6 956.2
Equity ratio	41 %	44 %

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)	30.09.2022	30.09.2021
Non-current interest-bearing liabilities	3 102.6	2 869.9
Non-current lease liabilities	337.7	284.0
Current interest-bearing liabilities	688.6	389.3
Current lease liabilities	123.5	93.6
Cash and cash equivalents	448.5	744.9
Net interest-bearing debt	3 804.0	2 891.9

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)	30.09.2022	30.09.2021
Equity	3 246.0	3 032.8
Net profit last 12 months	318.9	
ROE	10 %	

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 30.09.2022 are, as follows:

Future minimum lease and customer revenues (NOK 1.000)	30.09.2022	30.09.2021
0 to 1 years	1 053 670	930 018
- Lease revenue share	626 939	544 859
- Customer contract share	426 731	385 159
1 to 2 years	776 839	826 365
- Lease revenue share	468 810	502 262
- Customer contract share	308 029	324 103
2 to 3 years	578 002	578 963
- Lease revenue share	349 859	358 401
- Customer contract share	228 143	220 562
3 to 4 years	502 908	411 538
- Lease revenue share	304 555	256 057
- Customer contract share	198 354	155 481
4 to 5 years	401 002	380 734
- Lease revenue share	244 263	236 614
- Customer contract share	156 740	144 120
More than 5 years	353 844	629 333
- Lease revenue share	226 936	397 183
- Customer contract share	126 908	232 150
Total lease and customer contract	3 666 266	3 756 950
Total lease revenue share	2 221 362	2 295 375