Frøy ASA – Q4 22

22 Feb 2022

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Agenda

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

Highlights

Frøy in 2022

	Y/Y	
1.7 bn.	+13%	Operating revenues
0.65 bn.	+8%	EBITDA adj.
85	+5%	Vessels incl. NBs
+900	+15%	Employees

Figures in NOK. Operating revenues defined as contract revenues, revenues from framework agreements and spot revenues. Please find reconciliation of revenues and adjusted EBITDA in the appendix

NBs – Newbuilds Employees including temporary replacements

Developing "tomorrow's" solutions for sustainable aquaculture

Building competence base

Selected examples from 2022

- ✓ Strengthened competence base with +15% new employees during 2022
- ✓ Awarded maritime apprenticeship of the year
- ✓ Approx. 25% female cadets and trainees

Delivering fish health solutions

Selected examples from 2022

- ✓ More than 33 million fish treated with new method for removal of sea lice, combining fresh water and mechanical delousing
- ✓ Aqua service 2.0 - data sharing and analytics

Pushing green technology

Selected examples from 2022

- ✓ Delivered new and more environmentally friendly vessels
- ✓ Agreement to retrofit Frøy Valkyrien with batteries and power banks

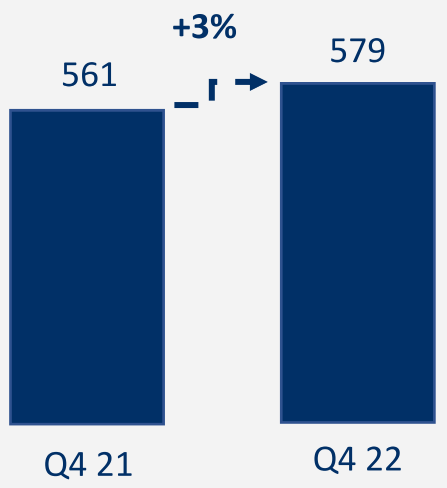
Highlights Q4 22

- Strong operational quarter with high activity in all segments
- The highest adj. EBITDA margin (excl. reinvoiced fuel costs and gain from sale of vessels) on record since the IPO for the wellboat segment
- Improved adj. EBITDA and EBITDA margins Q4 22 vs. Q4 21 in both the service segment and the sea transport segment
- Multiple contract discussions and continued high demand for Frøy´s services
- 2022 dividend proposal of NOK 1.50 for FY 2022 to be paid in two tranches, NOK 0.75 in June and NOK 0.75 in October
- The Board will propose to the Annual General Meeting to introduce half-yearly dividend payments

Increased quarterly revenue and adj. EBITDA in Q4 22

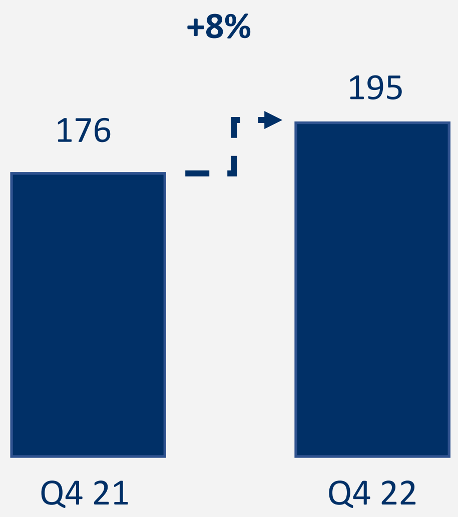
Revenue

NOK million



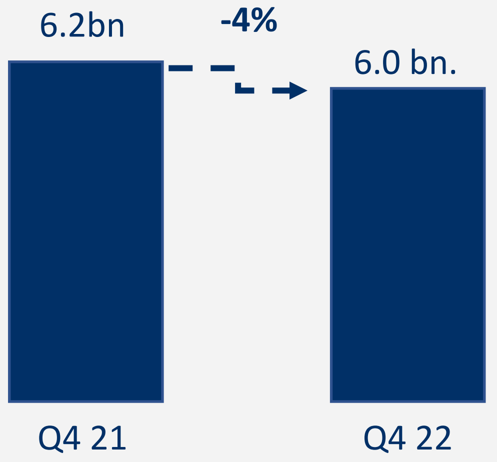
Adj. EBITDA*

NOK million



Backlog

NOK million



* EBITDA adjusted for gain from sale of assets

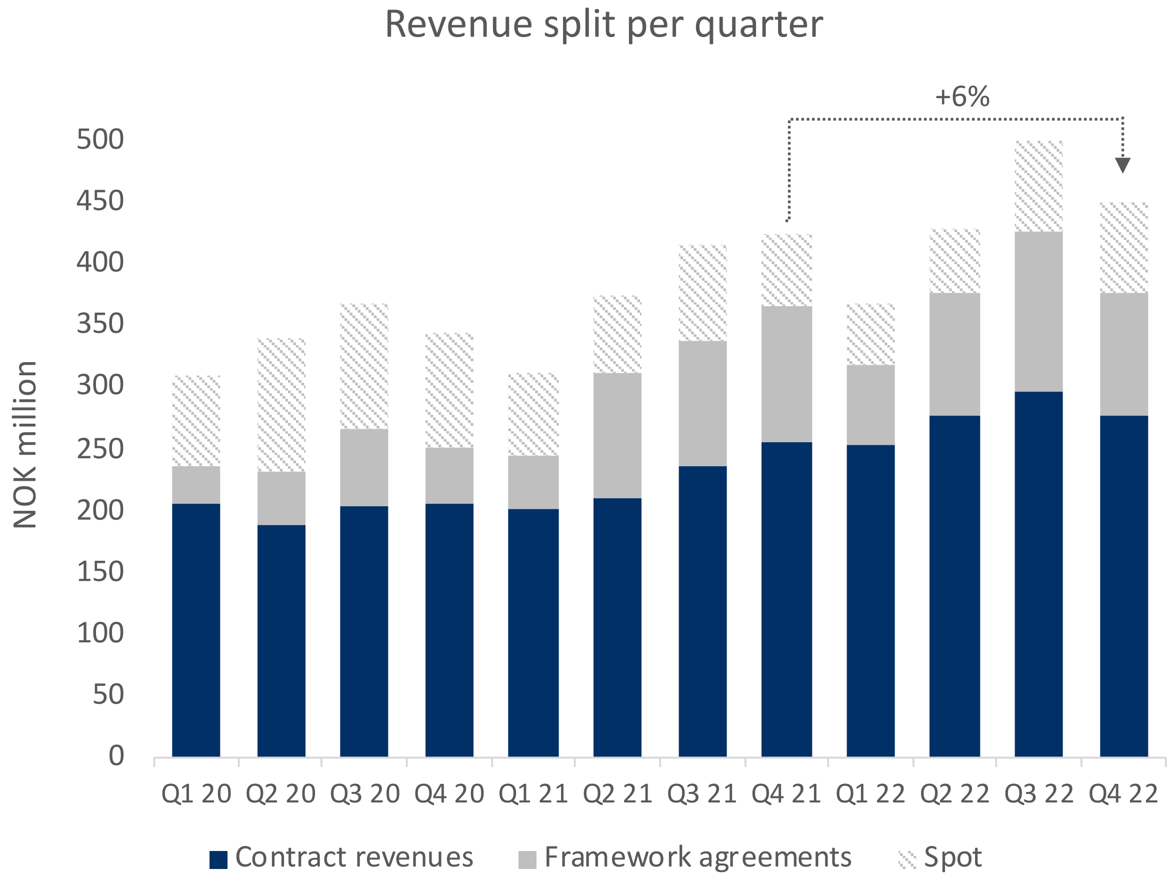
Growth in operating revenues

Growth in operating revenues

- **6%** increase in operating revenues[1] Q4 22 vs. Q4 21
- **3%** increase in revenues from contracts and framework agreements vs. Q4 21

Seasonality

- Seasonal change in sea temperatures results in reduction in demand for aqua services from Q3 into Q4



Note: Q1 20 is based on proforma figures.

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

Q4 22 backlog NOK 6.0 bn.

Fixed backlog

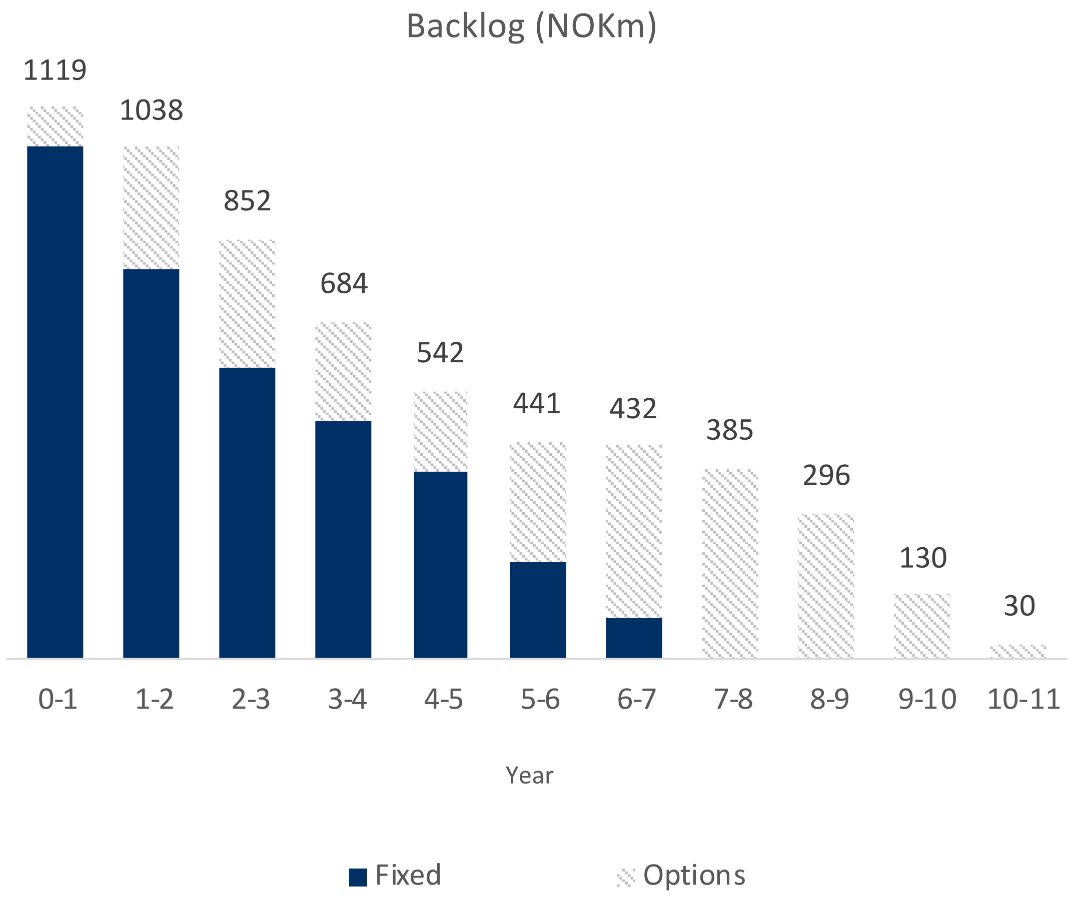
- Total fixed revenue commitments of approx. NOK 3.6 billion
- Wellboat fleet with weighted avg. backlog coverage of approx. 4 years[1]

Options

- Most fixed time charter contracts include extension options
- Total options of approx. NOK 2.4 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



Source: Company information 1) Calculated as of 30.09.22, weighting based on m3 capacity per vessel

Segment review

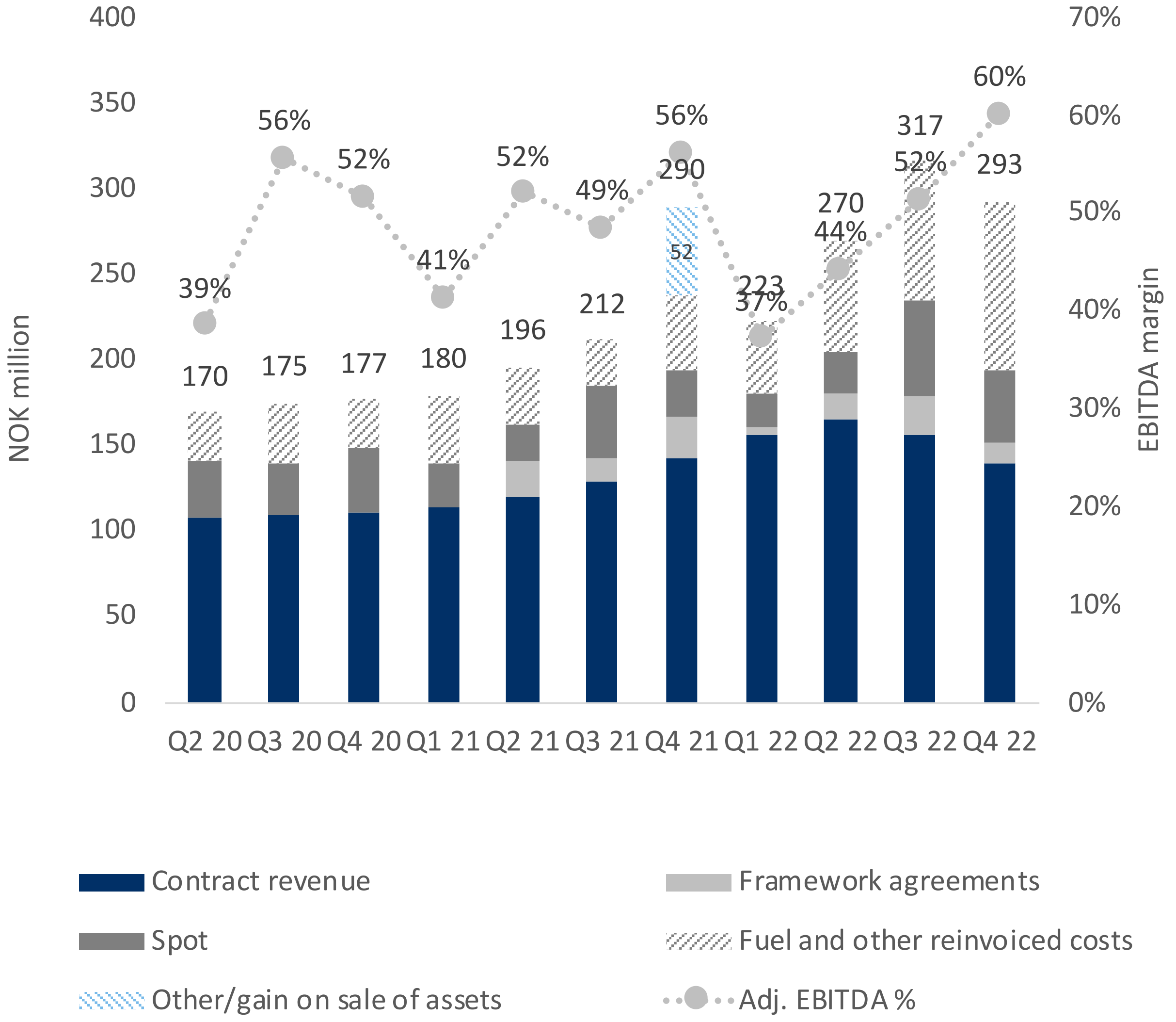
Wellboat

Segment results

- Total revenues NOK 293 million (NOK 290 million)
  - Reduction in revenues from contract and framework agreements vs. Q4 21
  - Increase in revenues from spot from NOK 28m in Q4 21 to NOK 43m in Q4 22
- EBITDA adj. for gain from sale of assets of NOK 117 million (NOK 109m)
- Adj. EBITDA margin (Excl. reinvoiced cost and gain from sale of assets) of 60% (56%)

Other

- The Q4 21 figures include the vessel MS Veidnes that was sold at the end of Q4 21



The adjusted EBITDA % is calculated by dividing adjusted EBITDA by the sum of revenues from contracts, framework agreements and spot.

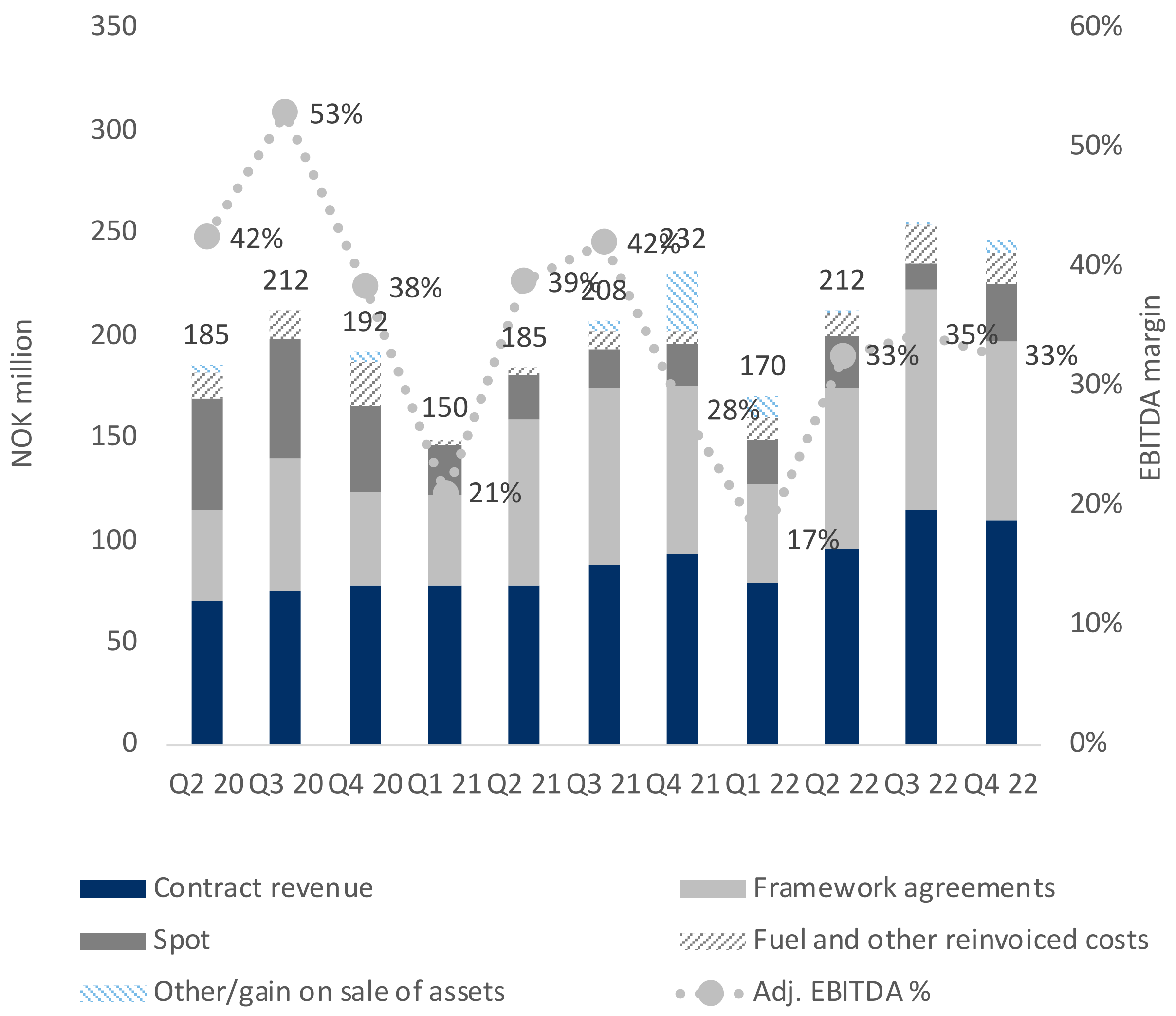
Service

Segment results

- Total revenues NOK 247 million (NOK 232 million)
  - 12% increase in revenues from contract and framework agreements vs. Q4 21
- EBITDA adj. for gain from sale of assets of NOK 73 million (NOK 55 million)
- Adj. EBITDA margin (Excl. reinvoiced cost and gain from sale of assets) of 33% (28%)
  - Fuel costs paid for by Frøy increased with approx. NOK 7 million vs. Q4 21

Other

- At the end of December activity was on par with last year

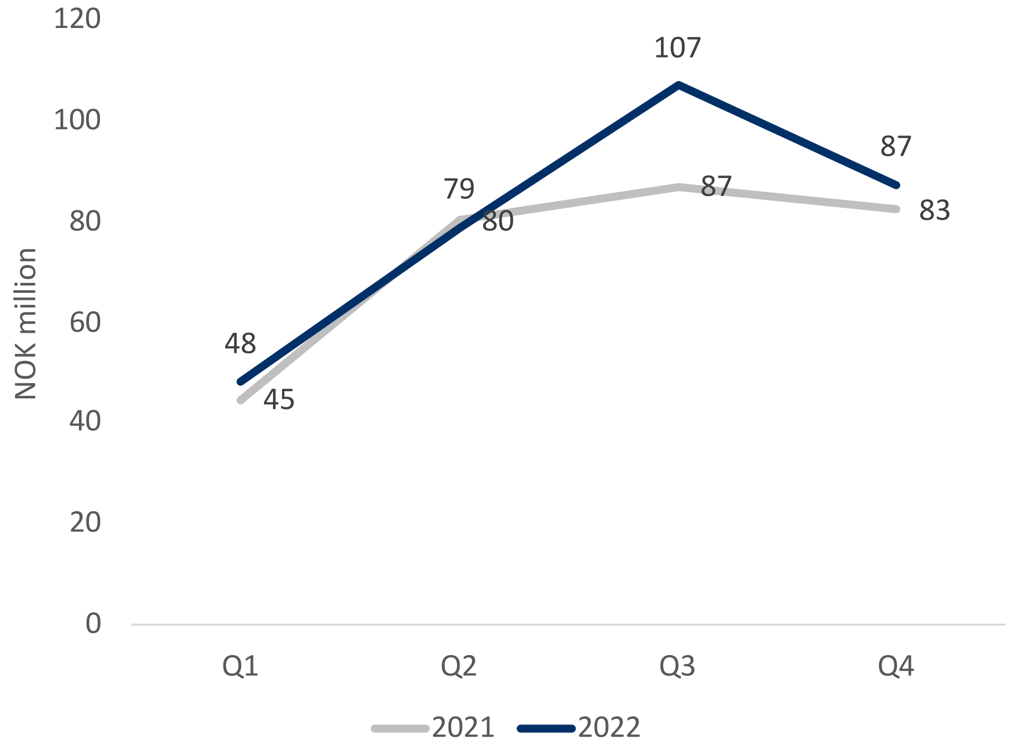


The adjusted EBITDA % is calculated by dividing adjusted EBITDA by the sum of revenues from contracts, framework agreements and spot.

Gradual growth in revenues from framework agreements

- Frøy´s service segment has a large portfolio of framework agreements providing business-critical infrastructure services to fish farmers
  - Maintenance of farming sites
  - Net cleaning
  - Diving operations
- The framework agreements are not included in the backlog, but provide visibility on expected volume of work going forward for Frøy
- Quarterly demand fluctuate predominantly driven by seasonality / changes in water temperatures
- Longer term demand are driven by government regulations, optimization of fish health and efforts to avoid escapes
- Frøy strategy to increase the portfolio of framework agreements in order to maximize fleet utilization

Revenue from framework agreements in the service segment



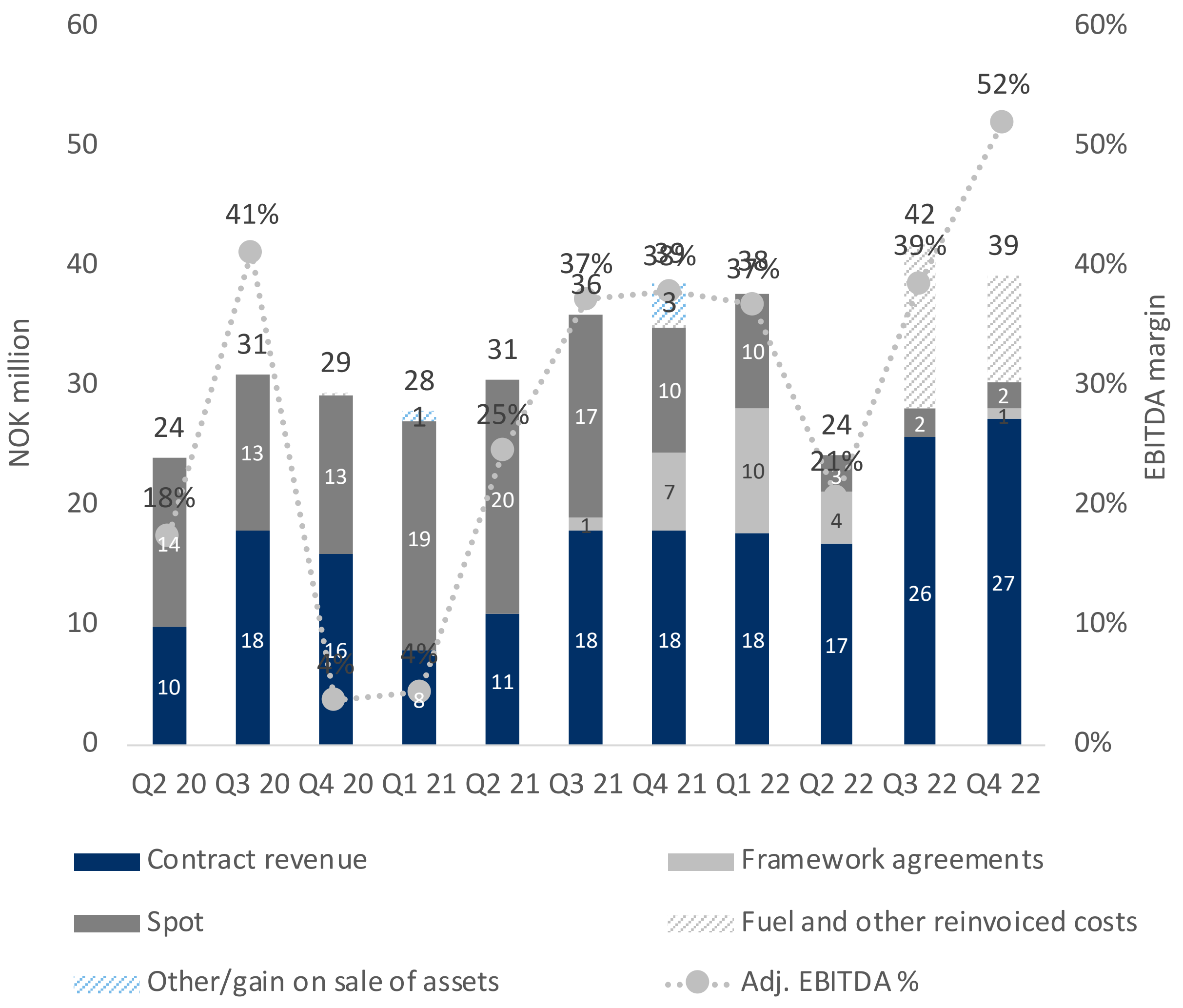
Sea transport

Segment results

- Total revenues of NOK 39 million (NOK 39 million)
- EBITDA adj. for gain from sale of assets of NOK 16m (NOK 13m)
- Adj. EBITDA margin (Excl. reinvoiced cost and gain from sale of assets) of 52% (38%)

Other

- 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

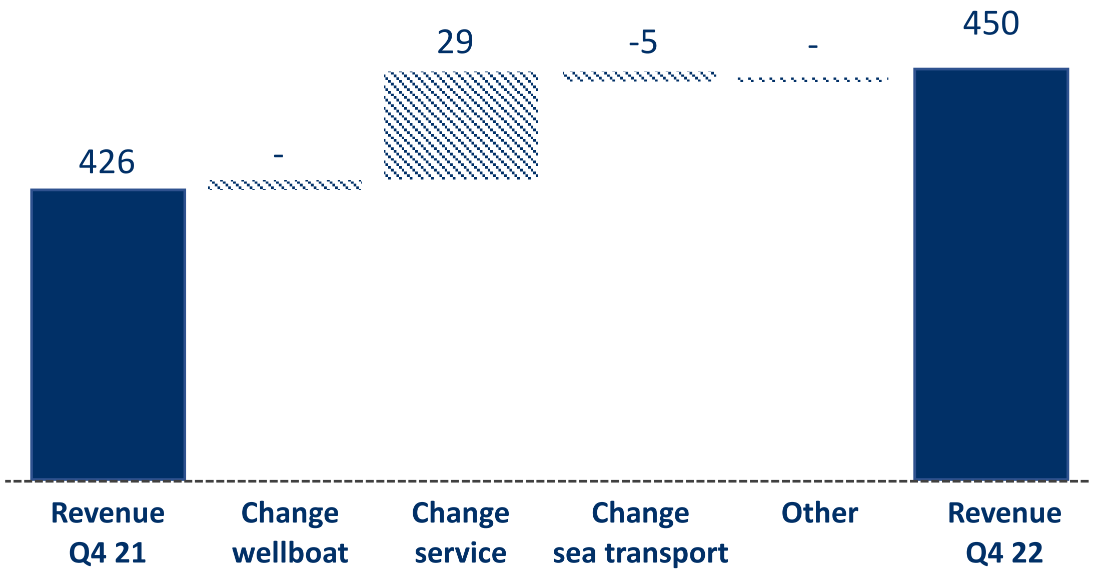


The adjusted EBITDA % is calculated by dividing adjusted EBITDA by the sum of revenues from contracts, framework agreements and spot.

Financial review

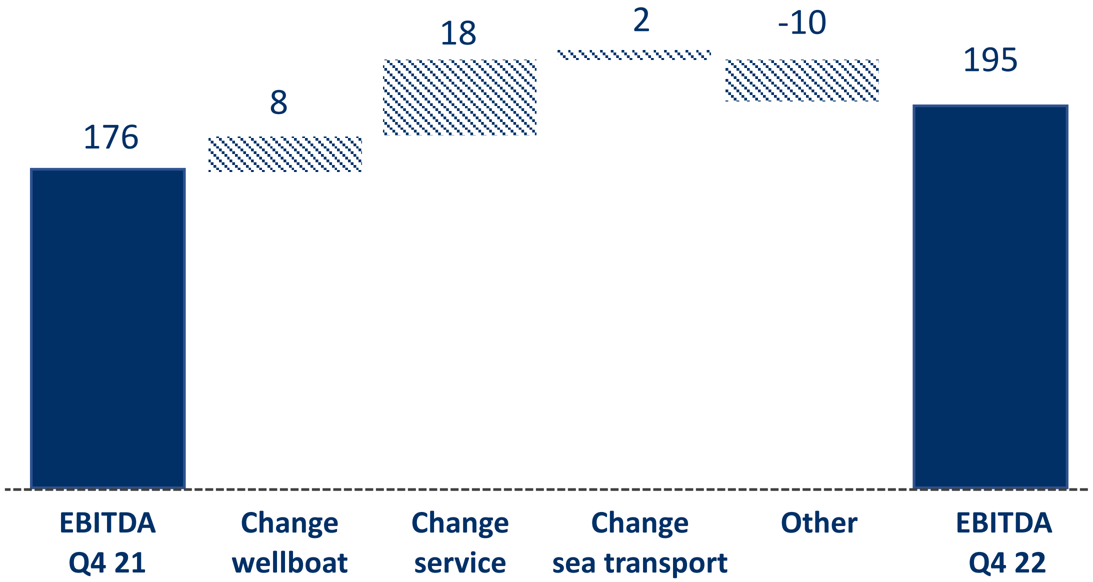
Group financial development

Operating revenue bridge Q4 21 – Q4 22



Key driver for change	*2 newbuilds entered fleet during Q4 21, 1 vessel sold end of Q4 21*	*Increased capacity and activity*	*All vessels on time charter contracts*		

EBITDA adj. (ex gain from sale of assets) bridge Q4 21 – Q4 22



Key driver for change	*2 newbuilds entered fleet in Q4 21*	*Increased capacity and higher spot sales*	*All vessels on time charter contracts*	*Fees to third parties and increased G&A*	

Figures in NOK. Operating revenues defined as contract revenues, revenues from framework agreements and spot revenues.
Please find reconciliation of revenues and adjusted EBITDA in the appendix

Profit & loss

- Total revenues of NOK 579 million (NOK 561 million)
- EBITDA of NOK 201 million (NOK 260 million)
  - Q4 21 EBITDA includes NOK 84 million gain from sale of assets
- EBITDA margin of 35% (46%) impacted by gain from sale of vessels in Q4 21 and increased reinvoiced fuel costs with zero margin in Q4 22
- Net finance of -45.6 million

(NOKm)	Q4 22	Q4 21
Total revenue	579.4	560.9
EBITDA	**201.1**	**260.2**
EBITDA %	35%	46%
Depreciation	104.2	89.4
Operating profit	**96.9**	**170.8**
Net financial items	-45.6	-15.3
Profit (loss) before tax	**51.0**	**155.5**
Taxes	-2.2	7.0
Net profit	**53.2**	**148.5**

Balance sheet

Highlights Q4 22

- Increased vessels, property, plant and equipment vs. Q4 21 due to investments into the ongoing newbuild program
- Gross debt increased due to debt on newbuilds
- Net interest-bearing debt of NOK 4 167 million (NOK 3 469 million)
- Equity ratio 41% (42%)

(NOKm)	31.12.2022	31.12.2021
Goodwill and intangible assets	687.6	687.6
Vessels, property, plant and equipment	6 011.3	5 447.1
Right-of-use assets	514.6	455.4
Other assets	120.3	45.2
Non-current assets	**7 333.8**	**6 635.3**
Inventory	15.0	11.5
Receivables	358.7	271.6
Cash and cash equivalents	318.7	738.5
Total current assets	**692.4**	**1 021.6**
TOTAL ASSETS	**8 026.2**	**7 656.8**
Total equity	**3 295.0**	**3 186.0**
Non-current interest-bearing liabilities	3 609.6	3 370.4
Non-current lease liabilities	314.7	269.4
Deferred tax liabilities	31.5	40.5
Total non-current liabilities	**3 955.7**	**3 680.3**
Current interest-bearing liabilities	443.2	474.3
Current lease liabilities	119.7	92.9
Other current liabilities	212.6	223.3
Total current liabilities	**775.5**	**790.5**
TOTAL EQUITY AND LIABILITIES	**8 026.2**	**7 656.8**
Net interest-bearing debt	4 166.8	3 468.5
Equity ratio	41 %	42 %

Cash flow

Highlights Q4 22

- Positive cash flow from operations of NOK 111.1 million
- Cash flow from investment activities of NOK -319.2 million mainly relates to the newbuilds under construction
- Cash flow from financing of NOK 78.4 million includes down payment of debt and interests paid
- Cash position at NOK 318.7 million

(NOKm)	Q4 22	Q4 21
Cash flows from operating activities		
Profit or loss before tax	51.0	155.5
Gain/loss disposal of PPE	-6.2	-84.3
Depreciation and impairment	104.2	89.4
Net interest and financial items	46.9	19.7
Changes in working capital and other	-84.6	-123,9
Net cash flows from operating activities	**111.1**	**56.4**
Cash flows from investing activities		
Purchase of property, plant and equipment	-322.5	-746.5
Other	3.3	166.1
Net cash flow from investing activities	**-319.2**	**-580.4**
Cash flow from financing activities		
Proceeds from borrowings	686.5	944.3
Repayment of borrowings	-526.6	-350.3
Payment of principal part of lease liabilities	-28.9	-56.8
Interest and transaction costs paid	-52.5	-19.7
Net cash flow from financing activities	**78.4**	**517.6**
Net change in cash and cash equivalents	**-129.7**	**-6.4**
Cash and cash equivalents, beginning of period	448.4	744.9
Cash and cash equivalents, end of period	**318.7**	**738.5**

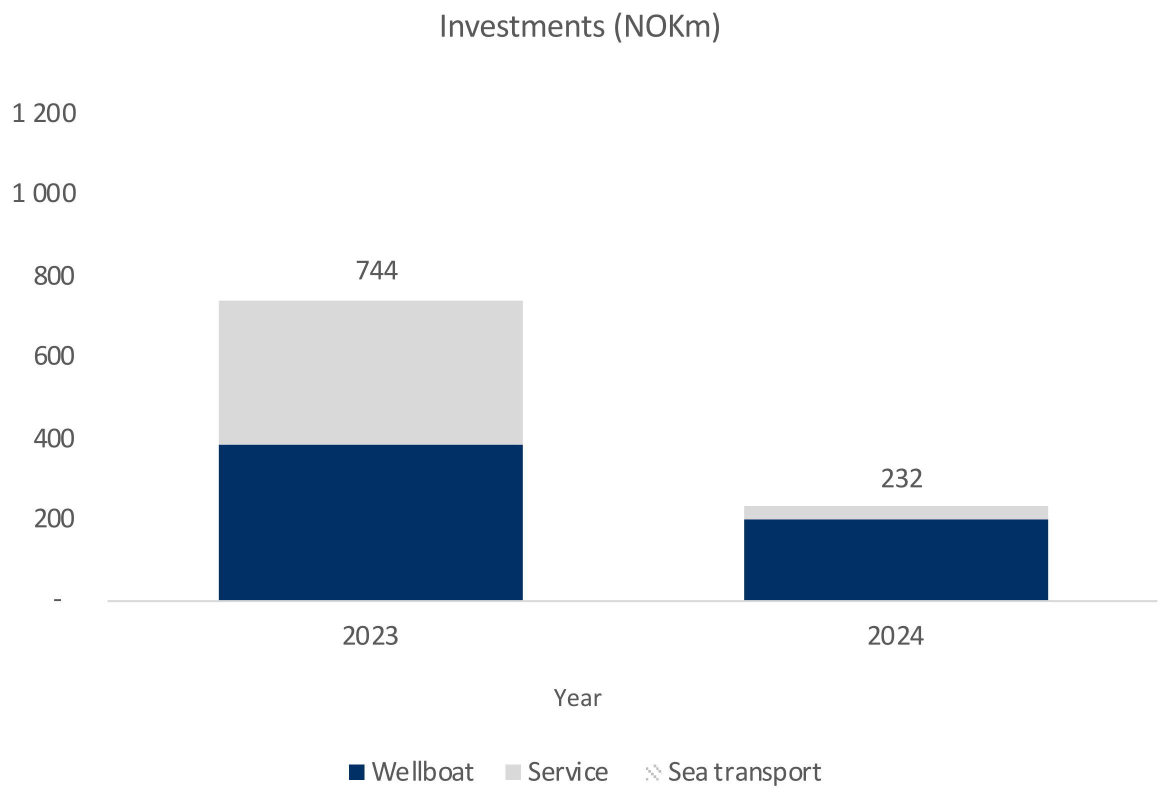
Investment program

Wellboat

- MS Gåsø Odin expected to be delivered Mar 23 (Jan 23)
- MS Veidnes newbuild scheduled for delivery summer 2023
- NB 63, to be named Frøy Saga, scheduled for delivery 2024
- The recent earthquake in Turkey may impact the scheduled delivery dates

Service

- As of 31.12 Frøy had 8 service newbuilds under construction
- In addition to the ongoing newbuild program, Frøy plan to rebuild vessels and acquire additional equipment with an expected total capex of approx. NOK 50 million.



Growth capex 2023-2024 estimated close to NOK 1 bn.

Financing

Financing strategy

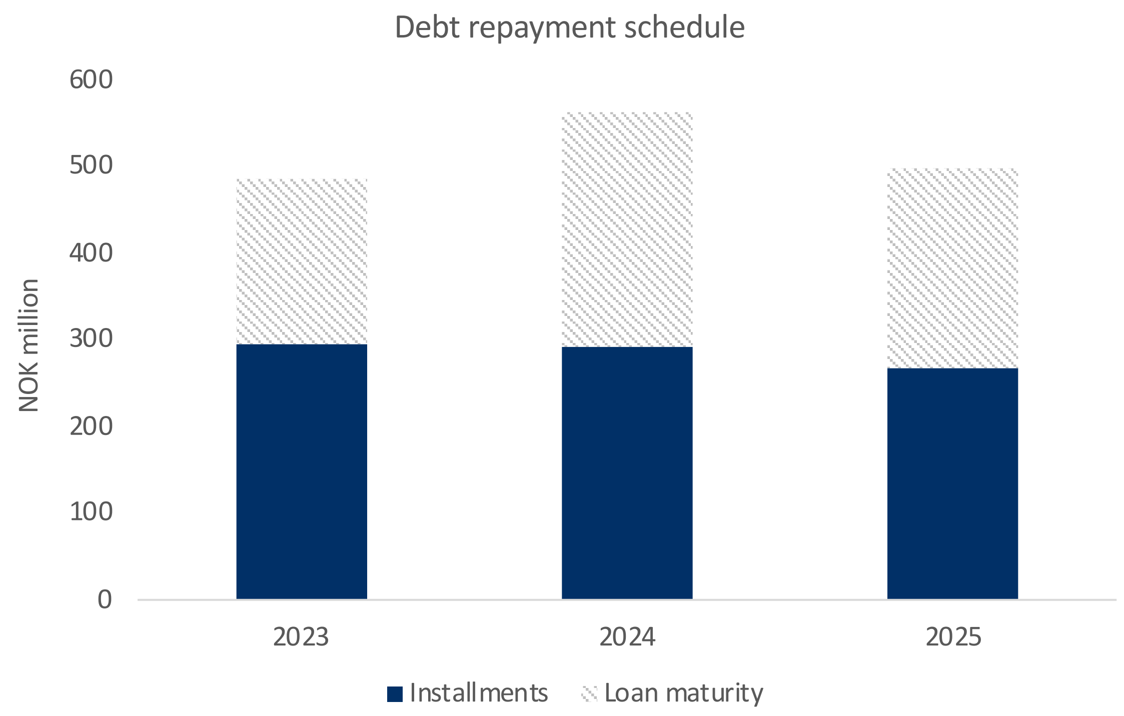
- Frøy finance its fleet and equipment with bank debt and leasing

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

- **To date,** Frøy has yet to experience any direct demand consequences following the proposed tax changes.
- **Less predictable and favourable** framework conditions may impact future growth in Norway
- **Continued growth** expected in other farming regions
- **Increased prices for newbuilds** is expected to push time charter rates and prices on framework agreements higher
- **Specialist competence increasingly important for** salmon farmers to mitigate cost inflation and improve fish welfare

Strategic priorities

- **Profitable growth** - Minimum Return On Equity of 10-18%, dependent on contract coverage and risk
- **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 31.12.22

Total number of shares

- 86 348 603 shares outstanding

Total number of shares owned by 20 largest shareholders

- 88 % of total number of shares outstanding

Name of shareholder	No. of shares	%
NTS ASA	62 269 112	72.11
Gåsø Næringsutvikling AS	3 019 800	3.50
HSBC Bank Plc	1 185 494	1.37
ABG Sundal Collier ASA	1 185 000	1.37
Verdipapirfondet Fondsfinans Norge	875 000	1.01
Trøndelag Helgeland Invest AS	703 073	0.81
BNP Paribas Securities Services	656 820	0.76
Amble Investment AS	654 417	0.76
Riiber Holding AS	644 490	0.75
DNB Bank ASA	591 146	0.69
Verdipapirfondet Alfred Berg Norge	574 208	0.66
Torghatten Aqua AS	570 000	0.66
Verdipapirfondet Pareto Investment	510 500	0.59
Verdipapirfondet Alfred Berg Aktiv	444 939	0.52
GH Holding AS	427 868	0.50
Furberg & Sønn A/S	400 000	0.46
HMH Invest AS	365 787	0.42
LIN AS	327 868	0.38
Verdipapirfondet Alfred Berg Norge	298 887	0.35
The Bank of New York Mellon SA/NV	284 396	0.33
Total 20 largest shareholders	**75 991 805**	**88,01**
Total other	10 356 798	11,99
Totale 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
- The adjusted EBITDA % is calculated by dividing adjusted EBITDA by the sum of revenues from contracts, framework agreements and spot.
- 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 and adjusted EBITDA % – NOK millions

(NOK 1,000,000)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Contract revenues	201	211	237	255	254	278	297	277
Framework revenues	45	101	100	112	64	99	131	100
Spot revenues	67	62	80	59	50	52	72	72
Sum revenue from contracts, framework agreements and spot	**313**	**375**	**417**	**426**	**368**	**429**	**500**	**450**
Fuel & other reinvoiced revenues	43	38	35	50	53	77	114	123
Other revenues	1	0	5	84	9	1	0	6
Total revenue	**356**	**412**	**457**	**561**	**431**	**507**	**614**	**579**
Direct expenses	50	42	46	89	91	119	160	138
Employee benefit expenses	113	120	138	130	143	146	162	167
Other operating expenses	110	92	85	82	86	89	95	74
EBITDA	**84**	**159**	**188**	**260**	**112**	**154**	**197**	**201**
Loss/gain on sale of assets	1	0	6	84	9	0	0	6
IPO costs	8	0	0	0	0	0	0	
Adjusted EBITDA	**92**	**159**	**183**	**176**	**102**	**153**	**197**	**195**
EBITDA %	24%	39%	41%	46%	26%	30%	32%	35%
Adjusted EBITDA %	29%	42%	44%	41%	28%	36%	39%	43%

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Reconciliation of adjusted EBITDA and adjusted EBITDA % – NOK millions

(NOK 1,000,000)	Q1 20	Q2 20	Q3 20	Q4 20
Contract revenues	88	189	204	206
Framework revenues	0	44	64	46
Spot revenues	24	107	100	93
Sum revenue from contracts, framework agreements and spot	**112**	**340**	**368**	**345**
Fuel & other reinvoiced revenues	19	40	49	50
Other revenues	2	4	-4	4
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**
EBITDA %	22%	36%	44%	42%
Adjusted EBITDA %	27%	40%	50%	47%


FRØY