

Philly Shipyard ASA (Oslo: PHLY) Q4 2024 and Full Year Results 2024

13 February 2025

Key Events and Highlights

- ✓ On 19 December 2024 the sale of Philly Shipyard, Inc. to Hanwha was successfully closed
- ✓ Total cash and cash equivalents of USD 88.0 million at 31 December 2024, excluding USD 10.0 million of escrow cash

Subsequent Events

- ✓ On 29 January 2025, the Board authorized a dividend payment of USD 6.08 per share to the shareholders of record as of 21 February 2025 and dissolution proceedings of PHLY. An extraordinary general meeting has been called for 19 February 2025 to approve the proposed dividend and dissolution of the Company.

The Transaction

As previously announced, on 20 June 2024, Philly Shipyard ASA ("PHLY") entered into a share purchase agreement (the "SPA") with both Hanwha Systems and Hanwha Ocean (together "Hanwha"), for the purchase of Philly Shipyard, Inc. ("PSI"), the sole operating subsidiary of PHLY (the "Transaction"). The Transaction officially closed on 19 December 2024. The internal loan between PSI and PHLY was settled as part of the closing and the agreed purchase price of USD 100.0 million was not subject to any reduction or adjustments. As part of the closing, USD 10.0 million of the proceeds was obligated to be maintained in an escrow account related to certain potential liabilities of the Company under the SPA for a period of up to four years following the closing of the Transaction. It is anticipated that the remaining amount will be paid as dividend.

Financial Information

Following the closing of the Transaction, PHLY has ceased trading, and has continued to account for PSI as a discontinued operation in its financial statements up until closing. Prior period results for 2023 have been reclassified to take into account the discontinued operations in 2024. See note 6 below for further details on the discontinued operations.

Fourth Quarter 2024 Results

Operating revenue for Q4 2024 was USD 0 million compared to operating revenue of USD 0 million for Q4 2023.

EBITDA for Q4 2024 was negative USD 0.2 million compared to EBITDA of negative USD 0.2 million for Q4 2023.

Net income after tax for Q4 2024 was USD 154.4 million compared to net loss after tax of USD 18.8 million for Q4 2023. Net income after tax for Q4 2024 primarily consists of the net loss from discontinued operations of USD 78.6 million offset by the gain from the sale of discontinued operations of USD 233.0 million. Net loss after tax for Q4 2023 primarily consists of USD 18.7 million loss from discontinued operations.

Full Year 2024 Results

Operating revenue for 2024 was USD 0 million compared to operating revenue of USD 0 million for 2023.

EBITDA for 2024 was negative USD 0.5 million compared to EBITDA of negative USD 0.7 million for 2023.

Net income after tax for 2024 was USD 90.6 million compared to net loss after tax of USD 67.9 million in the same period of 2023. Net income after tax for 2024 primarily consists of the net loss from discontinued operations of USD 142.1 million offset by the gain from the sale of discontinued operations of USD 233.0 million. Net loss after tax for 2023 primarily consists of USD 67.3 million loss from discontinued operations.

Statement of Financial Position

Total assets were USD 98.1 million at 31 December 2024 compared to USD 294.5 million at 31 December 2023, with the decrease in total assets mainly resulting from the sale of PSI.

Cash and cash equivalents (unrestricted) were USD 88.0 million at 31 December 2024 compared to USD 79.5 million at 31 December 2023. The net increase of USD 8.5 million was primarily due to the sale of PSI.

Total escrow cash as of 31 December 2024 amounted to USD 10.0 million, which is obligated to be maintained in an escrow account related to certain potential liabilities of the Company under the SPA for a period of up to four years following closing of the transaction.

Total equity increased to USD 96.5 million at 31 December 2024 from USD 5.9 million at 31 December 2023.

For further discussion of the sale of PSI and the discontinued operations please refer to note 6.

Outlook

PHLY has gone through a transformational 2024 with the sale of its sole operating asset, PSI. The Board has proposed a dividend of USD 6.08 per share and the dissolution process. An EGM is scheduled for 19 February 2025 to approve the dividend and the dissolution proceedings of PHLY.

Risks

Historically, the risks facing PHLY have typically been related to the operational and financial performance of its only asset, PSI. For a further analysis of risks, please refer to the Company's 2023 annual report.

As noted as part of the closing, PHLY is obligated to maintain an escrow account related to certain potential liabilities of the Company under the SPA for a period of up to four years following the closing of the Transaction. If the Company was to collect less than the full escrow, the amount not collected would impact future liquidity and distributions as well as the gain recorded as of 31 December 2024.

CONDENSED CONSOLIDATED INCOME STATEMENT

Amounts in USD millions (except number of shares and earnings per share)	Q4		December YTD		
	Unaudited Note	Unaudited thru 12/31/24	Unaudited thru 12/31/23	Unaudited thru 12/31/24	Unaudited thru 12/31/23
Operating revenues	-	-	-	-	-
Operating expenses	(0.2)	(0.2)	(0.5)	(0.7)	(0.7)
Operating loss before depreciation (EBITDA)	(0.2)	(0.2)	(0.5)	(0.7)	(0.7)
Depreciation	-	-	-	-	-
Operating loss (EBIT) from continuing operations	(0.2)	(0.2)	(0.5)	(0.7)	(0.7)
Net financial items	0.2	0.1	0.2	0.1	0.1
Loss before income tax from continuing operations	-	(0.1)	(0.3)	(0.6)	(0.6)
Income tax expense	-	-	-	-	-
Loss after income tax from continuing operations	-	(0.1)	(0.3)	(0.6)	(0.6)
Income/(loss) from discontinued ops, net after income tax	6	154.4	(18.7)	90.9	(67.3)
Income/(loss) after income tax		154.4	(18.8)	90.6	(67.9)
Weighted average number of shares		12,107,901	12,107,901	12,107,901	12,107,901
Basic and diluted loss per share from continuing ops (USD)		-	(0.01)	(0.02)	(0.05)
Basic and diluted income/(loss) per share from discontinued ops (USD)		12.75	(1.54)	7.51	(5.56)
Basic and diluted income/(loss) per share (USD)		12.75	(1.55)	7.49	(5.61)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q4		December YTD	
	Unaudited thru 12/31/24	Unaudited thru 12/31/23	Unaudited thru 12/31/24	Unaudited thru 12/31/23
Amounts in USD millions				
Income/(loss) after income tax	154.4	(18.8)	90.6	(67.9)
Other comprehensive income, net of income tax	-	-	-	-
Total comprehensive income/(loss) for the period **	154.4	(18.8)	90.6	(67.9)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in USD millions	Unaudited		Audited
	Note	thru 12/31/24	thru 12/31/23 *
Assets			
Non-current assets			
Property, plant and equipment		-	42.7
Right-of-use assets		-	17.8
Restricted cash long-term		-	34.2
Escrow cash long-term		10.0	-
Deferred tax asset long-term		-	25.3
Income tax receivable long-term		-	0.1
Other non-current assets		-	0.5
Total non-current assets		10.0	120.6
Current assets			
Cash and cash equivalents (unrestricted)		88.0	79.5
Prepayments and other receivables		0.1	68.4
Restricted cash short-term		-	10.0
Income tax receivable short-term		-	16.0
Subtotal current assets		88.1	173.9
Assets held for sale excluding PHLV loan receivable	6	-	-
Total current assets		88.1	173.9
Total assets		98.1	294.5
Equity and liabilities			
Total equity		96.5	5.9
Non-current liabilities			
Lease liability long-term		-	6.8
Income tax payable long-term		-	1.2
Total non-current liabilities		-	8.0
Current liabilities			
Customer advances (net)		-	212.2
Trade payables, accrued liabilities and provisions		1.6	67.2
Lease liability short-term		-	1.0
Other contract liabilities		-	0.2
Total current liabilities		1.6	280.6
Total liabilities		1.6	288.6
Total equity and liabilities		98.1	294.5

* Annual 2023 financial information is derived from audited financial statements.

** All attributed to the equity holders of PHLY.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in USD millions	December YTD	
	Unaudited thru 12/31/24	Unaudited thru 12/31/23
As of beginning of period	5.9	73.8
Total comprehensive income/(loss) for the period	90.6	(67.9)
As of end of period	96.5	5.9

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in USD millions	December YTD	
	Unaudited thru 12/31/24	Unaudited thru 12/31/23
Net cash from/(used in) PHLY operating activities	-	-
Net cash from/(used in) discontinued operations	8.5	(58.0)
Net change in cash and cash equivalents	8.5	(58.0)
Cash and cash equivalents at beginning of period	79.5	137.5
Cash and cash equivalents at end of period	88.0	79.5

CONDENSED CASH FLOW STATEMENT FOR DISCONTINUED OPERATIONS

Amounts in USD millions	December YTD	
	Unaudited thru 12/19/24	Unaudited thru 12/31/23
Net cash used in operating activities	(64.9)	(49.6)
Net cash from/(used in) discontinued ops - investing activities	74.5	(8.2)
Net cash used in financing activities	(1.1)	(0.2)
Net change in cash and cash equivalents	8.5	(58.0)
Cash and cash equivalents at beginning of period	79.5	137.5
Cash and cash equivalents at end of period	88.0	79.5

Notes to the condensed interim consolidated financial statements for the fourth quarter and December 2024 year-to-date

1. Introduction – Philly Shipyard ASA

Philly Shipyard ASA (PHLY) is a company domiciled in Norway. These condensed interim consolidated financial statements for the three-month and year-to-date periods ended 31 December 2024 and 31 December 2023 are comprised of PHLY and its direct and indirect wholly-owned subsidiaries (collectively referred to herein as the Group), including Philly Shipyard, Inc. (PSI), which is being reported as discontinued operations in the comparable 31 December 2023 reporting.

This interim report has not been subject to audit or review by independent auditors.

The audited consolidated financial statements of PHLY as of and for the year ended 31 December 2023, which include a detailed description of accounting policies and significant estimates, are available at www.phillyshipyard.com.

2. Basis of preparation

These condensed interim consolidated financial statements reflect all adjustments, in the opinion of PHLY's management, that are necessary for a fair presentation of the results of operations for the periods presented. Following the closing of the sale of PSI in December 2024, the Company has ceased trading, and the going concern assumption is not applied in these financial statements. At the date of issuance of this report, the Board has approved the liquidation of the Company which is now subject to approval at an EGM scheduled for 19 February 2025. Management has concluded that the IFRS® accounting standards still provide relevant and reliable information, and has therefore prepared these financial statements using substantially the same accounting policies as disclosed in the annual report for 2023 as well as IFRS 5: non-current assets held for sale and discontinued operations.

3. Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS® as adopted by the European Union IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of PHLY as of and for the year ended 31 December 2023.

4. Significant accounting principles

The accounting policies applied by PHLY in these condensed interim consolidated financial statements are substantially the same as those applied by PHLY in its audited consolidated financial statements as of and for the year ended 31 December 2023.

There have not been any new IFRS® standards or interpretations which were effective 1 January 2024 that have had a significant impact on the full year ending 31 December 2024.

5. Use of estimates

The preparation of these condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The most significant judgments made by management in preparing these condensed interim consolidated financial statements in applying PHLY's accounting policies, and the key sources of estimation uncertainty, are the same as those that are applied to the audited consolidated financial statements as of and for the year ended 31 December 2023 unless described elsewhere in this report.

6. Discontinued operations and assets

As announced on 20 June 2024, PHLY entered into a share purchase agreement (the "SPA") with both Hanwha Systems and Hanwha Ocean (together "Hanwha"), for the purchase of PSI, the sole operating subsidiary of PHLY (the "Transaction"). The Transaction has resulted in PHLY selling all of its business against receiving a cash consideration of USD 100.0 million.

The Transaction closed on 19 December 2024 and the agreed purchase price USD 100.0 million was not subject to any reduction or adjustments. In connection with the closing of the Transaction, PSI redeemed and repurchased shares of its stock in exchange for PSI's cancellation of the total outstanding balance due from PHLY as of the closing date (including all unpaid principal and accrued interest).

As part of the closing PHLY is obligated to maintain an escrow account related to certain potential liabilities of the Company under the SPA for a period of up to four years following the closing of the transaction.

PHLY recognized the following gain at the Philly Shipyard ASA (standalone) and Philly Shipyard ASA (consolidated):

	Philly Shipyard ASA gain Standalone 19 December 2024	Philly Shipyard ASA gain Consolidated 19 December 2024
Amounts in USD millions		
Gross proceeds	100.0	100.0
Less transaction costs	(4.0)	(4.0)
Net proceeds at closing	96.0	96.0
Cancellation of intercompany loan	31.6	-
Less book investment in PSI	(67.0)	-
Plus total net deficit of PSI Group	-	137.0
After-tax gain on sale	60.6	233.0

The income/(loss) statements for PSI presented as discontinued operations are as follows:

Amounts in USD millions	Q4		December YTD	
	Unaudited thru 12/19/24	Unaudited thru 12/31/23	Unaudited thru 12/19/24	Audited * thru 12/31/23
Operating revenues	35.9	86.5	353.0	441.8
Operating loss before depreciation (EBITDA)	(60.4)	(15.2)	(116.6)	(63.9)
Operating loss (EBIT)	(58.2)	(17.3)	(120.8)	(71.6)
Loss before income tax and gain-on-sale of discontinued ops	(56.7)	(15.6)	(116.6)	(64.2)
Gain-on-sale of discontinued ops	233.0	-	233.0	-
Income tax expense	(21.9)	(3.1)	(25.5)	(3.1)
Income/(loss) from discontinued ops, net after income tax	154.4	(18.7)	90.9	(67.3)

* Annual 2023 financial information is derived from audited financial statements.

The net cash amounts generated from discontinued operations as of 19 December for 2024 and 31 December for 2023 are as follows:

Amounts in USD millions	December YTD	
	Unaudited thru 12/19/24	Unaudited thru 12/31/23
Net cash used in discontinued ops - operating activities	(64.9)	(49.6)
Net cash from/(used in) discontinued ops - investing activities	74.5	(8.2)
Net cash used in discontinued ops - financing activities	(1.1)	(0.2)
Net change in cash and cash equivalents	8.5	(58.0)
Cash and cash equivalents at beginning of period	79.5	137.5
Cash and cash equivalents at end of period	88.0	79.5

Net cash flow from the sale of PSI:

Amounts in USD millions	19 December 2024
Gross proceeds	100.0
Less transaction costs	(4.0)
Less escrow (restricted cash)	(10.0)
Net proceeds at closing	86.0
Cash in PSI at time of sale	(11.5)
Net cash from disposal	74.5

7. Tax estimates

Income tax (expense)/benefit is recognized in each interim period based on the best estimate of the expected annual income tax rates and deferred tax assets are dependent on estimated future profits.

8. Share capital and equity

At 31 December 2024 and 31 December 2023, PHL Y had 12,107,901 ordinary shares (excluding 466,865 own shares) at a par value of NOK 10 per share. There were no share issuances or repurchases for both the quarter and year ended 31 December 2024 and 31 December 2023. Accordingly, 12,107,901 ordinary shares were used in the calculation of earnings per share for both the quarter and year ended 31 December 2024 and 31 December 2023 (see note 13).

9. Interest-bearing debt

At 31 December 2024 and 31 December 2023, PHL Y had no external debt.

10. Related party transactions

Aker Capital AS, a wholly-owned subsidiary of Aker ASA, is the majority shareholder of PHL Y, owning 57.6% of its total outstanding shares as of 31 December 2024. Kristian Røkke, the Chairman of the Board of Directors of PHL Y, is a board member of TRG Holding AS, which owns 68.2% of the total outstanding shares of Aker ASA as of 31 December 2024. TRG Holding AS is controlled by Kjell Inge Røkke through The Resource Group TRG AS.

PHLY has service agreements with Aker ASA and certain of its affiliates which provide specified, tax, financial, insurance and administrative services. All payables (including service fees and insurance premiums) under these agreements are paid within the normal course of business. PHL Y believes that related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

Related costs and financial statement amounts for the three-month period ending 31 December 2024 were USD 93 thousand (USD 100 thousand for the same period in 2023) and for the year ending 31 December 2024 were USD 112 thousand (USD 119 thousand for the same period in 2023).

11. Operating revenues of discontinued operations

Amounts in USD millions	Q4		December YTD	
	thru 12/19/24	thru 12/31/23	thru 12/19/24	thru 12/31/23
Shipbuilding	35.9	86.5	351.9	441.6
Government design studies	-	-	1.1	0.2
Operating revenues	35.9	86.5	353.0	441.8

12. Financial instruments

As of 31 December 2024, the Company has no forward exchange contracts or other financial instruments.

13. Subsequent events after 31 December 2024

On 29 January 2025, the Board authorized a dividend payment of USD 6.08 per share to the shareholders of record as of 21 February 2025 and dissolution proceedings of PHL Y. An extraordinary general meeting has been called for 19 February 2025 to approve the proposed dividend and dissolution of PHL Y.

Contact information:

Philly Shipyard ASA
Vika Atrium
Munkedamsveien 45
NO-0250 Oslo, Norway

Steinar Nerbøvik
President and CEO
Tel: +1 215 847 2531
steinar.nerbovik@phillyshipyard.com

Jeffrey Theisen
Chief Financial Officer
Tel: +1 610 517 5943
jeffrey.theisen@phillyshipyard.com

Kristine Damli
Vice President
Tel: +47 23 11 91 00
kristine.damli@phillyshipyard.com

Disclaimer

This report includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for Philly Shipyard ASA and its subsidiaries and affiliates (the "Philly Shipyard Group") lines of business. These expectations, estimates, and projections are generally identifiable by statements containing words such as "expects," "believes," "estimates," "anticipates," "intends," or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic, market and political conditions in the geographic areas and industries that are or will be major markets for the Philly Shipyard Group's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates, and such other factors as may be discussed from time to time. Although Philly Shipyard ASA believes that its expectations and the information in this report were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this report. Neither Philly Shipyard ASA nor any other company within the Philly Shipyard Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in this report, and neither Philly Shipyard ASA, any other company within the Philly Shipyard Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in this report.

Philly Shipyard ASA undertakes no obligation to publicly update or revise any forward-looking information or statements in this report, other than what is required by law.

The Philly Shipyard Group consists of various legally independent entities, constituting their own separate identities. Philly Shipyard is used as the common brand or trademark for most of these entities. In this report we may sometimes use the "Company," "Philly Shipyard," "Group," "we," or "us" when we refer to Philly Shipyard companies in general or where no useful purpose is served by identifying any particular Philly Shipyard company.

This report does not constitute an offer of any securities for sale.