

Frøy ASA – Q4 21

23 February 2022



FRØY

Important notice

This presentation (the "**Presentation**") has been prepared by Frøy ASA (the "**Company**") and together with its subsidiaries (the "**Group**"). This Presentation has been prepared for information purposes only. This Presentation does not constitute an offer to buy or subscribe for any shares in the Company.

This Presentation speak only as of its date, and the views expressed are subject to change based on a number of factors, including, without limitation, macroeconomic and equity market conditions, investor attitude and demand, the business prospects of the Group and other specific issues. This Presentation and the conclusions contained herein are necessarily based on economic, market and other conditions, as in effect on, and the information available to the Company as of, its date. This Presentation does not purport to contain a complete description of the Group or the market(s) in which the Group operates, nor does it provide an audited valuation of the Group. The analyses contained in this Presentation are not, and do not purport to be, appraisals of the assets, stock or business of the Group or any other person.

Neither the Company nor any of its affiliates (nor any of its or their respective directors, officers, employees, professional advisers or representative) makes any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such information. No responsibility or liability (whether in contract, tort or otherwise) is or will be accepted by the Company or any of its affiliates (or any of its or their respective directors, officers, representatives, employees, advisers or agents) as to, or in relation to, this Presentation.

This Presentation contains forward looking information. The words "believe", "expect", "could", "may", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. All statements other than statements of historical facts included in this Presentation are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Group's actual results, performance, achievements and value to be materially different from any future results, performance, achievements or values expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. No warranty or representation is given by the Company as to the reasonableness of these assumptions. Further, certain forward-looking statements are based upon assumptions of future events that may not prove to be accurate.

This Presentation is governed by and shall be construed in accordance with Norwegian law with Oslo District Court as legal venue.

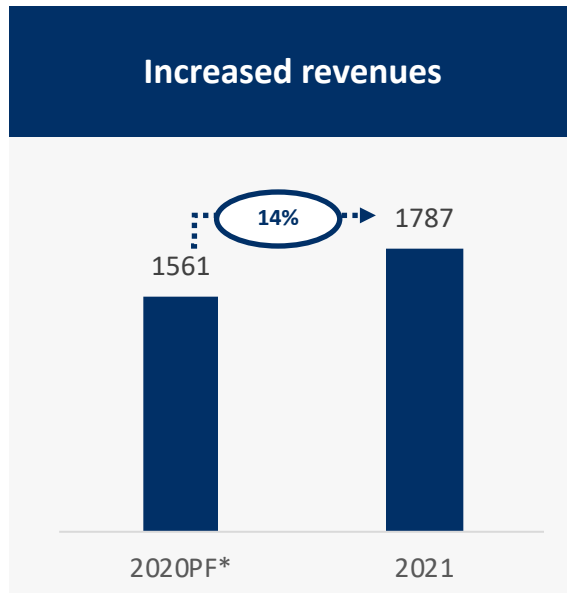
Agenda

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

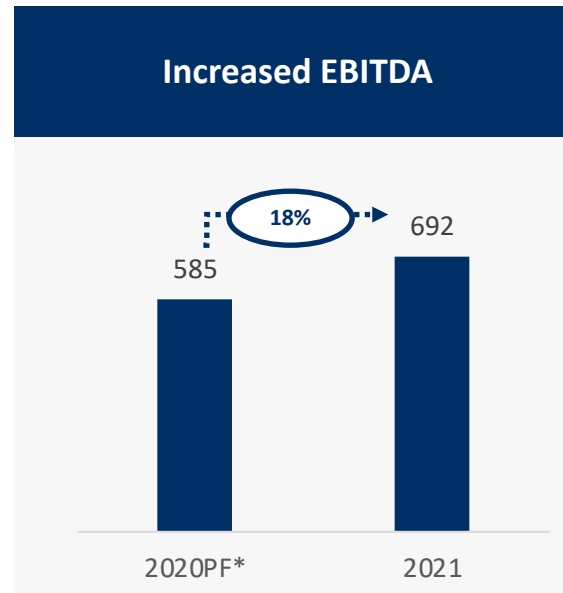


Solutions for the ocean space

Highlights 2021: Total revenues, EBITDA and backlog up +10%



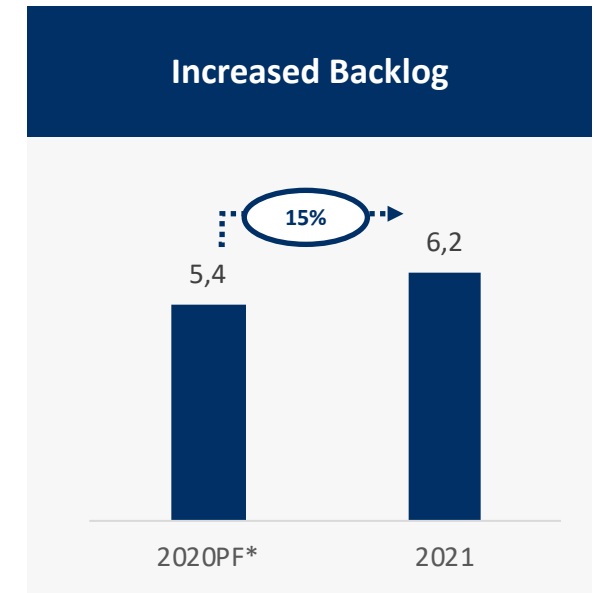
Continued revenue growth..



..and increased EBITDA driven by contribution from newbuilds and gain from sale of older vessels



Stable margins..



..and increased backlog

Solid foundation for 2022

Highlights Q4 21

Q4 21 highlights: Growth supported by newbuilds on long term contracts



Commercial highlights Q4 21

- Delivery of 2 wellboat newbuilds, including the worlds largest wellboat Gåsø Høvding
- Disposal of old spot vessel – sale of MS Veidnes with gain of NOK 52 million
- Solid operational performance within the wellboat and sea transport
- Cost level too high within service – cost focus going forward



Financial highlights Q4 21

- Revenue NOK 562m (Q4 20 NOK 399m)
- Driven by 46% increase in contracts and framework agreements
- EBITDA excl. gain from sale of assets NOK 176m (Q4 20 NOK 166m)
- Backlog of approx. NOK 6.2 billion (incl. options) (31.12.20 NOK 5.4 billion)



Outlook

- Positive underlying market trends
- Signed newbuild contracts for two large service vessels with diesel electric propulsion and battery packages
- Frøya is in dialogue with yards regarding two wellboat newbuilds
- Proposed dividend at NOK 1,5 per share

Increased activity and revenues

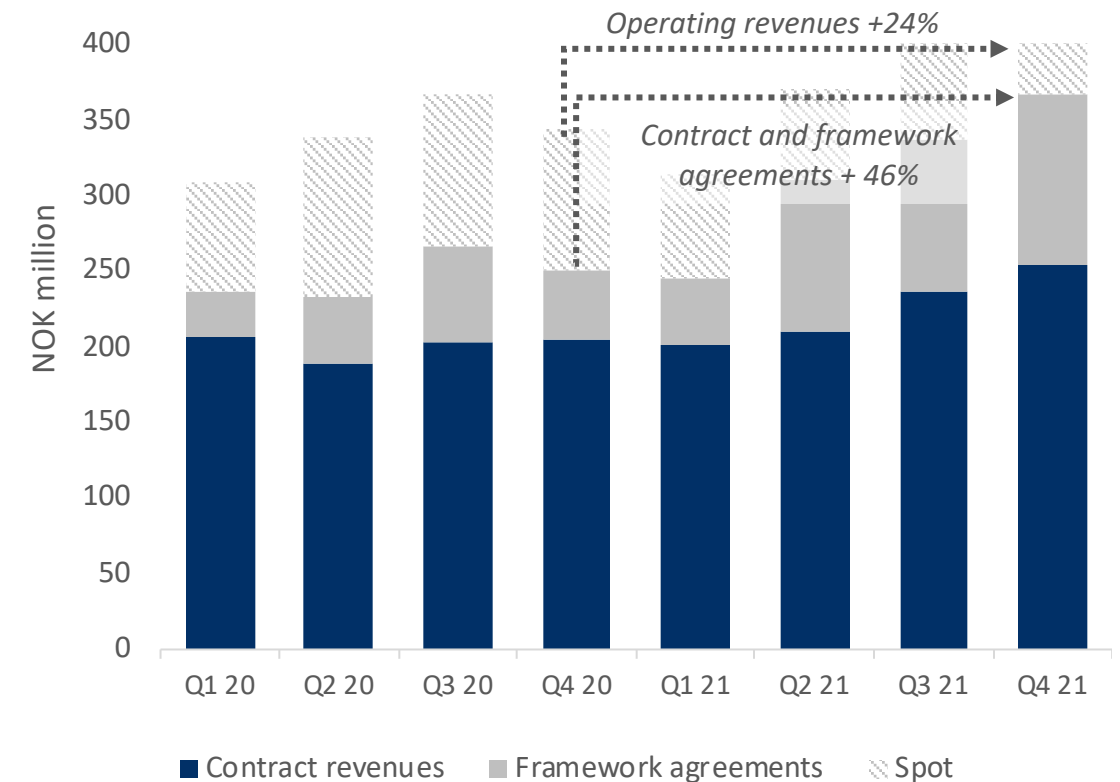
Underlying revenue growth

- 24% increase in operating revenues¹ Q4 21 vs. Q4 20
- 46% increase in revenues from contracts and framework agreements vs. Q4 20

Seasonality

- Seasonal change in sea temperatures normally results in a drop in demand for aqua services from Q3 into Q4

Revenue split per quarter



Note: Q1 20 is based on proforma figures.

1) Operating revenues defined as contract revenues, revenues from framework agreements and spot revenues. Re invoiced costs and other revenues are excluded from the graph. Please find full revenue split in the quarterly report for Q4 21

Contract backlog NOK 6.2 bn.

Firm revenue backlog incl options



NOK 0.1 billion higher than previous quarter

Fixed backlog

- Total fixed revenue commitments of approx. NOK 3.7 billion
- Wellboat fleet with weighted avg. backlog coverage of approx. 4,5 years¹

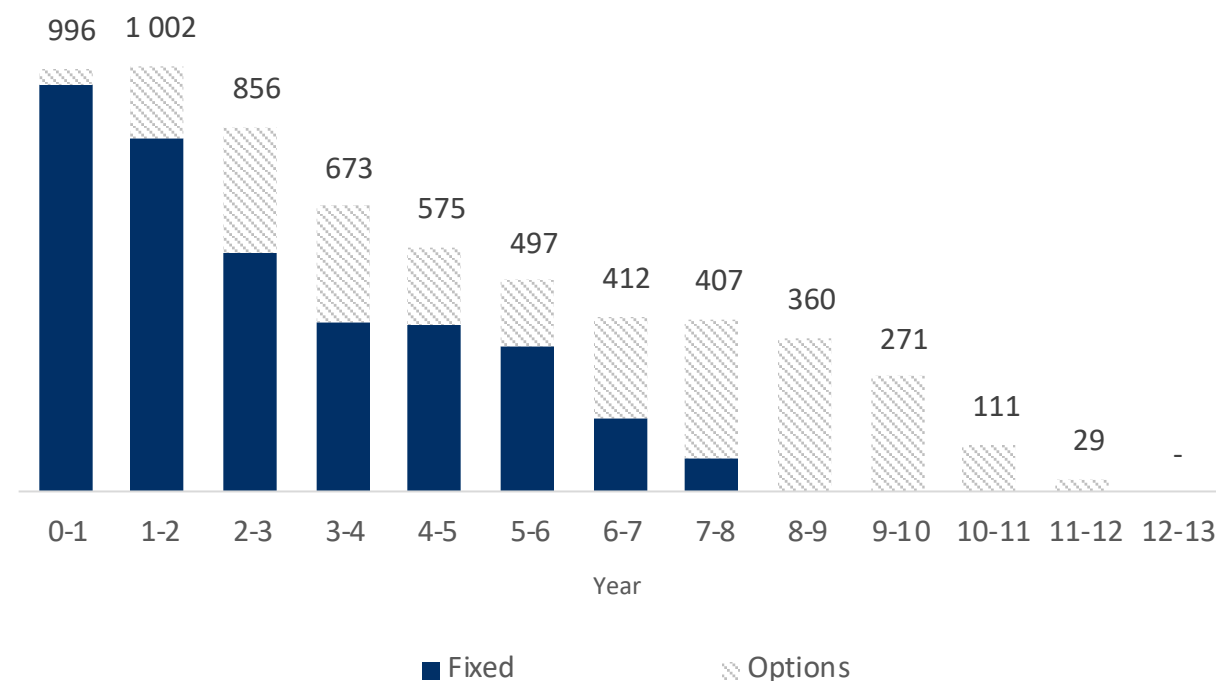
Options

- Most fixed time charter contracts include extension options
- Total options of more than NOK 2.5 billion

Framework agreements

- Most framework agreements do not have minimum value clauses and are not included in the backlog
- Framework agreements are typically related to diving, cleaning of nets and other service work

Backlog (NOKm)



Capital allocation

Dividend policy

*Minimum dividend
% of net profit..*



50%

*..when the fully
invested
NIBD/EBITDA is at
or below*



3.5x

Proposed dividend

- For 2021 the Board of Directors propose to distribute a dividend of NOK 1,5 per share based on the company's dividend policy
- Ambition to deliver stable and increasing dividends going forward

Operational review

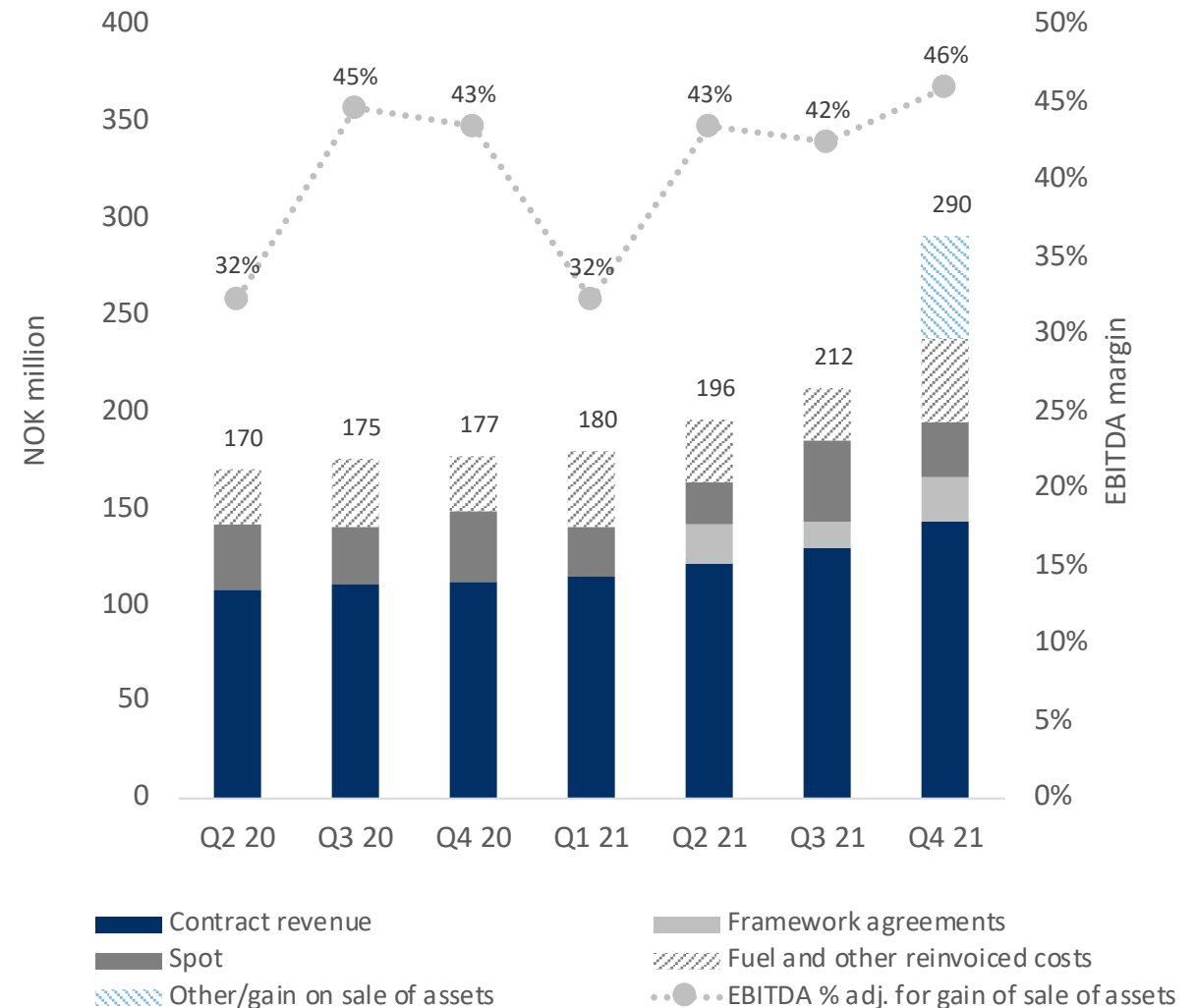
Wellboat

Segment results

- Total revenues NOK 290 million, revenues excl. gain from sale of MS Veidnes of NOK 238 million (NOK 177 million)
 - 49% increase in revenues from contract and framework agreements vs. Q4 20
- Adj. EBITDA* of NOK 109 million
- Adj. EBITDA margin* of 46% (43%)

Other

- Revenues increased compared to Q4 20 mainly due to the newbuilds MS Reisa and MS Kristiansund that came into operation in January 21 and June 21
- Newbuilds MS Gåsø Høvding and MS Åsværfjord entered into operation during Q4



* Adjusted for NOK 52 million gain from sale of MS Veidnes

Integrated part of the fish farming infrastructure



Wellboats operate 24/7 at or around fish farms with

- *Transport of live fish*
- *Biological treatments*
- *Counting and sorting*

New vessels with advanced monitoring of fish health

Ongoing digitalization and use of data to support operations

- *Going into 2022 Frøy will accelerate its focus on digital solutions and use of data*
- *Untapped potential from vast amounts of data*



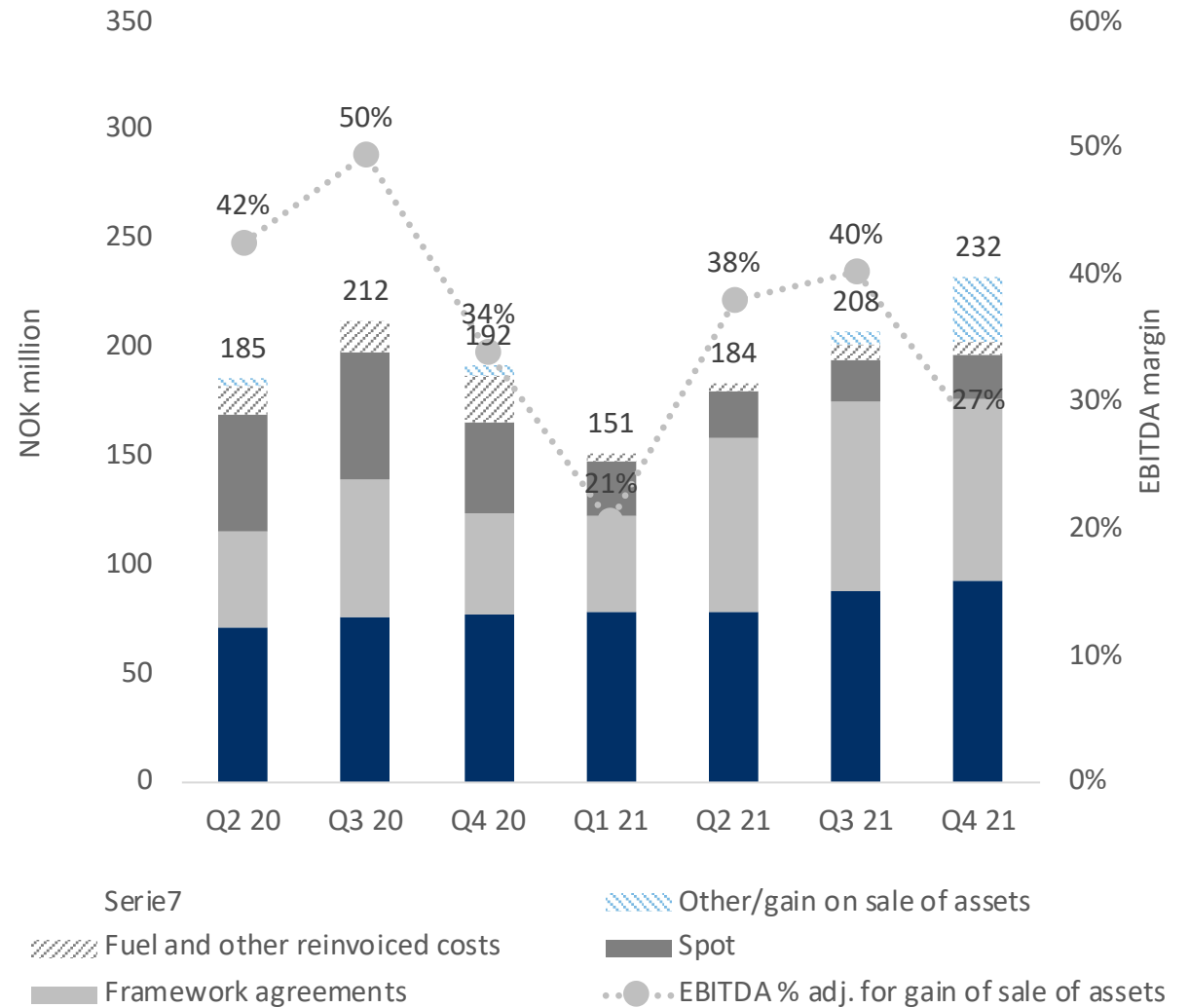
Service

Segment results

- Total revenues NOK 232 million (NOK 192 million)
 - 42% increase in revenues from contract and framework agreements vs. Q4 20
 - Reduction in spot work vs. Q4 20
- Reported EBITDA of NOK 84 million (NOK 68 million)
 - Driven by gain from sale of assets
- EBITDA margin of 36% (35%)
 - EBITDA positively impacted by gain on sale of assets
 - Cost level not satisfactory – cost focus going forward

Other

- Delayed delivery of the specialized delousing vessel Frøy Challenger



Transitioning towards a lower carbon future

A critical pillar for maintaining a sustained position as a leading and preferred provider to fish farmers is to continuously reduce our carbon footprint

2 new large service vessels ordered during Q4 21 and Q1 22

- Diesel-electric propulsion systems
- Extra-large battery package of 1,000 kilowatts

Greatly reduced emissions and diesel consumption vs. conventional propulsion systems



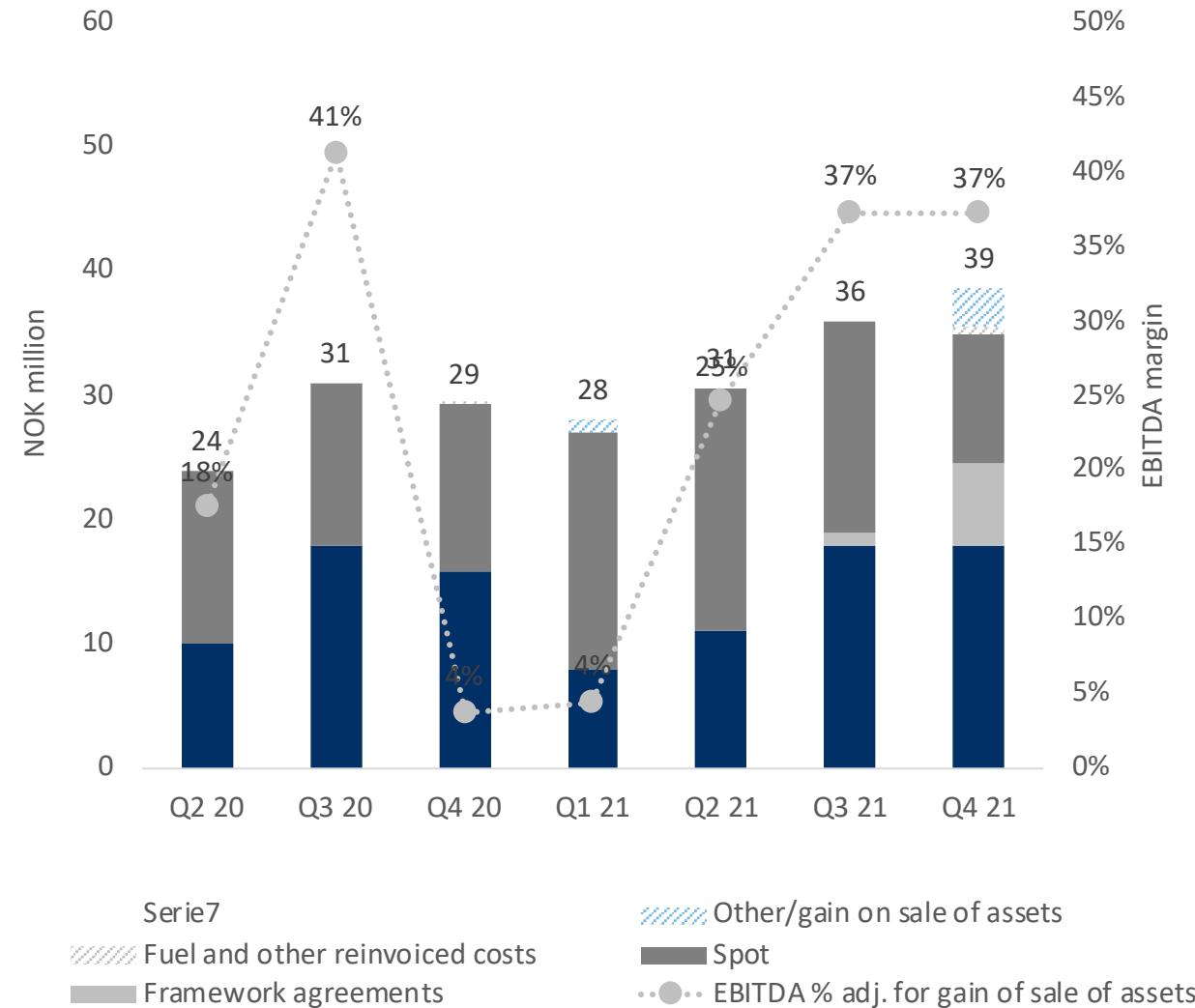
Sea transport

Segment results

- Total revenues of NOK 39 million (NOK 29 million)
 - Increased capacity due to the new vessel MS Folla
- EBITDA of NOK 16m (NOK 1m)

Other

- Sale of MS Safir completed December
 - Gain from sale of assets NOK 3 million
- All 3 vessels operate on framework agreements and fixed contracts – providing increased stability



Financial review

Profit & loss

Highlights Q4 21

- Total revenues of NOK 561 million (NOK 399 million)
- EBITDA of NOK 260 million (NOK 166 million)
- EBITDA margin of 46% (42%)
- Q4 20 loss on shares at fair value of NOK 63 million relates to shares in Norway Royal Salmon (NRS) no longer owned by Frøy

(NOKm)	Q4 21	Q4 20	FY 21	FY 20
Revenue	476,6	394,5	1 695,8	1 327,9
Other revenue	84,3	4,3	90,8	4,5
Total revenue	560,9	398,8	1 786,6	1 332,4
EBITDA	260,2	166,4	691,6	514,4
EBITDA %	46%	42%	39%	39%
Adj. EBITDA %*	37%	41%	35%	38%
Depreciation	89,4	71,8	313,8	224,1
Operating profit	170,8	94,7	377,8	290,2
Net financial items	-15,3	-17,0	-78,3	-64,7
Gain/loss on shares at fair value	-	-63,3	-	25,6
Profit (loss) before tax	155,5	14,2	299,6	251,1
Taxes	7,0	7,2	16,0	21,0
Net profit	148,5	7,0	283,6	230,0

* Adjusted for gain on sale of assets. Please find reconciliation of adjusted EBITDA in appendix.

Balance sheet

Highlights Q4 21

- Increased vessels, property, plant and equipment vs. Q4 20 due to investments into the ongoing newbuild program
- Gross debt increased due to debt on newbuilds
- Net interest-bearing debt of NOK 3 469 million (NOK 2 807 million)
- Equity ratio 42%

(NOKm)	31.12.2021	31.12.2020
Goodwill and intangible assets	688	687
Vessels, property, plant and equipment	5 448	3 618
Other assets	500	573
Non-current assets	6 635	4 878
Inventory	12	8
Receivables	272	205
Cash and cash equivalents	738	149
Total current assets	1 022	362
TOTAL ASSETS	7 657	5 241
Total equity	3 186	1 971
Interest-bearing liabilities	3 640	2 203
Deferred tax liabilities	41	23
Total non-current liabilities	3 680	2 226
Current interest-bearing liabilities	567	752
Other current liabilities	223	283
Total current liabilities	791	1 043
TOTAL EQUITY AND LIABILITIES	7 657	5 241
Net interest-bearing debt	3 469	2 807
Equity ratio	42 %	38 %

Cash flow

Highlights Q4 21

- Positive cash flow from operations of NOK 71 million
- Cash flow from investment activities of NOK -595 million driven by the ongoing newbuild program and sale of older vessels
- Cash flow from financing of NOK 518 million - repayment of borrowings and lease liabilities
- 31.12.21 cash position at NOK 739 million

(NOKm)	Q4 21	Q4 20
Cash flows from operating activities		
Profit or loss before tax	155,5	14,2
Gain/loss on shares at fair value	-	63,3
Gain/loss disposal of PPE	-84,3	4,3
Depreciation and impairment	89,4	71,8
Net interest and financial items	24,6	43,3
Changes in working capital and other	-109,2	86,4
Net cash flows from operating activities	71,1	232,3
Cash flows from investing activities		
Purchase of property, plant and equipment	-746,5	-159,5
Other	151,5	16,7
Net cash flow from investing activities	-595,1	-142,8
Cash flow from financing activities		
Proceeds from borrowings	944,3	131,6
Repayment of borrowings	-350,3	-48,3
Payment of principal part of lease liabilities	-56,8	-31,8
Interest paid	-19,7	-20,6
Other		-58,5
Net cash flow from financing activities	517,6	-27,7
Net change in cash and cash equivalents	-6,4	61,8
Cash and cash equivalents, beginning of period	744,9	87,0
Cash and cash equivalents, end of period	738,5	148,8

Investment program

Total remaining capex related to the newbuild program estimated to approx. NOK 0,9 bn.

Wellboat

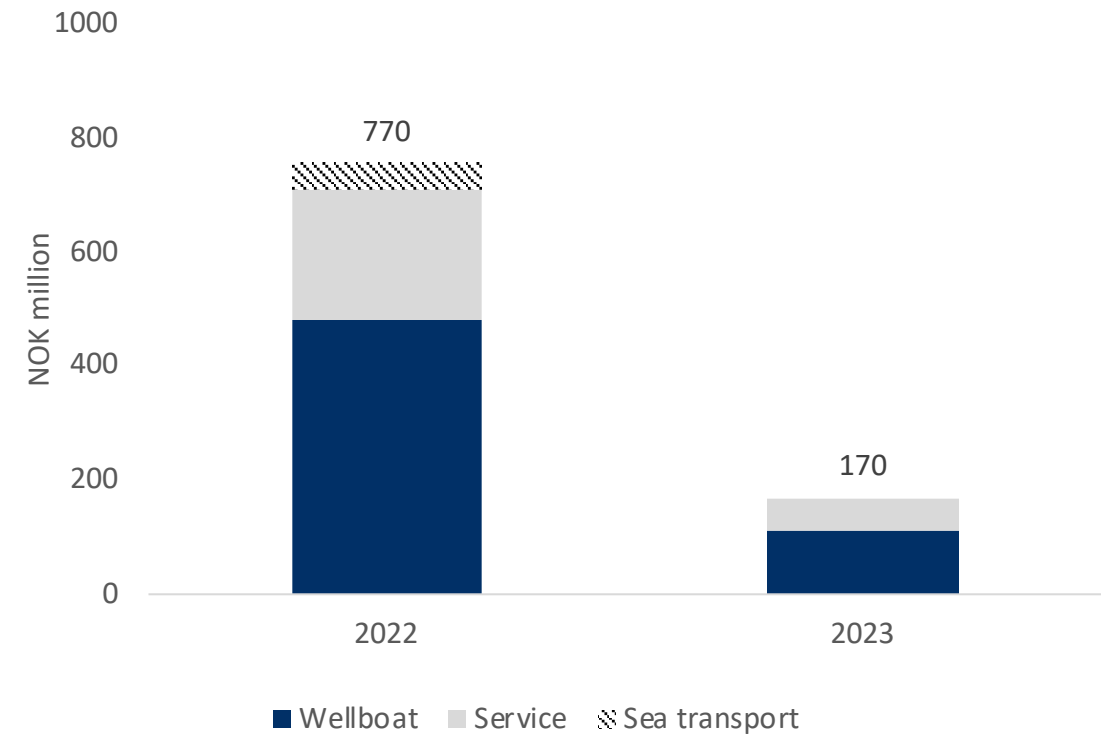
- MS Gåsø Odin expected to be delivered Q3 22
- MS Veidnes newbuild scheduled for delivery summer 2023
- In dialogue with yards for two additional newbuilds

Service

- Frøy Challenger delivered 18 February 22
- Two small service vessels scheduled for delivery Q1 22
- Three service vessels scheduled for delivery Q2 22
- Two large service vessels scheduled for delivery in 2023

Sea transport

- Rebuilding of MS Folla expected Q2 22 (est. 6 weeks of rebuilding)



Financing

Financing strategy

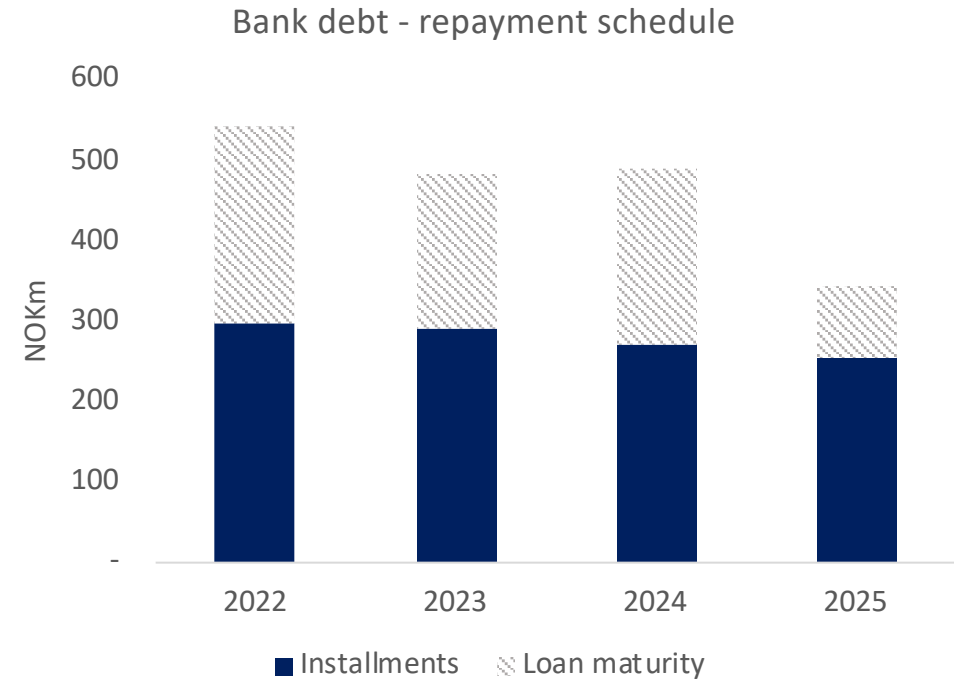
- Frøy finance its fleet and equipment with bank debt and leasing

Newbuild financing

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

Debt maturities

- Annual regular installments on bank debt of approx. NOK 290 million on a fully invested basis



Outlook

Outlook

Outlook

- **Positive underlying market trends driven by** farming in more exposed locations, larger farming sites, new regulations and ESG requirements
- **Frøy with significant fleet expansion and increased earnings capacity** from the ongoing newbuilding program
- **Sustained high demand for new capacity** in both the service and the wellboat segment – exploring both organic growth and M&A

Strategic priorities

- **Continuously improve service offering** through inhouse competence and innovation - The more than 700 aqua service professionals in Frøy represents a unique competence platform
- **Making more efficient use of data** - Going into 2022 Frøy will accelerate its use and focus on digital solutions and data to reduce costs, improve efficiency and improve our solutions
- **Continuous reduction of carbon footprint** – new vessels to be equipped with green packages that reduce emissions and position Frøy as the preferred provider of sustainable aqua services

Q&A

Share information 31.12.21

Total number of shares

- 86 348 605 shares outstanding

Total number of shares owned by 20 largest shareholders

- 89,5 % of total number of shares outstanding

Name	Number 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 20 largest shareholders	76 448 784	89,5 %
Other shareholders	9 899 821	10,5 %
Total	86 348 605	100,0 %

Appendix

Non-IFRS financial measures / Alternative Performance Measures

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

APMs and Key Figures

Non-IFRS financial measures / Alternative Performance Measures

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

Reconciliation of adjusted EBITDA – NOK millions

(NOK 1,000,000)	Q1 21	Q2 21	Q3 21	Q4 21	FY 21
Total revenue	356	412	457	561	1 787
Direct expenses	50	42	46	89	226
Employee benefit expenses	113	120	138	130	500
Other operating expenses	110	92	85	82	369
EBITDA	84	159	188	260	692
Loss/gain on sale of assets	1	0	6	84	91
IPO costs	8	0	0	0	8
Adjusted EBITDA	92	159	183	176	609

(NOK 1,000,000)	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Total revenue	134	385	413	399	1 332
Direct expenses	33	60	63	37	194
Employee benefit expenses	38	106	116	116	376
Other operating expenses	33	82	54	80	249
EBITDA	30	137	180	166	514
Loss/gain on sale of assets	0	3	-4	4	4
IPO costs	0	0	0	0	0
Adjusted EBITDA	30	135	183	162	510



FRØY