



FRØY

Frøy ASA

Q3 21

November 2021

Highlights

Q3 highlights



Commercial

- High activity level in all segments in line with normal seasonality
- Start-up of newbuilds delayed into Q4 21. MS Åsværfjord was delivered November 4, MS Gåsø Høvding is scheduled for delivery mid-November. Frøy Challenger expected to be delivered during Q4.
- Ramp up of organization – positioned for significant fleet expansion in Q4 21 and Q1 22



Financial

- Revenues in Q3 21 of NOK 457 million, increased from NOK 413 million in Q3 20
- Revenues from fixed contracts and framework agreements up 26% vs. Q3 20
- EBITDA in Q3 21 of NOK 188 million, up from NOK 180 million in Q3 20
- Backlog of 6.1 billion (including options, but excluding framework agreements without fixed minimum value)



Outlook

- High revenue visibility from backlog and framework agreements
- Multiple ongoing negotiations and opportunities for new agreements in the service segment
- Several requests for new capacity in the wellboat segment
- To meet the sustained high demand, Frøy has decided to place an order for two new wellboat newbuilds and two large new service vessels, which will come in addition to the previously communicated newbuilding programme. Frøy expect the vessels to receive long term time charter contracts well in advance of the scheduled delivery dates.



Key figures

Key figures ¹	Q3 21	Q3 20	YTD 2021	YTD 2020*
Financial (NOK 1,000,000)				
Contract revenues ²	236,6	203,7	649,5	481,1
Framework revenues	100,6	63,7	246,1	107,7
Spot revenues	79,6	100,1	208,7	235,9
Fuel & other invoiced revenues ³	34,9	49,4	114,9	108,8
Other revenues ⁴	5,6	-3,6	6,5	0,2
Total revenues	457,3	413,3	1 225,7	933,7
EBITDA ⁵	188,4	179,7	431,3	347,9
EBITDA adjusted ⁶	182,8	183,4	432,9	347,7
EBITDA adjusted %	40%	44%	35%	37%
Net cash flow from operating activities	228,4	220,7	463,3	282,7
Net cash flow from investing activities	-122,2	-101,0	-1 425,9	-204,6
Net cash flow from financing activities	-110,9	-89,7	1 558,5	-98,2
Total assets	6 956,2	6 695,6		
Net interest bearing debt ⁷	2 891,9	2 834,5		
Cash	744,9	87,0		
Equity	3 032,8	889,5		
Profitability and capital structure				
ROE ⁸	12 %			
Equity ratio	44 %	13%		
Vessels⁹				
Wellboats	15	13		
Large service vessels	11	12		
Small service vessels	38	42		
Transport vessels	4	4		
Total number of vessels	70	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. * Frøy Gruppen AS was acquired by NTS ASA in a business combination at the acquisition date 3 April 2020. The former Frøy companies are thereby not fully reflected in the consolidated comprehensive income for the Group in 2020, but consolidated from 3 April.

2) Contract revenues includes time charter revenues, bareboat revenues, and other fixed contract revenues

3) The group invoice fuel and other costs to clients when operating on time charter contracts

4) Other revenues include revenue related to sale of vessels and other non-allocated revenues

5) EBITDA: Operating profit plus depreciations and amortizations

6) EBITDA adjusted: EBITDA adjusted for gain on sale of assets and costs related to the IPO

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

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

9) Number of vessels at end of period

Financial results in the quarter and year to date

Group financial review

The Frøy group (Frøy ASA and its subsidiaries) was formed through a two-step business combination between Frøy Gruppen AS and Norsk Fiskefrakt AS, Frøy Shipping AS and NTS Management AS. Frøy ASA obtained control over Frøy Gruppen AS and its subsidiaries on 3 April 2020. Frøy Gruppen AS and its subsidiaries at the date of the transfer of control are thereby fully reflected in the consolidated comprehensive income for Frøy ASA from 3 April 2020.

Profit and loss

(NOK 1,000,000)	Q3 21	Q3 20	YTD 21	YTD 20
Revenue	451,7	417,0	1 219,2	933,4
Other income	5,6	-3,6	6,5	0,2
Total revenue	457,3	413,3	1 225,7	933,7
Direct expenses (goods/services delivered)	46,2	63,4	137,6	156,3
Employee benefit expenses	137,7	116,3	370,2	260,3
Other operating expenses	85,0	53,9	286,6	169,1
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
Financial income	3,0	1,5	5,3	2,7
Financial expenses	21,4	17,5	67,2	50,3
Share of profit (loss) from associates	-	-	-1,1	-
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
Profit (loss) for the period	84,2	- 165,8	135,0	223,1

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

Third quarter

Total revenue in Q3 21 amounted to NOK 457,3 million (NOK 413,3 million). The increase in revenues is driven by increased capacity and revenues in the wellboat segment.

EBITDA in Q3 21 amounted to NOK 188,4 million (NOK 179,7 million) while the EBITDA margin ended at 41% (43%). The EBITDA margin decreased vs. Q3 20 due to change in revenue mix and increased activity within framework agreements with lower margins than spot work. The increased number of employees and ramp up of the organization also increased the cost level Q3 21 vs. Q3 20.

Operating profit in Q3 21 ended at NOK 109,8 million (NOK 114,3 million).

The loss on shares at fair value in Q3 20 relates to shares in Norway Royal Salmon ASA that Frøy owned in 2020. The shares were transferred to NTS ASA in Q4 20.

Net profit for Q3 21 ended at NOK 84,2 million (NOK -165,8 million). Adjusted for the gain on shares at fair value, net profit in Q3 20 was NOK 91,0 million.

Year to date (YTD)

Revenue YTD 21 amounted to NOK 1 225,7 million (NOK 933,7 million). YTD 21 EBITDA amounted to NOK 431,3 million (NOK 347,9 million).

Revenues and EBITDA increased YTD 21 vs. YTD 20 due to the consolidation of the Frøy Gruppen companies from April 2020 and due to growth in number of vessels in operation.

The YTD 21 EBITDA margin ended at 35% (37%).

Cash flow and net interest-bearing debt (NIBD)

Third quarter

Frøy had positive NOK 228 million cash flow from operations in Q3 21 (NOK 221 million). Lower operating profit contributed to the lower cash flow in Q3 21 vs. Q3 20.

Cash flow from investment activities ended at NOK 122 million in the quarter (NOK 101 million). Investments in Q3 21 mainly related to the rebuilding of Frøy Challenger and instalments on the ongoing newbuild program.

The cash flow from financing activities amounted to NOK -111 million in the quarter (NOK -90 million). The main elements relate to repayment of borrowings and leases combined with interests paid.

The cash position decreased from NOK 750 million at the beginning of the period to NOK 745 million at the end of the quarter.

At the end of the quarter Frøy had total assets of NOK 6 956,2 million (NOK 6 695,6 million). The main drivers for the change in total assets vs. Q3 20 are increased property plant and equipment and a reduction in other financial assets. Other financial assets include shares in Norway Royal Salmon ASA that Frøy owned in Q3 20. The shares were sold during Q4 20. The property, plant and equipment increased Q3 21 vs. Q3 20 due to investments into the ongoing newbuild program and delivery of the new wellboats Reisa and Kristiansund.

Gross interest-bearing debt increased to NOK 3 636,8 million (NOK 2 921,5 million). The increase in gross debt is related to new debt on to the newbuilds. Net interest-bearing debt at the end of Q3 21 was NOK 2 891,9 million (NOK 2 834,5 million).

Equity ratio Q3 21 of 44% (13%) increased mainly due to the share issue with gross proceeds of NOK 1.000 million carried out in connection with the IPO, and conversion of debt and the transfer of shares in Norway Royal Salmon ASA to NTS ASA in December 2020.

Year to date (YTD)

Frøy had positive NOK 463 million cash flow from operations YTD 2021 (NOK 283 million). Cash flow from operating activities increased YTD 21 vs. YTD 20 due to the combination of Frøy and NTS in April 2020 and due to growth in number of vessels in operation.

Cash flow from investment activities was NOK – 1 426 million YTD 2021 (NOK -205 million). Investments YTD relates to the ongoing newbuild program with wellboat newbuilds being the largest contributor.

The cash flow from financing activities YTD 21 amounted to NOK 1 559 million (NOK - 98 million). The positive cash flow from financing is mainly explained by NOK 1 000 million in new share capital in connection with the IPO and increased borrowings on newbuilds under construction.

Segment overview

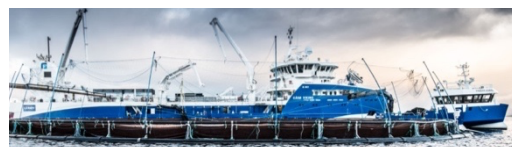
Frøy's segment structure

Wellboat segment

Transport of live fish and biological treatments

employees 217

vessels 19 (incl. newbuilds)



Service segment

Installation, maintenance and cleaning of salmon farmers site infrastructure

employees: 385

vessels: 56 (incl. newbuilds)



Sea transport segment

Transport of salmon feed, frozen seafood and other cargo

employees: 62

vessels: 4





Wellboat

Financial results

Revenues in Q3 21 amounted to NOK 211,5 million vs. NOK 174,7 million in Q3 20. 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. Spot revenues in Q3 21 was driven by a combination of delousing services and transport of live fish.

Frøy operated 15 wellboats in the quarter, two more than in Q3 20.

Activity increased in Q3 21 vs. Q2 21 in line with normal seasonality. Q3 is normally peak season for the wellboat segment as demand for transport of live fish to the harvesting facilities and for delousing services normally follow the seasonal development in sea water temperatures. 13 out of 15 wellboats operated on fixed contracts and framework agreements in the quarter.

(NOK 1,000,000)	Q3 21	Q3 20
Contract revenues	130,1	110,0
Framework agreements	12,7	-
Spot	41,6	29,7
Fuel and other invoiced costs	27,1	35,0
Other	-	-
Total revenues	211,5	174,7
EBITDA	90,4	78,0
EBITDA %	43 %	45 %
Number of vessels	15	13
Number of vessels on fixed contracts	13	11

EBITDA in Q3 21 came in at NOK 90,4 million (NOK 78,0 million). The increase in EBITDA is mainly due to increased capacity following the delivery of the newbuilds MS Reisa in Q1 and MS Kristiansund in Q2.

After the end of the quarter, Frøy announced that it has entered into a memorandum of agreement (“MOA”) for the sale of the wellboat MS Veidnes built in 2002. The agreement is described in the section “Events after the close of the quarter”.



Service

Financial results

Revenues in Q3 21 amounted to NOK 208,0 million vs. NOK 212,3 in Q3 20. Revenues from fixed contracts and framework agreements increased with approx. NOK 36 million, while spot revenues were reduced by approx. 43 million. The change in revenue mix was a result of the increased volume of framework agreements and time charter contracts combined with less capacity available for spot work.

At the end of the quarter Frøy had 49 service vessels in operation, which is 5 less than in Q3 20. Four small and old service vessels were sold during August and September 2021 as a part of the Company's ongoing fleet renewal programme.

EBITDA in Q3 21 amounted to NOK 87,1 million vs. Q3 20 of NOK 105,2 million. High activity within framework agreements with lower margins than spot work and increased operating costs impacted EBITDA in the quarter. The increased cost level Q3 21 vs. Q3 20 mainly related to increased number of employees following the ramp up of capacity in 2H 21.

The activity level increased from Q2 21 to Q3 21 in accordance with the normal seasonal pattern.

Increasing sea temperatures during summer led to increased demand, especially, within cleaning of nets and cages. Demand for delousing services picked up beginning of Q3 21 and remained high during the quarter.

(NOK 1,000,000)	Q3 21	Q3 20
Contract revenues	88,3	75,6
Framework agreements	87,1	63,7
Spot	19,2	62,4
Fuel and other re invoiced costs	7,7	14,2
Other	5,7	-3,6
Total revenues	208,0	212,3
EBITDA	87,1	105,2
EBITDA %	42 %	50%
Number of large service vessels	11	12
Number of small service vessels	38	42

All large service vessels, except for one, are booked on fixed time charter contracts throughout 2021.



Sea transport

Financial results

Revenues in Q3 21 amounted to NOK 36,1 million vs. NOK 30,9 million in Q3 20. The increase in revenue Q3 21 vs. Q3 20 is a result of increased capacity following the entry of the new vessel MS Folla in Q1 21. EBITDA in Q3 21 amounted to NOK 13,4 million (NOK 12,6 million).

Frøy had 4 vessels in operation at the end of the quarter. The vessels MS Folla, MS Rotsund and MS Rubin all operated on time charter contracts for transport of feed. The fourth vessel, MS Safir, operated in the spot market.

(NOK 1,000,000)	Q3 21	Q3 20
Contract revenues	18,2	18,1
Framework agreements	0,8	-
Spot	17,1	12,5
Fuel and other invoiced costs	0,0	0,2
Other	-0,1	-
Total revenues	36,1	30,9
EBITDA	13,4	12,6
EBITDA %	37 %	41 %
Number of vessels	4	4

As disclosed in the Q2 21 report, Frøy signed three contracts for transport of feed and frozen seafood during Q3 21. Going forward Frøy has contracts that cover work for two vessels until 2024. In addition, one vessel is booked on a fixed contract until 2022.

After the end of Q3 21, the contract for the vessel MS Rotsund was extended by 6 months. The fixed contract period for transport of feed was extended from May 2022 to November 2022.

After the end of Q3 21 Frøy entered into an agreement for the sale of the vessel MS Safir. Subject to completion of the transaction, Frøy expects to record a gain from the sale of the vessel of approx. NOK 3 million in Q4 21. The agreement is described in the section "Events after the close of the quarter".

Investments

Wellboat: As of 30.09.21 Frøy had four remaining wellboats under construction.

MS Åsværffjord, the last vessel being built at Havyard shipyard was delivered at the beginning of November 2021, approx. one month later than planned.

MS Gåsø Høvding, built at Sefine shipyard in Turkey, is expected to be delivered from yard mid-November 2021, approx. two months later than planned.

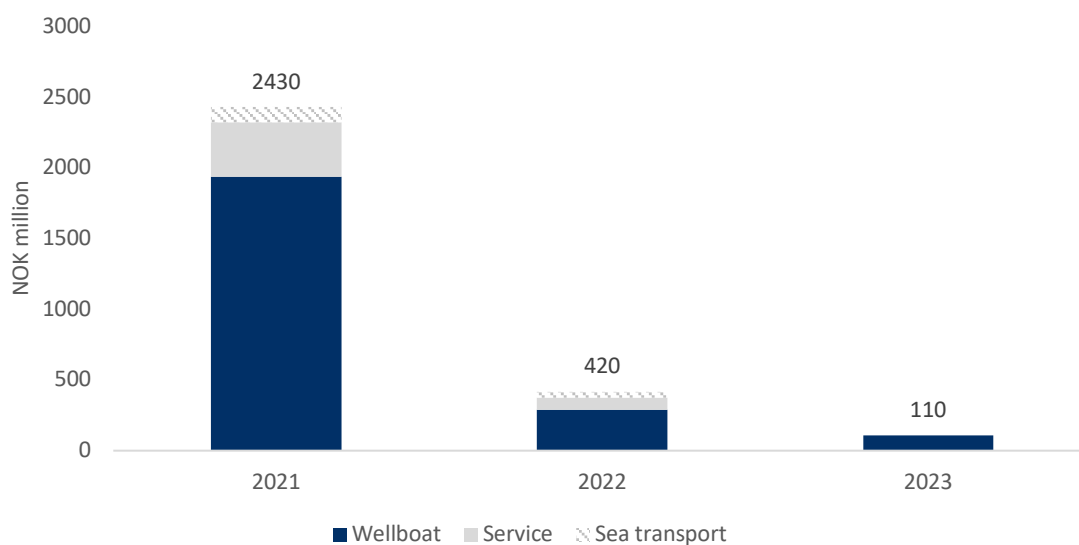
MS Gåsø Odin, built at Sefine shipyard in Turkey, is two months delayed vs. the planed delivery date. The delivery is now expected to take place during Q3 2022.

The last newbuild is scheduled to be delivered summer 2023.

Service: As of 30.09.21 Frøy had 7 service vessels under construction or rebuilding. The specialized delousing vessel Frøy Challenger is expected to be delivered during Q4 21. Three smaller service vessels are scheduled for delivery during Q4 21, while one large service vessel and two net cleaning vessels are scheduled for delivery during Q1 22.

Sea transport: Frøy plans to rebuild the multi-purpose fish feed and frozen seafood cargo vessel Folla during Q2 22. Total capex related to the rebuilding is expected to be approx. NOK 46 million.

Total investments 2021-2023 related to the newbuild program is estimated to approx. NOK 2.9 billion.



Financing

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

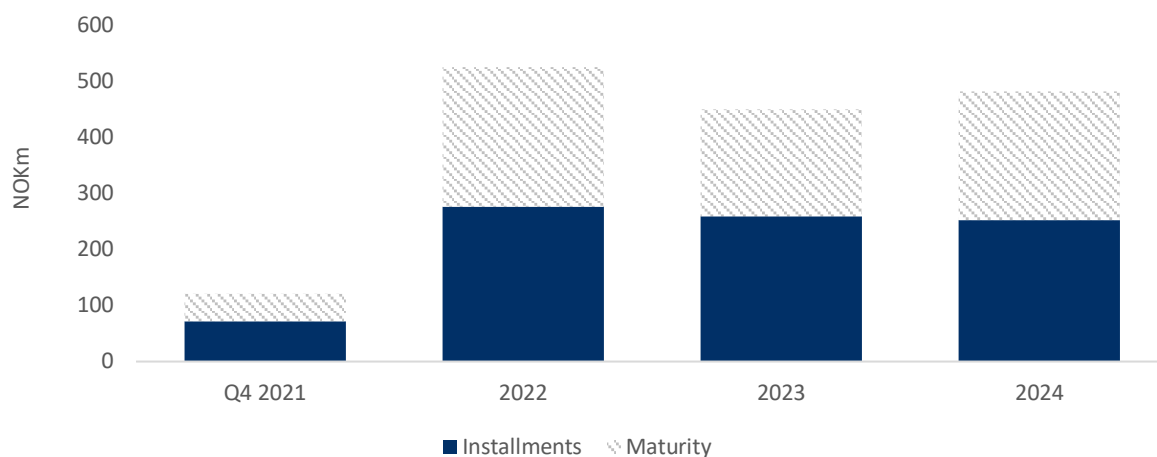
Wellboats: All vessels in the newbuild program are funded by long term bank loans. The loan to value on the vessels is approx. 80%.

Service: The Company finance smaller service vessels through leasing facilities, while large service vessels are financed with long term bank facilities. All newbuilds under construction are fully financed by debt and equity.

Frøy has 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 Q3 2022 and 2023 respectively. In addition, the Group has a principal amount of NOK 385 million on fixed rate contracts today.

Bank debt - repayment schedule

The repayment profile on the bank debt is shown for the period Q4 2021 to 2024 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 in that it provides an indication of the amount of committed activity in the coming period.

Total backlog

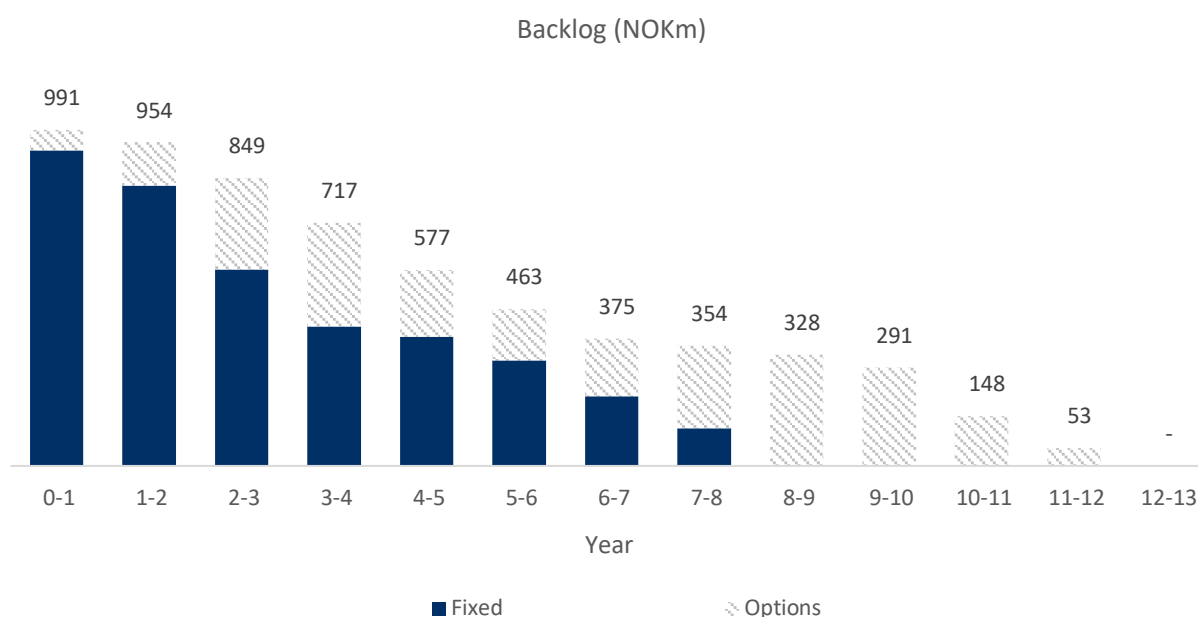
- As of 30.09.21 the total backlog amounted to NOK 6.1 billion including options, down NOK 0.2 billion vs. 30.06.21

Fixed backlog

- Total fixed revenue commitments of close to NOK 3.8 billion

Options

- Most fixed time charter contracts include extension options
- Total options of approx. NOK 2.3 billion



Risk factors

Frøy has not identified any additional risk exposure beyond the risks described in the 2020 annual report and prospectus that was published in connection with the IPO in March 2021. Frøy operates primarily in marine environments, which represents a continual risk of damage to, loss of, or suspension of operation by the Group's vessels due to the forces of nature and climatological risk factors. Frøy is also subject to risks related to laws, regulations and market risk including interest and currency risk. Reference is made to the Outlook section of this report for other comments to Frøy's risk exposure. The spread of the corona virus and the wide range of control measures implemented to gain control of the virus still represent a risk to Frøy's operations. Frøy has implemented control procedures on board its vessels to minimize risk of outbreaks, to safeguard employees and maintain efficient service offering to clients. Frøy carefully monitors the development of the pandemic and will continue to implement measures in line with local and national advice and guidelines.

Events after the close of the quarter

In October 2021, Frøy entered into a memorandum of agreement ("MOA") for the sale of the wellboat MS Veidnes built in 2002. The agreed sales price is NOK 106 million. Completion of the transaction is expected to take place during December 2021. Subject to completion, Frøy expects to record a gain from the sale of the vessel of approx. NOK 50 million in Q4 2021. MS Veidnes has operated in the spot market for the majority of 2021 and the sale is in line with the Company's strategy of maintaining a modern fleet of vessels with long term contracts. The vessel is sold to a salmon farmer outside of Norway.

After the end of the quarter, Frøy also signed an agreement for the sale of the feed transport vessel Safir. Frøy expects to book gain from the sale of the vessel of approx. NOK 3 million in Q4 21.

On October 21, Frøy announced that CFO in Frøy Arne Rødsjø has decided to step down from his position. Tore Helgesen will take up the position as interim CFO until a permanent solution is found. Mr. Rødsjø will assist with the transition.

On November 11, Frøy announced that Tonje Foss has been named the Company's new CEO from Q1 2022. She succeeds Helge Gåsø, who founded the Company in 1997 and has served as CEO since that time. Helge Gåsø has indicated that he is open and ready to join the Board of Directors of Frøy at the earliest convenience.

Outlook

Frøy expect to see sustained high demand for its safe, sustainable, and cost-effective salmon farming solutions. The underlying market trends with more complex operations and need for specialized personnel and infrastructure are expected to continue to drive growth in demand.

In the service segment, Frøy has multiple ongoing negotiations and opportunities for potential new agreements. In the wellboat segment Frøy has received several requests for new capacity. Going forward, Frøy has limited available capacity to offer, as most vessels are booked on long term agreements. To meet the sustained high demand, Frøy has decided to place orders for two new wellboat newbuilds and two new large service vessels, in addition to the previously communicated newbuilding programme. Frøy expect the vessels to receive long term time charter contracts well in advance of the scheduled delivery dates. Total capex for the newbuilds is currently estimated to approx. NOK 1.1 billion, which is to be confirmed when the newbuild contracts are signed.

Q4 21 is expected to be a busy operational quarter with several new vessels coming into operation. In the coming quarter, Frøy plan to take delivery of two new wellboats, three smaller service vessels and the specialized delousing vessel Frøy Challenger. Key focus will be to get the new vessels smoothly into operations and to execute on the committed growth plan.

Distributing dividends to shareholders is an essential part of Frøy's financial strategy. The ambition is to pay a dividend based on the 2021 results. The Group's dividend policy states that a dividend of minimum 50% of net profit shall be paid when the Group expect that the financial gearing, on fully invested basis, is at or below NIBD/EBITDA 3.5x and the Group has sufficient liquidity to meet future obligations. The Board of Directors will announce the proposed capital allocation in connection with the Q4 results.

Frøya, 11 November 2021

Dagfinn Eliassen
Board Member

Svein Sivertsen
Chairman of the Board

Harry Asmund Bøe
Board Member

Anne Sofie Utne
Board Member

Helge Gåsø
CEO

Hege Aasen Veiseth
Board Member

Consolidated statement of comprehensive income

Frøy ASA

(NOK 1,000,000)	Note	Q3 21	Q3 20	YTD 21	YTD 20	2020
Revenue		451,7	417,0	1 219,2	933,4	1 327,9
Other income	3	5,6	-3,6	6,5	0,2	4,5
Total revenue		457,3	413,3	1 225,7	933,7	1 332,5
Direct expenses (goods/services delivered)		46,2	63,4	137,6	156,3	193,6
Employee benefit expenses		137,7	116,3	370,2	260,3	375,8
Other operating expenses		85,0	53,9	286,6	169,1	248,7
Depreciation		78,6	65,4	224,4	152,3	224,1
Operating profit		109,8	114,3	207,0	195,6	290,2
Financial income		3,0	1,5	5,3	2,7	2,7
Financial expenses		21,4	17,5	67,2	50,3	68,2
Share of profit (loss) from associates		-	-	-1,1	-	0,1
Gain/loss on shares at fair value		-	-256,8	-	88,9	25,6
Profit (loss) before tax		91,4	-158,5	144,0	236,8	251,1
Taxes		7,3	7,3	9,0	13,8	21,0
Profit (loss) for the period		84,2	-165,8	135,0	223,1	230,0
Profit or loss for the period attributable to:						
Equity holders of the parent		84,2	-172,1	135,0	206,7	191,3
Non-controlling interests		-	6,3	-	16,3	38,7
Total		84,2	-165,8	135,0	223,1	230,0
Other comprehensive income						
Net gain (loss) on cash flow hedges		4,1	-0,6	12,3	-21,3	-13,9
Total comprehensive income for the period		88,2	-166,4	147,3	201,8	216,1
Total comprehensive income for the period attributable to:						
Equity holders of the parent		88,2	-172,7	147,3	185,4	177,4
Non-controlling interests		-	6,3	-	16,3	38,7
Total		88,2	166,4	147,3	201,8	216,1
Basic earnings per share (NOK)		1,0		1,6		

Consolidated statement of financial position

Frøy ASA

(NOK 1,000,000)	Note	30.09.2021	30.09.2020	31.12.2020
ASSETS				
Non-current assets				
Goodwill		687,6	687,4	687,4
Vessels, property, plant and equipment		4 793,1	3 577,8	3 617,5
Right-of-use assets	4	437,8	542,1	536,4
Pension assets		3,1	1,2	7,5
Investments in associates		24,9	25,8	24,7
Other financial assets		4,8	1 522,0	4,8
Total non-current assets		5 951,4	6 536,3	4 878,4
Current assets				
Inventory		11,7	9,3	8,2
Trade receivables		202,3	193,9	156,2
Other receivables		45,9	49,2	49,1
Cash and cash equivalents		744,9	87,0	148,8
Total current assets		1 004,8	339,4	362,3
TOTAL ASSETS		6 956,2	6 695,6	5 240,7
EQUITY AND LIABILITIES				
Equity				
Paid-in equity				
Share capital		86,3		70,0
Share premium		2 283,8		1 328,6
Total paid-in equity		2 370,1		1 398,5
Other equity		662,7	789,0	547,3
Total retained earnings		662,7	789,0	547,3
Non-controlling interests		-	100,5	25,6
Total equity		3 032,8	889,5	1 971,4
Non-current liabilities				
Non-current interest-bearing liabilities		2 869,9	1 857,3	1 831,7
Non-current lease liabilities	4	284,0	413,4	371,6
Other non-current liabilities		3,7		
Deferred tax liabilities		36,8	30,8	22,5
Total non-current liabilities		3 194,3	2 301,6	2 225,7
Current liabilities				
Current interest-bearing liabilities		389,3	542,0	648,7
Current lease liabilities	4	93,6	108,7	103,5
Loan to related parties		-	2 628,2	1,0
Trade payables and other current liabilities		242,9	216,4	281,7
Taxes payable		3,2	9,3	8,6
Total current liabilities		729,1	3 504,6	1 043,5
Total liabilities		3 923,4	5 806,1	3 269,2
TOTAL EQUITY AND LIABILITIES		6 956,2	6 695,6	5 240,7

Consolidated statement of cash flows

Frøy ASA

(NOK 1,000,000)	Note	Q3 21	Q3 20	YTD 21	YTD 20	2020
Cash flows from operating activities						
Profit or loss before tax		91,4	158,5	144,0	236,8	251,1
Income taxes paid				-4,7	-11,0	-11,2
Gain/loss on disposal of property, plant and equipment	3	5,6	-3,6	6,5	0,2	4,5
Gain/loss on shares at fair value		-	256,8	-	-88,9	-
Gain/loss on disposal of financial assets						-26,2
Depreciation and impairment		78,6	65,4	224,4	152,3	224,1
Finance income		-3,0	-1,5	-5,3	-2,7	-28,3
Finance expenses		21,4	17,5	67,2	50,3	68,2
Changes in working capital		18,2	-51,1	-90,7	-26,7	139,8
Other changes		16,2	-95,7	121,9	-27,7	
Net cash flows from operating activities		228,4	220,7	463,3	282,7	622,0
Cash flows from investing activities						
Purchase of property, plant and equipment		-123,0	-119,7	-1 343,0	-280,7	-440,2
Purchase of financial assets		-	-	-	-1,8	-1,8
Purchase of intangible assets		-	-	-0,3	-	-
Acquisition of subsidiary, net of cash		-	-	-	55,3	55,2
Acquisition of non-controlling interest		-	-	-86,0	-	-58,5
Proceeds from investments in financial assets		-	-	2,7	-	-
Proceeds from sale of property, plant and equipment		0,8	18,7	0,6	22,7	38,9
Dividends		-	-	-	-	-
Interest received		-	-	-	-	0
Net cash flow from investing activities		-122,2	-101,0	-1 425,9	-204,6	-405,9
Cash flow from financing activities						
Proceeds from borrowings		0,4	10,8	1 544,4	191,6	323,2
Repayment of borrowings		-65,9	-51,1	-819,9	-125,7	-174,0
Issue of Share Capital			-	1 000	-	-
Transaction cost		-2,3	-	-28,4	-	-
Payments for the principal portion of the lease liabilities	4	-24,8	-33,4	-75,1	-66,5	-98,3
Interest paid		-18,4	-16,0	-61,9	-47,6	-68,2
Payments of dividends			-	-0,6	-50,0	-50,0
Net cash flow from financing activities		-110,9	-89,7	1 558,5	-98,2	-67,3
Net change in cash and cash equivalents		-4,8	30,0	595,9	-20,0	148,8
Cash and cash equivalents, beginning of period		749,7	57,0	149,0	107,0	0
Cash and cash equivalents, end of period		744,9	87,0	744,9	87,0	148,8

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 01.01.2021	70,0	1 328,6	1 398,5	563,1	-15,8	547,3	25,6	1 971,4
Profit or loss for the period			-	135,0		131,4	-	135,0
Other comprehensive income			-		12,3	12,3	-	12,3
Total comprehensive income	-	-	-	135,0	12,3	147,3	-	147,3
Acquisition of non-controlling interest				-1,9		-1,9	-25,6	-27,5
Issue of Share Capital	16,4	983,6	1 000,0			-		1 000,0
Transaction cost		-28,4	-28,4			-		-28,4
Group Contribution				-30,0		-30,0		-30,0
At 30 September 2021	86,3	2 283,8	2 370,1	666,2	-3,5	6562,7	0	3 032,8
At 31.12.2019	-	-	-	-	-	-	-	-
Profit or loss for the period			-	206,7		206,7	16,3	223,1
Other comprehensive income			-		-21,3	-21,3		-21,3
Total comprehensive income	-	-	-	206,7	-21,3	185,4	16,3	201,8
Acquisition of a subsidiary			-			603,6	16,3	619,9
Acquisition of non-controlling interest			-				68,4	68,4
Dividends paid to minority in subsidiary			-				-0,6	-0,6
At 30 September 2020	-	-	-	206,7	-21,3	789,0	100,5	889,5

Notes

NOTE 1: General information and significant accounting policies

The consolidated financial statements of the Group for Q3 21 were authorised for issue in accordance with a resolution of the Board of Directors on 11 November 2021. 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 2020. The financial report for third quarter 2021 is unaudited. Frøy has not applied any new standards or interpretations after 1 January 2021 that have a significant impact on the Group's accounts.

Presentation currency and functional currency

The consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the functional currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

NOTE 2: Operating segments

The Group operates within three main segments: wellboats, service and sea transport. The remaining of the Group's activities and business are shown in "Elimination and non-allocated" column below. These activities are mainly related to the administrative and financial components of the entity's revenue generating segments.

Q3 21 (NOK 1,000,000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	130,1	88,3	18,2		236,6
Framework agreements	12,7	87,1	0,8		100,6
Spot	41,6	19,2	17,1	1,7	79,6
Fuel and other invoiced costs	27,1	7,7	0,0		34,9
Other		5,7	-0,1		5,6
Total revenues	211,5	208,0	36,1	1,7	457,3
Depreciation	37,3	32,7	5,2	3,5	78,6
Operating costs	121,1	120,9	22,7	4,1	268,8
Operating profit	53,1	54,4	8,2	-5,9	109,9
Financial income	0,1	0,6	1,3	1,0	3,0
Financial expenses	12,1	5,5	2,5	1,3	21,4
Share of profit (loss) from associates	-	-	-	-	-
Earnings before tax	41,1	49,5	7,1	-6,2	91,4
Tax	-0,5	4,0	0,5	3,3	7,3
Net income	41,5	45,4	6,6	-9,4	84,2

	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Q3 20 (NOK 1,000,000)					
Contract revenue	110,0	75,6	18,1	-	203,7
Framework agreements	-	63,7	-	-	63,7
Spot	29,7	62,4	12,5	-4,5	100,1
Fuel and other invoiced costs	35,0	14,2	0,2	-	49,4
Other	-	-3,6	-	-	-3,6
Total revenues	174,7	212,3	30,9	-4,5	413,3
Depreciation	28,2	32,7	3,7	0,7	65,3
Operating costs	96,6	107,1	18,2	11,6	233,6
Operating profit	49,8	72,5	8,9	-16,8	114,4
Financial income	0,2	0,0	1,1	0,2	1,5
Financial expenses	8,8	7,5	1,7	-0,5	17,5
Gain/Loss shares at fair value				-256,8	-256,8
Earnings before tax	41,2	65,0	8,3	-273,0	-158,5
Tax	-	7,7	-	-0,3	7,3
Net income	41,2	57,4	8,3	-272,6	-165,8

	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
YTD 21 (NOK 1,000,000)					
Contract revenue	366,0	245,3	38,2		649,5
Framework agreements	33,7	211,6	0,8		246,1
Spot	86,3	65,2	55,7	1,6	208,7
Fuel and other invoiced costs	100,0	13,9	1,0		114,9
Other	-	6,6	-0,1		6,5
Total revenues	586,0	542,5	95,6	1,6	1 225,7
Depreciation	103,0	102,7	14,8	3,8	224,4
Operating costs	353,1	355,4	73,2	12,7	794,4
Operating profit	129,8	84,5	7,6	-15,0	207,0
Financial income	0,5	1,6	1,7	1,4	5,3
Financial expenses	35,8	19,4	7,1	4,8	67,2
Share of profit (loss) from associates	-	-	-1,1	-	-1,1
Earnings before tax	94,5	66,8	1,1	-18,4	144,0
Tax	-	8,0	-	0,9	9,0
Net income	94,5	58,8	1,1	-19,3	135,0

YTD 20 (NOK 1,000,000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	293,0	146,6	41,5	-	481,1
Framework agreements	-	107,7	-	-	107,7
Spot	76,7	118,3	37,9	3,0	235,9
Fuel and other invoiced costs	81,0	26,2	1,6	-	108,8
Other	-	0,2	-	-	0,2
Total revenues	450,7	399,0	81,1	3,0	933,7
Depreciation	72,1	68,2	11,5	0,5	152,3
Operating costs	291,7	216,0	60,5	17,6	585,8
Operating profit	86,8	114,8	9,1	-15,1	195,6
Financial income	0,3	0,0	1,9	0,5	2,7
Financial expenses	27,0	15,9	7,0	0,4	50,3
Gain/loss on shares at fair value	-	-	-	88,9	88,9
Earnings before tax	60,1	98,9	4,0	74,0	236,9
Tax	-0,0	14,8	-	-1,0	13,8
Net income	60,0	84,1	4,0	75,0	223,1

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 the booked value of the asset.

Other income (NOK 1,000,000)	30.09.2021	30.09.2020
Gain related to sale of PP&E	5,6	-3,6
Other	-	-
Total other income	5,6	-3,6

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

The Group's leased assets Q3 21

The Group leases several assets, mainly service vessels. Leases of land and buildings generally have lease terms between 5 and 10 years, while motor vehicles and other equipment generally have lease terms between 3 and 7 years.

Right-of-use assets (NOK 1,000,000)	Service boats	Land and buildings	Other machines and equipment	Total
Carrying amount 01.01.2021	415,7	16,7	104,0	536,4
Additions	28,7		45,1	73,8
Depreciations	-27,4	-3,6	-28,5	-59,6
Termination of contracts	-96,1			-96,1
Gains and losses	-16,7			-16,7
Carrying amount 30.09.2021	304,1	13,1	120,6	437,8
Remaining lease term or useful life	10 years	5-10 years	3-7 years	
Depreciation plan	Straight-line			

The Group's lease liabilities Q3 21

Changes in the lease liabilities (NOK 1,000,000)	Total
Total lease liabilities at 01.01.2021	475,1
New leases recognised during the period	73,8
Total cash payments for lease liabilities	-85,9
Interest expense on lease liabilities	10,7
Termination of contracts	-96,1
Total lease liabilities at 30.09.2021	377,6
Current lease liabilities in the statement of financial position	93,6
Non-current lease liabilities in the statement of financial position	284,0
Total cash outflow during the period	-85,9

The Group's leased assets Q3 20

Right-of-use assets (NOK 1,000,000)	Service boats	Land and buildings	Other machines and equipment	Total
Carrying amount 01.01.2020	0	9,8	0	9,8
Additions	459,9	11,3	132,9	604,1
Depreciations	-17,7	-3,1	-15,4	-36,2
Termination of contracts	-16,3		-18,1	-34,4
Gains and losses	-0,6		-0,5	-1,1
Carrying amount 30.09.2020	425,2	18,0	98,9	542,1
Remaining lease term or useful life	10 years	10 years	3-5 years	
Depreciation plan	Straight-line			

The Group's lease liabilities Q3 20

Changes in the lease liabilities (NOK 1,000,000)	Total
Total lease liabilities at 01.01.2020	9,8
New leases recognised during the period	74,7
New leases recognised during the period from acquisitions	529,4
Total cash payments for lease liabilities	-66,5
Interest expense on lease liabilities	9,5
Termination of contracts	-34,4
Total lease liabilities at 30.09.2020	522,5
Current lease liabilities in the statement of financial position	108,7
Non-current lease liabilities in the statement of financial position	413,4
Total cash outflow during the period	-66,5

NOTE 5: Related party transactions

All transactions within the Group or with other related parties are based on the principle of arm's length. The following overview provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

Current trade and other receivables to related parties:

Frøy Sjøtransport AS, related party to CEO Helge Gåsø: NOK 0,01 million

Mix and match AS, related party to CEO Helge Gåsø: NOK 0,003 million

Sales to related parties:

Salmonor AS (entity under common control): NOK 0,86 million

Norway Royal Salmon ASA (entity under common control): NOK 5,77 million

Midt-Norsk Havbruk AS (entity under common control): NOK 16,59 million

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

Siholmen AS, related party to CEO Helge Gåsø: NOK 0,3 million

Frøy Utvikling AS, related party to CEO Helge Gåsø: NOK 0,04 million

Frøy Sjøtransport AS, related party to CEO Helge Gåsø: NOK 0,08 million

SS Invest, related party to board member Harry Bøe: NOK 0,44 million

Midt-Norsk Havbruk AS (entity under common control): NOK 0,02 million

NTS ASA (parent company): NOK 0,37 million

NOTE 6: Major shareholders as of 30.09.21

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 Fondsinans 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 %

At the end of the quarter Frøy ASA had 86 348 605 shares outstanding and 4 557 shareholders.

NOTE 7: Overview of commitments related to the newbuild program

Frøy's ongoing newbuild program consists of new vessels and rebuilding of vessels in the wellboat and service segment. In the wellboat segment the newbuild program consists of 6 wellboats, where two vessels have been delivered in first half of 2021, two more are scheduled for delivery in 2H 2021, one in 2022 and one in 2023.

In the service segment the newbuild and rebuild program consists of nine vessels under construction and rebuilding where two have been delivered, seven are scheduled for delivery in 2021 and one in 2022.

(NOK 1,000,000)	2021	2022	2023
Wellboat	1 937	290	110
Service	385	85	
Sea transport	108		
Total	2 430	375	110

The sea transport vessel Folla was acquired in Q1 21 and the Company is planning to rebuild the vessel in 2022 (please see the section "investments" for more information). The rebuilding of Folla is not included in the overview as it is not yet committed.

NOTE 8: Financial instruments

At the end of the quarter the Group had three interest rate swap agreements qualifying and booked as cash flow hedges. The fair value of the agreements is calculated as the discounted value of the derivatives future cash flows with the market rate as of 30.09.21. In addition, Frøy has entered into fixed interest rate swaps until 2030 for two facilities totalling NOK 860 million related to the two wellboats that are expected to be delivered Q3 2022 and 2023 respectively.

(NOK 1,000,000)	30.09.2021	31.12.2020
Fair value of interest rate swap / booked value	3,0	15,3

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 aforementioned 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 gain on sale of assets, 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 Q1 21 adjustment include costs related to the IPO and NOK 1 000 million equity raise.

Reconciliation of adjusted EBITDA

(NOK 1,000,000)	Q3 21	Q3 20	YTD 21	YTD 20
Total revenue	457,3	413,3	1 225,7	933,7
Direct expenses	46,2	63,4	137,6	156,3
Employee benefit expenses	137,7	116,3	370,2	260,3
Other operating expenses	85,0	53,9	286,6	169,1
EBITDA	188,4	179,7	431,3	347,9
Less gain on sale of assets	5,6	-3,6	6,5	0,2
IPO costs	0	0	8,0	0
Adjusted EBITDA	182,8	183,4	432,9	347,7

EQUITY RATIO

Equity ratio is defined as total equity divided by total assets. Equity ratio is used by the management to measure the Group's solidity.

(NOK 1,000,000)	30.09.2021	30.09.2020
Equity	3 032,8	889,5
Total equity and liabilities	6 956,2	6 695,6
Equity ratio	44 %	13 %

Net interest-bearing debt

Net interest-bearing debt is defined as non-current interest-bearing liabilities + non-current lease liabilities + current interest-bearing liabilities + current lease liabilities – cash and cash equivalents

(NOK 1,000,000)	30.09.2021	30.09.2020
Non-current interest-bearing liabilities	2 869,9	1 857,3
Non-current lease liabilities	284,0	413,4
Current interest-bearing liabilities	389,3	542,0
Current lease liabilities	93,6	108,7
Cash and cash equivalents	744,9	87,0
Net interest-bearing debt	2 891,9	2 834,5

ROE- Return On Equity

Return on equity (ROE) calculated as net profit last 12 months / average equity. ROE is used by the management to measure the Group's profitability. Net profit is calculated excluding gain/loss on shares owned in Norway Royal Salmon in 2020.

(NOK 1,000,000)	30.09.2021	30.09.2020
Equity	3 032,8	889,5
Net profit last 12 months	227,2	
ROE	12 %	

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 lease payments (lease revenues) under non-cancellable operating leases as of 30.09.2021 are, as follows:

Future minimum lease and customer revenues (NOK 1,000)	30.09.2021	30.09.2020*
0 to 1 years	930 018	
- Lease revenue share	544 859	290 465
- Customer contract share	385 159	
1 to 2 years	826 365	
- Lease revenue share	502 262	258 928
- Customer contract share	324 103	
2 to 3 years	578 963	
- Lease revenue share	358 401	223 770
- Customer contract share	220 562	
3 to 4 years	411 538	
- Lease revenue share	256 057	178 506
- Customer contract share	155 481	
4 to 5 years	380 734	
- Lease revenue share	236 614	123 453
- Customer contract share	144 120	
More than 5 years	629 333	
- Lease revenue share	397 183	397 394
- Customer contract share	232 150	
Total lease and customer contract	3 756 950	
Total lease revenue share	2 295 375	1 472 515

* For 2020 only the lease revenue share is shown