



Frøy ASA

Q4 21

February 2022

Highlights

Q4 highlights



Commercial

- Solid operational performance in wellboat and sea transport
- Results in service challenged by high costs, driven by increased number of employees and high maintenance costs in the quarter
- Delivery of two new wellboats, including the world's largest wellboat, MS Gåsø Høvding. Both vessels entered directly into long term contracts with large Norwegian salmon farmers
- Sale of 20-year-old wellboat Veidnes with a gain of approx. NOK 52 million carried through in line with Frøy's strategy to improve efficiency and reduce the carbon footprint from its fleet



Financial

- Revenues in Q4 21 of NOK 561 million, increased from NOK 399 million in Q4 20
- Revenues from fixed contracts and framework agreements up 46% vs. Q4 20
- EBITDA in Q4 21 of NOK 260 million (NOK 176 million excl. gain from sale of assets), up from NOK 166 million (NOK 162 million excl. gain from sale of assets) in Q4 20
- Backlog of 6.2 billion (including options, but excluding framework agreements without fixed minimum value)



Outlook

- Tonje Foss new CEO from January 2022
- High revenue visibility from backlog and framework agreements
- As disclosed in the Q3 21 report, Frøy has decided to order two new wellboat newbuilds and two large service vessels. In Q4 21 and Q1 22 Frøy signed newbuild contracts for the two large service vessels to be delivered in 2023. Frøy is in dialogue with yards regarding the two wellboat newbuilds.
- The Board of Directors propose a dividend for 2021 of NOK 1,5 per share
- Frøy actively work to improve sustainability of its operations and to reduce the carbon footprint from its fleet. Frøy will start reporting on sustainability in the annual report for 2021.



Key figures

Key figures ¹	Q4 21	Q4 20	2021	2020*
Financial (NOK 1,000,000)				
Contract revenues ²	254,9	205,5	904,4	686,6
Framework revenues	112,1	46,5	358,2	154,2
Spot revenues	58,8	92,6	267,5	328,4
Fuel & other reinvoiced revenues ³	50,8	50,0	165,7	158,8
Other revenues ⁴	84,3	4,3	90,8	4,5
Total revenues	560,9	398,9	1 786,6	1 332,5
EBITDA ⁵	260,1	166,4	691,6	514,4
EBITDA adjusted ⁶	175,9	162,1	608,8	509,8
EBITDA adjusted %	37%	41%	36%	38%
Net cash flow from operating activities	71,1	232,3	534,6	622,3
Net cash flow from investing activities	-595,1	-142,8	-1 935,0	-347,4
Net cash flow from financing activities	517,6	-27,7	1 990,1	-126,1
Total assets	7 656,8	5 240,7		
Net interest bearing debt ⁷	3 468,5	2 806,6		
Cash	738,5	148,8		
Equity	3 186,0	1 971,4		
Profitability and capital structure				
ROE ⁸	11 %			
Equity ratio	42 %	38%		
Vessels⁹				
Wellboats	16	14		
Large service vessels	11	12		
Small service vessels	41	42		
Transport vessels	3	4		
Total number of vessels	71	72		

1) This report is unaudited. Please refer to the appendix in this quarterly report for descriptions and reconciliations of alternative performance measures (non-IFRS measures) including definitions of key figures. * Frøy Gruppen AS was acquired by NTS ASA in a business combination at the acquisition date 3 April 2020. The former Frøy companies are thereby not fully reflected in the consolidated comprehensive income for the Group in 2020, but consolidated from 3 April.

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

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

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

5) EBITDA: Operating profit plus depreciations and amortizations

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

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

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

9) Number of vessels at end of period

Financial results in the quarter and year to date

Group financial review

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

Profit and loss

(NOK 1,000,000)	Q4 21	Q4 20	2021	2020
Revenue	476,6	394,5	1 695,8	1 327,9
Other income	84,3	4,3	90,8	4,5
Total revenue	560,9	398,8	1 786,6	1 332,4
Direct expenses (goods/services delivered)	88,7	37,3	226,3	193,6
Employee benefit expenses	129,6	115,5	499,8	375,8
Other operating expenses	82,3	79,6	368,9	248,7
EBITDA	260,2	166,4	691,6	514,4
EBITDA %	46%	42%	39%	39%
Depreciation	89,4	71,8	313,8	224,1
Operating profit	170,8	94,7	377,8	290,2
Financial income	2,4	-0,1	7,7	2,7
Financial expenses	22,1	17,9	89,3	68,2
Share of profit (loss) from associates	4,4	0,8	3,3	0,8
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
Profit (loss) for the period	148,5	7,0	283,6	230,0

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

Fourth quarter

Total revenue in Q4 21 amounted to NOK 560,9 million (NOK 398,8 million). The increase in revenues was mainly driven by increased capacity and revenues in the wellboat and sea transport segments, combined with gain from the sale of assets.

EBITDA in Q4 21 amounted to NOK 260,2 million (NOK 166,4 million) while the EBITDA margin ended at 46% (42%). The EBITDA margin increased vs. Q4 20 due to gain from the sale of assets. Higher number of employees and high maintenance costs increased the cost level Q4 21 vs. Q4 20.

Operating profit in Q4 21 ended at NOK 170,8 million (NOK 94,7 million).

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

Net profit for Q4 21 ended at NOK 148,5 million (NOK 7,0 million). Adjusted for the loss on shares at fair value, net profit in Q4 20 was NOK 70,3 million.

Year to date (YTD)

Revenue YTD 21 amounted to NOK 1 786,6 million (NOK 1 332,4 million). 2021 EBITDA amounted to NOK 691,6 million (NOK 514,4 million).

The Frøygruppen companies were consolidated in April 2020. Revenues and EBITDA increased FY 2021 vs. FY 2020 due to the consolidation of companies in April 2020, increased number of vessels in operation and due to gain from sale of assets.

The FY 21 EBITDA margin ended at 39% (39%).

Cash flow and net interest-bearing debt (NIBD)

Fourth quarter

Frøy had positive cash flow from operations of NOK 71 million in Q4 21 (NOK 232 million). Negative change in working capital contributed to the lower operating cash flow in Q4 21 vs. Q4 20.

Cash flow from investment activities ended at NOK 595,1 million in the quarter (NOK 142,8 million). Investments in Q4 21 mainly related to final delivery payments for MS Gåsø Høvding and MS Åsværjfjord in addition to instalments on the ongoing newbuild program.

The cash flow from financing activities amounted to NOK 517,6 million in the quarter (NOK -27,7 million). The increase in cash flow from financing activities relates to drawing of debt on the newbuilds that were delivered during Q4 21 and on the newbuilds under construction.

The cash position decreased from NOK 744,9 million at the beginning of the period to NOK 738,4 million at the end of the quarter.

At the end of the quarter Frøy had total assets of NOK 7 656,8 million (NOK 5 240,7 million). The main drivers for the change in total assets vs. Q4 20 are increased property plant and equipment and increased cash position. The property, plant and equipment increased Q4 21 vs. Q4 20 due to investments into the ongoing newbuild program. The cash position increased vs. Q4 20 following the NOK 1 000 million capital raise in Q1 21.

Gross interest-bearing debt increased to NOK 4 207,0 million (NOK 2 955,4 million). The increase in gross debt is related to new debt on to the newbuilds. Net interest-bearing debt at the end of Q4 21 was NOK 3 468,5 million (NOK 2 806,6 million).

Equity ratio Q4 21 of 42% (38%) increased mainly due to the share issue with gross proceeds of NOK 1.000 million carried out in connection with the IPO.

Year to date (YTD)

Frøy had positive NOK 534,6 million cash flow from operations 2021 (NOK 622,0 million). Cash flow from operating activities decreased in 2021 vs. 2020 mainly due to negative change in working capital.

Cash flow from investment activities was NOK -1 935,0 million in 2021 (NOK -347,4 million). Investments in 2021 relate to the ongoing newbuild program with wellboat newbuilds being the largest contributor.

The cash flow from financing activities in 2021 amounted to NOK 1 990,1 million (NOK -126,1 million). The positive cash flow from financing is explained by NOK 1 000 million in new share capital in connection with the IPO and increased borrowings on newbuilds under construction.

Segment overview

Frøy's segment structure

Wellboat segment

Transport of live fish and biological treatments

employees 285

vessels 18 (incl. newbuilds)



Service segment

Installation, maintenance and cleaning of salmon farmers site infrastructure

employees: 426

vessels: 60 (incl. newbuilds)



Sea transport segment

Transport of salmon feed, frozen seafood and other cargo

employees: 58

vessels: 3





Wellboat

Financial results

Revenues in Q4 21 amounted to NOK 290,0 million vs. NOK 177,3 million in Q4 20. 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. MS Åsværkjord came into operation early November, while Gåsø Høvding commenced operation mid-December and had limited revenue contribution in Q4 21.

On October 27 2021, Frøy announced that it had entered into a memorandum of agreement for the sale of the wellboat MS Veidnes built in 2002. The agreed sales price was NOK 106 million. The transaction was completed mid-December. Other revenue in Q4 21 of NOK 52 million relates to gain from the sale.

EBITDA in Q4 21 came in at NOK 161,4 million (NOK 77,1 million). EBITDA adjusted for NOK 52,1 in gain from sale of MS Veidnes was NOK 109,3 million. EBITDA margin adjusted for gain from sale of MS Veidnes came in at 46% (43%). The increased EBITDA is mainly due to increased capacity following the delivery of new vessels.

Frøy operated 16 wellboats at the end of the quarter, three more than at the end of Q4 20. 15 out of 16 wellboats operated on fixed contracts and framework agreements in the quarter.

Activity remained high in Q4 21

Activity in Q4 21 was high, with several vessels securing external spot sales on top of the regular time charter contracts. Demand for delousing services and transport remained high throughout the quarter.

(NOK 1,000,000)	Q4 21	Q4 20
Contract revenues	143,7	112,0
Framework agreements	22,9	-
Spot	27,6	37,1
Fuel and other reinvoiced costs	43,7	28,2
Other	52,1	-
Total revenues	290,0	177,3
EBITDA	161,4	77,1
EBITDA %	56%	43 %
Number of vessels	16	13
Number of vessels on fixed contracts	15	11

Service

Financial results

Revenues in Q4 21 amounted to NOK 232,1 million vs. NOK 192,1 in Q4 20. Revenues from fixed contracts and framework agreements increased with approx. NOK 52 million, while spot revenues fell by approx. 22 million vs. Q4 20.

At the end of the quarter Frøy had 52 service vessels in operation, which is 2 fewer than in Q4 20.

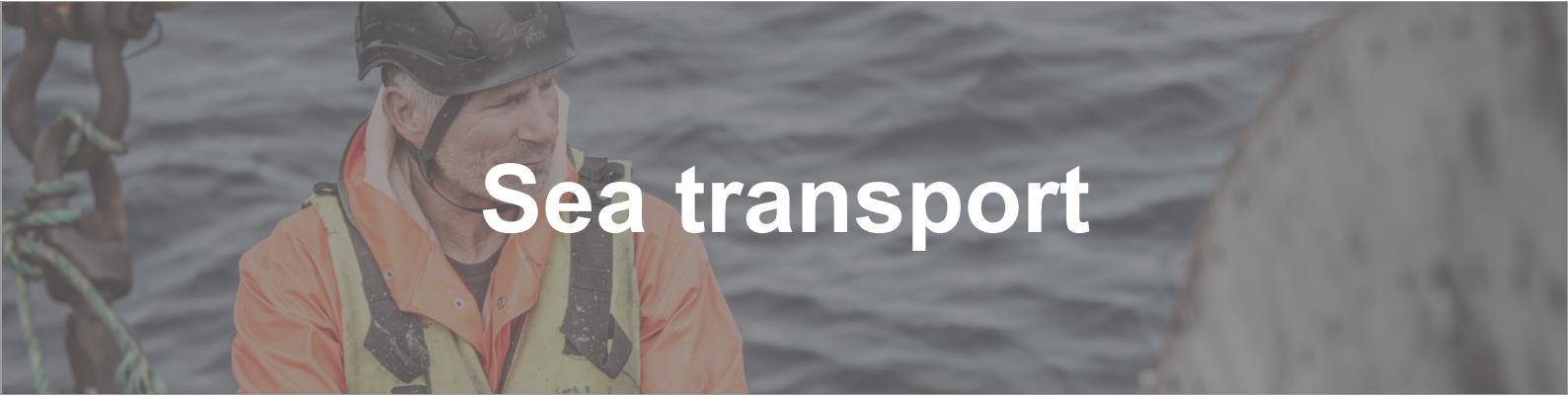
EBITDA in Q4 21 amounted to NOK 84,3 million vs. Q4 20 of NOK 68,0 million. EBITDA adjusted for gain/loss from sale of assets was NOK 55,2 million vs. Q4 20 of NOK 63,7 million. Q4 21 EBITDA adjusted for gain/loss from sale of assets fell vs. Q4 20 due to change in revenue mix, with less high margin spot work, and increased costs vs. Q4 20.

Key drivers from the increased costs in Q4 21 vs. Q4 20 were higher employee benefit expenses and maintenance costs. The cost increase is partly explained by increased number of vessels operating with crew and 3 fewer vessels operating on bareboat agreements.

Activity level maintained high in Q4 21. Lower sea temperatures and fewer hours of daylight resulted in a normal seasonal reduction of demand for cleaning of nets and cages, diving and other service work at the end of Q4 21.

(NOK 1,000,000)	Q4 21	Q4 20
Contract revenues	93,3	77,6
Framework agreements	82,6	46,5
Spot	20,5	42,0
Fuel and other reinvoiced costs	6,6	21,7
Other	29,1	4,3
Total revenues	232,1	192,1
EBITDA	84,3	68,0
EBITDA %	36 %	35 %
Number of large service vessels	11	12
Number of small service vessels	41	42

All large service vessels operated on fixed time charter contracts during Q4 21.



Sea transport

Financial results

Revenues in Q4 21 amounted to NOK 38,5 million vs. NOK 29,4 million in Q4 20. The increase in revenue Q4 21 vs. Q4 20 is a result of increased capacity following the entry of the new vessel MS Folla in Q1 21 and gain from the sale of MS Safir. EBITDA in Q4 21 amounted to NOK 16,3 million (NOK 1,1 million).

Frøy had three vessels in operation at the end of the quarter. MS Safir was sold during November. The three remaining vessels MS Folla, MS Rotsund and MS Rubin operated on contracts for transport of feed and frozen seafood.

(NOK 1,000,000)	Q4 21	Q4 20
Contract revenues	17,9	15,9
Framework agreements	6,6	-
Spot	10,4	13,4
Fuel and other reinvoiced costs	0,6	0,1
Other	3,1	-
Total revenues	38,5	29,4
EBITDA	16,3	1,1
EBITDA %	42 %	4 %
Number of vessels	3	4

Other revenue in Q4 21 of NOK 3,1 million relates to gain from the sale of MS Safir.

Investments

Wellboat: As of 31.12.21 Frøy had two wellboats under construction. MS Gåsø Odin, built at Sefine shipyard in Turkey, is expected to be delivered during Q4 2022. The second newbuild, which will be named MS Veidnes, is scheduled to be delivered summer 2023.

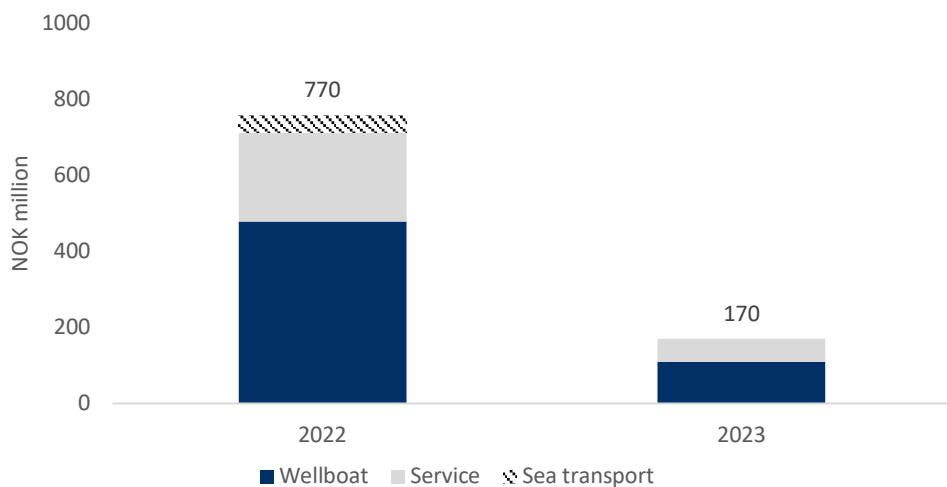
In addition to the newbuilds under construction, Frøy plans to order two additional newbuilds with delivery in 2024 with an estimated total capex of approx. NOK 900 million. The Company is in dialogue with yards and total capex will depend on the final vessel spec. The vessels are not included in the capex overview below.

Service: As of 31.12.21 Frøy had 6 service vessels under construction or rebuilding, all scheduled to be delivered during 1H 22. The specialized delousing vessel Frøy Challenger was delivered mid-February. Delivery of two small and one large service vessel have been pushed from Q1 22 into Q2 22, the remaining two small service vessels are scheduled for delivery during Q1 22.

During Q4 21 and Q1 22 Frøy signed newbuild contracts for two large service vessels. Total capex for the two vessels is expected to be approx. NOK 150 million. The vessels will be equipped with battery packages and diesel electric propulsion systems designed to reduce the vessels' carbon footprint. Scheduled delivery for the first vessel is spring 2023, while the second vessel is scheduled for delivery autumn 2023.

Sea transport: Frøy plans to rebuild the multi-purpose fish feed and frozen seafood cargo vessel Folla during Q2 22. Total capex related to the rebuilding is expected to be approx. NOK 46 million. The rebuilding is expected to take approx. 6 weeks.

Total investments 2022-2023 related to the newbuild program included the two new large service vessels is estimated to approx. NOK 940 million.



Financing

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

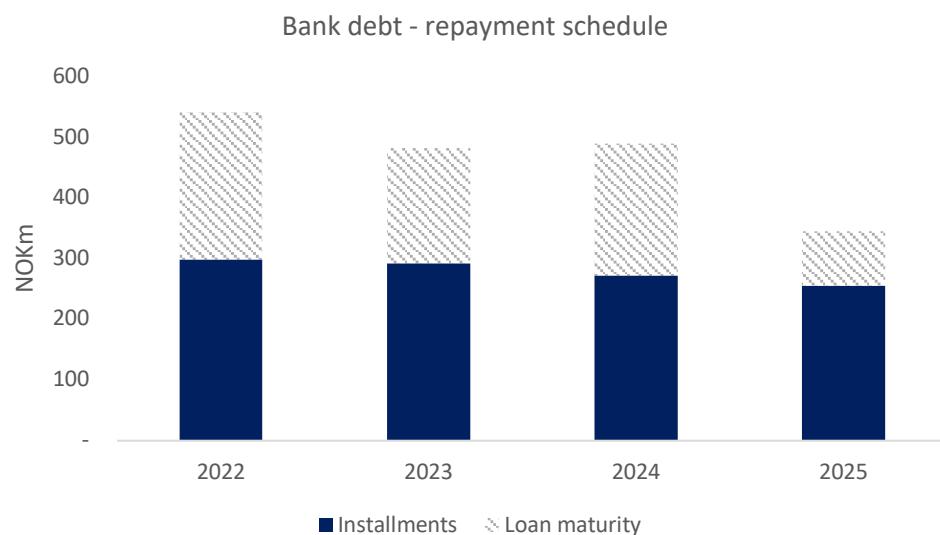
Wellboats: All vessels in the newbuild program are funded by long term bank loans. The loan to value on the vessels is approx. 80%.

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

Mid 2021 Frøy entered into interest rate swaps until 2030 for two facilities totalling NOK 860 million related to the two wellboats that are expected to be delivered Q4 2022 and 2023 respectively. In addition, the Group has fixed interest rate swaps for a total of NOK 393 million.

Bank debt - repayment schedule

The repayment profile on the bank debt is shown for the period 2022 to 2025 below.



Order backlog

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

Total backlog

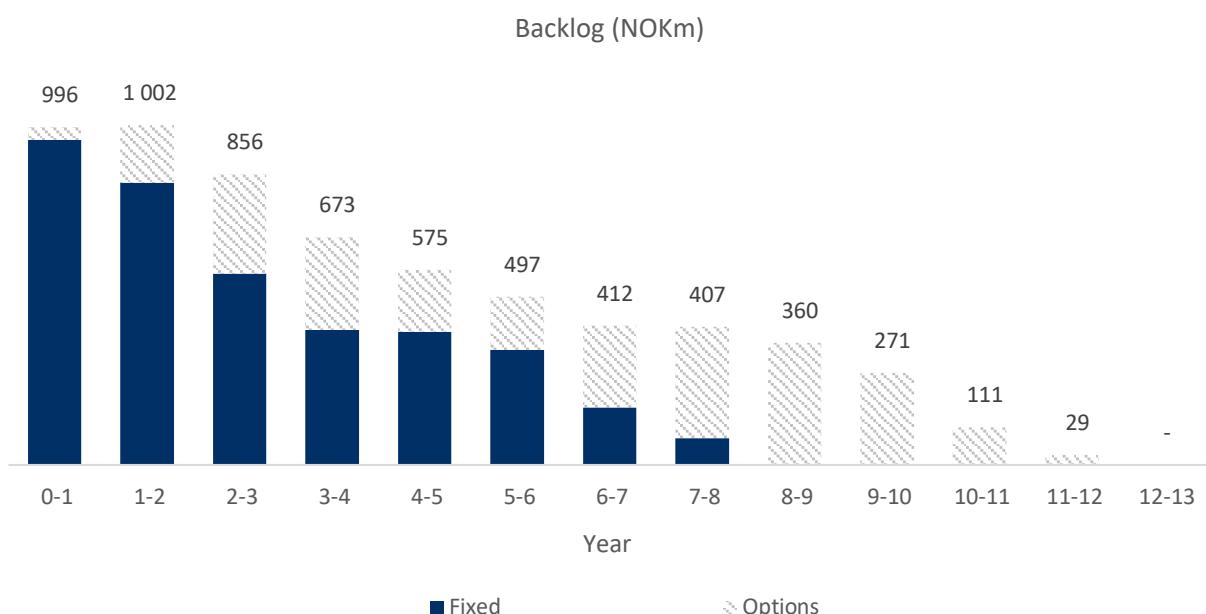
- As of 31.12.21 the total backlog amounted to approx. NOK 6.2 billion including options, which is ca. NOK 0.1 billion higher than reported 30.09.21

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



Risk factors

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

Events after the close of the quarter

After the end of the quarter, Frøy signed an agreement to build one new large service vessels. Scheduled delivery from yard for the vessel is autumn 2023.

On February 18 2022, Frøy took delivery of the specialized delousing vessel Frøy Challenger. The former offshore supply vessel is designed for gentle and efficient removal of sea lice. The vessel is equipped with state-of-the-art delousing equipment. Multiple new solutions for transport and handling of the fish have been developed to enhance fish welfare and efficiency. The vessel entered directly into a multi-year time charter contract with a large Norwegian salmon farmer.

Outlook

Frøy's vision "solutions for the ocean space" forms the basis for our business idea - Frøy shall be the leading and preferred provider of sustainable aqua services. Our ambition is to grow through delivering best in class solutions for fish farmers' day to day operations at sea. A key pillar to achieve this ambition is to continuously develop our service offering through efficient utilization of inhouse competence and innovation.

The underlying market trends are positive, and the company expect continued growth in the coming years. Farming in more exposed locations, larger farming sites, new regulations and ESG requirements represents opportunities for increasing scale and scope of Frøy's specialized personnel and assets.

Making efficient use of data is key to improve our operations and solutions. The more than 700 aqua service professionals in Frøy represents a unique competence platform and a sound basis for future growth. Going into 2022 Frøy will accelerate its use and focus on digital solutions and data to reduce costs and improve efficiency.

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 environmental footprint in the years to come. During Q4 21 and Q1 22 Frøy signed two newbuild contracts for large service vessels. The vessels will be equipped with a diesel-electric propulsion systems and an extra-large battery package of 1,000 kilowatts which will greatly reduce emissions and diesel consumption. The vessels are scheduled for delivery spring 2023 and autumn 2023.

The company is in dialogue with yards regarding two new wellboats. The vessels will be equipped with green packages that reduce emissions compared to conventional propulsion systems. Frøy expect to secure long-term contracts for all the newbuilds well before delivery of the vessels.

Distributing dividends to shareholders is an essential part of Frøy's financial strategy. The Group's dividend policy states that a dividend of minimum 50% of net profit shall be paid when the Group expect that the financial gearing, on fully invested basis, is at or below NIBD/EBITDA 3.5x and the Group has sufficient liquidity to meet future obligations. Based on the financial result for 2021 the board has decided to propose a dividend of NOK 1,5 per share to the annual general meeting.

Frøya, 22 February 2022

Dagfinn Eliassen
Board Member

Svein Sivertsen
Chairman of the Board

Harry Asmund Bøe
Board Member

Anne Sofie Utne
Board Member

Tonje Foss
CEO

Hege Aasen Veiseth
Board Member

Consolidated statement of comprehensive income

Frøy ASA

(NOK 1,000,000)	Note	Q4 21	Q4 20	2021	2020
Revenue		476,6	394,5	1 695,8	1 327,9
Other revenue	3	84,3	4,3	90,8	4,5
Total revenue		560,9	398,8	1 786,6	1 332,5
Direct expenses (goods/services delivered)		88,7	37,3	226,3	193,6
Employee benefit expenses		129,6	115,5	499,8	375,8
Other operating expenses		82,3	79,6	368,9	248,7
Depreciation		89,4	71,8	313,8	224,1
Operating profit		170,8	94,7	377,8	290,2
Financial income		2,4	-0,1	7,7	2,7
Financial expenses		22,1	17,9	89,3	68,2
Share of profit (loss) from associates		4,4	0,8	3,3	0,1
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
Profit (loss) for the period		148,5	7,0	283,6	230,0
Profit or loss for the period attributable to:					
Equity holders of the parent		148,5	-15,4	283,6	191,3
Non-controlling interests		-	22,3	-	38,7
Total		148,5	7,0	283,6	230,0
Other comprehensive income					
Net gain (loss) on cash flow hedges		-0,7	7,4	11,6	-13,9
Total comprehensive income for the period		147,8	14,4	295,2	216,1
Total comprehensive income for the period attributable to:					
Equity holders of the parent		147,8	-8,0	295,2	177,4
Non-controlling interests		-	22,3	-	38,7
Total		147,8	14,4	295,2	216,1
Basic earnings per share (NOK)			1,7		3,3

Consolidated statement of financial position

Frøy ASA

(NOK 1,000,000)	Note	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Goodwill and intangible assets		687,6	687,4
Vessels, property, plant and equipment		5 447,6	3 617,5
Right-of-use assets	4	455,4	536,4
Pension assets		0,6	7,5
Investments in associates		28,1	24,7
Other financial assets		16,5	4,8
Total non-current assets		6 635,3	4 878,4
Current assets			
Inventory		11,5	8,2
Trade receivables		205,5	156,2
Other receivables		66,1	49,1
Cash and cash equivalents		738,5	148,8
Total current assets		1 021,6	362,3
TOTAL ASSETS		7 656,8	5 240,7
EQUITY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital		86,3	70,0
Share premium		2 289,8	1 328,6
Total paid-in equity		2 376,1	1 398,5
Other equity		809,9	547,3
Total retained earnings		809,8	547,3
Non-controlling interests		-	25,6
Total equity		3 186,0	1 971,4
Non-current liabilities			
Non-current interest-bearing liabilities		3 370,4	1 831,7
Non-current lease liabilities	4	269,4	371,6
Other non-current liabilities			
Deferred tax liabilities		40,5	22,5
Total non-current liabilities		3 680,3	2 225,7
Current liabilities			
Current interest-bearing liabilities		474,3	648,7
Current lease liabilities	4	92,9	103,5
Loan to related parties		-	1,0
Trade payables and other current liabilities		223,3	281,7
Taxes payable			8,6
Total current liabilities		790,5	1 043,5
Total liabilities		4 470,8	3 269,2
TOTAL EQUITY AND LIABILITIES		7 656,8	5 240,7

Consolidated statement of cash flows

Frøy ASA

(NOK 1,000,000)	Note	Q4 21	Q4 20	2021	2020
Cash flows from operating activities					
Profit or loss before tax		155,5	14,2	299,6	251,1
Income taxes paid		-3,0	-	-7,7	-11,2
Gain/loss on disposal of property, plant and equipment	3	-84,3	4,3	-90,8	4,5
Gain/loss on shares at fair value		-	63,3	-	-
Gain/loss on disposal of financial assets		-	-	-	-26,2
Depreciation and impairment		89,4	71,8	313,8	224,1
Finance income		-2,4	-25,5	-7,7	-28,3
Finance expenses		22,1	17,9	89,3	68,2
Changes in working capital and other		-106,2	86,4	-61,8	139,8
Net cash flows from operating activities		71,1	232,3	534,6	622,0
Cash flows from investing activities					
Purchase of property, plant and equipment		-746,5	-159,5	-2 089,5	-440,2
Purchase of financial assets		-	-	-0,1	-1,8
Purchase of intangible assets		-	-	-0,3	-
Acquisition of subsidiary, net of cash		-	-	-	55,2
Proceeds from investments in financial assets		-	-	-	-
Proceeds from sale of property, plant and equipment		151,5	16,2	154,2	38,9
Dividends		-	-	0,6	-
Interest received		-	0,5	-	0
Net cash flow from investing activities		-595,1	-142,8	-1 935,0	-347,4
Cash flow from financing activities					
Proceeds from borrowings		944,3	131,6	2 488,8	323,2
Repayment of borrowings		-350,3	-48,3	-1 170,2	-174,0
Issue of Share Capital		-	-	1 000	-
Transaction cost		-	-	-28,4	-
Acquisition of non-controlling interest		-	-58,5	-86,0	-58,5
Payments for the principal portion of the lease liabilities	4	-56,8	-31,8	-131,9	-98,3
Interest paid		-19,7	-20,6	-81,6	-68,2
Payments of dividends		-	-	-0,6	-50,0
Net cash flow from financing activities		517,6	-27,7	1 990,1	-126,1
Net change in cash and cash equivalents		-6,4	61,8	589,7	148,8
Cash and cash equivalents, beginning of period		744,9	87,0	148,8	0
Cash and cash equivalents, end of period		738,5	148,8	738,5	148,8

The consolidated statements of cash flows are prepared using the indirect method.

Consolidated statement of changes in equity

(NOK 1,000,000)	Attributable to the equity holders of the parent						Other Equity	Non- controlling interests	Total Equity
	Share capital	Share premium	Total paid- in equity	Retained earnings	Net gain (loss) on cash flow hedges				
At 01.01.2021	70,0	1 328,6	1 398,5	563,1	-15,8		547,3	25,6	1 971,4
Profit or loss for the period	-	-	-	283,6	-		283,6	-	283,6
Other comprehensive income	-	-	-	-	11,6		11,6	-	11,6
Total comprehensive income	-	-	-	283,6	11,6		295,2	-	295,2
Acquisition of non-controlling interest	-	-	-	-2,6	-		-2,6	-24,9	-27,5
Issue of Share Capital	16,4	983,6	1 000,0	-	-		-	-	1 000,0
Transaction cost	-	-28,4	-28,4	-	-		-	-	-22,4
Group Contribution	-	-	-	-30,0	-		-30,0	-	-30,0
Dividends paid to minority in subsidiary	-	-	-	-	-		-	-0,6	-0,6
At 31 December 2021	86,3	2 283,8	2 370,1	814,1	-4,2		809,9	-0,0	3 186,0
 At 06.12.2019	 0,0	 -	 0,0	 -	 -		 -	 -	 0,0
Profit or loss for the period	-	-	-	191,3	-		191,3	38,7	230,0
Other comprehensive income	-	-	-	-	-13,9		-13,9	-	-13,9
Total comprehensive income	-	-	-	191,3	-13,9		177,4	38,7	216,1
Acquisition of a subsidiary	69,9	1 328,6	1 398,5	378,2	-1,9		376,3	23,3	1 798,1
Acquisition of non-controlling interest	-	-	-	-12,8	-		-12,8	-35,8	-48,6
Tax effect of group contribution	-	-	-	6,4	-		6,4	-	6,4
Dividends paid to minority in subsidiary	-	-	-	-	-		-	-0,6	-0,6
At 31 December 2020	70,0	1 328,6	1 398,5	563,1	-15,8		547,3	25,6	1 971,4

Notes

NOTE 1: General information and significant accounting policies

The consolidated financial statements of the Group for Q4 21 were authorised for issue in accordance with a resolution of the Board of Directors on 22 February 2022. The consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU") and interpretations approved by the EU, including IAS 34. The report does not include all information required in a complete annual report and should therefore be read in conjunction with the Group's recent financial statements for 2020. The financial report for fourth quarter 2021 is unaudited. Frøy has not applied any new standards or interpretations after 1 January 2021 that have a significant impact on the Group's accounts.

Presentation currency and functional currency

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

Significant accounting judgements, estimates and assumptions

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

NOTE 2: Operating segments

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

Q4 21 (NOK 1,000,000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	143,7	93,3	17,9		254,9
Framework agreements	22,9	82,6	6,6		112,1
Spot	27,6	20,5	10,4	0,2	58,8
Fuel and other reinvoiced costs	43,7	6,6	0,6		50,8
Other	52,1	29,1	3,1		84,3
Total revenues	290,0	232,1	38,5	0,2	560,8
Depreciation	46,5	36,3	4,8	1,8	89,4
Operating costs	128,7	147,8	22,1	2,1	300,7
Operating profit	114,9	48,0	11,5	-3,6	170,8
Financial income	0,2	0,6	-1,0	2,7	2,5
Financial expenses	12,4	5,6	2,6	1,5	22,1
Share of profit (loss) from associates	-	-	3,6	0,8	4,4
Earnings before tax	102,7	43,0	11,5	-1,7	155,5
Tax	0,1	7,8	0,0	-0,9	7,0
Net income	102,5	35,2	11,5	-0,8	148,5

	Wellboat	Service	Sea transport	Elimination and non- allocated	Total
Q4 20 (NOK 1,000,000)					
Contract revenue	112,0	77,6	15,9	-	205,5
Framework agreements	-	46,5	-	-	46,5
Spot	37,1	42,0	13,4	0,1	92,6
Fuel and other reinvoiced costs	28,2	21,7	0,1	-	50,0
Other	-	4,3	-	-	4,3
Total revenues	177,3	192,1	29,4	0,1	398,9
Depreciation	28,5	39,4	3,6	0,3	71,8
Operating costs	100,2	124,1	28,3	-20,1	232,4
Operating profit	48,6	28,6	-2,4	19,9	94,7
Financial income	0,4	0,4	-0,9	0,0	-0,0
Financial expenses	8,1	7,8	1,9	-0,0	17,8
Share of profit (loss) from associates	-	-	0,8	0,0	0,8
Gain/Loss shares at fair value				-63,3	-63,3
Earnings before tax	40,9	21,2	-4,4	-43,4	14,3
Tax	0,1	9,2	0,0	-2,0	7,3
Net income	40,8	12,0	-4,4	-41,4	7,0

	Wellboat	Service	Sea transport	Elimination and non- allocated	Total
2021 (NOK 1,000,000)					
Contract revenue	509,7	338,5	56,1		904,4
Framework agreements	56,6	294,2	7,4		358,2
Spot	113,9	85,7	66,1	1,8	267,5
Fuel and other reinvoiced costs	143,7	20,5	1,6		165,7
Other	52,1	35,7	3,0		90,8
Total revenues	876,0	774,6	134,1	1,8	1 786,6
Depreciation	149,5	139,0	19,6	5,6	313,7
Operating costs	481,8	503,1	95,3	14,8	1 095,0
Operating profit	244,7	132,5	19,2	-18,6	377,8
Financial income	0,7	2,2	0,7	4,1	7,7
Financial expenses	48,3	24,9	9,8	6,3	89,3
Share of profit (loss) from associates	-	-	2,5	0,8	3,3
Earnings before tax	197,2	109,7	12,6	-20,0	299,6
Tax	0,2	15,8	0,0	0,0	16,0
Net income	197,0	93,9	12,6	-20,0	283,6

	Wellboat	Service	Sea transport	Elimination and non- allocated	Total
2020 (NOK 1,000,000)					
Contract revenue	405,0	224,2	57,4	-	686,6
Framework agreements	-	154,2	-	-	154,2
Spot	113,8	160,3	51,3	3,0	328,4
Fuel and other reinvoiced costs	109,2	47,9	1,7	-	158,8
Other	-	4,5	-	-	4,5
Total revenues	628,0	591,1	110,4	3,0	1 332,5
Depreciation	100,6	107,7	15,0	0,8	224,1
Operating costs	391,9	340,1	88,8	27,8	818,1
Operating profit	135,4	143,4	6,6	4,8	290,3
Financial income	0,6	0,5	1,1	0,5	2,7
Financial expenses	35,1	23,7	9,0	0,4	68,2
Share of profit (loss) from associates	-	-	0,8	-	0,8
Gain/loss on shares at fair value	-	-	-	25,6	25,6
Earnings before tax	100,9	120,1	-0,5	30,6	251,1
Tax	0,0	24,0	0	-3,0	21,0
Net income	100,9	96,1	-0,5	33,6	230,0

NOTE 3: Other income

Gains or losses that arise from sale of property, plant and equipment are calculated as the difference between net sales price and the booked value of the asset.

Other income (NOK 1,000,000)	Q4 21	Q4 20
Gain related to sale of PP&E	84,2	4,3
Other	-	-
Total other income	84,2	4,3

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

The Group's leased assets Q4 21

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

	Service boats	Land and buildings	Other machines and equipment	Total
Right-of-use assets (NOK 1,000,000)				
Carrying amount 01.01.2021	415,7	16,7	104,0	536,4
Additions	62,8	0,6	53,9	117,3
Depreciations	-38,9	-5,0	-39,6	-83,5
Termination of contracts	-96,7		-1,4	-98,1
Gains and losses	-16,7		0,0	-16,7
Carrying amount 31.12.2021	326,2	12,2	117,0	455,4

Remaining lease term or useful life	10 years	5-10 years	3-7 years
Depreciation plan	Straight-line		

The Group's lease liabilities Q4 21

Changes in the lease liabilities (NOK 1,000,000)	Total
Total lease liabilities at 01.01.2021	475,1
New leases recognised during the period	117,3
Total cash payments for lease liabilities	-146,1
Interest expense on lease liabilities	14,2
Termination of contracts	-98,1
Total lease liabilities at 31.12.2021	362,3
Current lease liabilities in the statement of financial position	92,9
Non-current lease liabilities in the statement of financial position	269,4
Total cash outflow during the period	-146,1

The Group's leased assets Q4 20

Right-of-use assets (NOK 1,000,000)	Service boats	Land and buildings	Other machines and equipment	Total
Carrying amount 01.01.2020	0	0	0	0
Additions	72,6	0	55,7	128,2
Additions from acquisitions	434,9	21,0	91,3	547,3
Depreciations	-33,2	-4,3	-23,5	-61,0
Termination of contracts	-49,3		-19,0	-68,3
Gains and losses	-9,3		-0,5	-9,8
Carrying amount 31.12.2020	415,7	16,7	104,0	536,4
Remaining lease term or useful life	10 years	10 years	3-5 years	
Depreciation plan	Straight-line			

The Group's lease liabilities Q4 20

Changes in the lease liabilities (NOK 1,000,000)	Total
Total lease liabilities at 01.01.2020	-
New leases recognised during the period	128,2
New leases recognised during the period from acquisitions	499,3
Total cash payments for lease liabilities	-98,3
Interest expense on lease liabilities	14,1
Termination of contracts	-68,3
Total lease liabilities at 31.12.2020	475,1
Current lease liabilities in the statement of financial position	103,5
Non-current lease liabilities in the statement of financial position	371,6
Total cash outflow during the period	-98,3

NOTE 5: Related party transactions

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

Sales to related parties:

Salmonor AS (entity under common control): NOK 20,7 million
Norway Royal Salmon ASA (entity under common control): NOK 20,1 million

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

Siholmen AS, related party to former CEO Helge Gåsø: NOK 0,3 million
Frøy Utvikling AS, related party to former CEO Helge Gåsø: NOK 0,04 million
Frøy Sjøtransport AS, related party to former CEO Helge Gåsø: NOK 0,3 million
SS Invest, related party to board member Harry Bøe: NOK 0,3 million
NTS ASA (parent company): NOK 0,5 million

NOTE 6: Major shareholders as of 31.12.21

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 Fondsfirans 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 %

At the end of the quarter Frøy ASA had 86 348 605 shares outstanding and 4 398 shareholders.

NOTE 7: Overview of commitments related to the newbuild program

Frøy's ongoing newbuild program consists of new vessels and rebuilding of vessels in the wellboat, service and sea transport segments. In the wellboat segment the newbuild program consists of 6 wellboats, where four vessels have been delivered in 2021, the remaining two vessels are scheduled for delivery in Q3 22 and mid 23.

In the service segment the newbuild and rebuild program consists of eight vessels under construction and rebuilding. Three of the vessels are scheduled for delivery in Q1 22, three more are scheduled for Q2 22, one is scheduled for spring 2023 and the last one during autumn 2023.

(NOK 1,000,000)	2022	2023
Wellboat	480	110
Service	245	60
Sea transport	0	
Total	725	170

The sea transport vessel Folla was acquired in Q1 21 and the Company is planning to rebuild the vessel in 2022 (please see the section "investments" for more information). The rebuilding of Folla is not included in the overview as it was not committed as of 31.12.21.

NOTE 8: Financial instruments

At the end of the quarter the Group had four interest rate swap agreements qualifying and booked as cash flow hedges. The fair value of the agreements is calculated as the discounted value of the derivatives future cash flows with the market rate as of 31.12.21.

(NOK 1,000,000)	31.12.2021	31.12.2020
Fair value of interest rate swap / booked value	3,7	-15,3

Appendix: Non-IFRS financial measures / Alternative performance measures

To enhance investors' understanding of the Group's performance, the Group presents certain measures that might be considered as alternative performance measures ("APM") as defined by the European Securities and Markets Authority ("ESMA") in the ESMA Guidelines on Alternative Performance Measures 2015/1057.

An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in IFRS. The Group is of the view that the APMs provide investors relevant and specific operating figures which may enhance their understanding of the Group's performance.

The non-IFRS financial measures/APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The non-IFRS financial measures/APMs presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.

The Company believes that the non-IFRS measures/APMs presented herein are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, amortisation and impairment, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), business practice or based on non-operating factors. Accordingly, the Group discloses the non-IFRS financial measures/APMs presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods, and of the Group's ability to service its debt. Because companies calculate the non-IFRS financial measures/APMs presented herein differently, the Group's presentation of these non-IFRS financial measures/APMs may not be comparable to similarly titled measures used by other companies.

The non-IFRS financial measure/APMs are not part of the Company's consolidated financial statements and are thereby not audited. The Company can give no assurance as to the correctness of such non-IFRS financial measures/APMs and investors are cautioned that such information involve known and unknown risks, uncertainties and other factors, and are based on numerous assumptions. Given the beforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these non-IFRS financial measures/APMs.

The Group has defined and explained the purpose of the following APMs:

EBITDA AND ADJUSTED EBITDA

EBITDA is defined as total revenue less operating expenses (direct expenses, employee benefit expenses and other operating expenses).

Adjusted EBITDA is defined as total revenue less operating expenses (direct expenses, employee benefit expenses and other operating expenses) IPO costs and gain on sale of assets.

EBITDA is used by the management as measure the Group's ability to service debt and finance investments. Segment result is defined as adjusted EBITDA. Management believes the measure enables an evaluation of operating performance and a basis to allocate resources to the segment. For Q1 21 adjustment include costs related to the IPO and NOK 1 000 million equity raise.

Reconciliation of adjusted EBITDA

(NOK 1,000,000)	Q4 21	Q4 20	2021	2020
Total revenue	560,9	398,8	1 786,6	1 332,5
Direct expenses	88,7	37,3	226,3	193,6
Employee benefit expenses	129,6	115,5	499,8	375,8
Other operating expenses	82,3	79,6	368,9	248,7
EBITDA	260,2	166,4	691,6	514,4
Less gain on sale of assets	84,3	4,3	90,8	4,5
IPO costs	0	0	8,0	0
Adjusted EBITDA	175,9	162,1	608,8	509,9

EQUITY RATIO

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

(NOK 1,000,000)	31.12.2021	31.12.2020
Equity	3 186,0	1 971,4
Total equity and assets	7 656,8	5 240,7
Equity ratio	42 %	38 %

Net interest-bearing debt

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

(NOK 1,000,000)	31.12.2021	31.12.2020
Non-current interest-bearing liabilities	3 370,4	1 831,7
Non-current lease liabilities	269,4	371,6
Current interest-bearing liabilities	474,3	648,7
Current lease liabilities	92,9	103,5
Cash and cash equivalents	738,5	148,8
Net interest-bearing debt	3 468,5	2 806,6

ROE- Return On Equity

Return on equity (ROE) calculated as net profit last 12 months / average equity. ROE is used by the management to measure the Group's profitability.

(NOK 1,000,000)	31.12.2021	31.12.2020
Equity	3 186,0	1971,4
Net profit last 12 months	283,6	
ROE	11 %	

Order backlog

Frøy's operating revenues consist of time charter agreements, bareboat agreements and spot agreements that normally include the rental of vessels and crew. The time charter agreements include an agreed vessel capacity for a defined period, as well as manning of vessels.

The future minimum contract revenues under non-cancellable customer contracts as of 31.12.2021 are, as follows:

Future minimum lease and customer revenues (NOK 1,000)	31.12.2021	31.12.2020
0 to 1 years	959 340	762 226
- Lease revenue share	557 616	495 254
- Customer contract share	401 724	266 972
1 to 2 years	833 121	744 174
- Lease revenue share	507 573	467 174
- Customer contract share	325 548	277 050
2 to 3 years	563 378	627 994
- Lease revenue share	346 150	378 544
- Customer contract share	217 228	249 449
3 to 4 years	397 221	471 035
- Lease revenue share	245 973	290 199
- Customer contract share	151 248	180 836
4 to 5 years	391 575	367 570
- Lease revenue share	240 327	223 570
- Customer contract share	151 248	144 000
More than 5 years	587 761	809 707
- Lease revenue share	370 513	502 507
- Customer contract share	217 248	307 200
Total lease and customer contract	3 732 396	3 782 706
Total lease revenue share	2 283 896	2 357 199