ANNUAL REPORT 2021

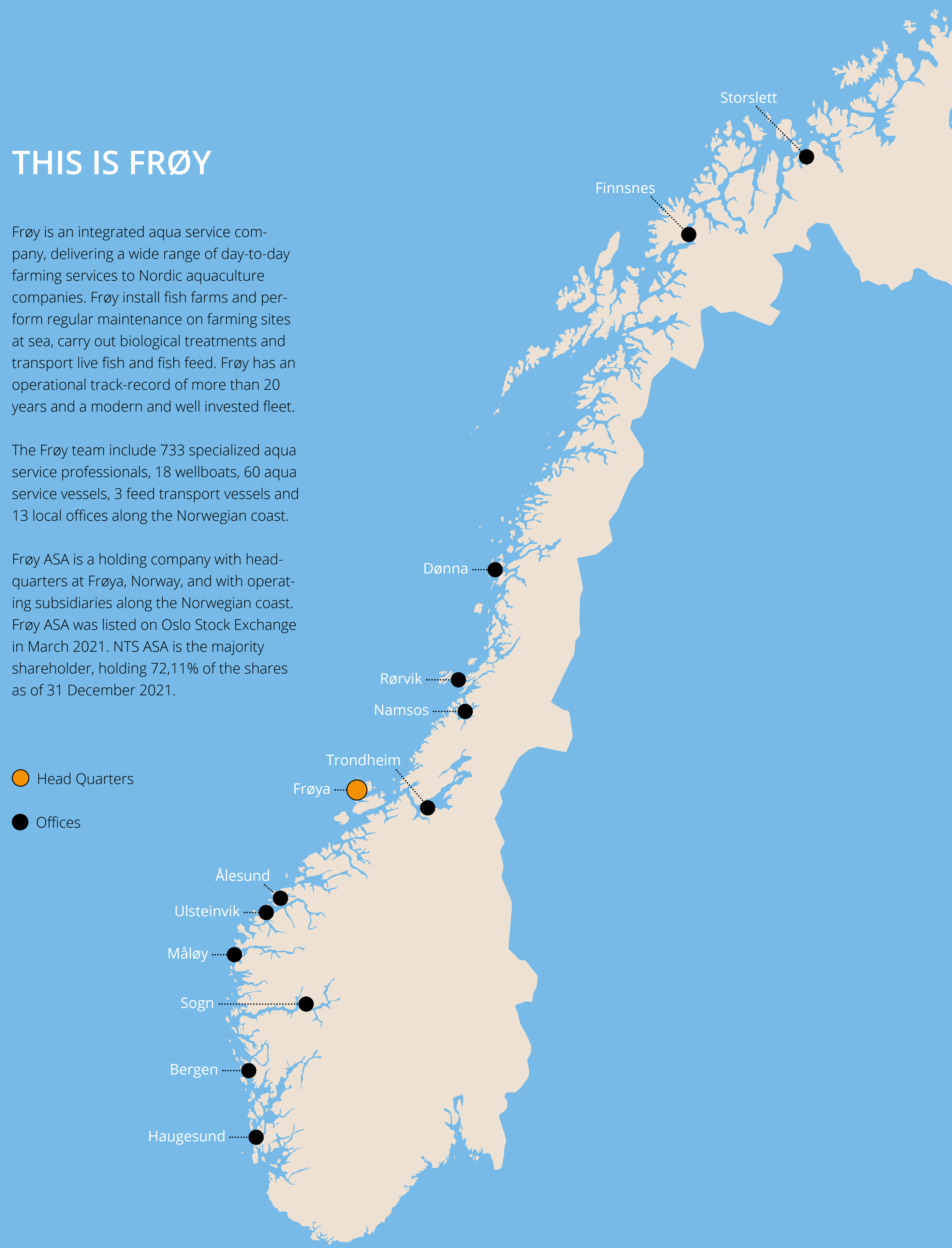
CONTENTS

THIS IS FRØY

Frøy is an integrated aqua service company, delivering a wide range of day-to-day farming services to Nordic aquaculture companies. Frøy install fish farms and perform regular maintenance on farming sites at sea, carry out biological treatments and transport live fish and fish feed. Frøy has an operational track-record of more than 20 years and a modern and well invested fleet.

The Frøy team include 733 specialized aqua service professionals, 18 wellboats, 60 aqua service vessels, 3 feed transport vessels and 13 local offices along the Norwegian coast.

Frøy ASA is a holding company with headquarters at Frøya, Norway, and with operating subsidiaries along the Norwegian coast. Frøy ASA was listed on Oslo Stock Exchange in March 2021. NTS ASA is the majority shareholder, holding 72,11% of the shares as of 31 December 2021.



LETTER FROM THE CEO

Dear fellow shareholders

We are pleased to present Frøy's first annual report as a listed company and our first report that address our material economic, environmental, and social impacts. Delivering solutions that improve fish welfare, reduce the risk of escapes and improves efficiency in operations for the aquaculture industry has been at the core for Frøy for more than 20 years. Taking good care of the fish and our people are our key priorities. Both are prerequisites to operate and key drivers for our growth. This annual report marks the first step towards a structured reporting on how we integrate sustainability into our business strategy.

Looking back on 2021, it was a year of great changes to our organization and to our fleet. The integration of Frøy and the former NTS wellboat and sea transport companies brought together two of the global leading competence hubs within aqua services. It also gave Frøy a broad footprint all along the Norwegian coastline. With the capital raised in the IPO we have a sound financial platform that gives us flexibility to continue building towards our mission – to be the leading and preferred provider of sustainable aqua services.

Going into 2022 we will continue to grow our fleet based on long term contracts with fish farmers. 10 newbuilds are scheduled to be delivered in the next two years, substantially increasing our earnings capacity, strengthening our efficiency and competitiveness.

A critical pillar for maintaining a sustained position as a leading and preferred provider to fish farmers is to continuously reduce our carbon footprint. All Frøy wellboat newbuilds ordered after 2019 have been equipped with either diesel electric, hybrid electric propulsion systems and/or battery packages. Frøy will continue working on reducing our carbon footprint in the years to come.

Frøy will also accelerate its use and focus on digital solutions and data to reduce costs and improve efficiency. Leveraging digital solutions to efficiently share best practice across vessels, teams and segments is a significant opportunity. Frøy has a unique competence platform with 733 dedicated aqua service professionals that specialize in fish welfare and efficient operations. Collecting and making use of data to support our teams on site may further enhance our service offering. Our people are our greatest strength, our systems shall support and strengthen our solutions to clients and our collective know-how.

On a final note, I want to thank all stakeholders for the trust you have placed in Frøy.

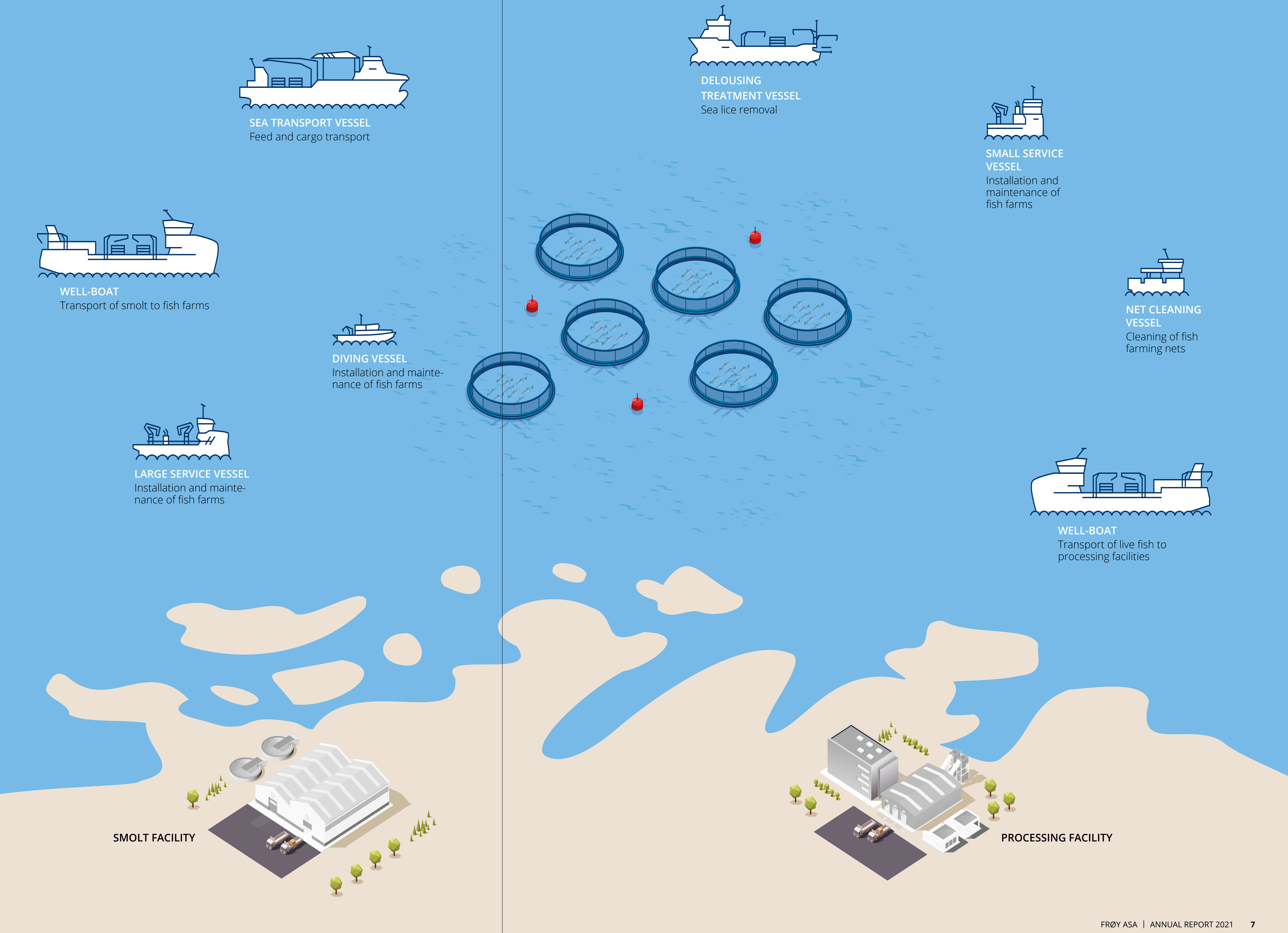
We will continue to seek ways to cement that trust. We remain optimistic about the outlook for the industry and are confident that Frøy is well positioned to deliver value for all stakeholders in the years to come.

SOLUTIONS FOR THE OCEAN SPACE

Frøy shall be a leading and preferred provider of sustainable aquaculture services. Through our expertise we shall create added value for our customers.

Frøy's vision "solutions for the ocean space" forms the basis for our business idea. Our ambition is to grow through delivering best in class solutions for fish farmers' day to day needs at sea. A key pillar to achieve this ambition is to continuously develop our service offering through efficient utilization of in house competence and innovation.

Frøy's business and service offering has gradually developed together with the industrialization of the Norwegian fish farming industry. Today, Frøy assist fish farmers throughout the full production cycle at sea. Our service offering range from installation of new farming sites, transport of live fish from smolt facilities to fish farming sites at sea, inspection and maintenance, biological treatments, transport of live fish from the farming sites to the processing facilities and disinfection of the farming site after the production cycle is finished.



OUR PEOPLE ARE OUR GREATEST STRENGTH

The Frøy team include 733 specialized aqua service professionals located all along the Norwegian coastline.

Our people are essential to successful delivery of the Frøy strategy and to sustaining business performance over time. The 733 aqua service professionals represent a unique competence platform.

Frøy develop and deliver solutions that have significant impact on fish farmers' performance and results with operations in harsh environments and with advanced heavy machinery.

Performing competitively and sustainably in the evolving aqua service landscape requires competent and empowered people working safely together. It also requires a team with complementary strengths ranging from fish welfare to risk management, technical and maritime competence. Our employees strive every day to make a difference to our customers. Close collaboration and specialist know-how is key to make that difference. ***We call it "teamwork at sea".***

Solveig Gaasø
Director Fish Welfare
26 years experience

"Frøy assist fish farmers with planning and executing complex farming operations every day. I'm impressed by all the dedicated and experienced people we have on our vessels. Their hands-on experience from farming sites all along the Norwegian coastline is unique. I work to support our local expert teams with analytics and fish health competence, making sure that we learn from our experiences and that we uniformly deliver high quality fish welfare solutions across the organization."

Linn Holmen
Director Quality & HSE
14 years experience

"Frøy operates under a range of regulatory frameworks, we are regulated by the Norwegian Maritime Authority, the Norwegian Food Safety Authority, the Directory of Fisheries, and we follow fish farmers internal operating requirements and certifications. We also comply with important industry standard such as Global G.A.P. and NS 9415:2021. Documentation of procedures, compliance and learning from deviations is key to ensure best practice, a safe workplace and to minimize the impact on our surroundings."

Kristin Sugustad
Director Maritime Staffing
2 years experience

"Frøy shall be the leading competence hub for aqua services globally. Recruitment of young talent and internal training is the backbone of Frøy's recruitment strategy.

Putting together teams with complementary strengths and experience is the best guarantee for efficient delivery of sustained high-quality services to our clients and to ensure continuation of a strong Frøy culture."

Håvard Olsen
Captain on MS Gåsø Høvding
12 years experience

"Wellboats are technologically advanced vessels where as much as 2/3 of the construction costs relates to the treatment and fish transportation systems. New technology enables us to monitor all fish coming in and out of the vessel, and to control the water quality when the fish is on board. On board Gåsø Høvding we have advanced desalination technology that allows us to produce fresh water on board the vessel. This substantially improve efficiency and reduce the costs on removal of sea lice with the use of fresh water. Handling and treatment of fish are complicated operations that requires biological, technological, and operational knowhow. The crew on board are crucial to secure good fish welfare and to reduce the risk of biological complications."

Tauri Tensing
Captain on MS Frøygutt
13 years experience
Cleaned +10.000 nets

"During the thirteen years I have been in Frøy I have witnessed many innovations in net cleaning technology. With new technology and tuning of our operational model we have reduced the cost of cleaning nets with more than 50% per m2. We are now facing a new revolution in the form of digitalization and automation. In this industry you are never fully taught, we strive to make new improvements every day."

Reidar Antonsen
Captain on small service vessel
13 years experience

"In an industry in great development in many areas, it is important for us as a service team to find solutions to new challenges that arise. We hope that our experience in the field, and the sharing of knowhow with our customers, helps to develop new standards and contribute to sustainable operations. Even though the aquaculture industry is experiencing major changes, precise work in line with the customer's requests and needs never goes out of style. Satisfied customers are and always will be a driving force for us."

Ronny Helland Grønnli
Captain on diving vessel MS Tamina
Experience: 11 years

"When I came to Frøy, the first thing I noticed was how incredibly good working environment it was among colleagues. Everyone gets along very well. This leads to the work being carried out in a more efficient way. There is also a pride in being able to deliver at least as good work as the person next to you. Diving safety has always been of utmost importance. You feel well taken care of when working underwater with competent people around."

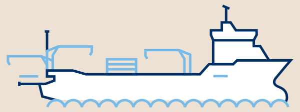
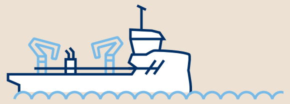
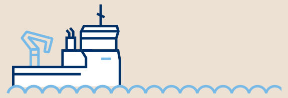
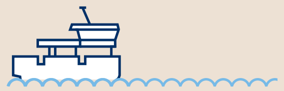
Ronny Solem
Captain on MS Rubin
11 years experience

"Back in 2011, when I started on MS Safir, we transported feed in bigbags and we used pallet lifts and trucks to load and unload the feed. Today, at MS Rubin we load/unload feed with the use of cranes to silos on board the vessel, significantly increasing speed and efficiency. MS Rubin carries approx. 80.000 tons of fish feed every year. With the DP (dynamic positioning) system on the vessel we can unload directly at the salmon farms' feed station at sea increasing efficiency and reducing costs for our clients."

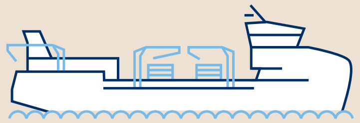
FLEET OVERVIEW

Modern and effective tools are pre-requisites to deliver efficient and sustainable solutions. Frøy has a modern and well invested fleet of vessels with large capacity which facilitates efficient operations combined with gentle fish handling. In 2019 Frøy made a strategic decision to reduce greenhouse gas emissions from its fleet by investing in more climate friendly vessels. Since 2019 all wellboat new builds have been ordered with either diesel electric or hybrid propulsion machinery. At the end of 2021, 21 % of our wellboats and cargo vessels have diesel electric or hybrid propulsion machinery installed, 80 % of our larger service vessels have diesel electric or hybrid propulsion machinery, and 3 % of our smaller service vessels have diesel electric or hybrid propulsion machinery. The goal is to increase the percentage of vessels with technology contributing to lower carbon emissions.

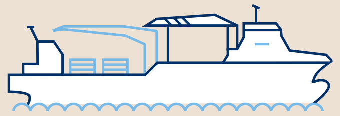
SERVICE SEGMENT

	Fleet overview	Fleet info	Key operations
	10 large service vessels (including newbuilds) Average age 4 years	Vessel length: 16-25 meters Fitted with cranes for heavy duty operations & ROV's for underwater operations Some fitted with mechanical delousing equipment	Towing and installation of new sites including mooring, nets, pens and other site infrastructure Biological treatments and removal of sea lice using mechanical or thermal delousing equipment
	3 large delousing vessels Average age 7 years (age based on rebuild date)	Vessel length: 35-80 meters Mechanical delousing equipment	Biological treatments and removal of sea lice using mechanical or delousing equipment
	20 small service vessels (including newbuilds) Average age 6 years	Vessel length: 15 meters Fitted with cranes for lighter duty operations	Installation and maintenance of sea based farming sites, including mooring, nets, pens and other site infrastructure Disinfection of sites after the end of the production cycle
	16 net cleaning vessels Average age 6 years	Vessel length: > 15 meters Fitted with single or double net cleaning ROV systems	Regular cleaning of fish farming nets to remove marine fouling is done to maintain high flow through of water and optimal living conditions for the fish
	9 diving vessels Average age 5 years	Vessel length: > 15 meters Combination of fast moving and regular diving vessels Equipped with diving equipment	Installation and maintenance of salmon farming sites, including mooring, nets, pens and other site infrastructure

WELLBOAT SEGMENT

	Fleet overview	Fleet info	Key operations
	18 wellboats1 (incl. newbuilds) Average age 6 years (owned vessels)	6 small wellboats > 2500 m3 well capacity 9 medium sized wellboats 2500-4000 m3 well capacity 3 large wellboats < 4000 m3 well capacity	Transport of live fish and biological treatments

SEA TRANSPORT SEGMENT

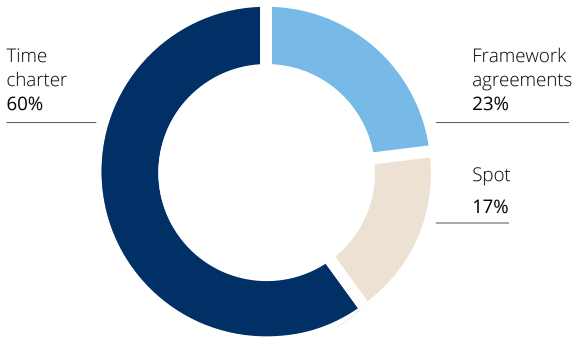
	Fleet overview	Fleet info	Key operations
	3 Sea transport vessels Average age 13 years	2500 – 3200 DWT 2 multi-purpose vessels fitted with cranes and freezing capabilities 1 specialized feed transport vessel	Transport of fish feed from feed suppliers to salmon farmers Transport of frozen seafood

REVENUE MODEL AND BACKLOG

REVENUE MODEL

Frøy offer specialized aqua service personnel and specialized aqua service vessels on a combination of long-term time charter agreements, framework agreements and spot agreements. Frøy target a high share of long-term contracts and framework agreements to maximize visibility and to reduce volatility of earnings.

2021 REVENUE SPLIT
(excluding reinvoiced costs and other revenues)



CONTRACT BACKLOG

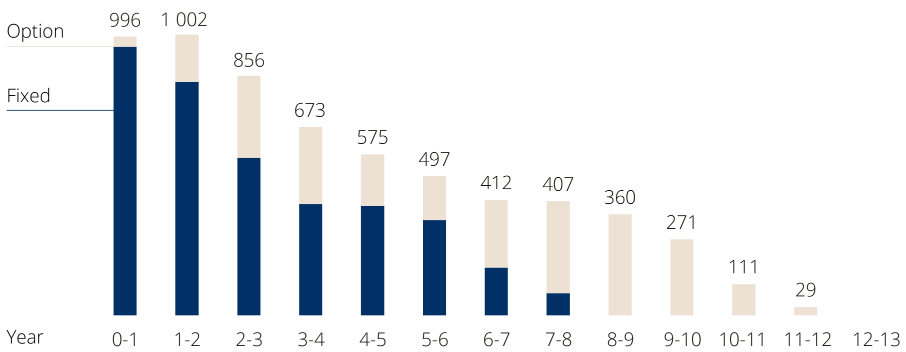
Contract backlog is defined as the aggregate value of work on signed customer contracts, including options. Framework agreements and other agreements without fixed commitments or minimum value clauses are not included in the backlog figures. Management believes that the order backlog is a useful measure in that it provides an indication of the amount of committed activity in the coming period.

Total backlog
- As of 31.12.21 the total backlog amounted to approx. NOK 6.2 billion including options

Fixed backlog
- Total fixed revenue commitments of approx. NOK 3.7 billion

Options
- Most fixed time charter contracts include extension options
- Total options of approx. NOK 2.5 billion

BACKLOG (NOKm)



OUR HISTORY

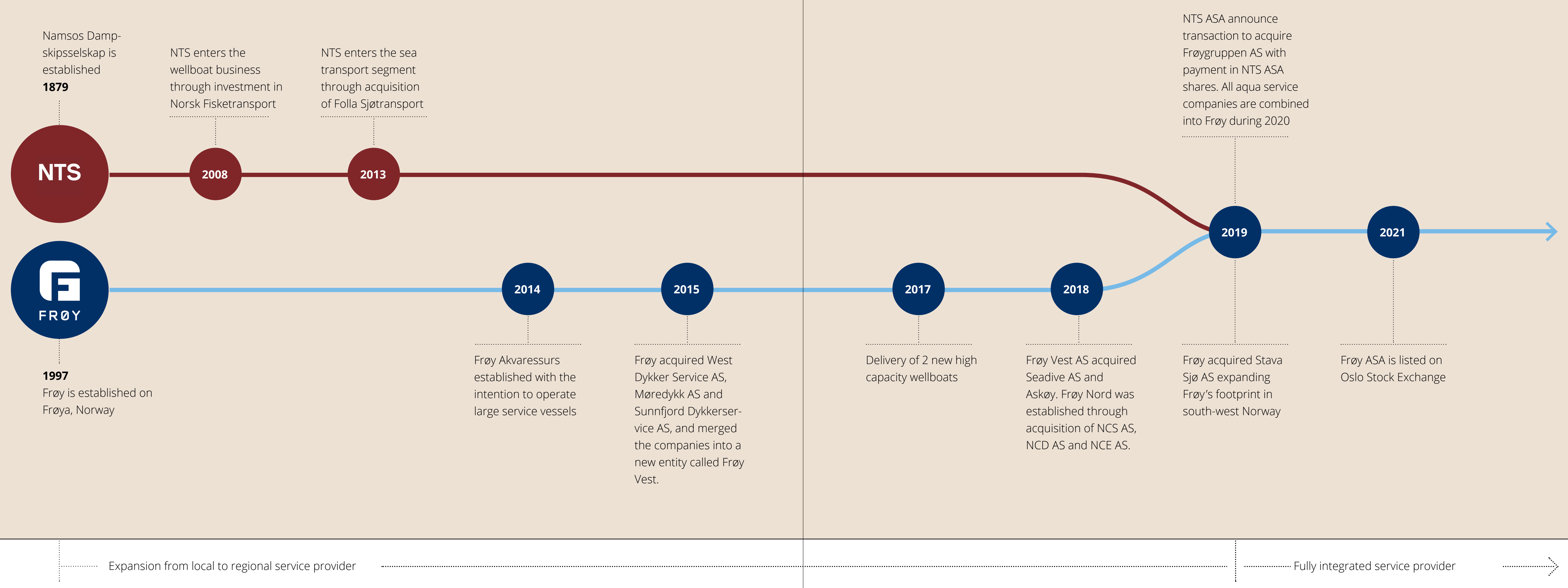
Frøy ASA was created in 2020 through a combination of the aqua service entities in NTS ASA and Frøygruppen AS.

The first Frøy company was created in 1997. Originating from the aquaculture hub around Frøya, the group expanded its operations through a combination of organic growth and M&A.

NTS ASA entered into the wellboat business in 2008 through an investment into Norsk Fisketransport AS. Norsk Fisketransport was built out of the aquaculture hub in the Namdal-Helgeland area in mid-Norway.

In 2019 Frøygruppen AS and NTS ASA announced their intention to combine, creating a leading integrated aqua service company with footprint all along the Norwegian coast.

In 2021 Frøy was listed separately at Oslo Stock Exchange.



BOARD OF DIRECTORS

SVEIN SIVERTSEN
Chairman

The Chairman of the Board, Svein Sivertsen (1951), was appointed to the Board of Directors by the extraordinary general meeting on 26 February 2021.

Mr. Svein Sivertsen has extensive experience from directorships within maritime fields, covering sectors of aquaculture, oil service, construction and shipping, amongst others. Mr. Sivertsen holds a degree in Master of Science, Chemical Engineering from the Norwegian University of Science and Technology. The directorships of Mr. Sivertsen include current positions as chairman in Aalesundfisk Holding AS and Arctic Fish (Iceland) as well as previous directorships in Axess AS, Aker Yards ASA and Hydrotech Gruppen AS. Mr. Sivertsen has also held executive positions as CEO of Fokus Bank AS and CEO of Nidar Bergene AS, as well as served as Deputy CEO of SINTEF Gruppen.

Mr. Sivertsen owns 20.000 shares in Frøy ASA.

HEGE VEISETH
Board Member

Board member Hege Veiseth (1977) was elected to the Board of Directors by the extraordinary general meeting on 26 February 2021.

Ms. Hege Veiseth has held executive financial positions in the Norwegian oil industry since 2007, and currently serves as CFO of Polaris Media ASA, entailing overall responsibility for the group's finance function with reporting to the stock exchange and group board. Ms. Veiseth's experience includes serving as IFRS Compliance Director, Group Controller and CFO of EMGS ASA. Ms. Veiseth holds several directorships in the media sector, inter alia in Polaris Media Midt-Norge AS and Polar Media Nord-Norge AS. Ms. Veiseth acquired her Master of Business Administration from Norges Handelshøyskole (2000), and, through further studies at BI Norwegian Business School became a Certified Public Accountant in 2004.

Ms. Veiseth owns 0 shares in Frøy ASA.

PAUL BIRGER TORGNES
Board member

Board member Paul Birger Torgnes (1954) was elected to the Board of Directors by the extraordinary general meeting on 23 March 2022.

Mr. Torgnes has broad seafood sector experience and extensive background from board positions and management of stock exchange listed companies, including Torghatten ASA, Fjord Seafood ASA and NorAqua AS (Today EWOS).

Mr. Torgnes is currently CEO of Fjord Marin Holding AS. In addition, Mr. Torgnes hold multiple board positions in the seafood industry, including Chairman of the Board in The Norwegian Seafood Federation, Aquaculture Innovation and Campus Blue.

Trøndelag Helgeland Invest AS and Torghatten Aqua AS, close associates to Paul Birger Torgnes owns 702.011 and 570.000 shares in Frøy ASA respectively.

IVAR SIGMUND WILLIKSEN
Board member

Board member Ivar Sigmund Williksen (1960) was elected to the Board of Directors by the extraordinary general meeting on 23 March 2022.

Mr. Williksen is currently CEO of Vikna Invest AS and board member in Salmonor AS. Mr. Williksen has previously served as board member in Frøy's subsidiary Norsk Fisketransport AS and has broad experience from management and board of stock exchange listed companies.

Vikna Invest AS, a close associate to Ivar Sigmund Williksen owns 200 shares in Frøy ASA.

LINDA JOHNSEN
Board member

Mrs. Johnsen has 20 years of experience from tax authorities, including as tax assessor for Nærøy, Vikna and Leka municipality. She also has experience from BDO, with special focus on the fisheries sector.

Mrs. Johnsen is currently working as a financial consultant in Williksen Fangst AS.

Mrs. Johnsen owns 0 shares in Frøy.

EXECUTIVE MANAGEMENT

TONJE FOSS
CEO

Tonje Foss (1971) is the CEO of Frøy ASA, a role she has had since January 2022. Before this, she held the position as Strategy Director at Enova, and Regional Director of Atea from 2017 to 2020. Mrs. Foss has 19 years of experience from various positions and companies in the oil industry, including Kværner, Schlumberger and Aker BP. Foss has been board member of Det norske oljeselskap and SalMar, and are currently holding a board member seat of Sparebank 1 SMN.

Tøff AS, a close associate to Tonje Foss owns 10.000 shares in Frøy ASA.

TORE HELGESEN
Interim CFO

Tore Helgesen joined Frøy as interim CFO in October 2021. Tore has worked for almost 30 years in auditing, consulting and banking. In the period 2001-2007, Tore worked as a bank manager at DNB, with responsibility for large corporate customers in Trøndelag. In the period 2007-2017 Tore was a partner in PwC responsible for a number of large and medium-sized companies in Central Norway.

T. Helgesen Invest AS and Teigesen Savings AS, close associates to Tore Helgesen owns in total 3.800 shares in Frøy ASA.

ANDERS GÅSØ
Head of Service

Anders Gåsø (1986) joined Frøy in 2017 and has today the position as its Chief Operating and Marketing Officer. Prior of joining the Group, Mr. Gåsø held a leading position at Sparebank 1 SMN, the largest bank in region of Middle Norway.

Gåsø Næringsutvikling AS, a close associate to Anders Gåsø owns 819.672 shares in Frøy ASA and 45,516,416 shares in NTS ASA.

ODDLEIF WIGDAHL
Head of Wellboats

Oddleif Wigdahl (1983) started his current position as Head of Wellboats during the merger between NTS and Frøy in April 2020. Mr. Wigdahl has approximately 20 years' industry experience, and held different positions as Safety Manager, Technical Manager, Operational Officer, and CEO of Norsk Fisketransport AS. In addition, he has held leading positions at Seaworks AS, and has served as technical manager for Norwegian Defence Research Establishment.

Oddleif Wigdahl owns 482 shares in Frøy ASA.

BJARNE JOHANNESSEN
Head of Sea Transportation

Bjarne Johannessen (1969) is the Group's Head of Sea Transportation, which includes the wholly owned subsidiary NTS Shipping AS. He joined NTS in 2018, after a period of approximately 30 years within seafood and transportation. Mr. Johannessen was the owner and CEO of Sjøtransport Rotsund AS from 1997, a company that was sold to NTS in 2018.

BJJ Holding AS, a close associate to Bjarne Johannessen owns 100,000 shares in Frøy ASA.

TARGETS AND POLICIES

Frøy's financial targets and capital allocation strategy provides a framework for allocation of capital to new investments, dividends and debt.

PROFITABILITY
Frøy targets return on equity of minimum 10-18% depending on client, project structure and contract length (risk).

GROWTH
Frøy has disciplined focus on long-term contracts for new wellboats. New growth projects are subject to satisfactory return profile in line with or above the targeted profitability level.

CAPITAL STRUCTURE
The company target an overall leverage at or below NIBD/EBITDA 3.5x on a fully invested basis. Frøy will take into consideration the expected earnings from newbuilds when assessing the fully invested NIBD/EBITDA.

Frøy's primary source of debt financing is long term bank loans.

Frøy has a strategy of financing its vessels and equipment with 5-year term loans with repayment profiles depending on vessel or equipment and contract coverage.

DIVIDEND POLICY:
Frøy's ambition is to maximize long term value for its shareholders through positive share price development and a growing dividend based on long term earnings.

Frøy intend to pay out minimum 50% of net profit as dividend provided that the Company's financial gearing, at a fully invested basis is at or below the targeted debt level of NIBD/EBITDA 3.5x and that the Company has sufficient liquidity to meet future obligations.

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

Frøy intends to communicate actively and openly with shareholders, potential investors, analysts and other participants in the financial market.

Frøy intends to follow the Oslo Stock Exchange's recommendation on reporting IR-information. Our goal is to ensure that all participants in the financial markets are treated equally with regards to access to financial and other information.

DIVIDEND POLICY

Frøy's ambition is that the company shareholders will achieve a competitive return on their investment over time through a combination of dividends and an appreciation of the value of the company's shares.

The Company has defined the long-term dividend policy of intending to pay out minimum 50% of net profit as dividend provided that the Company's financial gearing, at a fully-invested basis, is at or below the targeted debt level of NIBD/EBITDA 3.5x.

Frøy ASA has not paid any dividends since its incorporation.

The Board of Directors of Frøy ASA has decided to propose to the Annual General Meeting an ordinary dividend for 2021 of NOK 1.5 per share.

SHARES AND SHARE CAPITAL

As of 31 December 2021, Frøy ASA has 86 348 605 ordinary shares; each share has a par value of NOK 1. As of 31 December 2021, Frøy had 4 398 shareholders. 8.8%, of the total share capital were owned by non-Norwegian shareholders. Frøy has a single share class. Each share is entitled to one vote. Frøy does not hold any treasury shares as of 31 December 2021.

STOCK EXCHANGE LISTING

Frøy ASA was listed on Oslo Stock Exchange on 29 March 2021 (ticker: FROY). The FROY shares are registered in the Norwegian Central Securities Depository. The shares have the securities registration number ISIN NO0010936792. Nordea Bank Abp, Norway Branch is FROY's registrar.

MAJORITY SHAREHOLDER

Frøy's majority shareholder is NTS ASA. Companies that are a part of NTS ASA are legally and financially independent units. NTS ASA exercise active ownership in order to systematically create value for all Frøy shareholders.

From time to time, agreements are entered into between Frøy and one or more companies owned by NTS ASA. The Board of Directors and management of Frøy are all critically aware of the need to handle such matters in the best interest of the involved companies, in accordance with good corporate governance practice.

INVESTOR RELATIONS

Frøy intends to communicate actively and openly with shareholders, potential investors, analysts and other participants in the financial market.

Frøy investor relations information, including financial calendar, quarterly and annual reports, investor presentations, articles of association, investor relations policy and corporate governance policies are available at the Company's website www.froygruppen.no/investor.

Shareholders can contact the Company at ir@froygruppen.no

ELECTRONIC INTERIM AND ANNUAL REPORTS

Annual reports are published on the Company's website at the same time as they are made available via website release by the Oslo Stock Exchange: www.newsweb.no (ticker: FROY). Subscribers to this service receive annual reports in PDF format by email. Shareholders, who are unable to receive the electronic version of interim and annual reports, may subscribe to the printed version by contacting Frøy's investor relations staff.

NOMINATION COMMITTEE

The Company's Articles of Association provide for a nomination committee elected by the general meeting. The nomination committee shall at the outset consists of minimum two members, elected for a term of two years. Frøy's nomination committee has the following members: Are Brekk (chair), Hans M. Storø (member) and Solveig Gaasø (member). The members of the nomination committee are appointed until the 2023 annual general meeting of the Company.

Shareholders who wish to contact Frøy's nomination committee may do so using the following address:

Nomination Committee of Frøy ASA
Siholmen 34
N-7260, Norway

ANNUAL SHAREHOLDERS' MEETING

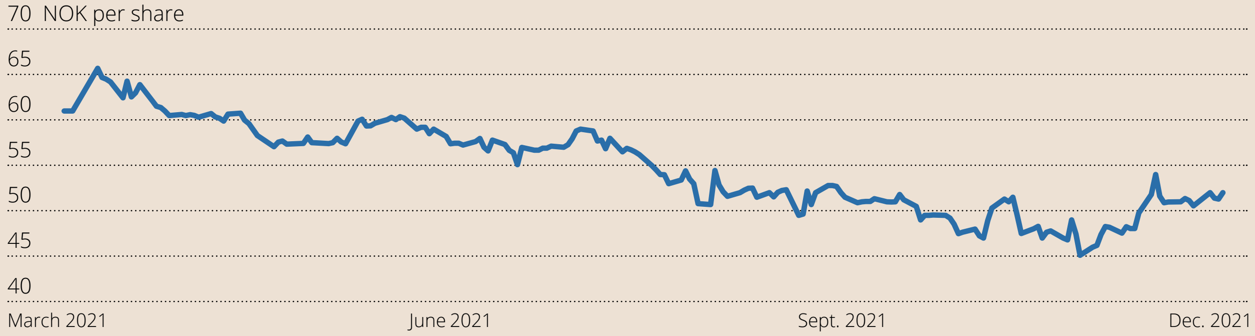
A written notification will be sent to all shareholders individually or to shareholders' nominees.

20 LARGEST SHAREHOLDERS

Name	Number of shares held	Ownership %
NTS ASA	62 269 112	72.1 %
State Street Bank and Trust Comp	4 127 910	4.8 %
HSBC Bank Plc	1 019 098	1.2 %
Skandinaviska Enskilda Banken AB	1 001 000	1.2 %
GÅSØ NÆRINGSUTVIKLING AS	819 672	0.9 %
TRØNDELAG HELGELAND INVEST AS	698 503	0.8 %
AMBLE INVESTMENT AS	631 147	0.7 %
VERDIPAPIRFONDET PARETO INVESTMENT	630 901	0.7 %
TORGHATTEN AQUA AS	570 000	0.7 %
SKIPSINVEST AS	564 626	0.7 %
VERDIPAPIRFONDET FONDSFINANS NORGE	504 256	0.6 %
VERDIPAPIRFONDET ALFRED BERG NORGE	502 208	0.6 %
BNP Paribas Securities Services	497 707	0.6 %
RIIBER HOLDING AS	462 437	0.5 %
GH HOLDING AS	427 868	0.5 %
AARS AS	418 844	0.5 %
The Bank of New York Mellon SA/NV	395 602	0.5 %
LIN AS	327 868	0.4 %
VERDIPAPIRFONDET ALFRED BERG AKTIV	317 730	0.4 %
LINDVARD INVEST AS	262 295	0.3 %
Total 20 largest shareholders	**76 448 784**	**89 %**
Other shareholders	9 899 819	11.5 %
Total	**86 348 603**	**100.0 %**

SHARE PRICE DEVELOPMENT

Share price data from the first day of listing March 2021 - December 2021.



BOARD OF DIRECTORS' REPORT

Frøy ASA is a public limited company whose purpose is to provide services to the aquaculture industry, such as wellboat services, service vessel and maritime transport in general. The Company's headquarter is located at Sistranda in Frøya municipality. Frøy ASA and subsidiaries ("Frøy" or "the group") are the result of a merger of the wellboat, service and sea transport operations in NTS ASA and the wellboat and service vessel operations in the former Frøy Gruppen AS which was completed in April 2020. Frøy ASA was listed on Oslo Børs Euronext ® in April 2021 under the ticker FROY.

Frøy's vision is ***Solutions for the Ocean Space***. Frøy shall be the leading and preferred provider of sustainable aquaculture services. Taking good care of the fish and people has been core focus in Frøy for more than 20 years. Delivering solutions that improve efficiency and sustainability for clients is both a prerequisite to operate and a key driver for Frøy's growth going forward. During 2021 Frøy has taken its first steps towards a structured reporting on how to integrate sustainability into the overall business strategy.

Frøy's business and service offering has gradually developed together with the industrialization of the Norwegian fish farming industry. Today, Frøy assist fish farmers throughout the full production cycle at sea. The service offering is reported through three operating segments :

- Wellboat: Frøy is one of the leading wellboat companies in Norway and has its primary geographical area of operation from Western Norway to Finnmark.
- Service: Frøy's service vessel fleet primarily operates along the Norwegian coast from Rogaland in the south to Finnmark in the north, providing a wide range of services to the aquaculture industry.
- Sea transport: Frøy's sea transport vessels provide transport services mainly on the Norwegian coast, as well as transport of refrigerated cargo to the Baltics and Poland.

WELLBOAT

At the end of 2021, Frøy owned a total of 16 wellboats, and leased one wellboat on a bareboat agreement. In addition, Frøy has two wellboats under construction, of which one will be delivered in 2022 and one in 2023.

In 2021, Frøy has received four new wellboats, Reisa (January), Kristiansund (June), Åsværfjord (November) and Gåsø Høvding (November). The wellboat Veidnes was sold in December. The new vessels have entered into long-term TC agreements. Key services offered in Frøy's wellboat segment are transportation and biological services. The Group's wellboats are used for gentle and safe transportation of smolts (juvenile salmon) from smolt facilities on shore to farming sites in sea, and of live harvest ready salmon from production sites to harvesting facilities. Furthermore, wellboats are used as supportive infrastructure for salmon farmers under biological operations during the production phase at sea. Wellboats can perform a wide range of different sea lice treatments such as scrubbing, thermal wash and freshwater bath. The fish is pumped into the wellboat and treated in a closed and controlled environment which minimize risk of emissions to sea and cross contamination of sea lice from one pen to another. After biological treatments the sea lice is contained and disposed in accordance with regulatory requirements.

The wellboat activity has generally been good throughout 2021, and as a result of the majority of the fleet being employed on long-term contracts, a positive development is expected as new wellboats are taken into use.

The wellboat segment generated total revenues of NOK 876.0 million (2020: NOK 628.0 million) and an operating profit of NOK 244.7 million (2020: NOK 135.4 million).

SERVICE

Frøy has 49 service vessels of different sizes. Frøy service segment offers diving, inspection, biological risk mitigation services and infrastructure integrity services to salmon farmers. With specialized aqua service professionals and modern service vessels, Frøy assist salmon farmers with maintenance of the salmon farming site infrastructure and assistance with removal of sea lice and other biological challenges.

During 2021, the Frøy has signed several large framework agreements in the service segment that make a positive contribution in terms of visibility of operations. A large part of the fleet is working on long-term contracts.

During the year 2021, Frøy put three newbuilds into operation and sold six vessels in line with a strategy of renewal and change in fleet composition. In 2022, Frøy will include six new vessels in the service segment.

The Service segment generated total revenues of NOK 774.6 million (2020: NOK 591.1 million) and an operating profit of NOK 132.5 million (2020: NOK 143.4 million).

SEA TRANSPORT

Frøy operates three vessels in the sea transport segment, one of which is on a TC agreement. MS Rubin transports fish feed mainly in the northern regions Troms and Finnmark. MS Rotsund mainly transports frozen cargo between Norway and the Baltics / Poland and fish feed on a TC agreement.

At the turn of the year 2020/2021, Frøy entered into an agreement for the purchase of the cooling and freezing vessel Silver Lake. Upon takeover in February 2021, the ship was flagged in the Norwegian Ship Register, and renamed MS Folla. The ship has mainly transported freezer loads between Norway and the Baltics. Northbound loads have been fish feed from Aberdeen to Norway.

Increasing bunker prices throughout 2021 has been a significant challenge for the vessels that operate in the spot market. MS Safir was sold in 2021.

The Sea transport segment generated total revenues of NOK 134.1 million (2020: NOK 110.4 million) and an operating profit of NOK 19.2 million (2020: NOK 6.6 million).

EMPLOYEES

As of 31.12.2021, there were a total of 814 employees (including temporary employees) in Frøy. These are divided into 285 employees in the wellboat segment, 426 employees in the service segment, 58 employees in the maritime transport segment and 45 employees in Frøy ASA. The proportion of women per 31.12.2021 was 5%.

At the end of 2021, Frøy's management group consisted of 14 % women, while the expanded management group consisted of 40 % women. The group has a continuous focus on equality and providing equal opportunities for all employees regardless of gender, pregnancy, maternity leave or adoption, care tasks, ethnicity, religion, outlook on life, disability, sexual orientation, gender identity and gender expression.

There are no employees in part-time positions in Frøy. About 10% of all employees per 31.12.2021 are temporary employees. These are substitutes related to sick leave, or apprentices/ cadets, who are on a time-limited training agreement.

The average number of weeks of parental leave in 2021 was 9.4 weeks for men and 28 weeks for women.

Frøy's principles, procedures and standards for equality are rooted in Frøy's various strategies, tools and guidelines. In 2021, Frøy has prepared a separate guide for dealing with discrimination and developed a routine for dealing with sexual harassment. There is also a routine for internal notification of matters worthy of criticism in place.

Considerations of equality and non-discrimination are also included in the personnel policy.

A separate report has been prepared, Equality Statement, which describes Frøy's work on gender equality and diversity in more detail. The report is provided in a separate section of the Annual Report.

SUSTAINABILITY

Frøy intends to communicate actively and openly with investors, customers, government institutions and other stakeholders regarding our sustainability focus and strategy. During 2021, Frøy has taken its first steps towards a structured reporting on how we integrate sustainability into the overall business strategy. This reporting will be further refined during 2022.

In 2019 Frøy made a strategic decision to reduce greenhouse gas emissions from its fleet by investing in more climate friendly vessels. Since 2019 all wellboat newbuilds have been ordered with either diesel electric or hybrid propulsion machinery. At the end of 2021, 21 % of the wellboats and cargo vessels have diesel electric or hybrid propulsion machinery installed, 80 % of the larger service vessels have diesel electric or hybrid propulsion machinery, and 3 % of the smaller service vessels have diesel electric or hybrid propulsion machinery. The goal is to increase the percentage of vessels with technology contributing to lower carbon emissions.

A separate Sustainability Report has been prepared which describes Frøy's work and priorities on sustainability in more detail. The report has been prepared in line with the World Economic Forums reporting framework for Measuring Stakeholder Capital; WEF IBC Common Metrics.

The report is provided in a separate section of the Annual Report.

HEALTH AND SAFETY

The average sickness absence for the group was 5.21% in 2021, compared to 5.39% in 2020. 4.61% of the absence is long-term absence.

Follow-up of sick leave and facilitation for people on sick leave has been a focus area in 2021. In 2021, there have been 20 minor injuries and one serious personal injury in the group that has resulted in sick leave beyond the employer period. Routines and procedures are reviewed in connection with each individual injury case. The working environment in the group is considered satisfactory.

FINANCIAL REVIEW AND KEY RISK FACTORS

Frøy's business largely consists of service deliveries to the aquaculture industry. The demand for the services provided by the group will therefore to a large extent be linked to the level of activity in the aquaculture industry. Furthermore, demand may be affected by natural variations in weather, sea temperature and fish health in the aquaculture industry.

The operations in Frøy are capital-intensive, and the focus on employment of each individual vessel in the group's fleet is crucial for achieving a satisfactory return on invested capital.

Variable operating costs mainly consist of personnel costs, fuel costs and costs for repair and maintenance of the fleet.

Credit risk

Frøy's credit risk represents the risk for counterparties not being able to fulfil their obligations to the group as they fall due. The credit risk is considered low and stable in the markets in which the group operates. Losses on receivables were insignificant in both 2021 and the year before.

No set-off agreements or other financial instruments have been entered into to reduce the credit risk in the group.

Market risk

Frøy's income and operating expenses are mainly denominated in Norwegian kroner and are therefore to a small extent directly exposed to currency risk. The Sea Transport segment has a significant part of its revenues in EUR and USD. This currency exposure is partially offset by bunker costs nominated in USD.

When contracting new vessels at shipyards abroad, the contract price will be denominated in a foreign currency. Frøy's cost price for newbuilds - and subsequent depreciation costs after the vessel has been delivered - will therefore be exposed to currency risk. Currency risk associated with new buildings is continuously monitored and currency derivatives can be applied to reduce the risk.

The company is exposed to changes in interest rates, as parts of the group's debt have floating interest rates. Furthermore, changes in interest rates may affect investment opportunities in future periods.

Long-term interest rate hedging agreements have been entered into for parts of the debt in order to reduce interest rate risk.

Tax risk

Frøy has received notification of a change in the tax assessment for 2019 and 2020 concerning the tonnage tax scheme and reimbursements through the net salary scheme for one of the group's subsidiaries. Frøy disputes the tax authorities' views and the case is unresolved on the date of publication of this report. Refer to note 5.1 in the consolidated financial statement for further details.

Liquidity risk

Liquidity risk is a risk that Frøy will not be able to service its financial obligations as they fall due. In 2021, Frøy had a positive cash flow from operating activities of NOK million 499 (2020: NOK million 622). The group's investments in newbuilds are financed with equity and long-term loan facilities from credit institutions before newbuilds are committed. Furthermore, Frøy has a portfolio of cash and cash equivalents at the end of 2021 of NOK 738 million (2020: NOK 149 million) and available credit facilities of NOK 39 million (2020: NOK 43 million).

The group's liquidity on the balance sheet date is considered satisfactory.

SHAREHOLDER INFORMATION

The company's largest shareholder is NTS ASA, which as of 31.12.2021 owns 72.1% in Frøy ASA.

The 20 largest shareholders at the end of 2021 were as follows:

The number of shareholders as of 31.12.2021 was 4,398 compared to 1 shareholder as of 31.12.2020 (NTS ASA).

Shareholder	**No. of shares**	**Ownership %**
Shareholder	No. of shares	Ownership %
NTS ASA	62 269 112	72,1 %
State Street Bank and Trust Comp	4 127 910	4,8 %
HSBC Bank Plc	1 019 098	1,2 %
Skandinaviska Enskilda Banken AB	1 001 000	1,2 %
Gåsø Næringsutvikling AS	819 672	0,9 %
Trøndelag Helgeland Invest AS	698 503	0,8 %
Amble Investment AS	631 147	0,7 %
Verdipapirfondet Pareto Investment	630 901	0,7 %
Torghatten Aqua AS	570 000	0,7 %
Skipsinvest AS	564 626	0,7 %
Verdipapirfondet Fondsfinans Norge	504 256	0,6 %
Verdipapirfondet Alfred Berg Norge	502 208	0,6 %
BNP Paribas Securities Services	497 707	0,6 %
Riiber Holding AS	462 437	0,5 %
GH Holding AS	427 868	0,5 %
Aars AS	418 844	0,5 %
The Bank of New York Mellon SA/NV	395 602	0,5 %
LIN AS	327 868	0,4 %
Verdipapirfondet Alfred Berg Aktiv	317 730	0,4 %
Lindvard Invest AS	262 295	0,3 %
Total top 20 shareholders	**76 448 784**	**89 %**
Other shareholders	9 899 819	11,5 %
Total	**86 348 603**	**100,0 %**

COMPOSITION OF THE BOARD

The board consists of five board members including the chairperson – two women and three men.

CORPORATE GOVERNANCE

Frøy complies in all material respects with the Norwegian Code of Practice for Corporate Governance (NUES). The only deviation is the chairperson of the board also being the chair of the general meeting.

A separate Corporate Governance Report has been prepared which describes Frøy's priorities on corporate governance in more detail. The report is provided in a separate section of the Annual Report.

THE ANNUAL ACCOUNTS

The group's operating revenues amounted to NOK 1,787 million in 2021 compared to NOK 1,332 million in 2020. In 2021, the group had an operating profit of NOK 378 million compared to NOK 290 million in 2020. Growth in both revenues and operating profit is primarily attributable to the increase in Frøy's fleet of vessels during 2021. In addition, Frøy sold vessels in all segments with a total gain of NOK 91 million. These sales were carried out as part of the group's strategy for continuous renewal of the fleet.

Ordinary profit before tax ended at NOK 300 million compared to NOK 251 million in 2020. Annual profit for continuing operations ended at NOK 284 million compared to NOK 230 million in 2020.

Total assets increased from NOK 5,241 million at the end of 2020 to NOK 7,657 million at the end of 2021. The equity ratio of the group as of 31.12.2021 was 41.6% compared to 37.6% the previous year. The equity ratio increased despite a significant increase in total assets. This increased solvency comes as a result of capital issue and retained earnings in 2021.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which have been adopted by the EU.

In the parent company, the operating profit was NOK -21.6 million compared to NOK -13.6 in 2020. Profit before tax ended at NOK -0.3 million compared to NOK 29.2 million in 2020. Other operating expenses in 2021 are significantly affected by professional fees in connection with the IPO of the company.

The comparable financial figures for the parent company represents the company's first year of operation. The ramp-up of the organization in the merged Frøy ASA took place during this period. For this reason, the parent company's accounting figures for 2020 are to a limited extent relevant as comparative figures for 2021. The parent company accounts have been prepared in accordance with the Accounting Act of 1998 and generally accepted accounting principles in Norway.

INVESTMENTS

Investments are mainly related to the group's newbuild program. In 2021, NOK 1,705 million has been invested in the wellboat segment, NOK 230 million in the service segment, NOK 123 million in the maritime transport segment and NOK 33 million in other investments.

At the end of 2021, remaining investments under the current investment program amounts to approx. NOK 940 million. These investments are expected to accrue with NOK 770 million in 2022 and NOK 170 million in 2023. Newbuild contracts are fixed price agreements.

GOING CONCERN

The annual accounts have been prepared under the going concern assumption. There are no circumstances that indicate that this assumption is not present. The board therefore confirms that the precondition for going concern is present.

OUTLOOK

Frøy is a leading integrated service provider to the Norwegian aquaculture industry. The group has adopted an investment program to build additional capacity, primarily within the wellboat and service segments.

The wellboat segment has two new vessels under construction. MS Gåsø Odin is expected to be delivered in the third quarter of 2022 and MS Veidnes is expected to be delivered during the summer of 2023.

The service segment took delivery of MS Frøy Challenger in February 2022. MS Frøy Challenger is a specialised vessel for delousing operations. During 2022, the Service segment will put another six vessels into operation. Furthermore, the segment has two large service vessels under construction with planned delivery in 2023.

The sea transport segment will carry out a rebuild of MS Folla in the second quarter of 2022. The rebuild is expected to take approx. six weeks.

The global corona virus pandemic has had an impact on the group's operations in 2021, especially related to delays in the delivery of newbuilds, and this situation has led to high workload on personnel at some shipyards. The group has also incurred additional expenses to mitigate the effect of work schedules that have been negatively affected by the pandemic.

The war in Ukraine has created considerable unrest in several commodity markets. For Frøy, it is primarily the price increase on bunkers that affects the ongoing operations. However, a significant proportion of the group's contract portfolio has provisions that to a large extent give us the right to re-invoice the fuel costs to our customers.

The price of steel has also risen significantly since the conflict broke out, and if this price picture persists, it will imply that the cost price of new buildings will increase. Existing newbuild contracts are fixed price agreements and is not expected to be affected by the price increases. However, it may be a risk that the war in Ukraine may lead to logistical challenges and delayed delivery of newbuilds.

CORPORATE SOCIAL RESPONSIBILITY

Frøy defines social responsibility as achieving business profitability in line with basic ethical and sustainable values and with respect for people, the environment and society. Business profitability is a prerequisite for the group to be able to focus on development and at the same time make a positive contribution to society in general.

Frøy has a set of ethical guidelines, and these are communicated in the organization through managers in subsidiaries and are available to all employees through the group's management systems.

The group strives to comply with the following core values for work ethic and sustainability:

- Safe: In Frøy we talk to each other, not about each other. We have respect and humility towards our customers, employees and surroundings - and we have HSE in focus.
- Flexible: In Frøy we are agile and willing to change. We will always contribute with solutions for the customer's best.
- Engaged: In Frøy, we care about both employees and customers. We are forward-looking and create ownership.
- Responsible: In Frøy, we are concerned with and live up to our sustainability strategy.

The core values are the basis for our ethical guidelines, which focus on how the group's employees treat each other and society in general.

The group has implemented internal control routines aimed to uncover corruption.

In 2021, the group has also been an important supporter and contributor to teams and associations in the local communities of which the companies are a part.

RESEARCH AND DEVELOPMENT

Throughout 2022, Frøy has collaborated with external actors on research and development projects that are relevant to the group's activities, including

- Project Coastal emergency preparedness
- Machine learning to improve hole detection under net inspection
- Live streaming and uploading of video recordings from note inspections
- Frøy has also collaborated on two student assignments from NTNU as follows:
- Master's thesis NTNU - Faculty of Information Technology and Electronics, Department of Technical Cybernetics: «Robust Fish Cage Net Analysis utilizing Advanced Computer Vision Techniques».
- Master's thesis NTNU - Faculty of Information Technology and Electronics, Department of Technical Cybernetics: «Localization of defects in aquaculture fish cages».

LIABILITY INSURANCE FOR THE CEO AND BOARD MEMBERS

Frøy has taken out a board and management liability insurance. The insurance applies to members of the board, members of Frøy's management team or other employees who have been assigned independent management responsibilities. The insurance covers the insured's personal liability for economic loss caused to someone in their capacity as a director or an employee.

EVENTS AFTER THE BALANCE SHEET DATE

Tonje Foss was appointed CEO of Frøy in November 2021. She succeeded Helge Gåsø, who founded the Company in 1997 and has served as CEO since that time. Tonje took on her position in January 2022.

Operations in Frøy have proceeded as normal after the balance sheet date. The board is therefore not aware of any significant events in the period form 1 January 2022 to the date of this report. Profit allocation

The board has proposed a dividend for 2021 of NOK 1.50 per share.

Profit after tax in the parent company, Frøy ASA, ended at NOK -251.993 which the board proposes to allocate as follows (numbers in NOK):

Dividend	129 522 905
Transferred from share premium reserve	- 104 402 836
Transferred from other equity	- 25 372 061
Total profit allocation:	- 251 993

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that the consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU") and give a true and fair view of Frøy's assets, liabilities, financial position and profits and loss for the period.

Furthermore, we confirm, to the best of our knowledge, that the consolidated financial statements include a fair view of important events that have occurred during the financial year and their impact on the financial statements, a description of the principal risks and uncertainties, and major related party transactions.

The board wishes to thank all employees for their good work in 2021.

Frøya, 7 April 2022
Board of Directors Frøy ASA

Svein Sivertsen
Chairman

Paul Birger Torgnes
Board Member

Ivar Sigmund Williksen
Board Member

Hege Veiseth
Board Member

Linda Johnsen
Board Member

Tonje Foss
Chief Executive Officer

SUSTAINABILITY IN FRØY

Frøy's vision is solutions for the ocean space. Our ambition is to be the leading and preferred provider of sustainable aquaculture services. Delivering solutions that improve fish welfare and reduce the risk of escapes has been at the core for Frøy for more than 20 years. Taking good care of the fish and our people are our key priorities. Both are prerequisites to operate and key drivers for our growth.

Our core values forms the basis for how we shall conduct our business:

Safe – The safety of our people, and the integrity of our operations, are our top priorities

Natural forces, harsh weather conditions and operation of complex equipment are key risks to the safety of our staff. Safe and healthy working conditions that is adapted to the physical environment in which we operate are fundamental requirements in all our operations.

Flexible – We strive to be agile in everything we do for the benefit of Frøy and our stakeholders

Through our activities, we shall contribute to sustainable food production. Key focus areas for sustainable production of farmed fish are fish welfare, avoidance of fish escapes and continuous reduction of the carbon footprint. As an integrated provider of solutions to fish farmers, Frøy is in close contact with all these factors and thus has the potential to make a significant impact on the sustainability of the final product.

Committed – We are committed to provide continuous improvements.

For Frøy, sustainability means to always improve and work to become better at what we do. We seek to develop our strategies and operations to ensure that our financial success does not come at the expense of the wellbeing of people, marine life and the environment.

Responsible – We act responsibly in the environment and the communities we are a part of

Frøy acknowledges that we have a responsibility to reduce our environmental footprint and climate gas emissions, and we continually invest in new vessels and equipment that are more energy efficient.

An important aspect of our sustainability work is to improve our routines to collect and communicate our non-financial data to our stakeholders and the general public. This is why we have completed our first sustainability report for 2021. Through the reporting process, we are both challenged and stimulated for achieving a better understanding of how we want to work with social and environmental challenges going forward.

The UN Sustainable Development Goals
In shaping our sustainability commitment, we have selected the UN Sustainable Development Goals (SDGs) we consider to be of particular relevance both to us in Frøy and to the maritime and aquaculture industry on a general level. These are the goals where we can have the most positive impact and where our operations are at risk of having negative impact on both the environment, marine life and people. In Frøy, "The Frøy Culture" is described through a number of statements, which clearly point in the direction of several SDGs. Hence, using these statements as a backdrop for selecting relevant goals was for us a natural way for us to connect to the SDGs to our operations:


GOAL 3 – Good health and quality of life


GOAL 8 – Decent work and economic growth


GOAL 9 – Industry, Innovation, and Infrastructure


GOAL 11 – Sustainable cities and communities


GOAL 14 – Life in the Sea

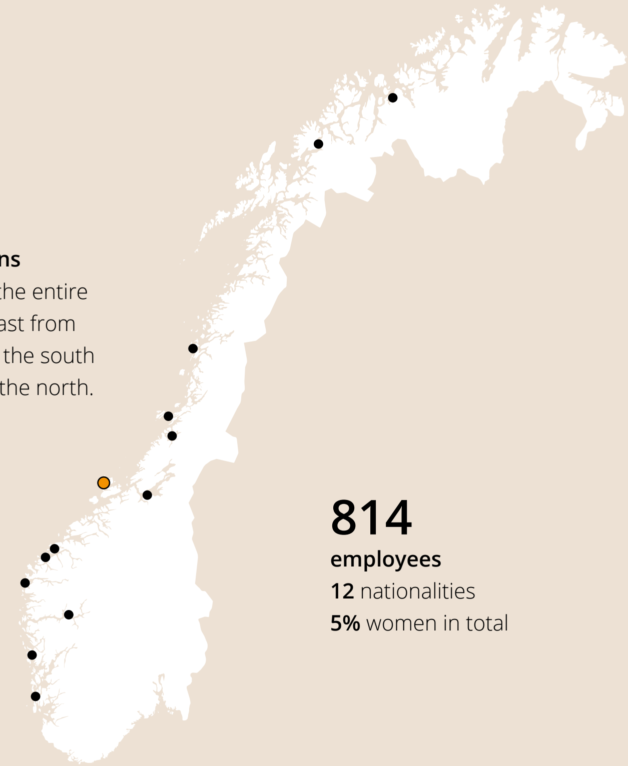

GOAL 17 – Work together to achieve your goals

While the SDGs remain our guiding principles, going forward we will increase our focus on the aspects we have identified as most material for our operation. We have identified important topics and paths for improvement within the areas Governance, People, Planet and Prosperity, and will build on this as these targets can be more specialized for Frøy's needs and opportunities.

ABOUT THE REPORT
The report has been prepared in line with the World Economic Forums reporting framework for Measuring Stakeholder Capital; WEF IBC Common Metrics. The reporting period is from January 1st 2021 to December 31st 2021.

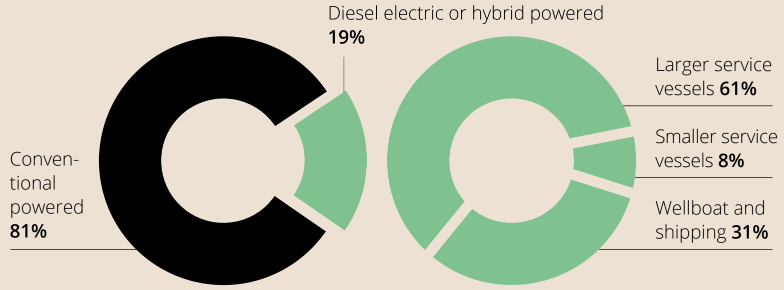
The WEF-framework includes 21 indicators divided into four sustainability aspects: governance, people, planet, and prosperity. Each aspect is covered by a separate chapter in the report. The WEF-indicators are in line with key indicators from leading reporting standards within sustainability, the GRI and SASB standards.

13
office locations
spread along the entire Norwegian coast from Haugesund in the south to Storslett in the north.



814
employees
12 nationalities
5% women in total

REDUCING CARBON FOOTPRINT FROM THE FLEET



EMISSIONS

95 074
tonnes CO2

825 929
tonnes NOX

GOVERNANCE

Frøy intends to communicate actively and openly with investors, customers, government bodies and other stakeholders regarding our sustainability focus and strategy. Good corporate governance is important to ensure stakeholder confidence, and it is a prerequisite for growth and long-term value creation for Frøy.

SUSTAINABILITY IN MANAGEMENT

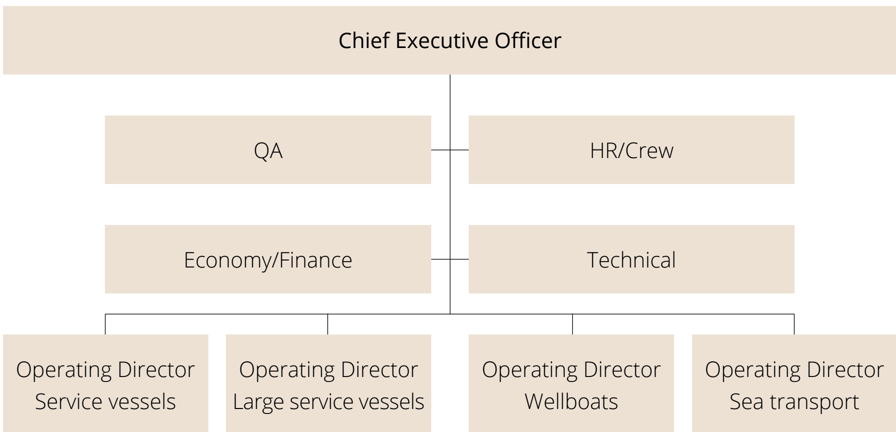
The CEO is ultimately responsible for Frøy's work for sustainability and the environmental footprint of our operations. The responsibility for sustainability work is delegated down to the operations directors for each operational area with support from the QA-department and other necessary staff resources. We recognize that ensuring and promoting sustainability is a considerable investment where more dedicated resources will be necessary to reach our goals.

Frøy management systems is certified to comply with the Management System Requirements of the ISO 9001:2015 and 14001:2015 standards by the accredited certification company Kiwa AS.

Frøy complies with the Norwegian Code of Practice for Corporate Governance for the financial year 2021. The company has adopted the «follow or explain principle» with respect to the Code's application in the Frøy Code of Practice of Corporate Governance.

Please find Frøy's full corporate governance policy in the chapter 'Corporate Governance' in the annual report.

Organization Chart Frøy management



MATERIAL ASPECTS AND STAKEHOLDER ENGAGEMENT

In 2021 we carried out a materiality analysis with the aim of identifying material aspects within the areas of Planet, People, Governance and Prosperity. Some of the aspects are operational, while other are more strategic. Further, some of the aspects were identified as especially important and labeled "leading" to establish that these will make up Frøy's key sustainability focus. The material aspects are listed in the table below and the color codes show within which category and chapter the individual aspects will be discussed in more detail later in the report:

Operational

- GHG emission
- Minimize our own environmental impact
- Security at work
- Responsible value chain

Strategic

- Gender equality and diversity
- Local Contributor
- Sustainability in management
- Transparency in reporting and communication

Leading

- Fish welfare and biodiversity
- Technological development
- Attractive employer

As an integrated service and solutions provider to the aquaculture industry, Frøy engage with both fish farmers, equipment manufacturers and government bodies throughout the year as a part of how we conduct our business so that we understand their priorities and how our business impact them. Other important stakeholder groups include our employees, shareholders and the communities in which we operate.

Among all the material aspects, we consider fish welfare and biodiversity, technological development and being an attractive employer, to be the leading aspects for our business.

Fish welfare and biodiversity

Fish welfare and biodiversity are fundamentally important aspects for all stakeholders in the aquaculture value chain. Reducing the risk of escapes and maintaining good fish welfare is vital also for all of Frøy's services. Frøy regard taking good care of the fish and the surrounding environment as prerequisites to operate and key growth drivers for our business.

Technological development

Stringent focus on innovation, development of equipment, digitalization and making use of data is key to improve sustainability in the aqua service industry. Reducing the carbon footprint require investments in new vessels with lower carbon emissions and eventually zero carbon vessels. Delivering new solutions that reduce the risk of escapes and improve fish welfare require efficient sharing of best practice and technological development.

Attractive employer

Frøy's most important stakeholders are our employees. The competence and experience of our employees are fundamental to deliver continuous improvements and to maintain the position as the leading and preferred provider of aquaculture services.

SUSTAINABILITY STRATEGY

Frøy is in a process of integrating our sustainability strategy into the overall business strategy. In 2021, Frøy started the initial structuring of the Groups sustainability work. Frøy has established and are in the process of implementing KPIs with a focus on sustainability and HSE for each operational area for 2022.

Our ESG KPIs are:

- Reduction in CO_2 emissions
- Reduction in NOX emissions
- Electrification of fleet
- Reportable incidents of poor fish welfare
- Incidents of fish escape
- Biosafety incidents with serious consequence

Our HSE KPIs are:

- Lost Time Injury frequency
- Days since last incident with absence
- Severe incidents or near miss incidents with potential
- Discharge at sea

The key figures will be systematically followed up in regular operational and department meetings throughout the organization and measures will be taken when necessary to adjust the course to achieve our goals.

An important aspect of our sustainability management will also be to establish clear guidelines and policies for how to convey strategies and measures decided by the BoD and management team to all employees.

ETHICAL BUSINESS CONDUCT

It is essential for Frøy to promote ethical business conduct across all levels of our organization. This will both ensure good working conditions and cooperation internally, as well as a good reputation amongst our stakeholders. We have established several policies and guidelines for ethical conduct and continuously adapt and take active steps to make sure our operations follow national and international regulations and standards.

THE FRØY CULTURE

For us, the Frøy culture is a guideline for quality, safety, and well-being. For our customers, the Frøy culture is the noticeable difference in a collaboration with us.

Our culture is summarized in seven statements ensuring uniform quality in everything from HSE work to the standard of vessels and equipment:

The seven statements of the Frøy Culture

1. HSE in everything we do.
2. We will facilitate well-being.
3. Our ownership and expertise are our joint success.
4. No task is too large or too small.
5. The best solution is yet to be found.
6. Satisfied customers create growth.
7. We're going to be the most preferred.

Further information on the seven statements of the Frøy Culture can be found on our website.

ETHICAL GUIDELINES

For Frøy to be recognized as an ethical company we depend on sound and responsible actions from all our employees. Therefore, we have established ethical guidelines that we expect everyone associated with Frøy to follow. The ethical guidelines for Frøy ASA are based on requirements set out in SA8000:2014 and describe how Frøy as an employer and how our employees should act. The guidelines cover several topics connected to work environment, health and safety, discrimination, child labor, environmental impact, use of social media, animal welfare, and confidentiality and information processing. The guidelines are available to all employees through our management systems.

In the event of breaches of our ethical principles or deviation from our security routines all our employees are encouraged to file a complaint. We have established routines for collecting and dealing with notifications of breaches, in which our employees may remain anonymous, and they have, if desired, the opportunity to have the complaint handled through an independent third party. In the event of adverse events our management team take action to prevent similar events to recurring. In 2021 zero complaints were filed through our whistleblower channel.

ANTI-CORRUPTION POLICIES

Frøy opposes all forms of corruption, and we will work actively to ensure that corruption does not occur in our business activities. All personnel are prohibited from planning, performing, or facilitating any corrupt activity, in the public or private sector, also in cases where Frøy or its personnel do not benefit directly. In line with the listing of the company's shares on Oslo Børs in March 2021, there were prepared guidelines for anti-corruption, "Frøy Group: Policy for anti-corruption and sanctions compliance". The Policy provides key principles and requirements to reflect and implement Frøy's zero tolerance against corruption and breach of sanctions requirements. All permanent and temporary employees of Frøy, members of Frøy's Board of Directors, as well as hired personnel, consultants and any other party who have authority to act on Frøy's behalf, are responsible for complying with this policy. This applies regardless of geographical location. Frøy's top management members are responsible for ensuring implementation of this policy in each group company. All members of the Board of Directors have been trained in these guidelines.

No incidents related to corruption were registered in Frøy in 2021.

TRANSPARENCY IN REPORTING AND COMMUNICATION

Transparency in reporting and communication is identified as an important aspect in our sustainability work. This relates both to areas where we have room for improvements and to incidents that occur in connection with our operations. We intend to make information of interest accessible and communicate it to all stakeholders. Especially important is our shareholders, to whom we seek to provide comprehensive and fully updated information. Completing this sustainability report is an important step for making non-financial disclosures more accessible and transparent. We acknowledge that there still are many challenges finding and disclosing data on all aspects of our operations concerning social and environmental impact, and we will invest in establishing new procedures for data collection for the coming years.

RESPONSIBLE VALUE CHAIN

Frøy is part of a comprehensive value chain, and we depend on a wide set of suppliers. To ensure that our products and services are truly responsibly created, both considering social and environmental impact, we are gradually increasing our supply chain engagement focusing on transparency and more active cooperation and management. The wellboat segment have partly implemented purchase order systems that impose requirements to our subcontractors related to social responsibility.

Both nationally and internationally, new regulations and requirements for transparency of the supply chain are developed and established that will affect how we work with risk management and due diligence going forward. Most importantly we will update our procedures to comply with the Transparency Act developed by the Norwegian government, which will enter into force on July 1st 2022. The new law requires due diligence of decent work conditions in the supply chain, risk of breaches of human and labor rights, and further reporting and transparency on measures taken. We will implement new routines to ensure compliance and continue to work to further strengthen our sustainability commitment.

THE WAY FORWARD – PLANS FOR 2022

The preparation of an overall strategy for the Frøy Group has a high focus in 2022 and is well anchored in both the board and the company's management. The establishment of a corporate strategy for sustainability will be an integral part of this strategy work. Another important area of the strategy process is that the company will be more data driven and digitized during 2022 and a pre-project has already been initiated to map what data the company holds and how we can better utilize this data for optimization, market development, innovation or other strategic or operational measures. This is also important in the context of sustainability and implementing transparency as a key principle in our corporate governance policy, as this work is entirely dependent on a high-quality data base.

At the end of 2021 there were established Key Performance Indicator Areas for both Sustainability and HSE, se chapter 'Sustainability Strategy' for details. Target values were set for some of the areas, but not all, due to the lack of experience data which is crucial to determine reasonable target values. Going forward this work will continue through 2022 and target values will be determined for all KPI's.

Going forward we will also develop mandatory training for all employees in our anti-corruption regulations.

During 2022 we are gradually increasing our supply chain engagement focusing on transparency and more active cooperation and management, and when entering new supplier agreements, we will prefer suppliers which holds ISO 9001:2015 and 14001:2015 certificates, as well as requesting a statement of their social responsibilities.

ENVIRONMENT

As part of the aquaculture industry, Frøy faces many of the same challenges as fish farming companies regarding the climate and environmental footprint our business leaves behind. Our operations are carried out at sea and our vessels emit greenhouse gases in connection with the movement, transport, processing, and execution of various service assignments for our customers. We perform services that ensure the production of farmed fish, and it is important to us that our contribution moves this production in a sustainable direction.

Based on the relatively low CO_2 emissions, low water consumption and limited extent of land use, farmed fish is one of the most energy efficient and environmentally friendly ways to produce healthy animal protein. However, the fact still remains that food production overall is estimated to account for almost 40 % of the world's greenhouse gas emissions (i). Frøy is therefore committed to contributing to reduce greenhouse gas emissions associated with fish farming through adapting to and investing in new vessels and equipment that contribute to lower carbon footprint.

Fish welfare is on top of the agenda in all fish farming activities. Research shows that during their life cycle, farmed fish are exposed to the most stress and negative influence in connection with handling of the fish in connection with transport, delousing and other treatments, and various activities in the farming cages. As an integrated service provider in all these areas, Frøy wants to actively contribute to continuously improve the fish welfare in connection with these activities.

Frøy contributes to ensuring biodiversity in the ocean through delivering services to fish farmers that reduce the risk of escapes. Frøy deliver both inspection services and documentation that are key to maintain the integrity of the farming site and to reduce risk if an incident occurs. Escaped farmed salmon and trout have a negative impact on Norwegian wild salmon populations through genetic crossing, and due to this, measures to prevent escapes have a high focus in Frøy and in the industry.

Frøy is also aware of the importance to minimize any other environmental impact on marine life from our activities.

FISH WELFARE AND BIODIVERSITY

Despite a high awareness to ensure that our operations are executed in a manner that ensures good fish welfare and do not lead to escapes, incidents may still happen. In 2021, we experienced the following incidents in regard to poor fish welfare and escapes.

Category	Incidents 2021
Reportable incidents of poor fish welfare (ii)	5
Incidents of fish escaping	2
Biosafety incidents with serious consequence	0

When undetermined increased mortality occurs on farmed fish or conditions that have led to serious welfare consequences for the farmed fish, the fish farmer is required to notify the Norwegian Food Safety Authority immediately. If the elevated mortality rate or welfare consequences may be due to conditions on board one of our wellboats, the Norwegian Food Safety Authority will request documentation from Frøy to clarify possible causalities. In 2021, documentation was requested from us in connection with 5 cases of elevated mortality subsequent transports or treatments carried out by one of Frøy's wellboats. None of the incidents have resulted in any formal sanctions being made against Frøy from the Norwegian Food Safety Authority.

There has been one case of possible escape of fish from our vessels in 2021. The possible escape occurred in connection with the unloading of fish to harvesting facility where the coupling between vessel and the harvesting facility was ejected by mistake. Large amounts of water and fish came out on deck before pumping was interrupted, and fish could potentially have come through safety nets along the ship's side since weaknesses were uncovered in the aftermath of the incident. The incident was notified to the Directorate of Fisheries and had no consequences for Frøy. An experience transfer report was sent out to all wellboats and delousing vessels to ensure that all barriers used in connection with escape protection were checked to be in order.

In addition, we had one case where inadequate inspection of nets as well as inadequate documentation of the inspection carried out by one of Frøy's service vessels may have been instrumental in a major escape incident from a fish farm. The escape incident has been reported to the Directorate of Fisheries by the fish farmer and the Directorate of Fisheries has requested the necessary documentation from Frøy related to the incident. The Directorate of Fisheries' handling of the case is currently ongoing and any conclusion of misconduct by Frøy in connection with the incident have been taken.

Fish health and welfare

Frøy has a dedicated Director of fish welfare with veterinary background that support our local crews with analytics and fish health competence. The Director works across the organization to share best practice and to ensure experience transfer and training throughout the organization. Effective sharing of best practice and veterinary support is key to uniformly deliver high quality fish welfare solutions and to build fish health competence across the organization.

Frøy's goal is for all employees on board our vessels to have theoretical and practical training in fish welfare through attending "Fish welfare courses" according to Norwegian Food Safety Authority requirements. The training will ensure that our understands which factors is important in their line of work to execute the activities ensuring good fish welfare. The training is to be repeated every five years.

Wellboat and delousing vessel

Frøy provides services within a number of delousing methods, both medicinal and non-medicinal. Delivering solutions that ensure that the delousing is carried out efficiently and with good fish welfare is key for the client and business critical for Frøy. Fish welfare competence and efficient tools (equipment and vessels) are prerequisites to operate efficiently and sustainability. More information about the delousing methods Frøy provides can be found on our website.

Frøy work closely with equipment suppliers to develop new equipment that support Frøy with improving fish welfare. Gentle handling of fish from the farming pens through Frøy's vessels and efficient monitoring and control of the water chemistry are key focus areas.

In November 2021 Frøy took delivery of the worlds largest wellboat Gåsø Høvding. The vessel is equipped with a range of new equipment and technology that may contribute to improved fish welfare. As an example, the vessel is equipped with a fresh water production unit on board which enables the reuse of fresh water up to 10 times. Reusing the water multiple times without compromising on fish welfare requires the right equipment and skilled crew with fish welfare competence and knowhow how to optimize the equipment. Removal of sea lice with the use of fresh water is time consuming and entails repeated handling of the fish. The onboard production of fresh water on Gåsø Høvding may significantly reduce cost and time spent on the delousing operation, as well as contributing to better fish welfare. The large size of the vessel also contributes to quicker delousing which reduce the risk of cross contamination across the farming pens.

Frøy also contribute with keeping the population of sea lice down by reducing the release of residual material after delousing which can contain live sea lice. Residual material and sea lice are collected on all wellboats and delousing vessels. In this way, we reduce the spread of live sea lice to other nearby fish farms or wild salmon.

Service vessels

Our vessels contribute to good fish welfare while the fish are in the pens. Our net washing vessels flush the nets clean of growth since a clean net is crucial to ensure optimal flow through of water in the pens. Net cleaning is carried out in a gentle manner by using double systems (iii) extensively to reduce the time the net cleaner stays in nets and hence disturb the fish. Where possible, we equip our net washing vessels with battery-driven aggregates to reduce noise in and near the cages, which again leads to less disturbance of the fish.

Our procedures also describe measures to ensure good fish welfare for cleaner fish in connection with operations in cages.

Biosecurity

Frøy's Director of fish welfare is available for consultation by the vessels in case of doubt regarding applicable regulations for biosecurity, or if there is need of fish health personnel to confirm that the cleaning carried out on board is in accordance with the requirements. The in-house veterinarian also regulates the vessels cleaning plans which describe how to clean and disinfect the vessel and its equipment to comply by the regulations and provide necessary training to the crew in how to perform cleaning and disinfection when needed. Through these measures Frøy reduce the risk of spreading infectious fish diseases. Frøy operate both under the Norwegian Food Safety Authority regulations and the customers' internal biosecurity regulations.

All vessels in Frøy use disinfectants approved by the Norwegian Food Safety Authority as primary disinfection of vessels and equipment between assignments and for disinfecting aquaculture equipment (for example rings and fleets for the fish farmers). Disinfectants approved by the Norwegian Food Safety Authority have documented sufficient efficacy to kill bacteria and viruses that can cause disease in fish.

In some cases, we carry out so-called cross-disinfection at the requirements of our customers. In case of cross-disinfection, a primary disinfectant is used in combination with a secondary disinfectant. In those cases, it is not a requirement that the secondary disinfectant should be on the Norwegian Food Safety Authority's list of approved disinfectants since the primary disinfectant are approved.

Escape of fish

Through measures to prevent the escape of fish in connection with their own operations or from our customers' fish farms through the services we provide to them, Frøy contributes to ensuring biodiversity in the ocean. Escaped farmed salmon and trout have a negative impact on Norwegian wild salmon populations through genetic crossing, and due to this, measures to prevent escapes have a high focus in Frøy and in the industry.

Frøy is represented in the authorities' escape forum, established in 2019 by the then Minister of Trade, Industry and Fisheries, "Forum for Escape Safety in the Aquaculture Industry". The forum consists of representatives from relevant trade associations affiliated with the aquaculture industry. The forum has received clear orders from the Ministry:

- Be a forum for discussing strategy and priorities in the escape safety work
- Discuss and follow up on current escape questions
- Facilitate good cooperation between the business organizations and the authorities.
- Be an information arena for new projects that are, or are planned to be initiated by the industry or the authorities
- Identify key issues jointly, based on experiences and trends, and find solutions to these
- Actively contribute to disseminating knowledge and experiences across the industry

Frøy has also provided input in connection with the revision of the standard for floating aquaculture facilities NS 9415:2009 and has improvised changes after the revised standard NS 9415:2021 came into force in the autumn of 2021. Together with the NYTEK Regulations, NS 9415:202, regulates the construction, installation, operation and maintenance of floating aquaculture facilities to prevent the escape of farmed fish.

Wellboat and delousing vessels

According to the FHF-funded (Norwegian Seafood Research Fund) SINTEF project "Knowledge and methods for preventing escapes", the escape of fish from wellboats or delousing vessels is mainly by:

- Propeller in net in connection with mooring
- Hit-and-run (fault navigation or strong current/wind)
- Failure of hoses or hose couplings
- Grating flooding
- Pumping of fish to deck or to sea

Through risk analyses, risk-reducing measures and barriers have been identified to prevent escapes caused by or from any of our vessels. Examples include:

- Net at the end of all fish handling pipes and hoses when not in use
- Use of nets or grating in front of scuppers to ensure that fish that end up on deck do not fall into the sea
- Map of the location with marked sailing rout to the cage, as well as contacting the location manager if unfamiliar with current conditions at the location.

Service vessels

According to the same project referred to at the last paragraph, the escape of fish from fish farms mainly is caused by:

- Holes in the net
- Net under sea level
- Handling of fish
- Environmental and weather conditions
- Various working operations

An important part of Frøy's core business is the inspection of nets to find and locate any holes in the net and other defects in the cage components or mooring system. Inspections are carried out either by divers or by using ROV or net cleaning robot (when inspection are carried out as an integrated part of the net cleaning). In this work Frøy is investing in new technology in the form of machine learning to support our operators who carry out inspections in the work on detecting holes.

Frøy also works closely with suppliers of net cleaning robots to reduce net line wear which could lead to holes in connection with washing. In addition, Frøy also works closely with subcontractors to develop better camera technology to better uncover any deviations for all types of inspection (ROV/diver/net cleaner).

If holes are uncovered in connection with inspection carried out by divers, all holes will be immediately rectified by divers with expertise in net repair in accordance with the net user manual.

Another important part of Frøy's core business is the installation of moorings for floating aquaculture facilities. Our employees' expertise in this area helps to ensure that facilities are moored correctly according to the plant certificate and thus helps prevent the escape of fish.

Frøy is certified by the accredited certification company Aquastructures AS as an organization that performs the following services in accordance with requirements of the NYTEK Regulations and NS 9415:2009:

- Installation of mooring for floating aquaculture facilities
- Temporary repair of nets (repair of nets in the sea)

Food safety

In connection with all contact with fish that are part of food production, Frøy is concerned that our business should not contribute to deteriorating the quality of the product and thus ensure good food safety. Cleaning chemicals are stored in accordance with government and customer requirements, and cleaning of vessels is carried out at a reassuring distance from aquaculture sites where there are fish.

Frøy has in 2021 started work on transitioning to food-approved hydraulic oils on our vessels where any leakage of the hydraulic oil may come into contact with fish. Any spillage of hydraulic oil that is not food-approved which come in contact with the fish could contaminate the entire batch and the end product would not be approved for human consumption. This is an extensive work and will be carried out successively by scheduled replacement of hydraulic oil according to the vessels maintenance programs.

Our routines are intended to ensure that there will be no emissions of diesel fuel, or oil when operating in and around aquaculture sites.

Frøy is a verified supplier according to the Global G.A.P. Aquaculture standard and holds a DoC (Declaration of Compliance) issued by DNV. This means that our entire business is audited annually by a third party (DNV) to ensure that we comply with the elements of the standard relevant to our business, thereby ensuring that our Global G.A.P certified customers that by using our services they will be in accordance with the requirements of the standard. Global G.A.P is an internationally recognized standard for farm production and have a sub-standard aimed at aquaculture, the GLOBAL G.A.P. Aquaculture Standard. The standard sets strict criteria for:

- Legal compliance
- Food safety
- Workers' occupational health & safety
- GLOBAL G.A.P. Risk Assessment on Social Practice (GRASP)
- Animal welfare
- Environmental and ecological care

Frøy is also regularly audited by a selection of customers according to relevant elements within the Aquaculture Stewardship Council (ASC) standard. The ASC standards focus on both the environmental and social impact of farming:

- Environmentally: farms must show that they actively minimize their impact on the surrounding natural environment. This extends to careful management of the fish health and resources.
- Socially: farms must be a good and conscientious neighbor; that means operating their farm in a socially responsible manner, caring for their employees and working with the local community.

GREENHOUSE GAS EMISSIONS

We recognize the impact our operations have on the climate and aim to reduce our carbon footprint. As a first step in this process, we have started mapping out climate emissions as inspired by the GHG Accounting Protocol.

The climate account presents a general overview of the company's greenhouse gas emissions in the form of the greenhouse gas CO2 in relation to Scope 1 and 2, i.e., the parts of the business where Frøy has operational control.

PGHG EMISSIONS

Scope 1	
CO2 emissions [tonnes] (iv)	95 063
Scope 2	
Electrical power (v) consume [kWh]	1 330 285,59
CO2e (vi) [tonnes]	10,64
Total CO2 + CO2e [tonnes]	**95 074**

ELECTRIFICATION OF VEHICLES

Vessels (xiv)	Wellboat and Shipping	Larger service-vessels	Smaller service-vessels
Percentage of vessels with diesel power	79 %	20 %	97 %
Percentage of vessels with diesel-electrical power	16 %	60 %	0 %
Percentage of vessels with hybrid power (vii)	5 %	20 %	3 %
Percentage of vessels prepared for hybrid power (viii)	0 %	20 %	0 %

Company cars (ix)	
Percentage of company cars with diesel power	100 %
Percentage of company cars with hybrid power	0 %
Percentage of company cars with electrical power	0 %

Reduced greenhouse gas emissions through electrification of the fleet

The larger contributor to Frøy's carbon footprint is the emission of greenhouse gases from our fleet. In 2019 Frøy therefore made a strategic decision to reduce greenhouse gas emissions from the fleet by investing in more climate friendly vessels, and from then on, all wellboat newbuilds have been ordered with either diesel electric or hybrid propulsion machinery. At the end of 2021, 21 % of our wellboats and cargo vessels, 80 % of our larger service vessels, and 3 % of our smaller service vessels have diesel electric or hybrid propulsion machinery installed.

Reduced greenhouse gas emissions through greater operational utilization

Greater operational utilization leads to reduced energy consumption which further leads to reduced fuel consumption and then again to reduced greenhouse gas emissions.

One example of operational utilization to reduce greenhouse gas emissions is that our logistics managers focus on achieving as good a level of coverage as possible for any transport assignment for our sea transport vessels. If goods are transported from A to B, goods must also be transported from B to A. This leads to a reduction of fuel consumption per ton freight transported.

Another example is that in connection with freshwater delousing, the need for the number of transport stages for the replacement of fresh water will be reduced by building well boats with larger well volumes. Fewer transport stages lead to reduced fuel consumption per delousing operation. In addition, a larger proportion of the fish in cages can be processed per assignment which again reduces the total energy consumption for the delousing operation. When producing fresh water on board the wellboat, this need will be further reduced. Frøy's newest well boat and the largest well boat in the world, Gåsø Høvding, is an example of Frøy's advances in this area.

Reduced greenhouse gas emissions through increased use of remote inspections

In the case of remote inspections, we reduce transport, which will contribute to a reduction in greenhouse gas emissions in connection with transport to and from land. There are clearly defined requirements for cleaning, washing and disinfection of vessels and equipment used at aquaculture sites. The requirements have different levels depending on the status of the fish and are defined in the Aquaculture Operations Regulations and the various disease regulations. Where there are requirements for control of the object before further operation, it is authorized fish health personnel (veterinarians and fish health biologists) who carry out such inspections. Cleaning inspection can be carried out either "on site" or by "remote" inspections. Remote inspections are carried out by crew performing the physical part of the inspection while being monitored by an inspector in real time. As well as transport, remote inspections reduce time for the object and for the inspector. Frøy uses remote inspections where it can be used and aims to use it to a greater extent in the future, as the regulations allow for it.

MINIMIZE OUR ENVIRONMENTAL IMPACT

As reflected in our ethical guidelines Frøy's goal is that the environmental impact from our activities is to be kept to a minimum and we have a zero tolerance for spillage of oil at sea.

Pollution from ships is regulated by the International Convention for the Prevention of Pollution from Ships (MARPOL 73/76). The MARPOL regulations consist of six annexes that regulate various forms of pollution from ships.

All our vessels are equipped with oil collection equipment in accordance with MARPOL - Annex I. Several of our vessels participate in the oil spill preparedness drills along the entire Norwegian coast, either under the direction of the Norwegian Coastal Administration or the Norwegian Clean Seas Association for Operating Companies (NOFO), in order to ensure good handling of potential major oil spills that could threaten our coastline.

POLLUTION

Oil pollution	
Oil spillage to sea [number of incidents]	3
Air pollution	
NOX emissions [tonnes]	845 929
Percentage of vessels with SCR (x)	20 %

In 2021 Frøy had one major incident of overfilling of diesel fuel which led to spillage of 200 liters of diesel to sea. Cause analysis showed that the overfilling was due to violations of internal procedures and the incident was reported to the NMA. Immediate measures were taken to collect the diesel waste using oil booms, in addition to a number of preventive measures were taken related to the review of internal procedures as well as experience transfer to prevent the reoccurrence of similar incidents. Frøy was fined for negligence by the Norwegian Maritime Authority after the incident.

In addition, Frøy had two minor incidents of leakage of hydraulic oil on deck which led to some of the hydraulic oil running overboard and creating a minor oil film at sea. Both these spillages were during maintenance at dock and was quickly contained with oil absorbing mats on deck to minimize the amount of overboard oil spills.

Pollution to air is regulated by MARPOL – annex VI which sets limits on sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances; designated emission control areas set more stringent standards for SOx, NOx and particulate matter. A chapter adopted in 2011 covers mandatory technical and operational energy efficiency measures aimed at reducing greenhouse gas emissions from ships. As a measure to accommodate these regulations and contribute to reducing the environmental impact from exhaust gases Frøy has installed SCR equipment on several of our vessels.

None of Frøy's operations in 2021 were subject to any emission permit requirements.

Waste disposal

All our vessels have prepared their own Waste Management Plan describing procedures for handling different types of waste. Handling of waste from our ships at operation is mainly regulated by Annex V of the MARPOL regulations which deals with different types of garbage and specifies the distances from land and the manner in which they may be disposed of; the most important feature of the Annex is the complete ban imposed on the disposal into the sea of all forms of plastics.

Measures to prevent microplastics in the ocean

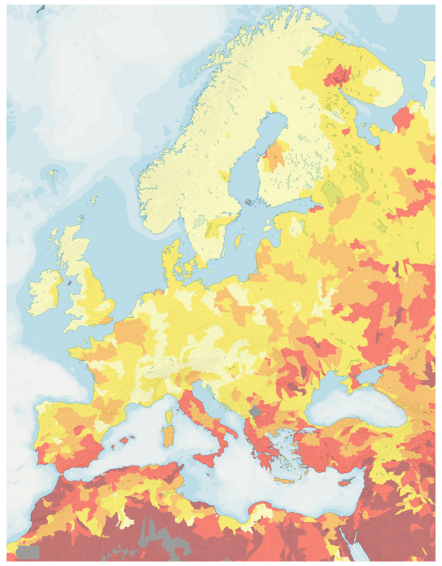
As mentioned over the MARPOL – annex V regulates a complete ban on the disposal of all forms of plastic to the sea. All forms of plastic must therefore be sorted on board and disposed of at approved waste disposal facilities ashore. In addition are packaging and used plant parts such as rings, nets and moorings from the aquaculture industry which may contain of plastic materials supplied to the fish farmer whom in turn disposes of it to enterprises that reuse the materials if possible.

A large part of Frøy Shipping's transport assignments are based on the transport of fish feed. Fish feed is delivered in large plastic bags, and these are delivered for recycling when they are empty. In addition, all plastic barrels and IBC plastic containers are delivered for recycling from all parts of our business.

To reduce the amount of microplastics and other waste in the sea Frøy acts as a sponsor for beach and shoreline cleanup operations in the local communities we operate.

Water consumption

For 2021 it has not been possible to retrieve data for total water consumption for Frøy's operations, but Frøy is not a major consumer of fresh water in connection with our operations.



Overall Water Risk - cutouts from Water Risk Atlas, www.wri.org

We need access to fresh water in connection with freshwater treatment on our wellboats in addition to access to drinking water on board our vessels and at our office locations. Drinking water is mainly bunkered from approved drinking water facilities in our areas of operation. Frøy only uses fresh water from areas with a low or low-medium risk of water shortages or poor water quality.

A reverse osmosis plant has been installed on board the wellboat Gåsø Høvding for the production of fresh water from seawater, which will reduce the freshwater consumption in connection with freshwater delousing operations. This initiative will be implemented on other new builds in the future if appropriate.

Impact on other marine life

As mentioned, gentle flushing of nets is an important focus area for Frøy regarding fish welfare, but gentle flushing is also important in terms of reducing the discharge of Cu-holding impregnation to sea. Our washing robots meet the maximum permissible flushing pressure requirements for ASC certified locations.

All vessels in Frøy that fall under the ballast water treatment regulations have facilities for treatment of ballast water that meet the requirements of the IMO's Ballast Water Management Convention. Treatment of ballast water is an important measure to prevent the undesirable spread of marine organisms because the transferred species may survive to establish a reproductive population in the host environment, becoming invasive, out-competing native species and multiplying into pest proportions.

All wellboats in Frøy except one comply with the regulations on disinfection of transport water in accordance with Section 22 of the Transport Regulations. The vessel that has not approved facilities for disinfection of transport water has a limited transport permit in Norway and has mainly carried out assignments outside Norway in 2021. Disinfection of transport water is a measure to prevent the spread of infectious fish diseases between plants and production zones along the Norwegian coast. The wellboats in Frøy use UV illumination as a method for disinfecting the transport water.

When using medicines for the treatment of fish against sea lice on board our wellboats, we comply with the requirements of the Transport Regulations that the treatment water consisting of medicine residue should not be emptied closer than 500 meters from shrimp fields or spawning grounds specified in the Directorate of Fisheries' online mapping tool.

THE WAY FORWARD – PLANS FOR 2022

Going forward, we aim to expand our GHG reporting as we are able to collect more data from our operations and our value chain. We also will take necessary measures to collect data for water consumption of our operations.

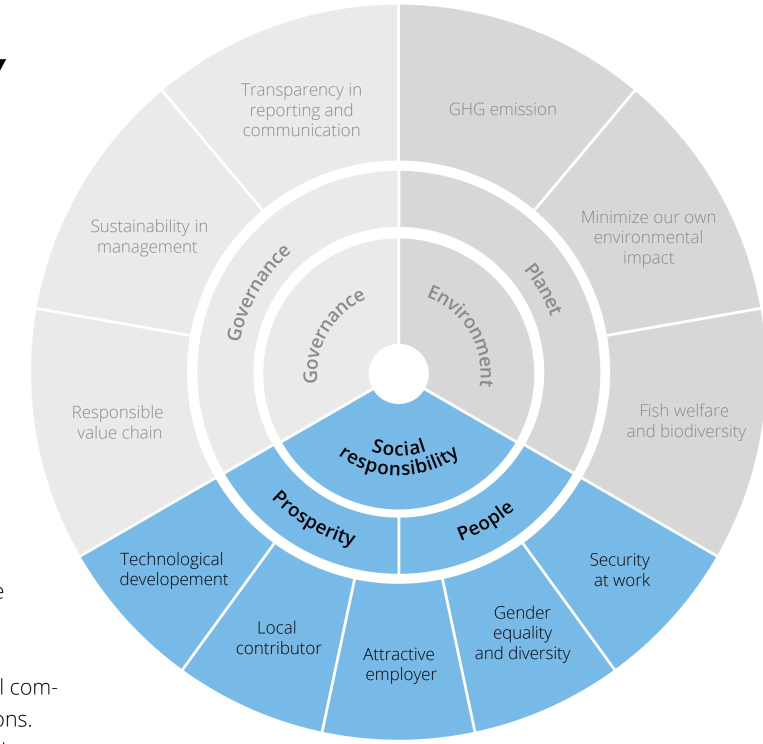
As mentioned in the report an important measure to reduce the climate footprint and specifically the GHG emissions from our operations is to shift to more environmentally friendly vessels. The goal is to increase this percentage of vessels with either diesel electric or hybrid power over the coming year as a result of fleet renewal.

Frøy also aims to use remote biosecurity inspections to a greater extent moving forward, as the regulations allow for it.

Another important measure to reduce the environmental impact of our operations is to continue the modifications of the vessel' engines by installing SCR units to reduce the NOX emissions from the engine exhaust. In 2022 Frøy has taken the necessary measures to modify 2 vessels by SCR-installation which one of the modifications will be commissioned in 2022 and the other modification may prolong in to 2023. All new-builds must comply with the regulations for NOX reducing measures described in the MARPOL – annex VI from day one.

Frøy will also in the coming years sustain supporting initiatives for beach and shoreline clean-up operations in addition to other initiatives which will contribute to reducing plastic waste in the ocean.

SOCIAL RESPONSIBILITY



Skilled employees are Frøy's most important resource. Their hard work and competence are crucial for delivering good services and for the overall development of our company. Employee motivation and engagement are important for achieving our strategic goals and implementing sustainability in our daily operations. For Frøy it is particularly important to ensure the safety of all our staff. There are considerable risks connected to many of the services our team execute every day.

Prosperity relates to Frøy's role in local communities and other societal contributions. For Frøy, prosperity involves securing the best people, local value creation through job creation and activities in coastal communities, payment of taxes to local governments and fair payment of dividends to shareholders. Furthermore, to ensure we stay up to date and ahead of the curve, we actively engage in projects relating to technological development.

Please find the complete overview of financial figures in the annual accounts section in the annual report.

SECURITY AT WORK

At Frøy, the safety of our employees is our main priority, and all our vessels have a Safety Management System to ensure safe operations at sea. All vessels in Frøy covered by certification requirements have valid SMC/MLC/ISPS certificates and underlie a shipping company with a valid DoC (Document of Compliance) in accordance with the ISM code. Vessels that are not covered by certification requirements meet the Safety Management System requirements issued by the Norwegian Maritime Authority (NMA).

Research conducted by both SINTEF and the NMA show that workers at sea and in the aquaculture industry is one of the most at-risk occupational groups in Norway. The aquaculture industry is one of the riskiest industries in the Norway in terms of personal injuries and accidents, while at the same time it is an industry with a high proportion of work-related sickness absence as a result of musculoskeletal disorders.

In 2021, we had 3 serious incidents that resulted in damage to either vessels or critical equipment. One incident involved the cargo falling from the crane during the lifting of a 200 kg heavy module from dock to boat. The load shifted and fell 15-20 cm down on the deck due to miscalculation with regard to the strap method. The second incident involved the rudder locking up at speed due to technical failure and the vessel having to emergency maneuverer to dock. The third incident involved major damage to the pump due to accidental seawater intrusion into the pump room during maintenance work. The seawater intrusion is due to inadequate compliance with procedures for insulation of

Category	Incidents 2021
Work related injuries	
Number of hours worked	1 492 971
Lost time injuries frequency (LTI) (xi)	9,38
High-consequence LTI (xii)	3,35
Number of work-related fatalities	0
Main categories of work related injuries	1. Fall injuries (33 %)
	2. Crush injuries (23 %)
	3. Cut injuries (13 %)
Other safety related incidents	
Damage to vessel or critical equipment	3
Groundings or collisions with potential	1
Near miss incidents with potential	5

equipment in connection with maintenance. All three incidents resulted in only material damage and no injuries, but all incidents had a high potential for a more serious outcome both materially and with regard to injuries to personnel. Experience reports have been sent out to all vessels to ensure learning from the events across the organisation in addition to corrective measures being taken to rectify technical errors and deficiencies where applicable.

We also had one grounding with serious potential in 2021. The grounding itself did not cause any serious damage beyond water penetration through a hole in the hull, but due to the grounding, serious safety deficiencies were uncovered in relation to non-compliance with safety procedures and requirements for safety equipment on board. The accident was reported to the NMA and Frøy was fined as a result of the safety concerns. Measures have been taken to ensure that similar safety deficiencies do not occur again.

All near miss incidents with potential are analyzed to uncover causalities and necessary measures are taken to avoid similar incidents.

Internal experience transfer

Frøy observes that the number of personal injuries increase in correlation with the activity level and especially the number of minor injuries that do not lead to absence, such as crush injuries, fall injuries and cut injuries. These are injuries that with small margins could lead to more severe injuries in our line of work, so we work systematically with improvement and experience transfer across the organization to prevent similar incidents to happen again.

Review of nonconformities last period is a fixed agenda item in all meetings in the operational line, from safety and security meetings on board the vessels to reviews in board and management meetings. In addition, all incidents are reviewed weekly by the QA-department, to identify if immediate or preventive measures are to be taken throughout the organization to prevent similar incidents down the line. Based on cause analysis and preventive measures identified, experience transfer is sent out to all relevant vessels either via monthly HSE newsletter or by using the internal form Experience Report. By these measures, we ensure the learning of incidents at all stages of the company. In the event of high-consequence vi incidents, investigations are carried out.

Our observations are confirmed by the Norwegian Maritime Authorities. The NMA chose to have "Safety culture and risk understanding" as the focus area in 2021 and has chosen to continue this focus area also in 2022 as it takes time to build a good safety culture. As described above, Frøy has taken several measures to accommodate the findings from both the NMA and internal statistics.

Knowledge transfer and dialogue with the industry

An important instrument the NMA has for experience transfer and dialogue with the industry is the Maritime Safety Conference. At the Maritime Safety Conference 2021, a representative from Frøy's QA-department was asked to contribute to a panel to shed light on how we have handled the challenges of safety and risk understanding among crew members of the smaller service vessels in the aquaculture industry.

Among other things were the importance of the introduction of requirements for competence requirements for masters on smaller vessels that will come into force on 1st of January 2024 addressed. Frøy observes that the understanding of the need for safety routines, and not least documentation of compliance with safety procedures, is more prevalent among certified crew members than among crew members who have no qualification requirements related to the master role. This is not unnatural as training in safety and risk understanding at sea is provided in accordance with international rules for good seamanship in connection with the issuance of the new certificate of competence. Frøy therefore welcomes the new competence certificate for masters on cargo ships of 8 meters in overall length or more, and is already well underway with the training of crew on our smaller vessels to meet the new requirements.

The importance of having good routines for on-boarding of new crew members and introducing them to the company's safety routines were also addressed by Frøy's representative. In high season, the activity level is high on the vessels and it is easy that efficiency and deliveries become the focus both in the land administration and among the crew on the vessels. It is therefore very important that it is communicated at all levels that safety comes first and shortcuts should not be taken.

HSE-training of new employees

In connection with on-boarding, all new crew members must review the safety checklists for familiarization before they can start work. The familiarization checklist consists of checkpoints for, among other things, the placement of emergency and rescue equipment, muster point, the alarm instructions, and the general review of the company's safety management system. They will also have a review by one of their senior crew members of HSE procedures including procedures for use and handling of chemicals, in addition to risk assessments for relevant job operations they are to carry out in their job. The HSE training also includes training in the use of equipment which may entail a risk of injury.

In 2021, work was started to digitalize documentation of all training for all employees as this has previously been done on different platforms in the different subsidiaries.

Facilitation in Frøy

All employees, with the exception of a segment of smaller service boats, have Safety Insurance in accordance with NHO Shipping. As a result of mergers, there are differences between the companies. Treatment insurance currently applies only to parts of the organization. In connection with sickness absence follow-up, various private services are used to get employees back to work faster.

GENDER EQUALITY AND DIVERSITY

The Frøy Group has announced clear attitudes towards safeguarding diversity and gender equality in our ethical guidelines. We want all our employees to feel included and respected for who they are and Frøy has a zero-discrimination policy. The policy established clear guidelines for limiting discrimination in our company and is based on The Equality and Anti-Discrimination Act.

If incidents occur, it can be reported through our whistleblower channel. No discrimination cases were received in 2021.

Our employees consist of 12 different nationalities. Our management systems are mainly available in Norwegian as it is a requirement from our customers that our employees should be able to communicate in Norwegian. Measures have therefore been taken to offer Norwegian language courses to employees which do not have Norwegian as their first language.

Gender Equality

At the end of 2021 Frøy had a total of 814 employees, including temporary employees. 776 were men and 38 were women. Relatively speaking, the female employees are mainly employed in the onshore administration, 38 % of the total onshore employees are female. There are relatively few women employed as crew members on our vessels. Only 3 % of the employees on our vessels are female. Of these, no one is employed in officer positions on board. The aquaculture and shipping industry has traditionally been seen as a male dominated occupation and there have been few female applicants when positions are advertised.

The proportion of women employed at the middle management level in the onshore administration are also low (6 %), but the proportion of women is higher at the top management level. At the end of 2021, Frøy's management group consisted of 14 % women, while the expanded management group (xvi) consisted of 40 % women. In the transition to 2022, the share of women increased to 29 % and 47 % respectively following the employment of a new female CEO.

The Board of Directors of Frøy consists of representatives with broad experience and competence and has a female share of 43 %.

Up until now we have not implemented systematic measures designed to increase the proportion of women on board our vessels or at the middle management level. However, going into 2022 we will be exploring ways to improve the share of females in the organization. Attracting a higher share of women increase the addressable talent pool for Frøy. Attracting the best talents and creating a innovative environment requires a diverse set of talents which is needed to create a sustainable position as a leading competence hub within aqua services.

In line with the duty of activity and reporting, an "ARP: Gender Equality Statement for Frøy ASA" has been issued. We refer to this for a more detailed description of how Frøy works for gender equality and against discrimination related to gender, pregnancy, maternity leave or adoption, care taking tasks, ethnicity, religion, beliefs, disability, sexual orientation, gender identity and gender expression and combinations of these foundations.

ATTRACTIVE EMPLOYER

Employees

In 2021 Frøy had 814 employees, and all our employees have full-time positions. During

Number of employees	Women	Men
Total number of employees	38	776
Age group		
16-30 years (xiii)	15	354
30-40 years	5	196
40-50 years	7	112
50-60 years	7	94
60-70+ years	2	28
Occupational groups		
Level 1 (xiv)	1	4
Level 2	17	305
Level 3	14	383
Level 4	6	84
Women's average salary as a percentage of men's average salary per occupational group		
Level 1	81 %	
Level 2	74 %	
Level 3	85 %	
Level 4	57 % (xv)	
Parental leave		
Percentage number of persons on parental leave	2 %	4,6 %
Average number of weeks of parental leave	28	9,4

2021, Frøy welcomed 200 new employees to our team and there was a turnover rate of 15 %.

Number of employees	814
Full-time employees (%)	100 %
Part-time employees (%)	0 %
Number of substitutes (xvii)	81
Number of new hires	200
Turnover rate	15 %

The job market in 2021 was categorized by significant changes in working patterns as a result of the Covid-19 pandemic, and this also affected our business. Several of our divers are homebound outside of Norway and Covid-19 regulation caused at times difficulties for them to maintain their employment in Frøy despite the fact that we implemented several measures to retain our foreign employees. Frøy also competes with several stakeholders for competent labor in the aquaculture industry, including our competitors and our customers. Concerning candidates with aquaculture expertise, the labor market is very tight, which sometimes makes it challenging to recruit new employees. All these factors resulted, as previously mentioned, in a turnover rate of 15 % in 2021. While we hired 200 new employees, 120 people chose to leave our company. As described in the chapter 'People', our people are our greatest assets and we will continue to do what we can to attract and retain the best people in the industry. In Frøy, all permanent employees are employed full time and we choose not to hire people in part-time positions unless explicitly requested by the employee.

Employee wellbeing and engagement

For Frøy, it is very important to be an attractive employer for our employees. Our employees should feel that Frøy is a safe and responsible employer who cares about them and their mental and physical health. We offer competitive wages and facilitate to provide good working conditions for all our employees, where they are allowed to thrive and develop professionally.

An important part of our wellbeing work is the implementation of a "Mental Health Strategy". This initiative was developed in 2021 to facilitate an inclusive and safeguarding culture, thereby contributing to wellbeing and community. In addition, a "Policy for drug and alcohol use and gambling" was also drawn up in 2021 to maintain a drug and alcohol free and good working environment. In this work we cooperate with the local "Follow-up Service", which is a service under the direction of the municipal Health and Care Services for people who, for mental reasons and or because of drug or alcohol problems, need assistance in everyday life.

We want all employees to be proud to wear the Frøy logo on their chest and feel that they are part of The Frøy Culture. Following the merger with NTS ASA the companies Norsk Fisketransport AS, NTS Shipping AS and NTS Management AS, a workgroup was established to work actively on measures to ensure a common corporate culture and a sense of unity among all employees of the new combined company.

To ensure a good flow of information across your organization, newsletters are sent out from the administration to all employees every two months with updates in large and small matters since the last time. In addition, separate letters of information are sent out in special news stories. Frøy also has a closed internal Facebook group which is used as a more informal information channel to our employees, as well as a channel for community building and communication between crew on the different vessels.

Training and development

We have competence matrices for all positions at sea in Frøy. These matrices describe both legal requirements in relation to qualifications expected for each position, as well as Frøy's standard for desired qualifications for the position beyond regulatory requirements. In connection with harmonization of competence requirements for the individual position and implementation of joint HR systems, we initiated the work to further develop these matrices in the late 2021.

In connection with on boarding of new employees, they receive, among other things, a review of the company's quality systems incl. safety management systems. In connection with this review, they will be introduced to Frøy's "Ethical Guidelines" as well as the shipping company's "Policy for Safety and Environmental protection". When the work of developing its own sustainability practices for Frøy has been completed, it will become an integral part of the company's management systems and employees will be introduced into this in the same way as other management documents and procedures.

Historically, there have been few formal competence requirements for crew members on our service vessels related to the tasks they perform, but this is constantly being sharpened both from the authorities and from our customers. For example, with the revision of the NYTEK-Regulations and the associated standard NS 9415:2021, the competence requirements regarding inspections of nets, repair of net when in sea and installation of mooring for aquaculture facilities, etc. are now more formalized. One challenge in this context is that there is no specialized educational program that meets these competence requirements. Frøy has therefore taken measures to ensure on-the-job training consisting of both theoretical and practical training on board. The preparation of e-learning courses has been initiated for the most important tasks as part of a training plan for the given work task.

Frøy's internal education programs

The expertise and experience of our employees is one of most important assets. It is therefore important for Frøy to give our employees good opportunities for professional development and advancement internally in Frøy. In 2021, we established Frøy's internal education program. The goal is to ensure that all employees at all levels, through a tailor-made program, have good basic knowledge of Frøy's operations, management, and culture. The program is built around the following structure:

- The management team and the senior management group
  - Strategy process, implementation of strategy, vision and goals
  - Ensure cultural understanding, awareness of management responsibilities, anchoring of the program
- Middle management programs
  - Are carried out for our operations managers.
  - Ensure that everyone who has a leading role is given a basic leadership knowledge and cultural understanding
- Frøy internal education program
  - Training programs for all new employees, mainly at the operational level.
  - Combination of digital solutions/physical assemblies
  - Emphasis on culture, how do we do it with us
  - Academic content; operations, economy, management, fish health, system, etc.
- Talent development program
  - Develop further young and ambitious talents/employees.

Work in the management team was initiated through a strategy process in the spring of 2021. A collaboration was later entered into with the Centre for Management for the implementation of the middle management program.

Collaborations with educational institutions

Frøy actively contributes to educating skilled workers and hires several apprentices every year. In 2021 we welcomed 35 new apprentices in Frøy which resulted in a total of 70 apprentices distributed on our vessels. We cooperate with the "blue" educations at both upper secondary and university college level, with Ungt Entreprenørskap (Young Entrepreneurship), Blått Kompetansesenter (Center for Blue Competence), NTNU and SINTEF. These initiatives are further described in the chapter about 'Technological Development and R&D'.

LOCAL CONTRIBUTOR

As an active industry player in Norwegian coastal areas, Frøy is a major contributor in local communities through job creation that contributes to upholding sustainable coastal communities in areas that are generally seeing a population decline.

Economic contribution	[NOK]
Community investment	393 617

Frøy employs more than 800 people who reside in communities along the entire Norwegian coast. We create important jobs for these communities, and we contribute significant tax revenues to local governments.

In Seafood Norway's report "Aquaculture 2030", they have, among other things, looked at the aquaculture industry's impact on local value creation in coastal communities along the Norwegian coast. In the report, they conclude that Norwegian value creation related to aquaculture will double by 2030. This will contribute to increased tax revenues and more jobs, and that the aquaculture industry will have dialogue at the local level to ensure that the needs and concerns of the communities are taken care of as much as possible. As a leading supplier to the aquaculture industry along the Norwegian coast, these factors will also apply extensively to Frøy's activities.

In addition, we contribute by supporting local initiatives in the form of children's sports and cultural activities in the communities in which we operate. We also work with local upper secondary schools to maintain and grant local vocational education programs, in addition to supporting initiatives that ensure higher education in aquaculture-related education.

TECHNOLOGICAL DEVELOPMENTS

Frøy wants to be a leader in the development of technology and services that contribute to more sustainable development. As part of this work, we collaborate in R&D projects with suppliers, customers, universities and research communities that stimulate to the creation of more sustainable solutions to the industry's challenges.

Economic contribution	[NOK]
Total R&D costs	8 241 981

In-house projects

Animal testing

Frøy field trials with fish were approved in August 2020. The Norwegian Food Safety Authority states that: "Farmed fish are entitled to good welfare. Therefore, the consequences and suitability of methods and equipment must be documented before they can be used". There is a great need for laboratory animal enterprises that have expertise in the use of equipment for non-drug delousing and other similar operations that involve handling live fish in the Norwegian aquaculture industry. With the laboratory animal activities, Frøy, together with our customers, have the tools to further develop and initiate new methods for fish welfare-prudent handling (delousing, sorting, displacement) of live fish, in line with the Norwegian regulations.

In close cooperation with our customers, we have applied for and carried out several trials and experiments where we have documented better efficacy and improved fish welfare in the development of new methods in 2021. It is required by law to uncover and document welfare consequences before new equipment is marketed and put into commercial use. Currently, we still have several trials in process, and we strongly believe that this work is necessary to quality assure and systematize the improvement work for the benefit of the fish's welfare and health.

In connection with rebuilding the former supply ship Frøy Challenger to a delousing vessel, Frøy together with one of our customers decided to install and test out a new type of fish pump in connection with the delousing unit. Frøy`s field trial department, the pump owner, and the customer applied the Food Safety Authority for tests to ensure fish welfare. To document fish welfare, we used both individual and group welfare indicators. The intention of the project is to improve fish welfare by reducing wounds and injuries inflicted on the fish by the fish pumps, and preliminary results look promising.

Collaboration projects
Coastal Preparedness
The project "Coastal Preparedness" is an innovation project for the business sector part-funded by the Research Council of Norway which extends from 2020 to 2022. The project's vision is "Increased safety in coastal waters through strengthened operational preparedness" and is a collaborative project between various actors in the business sector and the research institution SINTEF Ocean, where Frøy have the role as project owner on behalf of its primary owner NTS ASA. The background for the project is that aquaculture at sea requires significantly greater focus on emergency preparedness and has the following themes:

- GAP analysis risk and emergency preparedness
- Emergency response vessel
- Environmental and algae monitoring
- Operational emergency response support/operations center
- Simulator-based training

Frøy primary contribute in connection with the development of an emergency vessel and operational emergency response support.

Improved detection and positioning of findings in connection with inspections of nets
In 2021, Frøy has initiated two collaborative projects aimed at improving the detection and positioning of holes and other findings in connection with net inspections. Together with ABB we looked at the possibility of using machine learning for improving detection of holes in the net during net inspections, and together with Posicom we looked at the possibilities of automatic uploading of video recordings from inspections, both mooring and net inspections, to a cloud solution as well as tagging point of interest (POI), for example holes, in order to better position any findings in video and thus in nets.

Both these project will contribute to better quality in our inspections and supply the fish farmer with better overview of their plant integrity, and thus lead to fewer incidents of fish escapes.

We also had two students from NTNU and the Faculty for information engineering and electrical engineering, Department of Technical Cybertechnology writing their Master thesises (xviii) regarding the same theme.

Innovation projects aimed at the education and research sector
Frøy also participates in innovation projects aimed at both lower secondary school, upper secondary school, universities and research institutions. In Trøndelag, we work closely with The Blue Competence Centre at Frøya in relation to both "Blue Innovation Camp" and the "Bridgehead Conference".

"Blue Innovation Camp" is an aquaculture-oriented innovation camp focusing on the blue industry that is part of the Trøndelag UE (Young Entrepreneurship) initiative where pupils in 10th grade at junior high schools come up with proposals for solutions to some of the industry's issues, and in 2021 Frøy was one of three companies from the blue industry that contributed with an issue from our every-day work.

"The Bridgehead Conference" is a meeting place for businesses, students, researchers, pupils, teachers and comitted social actors that are held twice a year. Frøy participated in the conference during the fall of 2021 to make contacts with researchers and students which could be potential future collaboration partners.

Both these initiatives are important to ensure sustainable research and innovation in an ever-evolving industry.

THE WAY FORWARD – PLANS FOR 2022
An important goal for 2022 is to ensure a greater degree of gender diversity in those areas of our organization were this is required, such as among crew members on the vessels and especially among officers, or in the middle management level on shore. We are therefore in the process of improving our focus on female recruitment and the goal is to recruit at least one female master on our service vessels.

Training and educating our employees are an essential strategic area to uphold our position as a competent and reliable provider of services to the aquaculture industry. To succeed in this area, it is essential to have control over our employee's competence and experience, and ensure that the crew members have the sufficient qualifications for the job they are executing. Therefore, the work of further developing and harmonizing the company competence matrixes will continue in 2022, as well as harmonizing the digitization of the competence documentation.

We will continue the work with ensuring a common corporate culture in 2022 hoping that the easing in Covid-19 regulations will allow the planned physical gatherings for all employees during the fall to proceed as planned. The wellbeing of our employees is important to us, and we will continue the preventive initiatives we started in 2021 regarding drug and alcohol abuse, gaming and mental health issues.

The collaboration with the Centre for Management for the implementation of the middle management program will be carried out with gatherings throughout 2022, and the work on content and digitalization of the Frøy internal education program will be started in 2022 and is planned to be completed in 2023. We will ensure that the middle management program will incorporate the training in the following areas:

- Ethical guidelines
- Anti-corruption policy
- Guidelines for discrimination
- Policy for drug and alcohol abuse and gaming
- Strategy for mental health

The goal is also to determine a start-up date for Frøy's talent development program during 2022.

In 2022 Frøy plan to take delivery of the wellboat MS Gåsø Odin and continue to invest in the vessel MS Veidnes that is scheduled for delivery during 2023. Both vessels will be built with battery packages and diesel electric propulsion. MS Veidnes will be built with a DC plant that may reduce the total energy consumption with up to 8% and a heat recovery system from cooling water and exhaust.

In the service segment Frøy will plan to delivery of 6 new vessels in 2022. 4 of the vessels will be installed with diesel electric or diesel hybrid propulsion systems. In addition, the company will invest in 2 large service vessels that are scheduled for delivery in 2023. The vessels will be equipped with diesel-electric propulsion systems and extra-large battery packages of 1,000 kilowatts which will greatly reduce emissions and diesel consumption compared to conventional diesel systems.

In 2022 Frøy will continue all our initiatives where we are contributing to local growth and development. We will participate at both the "Blue innovation Camp" and the "Bridgehead Conference" in 2022 to stimulate pupils to take an interest to the blue industry and help us solve our future problems with sustainability at mind, and to seek opportunities to cooperate with higher level students in future student assignments.

As a part of the ongoing development of an overall sustainability strategy Frøy will also strengthen and bring together the company's innovation processes to ensure that necessary means are taken to find good sustainable solutions to the issues we meet in our day-to-day line of work.

END NOTES

(i) Source: https://www.newscientist.com/article/2290068-food-production-emissions-make-up-more-than-a-third-of-global-total/

(ii) To the Norwegian Food Safety Authority

(iii) Use of 2 washing robots at the same time in the net

(iv) Missing substrate data from 2 large service boats and 1 smaller service boat, so the figure represents 94% of emissions from service vessels and 100% of emissions from wellboats and freighters

(v) Hydropower generated

(vi) CO2 factor for electrical power: 8 grams CO2e/kWh (nve.no)

(vii) Diesel electrical with battery pack

(viii) Diesel electrical adapted for retrofitting battery pack

(ix) Owned or leased by Frøy

(x) Selective catalytic reduction: Using a catalyst to convert NOX to N2 and H2O.

(xi) Rate of recordable work-related injuries = [Number of recordable work-related injuries/Number of hours worked]x1.000.000

(xii) Rate of high-consequence work-related injuries = [Number of high-consequence work-related injuries (excluding fatalities)/Number of hours worked] x1.000.000

High-consequence injuries: Serious injuries that either led to hospitalization or absence > 16 weeks, or injuries that with a minor change in circumstances could have resulted in serious injury.

(xiii) Including apprentices

(xiv) The employee level is based on a weight of criteria within competence, responsibility, and working conditions and efforts related to the position:
Level 1: CEO, Operating Directors
Level 2: Group Managers, Staff Functions, Operational Coordinators, Officers (Machine/Bridge), Vessel Managers
Level 3: Deck personnel with and without a certificate
Level 4: Cadets and apprentices

(xv) The big salary gap can be explained by the fact that there is a larger portion of men that are cadets in this positions level vs. the proportion of women who are apprentices, and cadets generally have a higher salary than apprentices

(xvi) Including corporate managers for staff functions

(xvii) Substitutes as a result of absence, or apprentices/cadets, who are on a time-limited training agreement

(xviii) «Robust Fish Cage Net Analysis utilizing Advanced Computer Vision Techniques» and «Localization of defects in aquaculture fish cages».

CORPORATE GOVERNANCE

This chapter provides an overview of the manner in which Frøy ASA ("**Frøy**" or the "**Company**") complies the Norwegian Code of Practice for Corporate Governance of 2021 ("**NUES**"), as well as the information which Frøy is required to provide under the Norwegian Accounting Act Section 3.3b.

Deviations from the Norwegian Code of Practice for Corporate Governance
In the assessment of the board of directors (the "**Board**"), Frøy has the following deviations from NUES:

- The general meeting is chaired by the chairperson of the Board, which constitutes a deviation from NUES section 6, last bullet point. It is the opinion of Frøy that the chairperson of the Board is deemed to be most well informed of the Company's activities and is therefore best suited to chair the general meeting.

1. STATEMENT OF CORPORATE GOVERNANCE

Frøy complies with the Norwegian Code of Practice for Corporate Governance for the financial year 2021 with such deviations as set out herein.

2. FRØY'S BUSINESS

Frøy is a Norwegian provider of business-critical aquaculture services.

Frøy assists fish farmers with maintaining efficient day-to-day farming operations at sea. The service of Frøy includes transportation of fish, sorting, counting, cleaning, treatment, inspection, installation and maintenance of sites. Frøy's team includes 733 specialised aqua service professionals and 13 local offices along the Norwegian coast. The fleet is modern and well invested and consists of wellboats, service and transport vessels. Frøy has a management and organisation with seafood sector background and proven aqua service track record. Frøy is positioned as the largest fully integrated provider of competence and infrastructure services to the Norwegian aquaculture industry.

The key services provided by Frøy are: a) Installation and maintenance of fish farming sites b) Safe and efficient transportation of smolt and feed c) Sorting, counting and biological treatment of salmon, and d) Harvest and transport of fish.

The Company's objectives, as stated in its articles of association, [is to own shares in companies within fisheries and aquaculture services, as well as anything related to the foregoing, including business and development assistance activities. The Company may also participate in other companies through share ownership or in other ways.]. The Board evaluates the Company's objectives, strategies and risk profile at least annually and reports on these matter in the Board report.

3. EQUITY AND DIVIDEND

In the opinion of the Board, Frøy's equity capital is appropriate to the Company's objectives, strategy and risk profile.

The Board's ambition is that the Company shareholders will achieve a competitive return on their investment over time through a combination of dividends and an appreciation of the value of the company's shares. The Board has defined the following long-term dividend policy:

The Company has an intention to pay out minimum 50% of net profit as dividend, provided that the Company's financial gearing, at a fully-invested basis, is at or below the targeted debt level of NIBD/EBITDA 3.5x. In calculating the NIBD/EBITDA on a fully invested basis, the Company will take into account any debt and full year earnings from potential new builds. In its dividend proposal, the Board will also take into account future liquidity requirements.

The Board may obtain authorisation from the general meeting of shareholders to buy back Frøy shares in the market. In such cases, the Board will normally request that the shares are acquired in the open market, and that the authority lasts no longer than until the next general meeting.

When the general meeting of shareholders considers whether or not to authorise the Board to carry out share capital increases for different purposes, the specific purpose must be considered separately by the meeting. Such authorisation will be limited in time and will last no longer than until the date of the next general meeting. Authorisation granted to the Board is restricted to specific purposes.

See also item 4.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Frøy has one share class. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. The Company emphasises that the interests of the shareholders is advanced and that all shareholders, in accordance with the requirements of the Norwegian Securities Trading Act, is treated on an equal basis, unless there is a factual and legal basis for discrimination. Should it be necessary to waive the pre-emption rights of existing shareholders when increasing the share capital, such waiver must be justified by the common interest of the Company and the shareholders and explained by the Board in a separate stock exchange notice. Transactions involving own shares are normally executed on Oslo Børs. Buybacks of own shares will ordinarily be carried out at prevailing market prices.

Shareholders who are registered in the Norwegian Central Securities Depository (VPS) may vote in person or by proxy at the general meeting of shareholders. Invitations are sent to the shareholders or to the bank/broker where the shareholder's securities account is held.

Any transaction which is not immaterial between the Company and any shareholder, Board member, leading employees or any closely related party of such persons should be examined by an external third party before they are entered into. This does not apply for any agreement approved by the Board according to the Norwegian Public Limited Companies Act. Independent valuations should also be arranged in respect of transactions between companies in the same Group where any of the companies involved have minority shareholders.

The Company has implemented guidelines to ensure that the members of the Board and executive personnel shall notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

Sales of shares to employees in Norway may be conducted at a discount to market prices. See also item 6.

Contact between the Board and the investors is normally conducted via the management. Under special circumstances the Board, represented by the chairperson, may conduct dialogue directly with investors.

5. FREELY NEGOTIABLE SHARES

The shares of Frøy are in the process of being listed on the Oslo Børs and are freely tradable. There is no form of restriction on negotiability included in the Company's articles of association. The Board is not aware of any agreements which may secure any shareholder beneficial rights to own or trade shares at the expense of other shareholders.

The shares of Frøy are registered in the Norwegian Central Securities Depository (VPS).

6. GENERAL MEETING OF SHAREHOLDERS

Notice of a general meeting of shareholders with supporting information is normally published on www.froygruppen.no more than 21 days in advance, and is sent to the shareholders at least 21 days before the meeting is held. Up to the next annual general meeting, the Company can call for an extraordinary general meeting with two weeks' notice, provided that the shareholders can participate electronically.

Notice of a general meeting of shareholders provides information on the procedures which shareholders must observe in order to participate in and vote at the meetings. Such notice also details:

- the procedure for representation by proxy, including the use of a form of proxy
- the right of shareholders to propose resolutions for consideration by the general meeting of shareholders
- the website where the notice of the meeting and other supporting documents will be made available

The following information is available at www.froygruppen.no:

- information on the right of shareholders to propose matters for consideration by the general meeting of shareholders
- how to make proposals for resolutions for consideration by the general meeting or how to comment on matters for which no resolution is proposed
- form of proxy

Our aim is that proposals for resolutions and supporting information that are distributed are sufficiently detailed and comprehensive to enable shareholders to reach decisions on the matters to be considered at the meeting.

The notification deadline for shareholders wishing to attend the general meeting of shareholders is maximum five days prior to the meeting. The notification deadline may be extended or shortened, and will in all cases be evident from the notice of the general meeting. In accordance with the Company's articles of association, shareholders that do not provide a notification of attendance to the general meeting within the deadline are not entitled to vote over matters raised in the general meeting.

In general, only shareholders registered in the VPS are entitled to voting rights. Beneficial owners of shares that are registered in the name of a nominee, are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Although there are varying opinions as to the interpretation of the right to vote on nominee registered shares, the Company maintains that if shares are registered in the VPS through a nominee on a nominee account, cf. Section 4-10 of the Norwegian Public Limited Companies Act, and the beneficial owner wishes to attend and vote at a general meeting, in person or by proxy, the beneficial owner must provide written confirmation from the nominee that he or she is the real shareholder, as well as declaration from the beneficial owner themselves, that they are the rightful owner of such shares.

If such documentation cannot be provided, shares registered in a nominee account must be re-registered in the Norwegian Central Securities Depository (VPS) and be registered in the VPS on the fifth working day before the general meeting of shareholders in order to obtain voting rights.

Shareholders who are unable to attend in person may vote by proxy. Frøy will nominate a person who will be available to vote on behalf of shareholders as their proxy or facilitate that each shareholder can nominate a person to vote on behalf of the shareholder as their personal proxy.

The Company shall facilitate that the general meeting of shareholders votes for each candidate nominated for election to the Company's Board and nomination committee.

To the extent possible, the form of proxy will facilitate separate voting instructions for each matter to be considered by the meeting and for each of the candidates nominated for election. It is possible to vote electronically in advance.

The general meeting of shareholders is chaired by the chairperson of the Board. This is a deviation from the NUES, but it is in the opinion of Frøy that the chairperson of the Board is deemed to be most well informed of the Company's activities and is therefore best suited to chair the general meeting. The chairperson of the Board, minimum one nomination committee representative, and the CEO, and the auditor shall attend the general meeting.

7. NOMINATION COMMITTEE

In accordance with Frøy's articles of association, the Company has appointed a Nomination Committee. This Nomination Committee is comprised of minimum two members, maximum four who are either shareholders or shareholder representatives. The Nomination Committee's chairperson and members are appointed by the general meeting of shareholders. If the chairperson resigns as member of the Nomination Committee during the electoral period, the Nomination Committee shall elect among its members a new chairperson for the remainder of the new chairperson's electoral period.

The guidelines for the Nomination Committee have been approved by the general meeting of shareholders, which also determines the remuneration of the Nomination Committee. All shareholders may propose candidates for the Nomination Committee at any time. In order to be considered at the next ordinary election, proposals must be submitted by the end of November in the year before the election year.

The Nomination Committee shall prepare for the general meeting of the shareholders appointment of shareholder-elected Board members. The recommendations of the Nomination Committee shall include details on the candidates' background and independence.

The Nomination Committee ensures that due attention is paid to the interests of the shareholder community and the Company's requirements for competence, capacity and diversity. The Nomination Committee also takes account of relevant statutory requirements regarding the composition of the Company's governing bodies.

According to its mandate, the Nomination Committee shall be receptive to external views and shall ensure that any deadlines for proposals regarding members of the Nomination Committee and the Board are published well in advance on the Company's website. In carrying out its duties the Nomination Committee should actively maintain contact with the shareholder community and should ensure that its recommendations are anchored with major shareholders.

The Company aims to appoint members to the Nomination Committee who are independent of Frøy's Board, chief executive officer and other executive management staff.

8. BOARD: COMPOSITION AND INDEPENDENCE

Ivar Sigmund Williksen is a significant shareholder in NTS ASA, and is not independent from the Company's main shareholder.

The remaining board members are considered as independent.

The majority of the members of the Board and members of the Board committees are independent of the Company's executive management and material business relationships.

The nomination committee aims to achieve a board composition whereby the members complement each other professionally and the Board is able to function as a corporate body.

9. THE WORK OF THE BOARD

The Board endeavours to schedule in advance a number of regular [physical] meetings to be held during the calendar year, minimum four meetings per year, depending on the level of activity of the Company. Interim meetings may be convened if a director, or the administration, so requires. The Board meetings are chaired by the Chairman unless otherwise agreed by a majority of the directors attending. If the Chairman is not present or cannot lead the meeting, the meeting will be chaired by a board member elected by and among the directors present.

The work of the Board includes, without limitation:

- identifying and establishing the Company's overriding goals, objectives and strategies, including approval and endorsement of plans and budgets;
- determining policies, monitoring and supervising the day-to-day management of the Company and the business carried out by the Company;
- ensuring that the business of the Company, the accounts and the management of the assets of the Company are subject to adequate supervision and are conducted in accordance with applicable legislation;
- monitoring and reviewing the annual and interim financial reporting, assessing the performance of internal control and external auditors and overseeing legal and regulatory compliance; taking decisions, endorsing decisions or authorising decisions to be taken, as appropriate, in matters that are of an unusual nature or of importance to the Company; and
- assessing the effectiveness of the Company's policies on ethics, conflicts of interest and compliance with competition law.

The Board has established procedures for its own work and that of the Company's management, with particular emphasis on clear internal division of responsibilities whereby the board has responsibility for supervising and administrating the Company, and the Company's management has responsibility for the general operation of the group.

Frøy's Board of directors' instruction contains guidelines for, among other things, how conflicts of interests that may arise should be dealt with. The instruction applies to all Board members of Frøy.

If the chairperson of the Board is or has been actively involved in a given case, for example in negotiations on mergers, acquisitions etc. and another board director will normally lead discussions concerning that particular case.

The Board conducts an annual self-assessment of its work, competence and cooperation with management and a separate assessment of the chairperson of the Board. In addition, the Audit Committee performs a self-assessment. The assessment results are submitted to the Nomination Committee, which in turn assesses the Board's composition and competence.

10. AUDIT COMMITTEE

In connection with the IPO in 2021, Frøy established an Audit Committee. The Audit Committee had 3 members, Dagfinn Elisassen, Anne-Sofie Utne and Hege Veiseth. Eliassen and Utne were not considered independent of the main shareholder of the Company and Utne were not independent from the executive management either cf. section 8. Veiseth was considered independent and had together with Utne the required accounting competence. On March 23 2022 an extraordinary general meeting of the Company elected a new Board of Directors, where Utne and Eliassen were no longer Board members. Frøy will elect new members of the audit committee to replace Utne and Eliassen.

In the opinion of the Board, the Audit Committee met the Norwegian requirements regarding independence and competence. The Board will also seek to meet the requirements regarding independence and competence for the new amended Audit Committee.

The Audit Committee shall function as an advisory and preparatory working committee to the Board. The Audit Committee shall (a) inform the Board of the results of the audit, and explain how the audit process impacted upon the Company's accounting reports and their integrity, as well as inform on the Audit Committee's role in terms of preparation of the accounting reports; (b) prepare the Board's follow-up of the process with accounting reporting; (c) monitor and supervise the Company's systems for internal control and risk management; (d) regularly be in contact with the Company's auditor regarding audit of the annual accounts; (e) supervise and review the auditor's independence and (f) prepare for the Company's election of its auditor, and provide a recommendation in this respect.

11. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board ensures that the Company has sound internal controls and appropriate risk management systems through, for example, an annual review of the key risk areas and the Company's internal controls. Internal audit corporate reports directly to the Board, but is for administrative purposes placed under the purview of the chief financial officer.

Frøy's internal control system includes all parts of our corporate directives, HSE and corporate social responsibility requirements.

12. REMUNERATION OF THE BOARD

The board directors elected by the shareholders perform no duties for the Company other than their board duties.

Remuneration is determined by the general meeting of the shareholders, based on the recommendation of the Nomination Committee. The Nomination Committee recommends compensation with the intention that it should reflect the board's responsibility, competence and time commitment as well as the Company's complexity and global activities compared with the general level of directors' fees in Norway. Remuneration of the Board is based neither on performance nor on shares or share options.

The remuneration of the directors are disclosed in the notes to the annual accounts. If directors receive other compensation from the Company on an exceptional basis, detailed information will be provided in the financial statement.

13. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board has established guidelines for remuneration of members of the executive management, including the CEO, other members of the management and employees who are members of the Board.

The guidelines are binding for the Board. The Board can only deviate from the guidelines under special circumstances.

The guidelines shall be approved by the ordinary general meeting of the shareholders at least every fourth year and in any event if a significant change to the guidelines. The current guidelines were approved by the extraordinary general meeting in 2021.

The guidelines for determining remuneration of the executive management are based on the main principles for Frøy's remuneration policy, which is that Frøy shall pay its employees a total compensation package that is competitive, but not among the highest, and in line with good industry standards locally. Where appropriate, compensation packages should also include a performance-based component, and the basic salary should reflect individual performance.

The guidelines are also intended to contribute to long-term value creation for the Company's shareholders. A ceiling has been set on performance-based compensation. The Company is in the process of establishing a share-based long-term incentive program.

In addition, the Company shall prepare a report on salaries and remuneration to the management. This report shall be presented at the ordinary general meeting of the shareholders for an advisory vote. The report shall contain a comprehensive overview of paid and outstanding salaries and remuneration to the management. The report shall be published on the webpages of Frøy. The Board has established a remuneration committee.

14. INFORMATION AND COMMUNICATION

Frøy has established guidelines for the Company's reporting of financial and extra-financial information based on transparency and with regard to the requirement of equal treatment of all parties in the securities market. This also pertains to contact with shareholders outside of the general meeting of shareholders.

Shareholder information is available at www.froygruppen.no. The financial statements and annual report are sent free of charge to shareholders on request. Notice of general meeting of shareholders is sent directly to shareholders with known addresses unless they have consented to receive these documents electronically. All information sent to the shareholders is made available at [www.froygruppen.no] when distributed. Presentation of the quarterly reports as well as the annual shareholder meeting are simultaneously broadcasted through web casts. All relevant information is sent to Oslo Børs electronically for public storage.

15. TAKEOVERS

In the event of a take-over bid being made for the Company, the Board will follow the overriding principle of equal treatment for all shareholders, and will seek to ensure that the Company's business activities are not disrupted unnecessarily. The Board will strive to ensure that shareholders are given sufficient information and time to form a view of the offer.

The Corporate Governance Policy provides that the Board shall not seek to prevent or obstruct takeover bids for the Company's activities or shares, unless there are particular reasons for such actions. In the event of a takeover bid for the shares in the Company, the Board shall not exercise mandates or pass any resolutions with the intention of obstructing the takeover bid unless this it believes that the interests of the Company and the shareholders justify such actions. The Board will not execute mandates or pass any resolutions with the intention of obstructing any take-over bid unless this is approved by the general meeting following the announcement of the bid. Any transaction that is in effect a disposal of the Company's activities will be submitted to the general meeting for its approval. During the course of a takeover process, the Board will use their best efforts to ensure that all the shareholders of the Company are treated equally. The Board shall also use its best efforts to ensure that sufficient information to assess the takeover bid is provided to the shareholders.

Pursuant to the Norwegian Securities Trading Act, any person who through acquisition becomes the holder of shares representing more than one-third of the voting rights in the capital of the Company is obliged to make an unconditional offer at a fair price for the purchase of the balance of the issued shares in the capital of the Company. The mandatory offer must be made within four weeks after the threshold was passed. If an offer is made for the shares in the Company, the Board shall issue a statement evaluating the offer and make a recommendation as to whether the shareholders should accept the offer. If the Board finds itself unable to provide such a recommendation, it shall explain the background. The Board's statement on a bid shall make clear whether the views expressed are unanimous, and if this is not the case, it shall explain the basis on which members of the Board have excluded themselves from the Board's statement.

In the event of a take-over bid, the Board will obtain a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the board statement, or the independent statement mentioned above. If any member of the Board or the management, or close associates of such persons, or anyone who has recently held such a position, is either the bidder or has a similar particular interest in the bid, the Board shall in any case arrange an independent valuation. This shall also apply if the bidder is a major shareholder in the Company. Any such valuation should be either attached to the Board's statement, be reproduced in the statement or be referred to in the statement.

Any agreement with the bidder that acts to limit the Company's ability to arrange other bids for the Company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the Company and the shareholders. The same applies to any agreement on payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

16. AUDITOR

The auditor participates in Board meetings for approval of the annual accounts.

The Company's auditor shall present an annual plan for its audit work to the audit committee. The external auditor shall participate in relevant agenda points at all meetings of the audit committee.

In addition, the auditor shall present a review of the Company's internal control procedures, with identification of weaknesses and proposals for improvement. The Board shall at least yearly have a meeting with the auditor without presence of corporate management.

Compensation of the auditor for auditing and other services is presented to the ordinary general meeting of the shareholders and is included in the notes to the annual accounts note 5.

The Board continuously evaluates the need for written guidelines concerning the executive management use of the auditor for other services than the audit. The Board finds that the auditor's independence of the Company's executive management is ensured. The auditor shall give a yearly written confirmation stating the auditor's independence.

The Board shall establish guidelines in respect of the use of the auditor by the Company's Executive Management for services other than the audit.

Frøy places importance on independence and has clear guidelines regarding the use of services from external auditors. All use of services from an external auditor, including non-audit services, is subject to prior approval as defined by the audit committee.

EQUALITY STATEMENT

We work for gender equality and against discrimination related to gender, pregnancy, parental leave at birth or adoption, caretaking tasks, ethnicity, religion, beliefs, disability, sexual orientation, gender identity and gender expression, and combinations of these foundations

This report includes all the companies in the Frøy ASA group. The Group has a line/staff organization, where the staff functions in Frøy ASA serve all Frøy's companies. The work we describe below apply to all Frøy's companies.

PART 1: GENDER EQUALITY

Position levels and salary

In the calculation of wage differences, we have assessed fixed pay and various additions, bonuses and benefits for the 2021 financial year. We have also considered equal work and work of equal value in the design of the position levels. The design of the position levels is based on existing job categories in the company and an assessment of which positions are included in the different levels.

Involuntary part-time

There are very few part-time employees in our companies. As such the potential issue with number of involuntary part-time employees is regarded to be very limited.

Findings from the survey

Of Frøy's 9 companies, it is only the parent company, Frøy ASA, that has a proportion of women large enough to highlight wage differences. For Frøy ASA the survey shows that women have a fixed salary that on average accounts for about 83% of men's fixed salary. The difference is partly due to the fact that there is a relatively large proportion of women in accounting functions where the salary on average is lower than in other positions in Frøy ASA.

In the other companies in the Group, the proportion of women is so low that it is not possible to publish findings from the survey in an anonymized manner. At least 5 of each gender is required at the position/group level. As wages are regulated by collective agreements in these companies, there is little room for discrimination between women and men.

The proportion of women in Frøy overall is 5 % as of 31.12.2021. In the operating companies that have employees at sea the number is 2-4%. The low number of female employees at sea is considered to be a result of a combination of several factors, including culture/tradition, working hours and shift work. In Frøy ASA, the share of female employees is 38%.

Frøy ASA's board of directors consists of 5 members, of whom 2 board members are women. The Board of Directors is aware of the company's gender equality obligations In Frøy's management team, which consists of 14 employees, there are 7 women. Frøy ASA has a female CEO.

There are few employees in part-time positions in Frøy's companies. About 10% of all employees as of 31.12.21 are temporary employees. These are substitutes as a result of absence, or apprentices/cadets, who are on a time-limited training agreement.

The average number of weeks of parental leave in 2021 is 9.4 weeks for men and 28 weeks for women.

Number of employees in Frøy as at 31.12.21. (figures from the payroll mapping/payroll system)

Company	Women	Men	Proportion of women	Total	Temporary employees	Total permanent employees
Frøy Akvaressurs	5	137	4%	142	19	123
Frøy Nord	1	60	2%	61	16	45
Frøy Akvaservice	5	127	4%	132	22	110
Frøy Vest	2	89	2%	91	10	81
Service total	**13**	**413**		**426**	**67**	**359**
Frøy Rederi	2	93	2%	95	3	92
Norsk Fisketransport	5	174	3%	179	2	177
Fisketransport	-	11	0%	11	4	7
Wellboat total	7	278		285	9	276
Frøy Shipping	1	57	2%	58	5	53
Shipping total	1	57		58	5	53
Frøy ASA	17	28	38%	45	0	45
TOTAL	**38**	**776**	**5%**	**814**	**81**	**733**

The table shows an overview of the proportion of women in the Group, by company, as well as the number of temporary employees/substitutes.

PART 2: FRØY'S WORK FOR GENDER EQUALITY AND AGAINST DISCRIMINATION

Description of Frøy's principles, procedures and standards

- Our gender equality work is rooted in Frøy's strategies, tools and guidelines.
- In 2021, Frøy has prepared guidelines for dealing with discrimination.
- In 2021, Frøy has developed a routine for dealing with sexual harassment.
- Frøy has developed internal routines for whistleblowing

Frøy's considerations with regards to equality and non-discrimination are further reflected in Frøy's general personnel policy.

The structure of gender equality work in Frøy

- Frøy's HR/staffing department (crew dept.), shall ensure that managers at all levels take care of Frøy's gender equality work, as well as provide advice and guidance related to this. The department holds weekly meetings, and works with both prevention and possibly incidents related to this topic. The department works directly with all Frøy's companies in general, and more specifically with an internal work distribution against each company. The department is headed by Director of Maritime Staffing, who is also a regular member of the Frøy's management team. The Director of HR/Administration is also actively part of the group, and a participant in the Frøy's management team.
- The Director of Maritime Staffing conducts meetings with union representatives, where , among other things, gender equality is the topic.
- Every two weeks, management meetings are held, where gender equality work is up for discussion if necessary.
- The crew department's staff regularly attend meetings with operations managers in the various companies where recruitment and employee follow-up are topics.

Frøy's work to investigate discrimination risks and barriers to equality

- Frøy's guidelines in the various personnel policy areas have been reviewed and improved during 2021.
- Mapping of gender equality and wage conditions has been carried out for 2021
- Gender equality and non-discrimination have been addressed at several departmental meetings throughout the year, as well as in meetings with operations managers in the various companies.

Description of risks

In Frøy, the vast majority of our employees work shift work at sea. This means that work is being performed at the vessels for 2, 3 or 4 weeks continuously (some variations on shifts), with corresponding free periods. This makes it possible to combine working life and family life in the form of longer free periods. On the other hand, it is difficult to facilitate shorter days, or reduced work week, as a result of the shift work. Nevertheless, there are good opportunities to take parental leave in line with regulations.

To commence service on board Frøy's vessels, you need to have a valid medical certificate. This means that there is little room for facilitation for disabled people in our sea-related jobs.

No survey of ethnicity, religion and beliefs has been carried out among our employees.

In the wage survey, we found some difference between women's and men's wages. This shows a risk of discrimination in our wage policy.

For employees at sea, wages are regulated by collective agreements, minimizing the risk of discrimination between women and men. Shipping supplements, which are negotiated in local negotiations, are based on positions and are not individual.

For employees of Frøy ASA, there are no collective agreements regulating wages. As Frøy currently consists of several merged companies, there is some difference in pay in equal positions. Efforts are being made to put in place a more detailed wage policy for administrative positions, to smooth differences in positions with equal work, and prevent future discrimination

Possible causes of risks and hazards

- Shift work can be a reason for the low number of women among sea employees
- A lack of guidelines for wage determination for onshore employees.
- Although we have guidelines against harassment and discrimination, too few people may have sufficient knowledge of these.
- Norwegian as a working language on our vessels can be an obstacle to a diverse workplace, especially for foreign job seekers.
- It is a risk that have a challenge with culture, attitudes and the jargon in the workplace.

Description of actions

- In 2021, Frøy has reviewed guidelines and routine descriptions creating the basis for attitude and competence building.
- Awareness is continuously being made when designing job advertisements in order to ensure that image use and choice of words should not be discriminatory. We also require diversity and non-discriminatory/professional recruitment processes when using recruitment agencies.
- We have arranged for the use of home offices for our onshore employees, and we have a high degree of flexibility for this group in order to more easily combine work with family life.

Measures we plan in the year ahead

- We will be active at education fairs etc. for students and work particularly actively to attract female apprentices and cadets.
- We will focus on putting the same team/shift on board our vessels that make it more attractive to women, for example by having more than one woman on the same team/shift.
- We will work actively to have female employees at all levels of the organization, and through this ensure good role models for young newly qualified women.
- An employee survey will be carried out for all employees during 2022, in collaboration with Senter for Ledelse.
- In 2022, a management program for the middle management level in Frøy will be implemented, in collaboration with Senter for Ledelse. Here, among other things, work on recruitment and corporate culture will be central topics.
- Frøy's culture and desired attitudes from its employees to be clarified in Frøy's onboarding routines.

The result of the measures

- Frøy has had positive feedback from female applicants after job advertisements in its onshore operations.
- Visibility and participation in training institutions have increased interest and increased the number of applications to our apprenticeships.

FRØY GROUP
2021 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousands	Note	2021	06.12.2019 - 31.12.2020
Revenue	2.2	1 695 789	1 327 920
Other income	2.3	90 777	4 530
Total revenue		**1 786 566**	**1 332 450**
Direct expenses (goods/services delivered)	2.4	287 211	193 551
Employee benefit expenses	2.5	499 830	375 796
Other operating expenses	2.6	307 975	248 735
Depreciation	3.1, 3.3	313 793	224 133
Operating profit		**377 758**	**290 235**
Financial income	4.5	7 737	2 662
Financial expenses	4.5	-89 292	-68 214
Gain/loss on shares at fair value	4.5		25 604
Share of profit (loss) from associates	6.3	3 341	766
Profit (loss) before tax		**299 544**	**251 054**
Taxes	5.1	-15 991	-21 029
Profit (loss) for the period		**283 553**	**230 025**
Profit or loss for the period attributable to:			
Equity holders of the parent		283 553	191 347
Non-controlling interests			38 678
Total		**283 553**	**230 025**
Earnings per share			
Basic, profit for the year attributable to ordinary equity holders of the parent (NOK)	4.9	4.27	106.93
Diluted, profit for the year attributable to ordinary equity holders of the parent (NOK)	4.9	4.27	106.93
Other comprehensive income			
Net gain (loss) on cash flow hedges	4.10	11 595	-13 921
Total comprehensive income for the period		**295 148**	**216 104**
Total comprehensive income for the period attributable to:			
Equity holders of the parent		295 148	177 426
Non-controlling interests			38 678
Total		**295 148**	**216 104**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December

Amounts in NOK thousands	Note	2021	2020
ASSETS			
Non-current assets			
Goodwill and other intangible assets	3.2	687 612	687 361
Property, vessel and equipment	3.1	5 447 138	3 617 546
Right-of-use assets	3.3	455 410	536 414
Pension assets	2.5	586	7 531
Investments in associates	6.3	28 053	24 712
Other financial assets	4.1	16 464	4 830
Total non-current assets		**6 635 262**	**4 878 394**
Current assets			
Inventory	2.4	11 488	8 193
Trade receivables	2.7	187 908	156 176
Other receivables	2.7	83 706	49 078
Cash and cash equivalents	4.4	738 462	148 811
Total current assets		**1 021 564**	**362 258**
TOTAL ASSETS		**7 656 827**	**5 240 653**

Amounts in NOK thousands	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital	4.8	86 350	69 955
Share premium	4.8	2 289 751	1 328 578
Total paid-in equity		**2 376 101**	**1 398 533**
Other equity		809 880	547 311
Non-controlling interests	6.1	-	25 567
Total equity		**3 185 981**	**1 971 411**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	4.1, 4.2, 4.3, 4.7	3 370 397	1 831 656
Non-current lease liabilities	3.3	269 423	371 571
Deferred tax liabilities	5.1	40 528	22 516
Total non-current liabilities		**3 680 349**	**2 225 742**
Current liabilities			
Current interest-bearing liabilities	4.1, 4.2, 4.3, 4.7	474 259	648 675
Current lease liabilities	3.3	92 918	103 493
Subordinated loan related parties	7.2		985
Trade payables and other current liabilities	2.8	223 259	281 721
Taxes payable	5.1	61	8 625
Total current liabilities		**790 497**	**1 043 500**
Total liabilities		**4 470 846**	**3 269 242**
TOTAL EQUITY AND LIABILITIES		**7 656 827**	**5 240 653**

Frøya, 7 April 2022
Board of Directors Frøy ASA

Svein Sivertsen
Chairman

Paul Birger Torgnes
Board Member

Ivar Sigmund Williksen
Board Member

Hege Veiseth
Board Member

Linda Johnsen
Board Member

Tonje Foss
Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK thousands	Note	2021	06.12.2019 - 31.12.2020
Cash flows from operating activities			
Profit or loss before tax		299 544	251 054
Income taxes paid	5.1	-8 625	-11 203
Gain/loss on disposal of property, vessels and equipment	2.3	-90 777	4 530
Gain/loss on disposal of financial assets	4.5		-26 250
Depreciation and impairment	3.1, 3.3	313 793	224 133
Pension cost without cash effect	7.4		
Finance income	4.5	-7 737	-28 267
Finance expenses	4.5	89 292	68 214
Changes in inventories, trade receivables, trade payables and other current liabilities	2.4, 2.7, 2.8	-96 660	139 827
Net cash flows from operating activities		**498 830**	**622 038**
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	-2 089 528	-440 213
Purchase of intangible assets	3.2	-250	
Purchase of financial assets	4.1	-62	-1 800
Acquisition of a subsidiary, net of cash acquired	6.2		55 253
Proceeds from sale of property, vessels and equipment		162 349	38 901
Dividends			
Interest received	4.5	6 535	465
Net cash flow from investing activities		**-1 920 956**	**-347 393**
Cash flow from financing activities			
Proceeds from borrowings	4.3	2 488 785	323 168
Repayment of borrowings	4.3	-1 124 460	-173 965
Issue of Share Capital	4.8	1 000 000	
Transactions cost	4.8	-22 433	
Acquisition of non-controlling interest	6.1	-86 000	-58 500
Payments for the principal portion of the lease liability	4.3	-131 914	-98 324
Interest paid	4.5	-81 555	-68 214
Payments of dividends	4.8	-30 646	-50 000
Net cash flow from financing activities		**2 011 778**	**-125 834**
Net change in cash and cash equivalents		**589 652**	**148 811**
Effect of change in exchange rate on cash and cash equivalents	4.5		
Cash and cash equivalents, beginning of period	4.4	148 811	
Cash and cash equivalents, end of period		**738 462**	**148 811**

The consolidated statements of cash flows are prepared using the indirect method.
Acquisition of non-controlling interest have been restated from investing activities to financing activities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to the equity holders of the parent							
Amounts in NOK thousands	Note	Share capital	Share premium	Total paid-in equity	Retained earnings	Net gain (loss) on cash flow hedges	Other equity	Non con-trolling interest	Total equity
Equity as at 01.01.2021		**69 955**	**1 328 578**	**1 398 533**	**563 096**	**-15 786**	**547 310**	**25 568**	**1 971 411**
Profit or loss for the period				-	283 553		283 553		283 553
Other comprehensive income				-		11 595	11 595		11 595
Total comprehensive income		**-**	**-**	**-**	**283 553**	**11 595**	**295 148**	**-**	**295 148**
Acquisition of non-controlling interests				-	-2 578		-2 578	-24 922	-27 500
Issue of Share Capital	4.8	16 395	983 605	1 000 000			-		1 000 000
Transaction cost			-22 433	-22 433			-		-22 433
Group Contribution				-	-30 000		-30 000		-30 000
Dividends paid to minority in subsidiary				-			-	-646	-646
Equity as at 31.12.2021		**86 350**	**2 289 751**	**2 376 101**	**814 071**	**-4 191**	**809 880**	**-**	**3 185 981**

		Attributable to the equity holders of the parent							
Amounts in NOK thousands	Note	Share capital	Share premium	Total paid-in equity	Retained earnings	Net gain (loss) on cash flow hedges	Other equity	Non con-trolling interest	Total equity
At 06 December 2019		**30**	**-**	**30**	**-**		**-**	**-**	**30**
Profit or loss for the period				-	191 347		191 347	38 678	230 025
Other comprehensive income				-		-13 921	-13 921		-13 921
Total comprehensive income		**-**	**-**	**-**	**191 347**	**-13 921**	**177 426**	**38 678**	**216 104**
Acquisition of a subsidiary	6.2	69 925	1 328 578	1 398 503	378 156	-1 865	376 291	23 297	1 798 091
Acquisition of non-controlling interests	6.2			-			-	68 421	68 421
Acquisition of non-controlling interests	6.1			-	-12 818		-12 818	-104 182	-117 000
Dividends paid to minority in subsidiary				-			-	-646	-646
Tax effect of group contribution	5.1			-	6 411		6 411		6 411
At 31 December 2020		**69 955**	**1 328 578**	**1 398 533**	**563 096**	**-15 786**	**547 310**	**25 568**	**1 971 411**

NOTES TO THE FINANCIAL STATEMENTS

1.1 SIGNIFICANT ACCOUNTING POLICIES

Corporate information
Frøy ASA and its subsidiaries (collectively "the Group", or "the Frøy Group") is a Euronext listed company at the Oslo Stock Exchange, and one of the leading providers of services to the Norwegian fish-farming industry. The Group operates a fleet of vessels which it uses to serve its clients, primarely along the Norwegian coastline.

The consolidated financial statements of the Group for 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 7 April 2022.

Frøy ASA is incorporated in Norway with headquarters in Sistranda, Frøya. The address of its registered office is Siholmveien 34, 7260 Sistranda, Norway.

Frøy ASA was renamed from Frøygruppen AS. The name change was registered in the Company Register on 3 March 2021.

Basis of preparation
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").

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value through P&L or OCI (note 4.1). Further, the financial statements are prepared based on the going concern assumption. All figures are presented in NOK thousands (000), except when otherwise indicated.

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.

Financial statement period
As the Group was established at 6 December 2019, the Group prepared its first set of financial statements covering the period 6 December 2019 to 31 December 2020 as allowed by Norwegian Accounting Act §1-7. This set of financial statements represents the comparative period for the 2021 financial statements.

Other accounting policies:
Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
Expected to be realised or intended to be sold or consumed in the normal operating cycle,
Held primarily for the purpose of trading,
Expected to be realised within twelve months after the reporting period, or
Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
It is expected to be settled in the normal operating cycle,
It is held primarily for the purpose of trading,
It is due to be settled within twelve months after the reporting period, or
There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are summarised below:

Estimates and assumptions:

Useful lives and methods of depreciation considerations of property, vessels and equipment (note 3.1)
Impairment considerations of property, vessels and equipment and goodwill (note 3.4)

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.
A detailed description of the significant estimates and assumptions are included in the individual note where applicable.

Accounting judgements:
A detailed description of the significant accounting judgements are included in the individual note where applicable.

The group's loan agreements contain financial and non-financial covenant clauses, including cross default clauses. The assessment of whether the Group meets the requirements for classifying its borrowings as non-current requires signficant judgement by management. See note 4.2 for further information.

Covid-19 Effects
The Frøy Group is a part of the seafood industry and has carefully monitored the development of Covid-19, and how the pandemic has affected the industry throughout the year. It is challenging to determine the actual effects from Covid-19. The Group notes that there may be a certain impact on factors like changes in demand, access to workforce and credit risk.

The main risks related to Covid-19 for the Group are linked to operations of vessels and safety procedures for the employees. This could potentially lead to increased costs related to testing, increased personnel expenses related to overtime, and delays in the deliveries of equipment and spare parts. More specifically, a Covid-19 outbreak on one vessel could result in lost revenues if the vessel was to be isolated and is unable to operate for a certain period of time.

By the end of 2021, virtually all covid-related restrictions have been lifted in the areas in which the Group operates, so hence pandemic now has very small impact on day-to-day operations. However, the Group is continuously evaluating the situation, and clear procedures related to Covid-19 has been implemented following instructions as provided by the central and local government agencies.

Furthermore, the Group constantly assesses the counterpart risk of its customers and subcontractors. The Group's customers for the most part comprise of large and well-established companies where the credit risk is assessed to be low. During 2021 the Group has noted no material Covid-19 effects and no provisions or impairments have been recorded.

2.1 OPERATING SEGMENTS

ACCOUNTING POLICIES
An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenues and incur expenses
b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
c) for which discrete financial information is available.

The operating segments represent the business units for which the chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group operates within three main segments; wellboats, service and sea transport.

Wellboat
The wellboat segment is characterised by contracts ranging from five to eight year fixed term TC contracts with salmon farmers. The wellboats are mainly utilized for transportation of live fish and de-licing of fish in the breeding cages. As of 31 December 2021, the Group had 16 wellboats in operations including one vessel under a lease agreement. In addidition, the Group has two vessels under construction scheduled for delivery in 2022 and 2023.

Service
The Group has 49 service vessels in operation, and five service vessels under construction scheduled to be delivered during 2022. The service vessels operate under TC contracts, bareboat contracts, frame agreements and in the spot market. The share of the fleet that operates under the different contract structures varies over time. As of 31 December 2021, 17 vessels operated under TC contracts, one vessels operated under bareboat contracts, 31 vessels operated under frame agreements and in the spot market. The service vessels are performing a wide range of operations including diving, inspection, net cleaning and installation of infrastructure.

Sea transport
In 2021, the sea transportation segment included four vessels engaged in transportation of feed to the salmon facilities and frozen fish. One vessel operated under a TC contract, two operated under frame agreements and one vessel operated in the spot market. In Q4 2021, the smallest and oldest vessel - MS Safir - was sold.

The remaining of the Group's activities and business are shown in the "non-allocated & financial" column below. These activities are mainly related to the administrative and financial components of the entity's revenue generating segments.

Transactions between the segments are made as a part of the day-to-day operating business under applicable business terms. Group management monitors the segments' operating profit regularly and is using the information to generate analyzes of the different segments' performance as well as making decisions with regards to allocation of resources.

Geographical markets
In 2021, the Group recognised revenue from customers in the following geographical markets: Norway, UK, Scotland, Russia and Iceland.

Information about major customers
Three of the Group's external customers amounted to 10% or more of the Group's total revenues (2020: four). Revenue from these customers amounted to MNOK 987 for 2021.

	Wellboat	Service	Sea transport	Elimination and non-allocated	2021
Revenues from external customers					-
Contract revenue	509 700	338 500	56 100		**904 300**
Framework agreements	56 600	294 200	7 400		**358 200**
Spot	113 900	85 723	66 100	1 766	**267 489**
Fuel and other reinvoiced costs	143 700	20 500	1 600		**165 800**
Other	52 100	35 677	3 000		**90 777**
Total revenues	876 000	774 600	134 200	1 766	**1 786 566**
Depreciation	149 502	139 050	19 630	5 611	**313 793**
Operating costs	481 820	503 151	95 282	14 763	**1 095 015**
Operating profit	244 678	132 399	19 288	-18 607	**377 758**
Financial income	749	2 182	697	4 110	**7 737**
Financial expenses	48 272	24 936	9 765	6 318	**89 292**
Share of profit (loss) from associates (note 6.3)			2 548	793	**3 341**
Earnings before tax	197 154	109 644	12 768	-20 023	**299 544**
Tax	155	15 838	11		**15 991**
Net income	196 999	93 806	12 758	-20 023	**283 553**

					31.12.2021
Balance sheet items					
Assets	4 456 845	1 462 594	422 338	1 315 050	**7 656 827**
Liabilities	3 340 483	1 027 575	303 778	-200 990	**4 470 846**
Equity	1 116 361	435 019	118 560	1 516 040	**3 185 981**
Other disclosures					
Investements in associates (note 6.3)			25 860	2 193	**28 053**
Capital expenditure	1 735 484	444 654	138 756	6 318	**2 325 213**

	Wellboat	Service	Sea transport	Elimination and non-allocated	2021
Revenue from external customers					
Norway	809 972	762 517	94 445	1 766	1 668 700
Russia	52 100				52 100
Scotland			21 993		21 993
United Kingdom (excl. Scotland)	9 457		11 634		21 091
Iceland	4 471	12 083	38		16 592
Other			6 091		6 091
Total revenue from external customers	**876 000**	**774 600**	**134 200**	**1 766**	**1 786 566**

The revenue information above is based on the locations of the customers.
Revenue from Russia is in its entirety a sale of an older wellboat

	Wellboat	Service	Sea transport	Elimination and non-allocated	2021
Revenue from major customers					
Major customer 1	155 391	226 963	4 962		387 317
Major customer 2	251 974	103 690			355 664
Major customer 3	7 197	236 419			243 616
Other customers	461 438	207 528	129 238	1 766	799 970
Total revenue from external customers	**876 000**	**774 600**	**134 200**	**1 766**	**1 786 566**

	Wellboat	Service	Sea transport	Elimination and non-allocated	06.12.2019-31.12.2020
Revenues from external customers					-
Contract revenue	405 000	224 200	57 400		**686 600**
Framework agreements		154 200			**154 200**
Spot	113 757	160 255	51 382	2 956	**328 350**
Fuel and other reinvoiced costs	109 200	47 900	1 700		**158 800**
Other		4 500			**4 500**
Total revenues	**627 957**	**591 055**	**110 482**	**2 956**	**1 332 450**
Depreciation	100 647	107 673	15 021	792	**224 925**
Operating costs	391 874	340 069	88 777	-2 638	**815 444**
Operating profit	135 436	143 313	6 685	4 802	**290 235**
Financial income	614	472	1 055	26 127	**28 267**
Financial expenses	35 131	23 735	8 995	353	**68 214**
Share of profit (loss) from associates (note 6.3)			809	-43	**766**
Earnings before tax	100 919	120 100	-577	30 613	**251 054**
Tax	27	24 019	8	-3 025	**21 029**
Net income	100 892	96 081	-585	33 638	**230 025**

Balance sheet items					31.12.2020
Assets	2 827 458	1 442 339	325 677	645 178	**5 240 652**
Liabilities	1 886 353	973 811	219 783	189 295	**3 269 242**
Equity	941 104	468 528	105 895	455 884	**1 971 411**
Other disclosures					
Investements in associates (note 6.3)			23 312	1 400	**24 712**
Capital expenditure	424 191	177 585	103	-	**601 879**

	Wellboat	Service	Sea transport	Elimination and non-allocated	06.12.2019-31.12.2020
Revenue from external customers					
Norway	608 443	589 549	96 554	3 037	1 297 582
United Kingdom	10 116	-	13 713	-	23 829
Ireland	9 398	-	-	-	9 398
Iceland	-	1 556	85	-	1 641
Total revenue from external customers	**627 957**	**591 105**	**110 352**	**3 037**	**1 332 450**

The revenue information above is based on the locations of the customers.

	Wellboat	Service	Sea transport	Elimination and non-allocated	06.12.2019-31.12.2020
Revenue from major customers					
Major customer 1	120 762	200 866		18	321 646
Major customer 2	5 770	175 070		-	180 839
Major customer 3	126 951	65 153		-	192 103
Major customer 4	137 138	-		-	137 138
Other customers	237 337	150 017	110 352	3 019	500 724
Total revenue from external customers	**627 957**	**591 105**	**110 352**	**3 037**	**1 332 450**

2.2 REVENUE

Source of revenue
The Group has three main sources of revenue consisting of the sale of service vessel capacity, wellboat and sea transport to the fish-farming industry.

ACCOUNTING POLICIES
General
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is presented net of VAT and variable considerations

The Group considers whether there are other contract obligations in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Revenue from wellboats, services and sea transport
Revenues from wellboats, service and sea transport are primarily obtained from bareboat and TC-contracts (leasing of vessels and crew).

TC contracts are accounted for as operating leases, and the revenue from these contracts are separated into two different elements: lease revenues (IFRS 16) and delivery of services (IFRS 15).

Bareboat contracts are accounted as operating leases (IFRS 16).

Revenues from rental of service vessels and wellboats (IFRS 16) are recognized on a straight-line basis throughout the lease term. The revenues are recognized from the delivery day of the service vessel until the end of the tenancy.

Revenues from sale and delivery of services (in relation to IFRS 15) are recognized over time (as the service is performed), which normally would match the accrual of such income.

When allocating the contract consideration between leasing of vessels and sale of other services the Group determines, upon signing of the contract the value of the stand-alone parts included in the delivery of services to the customer. The stand-alone value is the actual price of a good or service the Group would charge the customer if sold separately. The best way of calculating the stand-alone value of the good or service is to observe comparable transactions with comparable customers on a stand-alone basis.

Service elements, which primarily consist of services conducted by the crew onboard the vessels, is regulated by IFRS 15 and is considered to be a performance obligation.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract applying the principles in IFRS 16 Leases.

Revenues from vessels that operate on spot-agreements are recognised over time (as the service is performed in accordance with rates agreed). Expenses are recognised on an ongoing basis as the principle of "load to discharge" is used.

SIGNIFICANT ACCOUNTING JUDGEMENTS
For contracts where the Group acts as a lessor, it classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

	31.12.2021	06.12.2019 - 31.12.2020
Revenue from contracts from customers	1 206 468	1 008 933
Lease revenues	489 321	318 987
Other	90 777	4 530
Total revenue	**1 786 566**	**1 332 450**

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	31.12.2021	06.12.2019 - 31.12.2020
Wellboat	542 207	503 104
Service	570 576	416 536
Sea transport	91 919	89 293
Non-allocated	1 766	
Total revenue	**1 206 468**	**1 008 933**

2.2 REVENUE (CONTINUED)

	31.12.2021	06.12.2019 - 31.12.2020
Geographical markets		
Norway	1 152 485	987 863
Scotland	16 299	
United Kingdom (excl. Scotland)	15 396	10 116
Iceland	16 198	1 556
Ireland		9 398
Other	6 091	
Total revenue	**1 206 468**	**1 008 933**

Payment is generally due within 14 days after delivery.

Future minimum lease payments (lease revenues) under non-cancellable operating leases as at 31 December are, as follows:

	31.12.2021	06.12.2019 - 31.12.2020
Within one year	959 340	680 262
After one year but no more than five years	2 185 295	1 982 900
More than five years	587 761	656 897
Total	**3 732 396**	**3 320 059**

Timing of revenue recognition	31.12.2021	06.12.2019 - 31.12.2020
Point in time	267 489	313 864
Services transferred over time	938 979	695 069
Total	**1 206 468**	**1 008 933**

2.3 OTHER INCOME

ACCOUNTING POLICIES
Other income is recognized when control is transferred, where its probable that economic benefits will be controlled by the Group and the consideration can reliably be estimated. Gains or losses that arise from sale of property, vessels and equipment are calculated as the differance between net sales price and the booked value of the asset.

Other income	31.12.2021	06.12.2019 - 31.12.2020
Gain related to sale of PV&E	90 777	4 530
Other	-	-
Total other income	**90 777**	**4 530**

2.4 OTHER EXPENSES AND INVENTORY

ACCOUNTING POLICIES
Inventories are measured at the lower of cost and net realisable value. Purchase cost is allocated using the FIFO method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of materials are recognized as expenses in the period in which they occur.

Direct expenses	31.12.2021	06.12.2019 - 31.12.2020
Marine gas oil	110 984	86 246
Hire of external boat and crew	2 962	25 628
Reimbursable cost by customers, incl fuel and chemicals	165 800	63 845
Other	7 465	17 833
Total direct expenses	**287 211**	**193 551**

Inventories	31.12.2021	31.12.2020
Bunkers	7 067	4 439
Spare parts and other equipment	4 422	3 754
Total inventories (gross)	**11 488**	**8 193**
Write down of inventories		
Total inventories at the lower of cost and net realisable value	**11 488**	**8 193**

2.5 EMPLOYEE BENEFIT EXPENSES

ACCOUNTING POLICIES
Employee benefit expenses comprise of all types of remuneration to personnel employed by the Group (ie. not contracted manpower) and are expensed when incurred. Ordinary salaries can be both fixed pay and hourly wages and are earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pension contributions are earned on a monthly basis.

Government grants related to the net salary scheme
Government grants related to the net salary scheme for sailors are recognized as a reduction of salary expenses in the same year as the corresponding employee benefit expenses.

Pensions
The Group has a defined contribution pension plan for its employees which satisfies the statutory requirements under the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The scheme is a defined contribution plan where contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

The Group also had a defined benefit plan until 01.03.2020, for more information see note 7.4.

Employee benefit expenses	31.12.2021	06.12.2019 - 31.12.2020
Salaries	425 122	317 284
Social security costs	39 895	16 312
Pension costs	18 503	24 527
Other employee expenses	16 311	17 674
Total employee benefit expenses	**499 830**	**375 796**
Average number of full time employees (FTEs)	814	768

For information on remuneration to key management personnel, see note 7.1.

The Group has received government wage support of MNOK 97.509 during 2021 under the net salary scheme (2020: MNOK 85.076).

At the end of the year, the total pension funds for the Group amounts to NOK 586,000.

2.6 OTHER OPERATING EXPENSES

ACCOUNTING POLICIES
Other operating expenses are recognized as they occur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified as cost of materials, employee benefit expenses, depreciation or amortization.

Other operating expenses	31.12.2021	06.12.2019 - 31.12.2020
Freight	1 768	1 482
Harbour and cleaning cost	14 948	16 056
Maintenance cost and repairs	163 385	142 011
Travel expenses	36 039	25 221
Consulting expenses and insourcing	30 696	25 744
Marketing expenses	5 748	2 345
Insurance	19 760	16 050
Other	35 630	19 827
Total other operating expenses	**307 975**	**248 735**

Auditor related fees	31.12.2021	06.12.2019 - 31.12.2020
Audit fee	2 094	2 100
Audit related services	702	141
Tax advisory services		282
Other advisory services	968	208
Total auditor fees (excl. VAT)	**3 764**	**2 731**

The audit fees presented above are related to the Group, including the parent company and subsidiaries. The fees presented above include fees both to the previous auditor, and current auditor. All amounts are excl. VAT.

2.7 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

Trade and other receivables
Trade receivables are assets that, at initial recognition should be valued at their transaction price. Trade and other receivables are subject to impairment by recognizing an allowance for Expected Credit Losses (ECLs). For details regarding the Group's accounting policies and procedures on managing credit risk (including ECLs), reference is made to note 4.7.

The information about ECLs on the Group's trade receivables is disclosed below.

Trade receivables	31.12.2021	31.12.2020
Trade receivables from revenue contracts with customers at nominal value - external	187 978	156 176
Total trade receivables (gross)	**187 978**	**156 176**
Allowance for expected credit losses	**-70**	
Total trade receivables (net)	**187 908**	**156 176**

Other receivables	31.12.2021	31.12.2020
Prepaid rent and other expenses	29 833	15 896
Receivable government wage support	16 382	12 414
Other receivables related parties (note 7.2)		398
Other	37 491	20 370
Total other receivables (net)	**83 706**	**49 078**

Allowance for expected credit losses	Financial instrument	31.12.2021	31.12.2020
At the beginning of the period	Financial asset at amortized cost		
Provision for expected credit losses	Financial asset at amortized cost	**-70**	
At the end of the period	Financial asset at amortized cost	**-70**	**-**

The credit risk of financial assets has not increased significantly from initial recognition.

Set out below is the information about the credit risk exposure on the Group's trade reveivables:

31.12.2021			Trade receivables Days past due				
	Contract assets	Current	< 30 days	31-60 days	61 - 90 days	over 90 days	Total
Trade receivables		131 217	46 535	6 711	1 772	1 674	187 908

31.12.2020			Trade receivables Days past due				
	Contract assets	Current	< 30 days	31-60 days	61 - 90 days	over 90 days	Total
Trade Receivables		134 147	17 586	4 350	123	-31	156 175

2.8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

ACCOUNTING POLICIES
Trade payables and other current liabilities are present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment).

Trade payables and other current liabilities are measured at fair value of their transaction price upon initial recognition and subsequently at amortized cost. Trade payables and other current liabilities are expected to be settled within the normal operating cycle within twelve months after the reporting period.

Trade payables and other current liabilities	31.12.2021	31.12.2020
Trade payables - external	110 731	134 378
Payroll tax, VAT payable and social security	70 004	58 635
Seller credit purchase of shares in subsidiary	-	58 500
Other current liabilities	42 524	30 208
Trade payables and other current liabilities	**223 259**	**281 721**

Trade payables and other current liabilities are non-interest bearing on general due dates between 10-40 days. For an overview of the term date of trade payables and other current liabilities see note 4.3.

3.1 PROPERTY, VESSELS AND EQUIPMENT

ACCOUNTING POLICIES
Property, vessels and equipment ("PV&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the PV&E and borrowing costs for similar construction projects if they meet the recognition criteria. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset. When significant parts of PV&E are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful lives and methods of depreciation of PV&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

Ships are decomposed into vessels and periodic maintenance and vessels are depreciated on a straight-line basis over the defined useful life. The depreciation period is 16-25 years for wellboats, 10-20 years for service vessels, 15-25 years for sea transport vessels, 20 years for buildings, 3-5 years for other machines and equipment. Periodic maintenance is depreciated over the period until the next maintenance, usually 5 years. Periodic maintance only applies for owned vessels.

No impairments of property, plant and equipment were made in 2021. For the Group's principles related to impairment of property, plant and equipment, see note 3.4.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS
The economic life of vessels and other property and equipment, as well as the carrying amounts and depreciation of periodic mantenance for vessels, are based on estimates by management. Uncertainty in the use of accounting principles are primarily related to the determination of economic life of vessels and other property and equipment.

	Wellboats	Service vessels	Sea Transport	Periodic Maintenance	Land and buildings	Other machines and equipment	Total
Acquisition cost 01.01.2021	**2 790 472**	**566 889**	**284 445**	**33 429**	**23 778**	**81 696**	3 780 710
Additions	**1 675 983**	**275 156**	**128 866**	**11 229**	**238**	**27 171**	2 118 643
Disposals	**-47 801**		**-10 984**				-58 785
Acquisition cost 31.12.2021	**4 418 654**	**842 045**	**402 327**	**44 658**	**24 016**	**108 866**	**5 840 567**
Accumulated depreciation and impairment 01.01.2021	**89 313**	**31 054**	**13 663**	**8 009**	**1 101**	**20 023**	**163 164**
Depreciation for the period	134 631	35 140	19 462	6 321	1 776	32 936	230 266
Accumulated depreciation and impairment 31.12.2021	**223 944**	**66 194**	**33 125**	**14 330**	**2 877**	**52 959**	**393 430**
Carrying amount PV&E 31.12.2021	**4 194 710**	**775 851**	**369 202**	**30 328**	**21 140**	**55 907**	**5 447 138**
Economic useful lives	16-25 years	10-20 years	15-25 years	5 years	20 years	3-5 years	
Depreciation method			Straight-line method				

	Wellboats	Service vessels	Sea Transport	Periodic Maintenance	Land and buildings	Other machines and equipment	Total
Acquisition cost 06.12.2019	**-**	**-**	**-**	**-**	**-**	**-**	-
Additions	**308 379**	**115 240**	**-1 251**	**10 586**	**646**	**6 613**	440 213
Additions from acquisitions (note 6.2)	**2 482 093**	**459 441**	**295 070**	**30 011**	**23 132**	**79 840**	3 369 587
Disposals	**-**	**-7 791**	**-9 373**	**-7 169**	**-**	**-4 757**	-29 090
Acquisition cost 31.12.2020	**2 790 472**	**566 889**	**284 445**	**33 429**	**23 778**	**81 696**	**3 780 710**
Accumulated depreciation and impairment 06.12.2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the period	89 313	31 054	13 663	8 009	1 101	20 023	163 164
Accumulated depreciation and impairment 31.12.2020	**89 313**	**31 054**	**13 663**	**8 009**	**1 101**	**20 023**	**163 164**
Carrying amount PV&E 31.12.2020	**2 701 159**	**535 835**	**270 782**	**25 420**	**22 678**	**61 672**	**3 617 546**
Economic useful lives	16-25 years	10-20 years	15-25 years	5 years	20 years	3-5 years	
Depreciation method			Straight-line method				

3.2 GOODWILL

ACCOUNTING POLICIES
Nature of the Group's intangible assets
The Group's intangible assets comprise of goodwill and trade marks.

Goodwill
Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units, and tested subsequently for impairment

The value of goodwill is primarily related to synergies, assembled workforce and their competency. Goodwill also arises due to the requirement to recognise deferred tax liabilities for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

For the Group's principles related to impairment of goodwill, see note 3.4.

	Trade Marks	Goodwill	Total
Acquisition cost 01.01.2021	**-**	**687 361**	**687 361**
Additions	**250**		**250**
Acquisition cost 31.12.2021	**250**	**687 361**	**687 612**
Impairment for the period		-	**-**
Accumulated impairment 01.01.2021	**-**	**-**	**-**
Amortization for the period		**-**	**-**
Impairment for the period		-	**-**
Accumulated impairment 31.12.2021	**-**	**-**	**-**
Carrying amount 01.01.2021	-	687 361	**687 361**
Carrying amount 31.12.2021	**250**	**687 361**	**687 612**

	Goodwill	Total
Acquisition cost 06.12.2019	**-**	**-**
Additions through acquisitions (note 6.2)	687 361	**687 361**
Acquisition cost 31.12.2020	**687 361**	**687 361**
Accumulated impairment 06.12.2019	**-**	**-**
Impairment for the period	-	**-**
Accumulated impairment 31.12.2020	**-**	**-**
Carrying amount 06.12.2019	-	**-**
Carrying amount 31.12.2020	**687 361**	**687 361**

3.3 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

ACCOUNTING POLICIES

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
At the commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which the Group is the lessee.

Measuring the lease liability
The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

Fixed lease payments, less any lease incentives received
Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in and index or rate.

Measuring the right-of-use asset
The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, vessels and equipment (Note 3.1). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.

Maturity of lease liabilities
For undiscounted lease liabilities and maturity of cash outflows, see note 4.3

The Group's leased assets
The Group leases several assets, mainly ships and vessels. Leases of land and buildings generally have lease terms between 5 and 10 years, vessels have lease terms between 7-10 years, while motor vehicles and other equipment generally have lease terms between 3 and 7 years. The Group also leases some machinery and equipment that are expensed as incurred as they are either considered short term or of low value, the total expense for these leases amounts to MNOK 7.356 in 2021 (2020: 9.862).

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position is 3.46% for 2021 (2020: 3.75%).

Right-of-use assets	Service vessels	Land and buildings	Other machines and equipment	Total
Carrying amount 01.01.2021	**415 671**	**16 715**	**104 028**	**536 414**
Additions	**62 808**	552	53 918	**117 279**
Additions from acquisitions (note 6.2)				**-**
Depreciations	**-39 066**	-4 832	-39 629	**-83 527**
Termination of contracts	**-96 729**		-1 358	**-98 087**
Termination of contracts - gains and losses	**-16 708**		40	**-16 669**
Carrying amount 31.12.2021	**325 976**	**12 434**	**116 999**	**455 410**
Remaining lease term or useful life	10 years	10 years	3-5 years	
Depreciation plan		Straight-line		

The Group's lease liabilities

Changes in the lease liabilities	Total
Total lease liabilities at 01.01.2021	475 064
New leases recognised during the period	117 279
New leases recognised during the period from acquisitions (note 6.2)	
Cash payments for the principal portion of the lease liability	-146 082
Interest expense on lease liabilities	14 168
Termination of contracts	-98 087
Total lease liabilities at 31.12.2021	**362 342**
Current lease liabilities in the statement of financial position	92 918
Non-current lease liabilities in the statement of financial position	269 423
Total cash outflow during the period	**-146 082**

Right-of-use assets	Service vessels	Land and buildings	Other machines and equipment	Total
Carrying amount 06.12.2019				**-**
Additions	**72 570**		55 652	**128 222**
Additions from acquisitions (note 6.2)	**434 906**	21 031	91 313	**547 250**
Depreciations	**-33 169**	-4 316	-23 484	**-60 970**
Termination of contracts	**-49 292**	-	-18 966	**-68 258**
Termination of contracts - gains and losses	**-9 343**		-486	**-9 830**
Carrying amount 31.12.2020	**415 671**	**16 715**	**104 028**	**536 414**
Remaining lease term or useful life	10 years	10 years	3-5 years	
Depreciation plan		Straight-line		

The Group's lease liabilities

Changes in the lease liabilities	Total
Total lease liabilities at 06.12.2019	
New leases recognised during the period	128 223
New leases recognised during the period from acquisitions (note 6.2)	499 322
Cash payments for the principal portion of the lease liability	-98 324
Interest expense on lease liabilities	14 101
Termination of contracts	-68 258
Total lease liabilities at 31.12.2020	**475 064**
Current lease liabilities in the statement of financial position	103 493
Non-current lease liabilities in the statement of financial position	371 571
Total cash outflow during the period	**-112 425**

Lease commitments not included in the lease liabilities
Extension and termination options
The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the Group's business needs. Management applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew or terminate the lease. That is, they considers all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group has not included the renewal period for leases of vessles as part of the lease term because management was not reasonably certain to exercise the option to renew the leases. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Purchase options
The Group does not have any lease contracts that includes purchase options.

3.4 IMPAIRMENT CONSIDERATIONS

ACCOUNTING POLICIES

Property, vessels and equipment and right-of-use assets
Property, vessels and equipment (and intangible assets that are subject to depreciation) and right-of-use assets are tested for impairment when there are indications that the recoverable amount does not exceed the carrying amount. The recoverable amount of an asset is defined as the higher of fair value less costs to sell and the value in use.

Goodwill
Goodwill is not amortized, but subject to impairment testing. The testing is performed annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Basis for determining the recoverable amount
The CGUs' recoverable amounts have been determined based on their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows are derived from budgets for each individual vessel for 2022, with assumption for increase in sales price linked to CPI and an estimate of wage increase for the following 24 years, in line with a historic performance. There is also an element for capex for periodic maintenance of the vessel every 5 years. Restructuring activities and significant future investments are excluded from the budgets. For the last year, a terminal value is calculated, using a terminal rate of 2%.

Key assumptions applied to determine the recoverable amount
The calculation of value in use for the service vessels and wellboat CGU is most sensitive to the following assumptions:
- Pre-tax discount rate
- Future price development

Pre-tax discount rate:
The discount rate reflects the current market assessment of the risks specific to the CGU. The discount rate for the Group is estimated based on the weighted average cost of capital (WACC). The main components of the WACC are the risk-free rate, the market equity premium, the CGU's Beta, interest cost of debt, expected debt/enterprise value ratio and the corporate tax rate. The pre-tax discount rate is determined by an iterative computation so that value in use determined using pre-tax cash flows and a pre-tax discount rate equals value in use determined using post-tax cash flows and a post-tax discount rate (WACC).

Future contract price:
The market for aquaservices, including service vessels and wellboats, is a quite young market. Future price development is therefore hard to assess with high accuracy. For the forecast period, there is a mix of firm contracts and expected income, mostly for the service vessel fleet. The future contract price is an uncertain factor when predicting revenues. Management assumes that the price will be adjusted following a normal consumer-price index, and therefore a factor of 1.02 has been added to the 2021 prices.

The key assumptions used to determine the recoverable amount for the CGU are presented below:

Key assumptions used to determine the recoverable amount for the CGU, 31.12.2021	**Service vessel**	**Wellboats**
Pre-tax discount rate	6,80 %	5,63 %
Annual increase in free cashflow	2,0 %	2,0 %

Carrying amount of the intangible assets allocated to the CGU, 31.12.2021	**Service vessel**	**Wellboats**
Carrying amount of goodwill	246 075	441 286
Carrying amount of goodwill		-
Total carrying amount	**246 075**	**441 286**

The recoverable amount of the cash generating unit is significantly higher than its carrying amount and no impairment loss is recognised in the period. Headroom for service vessel CGU will according to the test results be depleted if future aggregated contract revenues over the 25 year analyses period decreases by 13% (ceteris paribus), or the discount rate increases to 11.2% (2020: 9.1%). The corresponding sensitivity for the wellboat CGU are 15% decrease in revenue and discount rate increased to 9.3% (2020: 10.6%).

Key assumptions used to determine the recoverable amount for the CGU, 31.12.2020	**Service vessel**	**Wellboats**
Pre-tax discount rate	5,15 %	6,11 %
Annual increase in free cashflow	2 %	2 %

Carrying amount of the intangible assets allocated to the CGU, 31.12.2020	**Service vessel**	**Wellboats**
Carrying amount of goodwill	246 075	441 286
Total carrying amount	**246 075**	**441 286**

4.1 OVERVIEW OF FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments
The Group's financial instruments are grouped in the following categories:

Financial Assets
- *Financial assets measured subsequently at amortized cost:* Includes mainly trade receivables and cash and cash equivalents.
- *Financial assets measured subsequently at fair value through profit and loss:* Includes non-listed equity investments.

All the Group's financial assets are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortized cost.

Financial Liabilities
- *Financial liabilities measured subsequently at amortized cost:* Represent the Group's interest-bearing liabilities as well as non-interest bearing liabilities such as trade payables.
- *Financial liabilities measured subsequently at fair value through OCI:* Represents the Group's derivative financial instruments, see separate disclosures in note 4.10.

Initial recognition and subsequent measurement
The Group's financial assets and liabilities are initially recognized at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in profit or loss upon impairment, when the instruments are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

Impairment of financial assets
Financial assets measured at amortized cost are considered for impairment by recognizing an allowance for expected credit losses (ECLs). The Group applies a simplified approach in calculating ECLs for trade receivables and lease receivables, where the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic environment. See note 4.7 for further information related to management of credit risk.

Derecognition of financial instruments
A financial asset is derecognized when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or the Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

31.12.2021	Note	Financial instruments at amortized cost	Financial instruments at FV through P&L	Financial instruments at FV through OCI	Total
Assets					
Other financial assets	2.3, 4.6	14 602	1 863		**16 464**
Trade receivables	2.7	187 908			**187 908**
Other receivables	2.7	83 706			**83 706**
Cash and cash equivalents	4.4	738 462			**738 462**
Total financial assets		**1 024 678**	**1 863**	**-**	**1 026 541**
Liabilities					
Interest-bearing loans and borrowings					
Non-current interest-bearing liabilities	4.2, 4.6, 4.10	3 367 799		2 598	**3 370 397**
Non-current lease liabilities	3.3	269 423			**269 423**
Subordinated loan from related parties	7.2	-			**-**
Current interest-bearing liabilities	4.2	474 259			**474 259**
Current lease liabilties	3.3	92 918			**92 918**
Other financial liabilities					**-**
Trade payables and other current liabilities	2.8	223 259			**223 259**
Total financial liabilities		**4 427 659**		**2 598**	**4 430 257**

31.12.2020	Note	Financial instruments at amortized cost	Financial instruments at FV through P&L	Financial instruments at FV through OCI	Total
Assets					
Other financial assets	2.3, 4.6	3 029	1 800		**4 830**
Trade receivables	2.7	156 176			**156 176**
Other receivables	2.7	49 078			**49 078**
Cash and cash equivalents	4.4	148 811			**148 811**
Total financial assets		**357 094**	**1 800**	**-**	**358 895**
Liabilities					
Interest-bearing loans and borrowings					
Non-current interest-bearing liabilities	4.2, 4.6, 4.10	1 816 385		15 271	**1 831 656**
Non-current lease liabilities	3.3	371 571			**371 571**
Subordinated loan from related parties	7.2	985			**985**
Current interest-bearing liabilities	4.2	648 675			**648 675**
Current lease liabilties	3.3	103 493			**103 493**
Other financial liabilities					**-**
Trade payables and other current liabilities	2.8	281 721			**281 721**
Total financial liabilities		**3 222 830**		**15 271**	**3 238 101**

There are no changes in classification and measurement for the Group's financial assets and liabilities. Other financial assets mainly consist of lease receivables and shares in a non-listed equity investment. Significant finance income and finance costs arising from the Group's financial instruments are disclosed separately in note 4.5.

4.2 INTEREST-BEARING LIABILITIES

Non-current interest-bearing loans and borrowings	31.12.2021	31.12.2020
Loan from credit institutions	3 370 397	1 831 656
Non-current lease liabilities	269 423	371 571
Total non-current interest-bearing loans and borrowings	**3 639 821**	**2 203 227**

Current interest-bearing loans and borrowings	31.12.2021	31.12.2020
Loan from credit institutions, due within 12 months	474 259	648 675
Current lease liabilities	92 918	103 493
Subordinated loan from related parties (principal), due within 12 months	-	985
Current interest-bearing loans and borrowings	**567 177**	**753 154**

For reconciliation of changes in liabilities incurred as a result of financing activities, see note 4.3.

For undiscounted liabilities and maturity of cash outflows, see note 4.3.

Overdraft facility
The Group has overdraft facilities in place which may be drawn at any time up to MNOK 38.5 (2020: MNOK 42.5). The Group has pledged assets as security for its liabilities, presented in the table below:

Assets pledged as security for interest bearing loans and borrowings	31.12.2021	31.12.2020
Secured balance sheet liabilities:		
Non-current interest-bearing liabilities	3 639 821	2 203 227
Current interest-bearing liabilities	567 177	752 169
Total	4 206 998	2 955 395
Carrying amount of assets pledged as security for secured liabilities:		
Trade and other receivables	118 041	205 254
Inventories	-	8 193
Cash and cash equivalents	-	148 811
Right-of-use assets	455 410	536 414
Property, vessels and equipment	5 341 687	3 617 546
Other	77 685	
Total	**5 992 823**	**4 516 219**

Covenant requirements
Subsidiaries in the Group are obligated to adhere to the following covenant requirement for there interest -bearing liabilities:

- Equity Ratio >15% -25%
- Market value / loan value > 125-140%
- EBITDA/(net interest and repayment) >1.5
- NIBD/EBITDA < 3-6.0

Interest-bearing loans and borrowings are provided by five Norwegian credit institutions. The relevant loan agreements contain cross default provisions which might result in the relevant borrowings becoming payable on demand if an entity controlled by Frøy ASA breaches a significant provi sion in another loan agreement with the same issuer (Danske Bank) or any other significant financial obligation (Nordea).
The Group is compliant with its covenants at year end 2021.

4.3 AGEING OF FINANCIAL LIABILITIES

Contractual undiscounted cash flows from financial liabilities, including interest payments are presented below:

	Remaining contractual maturity						
31.12.2021	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**More than 5 years**	**Total**
Financial liabilities							
Loans from credit institutions	553 075	502 666	906 120	2 160 962	79 508	2 494	4 204 825
Trade payables and other current liabilities	223 300						223 300
Lease liabilities	103 441	92 371	73 260	51 999	32 503	39 175	392 749
Total financial liabilities	**879 816**	**595 037**	**979 380**	**2 212 961**	**112 011**	**41 669**	**4 820 874**

Several of the Group's current loan agreements contain change of control and ownership change clauses. The Group will obtain consents prior to any ownership changes or change of control events.

Reconciliation of changes in liabilities incurred as a result of financing activities:

					Non-cash changes			
	01.01.2021	**Repayment of borrowings**	**Payments for principal portion of the lease liability**	**Proceeds from borrowings**	**New leases**	**Reclassified**	**Termination of leasing contracts**	**31.12.2021**
Loans from credit institutions non-current	1 831 656	-950 044		2 488 785				**3 370 397**
Lease liabilties non-current	371 571		-41 595		30 347	8 489	-99 389	**269 423**
Subordinated loans from related parties (principal)	-							**-**
Non-current interest-bearing liabilities	**2 203 227**	**-950 044**	**-41 595**	**2 488 785**	**30 347**	**8 489**	**-99 389**	**3 639 821**
Loans from credit institutions current	648 675	-174 416						**474 259**
Lease liabilties current	103 493		-90 319		86 932	-8 489	1 302	**92 919**
Current interest-bearing liabilities	**752 168**	**-174 416**	**-90 319**	**-**	**86 932**	**-8 489**	**1 302**	**567 178**
Total liabilities from financing	**2 955 395**	**-1 124 460**	**-131 914**	**2 488 785**	**117 279**	**-**	**-98 087**	**4 206 998**

	Remaining contractual maturity						
31.12.2020	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**More than 5 years**	**Total**
Financial liabilities							
Loans from credit institutions	673 573	379 530	188 403	257 738	243 053	840 767	2 583 063
Trade payables and other current liabilities	281 721						281 721
Lease liabilities	118 873	104 505	91 524	71 599	51 307	89 778	527 586
Total financial liabilities	**1 074 167**	**484 035**	**279 927**	**329 337**	**294 360**	**930 545**	**3 392 370**

Reconciliation of changes in liabilities incurred as a result of financing activities:

					Non-cash changes					
	06.12.2019	**Repayment of borrowings**	**Payments for principal portion of the lease liability**	**Proceeds from borrowings**	**New leases incl from mergers and aquistions**	**Reclassified**	**Termination of leasing contracts**	**New loans from transfer of NTS companies**	**New loans from acquisition of Frøy Gruppen (note 6.2)**	**31.12.2020**
Loans from credit institutions non-current	-	-173 965		323 168		-214 390		805 470	1 091 372	**1 831 656**
Lease liabilties non-current	-	-	-98 324	-	526 057	-	-56 162			**371 571**
Subordinated loans from related parties (principal)										**-**
Non-current interest-bearing liabilities	**-**	**-173 965**	**-98 324**	**323 168**	**526 057**	**-214 390**	**-56 162**	**805 470**	**1 091 372**	**2 203 227**
Loans from credit institutions current						214 390		341 743	92 543	**648 675**
Lease liabilties current	-	-		-	115 589		-12 096			**103 493**
Current interest-bearing liabilities	**-**	**-**	**-**	**-**	**115 589**	**214 390**	**-12 096**	**341 743**	**92 543**	**752 168**
Total liabilities from financing	**-**	**-173 965**	**-98 324**	**323 168**	**641 646**	**-**	**-68 258**	**1 147 213**	**1 183 915**	**2 955 395**

4.4 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES
Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Cash and cash equivalents	31.12.2021	31.12.2020
Bank deposits, unrestricted	714 112	127 007
Bank deposits, restricted	24 350	21 804
Total in the statement of financial position	**738 462**	**148 811**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For more information on the Group's credit facilities see note 4.2. There are no restrictions on the use of these funds.

The amount of included in "Bank deposits, restricted" consists of payroll tax withholdings.

4.5 FINANCIAL INCOME AND EXPENSES

ACCOUNTING POLICIES
Interest income and interest expenses on loans and receivables are calculated using the effective interest method.

Foreign currency gains or losses are reported as gain or loss on foreign exchange in finance income or finance expense. Gain on sale of other financial assets in 2020 are related to NRS Shares.

Interest expenses on lease liabilities represents the interest rate implicit in the lease, or the incremental borrowing rate used to measure the lease liabilities recognized

Financial income	31.12.2021	06.12.2019 - 31.12.2020
Interest income	6 535	465
Gain on sale of other financial assets	-	25 604
Other finance income	1 203	2 197
Total finance income	**7 737**	**28 267**

Financial expenses	31.12.2021	06.12.2019 - 31.12.2020
Interest expenses	-66 362	-50 639
Interest expense on lease liabilities	-14 168	-14 101
Other finance expenses	-8 762	-3 473
Total Financial expense	**-89 292**	**-68 214**

Interest income and expenses
Interest income represents mainly interest income on cash deposits, and interest expenses represents mainly interest expenses on external financing, measured and classified at amortised cost in the statement of financial position.

4.6 FAIR VALUE MEASUREMENT

ACCOUNTING POLICIES
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures
Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk-free interest rates.

The fair values of the Group's interest-bearing loans and borrowings are determined by using the DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair values of the Group's interest-bearing loans and borrowings are in most cases similar to carrying amount, as the interest rates are floating and the non-performance risk as at 31.12.21 was assessed to be insignificant.

The fair values of the Group's hedge accounted interest swaps are based on future cash flow using the market values mid-rates on the 31.12.2021. Because most of the input is observable prices, the hedge accounted interest swaps are assessed to be on level 2 in the fair-value hierarchy.

In 2020, the Group acquired 6% of the shares in Naviaq Holding AS, a non-listed equity investment measured to fair value of MNOK 1.8 at the acquisition date. Management has determined that the fair value of the investment in all material aspects is similar to the carrying amount at the balance sheet date.

Information on fair value for the Group's financial assets and liabilities:

	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets disclosed at fair value						
Non-listed equity investments	31.12.2021	1 863	1 863			x
Liabilities disclosed at fair value						
Hedge accounted interest swaps	31.12.2021	3 639	3 639		x	
Loan from credit institutions	31.12.2021	3 841 920	3 841 920			x

There were no transfers between the levels during the current period.

	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets disclosed at fair value						
Non-listed equity investments	31.12.2020	1 800	1 800			x
Liabilities disclosed at fair value						
Hedge accounted interest swaps	31.12.2020	13 921	13 921		x	
Loan from credit institutions	31.12.2020	2 480 331	2 480 331			x

There were no transfers between the levels during the current period.

Capital management
The primary objective of the Group's capital management is to maximize value creation over time. The Group seeks to optimize the capital structure by balancing risk and return on equity against collateral for lenders, requirements for liquidity and investment capacity.

The Group manages its capital structure and adjusts in light of changes in economic conditions and the requirements of the financial covenants. The Group considers a solid equity ratio to be important to achieve its strategic goals in the future. Management regularly uses the ratio between net interest-bearing debt / earnings before interest, tax and depreciation and amortization (NIBD / EBITDA) to assess the Group's financial flexibility, as well as the ability to assume new debt. This key ratio and the equity ratio also constitute the Group's financial covenants to the banks. See note 4.2 for further information on the Group's covenant requirements.

Net interest-bearing debt (NIBD) corresponds to the sum of "Non-current interest bearing liabilities", "Current interest bearing liabilities" and "Cash and cash equivalents" in the statement of financial position. The equity ratio corresponds to the carrying amount of "Total equity" divided by the "total equity and liabilities" in in the consolidated statement of financial position.

The Group's equity ratio was 41.6% as of 31.12.2021 (2020: 37.6%). The NIBD / EBITDA ratio was 5.02 as of 31.12.2021 (2020: 5.46).

The Group is not in breach with any covenants.

Financial risk management
The Group's principal financial liabilities comprise interest-bearing liabilities, and trade and other current liabilities. The main purpose of these financial liabilities is to finance the Group's operations and investments. The Group's principal financial assets include trade and other receivables, other financial assets (mainly lease receivables) and cash and short-term deposits that derive directly from its operations.

The Group is exposed to a range of risks affecting its financial performance, including market risk, financial risk and credit risk. The Group seeks to minimize potential adverse effects of such risks through sound business practice, risk management and hedging. At the current time the liquidity risk of the Group is assessed to be low based on the operating cash flows, scheduled repayments of debt and the availability of credit facilities.

Risk management is carried out by Group management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarized below.

(i) CREDIT RISK
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). As the counterparty to cash and cash equivalents is reputable banks the credit risk associated is considered to be small.

The Group manages its credit risks by trading with creditworthy third parties only. It is the Group's policy that customers that want to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating and review of prior payment issues. The Group obtains sufficient collateral (where appropriate) from customers and ensures that the outstanding amounts do not exceed the set credit limits as means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis. As a result, the risk that counterparties do not have the financial ability to meet their obligations is considered low in the markets in which the Group operates.

The Group does not have significant credit risk related to a single counterparty or several counterparties with similar credit risk. Further, the Group did not provide any guarantees to or on behalf of third-parties liabilities.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 4.1

No agreements have been entered into for set-off/netting of financial instruments.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

((ii) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include interest bearing loans and borrowings and cash and cash equivalents. Currency risk represents the risk for fluctuation of future cash flows due to fluctuations in foreign currencies.

Interest rate risk
The Group is exposed to changes in the market interest rate, as the Group's interest-bearing loans and borrowings have a floating interest rate. Furthermore, changes in market interest rates may affect investment opportunities in future periods.

The Group utilises interest rate swaps to hedge its interest rate risks for parts of its non-current interest-bearing liabilities see further decsription in note 4.10.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax (+/-)
31.12.2021	+/- 100	38 234
31.12.2020	+/- 100	29 554

Interest-bearing liabilities	31.12.2021	31.12.2020
Interest-bearing loans and borrowings	3 840 162	2 480 331
Lease liabilities	362 300	475 064

Foreign currency instruments are primarely used to fix budgeted cash outflows related to investments denominated in foreign currencies. These cash outflows are capitalised when incurred, and will affect the income statement in future periods through depreciations.

(ii) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its working capital, overdue trade receivables and establishing credit facilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities and bank loans to finance working capital and capital investments, without incurring any significant economical losses. The Group has flexible financing through an overdraft facility which may draw funds (see note 4.2). Additionally, the Group has a positive cash flow from operating activities which limits its liquidity risk.

For overview of ageing of financial liabilites refer to note 4.3.

4.8 SHARE CAPITAL AND SHAREHOLDER INFORMATION

ACCOUNTING POLICIES

Equity and liabilities
Financial instruments are classified as liabilities or equity in accordance with the underlying economic substance. Share capital and share premiums are classified as equity.

Costs related to equity transactions
Transaction costs are deducted from equity, net of associated income tax.

Distribution to shareholders
The Group recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

	31.12.2021	31.12.2020
Ordinary shares, par value 1 NOK per share	86 348 603	69 955 181
Total ordinary shares issued and fully paid	**86 348 603**	**69 955 181**

All shares are ordinary and have the equal voting rights and rights to dividends.

	Number of shares		Share capital	
Changes in share capital	**31.12.2021**	**31.12.2020**	**31.12.2021**	**31.12.2020**
Beginning of period	69 955 181	300	69 955 181	30 00
Split 1-100		29 700		
Issuance of share capital	16 393 422	10 952 206	16 393 422	10 952 20
Conversion of debt	-	58 972 975	-	58 972 97
End of period	**86 348 603**	**69 955 181**	**86 348 603**	**69 955 18**

Reconciliation of equity is shown in the consolidated statement of changes in equity.

Dividends
The Board has proposed to distribute dividend of MNOK 129.523 for 2021.
The dividend per share is NOK 1.5.

The Group's major shareholders:

Name	**Ownership**
NTS ASA	72,1 %
State Street bank and trust comp	4,8 %
HSBC Bank Plc	1,2 %
Skandinaviska Enskilda Banken AB	1,2 %
Gåsø Næringsutvikling AS	0,9 %
Trøndelag Helgeland Invest AS	0,8 %
Amble Investment AS	0,7 %
Verdipapirfondet Pareto Investment	0,7 %
Torghatten Aqua AS	0,7 %
Skipsinvest AS	0,7 %

4.9 EARNINGS PER SHARE

Earnings per share (EPS)
Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the EPS calculations:

	31/12/2021	06.12.2019 - 31.12.2020
Profit or loss attributable to ordinary equity holders - for basic EPS	283 553	191 347
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution	283 553	191 347
Weighted average number of ordinary shares - for basic EPS	66 422 072	1 789 427
Weighted average number of ordinary shares adjusted for the effect of dilution	66 422 072	1 789 427
Basic EPS - profit or loss attributable to equity holders of the parent	4.27	106.93
Diluted EPS - profit or loss attributable to equity holders of the parent	4.27	106.93

4.10 DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES
The Group uses derivative financial instruments, specifically interest rate swaps to hedge its interest rate risks for parts of its non-current interest-bearing liabilities. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Interest rate swaps
At 31 December 2021 the Group had interest rate swap agreements in place whereby the Group pays a fixed rate of interest between 0.99%-3.55% and receives interests at a variable rate on the notional amount linked to NIBOR. This is accounted for as a cash flow hedging instrument.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:
- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The derivatives are classified on the same line as interest-bearing liabilities in the statement of financial position. For information on fair value and principles related to valuation of derivatives, see note 4.6.

The impact of the hedging instruments on the statement of financial position is, as follows:

	Balance sheet date	Notional amount of interest rate swap	Line item in the statement of financial position	Change in fair value applied when measuring ineffectiveness
Interest rate swap	31.12.2021	1 238 641	Other non-current liabilities	-
Interest rate swap	31.12.2020	405 159	Other non-current liabilities	-

The impact of the hedged items on the statement of financial position is, as follows:

		Fair value of interest rate swap	Line item in the statement of financial position	Change in fair value applied when measuring ineffectiveness
Interest-bearing liabilities	31.12.2021	2 598	Other non-current liabilities	-
Interest-bearing liabilities	31.12.2020	15 271	Other non-current liabilities	-

The effects on the consolidated statement of profit and loss and comprehensive income for 2021 is as follows:

	Total hedging gain (loss) recognized in OCI	Ineffectiveness recognized in the profit or loss
Interest rate swap agreements	11 595	-

The effects on the consolidated statement of profit and loss and comprehensive income for 06.12.2019-31.12.2020 is as follows:

	Total hedging gain (loss) recognized in OCI	Ineffectiveness recognized in the profit or loss
Interest rate swap agreements	-13 921	-

5.1 TAXES

ACCOUNTING POLICIES

Income tax expense
Income tax expense consists of current income tax and change in deferred tax.

Current income tax
Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognized in equity (OCI) and not in the statement of profit or loss.

Deferred tax
Deferred tax assets and deferred tax liabilities are calculated based on the differences between the basis for tax assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date, with the exception of:

- Initial recognition of goodwill, initial recognition of an asset or liability in a transaction which is not a business combination, and is not at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- Taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Shipping taxation
The Groups' shipping business is subject to the Norwegian tonnage tax regime. The Norwegian tonnage tax scheme practically results in zero tax on profit from operations, and only a fee/tax based on each ships/vessels net tonnage. Net finance income is subject to 22% tax. The Group does not recognize a deferred tax asset related to net finance losses in the subsidiaries where shipping taxation is relevant. Net tonnage tax is classified as other operating expenses.

Current income tax expense:	**31.12.2021**	**06.12.2019 - 31.12.2020**
Tax payable	-	14 968
Adjustment for income tax payable for previous periods	-	-
Change deferred tax/deferred tax assets (ex. OCI effects)	15 991	6 061
Total income tax expense	**15 991**	**21 029**

Reconciliation of income tax expense:	**31.12.2021**	**06.12.2019 - 31.12.2020**
Profit before tax	299 544	251 054
Profit from business subject to Norwegian tonnage tax	-229 113	-128 964
Permanent differences	2 256	-26 502
Basis for income tax expense	**72 687**	**95 588**
Income tax expense (22%)	15 991	21 029
Total income tax expense	**15 991**	**21 029**

Current tax liabilities consist of:	31.12.2021	31.12.2020
Income tax payable for the period as above	-	14 968
Tax effect of group contribution to NTS ASA	-	-6 411
Tonnage tax	61	67
Current tax liabilities	**61**	**8 625**

Deferred tax liabilities	31.12.2021	31.12.2020
Property, plant and equipment	150 532	13 347
Right-of-use assets and lease liability	66 786	54 330
Other current assets	-70	31 780
Untaxed profit	23 937	29 922
Accounting provisions	-230	-27 023
Losses carried forward (including tax credit)	-56 737	-13
Basis for deferred tax liabilities	**184 218**	**102 344**
Calculated deferred tax liabilities	40 528	22 516
Deferred tax liabilities recognised in balance sheet	**40 528**	**22 516**

Changes in deferred tax liabilities	31.12.2021	31.12.2020
Deferred tax liabilities opening balance	**22 516**	**-**
Recognized in the statement of profit and loss	15 991	6 061
Other changes	2 021	-
Effects of acquisitions / disposals	-	16 455
Deferred tax liabilities closing balance	**40 528**	**22 516**

Ongoing case with Norwegian Tax Authorities
At the balance sheet date, there is an ongoing case with the Norwegian Tax Authorities concerning the tonnage tax scheme, and public reimbursements through the net salary scheme. Frøy Rederi AS has received notification of a change in the tax assessment for 2019 and 2020. The notification is justified by the Tax Authorities in that the activities that the company conducts are not covered by the tonnage tax scheme. In a letter dated October 2021, the company disputed the tax authorities' views. On the date of the board's approval of the 2021 accounts, no feedback has been received from the tax authorities on the company's interpretation of the rules.

6.1 CONSOLIDATED ENTITIES

ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated.

Non-controlling interests are presented as a separate line item within equity in the consolidated statement of financial position.

Change in the ownership of a subsidiary, without a loss of control
A change in the ownership of a subsidiary, without a loss of control, is accounted for as an equity transaction. The consideration is recognised at fair value and the difference between the consideration and the carrying amount of non-controlling interests is recognised in equity attributable to the equity holders of the parent.

Loss of control of a subsidiary
If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Non-controlling interests
Non-controlling interests in the consolidated financial statements constitute the non-controlling interest's share of the carrying amount of equity. Upon acquisition, non-controlling interests are measured at their proportionate share of identified assets. In 2021 the Group acquired the remaining 21,5 % of the voting shares in Polarfjell AS and thereby increasing the Group's owership to 100 % . At the end of 2021 there is no non-controlling interests in the Group.

The financial information in the below table is based on amounts according to NGAAP before intercompany eliminations.

Consolidated entities 31.12.2021	Country of incorporation	Business	Group's ownership share	Group's voting ownership share	Equity 31.12.2021	Profit before tax 2021
Frøy Akvaservice AS	Norway	Service Vessels	100,0 %	100,0 %	182 678	43 202
Frøy Akvaressurs AS	Norway	Service Vessels	100,0 %	100,0 %	177 811	28 511
Frøy Vest AS	Norway	Service Vessels	100,0 %	100,0 %	55 331	15 324
Frøy Nord AS*	Norway	Service Vessels	100,0 %	100,0 %	44 224	16 678
Frøy Rederi AS	Norway	Wellboat	100,0 %	100,0 %	483 601	63 415
Fisketransport AS	Norway	Wellboat	100,0 %	100,0 %	10 041	-9 009
Frøy Shipping AS	Norway	Shipping Vessels	100,0 %	100,0 %	118 560	12 676
NTS Management AS	Norway	Non-allocated	100,0 %	100,0 %	11 908	2 586
Norsk Fisketransport AS	Norway	Wellboat	100,0 %	100,0 %	462 438	13 661
MS Dønnland AS	Norway	Wellboat	100,0 %	100,0 %	35 058	12 493
MS Havtrans AS	Norway	Wellboat	100,0 %	100,0 %	91 730	8 814
MS Namsos AS	Norway	Wellboat	100,0 %	100,0 %	101 172	17 443
MS Novatrans AS	Norway	Wellboat	100,0 %	100,0 %	49 042	14 808
MS Reisa AS	Norway	Wellboat	100,0 %	100,0 %	130 224	510
MS Viknatrans AS	Norway	Wellboat	100,0 %	100,0 %	43 715	7 127
MS Veidnes AS	Norway	Wellboat	100,0 %	100,0 %	89 624	62 362
Polarfjell AS **	Norway	Wellboat	100,0 %	100,0 %	133 172	14 496
MS Kristiansund AS	Norway	Wellboat	100,0 %	100,0 %	90 074	1 126
MS Åsværfjord AS	Norway	Wellboat	100,0 %	100,0 %	108 516	667

*Frøy Nord AS is owned 50% by Akvaservice AS and 50% by Frøy ASA

** In 2021, the groups acquired the remaining 21.5% of the voting shares, increasing the group ownership to 100%.

Consolidated entities 31.12.2020	Country of incorporation	Business	Group's ownership share	Group's voting ownership share	Equity 31.12.2020	Profit before tax 2020
Frøy Akvaservice AS **	Norway	Service Vessels	100,0 %	100,0 %	163 347	69 523
Frøy Akvaressurs AS **	Norway	Service Vessels	100,0 %	100,0 %	149 301	41 952
Frøy Vest AS **	Norway	Service Vessels	100,0 %	100,0 %	67 162	12 074
Stava Sjø AS **	Norway	Service Vessels	100,0 %	100,0 %	13 233	6 518
Evja AS **	Norway	Non-allocated	100,0 %	100,0 %	8 062	493
Frøy Nord AS*	Norway	Service Vessels	100,0 %	100,0 %	38 287	18 638
NCE AS **	Norway	Service Vessels	100,0 %	100,0 %	96	638
Frøy Rederi AS	Norway	Wellboat	100,0 %	100,0 %	390 185	76 028
Fisketransport AS	Norway	Wellboat	100,0 %	100,0 %	9 051	4 508
NTS Shipping AS	Norway	Shipping Vessels	100,0 %	100,0 %	105 896	7 022
NTS Management AS	Norway	Non-allocated	100,0 %	100,0 %	11 124	3 211
Norsk Fisketransport AS	Norway	Wellboat	100,0 %	100,0 %	448 793	13 152
MS Dønnland AS	Norway	Wellboat	100,0 %	100,0 %	22 567	9 403
MS Havtrans AS	Norway	Wellboat	100,0 %	100,0 %	82 919	-3 078
MS Namsos AS	Norway	Wellboat	100,0 %	100,0 %	83 733	-11 617
MS Novatrans AS	Norway	Wellboat	100,0 %	100,0 %	34 235	10 795
MS Reisa AS	Norway	Wellboat	100,0 %	100,0 %	4	-26
MS Viknatrans AS	Norway	Wellboat	100,0 %	100,0 %	36 589	8 567
MS Veidnes AS	Norway	Wellboat	100,0 %	100,0 %	27 264	7 528
Polarfjell AS	Norway	Wellboat	78,5 %	78,5 %	118 679	13 542

*Frøy Nord AS is owned 50% by Akvaservice AS and 50% by Frøy ASA. In 2020, the Group acquired the remaining 13.7% of the voting shares, increasing the group ownership to 100%.

** In 2020, the groups acquired the remaining 17.5% of the voting shares, increasing the group ownership to 100%.

6.2 BUSINESS COMBINATIONS

ACCOUNTING POLICIES

A business combination is as a transaction or other event in which an acquirer obtains control of one or more businesses. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant.

Business combinations are accounted for according to IFRS 3 using the acquisition method, also called purchase price allocation (PPA). The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value according to IFRS 13, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at tihe acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Classification, is measured at fair value with the changes in fair value recognised in the statement of comprehensive income.

Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units, and tested subsequently for impairment. Reference is made to note 3.2 for an overview of the Group's goodwill and note 3.4 gives an overview of the Group's CGUs and annual impairment testing of the CGU to which goodwill is allocated.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

In a business combination, the assets acquired and liabilities assumed are valued at fair value at the time of acquisition. The various assets and liabilities are valued on the basis of different models, requiring estimates and assumptions to be made. Goodwill is the residual in this type of purchase price allocation. Errors in estimates and assumptions can lead to an error in the split of the value between the various assets and liabilities incl. goodwill, but the sum of the total excess values will always be consistent with the purchase price paid.

The useful lives of the intangible assets acquired in a business combination are assessed as either finite or indefinite and may in some cases involve considerable judgements. Intangible assets with indefinite useful lives are initially measured at fair value and subsequently tested for impairment by assessing the recoverable amount of each CGU (or group of CGUs) to which the intangible assets relates. Reference to note 3.4.

Intangible assets acquired with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The following assets outside of goodwill were identified in the Frøy ASA business combination in 2020, including management's expectation of economic useful life:

Service vessels - 10-20 years
Wellboats - 16-25 years

Further details on the Frøy ASA acquisition are provided below.

According to IFRS 3, goodwill is to be allocated at the acquisition date, to each of the acquirers CGU's, or groups of CGU's, which are expected to benefit from the business combination. This can include existing CGU's of the acquirer irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

Each unit or group of units to which goodwill is allocated should;
- represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, and
- not be larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

Business combinatons in 2021
There has been no business combinations during 2021.

Business combinaton in 2020

Frøy ASA
On 3 April 2020, the Group acquired 100% of the voting shares of Frøy ASA. Frøy ASA provides maritime services and lease of ships and vessels with crew. The company provides maritime service such as inspections, maintenance, cleaning, freight and towing for businesses and private customers. The company is part of the service vessel, wellboat and non-allocated segments after the acquisition. The Group acquired this business to enhance the combined value of the Group from the possible benefits of being a larger service provider and with a more diversified fleet, being present at a larger strech of the Norwegian coastline.

The transaction was recorded as a business combination in accordance with IFRS 3. The acquisition date corresponds to the date when Frøy ASA obtained control of the legal entities, April 3, 2020.

The acquisition-date fair value of the total consideration transferred was MNOK 2,628.18 settled in shares in NTS ASA.

The below table illustrates the fair values of the identifiable assets in Frøy ASA at the acquisition date:

	Fair value
ASSETS	
Non-current assets	
Intangible assets	-
Property, plant and equipment	1 693 934
Right-of-use assets	547 250
Other financial assets	1 421 049
Total non-current assets	**3 662 233**
Current assets	
Inventories	3 064
Trade and other receivables	157 909
Cash and cash equivalents	55 253
Total current assets	**216 226**
Total assets	**3 878 459**
Non-current liabilities	
Deferred tax liability	16 308
Non-current interest-bearing liabilities	1 179 731
Non-current lease liabilities	388 482
Total non-current liabilities	**1 584 521**
Current liabilities	
Trade and other payables	58 869
Current interest-bearing liabilities	4 184
Current lease liabilities	101 019
Income tax payable	10 202
Dividends	50 000
Current provisions and other liabilities	60 426
Total current liabilities	**284 700**
Total liabilities	**1 869 221**

Total identifiable net assets at fair value	2 009 237
Equity holders of the parent	1 940 816
Non-controlling interest	68 421
Purchase consideration	2 628 178
Goodwill arising on acquisition	**687 361**
Purchase consideration	
Contingent consideration	-
Shares in NTS ASA - consideration	2 628 178
Total consideration	**2 628 178**
Goodwill as a result of deferred tax - technical goodwill	8 477
Goodwill related to synergies & employees - residual goodwill	678 884
Net goodwill from acquisition	**687 361**

Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is technical goodwill. The remaining goodwill of MNOK 679 comprises the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognised.

The identification of CGU's in the Frøy ASA acquisition was made based on operating segments, as these were seen as the most efficient way to monitor goodwill going forward, and at the same time representing the minimum requirement. The segments Wellboat and Service Vessels were allocated goodwill from the aquisition, based on the assesment that these segments will have the highest potential for positive benefits from the aquisition related to operational synergies.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Analysis of cash flows on acquisition	
Net cash acquired (included in the cash flows from operating activities)	55 253
Cash paid (included in the cash flows from investing activities)	-
Net cash flow from acquisition	**55 253**

6.3 ASSOCIATED ENTITIES

ACCOUNTING POLICIES
Associated entities are entities where the Group has signitificant influence but no control or joint control over the financi al and operating policy decisions of the investee. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investmen t is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill r elating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprenhensive income reflects the Group's share of the results of operations of the associate. Any change i n OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equit y of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losse s resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint ventu re.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of comprehensive i ncome outside operating profit and represents profit or loss after tax and non -controlling interests in the subsidiaries of the associate.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recogni ses any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of signi ficant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Associated entities 31.12.2021	Country of incorporation	Ownership share	Group's voting ownership share
Sikkerhetssenteret Rørvik AS	Norway	23,0 %	23,0 %
Halten AS	Norway	33,4 %	33,4 %
Total			

Summarized statement of financial position as per 31.12.2021	Sikkerhetssenteret Rørvik AS*	Halten AS
Assets		
Current assets	9 988	28 854
Non-current assets	1 891	86 675
Liabilities		
Current liabilities	2 155	5 969
Non-current liabilities	192	32 180
Total equity	**9 533**	**77 380**

Summarized statement of profit and loss 2021	Sikkerhetssenteret Rørvik AS*	Halten AS
Total revenue	16 126	79 972
Operating expenses	-12 455	-68 033
Net financial items	-41	-1 115
Profit (loss) before tax	**3 630**	**10 824**
Income tax	-	-20
Profit (loss) for the period	**3 400**	**10 804**

2021 Group's share of profit (loss) from investments in associates	Sikkerhetssenteret Rørvik AS*	Halten AS	SUM
Share of profit	793	3 618	4 411
Impairment loss	-	-	-
Corr. of earlier periodes estimated profit (loss)	-	-1 070	-1 070
Group's share of profit 2021	**793**	**2 548**	**3 341**

2021 Group's carrying amount of investments in associates	Sikkerhetssenteret Rørvik AS*	Halten AS	SUM
Carrying amount 01.01	1 400	23 312	24 712
Additions			-
Addiotions from acquisitions			-
Share of periodes profit (loss)	793	2 548	3 341
Dividends			-
Disposals			-
Group's carrying amount of investments in associates 31.12.2021	**2 193**	**25 860**	**28 053**

* The numbers in the table above are preliminary numbers for 2021.

Associated entities 31.12.2020	Country of incorporation	Ownership share	Group's voting ownership share	Group's share of equity
Sikkerhetssenteret Rørvik AS	Norway	23,0 %	23,0 %	1 400
Halten AS	Norway	33,4 %	33,4 %	23 312
Total				**24 712**

Summarized statement of financial position as per 31.12.2020	Sikkerhetssenteret Rørvik AS*	Halten AS*
Assets		
Current assets	6 327	87 313
Non-current assets	5 850	33 579
Liabilities		
Current liabilities	4 952	3 913
Non-current liabilities	1 141	47 225
Total equity	**6 078**	**69 754**

Summarized statement of profit and loss 2020	Sikkerhetssenteret Rørvik AS*	Halten AS*
Total revenue	9 972	57 823
Operating expenses	-8 877	-57 715
Net financial items	-95	9 625
Profit (loss) before tax	**1 000**	**9 733**
Income tax	-	-
Profit (loss) for the period	**1 000**	**9 733**
Group's share of profit for the year	**230**	**3 253**
Group's share of profit (loss) for previous periods adjusted for the year	-273	-2 444
Total share of profit booked 2020	**-43**	**809**

* The numbers in the table above are preliminary numbers for 2020.

7.1 REMUNERATION TO MANAGEMENT AND THE BOARD

Remuneration to the Board of Directors

Remuneration for the members of the Board is determined by the Annual General Meeting (AGM) based on a proposal from the nomination committee. The remuneration is not linked to the Group's performance but reflects the Board's responsibilities, expertise, time and commitment.

Remuneration to executive management:
The Board of Frøy ASA determines the principles applicable to the Group's policy for compensation of executive management. The
Board is directly responsible for determining the CEO's salary and other benefits. The Group's executive management includes the CEO and the management team of each business unit.

Principles for determining salary
The main principle for determining salary for each executive management member has been a fixed annual salary with the addition of benefits in kind such as telephone, insurance, internet subscription and newspaper subscription. The fixed salary has been determined on the basis of the following factors: competitive salary level, scope of work and responsibilities, as well as an assessment of the business and individual performance.

Pension
All executive management are members of the defined contribution pension scheme. Beyond this, there is no agreement on special pension schemes in the group.

Other benefits
There are no special benefits beyond ordinary salary and pension. The exception is the CFO who has a bonus based on performance/profit.

Severance Arrangements
If the CEO is terminated by the Board, he is entitled to no severance pay.
For other executive management, there will be an individual assessment of severance packages that are reasonable in relation to responsibility and seniority and the reason for the termination of the employment.

The policy regarding the determination of salaries and other remuneration to executive management has been unchanged in recent periods and is expected to remain unchanged in the future.

Remuneration to executive management

		1 Fixed remuneration			2 Variable remuneration	4 Pension	5 Total remuneration		6 Share fixed and variable remuneration		7 Companies in the same group	
Executive management 2021	Year	Fixed salary	Fees	Benefits								
Helge Gåsø, CEO Frøy ASA	2021	1874			8	40	1914	8	100%	0%		
	2020	1007			8	50	1057	8	99%	1%	n/a	n/a
Anders Gåsø, COO	2021	1474		241	4	32	1747	4	100%	0%		
	2020	948		211	4	0	1159	4	100%	0%	n/a	n/a
Arne J. Rødsjø*, CFO 01.01.2021 - 31.10.2021	2021	1950			9	39	1989	9	100%	0%		
	2020	1950				98	2048	0	100%	0%	n/a	n/a
Tore Helgesen, interim CFO 01.10.2021 ->	2021		347				347	0	100%	0%		
	2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Oddleif Wigdahl (COO Wellboat)	2021	1184		85	13	24	1293	13	99%	1%		
	2020	1260		98	12	63	1421	12	99%	1%	n/a	n/a
Eirin Ervik (COO Service vessel)	2021	1065			9	20	1085	9	99%	1%		
	2020	1056			9	53	1109	9	99%	1%	n/a	n/a
Bjarne Johannessen (COO Shipping)	2021	1028			9	21	1049	9	99%	1%		
	2020	997			21	50	1047	21	98%	2%	n/a	n/a
Svein Sivertsen, chairman of the board Frøy ASA	2021											
	2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dagfinn Eliassen, member of the board Frøy ASA	2021											
	2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hege Aasen Veiseth, member of the board Frøy ASA	2021											
	2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Anne Sofie Utne, member oft the board Frøy ASA	2021											
	2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Harry Asmund Bøe, member of the board Frøy ASA	2021											
	2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

* Employed by the Group from 1 December 2020 until 31 october 2021. The disclosed amount in the table above consists of agreed fixed yearly salary for both 2020 and 2021.

Pension represent the premium paid for defined contribution plans.

No remuneration has been paid to the Board of Directors in 2021. No loans have been granted or collateral provided to Executive Management or members of the Board.

Shares held by Executive Management and the Board of Directors 31.12.2021
The Group's CEO holds 51% of shares in Gåsø Næringsutvikling AS, which has an ownership share in NTS ASA of 37%. The Group's COO/CMO holds 24.5% of shares in Gåsø Næringsutvikling AS, which has an ownership share in NTS ASA of 37%. The Group's Chairman of the Board holds 0.02% of shares in Frøy ASA.

7.2 RELATED PARTY TRANSACTIONS

Related parties are group companies, associates, major shareholders, members of the board and management in the parent company and the group subsidiaries. Note 6.1 provides information about the Group structure, including details of the subsidiaries and the holding company (related parties).

All transactions within the group or with other related parties are based on the principle of arm's length.

	Other related parties*							Entity under common control		Parent company	
Related party transactions 01.01.2021-31.12.2021 and balances 31.12.2021	**Siholmen AS**	**Gåsø Nærings utvikling**	**Frøy Utvikling AS**	**Frøy Sjøstrans port AS**	**Mix og Match**	**SS Invest**	**Blått Kompetan sesenter**	**Salmonor AS**	**NRS ASA**	**NTS ASA**	**Total**
Related party balances											
Current trade and other receivables to related parties					3						**3**
Related party transactions											**-**
Sales to related parties		30		711				45 865	25 956	18	**72 580**
Purchases from related parties (incl. Management fees)	1 267		350	100		845				7 024	**9 586**

* Other related parties consist of enties that are considered related parties to the CEO.

	Other related parties*				Entity under common control	Parent company	
Related party transactions 06.12.2019-31.12.2020 and balances 31.12.2020	**Siholmen AS**	**Frøy Utvikling AS**	**Frøy Sjøstrans port AS**	**Blått Kompetan sesenter**	**Midt-Norsk Havbruk AS**	**NTS ASA**	**Total**
Related party balances							
Current trade and other receivables from related parties					378	20	**398**
Current loans and borrowings to related parties				260		725	**985**
Current trade and other payables to related parties						26 147	**26 147**
Related party transactions							
Sales to related parties	607	8	757		30879		**32 251**
Purchases from related parties (incl. Management fees)						10 054	**10 054**

* Other related parties consist of enties that are considered related parties to the CEO.

7.3 SUBSEQUENT EVENTS

ACCOUNTING POLICIES

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Management is not aware of any subsequent events at the date of the release of this annual report.

7.4 DEFINED BENEFIT PLANS

ACCOUNTING POLICIES

Defined benefit pension is a pension plan that defines the amount that an employee will receive at the time of his/her retirement. The payment depends on various factors, such as age, tenure and salary. The plan is recognized at the net present value of future pension benefits that is considered to be earned at the balance sheet date. Pension funds are recognized at fair value. Earned pensions in the period and net interest expense/income is recognized in the consolidated income statement on an ongoing basis and presented under the line item Employee benefit expenses. Changes in net pension obligation related to pension premiums and payment of pensions are accounted for. Actuarial gains or losses (estimate deviations) are recognized in other comprehensive income and not reclassified to profit or loss.

The employees that has been covered by the defined benefit plans until 01.03.2020 are offshore employees, working in Norway. The agreements was terminated 01.03.2020, and after that date there has been no defined benefit pension obligations in the Group.

8.1 CHANGES IN IFRS AND NEW STANDARDS

Standards issued but not yet effective
New and amended accounting standards and interpretations issued by the IASB may affect the Group's future reporting. All possible effects of the new standards have not been reviewed, but none of the published changes are assumed to have a significant effect on the group's financial statements.

Of the new standards and interpretations that are issued and, but not yet effective, the following amendmends are considered most relevant to the Group's future financial reporting:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Preliminary assessment indicates that the amendments will not have a significant impact on the Group's consolidated financial statements.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Preliminary assessment indicates that the amendments will not have a significant impact on the Group's consolidated financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

FRØY ASA
2021 FINANCIAL STATEMENTS

INCOME STATEMENT

Amounts in NOK	Note	2021	2020
Operating income and operating expenses			
Sales revenue	9, 13	60 595 434	5 988 968
Total revenues		**60 595 434**	**5 988 968**
Employee benefits expense	10	49 496 300	8 330 566
Depreciation of tangible and intangible fixed assets	3	233 333	136 111
Other expenses	10, 13, 15	32 486 721	11 093 031
Total expenses		**82 216 354**	**19 559 708**
Operating profit/loss		**-21 620 920**	**-13 570 740**
Financial income and expenses			
Share dividend		19 593 937	17 300 000
Interest income from group companies		3 858 791	-
Other interest income		373 579	43
Other financial income		-	25 604 227
Interest expense to group companies		608 277	-
Other interest expenses		1 680 186	9 144
Other financial expenses		203 503	100 750
Net financial items	11	**21 334 342**	**42 794 376**
Result before tax		**-286 579**	**29 223 635**
Tax expense	6	-34 586	857 871
Result for the year		**-251 993**	**28 365 764**
Allocation of result for the year			
Dividends		129 522 905	-
Transferred form Share premium		104 402 836	-28 365 764
Transferred from Retained earnings		25 372 061	-
Total brought forward	2	**-251 993**	**28 365 764**

BALANCE SHEET

as at 31 December

Amounts in NOK	Note	2021	2020
ASSETS			
Non-current assets			
Intangible assets			
Licenses, patents etc.	3	250 000	-
Deferred tax assets	6	6 276 274	-
Total intangible assets		**6 526 274**	**-**
Property, plant and equipment			
Plant and machinery	3	330 556	563 889
Total property, plant and equipment	3	**330 556**	**563 889**
Non-current financial assets			
Investments in subsidiaries	5	1 620 184 775	1 570 590 838
Loan to group companies	8	188 126 776	-
Investments in shares and other securities	4	1 860 348	1 800 337
Total non-current financial assets		**1 810 171 899**	**1 572 391 175**
Total non-current assets		**1 817 028 729**	**1 572 955 064**
Current assets			
Receivables			
Accounts receivables	8	18 177 121	7 482
Other short-term receivables		2 534 143	1 291 907
Receivables from group companies	8	149 065 325	17 300 000
Total receivables		**169 776 589**	**18 599 388**
Bank deposits, cash and cash equivalents			
Bank deposits, cash and cash equivalents	7	457 889 316	918 299
Total bank deposits, cash and cash equivalents		**457 889 316**	**918 299**
Total current assets		**627 665 904**	**19 517 687**
TOTAL ASSETS		**2 444 694 633**	**1 592 472 751**

Amounts in NOK	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital	1, 2	86 348 603	69 955 181
Share premium reserve	2	2 185 603 469	1 328 578 441
Total paid-up equity		**2 271 952 072**	**1 398 533 622**
Retained earnings			
Other equity	2	-	25 372 061
Total retained earnings		**-**	**25 372 061**
Total equity		**2 271 952 072**	**1 423 905 683**
Liabilities			
Provisions			
Deferred tax	6	-	13 493
Total provisions		**-**	**13 493**
Other non-current liabilities			
Liabilities to financial institutions	12	-	50 000 000
Total non-current liabilities		**-**	**50 000 000**
Current liabilities			
Trade payables		3 124 019	4 288 291
Public duties payable		5 400 480	692 004
Dividends		129 522 905	-
Liabilities to group companies	8	30 000 019	53 843 486
Other current liabilities	14	4 695 137	59 729 794
Total current liabilities		**172 742 560**	**118 553 575**
Total liabilities		**172 742 560**	**168 567 068**
TOTAL EQUITY AND LIABILITIES		**2 444 694 633**	**1 592 472 751**

Frøya, 7 April 2022
Board of Directors Frøy ASA

Svein Sivertsen	Paul Birger Torgnes	Ivar Sigmund Williksen	Hege Veiseth	Linda Johnsen	Tonje Foss
Chairman	*Board Member*	*Board Member*	*Board Member*	*Board Member*	*Chief Executive Officer*

CASH FLOW STATEMENT

Amounts in NOK	2021	2020
Cash flows from operating activities		
Profit or loss before tax	-286 579	29 223 635
Income taxes paid	0	0
Gain/loss on disposal of financial assets	0	-25 604 227
Depreciation and impairment	233 333	136 111
Changes in inventories, trade receivables, trade payables and other current liabilities	-90 496 263	-45 350 370
Change in intercompany balances	-373 735 568	0
Net cash flows from operating activities	**-464 285 077**	**-41 594 851**
Cash flows from investment activities		
Purchase of property, plant and equipment	-250 000	-700 000
Purchase of financial assets	-60 011	0
Acquisition of a subsidiary, net of cash acquired	0	-60 600 337
Net cash flow from investing activities	**-310 011**	**-61 300 337**
Cash flows from financing activities		
Proceeds from borrowings	0	103 843 486
Repayment of borrowings	-50 000 000	0
Repayments of equity	0	-30 000
Issue of Share Capital	999 998 741	0
Transaction cost	-28 432 635	0
Net cash flows from financing activities	**921 566 106**	**103 813 486**
Net change in cash and cash equivalents	**456 971 018**	**918 298**
Cash and cash equivalents, beginning of period	918 298	0
Cash and cash equivalents, end of period	**457 889 316**	**918 298**

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Use of estimates
The preparation of accounts in accordance with the Accounting Act requires the use of estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

Revenue
Income from sale of goods and services are recognised at fair value, net after deduction of VAT, returns and reductions.

Revenue from sale for services
Revenues for services are recognised when the services are performed and the company has a right to payment for performed.

Classification and assessment of balance sheet items
Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

Intangible assets
Intangible assets that have been acquired separately are carried at cost. Trademarks are not amortized, but subject to impairment testing. The testing is performed annually and when circumstances indicate that the carrying value may be impaired.

Tangible fixed assets
Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the asset and borrowing costs for similar construction projects if they meet the recognition criteria. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful lives and methods of depreciation of tangible fixed are reviewed at each financial year end and adjusted prospectively, if appropriate.

Costs related to leases of fixed assets are expensed over the lease period. Prepayments are reflected in the balance sheet as a prepaid expense and are distributed over the rental period.

Impairment of fixed assets
Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent ingoing cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and the value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use. Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Investments in other companies
The cost method is applied to investments in other companies. The carrying amount is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are generally recognised as income. Dividends/group contribution from subsidiaries are booked in the same year as the subsidiary makes the provision for the amount. Dividends from other companies are reflected as financial income when the dividends are approved. Investments are written down to fair value if the fair value is lower than the carrying amount.

Receivables
Accounts receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables. Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

Pensions
The company has a defined contribution pension plan for its employees which satisfies the statutory requirements under the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

Tax
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted.

The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and tax losses varied forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Cash Flow statement
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

1 SHAREHOLDERS

Share capital in Frøy ASA at 31.12:

Amounts in NOK	Total	Par value	Share capital
	86 348 603	1	86 348 603
Total		**1**	**86 348 603**

Prior to the initial public offering (IPO) in 2021 the capital was increased by 86 348 303 shares and par value was decreased from 300 NOK to 1 NOK. The Company was listed on Oslo Børs Euronext® on 29th March 2021.

All shares are fully paid and have the same rights.

As of 31st December 2021, Frøy ASA had 4 398 shareholders.

Shareholders with more than 1 % holding at 31.12.2021:

	Number of shares	Owner interest	Share of votes
NTS ASA	62 269 112	72.1%	72.1 %
State Street Bank and Trust Comp	4 127 910	4.8%	4.8 %
HSBC Bank Plc	1 019 098	1.2%	1.2%
Skandinaviska Enskilda Banken AB	1 001 000	1.2%	1.2%

The members of the board and the CEO had the following share holdings at 31.12.2021:

Member of board/ CEO	Number of Shares
Svein Sivertsen	20 000
Dagfinn Eliassen	0
Hege Aasen Veiseth	0
Anne Sofie Utne	0
Harry Asmund Bøe	564 626
Helge Gåsø	819 672

Skipsinvest AS, a close associate to Harry Bøe owns 564 626 shares in Frøy ASA. As a shareholder in Namsos Invest AS and SS-Invest AS Mr. Bøe also indirectly owns shares in Frøy ASA through NTS ASA.

Gåsø Næringsutvikling AS, a close associate to Helge Gåsø owns 819 672 shares in Frøy ASA and 45 516 416 shares in NTS ASA.

2 EQUITY

Amounts in NOK	Share capital	Share premium	Retained earnings	Total equity
Equity as at 06.12.2019	30 000			30 000
Profit or loss for the period 01.01.19 - 30.03.2020			-2 993 703	-2 993 703
From Frøy Gruppen AS related to the merger				
Profit or loss for the period			28 365 764	28 365 764
Issue of Share Capital (not registered)	10 952 206	208 091 916		219 044 122
Conversion of debt (not registered)	58 972 975	1 120 486 525		1 179 459 500
Equity as at 31.12.2020	**69 955 181**	**1 328 578 441**	**25 372 061**	**1 423 905 683**

Amounts in NOK	Share capital	Share premium	Retained earnings	Total equity
Equity as at 01.01.2021	69 955 181	1 328 578 441	25 372 061	1 423 905 683
Profit or loss for the period			-251 993	-251 993
Issue of Share Capital	16 393 422	983 605 319	0	999 998 741
Transaction cost		-22 177 455	0	-22 177 455
Suggested dividends			-129 522 905	-129 522 905
Share premium reserve		-104 402 836	104 402 837	0
Equity as at 31.12.2021	**86 348 603**	**2 185 603 469**	**0**	**2 271 952 072**

3 NON-CURRENT ASSETS

Amounts in NOK	Office equipment	Trademark	Total
Purchase cost as of 01.01.21	700 000		700 000
Inflow purchased fixed assets		250 000	250 000
Acquisition cost 31.12.21	**700 000**	**250 000**	**950 000**
Accumulated depreciation 31.12.21	369 411		369 411
Book value 31.12.21	**330 589**	**250 000**	**580 589**
This year's ordinary depreciations	233 300		233 300
Economic life	3 years		

4 INVESTMENTS IN SHARES

Amounts in NOK	Shares	Share of votes	Purchase cost	Balance value
Naviaq AS	6.0%	6.0%	1 860 348	1 860 348
Total			**1 860 348**	**1 860 348**

5 SUBSIDIARIES

Amounts in NOK	Municipality	Owner share	Share of votes	Purchase cost	Share of equity	Share of result
Subsidiaries						
Frøy Akvaservice AS	FRØYA	100%	100%	501 408 618	182 677 798	33 697 670
Frøy Nord AS	SENJA	50%	50%	67 888 653	22 112 121	6 495 596
Frøy Rederi AS	FRØYA	100%	100%	831 843 382	483 601 056	63 415 420
Frøy Shipping AS	FRØYA	98.2%	98.2%	68 506 040	116 425 920	12 447 832
Norsk Fisketransport AS	NÆRØYSUND	100%	100%	149 944 082	1 334 765	153 507 000
NTS Management AS	NÆRØYSUND	100%	100%	594 000	11 908 000	2 586 000
Total				**1 620 184 775**	**818 059 660**	**272 149 518**

Frøy Shipping AS – Frøy ASA owns 98.2 % of the shares in Frøy Shipping. Other shares are owned by Frøy Shipping AS.
Frøy Nord AS - Frøy ASA controls 100 % of the shares in Frøy Nord AS. 50 % is owned directly and 50 % is owned by Frøy Akvaservice AS.

6 TAXES

Amounts in NOK	2021
Current income tax expense:	
Entered tax on ordinary profit/loss:	
Tax payable	0
Change deferred tax/deferred tax assets	34 586
Total income tax expense	**34 586**
Reconciliation of income tax expense:	
Profit before tax	-286 579
Permanent differences	-28 303 268
Changes in temporary differences	86 333
Basis for income tax expense	**-28 503 513**

	31/12/2021
Current tax liabilities consist of:	
Income tax payable for the period as above	0
Current tax liabilities	**0**

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax assets, specified on type of temporary differences.

	31/12/2021
Deferred tax assets	
Property, plant and equipment	-12 444
Losses carried forward (including tax credit)	-28 516 073
Basis for deferred tax assets	**-28 528 517**
Deferred tax assets recognised in balance sheet	**-6 276 274**

Frøy ASA incurred costs related to a share capital issue in 2021. These costs were partly charged against equity and partly recognised as an expense in the income statement. The tax effect from the costs charged directly against equity has also been charged directly against equity, thus explaining the deviation between change in deferred tax/deferred tax asset as per the income statement and change in deferred tax/deferred tax asset as per the balance sheet.

7 RESTRICTED BANK DEPOSITS, CASH IN HAND ETC.

Amounts in NOK	2021	2020
Bank deposits, restricted in Frøy ASA	2 413 935	556 127

8 INTERCOMPANY BALANCES

Amounts in NOK	2021	2020
Receivables		
Long term receivables	188 126 776	0
Accounts receivables	18 177 121	7 482
Other receivables	149 065 325	17 300 000
Total receivables	**355 369 222**	**17 307 482**
Liabilities		
Short term liabilities	30 000 019	53 843 486
Total liabilities	**30 000 019**	**53 843 486**

9 REVENUES

Amounts in NOK	2021	2020
Activity distribution		
Revenues from services performed	60 595 434	5 988 968
Total	**60 595 434**	**5 988 968**
Geographical distribution		
Norway	60 595 434	5 988 968
Total	**60 595 434**	**5 988 968**

10 PERSONNEL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, LOAN TO EMPLOYEES

Amounts in NOK	2021	2020
Salaries/wages	43 139 147	6 642 625
Social security fees	2 421 336	341 676
Pension expenses	3 193 602	381 954
Other remuneration	742 216	964 311
Total	**49 496 300**	**8 330 566**
Average number of employees during the financial year	52	14

Amounts in NOK	Position	Salaries	Pension	Other	Total
Helge Gåsø	CEO (2021)	1 874 000	40 000	8 000	1 922 000
Arne Rødsjø	CFO (1.1.21 - 31.10.21)	1 950 000	39 000	9 000	1 998 000
Tore Helgesen	CFO (1.11.21 - 31.12.21)			347 000	347 000
Oddleif Wigdahl	Head of Wellboats	1 184 000	24 000	98 000	1 306 000
Bjarne Johannessen	Head of Sea Transportation	1 028 000	21 000	9 000	1 058 000
Eirin Pedersen	Head of Service	1 065 000	20 000	9 000	1 094 000
Anders Gåsø	Head of Larger Service Vessels	1 474 000	32 000	245 000	1 751 000

No remuneration has been paid to the Board of Directors in 2021. No loans have been granted or collateral provided to Executive Management or members of the Board.

Other benefits
There are no special benefits beyond ordinary salary and pension. The exception is the CFO who has a bonus based on performance/profit.

Pension
All executive management are members of the defined contribution pension scheme. Beyond this, there is no agreement on special pension schemes in the group.

Severance Arrangements
If the CEO is terminated by the Board, he is entitled to no severance pay.
For other executive management, there will be an individual assessment of severance packages that are reasonable in relation to responsibility and seniority and the reason for the termination of the employment.

OTP (Statutory occupational pension)
The company is required to have a pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirement of this law.

Audit fee
Audit fees for 2021 amount to NOK 2 076 125 excl. VAT.

Amounts in NOK	Fees
Statutory audit fee	620 000
Other assurance services	488 046
Other assistance	968 079
Total audit fees	**2 076 125**

11 SPECIFICATION OF FINANCIAL INCOME AND FINANCIAL EXPENSES

Amounts in NOK	2021	2020
Financial income		
Share dividend	19 593 937	17 300 000
Interest income from group companies	3 858 791	0
Interest income	373 579	43
Other financial income	0	25 604 227
Total financial income	**23 826 307**	**42 904 270**
Financial expenses		
Interest expenses to group companies	608 277	0
Interest expenses	1 680 186	9 144
Other financial expenses	203 503	100 750
Total financial expenses	**2 491 966**	**109 894**

12 DEBTORS, LIABILITIES, PLEDGED ASSETS AND GUARANTEES ETC.

Amounts in NOK	2021	2020
Liabilities secured by mortgage		
Liabilities to credit institution	0	50 000 000
Other long term liabilities		
Total	**0**	**50 000 000**

Fisketransport AS has a NOK 400,000,000 credit facility related to the construction of Frøy Odin witch Frøy ASA has guaranteed ("Selvskyldnerkausjon"). This guarantee will be cancelled when Fisketransport AS exceed an equity ratio of 30 %.

13 RELATED PARTY TRANSACTIONS

Related-party transactions

Amounts in NOK	2021	2020
Sales of goods / services:		
Subsidiaries	60 595 434	5 988 968
Purchase of goods / services:		
Subsidiaries	134 124	0

14 OTHER CURRENT LIABILITIES

Amounts in NOK	2021	2020
Others	0	260 000
Holiday pay	4 695 137	969 795
Obligation to previous minorities in Frøy Akvaservice AS	0	58 499 999
Total	**4 695 137**	**59 729 794**

15 SPECIFICATION OF OTHER EXPENSES

Amounts in NOK	2021	2020
Rent and other housing expenses	4 024 250	1 004 749
Travel expenses	1 260 327	323 852
Consulting expenses and insourcing	19 953 606	7 037 017
Marketing expenses	2 336 436	603 106
Insurance	342 727	33 026
Other	4 569 375	2 091 281
Total other expenses	**32 486 721**	**11 093 031**

AUDITORS REPORT

EY
Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Havnegata 9, 7010 Trondheim
Postboks 1299 Pirsenteret, 7462 Trondheim

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Frøy ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Frøy ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2021 and the income statement, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders on 10 January 2020 for the accounting year 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment assessment of goodwill

Basis for the key audit matter

The carrying amount of goodwill as 31 December 2021 was NOK 687 million, with no impairment reported in 2021. The goodwill is related to an acquisition in 2020 and is allocated to two cash generating units.

Key assumptions in the impairment assessment included the existing contracts and expected future utilization, operating cost, useful life and discount rate. Considering the degree of management's judgement in establishing the key assumptions and the potential impacts on the estimated recoverable amounts of changes in such assumptions, we considered the impairment assessment as a key audit matter.

We refer to note 3.4: Impairment considerations.

Our audit response

Our audit procedures included an assessment of the key assumptions and methods used by management in the impairment assessment. We performed an assessment of the discounted cash flows projected by management through review of the underlying assumptions such as revenue growth rates, EBITDA margins and operating profit. We compared the input data used by management to supporting evidence such as actual results, agreements and budgets approved by the board of directors.

Furthermore, we involved our internal valuation experts and assessed the reasonability of the weighted average cost of capital (the discount rate) used in the discounted cash flow model by comparing the estimated beta, risk-free interest rates on government bonds, market risk premium and cost for debt to peer group data, relevant external sources and the Group's specific factors. We also tested the mathematical accuracy of the valuation model and performed sensitivity analysis on the most critical assumptions.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the chief executive officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EY Building a better working world

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of Frøy ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name 549300U4W5TODHJ1RL14-2021-12-31-en.zip, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

EY Building a better working world

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Trondheim, 7 April 2022
ERNST & YOUNG AS

Amund P. Amundsen
State Authorised Public Accountant (Norway)

Frøya – Hovedkontor
Siholmveien 34
7260 Sistranda

T: 40 00 72 60
E: post@froygruppen.no

W: froygruppen.no