



Frøy ASA

Q1 22

May 2022

Highlights

Q1 highlights



Commercial

- Normal seasonal slowdown with muted demand in the spot market
- Delivery of specialized delousing vessel Frøy Challenger and 2 service vessels
- High fuel costs impacting EBITDA with approx. NOK 10 million vs. Q1 21
- Gained approval to roll out new treatment method for sea lice, combining fresh water and mechanical delousing. Documented positive results on fish welfare and efficiency
- Continued strong performance in the sea transport segment
- Negotiated and structured 5 multi-year time charter contracts with combined value estimated to approx. NOK 340 million in the service segment



Financial

- Revenues in Q1 22 of NOK 431 million, increased from NOK 356 million in Q1 21
- Revenues from fixed contracts and framework agreements up 29% vs. Q1 21
- EBITDA in Q1 22 of NOK 112 million, up from NOK 84 million in Q1 21
- Backlog of 6.0 billion (including options, but excluding framework agreements without fixed minimum value)



Outlook

- Positive underlying market trends driven by farming in more exposed locations, larger farming sites, new regulations and ESG requirements
- Increased global uncertainty from the war in Ukraine and soaring inflation. Increased fuel prices are, to a large extent, expected to be pushed over to clients.
- Sharp increase in newbuild prices and increased construction time at yards. Frøy with strict focus on profitable growth - Minimum Return On Equity requirement of 10-18% unchanged.
- Entered into shipbuilding contract for construction of a 4500 m³ wellboat at attractive newbuild price vs. current price levels for newbuilds



Key figures

Key figures ¹	Q1 22	Q1 21
Financial (NOK 1.000.000)		
Contract revenues ²	253.9	201.0
Framework revenues	63.9	44.6
Spot revenues	50.6	67.3
Fuel & other reinvoiced revenues ³	53.6	42.6
Other revenues ⁴	9.3	40.7
Total revenues	431.4	356.1
EBITDA ⁵	111.6	84.0
EBITDA adjusted ⁶	102.3	91.4
EBITDA adjusted %	24%	26%
Net cash flow from operating activities	136.7	127.9
Net cash flow from investing activities	-287.3	-831.0
Net cash flow from financing activities	150.6	1 636.0
Total assets	7 820.3	6 836.4
Net interest bearing debt ⁷	3 590.9	2 642.2
Cash	738.5	1 082.1
Equity	3 237.0	2 916.0
Profitability and capital structure		
ROE ⁸	11 %	
Equity ratio	42 %	43%
Vessels⁹		
Wellboats	16	14
Large service vessels	12	12
Small service vessels	41	42
Transport vessels	3	4
Total number of vessels	72	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.

2) Contract revenues include 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

Group financial review

Profit and loss

(NOK 1.000.000)	Q1 22	Q1 21
Revenue	422.0	355.5
Other income	9.3	0.6
Total revenue	431.4	356.1
Direct expenses (goods/services delivered)	91.1	49.8
Employee benefit expenses	143.0	112.6
Other operating expenses	85.7	109.7
EBITDA	111.6	84.0
EBITDA %	26%	24%
Depreciation	91.5	73.5
Operating profit	20.1	10.6
Financial income	40.0	0.2
Financial expenses	26.0	22.4
Share of profit (loss) from associates	1.0	-1.1
Profit (loss) before tax	35.1	-12.7
Taxes	3.6	4.7
Profit (loss) for the period	38.7	-8.0

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

Total revenue in Q1 22 amounted to NOK 431.4 million (NOK 356.1 million). The increase in revenues was mainly driven by increased capacity and revenues in the wellboat segment.

EBITDA in Q1 22 amounted to NOK 111.6 million (NOK 84.0 million) while the EBITDA margin ended at 26% (24%). The EBITDA margin increased vs. Q1 21 due to gain from sale of assets in Q1 22 and costs related to the IPO in Q1 21. Fuel costs increased vs. Q1 21, impacting EBITDA negatively with approx. NOK 10 million.

Operating profit in Q1 22 ended at NOK 20.1 million (NOK 10.6 million). Financial income in Q1 22 of NOK 40 million includes positive effect from fixed interest rate swaps.

Net profit for Q1 22 ended at NOK 38.7 million (NOK -8.0 million).

Cash flow and net interest-bearing debt (NIBD)

Frøy had positive cash flow from operations of NOK 136.7 million in Q1 22 (NOK 127.9 million). Higher profits contributed to the higher operating cash flow in Q1 22 vs. Q1 21.

Cash flow from investment activities ended at NOK 287.3 million in the quarter (NOK 831.0 million). Investments in Q1 22 mainly related to instalments in the ongoing newbuild program. Investments in Q1 21 were particularly high due to delivery of the wellboat Reisa and multiple instalments into the ongoing newbuild program.

The cash flow from financing activities amounted to NOK 150.6 million in the quarter (NOK 1 636.0 million). The positive cash flow from financing activities in Q1 22 was driven by drawing of debt on the newbuilds under construction. Q1 21 cash flow from financing includes NOK 1 billion in new equity raised in connection with the IPO.

The cash position at the beginning of the period was NOK 738.5 million. Total cash flow in the quarter was flat. Cash position at the end of the quarter at NOK 738.5 million.

At the end of the quarter Frøy had total assets of NOK 7 820.3 million (NOK 6 836.4 million). The main drivers for the change in total assets vs. Q1 21 are increased property plant and equipment. The property, plant and equipment increased Q1 22 vs. Q1 21 due to investments into the ongoing newbuild program.

Gross interest-bearing debt increased to NOK 4 329.4 million (NOK 3 725.0 million). The increase in gross debt is related to new debt on to the newbuilds. Net interest-bearing debt at the end of Q1 22 was NOK 3 590.9 million (NOK 2 642.9 million).

Equity ratio Q1 22 of 41% (43%) decreased slightly due to debt on the newbuilds delivered and under construction.

Segment overview

Frøy's segment structure

Wellboat segment

Transport of live fish and biological treatments

vessels 19 (incl. 3 newbuilds)



Service segment

Installation, maintenance and cleaning of salmon farmers site infrastructure

vessels: 58 (incl. 5 newbuilds)



Sea transport segment

Transport of salmon feed, frozen seafood and other cargo

vessels: 3





Wellboat

Financial results

Revenues in Q1 22 amounted to NOK 222.6 million vs. NOK 179.7 million in Q1 21. Contract revenues increased compared to Q1 21 due to the newbuilds that entered into long term contracts during 2021. Spot sales fell compared to Q1 21 due to slow demand and low utilization of the wellboat fleet in the quarter.

EBITDA in Q1 22 came in at NOK 67.4 million (NOK 58.4 million). EBITDA margin came in at 30% (32%). Low spot sales impacted EBITDA vs. Q1 21.

Frøy operated 16 wellboats at the end of the quarter, two more than at the end of Q1 21. 13 out of 16 wellboats operated on fixed contracts and framework agreements at the end of the quarter.

Seasonal slowdown

Demand for spot vessels was slow in the quarter due to low sea lice levels and low harvesting activity. The low demand followed the drop in the Norwegian salmon biomass.

(NOK 1.000.000)	Q1 22	Q1 21
Contract revenues	156.7	114.9
Framework agreements	5.2	-
Spot	18.6	24.9
Fuel and other reinvoiced costs	42.1	39.8
Other	-	-
Total revenues	222.6	179.7
EBITDA	67.4	58.4
EBITDA %	30%	32 %
Number of vessels	16	14
Number of vessels on fixed contracts	13	11

Service

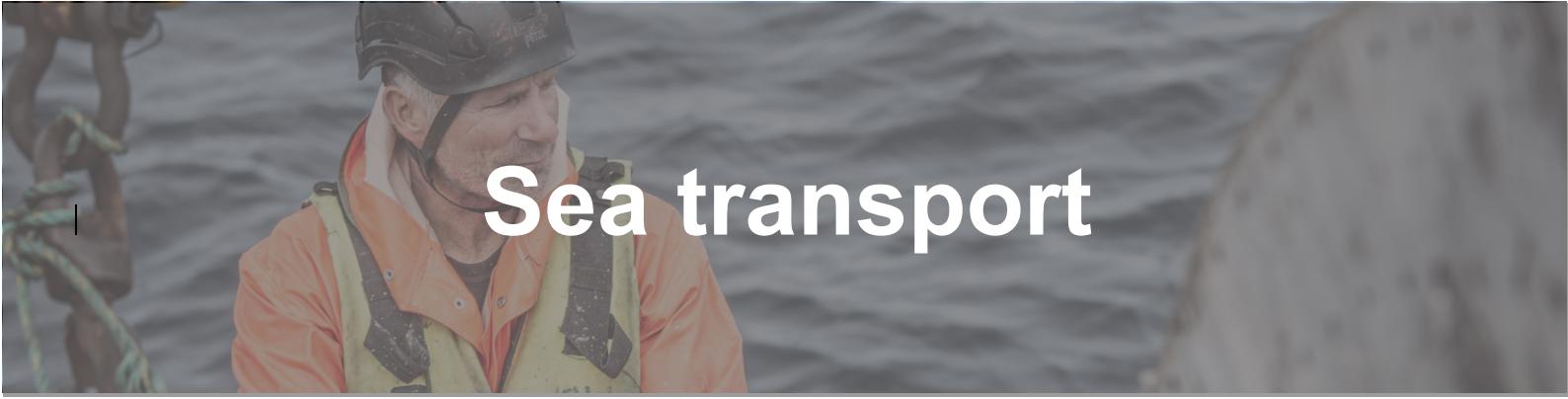
Financial results

Revenues in Q1 22 amounted to NOK 170.3 million vs. NOK 149.6 million in Q1 21. Revenues increased mainly due to gains related to sale of two old and small service vessels and an increase in reinvoiced costs. Frøy Challenger entered into operation late February Q1 22.

EBITDA in Q1 22 amounted to NOK 35.0 million vs. Q1 21 of NOK 30.8 million. EBITDA adjusted for gain/loss from sale of assets was NOK 25.7 million. Increased cost of fuel was the main reason for the lower underlying operating EBITDA margin vs. Q1 21. Fuel costs increased with approx. NOK 6 million vs. Q1 21.

Normal seasonal slowdown of activity in Q1 22. Demand for Frøy's services follow a seasonal pattern with Q1 being the slowest quarter during the year. When the sea temperature drops, the sea lice levels are reduced, and the growth rate of the biomass will also be reduced.

(NOK 1.000.000)	Q1 22	Q1 21
Contract revenues	79.5	77.7
Framework agreements	48.3	44.6
Spot	21.7	24.6
Fuel and other reinvoiced costs	11.5	2.7
Other	9.3	-
Total revenues	170.3	149.6
EBITDA	35.0	30.8
EBITDA %	21 %	21 %
Number of large service vessels	12	12
Number of small service vessels	41	42



Sea transport

Financial results

Revenues in Q1 22 amounted to NOK 37.8 million vs. NOK 28.2 million in Q1 21. The increase in revenues Q1 22 vs. Q1 21 is a result of increased capacity following the entry of the vessel MS Folla in Q1 21 and improved contract coverage. EBITDA in Q1 22 amounted to NOK 13.9 million (NOK 2.1 million).

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

(NOK 1.000.000)	Q1 22	Q1 21
Contract revenues	17.8	8.4
Framework agreements	10.3	-
Spot	9.7	19.1
Fuel and other reinvoiced costs	-	0.1
Other	-	0.7
Total revenues	37.8	28.2
EBITDA	13.9	2.1
EBITDA %	37%	8 %
Number of vessels	3	4

Investments

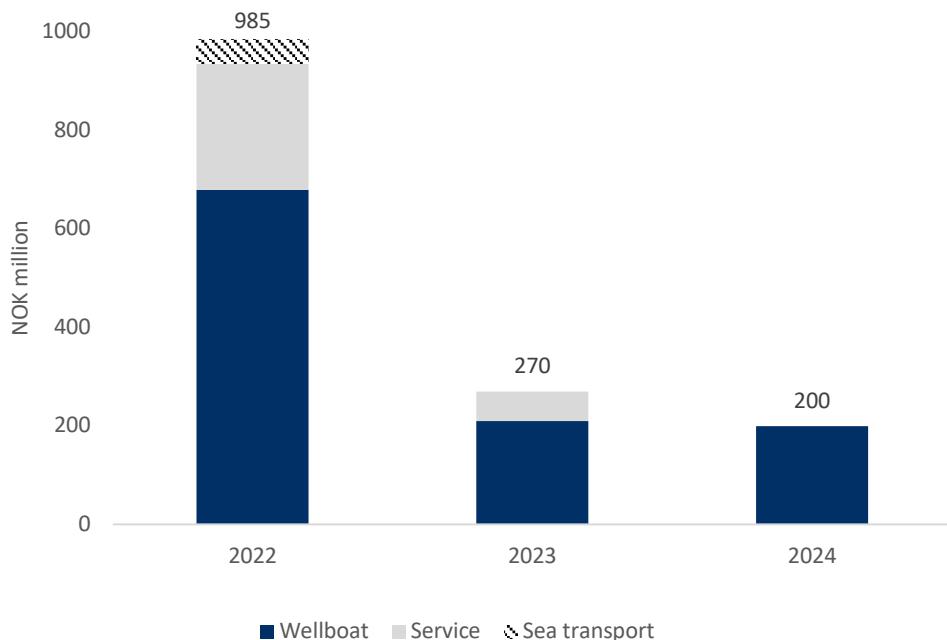
Wellboat: As of 31.03.22 Frøy had two wellboats under construction. MS Gåsø Odin, built at Sefine shipyard in Turkey, is expected to be delivered during Q4 2022. The second newbuild, which will be named MS Veidnes, is scheduled to be delivered summer 2023.

After the end of the quarter, Frøy placed an order for a new 4.500 m³ wellboat to be built at Sefine shipyard in Turkey. The vessel is scheduled for delivery mid 2024 and is included in the capex overview below.

Service: As of 31.03.22 Frøy had 5 service vessels under construction or rebuilding. One net cleaning vessel and one large service vessel are scheduled for delivery during Q2 22. One net cleaning vessel is delayed until Q4 22. Two large service vessels are scheduled for delivery during 2023.

Sea transport: Frøy will 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 50 million. The rebuilding is expected to take 6-8 weeks.

Total investments 2022-2024 related to the newbuild program, included the wellboat that was order after the close of Q1 22, is estimated to approx. NOK 1.45 billion.



Financing

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

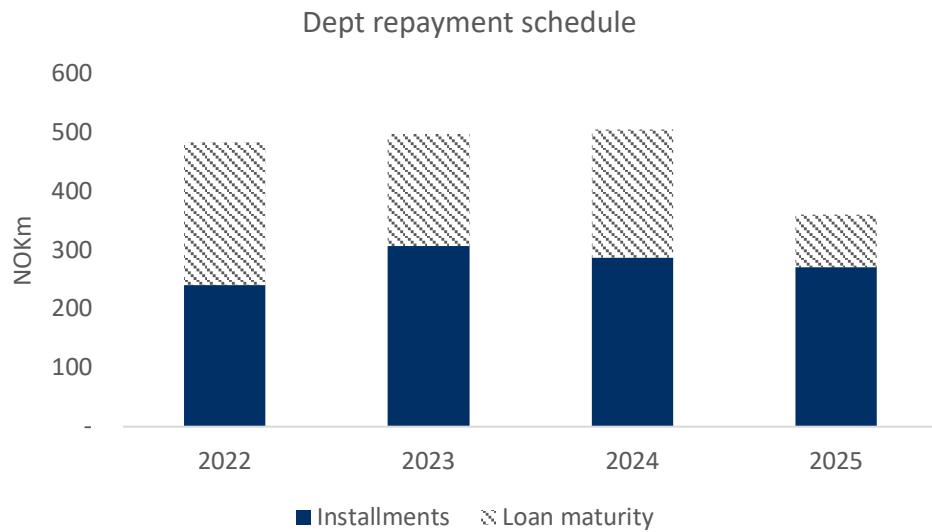
Wellboats: All vessels in the newbuild program are funded by long term bank loans. The loan to value on wellboat newbuilds is approx. 80%.

Service: The Company finances 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 22 and 23 respectively. In addition, the Group has fixed interest rate swaps for a total of NOK 383 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 as it provides an indication of the amount of committed activity in the coming period.

Total backlog

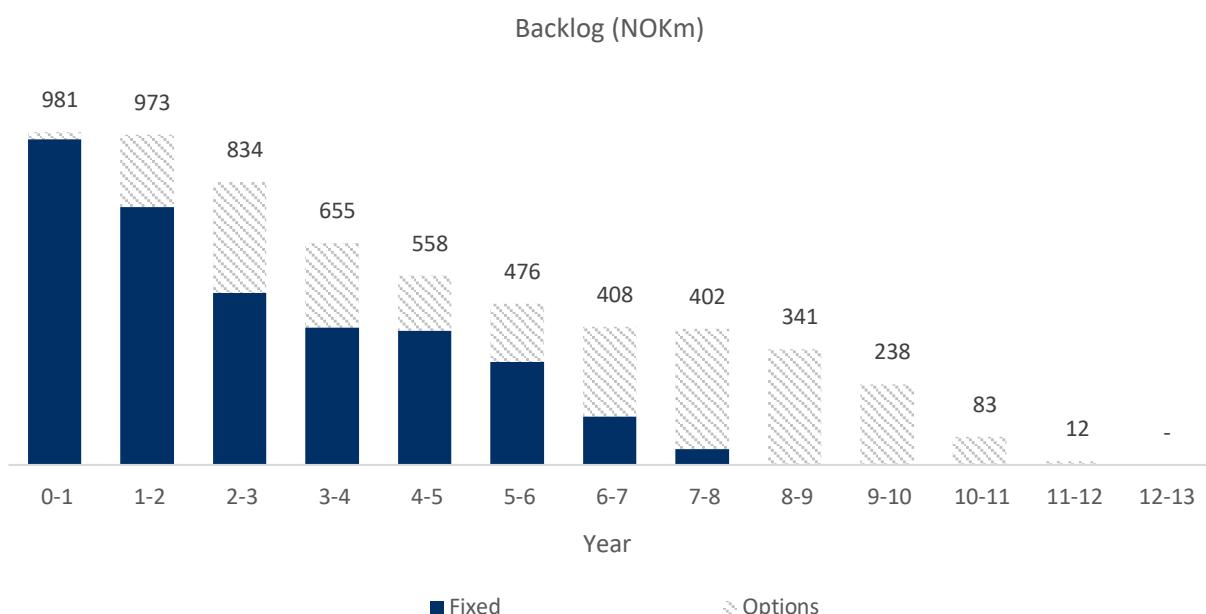
- As of 31.03.22 the total backlog amounted to approx. NOK 6.0 billion including options, which is approx. NOK 0.2 billion lower than reported 31.12.21

Fixed backlog

- Total fixed revenue commitments of approx. NOK 3.5 billion

Options

- Most fixed time charter contracts include extension options
- Total options of close to NOK 2.5 billion



Risk factors

Frøy has not identified any additional risk exposure beyond the risks described in the 2021 annual report. 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 war in Ukraine and soaring inflation provides increased uncertainty regarding the future global economic outlook and the economic development for all companies. Access to and prices for critical input factors may impact Frøy depending on the future development of the war and sanctions.

Events after the close of the quarter

After the end of the quarter, Frøy signed an agreement to build one new wellboat with 4.500 m³ capacity. The vessel is scheduled to be delivered from yard mid 2024.

On 04.05.22, Frøy announced that it had signed several multi-year time charter agreements with a large Norwegian salmon farmer. Combined the contracts are among the largest ever signed by Frøy's service segment in terms of the combined value and total number of vessels included. The total scope includes four vessels on 4-year fixed time charter contracts and one large new service vessel newbuild, which is currently under construction, on a 5-year fixed time charter contract. In addition, the client exercised the option to extend the time charter contract on one vessel and cancelled the contract on another vessel. In total the contracts are estimated to increase Frøy's fixed backlog with approx. NOK 250 million, and the backlog including options with approx. NOK 340 million.

Outlook

Frøy's vision is "Solutions for the ocean space". Frøy's ambition is to provide solutions that improve fish welfare, reduce the risk of escapes and hence improve efficiency in aquaculture operations. A key pillar to achieve this ambition is to continuously develop our service offering through efficient utilization of inhouse competence and innovation. Digitalization, making use of data and utilizing the inhouse competence more efficiently are key focus areas.

During Q1 22 Frøy published its first annual report and its first report to address material economic, environmental, and social impacts. Going forward Frøy will further enhance its ESG disclosure and develop targets for how Frøy plans to reduce its carbon footprint and contribute with sustainable solutions to its clients and the society in general.

The market for aqua services is a growth market. Frøy regards the underlying market trends to be 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.

The invasion of Ukraine and the ongoing war is first and foremost tragic for everyone directly involved. It also provides increased uncertainty regarding the future economic development. Increased fuel prices and soaring inflation is expected to challenge all businesses in 2022. For Frøy, many vessels operate on time charter contracts where most of the costs are passed through to clients.

During Q1 22 newbuild prices have increased significantly due to higher input cost and inflation. Frøy has secured prices on its ongoing newbuild program and will not compromise on its 10-18% return on equity requirement for new investments. The ongoing newbuild program is progressing with some minor delays. The price on the new wellboat that is scheduled for delivery in 2024 was negotiated before the war in Ukraine and is regarded to be attractive vs. the current newbuild prices.

Activity in Q2 is expected to pick up in line with normal seasonality and Frøy will continue to explore new opportunities for growth.

Frøya, 25 May 2022

Hege Aasen Veiseth
Board Member

Svein Sivertsen
Chairman of the Board

Paul Birger Torgnes
Board Member

Ivar Sigmund Williksen
Board Member

Tonje Foss
CEO

Linda Johnsen
Board Member

Consolidated statement of comprehensive income

Frøy ASA

(NOK 1.000.000)	Note	Q1 22	Q1 21
Revenue		422.0	355.5
Other revenue	3	9.3	0.6
Total revenue		431.4	356.1
Direct expenses (goods/services delivered)		91.1	49.8
Employee benefit expenses		143.0	112.6
Other operating expenses		85.7	109.7
Depreciation		91.5	73.5
Operating profit		20.1	10.6
Financial income		40.0	0.2
Financial expenses		26.0	22.4
Share of profit (loss) from associates		1.0	-1.1
Profit (loss) before tax		35.1	-12.7
Taxes		3.6	4.7
Profit (loss) for the period		38.7	-8.0
Profit or loss for the period attributable to:			
Equity holders of the parent		38.7	-8.7
Non-controlling interests		-	0.8
Total		38.7	-8.0
Other comprehensive income			
Net gain (loss) on cash flow hedges		12.3	8.6
Total comprehensive income for the period		51.0	0.7
Total comprehensive income for the period attributable to:			
Equity holders of the parent		51.0	-0.1
Non-controlling interests		-	0.8
Total		51.0	0.7
Basic earnings per share (NOK)		0.4	-0.1

Consolidated statement of financial position

Frøy ASA

(NOK 1.000.000)	Note	31.03.2022	31.03.2021
ASSETS			
Non-current assets			
Goodwill and intangible assets		687.6	687.4
Vessels, property, plant and equipment		5 677.0	4 394.8
Right-of-use assets	4	431.9	418.9
Pension assets		0.5	7.5
Investments in associates		29.0	23.7
Other financial assets		4.2	6.2
Total non-current assets		6 830.2	5 538.7
Current assets			
Inventory		11.1	12.4
Trade receivables		177.6	159.5
Other receivables		62.9	43.4
Cash and cash equivalents		738.5	1 082.1
Total current assets		990.1	1 297.7
TOTAL ASSETS		7 820.3	6 836.4
EQUITY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital		86.3	86.3
Share premium		2 289.8	2 286.1
Total paid-in equity		2 376.1	2 372.4
Other equity		860.9	517.2
Total retained earnings		860.9	517.2
Non-controlling interests		-	26.3
Total equity		3 237.0	2 916.0
Non-current liabilities			
Non-current interest-bearing liabilities		3 281.3	2 826.9
Non-current lease liabilities	4	248.6	272.5
Deferred tax liabilities		34.2	22.9
Total non-current liabilities		3 564.0	3 122.3
Current liabilities			
Current interest-bearing liabilities		707.9	536.2
Current lease liabilities	4	91.6	88.6
Loan to related parties		-	0.8
Trade payables and other current liabilities		221.6	169.2
Taxes payable		-1.9	3.7
Total current liabilities		1 019.2	798.5
Total liabilities		4 583.2	3 920.3
TOTAL EQUITY AND LIABILITIES		7 820.2	6 836.4

Consolidated statement of cash flows

(NOK 1.000.000)	Note	Q1 22	Q1 21
Cash flows from operating activities			
Profit or loss before tax		35.1	-12.7
Income taxes paid		-0.9	-11.6
Gain/loss on disposal of vessels and PP&E	3	-9.3	0.6
Depreciation and impairment		91.5	73.5
Finance income		-40.0	-0.2
Finance expenses		26.0	22.4
Changes in working capital and other		34.4	56.1
Net cash flows from operating activities		136.7	127.9
Cash flows from investing activities			
Purchase of vessels and PP&E		-301.9	-843.2
Purchase of intangible assets		-	-0.3
Proceeds from sale of vessels and PP&E		14.4	-
Dividends		-	12.0
Interest received		0.2	-
Net cash flow from investing activities		-287.3	-831.0
Cash flow from financing activities			
Proceeds from borrowings		270.1	1 117.0
Repayment of borrowings		-69.3	-406.0
Issue of Share Capital		-	1 000.0
Transaction cost			-26.0
Payments for the principal portion of the lease liabilities	4	-24.2	-26.0
Interest paid		-26.0	-22.0
Net cash flow from financing activities		150.6	1 636.0
Net change in cash and cash equivalents		-0.0	932.9
Cash and cash equivalents. beginning of period		738.5	149.0
Cash and cash equivalents. end of period		738.5	1 082.1

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 01.01.2022	86.3	2 289.8	2 376.1	814.1	-4.2	809.9		-	3 186.0
Profit or loss for the period	-	-	-	38.7	-	38.7		-	38.7
Other comprehensive income	-	-	-	-	12.3	12.3		-	12.3
Total comprehensive income	-	-	-	38.7	12.3	51.0		-	51.0
At 31 March 2022	86.3	2 289.8	2 376.1	852.8	8.1	860.9		-	3 237.0
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	-	-	-	-8.7	-	-8.7	0.8	-	-8.0
Other comprehensive income	-	-	-	-	8.6	8.6	-	-	8.6
Total comprehensive income	-	-	-	-8.7	8.6	-0.1	0.8		0.7
Issue of Share Capital	16.4	983.6	1 000.0	-	-	-	-	-	1 000.0
Transaction cost	-	-26.1	-26.1	-	-	-	-	-	-26.1
Group Contribution	-	-	-	-30.0	-	-30.0	-	-	-30.0
At 31 March 2021	86.3	2 286.1	2 372.4	524.4	-7.1	524.4	26.3		2 916.0

Notes

NOTE 1: General information and significant accounting policies

The consolidated financial statements of the Group for Q1 22 were authorised for issue in accordance with a resolution of the Board of Directors on 24 May 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 2021. The financial report for first quarter 2022 is unaudited. Frøy has not applied any new standards or interpretations after 1 January 2022 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.

Q1 22 (NOK 1.000.000)	Wellboat	Service	Sea transport	Elimination and non-allocated	Total
Contract revenue	156.7	79.5	17.8		253.9
Framework agreements	5.2	48.3	10.3		63.9
Spot	18.6	21.7	9.7	0.7	50.6
Fuel and other reinvoiced costs	42.1	11.5	-		53.6
Other	-	9.3	-		9.3
Total revenues	222.6	170.3	37.8	0.7	431.4
Depreciation	46.9	39.0	5.0	0.5	91.5
Operating costs	155.2	135.3	24.0	5.4	319.8
Operating profit	20.5	-4.0	8.9	-5.2	20.1
Financial income	0.1	0.1	0.1	39.7	40.0
Financial expenses	18.3	7.3	2.7	-2.3	26.0
Share of profit (loss) from associates	-	-	1.0	-	1.0
Earnings before tax	2.2	-11.2	7.3	36.8	35.1
Tax	-	0.3	0.0	3.3	3.6
Net income	2.2	-10.9	7.3	40.1	38.7

	Wellboat	Service	Sea transport	Elimination and non- allocated	Total
Q1 21 (NOK 1.000.000)					
Contract revenue	114.9	77.7	8.4	-	201.0
Framework agreements	-	44.6	-	-	44.6
Spot	24.9	24.6	19.1	-1.5	67.3
Fuel and other reinvoiced costs	39.8	2.7	0.1	-	42.6
Other	-	-	0.7	-	0.7
Total revenues	179.7	149.6	28.2	-1.5	356.1
Depreciation	33.5	34.5	4.5	0.9	73.4
Operating costs	121.3	118.8	26.1	5.9	272.1
Operating profit	24.9	-3.7	-2.4	-8.3	10.6
Financial income	0.0	0.0	0.2	-0.0	0.2
Financial expenses	11.5	7.2	2.1	1.5	22.4
Share of profit (loss) from associates	-	-	-1.1	-	-1.1
Earnings before tax	13.4	-10.9	-5.4	-9.8	-12.7
Tax	-	-4.7	0.0	-	-4.7
Net income	13.4	-6.1	-5.4	-9.8	-8.0

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 book value of the asset.

	Q1 22	Q1 21
Other income (NOK 1.000.000)		
Gain related to sale of PP&E	9.3	0.6
Other	-	-
Total other income	9.3	0.6

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

The Group's leased assets Q1 22

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 01.01.2022	326.2	12.2	117.0	455.4
Additions	-	-	2.8	2.8
Depreciations	-12.9	-1.2	-10.4	-24.5
Termination of contracts	-0.6	-	-0.1	-0.7
Gains and losses	-1.1	-	-0.1	-1.1
Carrying amount 31.03.2022	311.7	11.1	109.1	431.9

Remaining lease term or useful life
Depreciation plan

10 years

5-10 years

3-7 years

Straight-line

The Group's lease liabilities Q1 22

Changes in the lease liabilities (NOK 1.000.000)	Total
Total lease liabilities at 01.01.2022	362.3
New leases recognised during the period	2.8
Total cash payments for lease liabilities	-27.2
Interest expense on lease liabilities	2.9
Termination of contracts	-0.7
Total lease liabilities at 31.03.2022	340.2
Current lease liabilities in the statement of financial position	91.6
Non-current lease liabilities in the statement of financial position	248.6
Total cash outflow during the period	-27.2

The Group's leased assets Q1 21

Right-of-use assets (NOK 1.000.000)	Service boats	Land and buildings	Other machines and equipment	Total
Carrying amount 01.01.2021	415.7	16.7	104.0	536.4
Additions	-	-	3.7	3.7
Additions from acquisitions	-	-	-	-
Depreciations	-9.9	-1.2	-8.7	-19.7
Termination of contracts	-91.3	-	-	-91.3
Gains and losses	-10.1	-	-	-10.1
Carrying amount 31.03.2021	304.4	15.5	99.0	418.9
Remaining lease term or useful life	10 years	10 years	3-5 years	
Depreciation plan	Straight-line			

The Group's lease liabilities Q1 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	3.7
New leases recognised during the period from acquisitions	-
Total cash payments for lease liabilities	-30.4
Interest expense on lease liabilities	4.1
Termination of contracts	-91.3
Total lease liabilities at 31.03.2021	361.1
Current lease liabilities in the statement of financial position	88.6
Non-current lease liabilities in the statement of financial position	272.5
Total cash outflow during the period	-30.5

NOTE 5: Related party transactions

All transactions within the Group or with other related parties are based on arm's length principles. 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 19.8 million

Norway Royal Salmon ASA (entity under common control): NOK 17.7 million

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

NTS ASA (parent company): NOK 2.0 million

Siholmen AS (related party to former CEO Helge Gåsø): NOK 0.5 million

Frøy Sjøtransport AS (related party to former CEO Helge Gåsø): NOK 0.3 million

Frøy Utvikling AS (related party to former CEO Helge Gåsø): NOK 0.1 million

NOTE 6: Major shareholders as of 31.03.22

Name of shareholder	No. of shares	%
NTS ASA	62 269 112	72.11
State Street Bank and Trust Comp	4 134 306	4.79
Gåsø Næringsutvikling AS	1 384 298	1.60
Skandinaviska Enskilda Banken AB	1 026 000	1.19
HSBC Bank Plc	1 019 098	1.18
Trøndelag Helgeland Invest AS	702 411	0.81
Amble Investment AS	631 147	0.73
Verdipapirfondet Pareto Investment	630 000	0.73
Torghatten Aqua AS	570 000	0.66
Riiber Holding AS	569 490	0.66
VPF Fondsfinans Norge	498 756	0.58
BNP Paribas Securities Services	497 707	0.58
GH Holding AS	427 868	0.50
Aars AS	418 844	0.49
Verdipapirfondet Alfred Berg Norge	385 867	0.45
LIN AS	327 868	0.38
Verdipapirfondet Alfred Berg Aktiv	317 730	0.37
The Bank of New York Mellon SA/NV	284 854	0.33
Lindvard Invest AS	262 295	0.30
Furberg & Sønn A/S	250 000	0.29
Total 20 largest shareholders	76 607 651	88.71
Total other	9 740 952	11.29
Totale number of shares 31.03.2022	86 348 603	100.00

At the end of the quarter Frøy ASA had 86 348 603 shares outstanding and 4 273 shareholders.

NOTE 7: Overview of commitments related to newbuilds

Frøy's ongoing newbuild program consists of new vessels and rebuilding of vessels in the wellboat, service and sea transport segments. As of 31.03.22 Frøy had two wellboats and five service vessels under construction. In addition, Frøy had one vessel scheduled for rebuilding in the sea transport segment.

(NOK 1.000.000)	2022	2023
Wellboat	480	110
Service	255	60
Sea transport	50	
Total	785	170

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 31.03.22.

(NOK 1.000.000)	31.03.2022	31.03.2021
Fair value of interest rate swap / booked value	-10.3	6.6

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)	Q1 22	Q1 21
Total revenue	431.4	356.1
Direct expenses	91.1	49.8
Employee benefit expenses	143.0	112.6
Other operating expenses	85.7	109.7
EBITDA	111.6	84.0
Less gain on sale of assets	9.3	0.6
IPO costs	0	8.0
Adjusted EBITDA	102.2	91.4

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)	31.03.2022	31.03.2021
Equity	3 237.0	2 916.0
Total equity and assets	7 820.2	6 836.0
Equity ratio	41 %	43 %

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)	31.03.2022	31.03.2021
Non-current interest-bearing liabilities	3 281.3	2 826.9
Non-current lease liabilities	248.6	272.5
Current interest-bearing liabilities	707.9	536.3
Current lease liabilities	91.6	88.6
Cash and cash equivalents	738.5	1 082.1
Net interest-bearing debt	3 590.9	2 642.2

ROE- Return On Equity

Return on equity (ROE) is 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)	31.03.2022	31.03.2021
Equity	3 237.0	2 916.0
Net profit last 12 months	330.2	
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 31.03.2022 are, as follows:

Future minimum lease and customer revenues (NOK 1.000)	31.03.2022	31.03.2021
0 to 1 years	959 908	936 046
- Lease revenue share	566 601	570 489
- Customer contract share	393 307	365 557
1 to 2 years	760 915	829 280
- Lease revenue share	470 314	528 558
- Customer contract share	290 601	300 722
2 to 3 years	508 030	651 718
- Lease revenue share	313 048	423 646
- Customer contract share	194 982	228 072
3 to 4 years	405 010	452 192
- Lease revenue share	250 642	285 974
- Customer contract share	154 368	166 218
4 to 5 years	395 907	380 662
- Lease revenue share	242 319	236 662
- Customer contract share	153 588	144 000
More than 5 years	490 949	802 713
- Lease revenue share	311 513	502 313
- Customer contract share	179 436	300 400
Total lease and customer contract	3 520 720	4 052 611
Total lease revenue share	2 154 438	2 547 642