

Frøy ASA – Q3 21

High activity and stable operations



FRØY

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Agenda

1. Highlights Q3 2021
2. Operational review
3. Financial review
4. Outlook
5. Appendix

Highlights Q3 2021

Q3 21 - High activity and stable operations



Commercial

- High activity level in all segments
- Planned start-up of newbuilds delayed into Q4 – est. delivery November
- Ramp up of organization – positioned for significant fleet expansion
- Tonje Foss new CEO from Q1 2022
- Helge Gåsø has indicated that he is open and ready to join the BoD of Frøy at the earliest convenience



Financial

- Revenue NOK 457m (Q3 20 NOK 413m)
- Revenue from contracts and framework agreements up 26% vs. Q3 20
- EBITDA NOK 188m (Q3 20 NOK 180m),
- Margins impacted by change in revenue mix in service
- Backlog of approx. NOK 6.1 billion (incl. options)



Outlook

- High revenue visibility from backlog and framework agreements
- Multiple ongoing negotiations for agreements in the service segment
- Several requests for new wellboat capacity
- Frøy has decided to place orders for two new wellboat newbuilds and two new large service vessels. Expect to secure attractive time charter contracts well before delivery

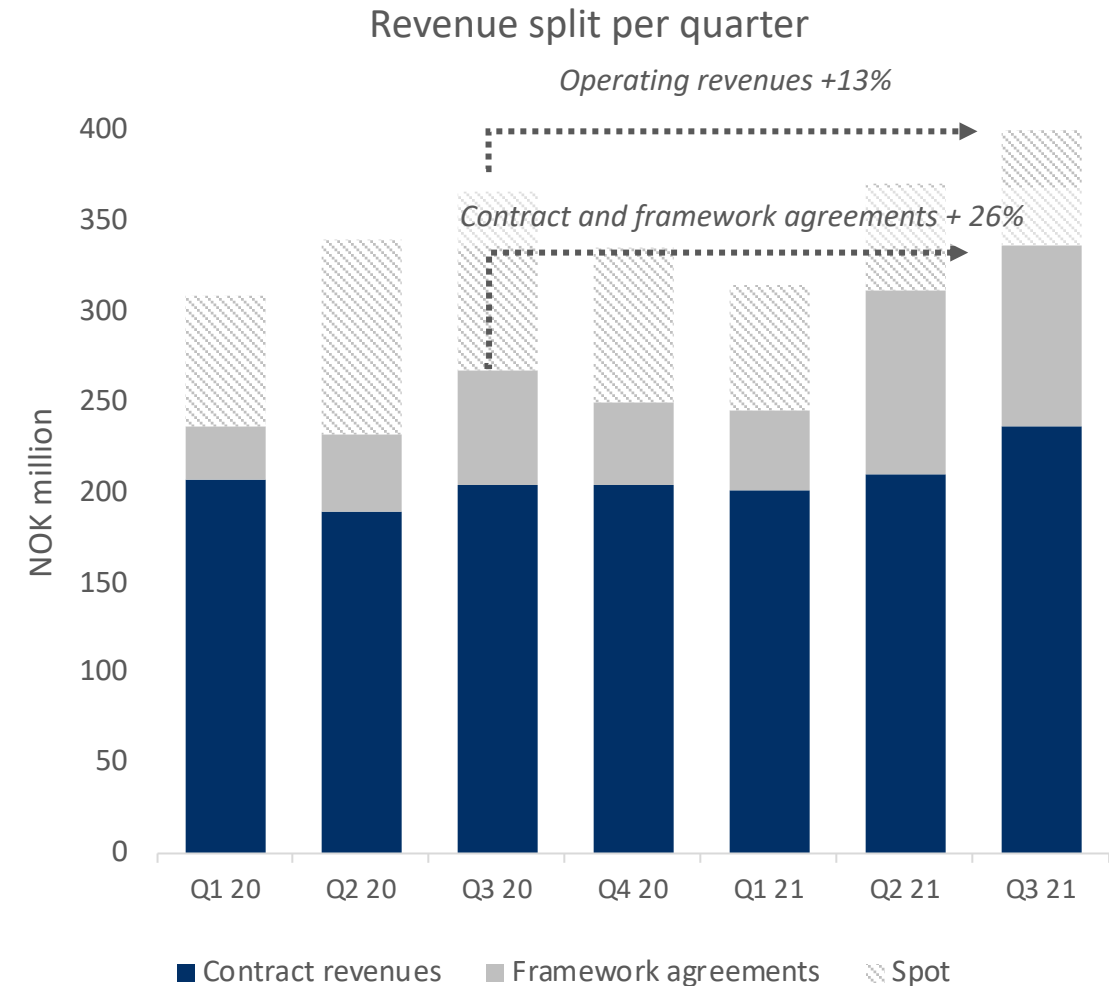
Increased activity and revenues

Underlying revenue growth

- 13% increase in operating revenues¹ Q3 21 vs. Q3 20
- 26% increase in revenues from contracts and framework agreements vs. Q3 20

Seasonality

- Seasonal change in sea temperatures impact demand for aqua services
- Q3 21 is compared with Q3 20 to take into account the seasonal effects



Note: Q1 20 is based on proforma figures.

1) Operating revenues defined as contract revenues, revenues from framework agreements and spot revenues. Re invoiced costs and other revenues are excluded from the graph.

Contract backlog NOK 6.1 bn.

Firm revenue backlog incl options

Fixed backlog

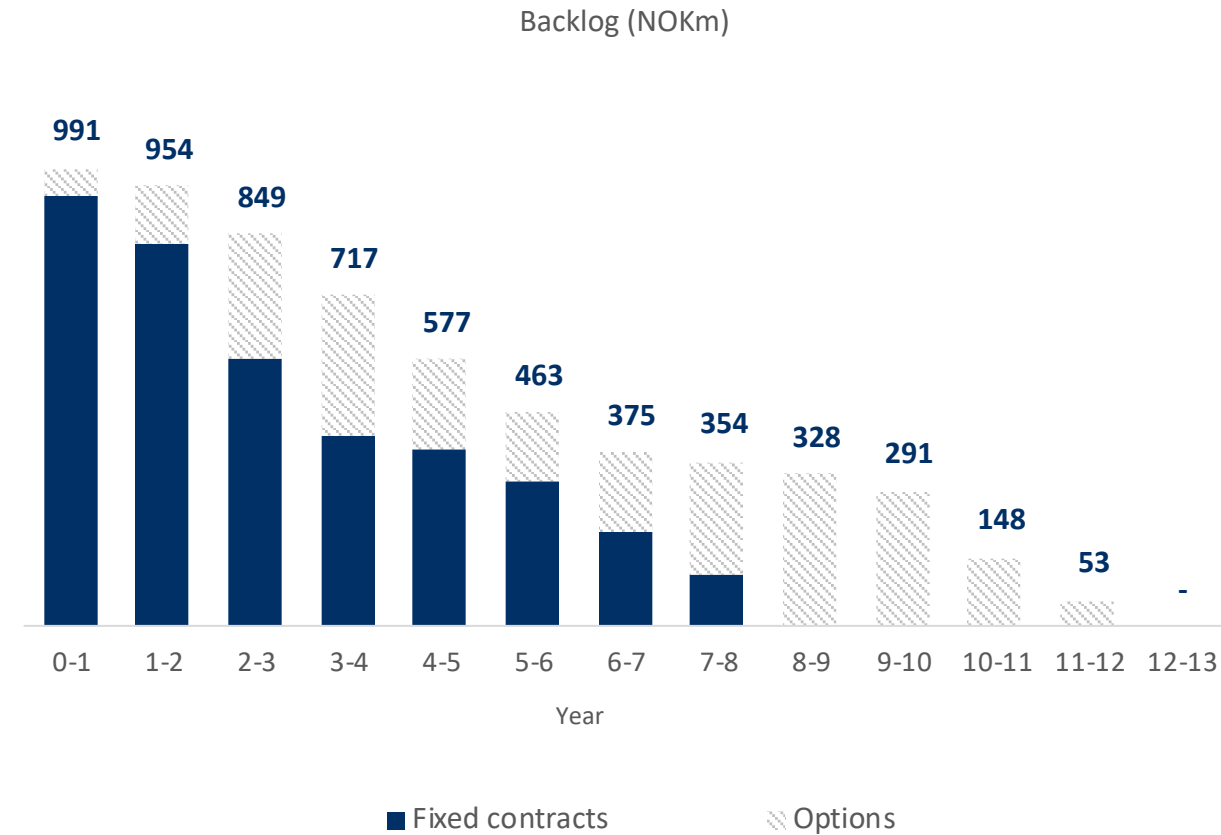
- Total fixed revenue commitments of close to NOK 3.8 billion
- Wellboat fleet with weighted avg. backlog coverage of approx. 5 years¹

Options

- Most fixed time charter contracts include extension options
- Total options of more than NOK 2.3 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



Operational review

Wellboat

Segment results

- Total revenues NOK 212 million (NOK 175 million)
- 26% increase in revenues from contract and framework agreements vs. Q3 20
- EBITDA margin of 43% (45%)

Other

- Revenues increased compared to Q3 20 mainly due to the newbuilds MS Reisa and MS Kristiansund that came into operation in January 21 and June 21

NOK million	Q3 21	Q3 20
Contract revenues	130	110
Framework agreements	13	-
Spot	42	30
Fuel and other reinvoiced costs	27	35
Other		
Total revenues	212	175
EBITDA	90	78
EBITDA %	43 %	45 %
Number of vessels	15	13
Number of vessels on fixed contracts	13	11

Newbuilds to be delivered in November

- MS Åsværfjord delivered November 4
 - 3.200 m3 capacity
 - Sixth Frøy vessel in the Havtrans series
 - Dual system for removal of sea lice with both freshwater treatment and Hydrolicer capability
- MS Gåsø Høvding scheduled for delivery mid-November
 - 7.500 m3 capacity – currently the worlds largest wellboat
 - Shore power – Potential to run 100% on electricity
 - Battery package
- Both vessels enter directly into long-term contracts with large Norwegian salmon farmers



Service

Segment results

- Total revenues NOK 208 million (NOK 212 million)
 - Revenues from fixed contracts and framework agreements NOK 175m (NOK 139 million)
 - Less capacity available for spot work reducing spot revenues
- EBITDA margin of 42% (50%)
 - High activity within framework agreements with lower margins than spot work
 - Higher employee benefit expenses driven by ramp up of organization - positioned for significant fleet expansion into Q4 21

NOK million	Q3 21	Q3 20
Contract revenues	88	76
Framework agreements	87	64
Spot	19	59
Fuel and other reinvoiced costs	8	14
Other	6	
Total revenues	208	212
EBITDA	87	105
EBITDA %	42 %	50 %
Number of large service vessels	11	12
Number of small service vessels	38	42

Installation work

Arctic Offshore Farming

During Q3 Frøy assisted with a range of installation work on Arctic Offshore Farming

- Installation of umbilical between feed barge and farming unit
- Installation of nets
- Diving operations
- Transportation & logistics



Sea transport

Segment results

- Total revenues of NOK 36 million (NOK 31 million)
 - Increased capacity due to the new vessel MS Folla
- EBITDA of NOK 13.4m (NOK 12,6m)

Other

- 6 months contract extension for MS Rotsund
- Sale of MS Safir,
 - Subject to completion Frøy expect to book a gain from the sale of the vessel of approx. NOK 3 million

NOK million	Q3 21	Q3 20
Contract revenues	18	18
Framework agreements	1	-
Spot	17	13
Fuel and other re invoiced costs	0	0
Other	0	0
Total revenues	36	31
EBITDA	13	13
EBITDA %	37 %	41 %
Number of small service vessels	4	4

Financial review

Profit & loss

Highlights Q3 21

- Total revenues of NOK 457 million (NOK 413 million)
- EBITDA of NOK 188 million (NOK 180 million)
- EBITDA margin of 41% (43%)
- Q3 20 loss on shares at fair value of NOK 257 million relates to shares in Norway Royal Salmon (NRS) no longer owned by Frøy

(NOKm)	Q3 21	Q3 20	YTD 21	YTD 20
Total revenue	457,3	413,3	1 225,7	933,7
EBITDA	188,4	179,7	431,3	347,9
EBITDA %	41%	43%	35%	37%
Depreciation	78,6	65,4	224,4	152,3
Operating profit	109,8	114,3	207,0	195,6
Net financial items	-18,4	-16,0	-60,8	-47,6
Gain/loss on shares at fair value	-	-256,8	-	88,9
Profit (loss) before tax	91,4	-158,5	144,0	236,8
Taxes	-7,3	-7,3	-9,0	-13,8
Net profit	84,2	-165,8	135,0	223,1

Balance sheet

Highlights Q3 21

- Increased vessels, property, plant and equipment vs. Q3 20 due to investments into the ongoing newbuild program
- In Q3 20 other assets included shares in Norway Royal Salmon. The shares were transferred to NTS ASA in Q4 20
- Gross debt increased due to debt on newbuilds
- Net interest-bearing debt of NOK 2 892 million (NOK 2 835 million)
- Equity ratio 44%

(NOKm)	30.09.2021	30.09.2020	31.12.2020
Goodwill	688	687	687
Vessels, property, plant and equipment	4 793	3 578	3 618
Right-of-use assets	438	542	536
Other assets	33	1 549	38
Non-current assets	5 951	6 356	4 878
Inventory	12	9	8
Receivables	248	243	205
Cash and cash equivalents	745	87	149
Total current assets	1 005	339	362
TOTAL ASSETS	6 956	6 696	5 241
Total equity	3 033	890	1 971
Non-current interest-bearing liabilities	2 870	1 857	1 832
Non-current lease liabilities	288	413	372
Deferred tax liabilities	37	31	23
Total non-current liabilities	3 194	2 302	2 226
Current interest-bearing liabilities	389	542	649
Current lease liabilities	94	109	103
Loan to related parties	-	2 628	1
Other current liabilities	246	226	282
Total current liabilities	729	3 505	1 043
TOTAL EQUITY AND LIABILITIES	6 956	6 696	5 241
Net interest-bearing debt	2 892	2 835	2 807
Equity ratio	44 %	13 %	38 %

Cash flow

Highlights Q3 21

- Positive cash flow from operations of NOK 228 million
- Cash flow from investment activities of NOK -122 million driven by the ongoing newbuild program
- Cash flow from financing of NOK -111 million - repayment of borrowings and lease liabilities
- 30.09.21 cash position at NOK 745 million

(NOKm)	Q3 21	Q3 20
Cash flows from operating activities		
Profit or loss before tax	91	-159
Gain/loss on shares at fair value	-	257
Depreciation and impairment	79	65
Net interest and financial items	18	16
Changes in working capital	18	-51
Other changes	22	92
Net cash flows from operating activities	228	221
Cash flows from investing activities		
Purchase of property, plant and equipment	-123	-120
Other	1	19
Net cash flow from investing activities	-122	-101
Cash flow from financing activities		
Proceeds from borrowings	-	11
Repayment of borrowings	-66	-51
Payment of principal part of lease liabilities	-25	-33
Interest paid	-18	-16
Other	-2	
Net cash flow from financing activities	-111	-90
Net change in cash and cash equivalents	-5	30
Cash and cash equivalents, beginning of period	750	57
Cash and cash equivalents, end of period	745	87

Investment program

Total capex related to the newbuild program estimated to approx. NOK 2.9 bn. of which approx. NOK 1.3 bn has been paid by the end of Q3

Wellboat

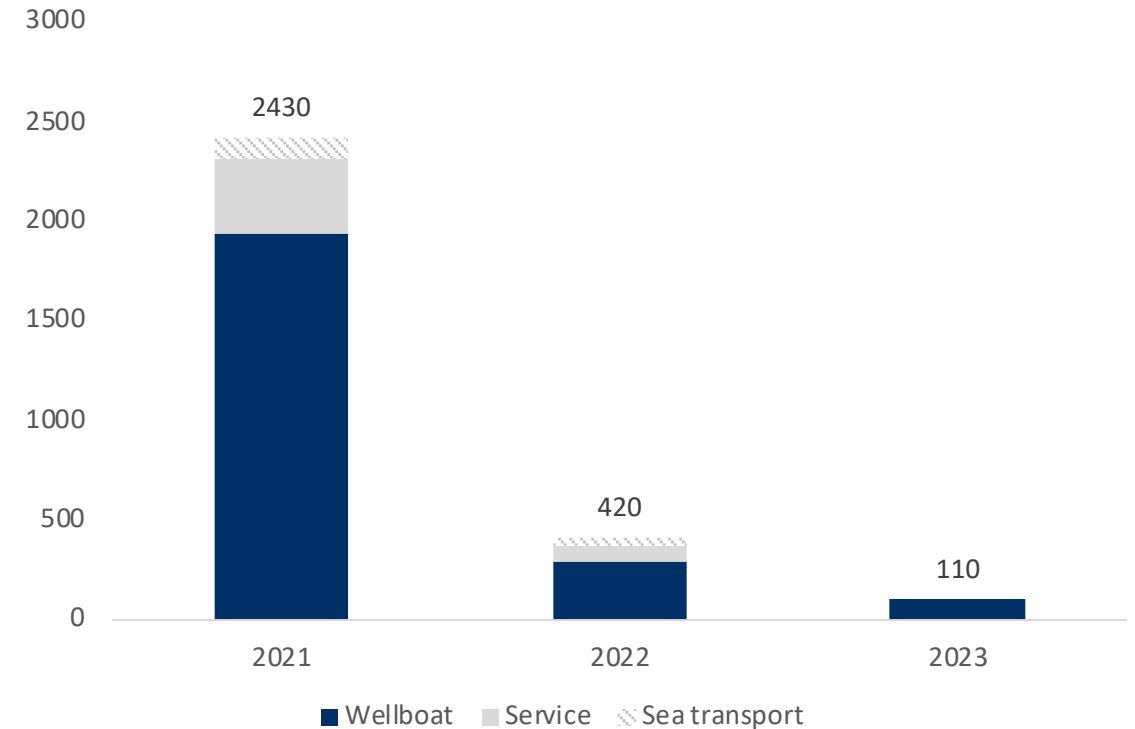
- Delivery of two wellboats expected for Q4 21
- MS Gåsø Odin expected to be delivered Q3 22
- Cermaq newbuild scheduled for delivery summer 2023

Service

- Three smaller service vessels and the specialized delousing vessel Frøy Challenger are scheduled for delivery during Q4 21
- One large service vessel and two net cleaning vessels are scheduled for delivery during Q1 22

Sea transport

- Rebuilding of MS Folla expected Q2 22



Financing

Financing strategy

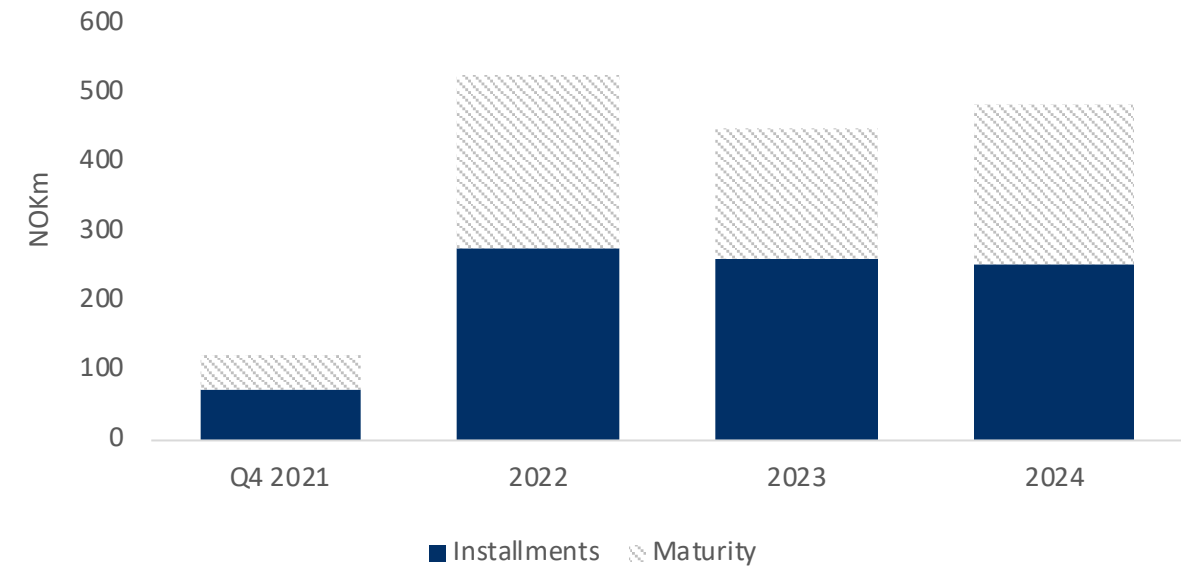
- Frøy finance its fleet and equipment with bank debt and leasing

Newbuild financing

- Bank debt secured on all committed wellboat newbuilds
 - +/- 80% loan to value

Debt maturities

- Annual regular installments on bank debt of approx. NOK 280 million on a fully invested basis



Outlook

Outlook

Frøy outlook

- **Significant fleet expansion** from the committed newbuilding program
- All wellboat newbuilds are booked on **long term agreements**
- **Sustained high demand** in both the service and the wellboat segment
- **Multiple incoming requests for new capacity** – Frøy with limited capacity available going forward

Additional newbuilds to be ordered

- **Two wellboat newbuilds** to be ordered for delivery in 2024
- **Two large service vessel newbuilds** to be ordered for delivery in 2023
- **Long term contracts expected** to be secured well before delivery of the vessels
- **Capex currently estimated to approx. NOK 1.1 billion** – to be confirmed when newbuild contracts are signed

Q&A

Share information 30.09.21

Total number of shares

- 86 348 605 shares outstanding

Total number of shares owned by 20 largest shareholders

- 88.3 % of total number of shares outstanding

Name of shareholder	No. of shares	%
NTS ASA	62 269 112	72,1 %
State Street Bank and Trust Comp	4 454 984	5,2 %
HSBC Bank Plc	1 119 098	1,3 %
Skandinaviska Enskilda Banken AB	857 924	1,0 %
Gåsø Næringsutvikling	819 672	0,9 %
Trøndelag Helgeland Invest AS	687 067	0,8 %
Amble Investment AS	631 147	0,7 %
Verdipapirfondet Pareto Investment	630 901	0,7 %
Torgnes AS	570 000	0,7 %
BNP Paribas Securities Services	552 600	0,6 %
Skipsinvest AS	549 180	0,6 %
Verdipapirfondet Fondsfinans Norge	433 863	0,5 %
Aars AS	418 844	0,5 %
The Bank of New York Mellon SA/NV	392 110	0,5 %
Skandinaviska Enskilda Banken AB	350 000	0,4 %
Riiber Holding AS	330 010	0,4 %
GH Holding AS	327 868	0,4 %
LIN AS	327 868	0,4 %
Lindvard Invest AS	262 295	0,3 %
Verdipapirfondet Alfred Berg Norge	260 899	0,3 %
Total 20 largest shareholders	76 245 442	88,3 %
Total Other	10 103 163	11,7 %
Total number of shares	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

(NOK 1,000,000)	Q1 21	Q2 21	Q3 21	YTD 21
Total revenue	356	412	457	1 225
Direct expenses	50	42	46	138
Employee benefit expenses	113	120	138	370
Other operating expenses	110	92	85	287
EBITDA	84	159	188	431
Loss/gain on sale of assets	1	0	6	7
IPO costs	8	0	0	8
Adjusted EBITDA	92	159	183	433

(NOK 1,000,000)	Q1 20	Q2 20	Q3 20	YTD 20
Total revenue	134	385	413	934
Direct expenses	33	60	63	156
Employee benefit expenses	38	106	116	260
Other operating expenses	33	82	54	169
EBITDA	30	137	180	348
Loss/gain on sale of assets	0	3	-4	0
IPO costs	0	0	0	0
Adjusted EBITDA	30	135	183	348



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