



FRØY

Frøy ASA

Q4 22

February 2023

Highlights

Q4 highlights



Commercial

- Strong operations and high activity in all segments
- The highest adj. EBITDA margin (excl. re invoiced fuel costs and gain from sale of vessels) on record since the IPO for the wellboat segment
- Improved operating 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



Financial

- Revenues in Q4 22 of NOK 579 million, increased from NOK 561 million in Q4 21
- Revenues from fixed contracts and framework agreements up 3% vs. Q4 21
- Q4 22 EBITDA adj. for gain on sale of assets of NOK 195 million vs. NOK 176 million in Q4 21
- Higher fuel costs impacting EBITDA negatively with approx. NOK 13 million vs. Q4 21
- Backlog of NOK 6.0 billion



Outlook

- The acquisition of Marinus strengthens Frøy's position in the southwest of Norway. Closing of the transaction is expected end of Q1 23 / early Q2 23.
- Frøy consider international expansion and has now secured a significant position in Iceland, with two wellboats operating in the region in 2023.
- Frøy plan for future growth and consider additional wellboat and service vessel newbuilds to maintain its market share
- Frøy has a well-maintained fleet of more than 80 vessels, built at low newbuild prices compared to the newbuild prices seen today. Over time, Frøy expect that the increased prices for newbuilds will push time charter rates and prices on framework agreements higher also for the existing fleet of vessels.
- 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



Key figures

Key figures ¹	Q4 22	Q4 21	FY 2022	FY 2021
Financial (NOK 1,000,000)				
Contract revenues ²	277.2	254.9	1 106.3	904.4
Framework revenues	100.3	112.1	379.8	358.2
Spot revenues	72.2	58.8	246.4	267.5
Fuel & other invoiced revenues ³	123.4	50.8	382.6	165.7
Other revenues ⁴	6.2	84.3	16.4	90.8
Total revenues	579.4	560.9	2 131.5	1 786.6
EBITDA ⁵	201.1	260.1	663.4	691.6
EBITDA adjusted ⁶	194.9	175.9	647.0	608.8
EBITDA adjusted % ⁷	43%	41%	37%	40%
Net cash flow from operating activities	111.1	56.4	563.6	498.8
Net cash flow from investing activities	-319.2	-580.4	-856.4	-1 921.0
Net cash flow from financing activities	78.4	517.6	-126.9	2 011.8
Total assets	8 026.2	7 656.8		
Net interest bearing debt ⁷	4 166.8	3 468.5		
Cash	318.7	738.5		
Equity	3 295.0	3 186.0		
Profitability and capital structure				
ROE ⁸	7 %	11 %		
Equity ratio	41 %	42 %		
Vessels⁹				
Wellboats	16	16		
Large service vessels	13	11		
Small service vessels	43	41		
Transport vessels	3	3		
Total number of vessels	75	71		

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

8) Net interest-bearing debt: Total non-current interest-bearing liabilities, plus current interest-bearing liabilities, less cash

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

10) Number of vessels at end of period

The 2021 figures in this report are based on the audited 2021 figures which includes some non-material adjustments compared to the reported unaudited Q4 21 figures. More information on the audited 2021 figures may be found in the annual report for 2021.

Financial results in the quarter and year to date

Group financial review

Profit and loss

(NOK 1.000.000)	Q4 22	Q4 21	FY 2022	FY 2021
Revenue	573.2	476.6	2115.1	1 695.8
Other income	6.2	84.3	16.4	90.8
Total revenue	579.4	560.9	2131.5	1 786.6
Direct expenses (goods/services delivered)	138.2	88.7	507.6	287.4
Employee benefit expenses	166.5	129.6	617.5	499.8
Other operating expenses	73.7	82.3	343.1	308.0
EBITDA	201.1	260.4	663.4	691.6
EBITDA %	35%	46%	31%	39%
Depreciation	104.2	89.4	396.3	313.8
Operating profit	96.9	170.8	267.1	377.8
Financial income	5.6	2.4	103.5	7.7
Financial expenses	52.5	22.1	150.9	89.3
Share of profit (loss) from associates	0.9	4.4	1.6	3.3
Profit (loss) before tax	51.0	155.5	221.3	299.5
Taxes	-2.2	7.0	-2.3	16.0
Profit (loss) for the period	53.2	148.5	223.6	283.6

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

Fourth quarter

Total revenue in Q4 22 amounted to NOK 579.4 million (NOK 560.9 million). Total revenue includes gain from sale of vessels. Revenue excluding other income in Q4 22 amounted to NOK 573.2 million (NOK 476.6 million). The increase in revenues was mainly driven by increased capacity and revenues in the service segment and a NOK 73 million increase in reinvoiced fuel costs to clients.

EBITDA in Q4 22 amounted to NOK 201.1 million (NOK 260.2 million). EBITDA adjusted for gain from sale of assets came in at NOK 194.9 million (NOK 175.9 million). The increased fuel costs impacted EBITDA in Q4 22 negatively with NOK 13 million vs. Q4 21.

Operating profit in Q4 22 ended at NOK 96.9 million (NOK 170.8 million). Financial income in Q4 22 of NOK 5.6 million includes positive effects from the company's fixed interest rate and currency swaps that are not booked as cash flow hedges. Financial expenses in Q4 22 of NOK 52.5 million increased vs. Q4 21 due to higher interest rate on the company's floating rate debt and an increase of approx. NOK 280 million in gross interest-bearing debt related to the company's ongoing newbuild program.

Net profit for Q4 22 ended at NOK 53.2 million (NOK 148.5 million).

Full Year (FY)

Revenue FY 22 amounted to NOK 2 131.5 million (NOK 1 786.6 million). FY 22 EBITDA amounted to NOK 663.0 million (NOK 691.6 million). FY EBITDA adj. for gain from sale of assets amounted to NOK 647.0 million (NOK 600.8 million).

Revenues and EBITDA adj. for gain from sale of assets increased FY 22 vs. YTD 21 due to growth in number of wellboats and service vessels in operation.

EBITDA margin FY 22 ended at 31% (39%). EBITDA margin adjusted for gain from sale of assets and reinvoiced costs which carry zero margin ended at 37% FY 22 (39%). The margin reduction is due to increased fuel costs that had a

negative impact on EBITDA of approx. NOK 52 million FY 22 vs. FY 21. The key driver for the increase in direct expenses FY 22 vs. FY 21 relates to the increase in cost of fuel. During FY 22 the number of employees (including temporary replacements) increased from 814 to 944 driving the increase in employee benefit expenses in FY 22 vs. FY 21.

Cash flow and net interest-bearing debt (NIBD)

Fourth quarter

Frøy had positive cash flow from operations of NOK 111.1 million in Q4 22 (NOK 56.4 million). Cash flow from operating activities increased Q4 22 vs. Q4 21 due to lower working capital build up in Q4 22 than in Q4 21.

Cash flow from investment activities ended at NOK – 319.2 million in the quarter (NOK - 580.4 million). Investments in Q4 22 were mainly related to instalments on vessels under construction.

The cash flow from financing activities amounted to NOK 78.4 million in the quarter (NOK 517.6 million). The positive cash flow from financing in Q4 22 was related to drawing on new debt related to the newbuild program. The high positive cash flow from financing in Q4 21 corresponded with the significant investments in vessels under construction during the quarter.

The cash position at the beginning of the period was NOK 448.4 million. Total cash flow in the quarter was negative NOK 129.7 million. Cash position at the end of the quarter at NOK 318.7 million.

At the end of the quarter Frøy had total assets of NOK 8 026.2 million (NOK 7 656.8 million). The main drivers for the increase in total assets vs. Q4 21 were related to investments into the ongoing newbuild program.

Gross interest-bearing debt increased to NOK 4 487.2 million (NOK 4 207.0 million). The increase in gross debt is related to new debt on the newbuilds. Net interest-bearing debt at the end of Q4 22 was NOK 4 168.5 million (NOK 3 468.5 million).

Equity ratio Q4 22 of 41% (42%) decreased slightly due to debt on the newbuilds delivered and under construction.

Full year (FY)

Frøy had positive NOK 563.6 million cash flow from operations FY 22 (NOK 498.8 million). Cash flow from operating activities increased FY 22 vs. FY 21 due to higher operating EBITDA.

Cash flow from investment activities was NOK – 856.4 million FY 22 (NOK -1 921.0 million). Investments FY relate to the ongoing newbuild program with wellboat newbuilds being the largest component. Investments FY 21 were particularly high with several wellboats under construction and two wellboats delivered.

The cash flow from financing activities FY 22 amounted to NOK – 126.9 million (NOK 2 011.8 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 FY 21 were mainly related to the issue of NOK 1 000 million in new share capital in connection with the IPO in March 21 and new debt on vessels under construction.

Segment overview

Frøy's segment structure

Wellboat segment

Transport of live fish and biological treatments

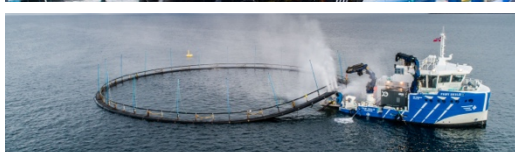
vessels: 19 (incl. 3 newbuilds)



Service segment

Installation, maintenance and cleaning of salmon farmers site infrastructure

vessels: 64 (incl. 8 newbuilds)



Sea transport segment

Transport of salmon feed, frozen seafood and other cargo

vessels: 3





Wellboat

Financial results

Revenues in Q4 22 amounted to NOK 293.2 million vs. NOK 290.0 million in Q4 21. Revenues from fixed contracts was relatively flat vs. Q4 21. Slightly lower revenues from framework agreements were balanced by an increase in spot revenues compared to Q4 21.

EBITDA adj. for gain from sale of assets in Q4 22 came in at NOK 117.1 million. At the end of Q4 21 Frøy sold the vessel MS Veidnes which resulted in a gain from sale of assets of NOK 52.1 million in the quarter. EBITDA adjusted for gain from sale of assets came in at NOK 109.3 million in Q4 21.

Fuel costs paid for by Frøy increased with NOK 55.2 million vs. Q4 21. Re invoiced fuel costs that carry zero margin increased vs. Q4 21, due to increased fuel prices, impacting margins negatively. The adj. EBITDA margin excluding the re invoiced fuel costs and gain from sale of assets came in at 60% in Q4 22 vs. 56% in Q4 21.

Frøy operated 16 wellboats at the end of the quarter, the same number as at the end of 2021. 14 out of 16 wellboats operated on fixed contracts and framework agreements, while 2 vessels operated in the spot market at the end of the quarter.

Activity increased in line with normal seasonality

Demand for wellboats was high in Q4 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 December activity remained high.

(NOK 1.000.000)	Q4 22	Q4 21
Contract revenues	139.7	143.7
Framework agreements	12.0	22.9
Spot	42.6	27.6
Fuel and other re invoiced costs	98.9	43.7
Other	-	52.1
Total revenues	293.2	290.0
EBITDA	117.1	161.4
EBITDA %	40%	56%
Number of vessels	16	16
Number of vessels on fixed contracts	14	15

Service

Financial results

Revenues in Q4 22 amounted to NOK 246.8 million vs. NOK 231.1 million in Q4 21. Revenue from fixed contracts and framework agreements increased 12% vs. Q4 21.

EBITDA in Q4 22 amounted to NOK 79.5 million vs. Q4 21 of NOK 84.3 million. EBITDA adjusted for gain from sale of assets amounted to NOK 73.3 million in Q4 22 vs. NOK 54.4 million in Q4 21.

The increased cost of fuel continues to impact results negatively. Fuel costs increased with approx. NOK 7 million vs. Q4 21 due increased diesel prices. The adj. EBITDA margin excluding fuel and other invoiced costs and gain from sale of assets increased to 33% vs. 28% in Q4 21.

Frøy operated 56 service vessels at the end of the quarter, with one small service newbuilds entering the fleet at the end of Q4 22.

Increased activity in Q4 22. Activity in Q4 22 was high, with high demand for sea lice removal services and net cleaning. At the end of the quarter activity started to taper off, in line with normal seasonality.

(NOK 1.000.000)	Q4 22	Q4 21
Contract revenues	110.2	93.3
Framework agreements	87.4	82.6
Spot	27.5	20.5
Fuel and other invoiced costs	15.5	6.6
Other	6.2	29.1
Total revenues	246.8	232.1
EBITDA	79.5	84.3
EBITDA %	32%	36%
Number of large service vessels	13	11
Number of small service vessels	43	41



Sea transport

Financial results

Revenues in Q4 22 amounted to NOK 39.4 million vs. NOK 38.5 million in Q4 21. Contract revenues increased Q4 22 vs. Q4 21 as all three vessels operated on time charter contracts in Q4 22.

EBITDA in Q4 22 amounted to NOK 15.8 million (NOK 16.3 million). EBITDA in Q4 21 included NOK 3.1 million gain from sale of the vessel MS Safir. EBITDA adj. for gain from sale of assets was NOK 13.2 million in Q4 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)	Q4 22	Q4 21
Contract revenues	27.2	17.9
Framework agreements	1.0	6.6
Spot	2.1	10.4
Fuel and other invoiced costs	9.0	0.6
Other	-	3.1
Total revenues	39.4	38.5
EBITDA	15.8	16.3
EBITDA %	40%	42%
Number of vessels	3	3

Investments

Wellboat: As of 31.12.22 Frøy had three wellboats under construction.

- MS Gåsø Odin is expected to be delivered during Q1 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, which will be named Frøy Saga is scheduled for delivery mid 2024

The recent earthquake in Turkey may impact the scheduled delivery dates. The dates indicated above is the company's best estimate at the time of the report.

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

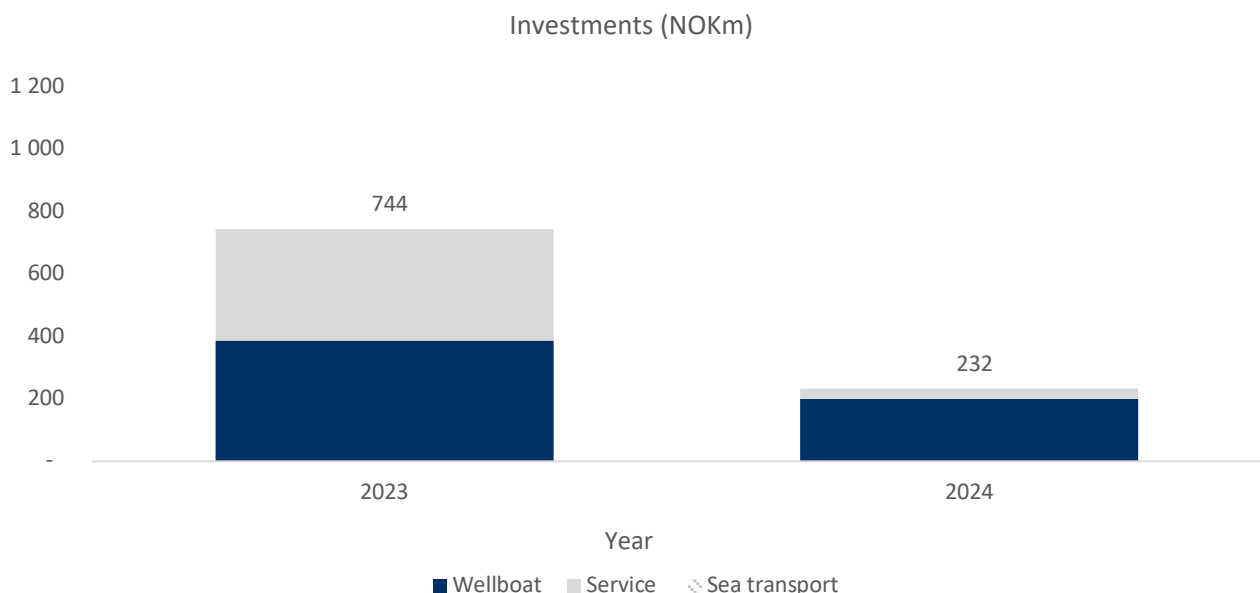
Service: As of 31.12.22 Frøy had 8 service units under construction.

- Three net cleaning vessels, one pen cleaning barge and one diving vessel are scheduled for delivery during Q2 and Q3 23
- Two large service vessels are scheduled for delivery during 2023, and one large service vessel is scheduled for delivery 2H 24

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.

The two large service vessel newbuilds scheduled for delivery during 2023 are both booked on long term time charter contracts. The small service newbuilds are expected to be used on Frøy's framework agreements.

Total investments 2023-2024 related to the newbuild program and related equipment are estimated to close to NOK 1 billion.



Financing

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

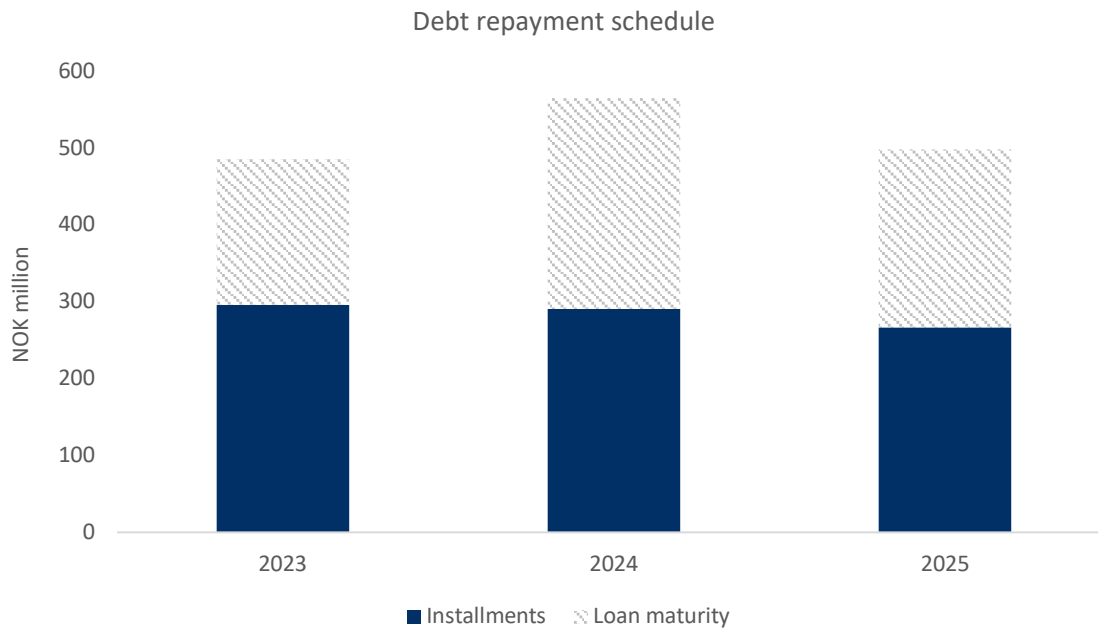
Wellboats: All vessels in the newbuild program are funded by bank loans.

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 Q1 23 and summer 23 respectively. In addition, the group has fixed interest rate swaps for a total of NOK 236 million.

Bank debt - repayment schedule

The repayment profile on the bank debt is shown for the period 2023 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

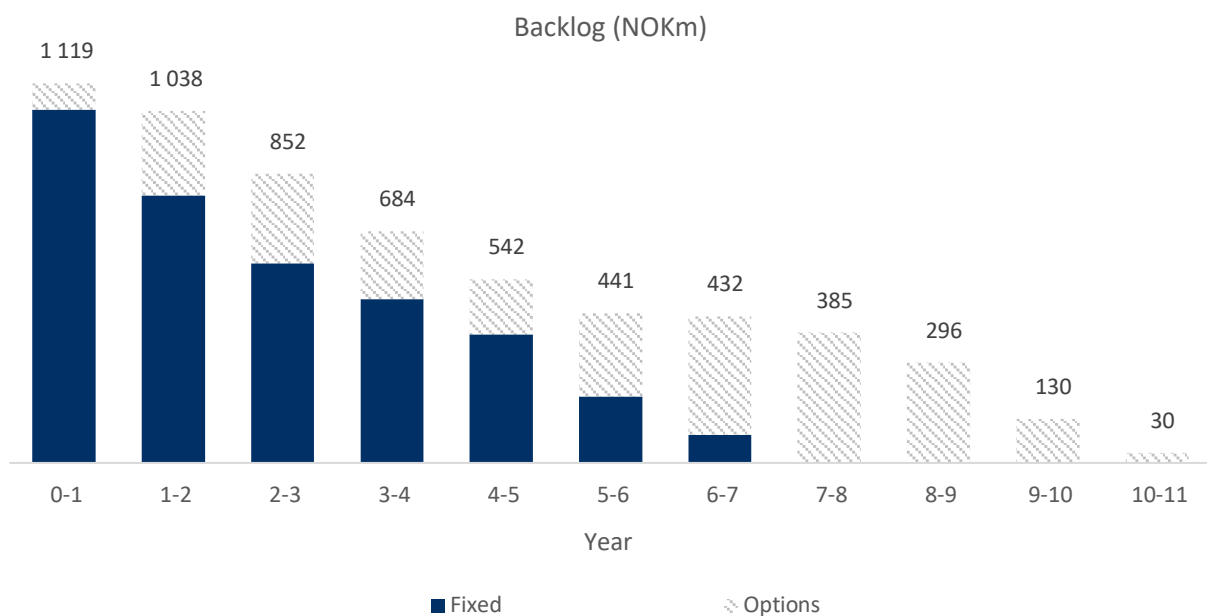
- As of 31.12.22 the total backlog amounted close to NOK 6.0 billion including options, which is slightly down compared to 30.09.22

Fixed backlog

- Total fixed revenue commitments amount to approx. NOK 3.6 billion

Options

- Most fixed time charter contracts include extension options
- Total options of close to NOK 2.4 billion



Risk factors

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, changes in taxation and market risk including interest and currency risk. The war in Ukraine and high 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 increases 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 January 6th Frøy announced that it had entered into an agreement to acquire 100% of the shares of Marinus Aquaservice AS. The transaction values Marinus at a total enterprise value of NOK 101 million, subject to certain closing conditions. The acquisition is conditional upon certain customary conditions and closing is expected to take place in the first quarter of 2023/ beginning of second quarter 2022. The acquisition of Marinus strengthens Frøy's position in the southwest of Norway, a region where Frøy has limited foothold today. Marinus operates three modern and well-maintained vessels and has a particular strong position within ROV services, a fast-growing subsegment of the aqua service industry.

On January 13th SalMar ASA announced a strategic review of its indirect holding in Frøy. Based on incoming interest regarding Frøy, NTS AS, a wholly owned subsidiary of SalMar ASA, has decided to explore strategic alternatives in Frøy with the aim of maximizing value for its shareholders. NTS currently holds 62,269,112 shares in Frøy representing approximately 72.11% of the shares and votes in Frøy. The strategic review is expected to be concluded within 2023. No decisions have been taken and a transaction, if any, remains subject to market conditions.

Outlook

The Norwegian Government's proposal to introduce a new resource rent tax on salmon farming has raised many questions on how the proposed tax will impact future growth outlook for the industry. Frøy has issued a letter in the public consultation round, highlighting both the importance of stable and predictable framework conditions and the impact less favourable conditions may have on value creation in local communities along the Norwegian coast. To date, Frøy has yet to experience any direct demand consequences following the proposed tax changes. Demand has been high during the quarter.

Frøy deliver infrastructure services on long term agreements. The broad investment halt that is seen on new smolt facilities, harvesting facilities etc. may, if they are not reversed, impact future growth also for Frøy. Frøy will prioritize to grow and support salmon farmers in the regions where they choose to grow and operate. In 2023, Frøy will operate two wellboats in Iceland and we are looking to diversify further through growth opportunities in other geographical regions.

High inflation and weakened NOK continue to push the price of newbuilds higher. Newbuild prices have increased with more than 20% the last 12 months. Frøy has a well-maintained fleet and fixed prices on its newbuilds under construction. The Frøy fleet has been built at low newbuild prices compared to the newbuild prices seen today. Over time, Frøy expect that the increased prices for newbuilds will push time charter rates and prices on framework agreements higher also for the existing fleet of vessels.

Frøy continue to invest in new efficient and more environmentally friendly vessels to reduce the cost of fuel and to continue improving fish welfare. Frøy are actively pursuing growth opportunities in both services and wellboats and consider additional newbuilds when opportunities meet the return requirements.

The Frøy Board of Directors will propose a total dividend of NOK 1.50 per share for the financial year 2022 to the Annual General Meeting in June 2023. The dividend will be split into two tranches of NOK 0.75 per share to be paid in June and October 2023. The total ordinary dividends proposed for the financial year 2022 is approx. NOK 130 million. The two tranches will have separate ex. dividend and record dates. The expected dividend dates for 2023 will be available at Frøy's investor site on www.froygruppen.no/investor following the Board of Directors' approval of the final financial statements for 2022.

The Board of Directors will propose to the Annual General Meeting to introduce half-yearly dividend payments going forward.

Frøya, 22 February 2023

Rune Juliussen
Board member

Svein Sivertsen
Chairman of the Board

Pernille Skarstein Christensen
Board member

Morten Loktu
Board member

Tonje Foss
CEO

Linda Johnsen
Board member

Consolidated statement of comprehensive income

Frøy ASA

(NOK 1,000,000)	Note	Q4 22	Q4 21	2022	2021
Revenue		573.2	476.6	2115.1	1 695.8
Other revenue	3	6.2	84.3	16.4	90.8
Total revenue		579.4	560.9	2131.5	1 786.6
Direct expenses (goods/services delivered)		138.2	88.7	507.6	287.2
Employee benefit expenses		166.5	129.6	617.5	499.8
Other operating expenses		73.7	82.3	343.1	308.0
Depreciation		104.2	89.4	396.3	313.8
Operating profit		96.9	170.8	267.1	377.8
Financial income		5.6	2.4	103.5	7.7
Financial expenses		52.5	22.1	150.9	89.3
Share of profit (loss) from associates		0.9	4.4	1.6	3.3
Profit (loss) before tax		51.0	155.5	221.3	299.5
Taxes		-2.2	7.0	-2.3	16.0
Profit (loss) for the period		53.2	148.5	223.6	283.6
Profit or loss for the period attributable to:					
Equity holders of the parent		53.2	148.5	223.6	283.6
Non-controlling interests		-	-	-	-
Total		53.2	148.5	223.6	283.6
Other comprehensive income					
Net gain (loss) on cash flow hedges		-4.3	0.7	14.9	11.6
Total comprehensive income for the period		48.9	147.8	238.5	295.2
Total comprehensive income for the period attributable to:					
Equity holders of the parent		48.9	147.8	238.5	295.2
Non-controlling interests		-	-	-	-
Total		48.9	147.8	238.5	295.2
Basic earnings per share (NOK)		0.62	1.72	2.59	4.27

Consolidated statement of financial position

Frøy ASA

(NOK 1.000.000)	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Goodwill and intangible assets		687.6	687.6
Vessels, property, plant and equipment		6 011.3	5 447.6
Right-of-use assets	4	514.6	455.4
Pension assets		0.5	0.6
Investments in associates		25.0	28.1
Other financial assets		94.7	16.5
Total non-current assets		7 333.8	6 635.3
Current assets			
Inventory		15.0	11.5
Trade receivables		291.4	187.9
Other receivables		67.3	83.7
Cash and cash equivalents		318.7	738.5
Total current assets		692.4	1 021.6
TOTAL ASSETS		8 026.2	7 656.8
EQUITY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital	6	86.3	86.3
Share premium		2 289.8	2 289.8
Total paid-in equity		2 376.1	2 376.1
Other equity		918.9	809.8
Total retained earnings		918.9	809.8
Total equity		3 295.0	3 186.0
Non-current liabilities			
Non-current interest-bearing liabilities		3 609.6	3 370.4
Non-current lease liabilities	4	314.7	269.4
Deferred tax and other non-current liabilities		31.5	40.5
Total non-current liabilities		3 955.7	3 680.3
Current liabilities			
Current interest-bearing liabilities		443.2	474.3
Current lease liabilities	4	119.7	92.9
Trade payables and other current liabilities		209.8	223.3
Taxes payable		2.8	-
Total current liabilities		775.5	790.5
Total liabilities		4 731.2	4 470.8
TOTAL EQUITY AND LIABILITIES		8 026.2	7 656.8

Consolidated statement of cash flows

Frøy ASA

(NOK 1.000.000)					
	Note	Q4 22	Q4 21	2022	2021
Cash flows from operating activities					
Profit or loss before tax		51.0	155.5	221.3	299.5
Income taxes paid		0.8	-3.9	-0.1	-8.6
Gain/loss on disposal of vessels and PP&E	3	-6.2	-84.3	-16.4	90.8
Depreciation and impairment		104.2	89.4	396.3	313.8
Finance income		-5.6	-2.4	-103.5	-7.7
Finance expenses		52.5	22.1	150.9	89.3
Changes in working capital and other		-85.4	-120.0	-84.9	-96.7
Net cash flows from operating activities		111.1	56.4	563.6	498.8
Cash flows from investing activities					
Purchase of vessels and PP&E		-322.5	-746.5	-876.7	-2 089.5
Purchase of financial assets		-	-	-	-0.0
Purchase of intangible assets		-	-	-	-0.3
Proceeds from sale of vessels and PP&E		2.0	159.6	17.2	162.3
Interest received		1.3	6.5	3.0	6.5
Net cash flow from investing activities		-319.2	-580.4	-856.4	-1 921.0
Cash flow from financing activities					
Proceeds from borrowings		686.5	944.3	1005.5	2 488.8
Repayment of borrowings		-526.6	-350.3	-735.5	-1 124.5
Issue of Share Capital		-	-	-	1 000
Transaction cost		-	-	-	-22.4
Acquisition of non-controlling interest		-	-	-	-86.0
Payments for the principal portion of the lease liabilities		-28.9	-56,8	-116.6	-131.9
Interest paid		-52.5	-19.7	-150.9	-81.6
Payment of dividends		-	-	-129.5	-30.6
Net cash flow from financing activities		78.4	517.6	-126.9	-2 011.8
Net change in cash and cash equivalents		-129.7	-6.4	-419.8	589.7
Cash and cash equivalents, beginning of period		448.4	744.9	738.5	148.7
Cash and cash equivalents, end of period		318.7	738.5	318.7	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	-	-	-	223.6	-	223.6	-	223.6
Other comprehensive income	-	-	-	-	14.9	14.9	-	14.9
Total comprehensive income	-	-	-	223.6	14.9	238.5	-	238.5
Dividends	-	-	-	-129.5	-	-129.5	-	-129.5
At 31 December 2022	86.3	2 289.8	2 376.1	908.2	10.7	918.9	-	3 295.0
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	-	-	-	283.6	-	283.6	-	283.6
Other comprehensive income	-	-	-	-	11.6	11.6	-	11.6
Total comprehensive income	-	-	-	283.6	11.6	295.2	-	295.2
Acquisition of a subsidiary	-	-	-	-2.6	-	-2.6	-24.9	-27.5
Issue of Share Capital	16.4	983.6	1 000.0	-	-	-	-	1 000.0
Transaction cost	-	-22.4	-22.4	-	-	-	-	-22.4
Group Contribution	-	-	-	-30.0	-	-30.0	-	-30.0
Dividends paid to minority in subsidiary	-	-	-	-	-	-	-0.7	-0.7
At 31 December 2021	86.3	2 289.8	2 376.1	814.1	-4.2	809.9	-	3 186.0

Notes

NOTE 1: General information and significant accounting policies

The consolidated financial statements of the Group for Q4 22 were authorised for issue in accordance with a resolution of the Board of Directors on 22 February 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 fourth 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.

Q4 22 (NOK 1.000.000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	139.7	110.2	27.2	-	277.2
Framework agreements	12.0	87.4	1.0	-	100.3
Spot	42.6	27.5	2.1	-	72.2
Fuel and other invoiced costs	98.9	15.5	9.0	-	123.4
Other	-	6.2	-	-	6.2
Total revenues	293.2	246.8	39.4	0.0	579.4
Depreciation	47.2	51.0	5.9	0.1	104.2
Operating costs	176.1	167.3	23.6	11.4	378.3
Operating profit	69.9	28.5	9.8	-11.5	96.8
Financial income	11.1	0.7	0.1	-6.1	5.6
Financial expenses	43.4	14.5	4.3	-9.8	52.5
Share of profit (loss) from associates	-	-	0.9	-	0.9
Earnings before tax	37.5	14.6	6.5	-7.8	50.9
Tax	0.4	7.7	0.0	-10.3	-2.2
Net income	37.1	6.9	6.5	2.6	53.1

	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Q4 21 (NOK 1.000.000)					
Contract revenue	143.7	93.3	17.9		254.9
Framework agreements	22.9	82.6	6.6		112.1
Spot	27.6	20.5	10.4	0.2	58.8
Fuel and other invoiced costs	43.7	6.6	0.6		50.8
Other	52.1	29.1	3.1		84.3
Total revenues	290.0	232.1	38.5	0.2	560.8
Depreciation	46.5	36.3	4.8	1.8	89.4
Operating costs	128.7	147.8	22.1	2.1	300.7
Operating profit	114.9	48.0	11.5	-3.6	170.8
Financial income	0.2	0.6	-1.0	2.7	2.5
Financial expenses	12.4	5.6	2.6	1.5	22.1
Share of profit (loss) from associates	-	-	3.6	0.8	4.4
Earnings before tax	102.7	43.0	11.5	-1.7	155.5
Tax	0.1	7.8	0.0	0.9	7.0
Net income	102.5	35.2	11.5	-0.8	148.5

	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
2022 (NOK 1,000,000)					
Contract revenue	618.0	400.6	87.7	-	1 106.3
Framework agreements	56.6	322.2	1.0	-	379.8
Spot	141.2	86.6	17.4	1.3	246.4
Fuel and other invoiced costs	286.8	58.5	37.3	-	382.6
Other	-	16.4	-	-	16.4
Total revenues	1 102.6	884.3	143.3	1.3	2 131.5
Depreciation	189.8	183.7	21.4	1.3	396.3
Operating costs	705.2	622.9	97.6	42.4	1 468.1
Operating profit	207.6	77.7	24.3	-42.5	267.1
Financial income	12.8	1.7	0.8	88.3	103.5
Financial expenses	118.2	41.1	13.7	-22.0	150.9
Share of profit (loss) from associates	-	-	1.8	-0.2	1.6
Earnings before tax	102.2	38.3	13.2	67.6	221.3
Tax	0.4	6.8	-	-9.5	-2.3
Net income	101.7	31.5	13.2	77.2	223.6

	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
2021 (NOK 1.000.000)					
Contract revenue	509.7	338.5	56.1		904.4
Framework agreements	56.6	294.2	7.4		358.2
Spot	113.9	85.7	66.1	1.8	267.5
Fuel and other invoiced costs	143.7	20.5	1.6		165.7
Other	52.1	35.7	3.0		90.8
Total revenues	876.0	774.6	134.1	1.8	1 786.6
Depreciation	149.5	139.0	19.6	5.6	313.7
Operating costs	481.8	503.1	95.3	14.8	1 095.0
Operating profit	244.7	132.5	19.2	-18.6	377.8
Financial income	0.7	2.2	0.7	4.1	7.7
Financial expenses	48.3	24.9	9.8	6.3	89.3
Gain/loss on shares at fair value	-	-	2.5	0.8	3.3
Earnings before tax	197.2	109.7	12.6	-20.0	299.6
Tax	0.2	15.8	-	0.0	16.0
Net income	197.0	93.9	12.6	-20.0	283.6

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.

	Q4 22	Q4 21
Other income (NOK 1.000.000)		
Gain related to sale of PP&E	6.2	84.2
Other	-	-
Total other income	6.2	84.2

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

The Group's leased assets Q4 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.

	Service vessels	Land and buildings	Other machines and equipment	Total
Right-of-use assets (NOK 1.000.000)				
Carrying amount 01.01.2022	326.0	12.4	117.0	455.4
Additions	123.0	3.2	40.1	162.3
Depreciations	-54.5	-4.7	-43.5	-102.8
Termination of contracts	-3.7	-0.2	-0.5	-4.3
Gains and losses	0.1	0.0	-0.1	0.0
Carrying amount 31.12.2022	390.9	10.7	113.0	514.6
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 Q4 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		191.7
Total cash payments for lease liabilities		-129.4
Interest expense on lease liabilities		12.8
Termination of contracts		-3.0
Total lease liabilities at 31.12.2022		434.4
Current lease liabilities in the statement of financial position		119.7
Non-current lease liabilities in the statement of financial position		314.7
Total cash outflow during the period		-129.4

The Group's leased assets Q4 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	62.8	0.6	53.9	117.3
Depreciations	-38.9	-5.0	-39.6	-83.5
Termination of contracts	-96.7	-	-1.4	-98.1
Gains and losses	-16.7	-	-	-16.7
Carrying amount 31.12.2021	326.2	12.2	117.0	455.4
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 Q4 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		117.3
Total cash payments for lease liabilities		-146.1
Interest expense on lease liabilities		14.2
Termination of contracts		-98.1
Total lease liabilities at 31.12.2021		362.3
Current lease liabilities in the statement of financial position		92.9
Non-current lease liabilities in the statement of financial position		269.4
Total cash outflow during the period		-146.1

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 30.2 million
 Norway Royal Salmon ASA (entity under common control): NOK 32.3 million
 SalMar AS*: NOK 0.1 million
 SalMar farming AS*: NOK 40.0 million
 Refsnes Laks AS*: NOK 1.6 million
 Salmosea AS: NOK 0.3 million

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

NTS ASA: NOK 2.1 million
 Siholmen AS: NOK 0.7 million
 Frøy Utvikling AS: 0.1 million

*2 months (November and December)

NOTE 6: Major shareholders as of 31.12.22

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 Fondsinans Norge	875 000	1.01
Trøndelag Helgeland Invest AS	702 411	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 Alfred Berg Norge	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

At the end of the quarter Frøy ASA had 86 348 603 shares outstanding.

NOTE 7: Overview of commitments related to newbuilds

Frøy's newbuild program consists of new vessels with equipment 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.

(NOK 1.000.000)	2023	2024
Wellboat	386	200
Service	358	32
Sea transport		
Total	744	232

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 31.12.22.

(NOK 1.000.000)	31.12.2022	31.12.2021
Fair value of interest rate swap / booked value	14.6	- 3.7
Increase in value of financial instruments at fair value in P&L	84.1	0.0

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.

The adjusted EBITDA % is calculated by dividing adjusted EBITDA by the sum of revenues from contracts, framework agreements and spot. Management believes the measure enables an evaluation of the underlying operating performance.

Reconciliation of adjusted EBITDA and adjusted EBITDA %

(NOK 1.000.000)	Q4 22	Q4 21	2022	2021
Contract revenues	277.2	254.9	1 106.3	904.4
Framework agreement revenues	100.3	112.1	379.8	358.2
Spot revenues	72.2	58.8	246.4	267.5
Sum revenue from contracts, framework agreements and spot	449.7	425.8	1 732.5	1 530.1
Fuel and other invoiced costs	123.4	50.8	382.6	165.7
Other	6.2	83.6	16.4	90.8
Total revenue	579.4	560.9	2 131.5	1786.6
Direct expenses	138.2	88.7	507.6	226.3
Employee benefit expenses	166.5	129.6	617.5	499.8
Other operating expenses	73.7	82.3	343.1	368.9
EBITDA	201.1	260.2	663.4	691.6
Less gain on sale of assets	6.2	84.3	16.4	90.8
IPO costs	0	0	0	8.0
Adjusted EBITDA	194.9	175.9	647.0	608.8
EBITDA %	35%	46%	31%	39%
Adj. EBITDA %*	43%	41%	37%	40%

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)	31.12.2022	31.12.2021
Equity	3 295.0	3 186.0
Total equity and assets	8 026.2	7 656.8
Equity ratio	41 %	42 %

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)	31.12.2022	31.12.2021
Non-current interest-bearing liabilities	3 609.6	3 370.4
Non-current lease liabilities	314.7	269.4
Current interest-bearing liabilities	443.2	474.3
Current lease liabilities	119.7	92.9
Cash and cash equivalents	318.7	738.5
Net interest-bearing debt	4 168.5	3 468.5

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)	31.12.2022	31.12.2021
Equity	3 295.0	3 186.0
Net profit last 12 months	223.6	283.6
ROE	7 %	11%

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 31.12.2022 are, as follows:

Future minimum lease and customer revenues (NOK 1.000)	31.12.2022	31.12.2021
0 to 1 years	1 042 623	959 340
- Lease revenue share	627 129	557 616
- Customer contract share	415 495	401 724
1 to 2 years	789 672	833 121
- Lease revenue share	483 718	507 573
- Customer contract share	305 955	325 548
2 to 3 years	589 587	563 378
- Lease revenue share	361 846	346 150
- Customer contract share	227 742	217 228
3 to 4 years	483 127	397 221
- Lease revenue share	296 591	245 973
- Customer contract share	186 537	151 248
4 to 5 years	379 128	391 575
- Lease revenue share	234 016	240 327
- Customer contract share	145 112	151 248
More than 5 years	277 597	587 761
- Lease revenue share	184 167	370 513
- Customer contract share	93 430	217 248
Total lease and customer contract	3 561 735	3 732 396
Total lease revenue share	2 187 466	2 283 896