

Frøy ASA – Q1 23

11 May 2023



FRØY

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Agenda

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

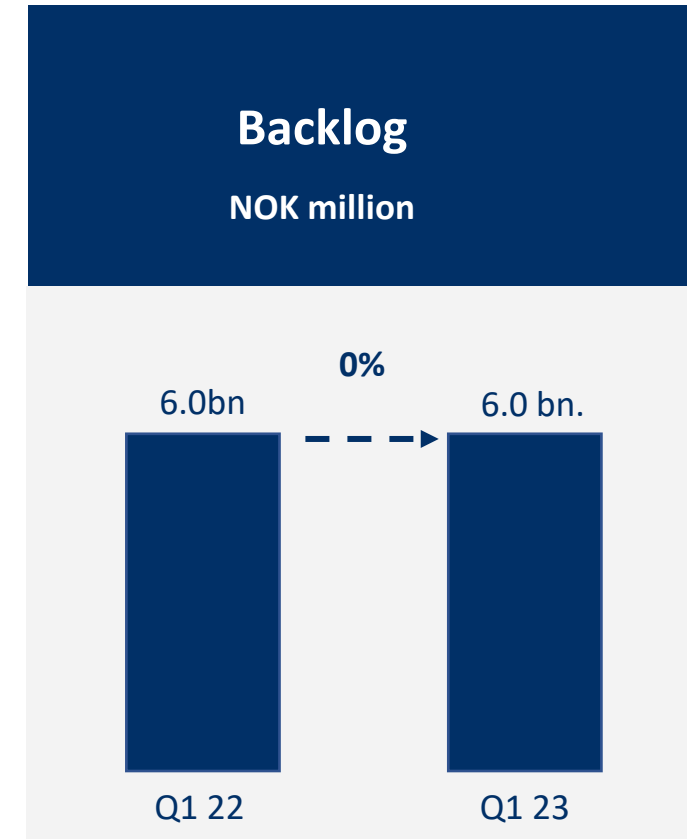
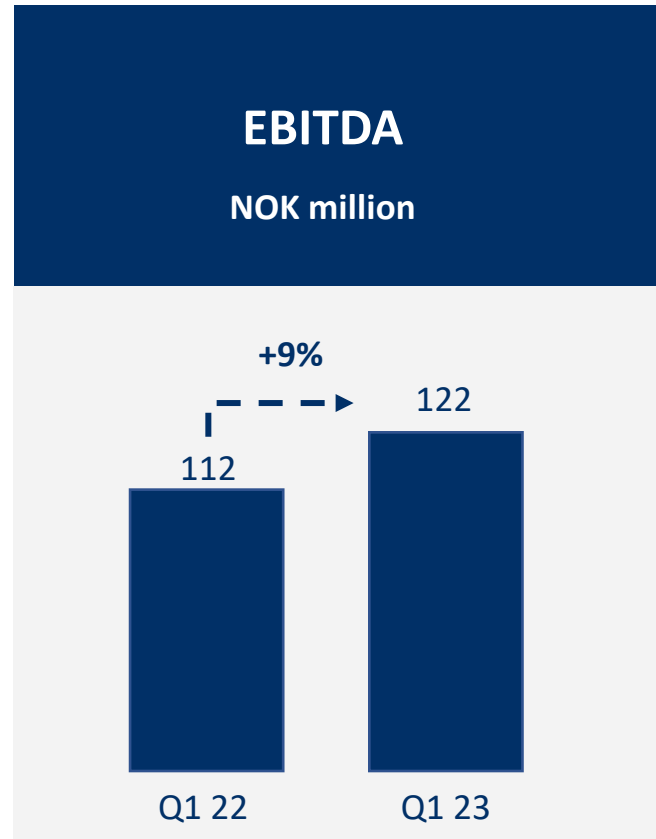
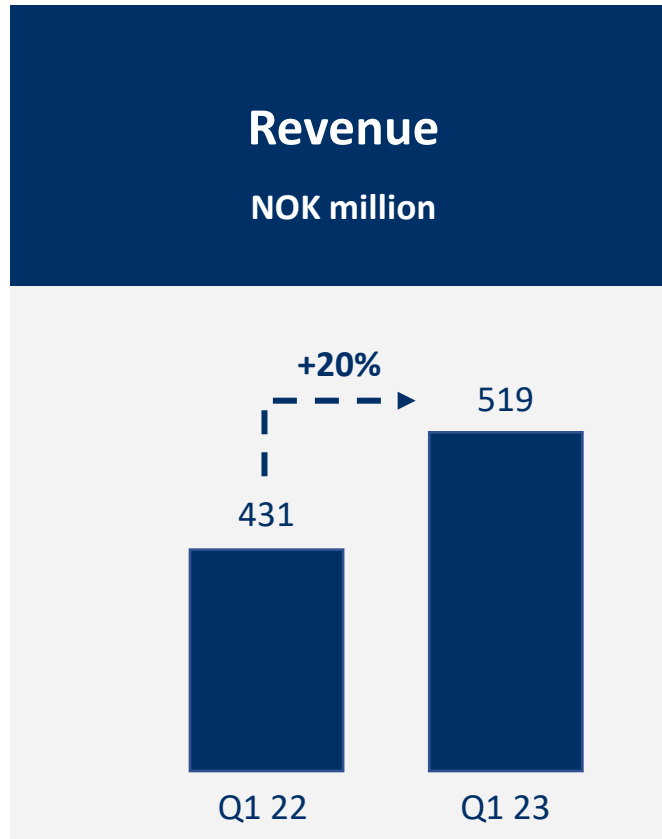
Highlights Q1 23

Strengthened position in Q1 23

- Strong operations and high activity in the wellboat segment and high unscheduled maintenance cost and weather downtime impacting results in the service segment
- Multiple contract discussions and incoming requests for Frøy's solutions
- New geographical footprint in the south-west of Norway through acquisition of Marinus Aquaservice AS
- Expansion into new international markets
- Ongoing discussions with yards regarding wellboat and service vessel newbuilds
- Ongoing strategic review initiated by SalMar
 - Several parties have expressed an interest in engaging in a transaction including potential offers for the company's shares



Growth in revenue and EBITDA, stable backlog



Increased activity and revenues

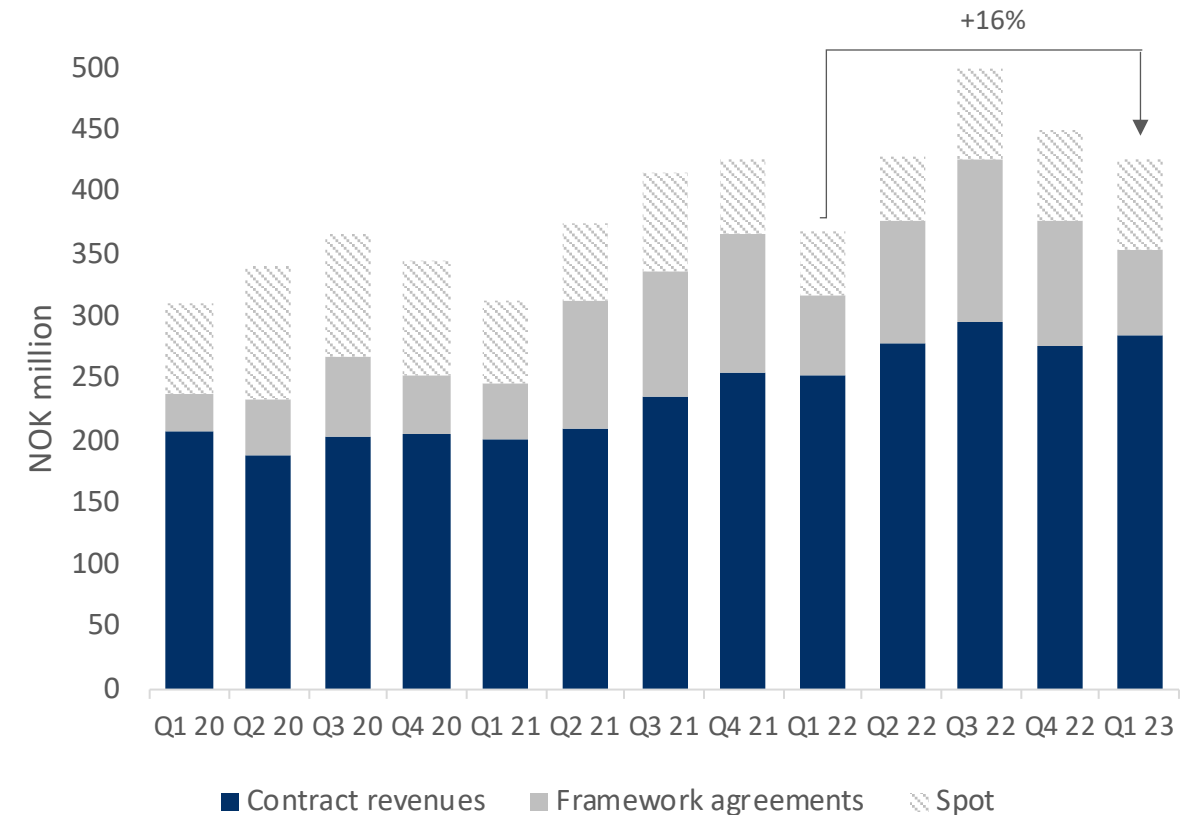
Double digit growth in operating revenues

- **16%** increase in operating revenues¹ Q1 23 vs. Q1 22
- **11%** increase in revenues from contracts and framework agreements vs. Q1 22

Normal seasonal slowdown in Q1

- Seasonal change in sea temperatures results in a drop in demand for aqua services from Q4 into Q1

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 Q1 23

Q1 23 backlog NOK 6.0 bn.

Fixed backlog

- Total fixed revenue commitments of approx. NOK 3.6 billion

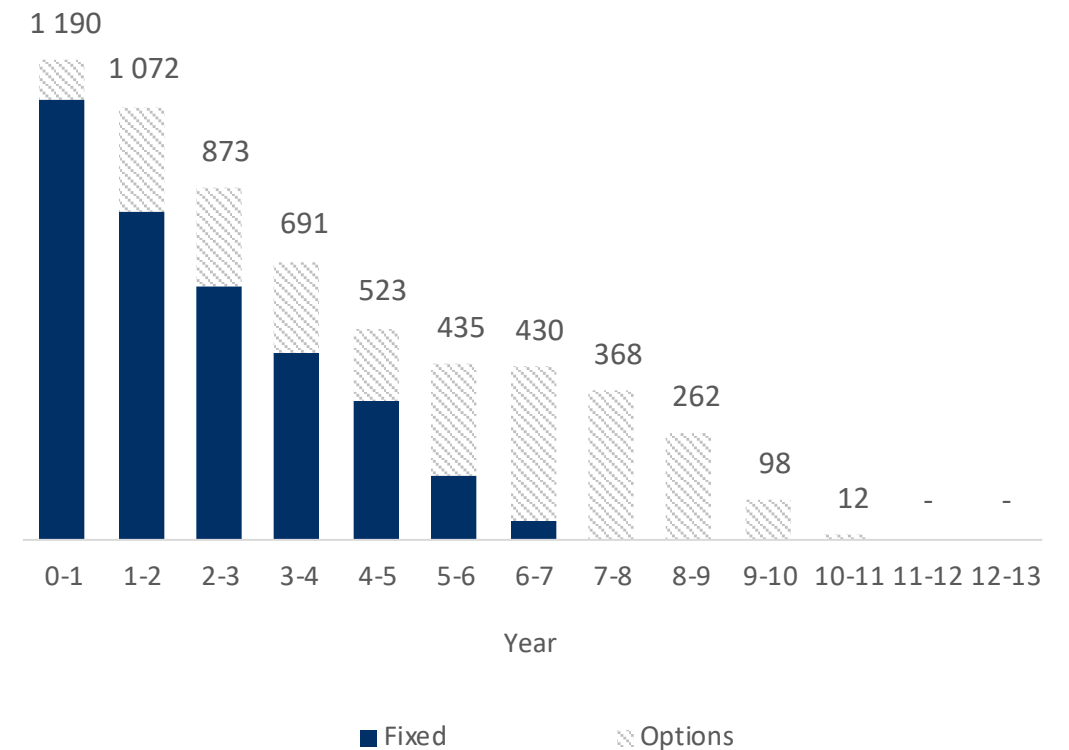
Options

- Most fixed time charter contracts include extension options
- Total options of approx. NOK 2.4 billion

Framework agreements

- Framework agreements without minimum value clauses are not included in the backlog
- Framework agreements provide visibility on future demand and typically relates to diving, cleaning of nets and other service work

Backlog (NOKm)



Expanding into new regions

Increased geographical presence and diversification

- Acquisition of Marinus Aquaservice announced during Q1
 - Strengthened position in the southwest of Norway
- Strategic partnership with NL Marine Services announced in April
 - Strategic foothold in Eastern Canada together with a well reputable partner
- International contracts
 - Two wellboats to operate in Iceland/UK during 2023



Segment review

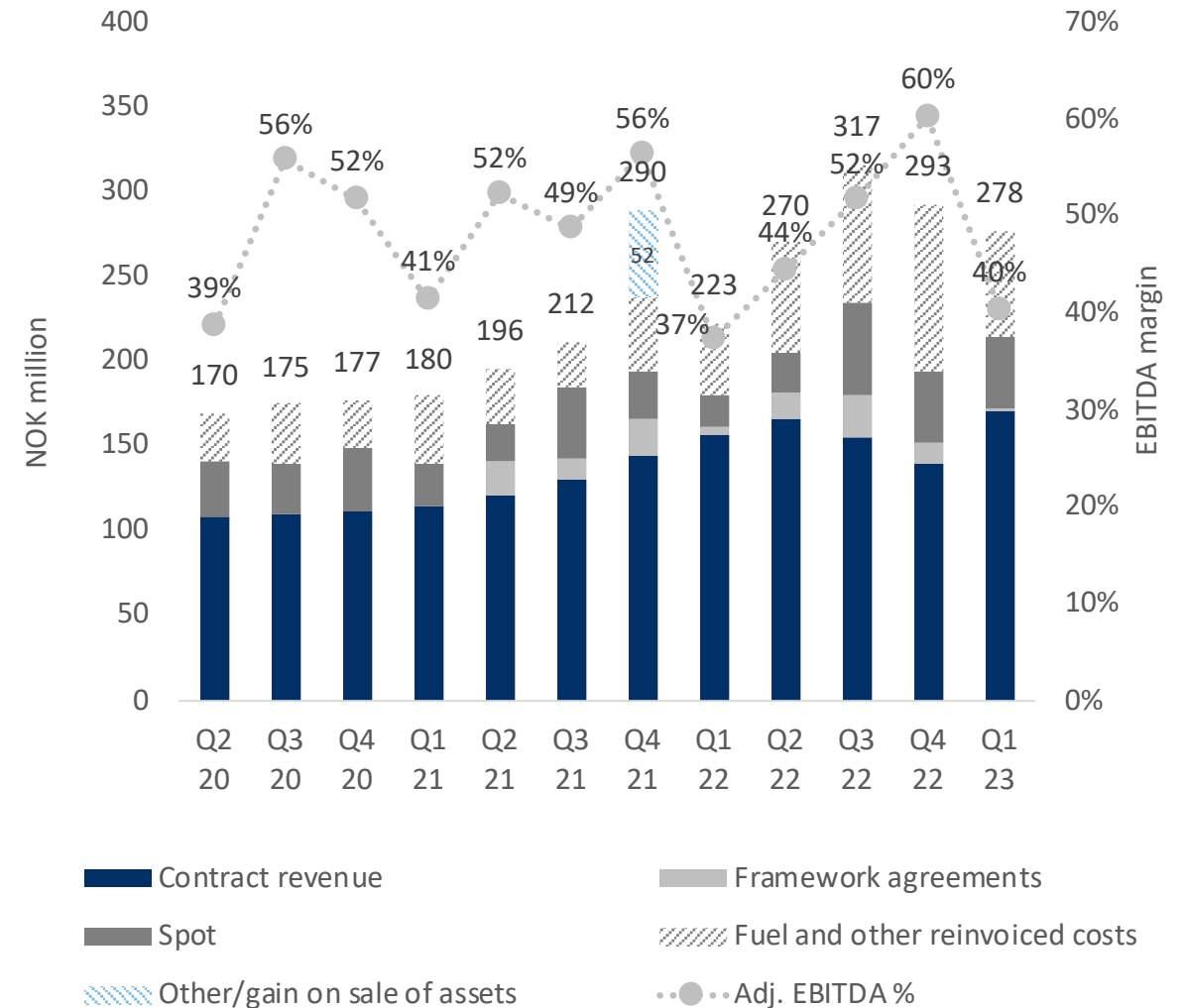
Wellboat

Segment results

- Total revenues NOK 278 million (NOK 223 million)
 - 19% increase in revenues from contract, spot, and framework agreements vs. Q1 22
- EBITDA of NOK 86 million (NOK 67 million)
- EBITDA margin of 40% (37%)

Other

- High activity and utilization compared to Q1 22
- Normal seasonal slowdown during the quarter



Delivery of MS Gåsø Odin

Vessel delivered from yard in April 2023

Efficient multi tool

- 4.500 m3 capacity
- Advanced fish handling system for gentle and efficient operations
- Fresh water and mechanical delousing
- Diesel electric propulsion system and battery package

Commence on a long-term charter to a large Norwegian salmon farmer upon arrival in Norway



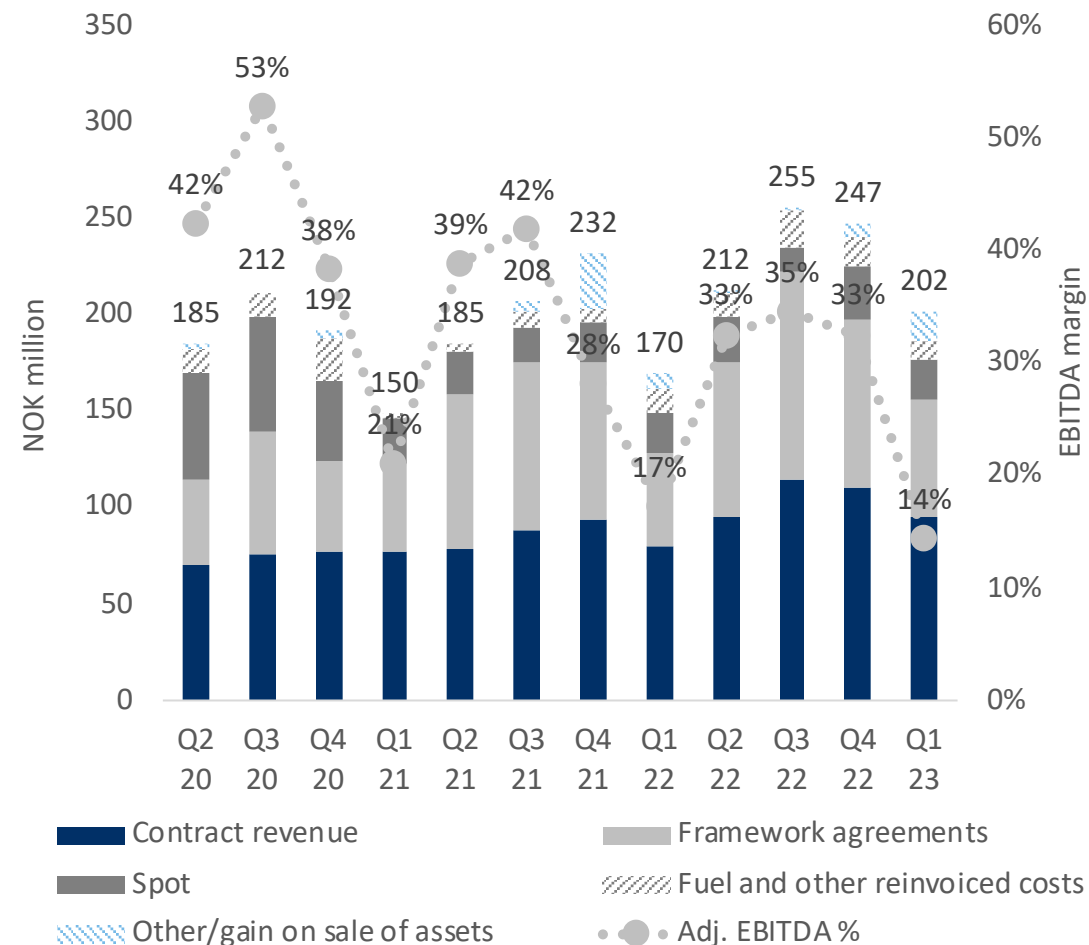
Service

Segment results

- Total revenues NOK 202 million (NOK 170 million)
 - 22% increase in revenues from contract and framework agreements vs. Q1 22
- EBITDA of NOK 41 million (NOK 35 million)
- EBITDA margin of 20% (21%)

Other

- Repair and maintenance cost increased with approx. NOK 5 million vs. Q1 22, impacted by unscheduled maintenance on two vessels



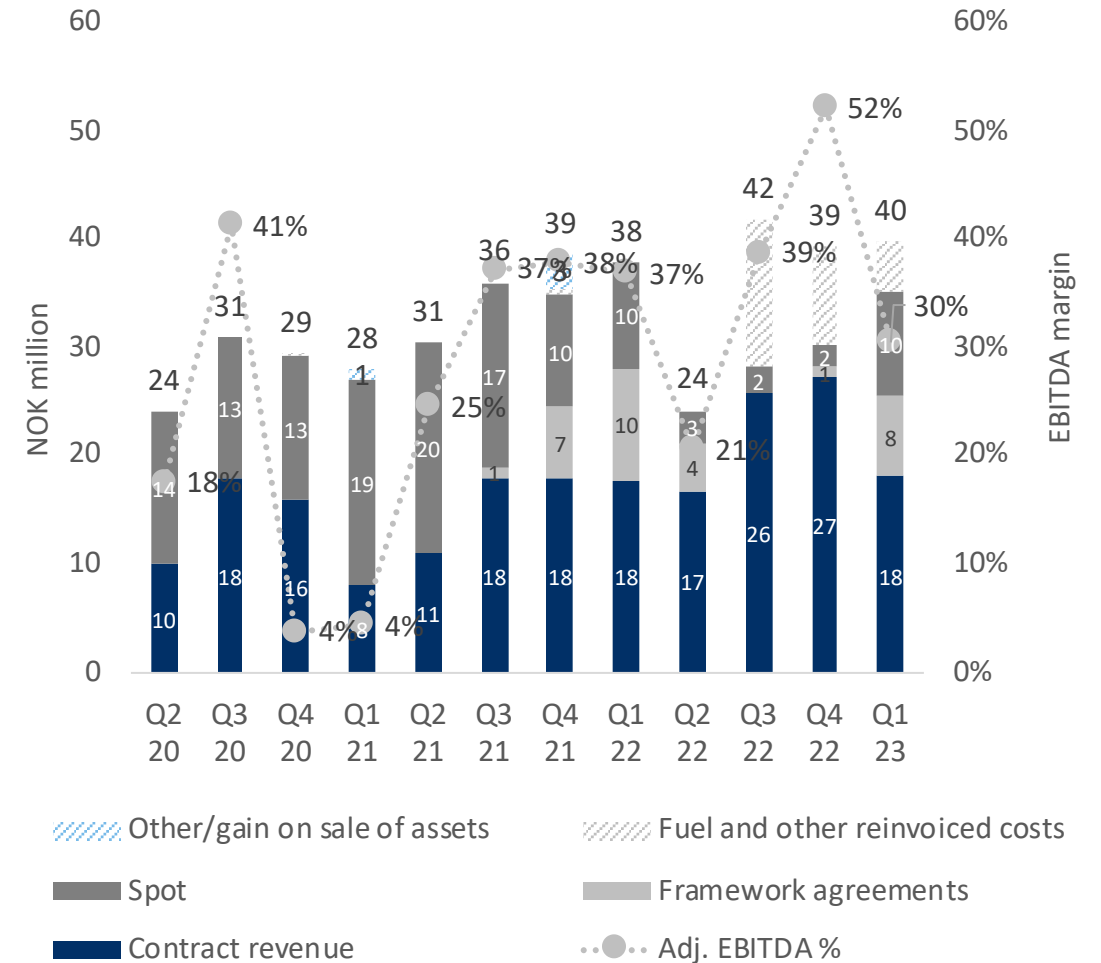
Sea transport

Segment results

- Total revenues of NOK 40 million (NOK 38 million)
- EBITDA of NOK 11m (NOK 14m)
- EBITDA margin 27% (37%)

Other

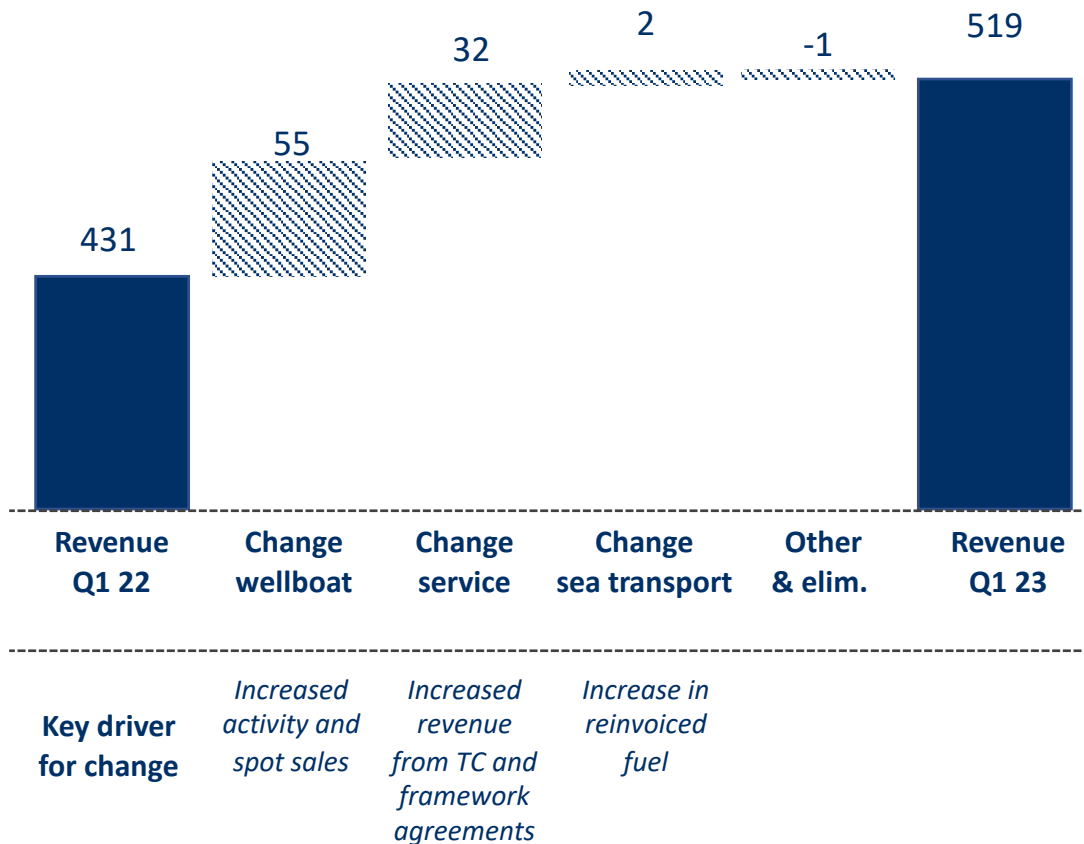
- Mechanical breakdown on MS Folla in beginning of April
 - Est. 6–7 weeks yard stay in Q2
 - Loss of hire partly compensated by insurance
 - Cost of repairs covered by guarantee



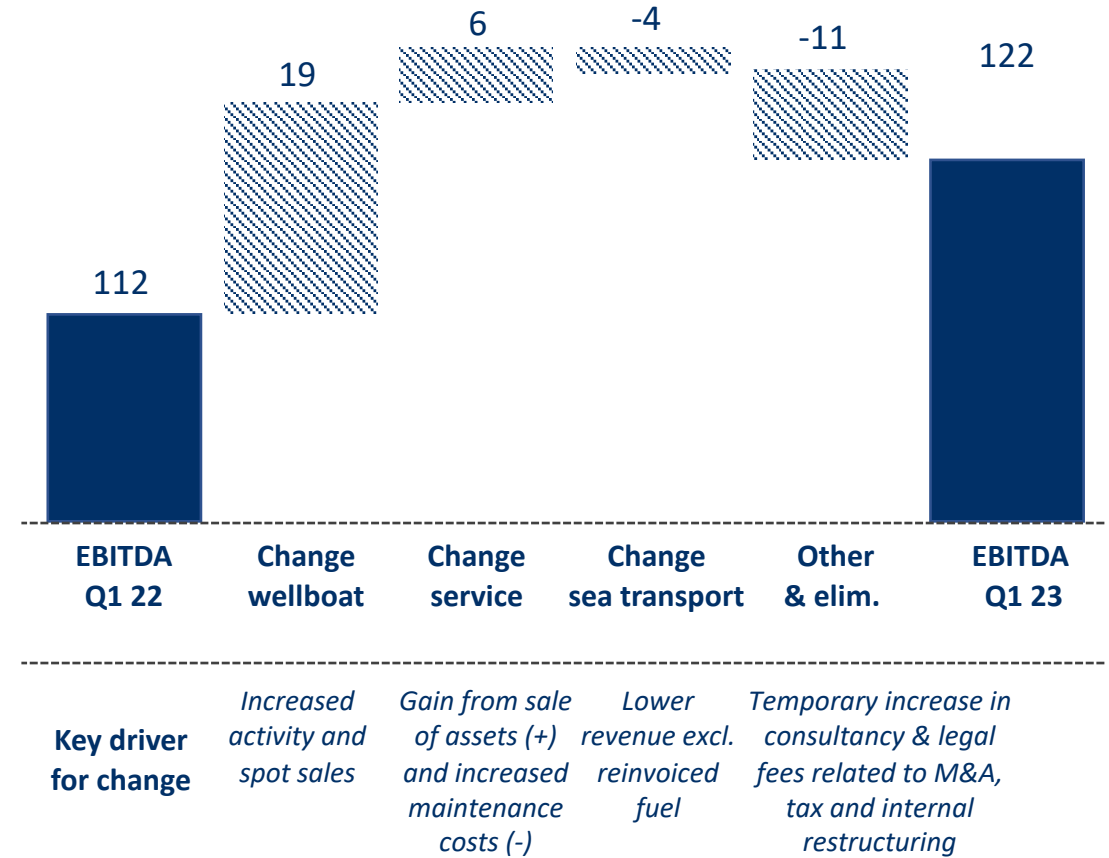
Financial review

Group financial development

Revenue bridge Q1 22 – Q1 23



EBITDA bridge Q1 22 – Q1 23



Profit & loss

Highlights Q1 23

- Total revenues of NOK 519 million (NOK 431 million)
- EBITDA of NOK 122 million (NOK 112 million)
- EBITDA margin of 23% (26%)
- Q1 23 gain on sale of assets of NOK 15 million (NOK 9 million)
- EBITDA adjusted for gain from sale of assets of NOK 107 million (NOK 102 million)
- Net finance was positively impacted by fixed interest rate swaps, currency swaps and profit from sale of minority shareholding in Halten AS

(NOKm)	Q1 23	Q1 22
Total revenue	519.4	431.4
EBITDA	121.8	111.6
EBITDA %	23%	26%
Depreciation	104.8	91.5
Operating profit	17.0	20.1
Net financial items	7.7	15.0
Profit (loss) before tax	24.7	35.1
Taxes	9.3	3.6
Net profit	34.0	38.7

Balance sheet

Highlights Q1 23

- Increased vessels, property, plant and equipment vs. Q1 22 due to investments into the ongoing newbuild program
- Gross debt increased due to debt on newbuilds
- Net interest-bearing debt of NOK 4 013 million (NOK 3 591 million)
- Equity ratio 40%

(NOKm)	31.03.2023	31.03.2022	31.12.2022
Goodwill and intangible assets	687.6	687.6	687.6
Vessels, property, plant and equipment	6 010.0	5 677.0	6 011.4
Right-of-use assets	529.9	431.9	514.6
Other assets	112.2	33.7	120.2
Non-current assets	7 339.7	6 830.2	7 333.8
Inventory	13.3	11.0	15.0
Receivables	290.9	240.5	358.7
Cash and cash equivalents	625.4	738.5	318.7
Total current assets	929.6	990.1	692.4
TOTAL ASSETS	8 269.3	7 820.3	8 026.2
Total equity	3 328.3	3 237.0	3 295.0
Non-current interest-bearing liabilities	3 723.0	3 281.3	3 609.6
Non-current lease liabilities	323.1	248.6	314.7
Deferred tax liabilities	26.9	34.2	31.5
Total non-current liabilities	4 073.0	3 564.0	3 955.7
Current interest-bearing liabilities	466.3	707.9	443.1
Current lease liabilities	125.7	91.6	119.8
Other current liabilities	276.0	219.7	212.6
Total current liabilities	868.0	1 019.2	775.5
TOTAL EQUITY AND LIABILITIES	8 269.3	7 820.2	8 026.2
Net interest-bearing debt	4 012.7	3 590.9	4 168.5
Equity ratio	40 %	41 %	41 %

Cash flow

Highlights Q1 23

- Positive cash flow from operations of NOK 234 million
- Cash flow from investment activities of NOK -1 million was driven by the ongoing newbuild program and the sale of shares in Halten AS and the sale of two older service vessels
- Cash flow from financing of NOK 74 million – new debt on vessels under construction less repayment of borrowings and lease liabilities
- 31.03.23 cash position at NOK 625 million

(NOKm)	Q1 23	Q1 22
Cash flows from operating activities		
Profit or loss before tax	24.7	35.1
Depreciation and impairment	104.8	91.5
Net interest and financial items	-7.7	-14.1
Changes in working capital and other	112.0	24.2
Net cash flows from operating activities	233.8	136.7
Cash flows from investing activities		
Purchase of property, plant and equipment	-115.5	-301.9
Other	114.6	14.6
Net cash flow from investing activities	-0.9	-287.3
Cash flow from financing activities		
Proceeds from borrowings	237.3	270.1
Repayment of borrowings	86.4	69.3
Issue of share capital	0.0	0.0
Payment of principal part of lease liabilities	-29.2	-24.2
Interest paid	-47.9	-26.0
Other		
Net cash flow from financing activities	73.8	150.6
Net change in cash and cash equivalents	306.7	-0.0
Cash and cash equivalents, beginning of period	318.7	738.5
Cash and cash equivalents, end of period	625.4	738,5

Investment program

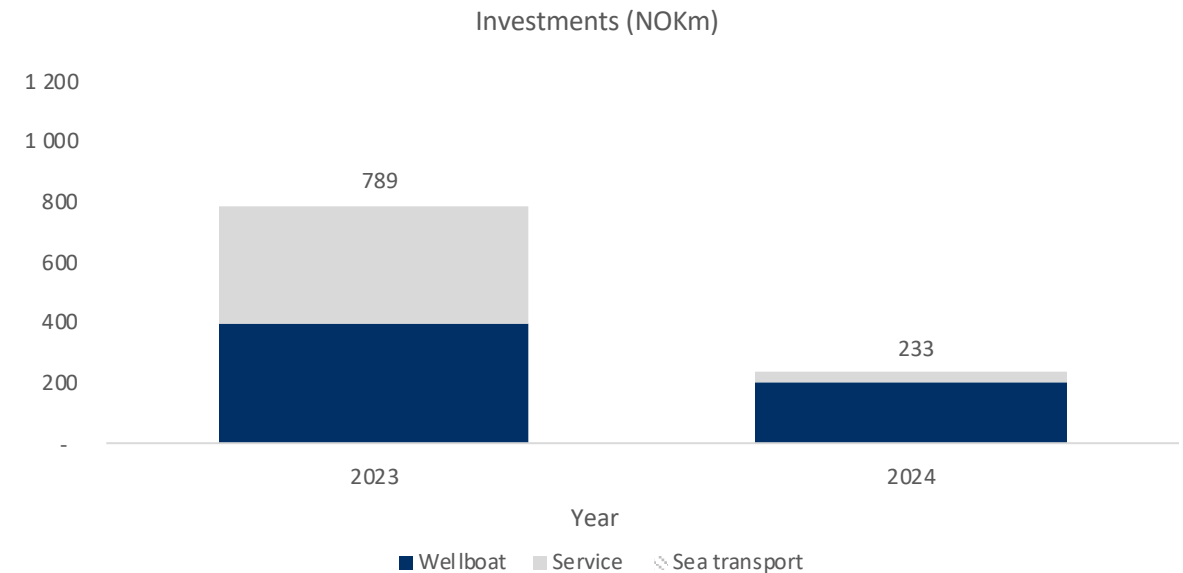
Total capex related to the newbuild program estimated to approx. NOK 1.0 bn.

Wellboat

- MS Gåsø Odin delivered April 2023
- MS Veidnes newbuild scheduled for delivery autumn 2023
- MS Frøy Saga scheduled for delivery autumn 2024

Service

- Three net cleaning vessels, one pen cleaning barge and a diving vessel scheduled for delivery Q2 and Q3 23
- Two large service vessels scheduled for delivery 2023
- One large service vessels scheduled for delivery in 2024



Financing

Financing strategy

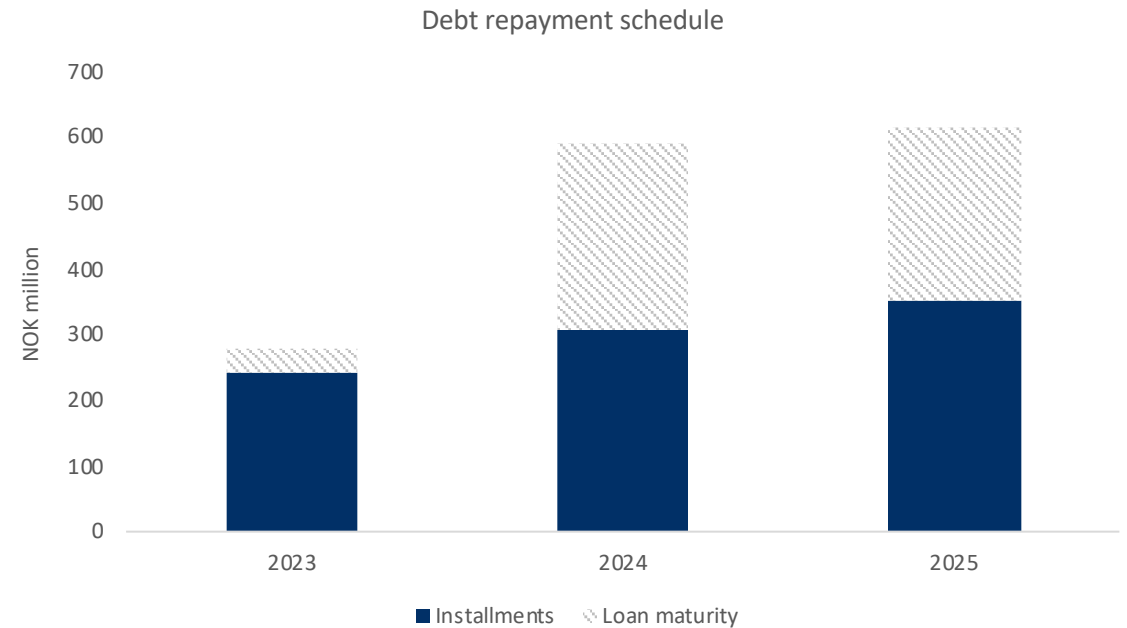
- Frøy finance its fleet and equipment with bank debt and leasing

Newbuild financing

- Bank debt secured on all committed wellboat newbuilds incl. new wellboat ordered after quarter end
 - +/- 80% loan to value

Debt maturities

- Annual regular installments on bank debt of approx. NOK 300 million



Outlook

Outlook

Outlook

- **Positive underlying market trends driven by** farming in more exposed locations, larger farming sites and new regulations
- **Demand for more efficient and environmentally friendly** solutions addressing key industry challenges on fish welfare, bio security and environmental footprint
- **Sharp increase in newbuild prices and high inflation** expected to translate into increased charter rates

Strategic priorities

- **Profitable growth** - Minimum Return On Equity of 10-18%.
- **Support core clients in the regions where they choose to grow** – Build on new footholds in South-West Norway, Iceland and Newfoundland
- **Develop sustainable aqua service solutions** – Key focus to reduce carbon footprint and continuously improve fish welfare

Q&A

Share information 31.03.22

Total number of shares

- 86 348 603 shares outstanding

Total number of shares owned by 20 largest shareholders

- 91.2 % of total number of shares outstanding

Name of shareholder	No. of shares	%
NTS AS	62 269 112	72.11
Frøy Kapital AS	9 212 017	10.67
DNB Bank ASA, Meglerkonto Innland	1 035 142	1.20
HSBC Bank Plc	861 148	1.00
Riiber Holding AS	840 661	1.01
Amble Investment AS	805 171	0.93
Verdipapirfondet Fondsfinans Norge	604 759	0.70
BNP Paribas	571 378	0.66
Furberg & Sønn A/S	433 214	0.50
LIN AS	327 868	0.38
UBS Switzerland AG	247 123	0.29
GH Holding AS	227 868	0.26
Gåsø Næringsutvikling AS	222 750	0.26
Refsnes Fiskeindustri AS	196 290	0.23
Jaco Nor AS	160 000	0.19
HMH Invest AS	159 667	0.18
Cjnk AS	156 767	0.18
Nyhamn AS	150 000	0.17
Ek-Holding AS	130 000	0.15
Lindvard Invest AS	112 295	0.13
Total 20 largest shareholders	78 723 230	91.17
Total other	7 625 373	8.83
Total number of shares	86 348 603	100.00

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
- The adjusted EBITDA % is calculated by dividing adjusted EBITDA by the sum of revenues from contracts, framework agreements and spot.
- 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 and adjusted EBITDA % – NOK millions

(NOK 1,000,000)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Contract revenues	201	211	237	255	254	278	297	277	285
Framework revenues	45	101	100	112	64	99	131	100	68
Spot revenues	67	62	80	59	50	52	72	72	73
Sum revenue from contracts, framework agreements and spot	313	375	417	426	368	429	500	450	426
Fuel & other reinvoiced revenues	43	38	35	50	53	77	114	123	78
Other revenues	1	0	5	84	9	1	0	6	15
Total revenue	356	412	457	561	431	507	614	579	519
Direct expenses	50	42	46	89	91	119	160	138	107
Employee benefit expenses	113	120	138	130	143	146	162	167	170
Other operating expenses	110	92	85	82	86	89	95	74	121
EBITDA	84	159	188	260	112	154	197	201	122
Loss/gain on sale of assets	1	0	6	84	9	0	0	6	15
IPO costs	8	0	0	0	0	0	0	0	0
Adjusted EBITDA	92	159	183	176	102	153	197	195	107
EBITDA %	24%	39%	41%	46%	26%	30%	32%	35%	23%
Adjusted EBITDA %	29%	42%	44%	41%	28%	36%	39%	43%	25%



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