

Frøy ASA – 1Q21

12 May 2021



FRØY

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Agenda

1. Frøy in brief
2. Highlights 1Q 2021
3. Operational review
4. Financial review
5. Outlook
6. Appendix

This is Frøy

Leading competence and infrastructure partner to the salmon farming industry



Provider of business-critical salmon farming services

Frøy assists salmon farmers with maintaining efficient day-to-day farming operations at sea.

Team of 670 specialized aqua service professionals and a modern fleet of 85 vessels¹



Long term partner with salmon farmers

+20-year track record of creating new efficient and sustainable solutions in cooperation with salmon farmers

Long term contracts with global leading salmon farmers. NOK 6.500 million backlog incl. options.



Scalable operational platform with multiple growth initiatives

Ongoing newbuild program est. minimum EBITDA contribution of NOK 250-310m

In dialogue with clients regarding new projects

Opportunistic approach to M&A



Returning excess capital to shareholders

Dividend policy backed by **long term contracts and high cash conversion**

Ambition to pay **minimum 50% of net profit as dividend** when NIBD/EBITDA on a fully invested basis is at or below 3.5x

¹) Including newbuilds and chartered vessels.

Stable historical return profile

Strict emphasis
on returns in
evaluation of
growth
opportunities



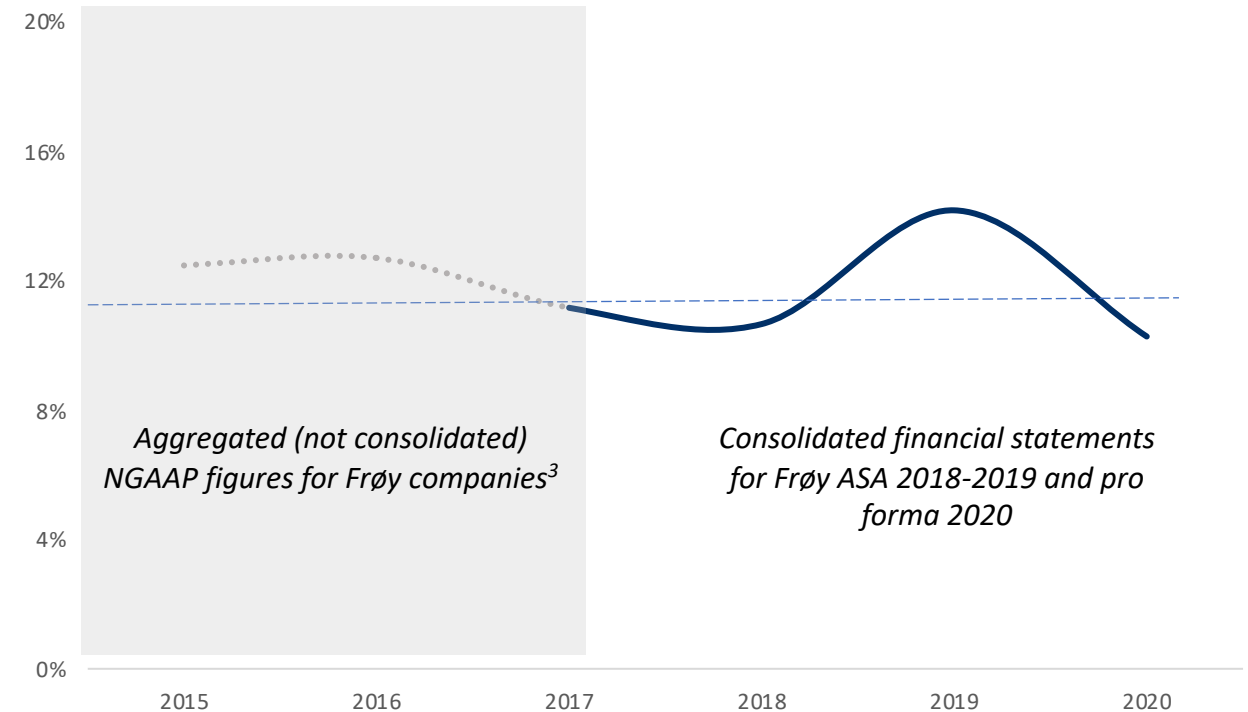
11%
3-year avg. ROCE¹

Stable historical
returns without
correlation to
salmon prices



27%
3-year avg. ROE²

Return on capital employed



Note 1: ROCE defined as Operating profit / (Avg. Beginning and end of year fixed assets and net working capital)

Note 2: ROE defined as net income / (Avg. equity beginning and end of year)

Note 3: Historical ROCE graph based on: 2020 proforma, 2018 and 2019 consolidated financial statements for FrøYgruppen AS, 2015-2017 aggregated NGAAP figures for FrøY Akvaservice AS, FrøY Akvaresurs AS, FrøY Vest AS, FrøY Nord AS, NCE AS, Stava Sjø AS, Evja AS, FrøY Rederi AS, Fisketransport AS. 2015-2017 figures are aggregated figures excluding eliminations.

Frøys 3 business segments



Wellboat

employees: 220

vessels: 19 (incl. Newbuilds)

Transport of live fish and biological treatments



Service

employees: 370

vessels: 62 (incl. newbuilds)

Installation, maintenance and cleaning of salmon farmers site infrastructure



Sea transport

employees: 60

vessels: 4

Transport of salmon feed, frozen seafood and other cargo

Highlights 1Q 2021

FrøY – Q1 highlights



Listed at Oslo stock exchange

- First day of trading March 29
- 3.865 shareholders
- 120 employees acquired shares in the IPO
- Raised NOK 1.000 million new equity to finance existing newbuild program and new growth initiatives



Operational highlights

- First quarter is a seasonally slow quarter
- Delivery of Reisa, wellboat newbuild with 3.200m3 capacity, FrøY Hild, large service vessel and the sea transport vessel Folla
- Signed 2.5-year TC contract for specialized delousing vessel and crew with Norwegian salmon farmer.



Financial highlights

- Revenue NOK 356m
- EBITDA adj. for IPO costs of NOK 92m
- Backlog of NOK 6.500 million
- Bank refinancing – ca. NOK 500m in a new 5-year term loan with a Nordic bank

Seasonality – 1Q normally the weakest quarter in the year

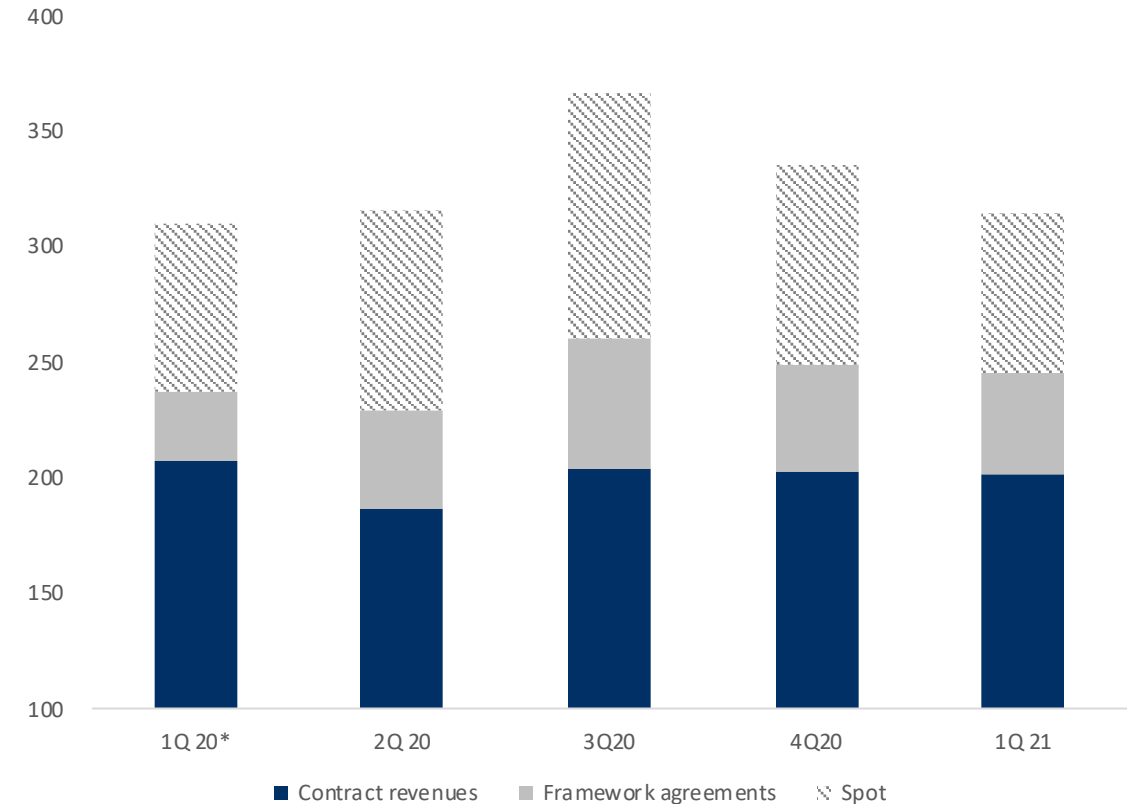
Seasonality

- Low sea temperatures during winter leads to slower biomass growth, less marine fouling and lower sea lice levels
- Lower activity level and demand during winter

Revenue split

- Time charter revenues stable
- Revenues from spot and framework agreements fluctuate with activity (more activity during summer and autumn)

Seasonality of revenue streams (NOKm)



Note: 1Q20 is based on proforma figures and is not included in the 1Q 2021 report

Contract backlog NOK 6.500m

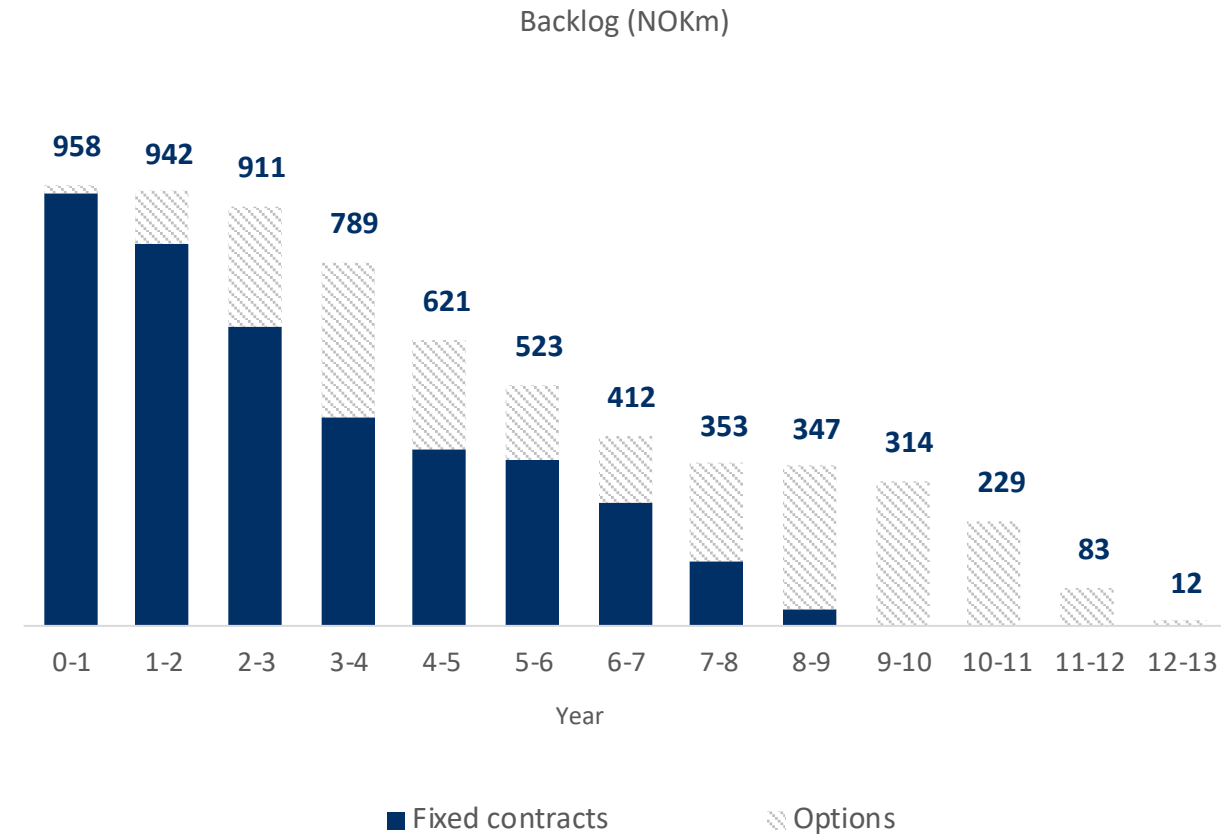
Firm revenue backlog incl options

Fixed backlog

- Total fixed revenue commitments of more than NOK 4.0 billion
- Wellboat fleet with weighted avg. backlog coverage of approx. 5 years¹
- New contracts in service segment and additional equipment on newbuilds included in backlog 31.03.21

Options

- Most fixed time charter contracts include extension options
- Total options of more than NOK 2.4 billion



Operational review

Wellboat

Segment results

- Revenues and EBITDA increased compared to 1Q 2020 mainly as a result of the combination between Frøy and NTS in April 2020
- 1Q is a seasonally slow spot quarter as low sea water temperatures impact demand for transportation and biological treatments

Other

- Delivery of first vessel in newbuild program
- Reisa, wellboat with 3.200 m3 capacity delivered in January
- New contract: 3-year time charter contract + option with Måsøval

Wellboat segment	3 months ending 31.03.21	3 months ending 31.03.20
Contract revenues	115	75
Framework agreements	-	-
Spot	25	13
Fuel and other reinvoiced costs	40	18
Other		
Total revenues	180	106
EBITDA	58	26
EBITDA %	32 %	24 %
Number of vessels	14	8
Number of vessels on fixed contracts	11	7

Service

Segment results

- The service segment was included in the Group from 2Q 2020
- 1Q is a seasonally slow quarter as low sea water temperatures result in less demand for cleaning of nets, cages and general maintenance

Other

- Positive quarter for new contracts
- New four-year framework agreement for cleaning of nets with a leading Norwegian salmon farmer announced in April

Service segment	3 months ending 31.03.21	3 months ending 31.03.20
Contract revenues	78	-
Framework agreements	45	-
Spot	25	-
Fuel and other re invoiced costs	3	-
Other	0	-
Total revenues	150	-
EBITDA	31	-
EBITDA %	21 %	-
Number of large service vessels	12	-
Number of small service vessels	42	-

Sea transport

Segment results

- 1Q 2021 revenue amounted to NOK 28 million vs. NOK 26 million in 1Q 2020
- The spot market for transport of cargo from the continent to Norway has been slow in the quarter, impacting the results in 1Q 2021 negatively compared to 1Q 2020

Other

- Folla was acquired and commenced operations for Frøy mid February

Sea transport segment	3 months ending 31.03.21	3 months ending 31.03.20
Contract revenues	8	13
Framework agreements		
Spot	19	11
Fuel and other reinvoiced costs	0	1
Other	1	-
Total revenues	28	26
EBITDA	2	3
EBITDA %	8 %	12%
Number of vessels	4	4

Financial review

Profit & loss

Highlights 1Q 21

- Total revenues of NOK 356 million
- EBITDA adjusted of NOK 92 million¹
- Adj. EBITDA margin of 26%¹ vs. EBITDA 1Q 2020 of 22%
- Combination of Frøy and the NTS aqua service entities in April 2020 (post 1Q20)

(NOKm)	3 months ending 31.03.2021	3 months ending 31.03.2020
Revenue	355	134
Other income	1	
Total revenue	356	134
Direct expenses (goods/services delivered)	50	33
Employee benefit expenses	113	38
Other operating expenses	110	33
Depreciation	73	20
Operating profit	11	10
Financial income	0	1
Financial expenses	22	11
Share of profit (loss) from associates	-1	0
Profit (loss) before tax	-13	-1
Taxes	5	0
Profit (loss) for the period	-8	-1

Cash flow

Highlights 1Q 21

- Cash flow from operations NOK 128 million
- Cash flow from investment activities NOK 831 million
 - Ongoing newbuild program
- Cash flow from financing activities NOK 1.636 million
 - Share issue with gross proceeds NOK 1.000 million
 - New debt on newbuilds and from refinancing
- Net cash flow of NOK 933 million in the quarter

(NOK 1.000.000)	31.03.2021	31.03.2020
Cash flows from operating activities		
Profit or loss before tax	-13	-1
Income taxes paid	-12	-1
Gain/loss on disposal of property, plant and equipment	1	-
Depreciation and impairment	73	19
Finance income	-0	-
Finance expenses	22	-
Changes in working capital	119	4
Other changes	-63	6
Net cash flows from operating activities	128	28
Cash flows from investing activities		
Purchase of property, plant and equipment	-843	-83
Purchase of intangible assets	-0	-
Proceeds from sale of property, plant and equipment	12	-
Dividends	-	2
Interest received	-	-
Net cash flow from investing activities	-831	-81
Cash flow from financing activities		
Proceeds from borrowings	1 117	1
Repayment of borrowings	-406	-16
Issue of Share Capital	1 000	-
Transaction cost	-26	-
Payments for the principal portion of the lease liability	-26	-
Interest paid	-22	-
Payments of dividends	-	-3
Net cash flow from financing activities	1 636	-17
Net change in cash and cash equivalents	933	-70
Cash and cash equivalents, beginning of period	149	107
Cash and cash equivalents, end of period	1 082	37

Balance sheet

Highlights 1Q21

- Increase in non-current assets due to investments in newbuilds
- Increase in cash and total equity following the share issue in the quarter
- Increase in gross interest-bearing debt to NOK 3.7 bn. due to drawdowns on debt related to newbuilds under construction
- Net interest-bearing debt NOK 2.642m
- Equity ratio 43%

Frøya ASA

(NOK 1.000.000)	31.03.2021	31.03.2020	31.12.2020
Goodwill	688		687
Property, plant and equipment	4 395	1 755	3 618
Right-of-use assets	419	9	536
Pension assets	8	0	8
Investments in associates	24	24	25
Other financial assets	6	2	5
Total non-current assets	5 539	1 791	4 878
Inventory	12	7	8
Trade receivables	160	28	156
Other receivables	43	26	49
Cash and cash equivalents	1 082	37	149
Total current assets	1 297	99	362
TOTAL ASSETS	6 836	1 889	5 241
Share capital	86	19	70
Share premium	2 286	157	1 329
Other equity	517	409	547
Non-controlling interests	26	24	26
Total equity	2 916	609	1 971
Non-current interest-bearing liabilities	2 827	676	1 832
Non-current lease liabilities	273	7	372
Deferred tax liabilities	23	0	23
Total non-current liabilities	3 122	683	2 226
Current interest-bearing liabilities	536	474	649
Current lease liabilities	89	2	103
Subordinated loan related parties	-	1	1
Trade payables and other current liabilities	169	99	282
Taxes payable	4	22	9
Total current liabilities	798	597	1 043
TOTAL EQUITY AND LIABILITIES	6 836	1 889	5 241

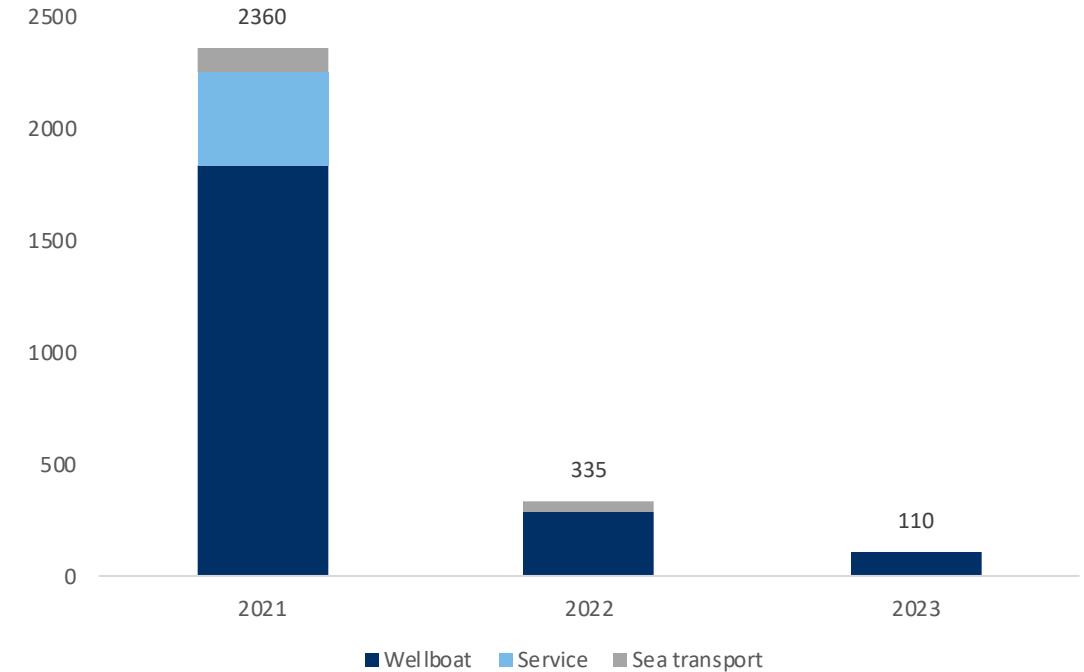
Investments

Total investments

- Total newbuild program est. NOK 2.8 bn.
 - 2021: 2.360m
 - 2022: 335m
 - 2023: 110m

Key events in 1Q21

- Delivery of wellboat newbuild Reisa and large service vessel Frøy Hild
- Signed newbuild contract for the Cermaq contract
 - 6000m³ wellboat
 - Estimated delivery Mid 2023
- Acquisition and rebuilding of Frøy Challenger (Scandi Texel)
- Acquisition of sea transport vessel Folla



Financial position

Financing strategy

- FrøY finance its fleet and equipment with bank debt and leasing
- Debt financing secured before ordering large newbuilds
- Ambition to match repayment profile and useful life of assets
- Ambition to refinance 12 months in advance of maturity

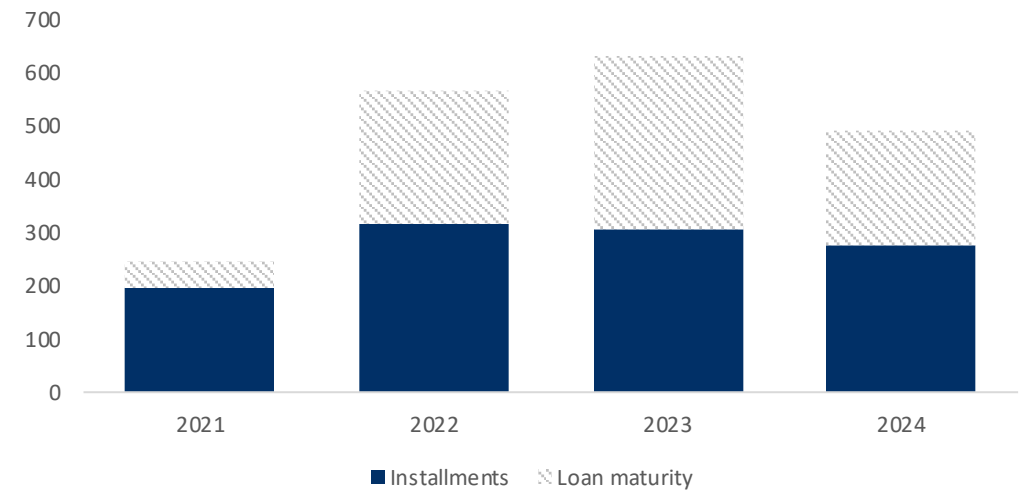
Newbuild financing

- Bank and leasing debt secured on all newbuilds
- +/- 80% loan to value
- Repayment profile: 15-20 years on wellboats
- NIBOR + 175-185 bps

Debt maturities

- Annual regular installments on bank debt of approx. NOK 300 million on a fully invested basis

Loan Repayment Schedule



Outlook

Market outlook

Key market trends

Gradual increase in salmon farming volumes in Norway, Faroe Island, UK, Canada and Island

Increased complexity due to more exposed farming and larger equipment expected to **drive demand for specialist competence and infrastructure**

Production of larger smolt reduce the production time at sea and **increase demand for wellboats**

Farming in more exposed locations expected to **increase demand for wellboats**

Frøy observations

Seasonal uptick seen in second quarter in line with historical trend

High market activity expected in second and third quarter in line with historical seasonality

Expect continued strong demand in Frøy's segments going forward

Frøy focus areas

Execute committed growth plan

Frøy to take delivery of newbuild program with 6 wellboats¹ and 9 service vessels next 2 years

Expected minimum EBITDA contribution from newbuilds of NOK 250-300m

Note: 1 wellboat and 1 service vessel delivered during 1Q21



Develop new opportunities

Secure new contracts and expand scale and scope of operations where Frøy have a competitive edge

Opportunistically consider value accretive M&A



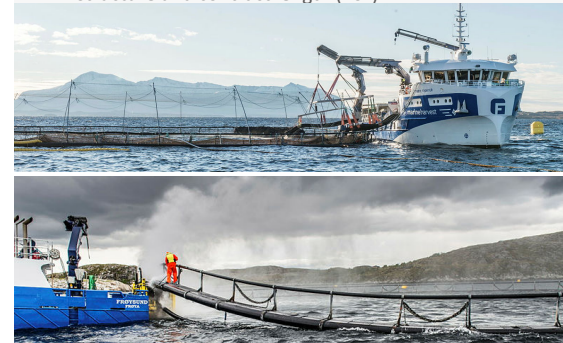
Maximize returns

Maintain a **lean cost culture**

Continuously focus on **improving efficiency** in operations

Ensure that new growth projects satisfies and preferably exceeds the **minimum return on equity requirement of 10-18%¹**

Note: Target returns depend on client, project structure and contract length (risk)



Deliver stable and growing dividend to shareholders

Frøy ambition to deliver stable dividends payments

Minimum 50% of net profit to be paid as dividend provided that: I) The fully invested NIBD/EBITDA is below 3.5x and II) sufficient liquidity to meet future obligations



Q&A



IPO primary proceeds of **NOK 1,000 million**

Listed on Oslo Børs since March 29 2021 **Ticker FROY**

Market cap **NOK 5,2 billion**

3,865 shareholders

Financial calendar

- **May 12 2021:** 1Q results
- **Aug 26 2021:** 2Q results
- **Nov 11 2021:** 3Q results

Research coverage

- Danske Bank
- Nordea
- Sparebank 1 Markets

Analyst

- Knut Ivar Bakken
- Herman Aleksander Dahl
- Christopher Robin Vinter

Share information 31.03.21

Total number of shares 31.03.21

- 86 348 605 shares outstanding

Total number of shares owned by 20 largest shareholders

- 90,4% of total number of shares outstanding

Name of shareholder	No. of shares	%
NTS ASA	64 053 520	74,2 %
State Street Bank and Trust Comp	4 454 500	5,2 %
TRØNDELAG HELGELAND INVEST AS	1 140 300	1,3 %
HSBC Bank Plc	1 119 098	1,3 %
The Northern Trust Comp, London Br	825 662	1,0 %
GÅSØ NÆRINGSUTVIKLING AS	819 672	0,9 %
AMBLE INVESTMENT AS	631 147	0,7 %
Skandinaviska Enskilda Banken AB	600 000	0,7 %
SKIPSINVEST AS	549 180	0,6 %
BNP Paribas Securities Services	473 413	0,5 %
The Bank of New York Mellon SA/NV	414 649	0,5 %
VERDIPAPIRFONDET PARETO INVESTMENT	409 836	0,5 %
VERDIPAPIRFONDET FONDSFINANS NORGE	409 000	0,5 %
Skandinaviska Enskilda Banken AB	350 000	0,4 %
NORDEA BANK ABP	328 735	0,4 %
AARS AS	327 868	0,4 %
GH HOLDING AS	327 868	0,4 %
LIN AS	327 868	0,4 %
CREDIT SUISSE (LUXEMBOURG) S.A.	271 299	0,3 %
LINDVARD INVEST AS	262 295	0,3 %
Total 20 largest shareholders	78 095 910	90,4 %
Total Other	8 252 695	9,6 %
Totale number of shares 31.03.2021	86 348 605	100,0 %

Appendix

Non-IFRS financial measures / Alternative Performance Measures

- The non-IFRS financial measures/APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The non-IFRS financial measures/APMs presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.
- The Company believes that the non-IFRS measures/APMs presented herein are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, amortisation and impairment, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), business practice or based on non-operating factors. Accordingly, the Group discloses the non-IFRS financial measures/APMs presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods, and of the Group's ability to service its debt. Because companies calculate the non-IFRS financial measures/APMs presented herein differently, the Group's presentation of these non-IFRS financial measures/APMs may not be comparable to similarly titled measures used by other companies.
- The non-IFRS financial measure/APMs are not part of the Company's consolidated financial statements and are thereby not audited. The Company can give no assurance as to the correctness of such non-IFRS financial measures/APMs and investors are cautioned that such information involve known and unknown risks, uncertainties and other factors, and are based on numerous assumptions. Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these non-IFRS financial measures/APMs.

APMs and Key Figures

Non-IFRS financial measures / Alternative Performance Measures

- EBITDA is defined as total revenue less operating expenses (direct expenses, employee benefit expenses and other operating expenses).
- Adjusted EBITDA is defined as total revenue less operating expenses (direct expenses, employee benefit expenses and other operating expenses), gain on sale of assets and IPO costs
- EBITDA and adjusted EBITDA is used by the management as measure the Group's ability to service debt and finance investments. Management also believes the measure enables an evaluation of operating performance.

Reconciliation of adjusted EBITDA – NOK millions

NOKm	31.03.20	31.03.21
Total revenue	134	356
Direct expenses	33	50
Employee benefit expenses	38	113
Other operating expenses	33	110
EBITDA	30	84
Gain on sale of assets	0	1
IPO costs	0	8
Adjusted EBITDA	30	92

APMs and Key Figures

Non-IFRS financial measures / Alternative Performance Measures

ROCE defined as last 12 months operating profit / (Avg. Beginning and end of year fixed assets and net working capital)

Net working capital defined as: Trade and other receivables – trade payables and other current liabilities

Calculations based on: 2020 proforma and 2018 and 2019 consolidated financial statements for Frøygruppen AS

ROE is defined as last 12 months net income / Avg. equity beginning and end of year

Calculations based on: 2020 proforma and 2018 and 2019 consolidated financial statements for Frøygruppen AS

2020 pro forma net profit is adjusted for loss on shares previously owned in Norway Royal Salmon of NOK 318.5 million

ROCE calculation	01.01.2018	2018	2019	2020
Operating profit		177	274	319
Fixed assets	1 656	1 732	2 056	4 154
Receivables	123	124	185	156
Payables	111	110	129	282
ROE		10 %	14%	10%

ROE Calculation	01.01.2018	2018	2019	2020
Net profit*		115	198	219
Equity	335	451	632	1971
ROE		29 %	37%	17%

FrøY subsidiaries - historical NGAAP financials

FrøY Rederi AS	2014	2015	2016	2017
EBIT	24	28	35	57
Fixed Assets	282	469	544	949
Receivables	5	11	12	20
Payables	3	5	36	8
Fisketransport AS	2014	2015	2016	2017
EBIT	5	6	1	2
Fixed Assets	8	6	4	2
Receivables	3	2	0	0
Payables	1	1	1	0
FrøY Akvaservice AS	2014	2015	2016	2017
EBIT	21	25	34	42
Fixed Assets	113	159	212	210
Receivables	15	13	18	25
Payables	5	5	14	20
FrøY Vest AS	2014	2015	2016	2017
EBIT	6	21	19	8
Fixed Assets	16	101	105	89
Receivables	3	17	16	19
Payables	3	6	4	6
Aggregated figures	2014	2015	2016	2017
EBIT	67	87	120	143
Fixed Assets	490	867	1020	1527
Receivables	29	51	51	85
Payables	14	28	81	45
NWC	16	23	-31	41
ROCE based on aggregated figures		12,5 %	12,7 %	11,2 %

FrøY Akvaressurs AS	2014	2015	2016	2017
EBIT	0	3	14	9
Fixed Assets	45	109	131	158
Receivables	0	3	1	5
Payables	0	2	17	2
FrøY Nord AS	2014	2015	2016	2017
EBIT	3	2	10	16
Fixed Assets	0	1	3	103
Receivables	0	1	1	11
Payables	1	7	4	6
Stava Sjø AS	2014	2015	2016	2017
EBIT	5	2	6	8
Fixed Assets	10	10	9	4
Receivables	2	2	2	4
Payables	1	2	4	2
Evja AS	2014	2015	2016	2017
EBIT	3	1	1	1
Fixed Assets	14	13	12	12
Receivables	0	0	0	0
Payables	0	0	0	0



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