Annual Report

2024

Philly Shipyard

Contents

FINANCIAL CALENDAR 2025

2024 annual report	2 April
Annual general meeting	29 April

Dates are subject to change.

This is Philly Shipyard

Philly Shipyard ASA is listed on the Euronext Expand Oslo (formerly known as Oslo Axess) with the ticker symbol "PHLY". Aker Capital AS, a wholly-owned subsidiary of Aker ASA, is the majority shareholder, holding 57.6% of the shares as of 31 December 2024. PHLY sold its only operating asset Philly Shipyard, Inc. to Hanwha on 19 December 2024. An Extra-ordinary General Meeting (EGM) was held on 19 February 2025 at which dissolution of PHLY was approved.

Philly Shipyard:
Our History 1997 - 2024

1997-2002

Founded by public-private partnership between U.S. Government agencies and the Kvaerner Shipbuilding Division

2000: Construction began on first two container vessels

2003 - 2006

Delivered four container vessels to Matson (Hulls 001-004)

2005: Aker American Shipping formed and publicly listed on Oslo Børs

2005: Initiated construction program of 10 product tankers

2007 - 2011

Delivered 12 product tankers to AMSC and OSG (Hulls 005-016)

2007: Two additional product tankers ordered for conversion to shuttle tankers

2007: Aker American Shipping split into ship owning and shipbuilding companies and Aker Philadelphia Shipyard listed on Oslo Axess

2011: Signed contracts with SeaRiver Maritime for two Aframax tankers

2012 - 2013

Delivered two product tankers to Crowley (Hulls 017-018)

2013: Signed contracts with Matson for two CV3600 container vessels

2013: Signed joint venture agreement with Crowley for four product tankers

2014 - 2016

Delivered two Aframax tankers to SeaRiver Maritime (Hulls 019-020), four product tankers to Crowley (Hulls 021-024), and one product tanker to Kinder Morgan (Hull 025)

2014: Established Philly Tankers as pure-play Jones Act shipping company

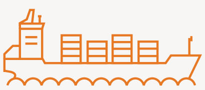
2014-2015: Signed contracts with Philly Tankers for product tankers

2015: Philly Tankers agreed to sell product tanker contracts to Kinder Morgan

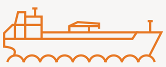
2015: Signed agreement with Marathon Petroleum to sell Crowley joint venture interests

2015: Rebranded as Philly Shipyard

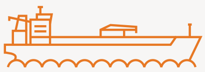
VESSELS BUILT AND REPAIRED BY PHILLY SHIPYARD FROM INCEPTION THROUGH TODAY



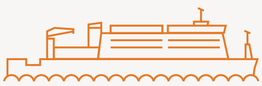
6 Container Vessels



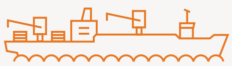
22 Product Tankers



2 Aframax Tankers



2 National Security Multi-Mission Vessels



3 Repair Vessels

2017 - 2019

Delivered three product tankers to Kinder Morgan (Hulls 026-028) and two CV3600 container vessels to Matson (Hulls 029-030)

2019: Awarded first two repair & maintenance contracts for the FSS *Antares* and the FSS *Pollux*, large MARAD sister-ships managed by TOTE Services

2019: Awarded prime contract for design studies for the U.S. Navy's Common Hull Auxiliary Multi-Mission Platform (CHAMP) program

2019: Completed ship repair & maintenance work on a U.S. Government vessel, the FSS *Antares*

2020

Awarded a contract by TOTE Services for the construction of up to five National Security Multi-Mission Vessels (NSMVs) for the U.S. Department of Transportation's Maritime Administration (MARAD)

Received an order for the first two NSMVs (1 and 2) with a total contract value of approximately USD 630 million

Completed ship repair & maintenance work on a U.S. Government vessel, the FSS *Pollux*

Awarded contracts to participate in industry studies for the U.S. Coast Guard's Offshore Patrol Cutter (OPC) program and the U.S. Navy's Auxiliary General Ocean Surveillance (T-AGOS(X)) program

2021

Received an order for two additional NSMVs (3 and 4) with a total contract value of approximately USD 600 million

Awarded and completed a repair & maintenance contract for the USNS *Charlton* from Patriot Contract Services on behalf of the U.S. Navy Military Sealift Command

Awarded an industry study contract for the development and design of U.S. Navy Cable Ship T-ARC(X) program

Won a contract from Great Lakes Dredge & Dock Company, LLC to construct one Jones Act-compliant Subsea Rock Installation Vessel (SRIV)

Celebrated the NSMV 1 keel laying and cut steel to mark the start of production for NSMV 2

2022

Received an order for fifth and final NSMV, bringing the total project value to approximately USD 1.5 billion

Won a contract from return customer Matson Navigation Company to build three LNG-powered containerships valued at approximately USD 1.0 billion

Honored with the 2022 Shipbuilders Council of America (SCA) "Excellence in Safety" award and surpassed 2 million consecutive work hours without a lost time incident (LTI)

Celebrated building milestones with NSMV 1 launch, NSMV 2 keel laying, and NSMV 3 start of production

2023

Delivered NSMV 1, the *Empire State*, to MARAD for service at SUNY Maritime College

Celebrated building milestones with NSMV 2 launch, NSMV 3 keel laying, and NSMV 4 steel cutting and keel laying

Celebrated the steel cutting for the SRIV

Awarded an industry study contract to conduct the T-AH(X) Hospital Ship feasibility study

2024

Successfully sold Philly Shipyard, Inc. to Hanwha

Delivered NSMV 2, the *Patriot State*, to MARAD for service at Massachusetts Maritime Academy

Celebrated NSMV program building milestones with NSMV 3 launch and NSMV 5 steel cutting

Laid the keel of the SRIV

Celebrated the steel cutting for the first containership for Matson

2024 Key Events and Highlights

Celebrated steel cutting of NSMV 5 in February 2024

Launched NSMV 3 in April 2024

Laid the keel of the SRIV in May 2024

Published its Norwegian Transparency Act Statement for the financial year 2023 in June 2024 and its first Sustainability Report in September 2024

Successfully delivered NSMV 2, the *Patriot State*, in September 2024

Celebrated steel cutting of the first CV for Matson in September 2024

Philly Shipyard sold to Hanwha in December 2024

Norwegian Transparency Act

The purpose of the Norwegian Transparency Act is to promote enterprises' respect for fundamental human rights and decent working conditions in their operations and their supply chains.

Philly Shipyard will not tolerate any form of human rights violations in our operations or supply chains, including service providers and suppliers. Our existing Philly Shipyard policies and employment practices include freedom of association and respect for human and labor rights. We forbid forced, coerced, bonded, indentured, involuntary or enslaved labor; child labor; and all forms of human trafficking. We are committed to providing a safe and healthy work environment devoid of discrimination.

In compliance with the requirements of the Act, Philly Shipyard files annually the required statement and publishes a copy of it on the Sustainability page of our website.

The Norwegian Transparency Act requires that covered companies respond to requests from the public on how the company is managing actual or potential human rights impacts across its organization and supply chain. Philly Shipyard has established a process for receiving and managing such requests, which should be submitted through contact@phillyshipyardasa.com.

Sustainability and ESG Program

SUSTAINABILITY/ESG PROGRAM STRATEGY AND HIGHLIGHTS

Philly Shipyard is committed to operating sustainably and responsibly. We are committed to our stakeholders and environment because it is right for the company, right for our people, and right for the planet. During 2024, we continued to strengthen our sustainability and environmental, social, and Sustainability and ESG Program governance (ESG) program. A highlight for 2024 was the publication of our first Sustainability/ESG Report for Philly Shipyard.


LIFTING CAPACITY = 600MT
BEAM WEIGHT = 450MT

Board of Directors' Report 2024

Philly Shipyard ASA is a holding company that currently has no operating investments. Aker Capital AS, a wholly-owned subsidiary of Aker ASA, is the majority shareholder in Philly Shipyard ASA.

KEY EVENTS AND HIGHLIGHTS

- Successfully sold its wholly-owned subsidiary, Philly Shipyard, Inc., to Hanwha on 19 December 2024
- 2024 net income of USD 90.6 million compared to 2023 net loss of USD 67.9 million
- Total cash and cash equivalents of USD 88.0 million at 31 December 2024, excluding USD 10.0 million of escrow cash

ACTIVITIES

Philly Shipyard is as of year end comprised of the Norwegian holding company, Philly Shipyard ASA (referred to herein as "PHLY"). PHLY is located in Oslo, Norway.

KEY EVENTS 2024

In September 2024, Philly Shipyard, Inc. (referred to herein as "PSI") successfully delivered the second NSMV, the *Patriot State*.

In December 2024, PHLY successfully sold its sole operating asset, PSI, to Hanwha.

REVIEW OF THE ANNUAL ACCOUNTS

Philly Shipyard prepares and presents its consolidated accounts according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

PHLY was formed on 16 October 2007 to be the holding company of PSI which operated the shipyard located in Philadelphia, Pennsylvania, USA.

On 20 June 2024, PHLY entered into a share purchase agreement (the "SPA") with both Hanwha Systems and Hanwha Ocean (together "Hanwha"), for the sale of PSI, the sole operating subsidiary of PHLY (the "Transaction") for cash consideration of USD 100.0 million. The Transaction officially closed on 19 December 2024.

Following the closing of the sale of PSI in December 2024, PHLY has ceased trading, and the going concern assumption is therefore not applied in these financial statements. PHLY has continued to account for PSI as discontinued operations 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 19 for further details on the discontinued operations.

Profit and loss accounts

Operating revenues in 2024 and 2023 were both USD 0.

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

Net financial items in 2024 and 2023 were income of USD 0.2 million and USD 0, respectively. Net financial items in 2024 were primarily driven by interest income from bank deposits partially offset by interest expense and bank fees.

Income/(loss) from discontinued operations was USD 90.8 million in 2024 and negative USD 67.2 million in 2023. Income in 2024 was comprised of the net loss from discontinued operations of USD 142.2 million offset by the gain-on-sale of discontinued operations of USD 233.0 million. The loss from discontinued operations in 2023 was USD 67.2 million.

In 2024, Philly Shipyard's net income was USD 90.6 million and its basic and diluted income per share was USD 7.49. The corresponding figures for 2023 were net loss of USD 67.9 million and a basic and diluted loss per share of negative USD 5.61.

Cash flows

Net cash flow used in operating activities in 2024 and 2023 were USD 59.2 million and USD 50.8 million, respectively. There were no significant changes year-to-year caused by the level of completion of vessels and customer and vendor contract payment schedules.

Net cash flow from investing activities in 2024 was USD 68.8 million and net cash used in investing activities in 2023 was USD 6.6 million. Cash generated from investment activities in 2024 was mostly due to proceeds from sale of PSI partially offset by capital expenditures up through 19 December 2024 whereas in 2023 investment activities were due to capital improvements and enhancements to support the NSMV and SRIV programs.

Net cash flow used in financing activities in 2024 and 2023 were USD 1.1 million and USD 0.7 million, respectively. In both 2024 and 2023, financing activities were for lease liabilities.

Statement of financial position and liquidity

As of 31 December 2024, Philly Shipyard has cash and cash equivalents (excluding escrow cash) of USD 88.0 million. The corresponding figure for 2023 is USD 79.5 million. The increase of USD 8.5 million in 2024 (compared to decrease of USD 58.1 million in 2023) was primarily due to the sale of PSI, offset by cash used in discontinued operations. Philly Shipyard's net working capital (current assets less current liabilities) is USD 86.4 million at 31 December 2024 compared to negative USD 106.7 million at 31 December 2023.

As of 31 December 2024, Philly Shipyard had an escrow of USD 10.0 million (classified as long-term). The USD 10.0 million 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 on 19 December 2024.

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.

Current assets as of 31 December 2024 of USD 88.1 million consists of prepayments and cash and cash equivalents. The corresponding figure for 31 December 2023 was USD 173.9 million and consisted of prepayments and other receivables, restricted cash (short-term), income tax receivable (short-term) and cash and cash equivalents. The decrease of USD 85.8 million in current assets is primarily due to the sale of PSI.

Non-current assets of USD 10.0 million as of 31 December 2024 consists of the escrow cash. The corresponding figures for 31 December 2023 was USD 120.6 million and consisted of property, plant and equipment, right-of-use assets, restricted cash (long-term), deferred tax asset, income tax receivable (long-term), and other non-current assets. The decrease of USD 110.6 million in non-current assets is primarily due to the sale of PSI.

Current liabilities as of 31 December 2024 of USD 1.7 million consists of trade payables and accrued liabilities. The corresponding figure for 31 December 2023 was USD 280.6 million and consisted of trade payables and accrued liabilities, warranties, customer advances (net), other contract liabilities and lease liability (short-term). The decrease of USD 278.9 million in current liabilities is primarily due to the sale of PSI.

Non-current liabilities of USD 0 as of 31 December 2024 and USD 8.0 million as of 31 December 2023 consists of income tax payable (long-term) and lease liability (long-term). The decrease of USD 8.0 million in non-current liabilities is primarily due to the sale of PSI.

Total equity at 31 December 2024 amounts to USD 96.4 million and the equity ratio (total equity divided by total assets) was 98%. Corresponding figures for 31 December 2023 are USD 5.8 million and 2%, respectively. The USD 90.6 million increase in equity is the result of the current year's net income.

The Board deems that the Company as of 31 December 2024 is financially viable. An EGM on 19 February 2025 approved the dissolution of PHLY. It is anticipated to be completed within the first half of 2025.

RISKS

Historically, the risks facing PHLY have typically been related to the operational and financial performance of its only asset, PSI.

As noted, as part of the closing, PHLY is obligate 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.

SUBSEQUENT EVENTS AFTER 31 DECEMBER 2024

On 29 January 2025, the Board proposed a dividend payment of USD 6.08 per share to shareholders of record as of 21 February 2025 as well as the commencement of dissolution proceedings of PHLY. An extraordinary general meeting (EGM) was held on 19 February 2025 during which the proposed dividend and dissolution of PHLY were approved.

THE GOING CONCERN ASSUMPTION

Following the closing of the sale of PSI in December 2024, PHLY has ceased trading, and the going concern assumption is therefore not applied in these financial statements. PHLY has continued to account for PSI as discontinued operations in its financial statements up until closing.

At the date of issuance of this report, the liquidation of the Company has been approved by the Board and the EGM that occurred on 19 February 2025. Management has concluded that the IFRS accounting standards (consolidated financial statements) and Norwegian GAAP accounting standards (Parent company financial statements) still provide relevant and reliable information, and has therefore prepared these financial statements using the same accounting policies as previously disclosed.

PARENT COMPANY ACCOUNTS AND ALLOCATION OF INCOME FOR THE YEAR

The income/(loss) account of PHLY for the year 2024 shows income of USD 59.0 million. The Board of Directors proposes that the income for the year be allocated as shown below:

Extraordinary dividend	USD (73.6) million
Share premium reserve	USD 12.5 million
Other equity	USD 2.1 million
Total allocated	USD 59.0 million

Philly Shipyard presents its Parent company financial statements using GAAP (Generally Accepted Accounting Principles) of Norway that require extraordinary dividend to be presented as a liability and as part of the allocation of the income for 2024 regardless of the fact that the dividend was declared in February 2025 and not in 2024. For the financial statements presented using IFRS (International Financial Reporting Standards), dividend declared after year end 2024 may not be recorded as a liability. The equity of the Company is therefore not the same in the two statements of financial position as at 31 December 2024.

Philly Shipyard's goal now that it has sold its only operating asset, PSI, is to return a significant portion of the sale proceeds to its shareholders while ensuring PHLY's obligations under the SPA are fully accounted for.

The Parent company's only significant asset is cash. Prior to closing of the Transaction it was the investment in subsidiary, PSI.

ENVIRONMENTAL, SOCIAL, & GOVERNANCE (ESG)

Philly Shipyard is committed to operating sustainably and responsibly. As an enhancement to the Company's governance framework, the Audit Committee of the Board of Directors established oversight of the sustainability/ESG program and reviews it regularly at meetings.

In compliance with the Norwegian Transparency Act, Philly Shipyard filed the second required statement on the sustainability page of its website on 30 June 2024. This statement describes the decent working conditions within the Shipyard's operations, its policies and practices, its supplier risk assessment process and findings, and its engagement with its supply chain regarding human rights and modern slavery.

Philly Shipyard's sustainability/ESG strategy continues to be focused on those material topics that were identified through its stakeholder analysis and materiality assessment, which are reviewed annually. The Company published its first Sustainability Report on 16 September 2024 and the report can be found at www.phillyshipyardasa.com/sustainability.

The Company has zero tolerance for corruption and has adopted an Anti-Corruption Policy that is in line with the anti-corruption policies at other Aker ASA-related companies. The Company was required to report according to the Corporate Sustainability Reporting Directive (CSRD) in 2024. The CSRD is an EU regulation that mandates companies to disclose detailed information about their environmental, social and governance (ESG) impacts, aiming to enhance transparency and accountability in corporate sustainability practices. Due to the fact that the Company is under liquidation and will be dissolved in 2025, the Company has not prepared the report.

ORGANIZATION

On 31 December 2024, Philly Shipyard's workforce consisted of 0 employees.

CORPORATE GOVERNANCE

Philly Shipyard's corporate governance policy exists to ensure an appropriate division of roles among the Company's owners, Board of Directors and Management Team. Such a separation of roles ensures that goals and strategies are prepared, that adopted corporate strategies are implemented, and that the results achieved are subject to verification and follow-up. Applying these principles also contributes to satisfactory group-wide monitoring and verification of activities. An appropriate division of responsibilities and satisfactory controls will contribute to the greatest possible value creation over time, to the benefit of shareholders and other interest groups. Philly Shipyard's corporate governance guidelines are presented in greater detail on pages 59-63 of this annual report.

The directors and officers of Philly Shipyard are covered under an Aker group Directors and Officers liability insurance policy (D&O). The insurance covers personal legal liabilities including defense and legal costs. The officers and directors of the Parent company and all subsidiaries globally (owned more than 50%) are covered by the insurance. The cover also includes employees in managerial positions or employees who become named in a claim or investigation.

OUTLOOK

PHLY has gone through a transformational 2024 with the sale of its sole operating asset, PSI. The Board proposed an initial dividend of USD 6.08 per share totaling approximately USD 73.6 million and to begin the dissolution process. The proposed dividend and dissolution process were approved at an EGM held on 19 February 2025. PHLY hopes to complete the dissolution within the first half of 2025 and distribute the remaining cash to its shareholders. The escrow account of USD 10.0 million is obligated to be maintained for a period of up to four years following the closing for certain potential liabilities of the Company under the SPA. It is anticipated that the remaining amount will be paid as a liquidation dividend to shareholders.

Oslo, Norway - 28 March 2025
Board of Directors Philly Shipyard ASA

Kristian Røkke	Jan Petter Hagen	Elin Karfjell	Susan Hayman	Steinar Nerbøvik
Board Chairman	*Board Member*	*Board Member*	*Board Member*	*President and CEO*

Directors' Responsibility Statement

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors' report and the consolidated and separate annual financial statements for Philly Shipyard ASA, as of and for the year ending 31 December 2024 (annual report 2024).

The Philly Shipyard ASA consolidated financial statements have been prepared in accordance with IFRS, as adopted by the European Union, and additional disclosure requirements in the Norwegian Accounting Act, and that should be used as of 31 December 2024. The separate financial statements for Philly Shipyard ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian Accounting Standards as of 31 December 2024. The Board of Directors' report for the group and the Parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian accounting standard no. 16, as of 31 December 2024.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2024 have been prepared in accordance with applicable accounting standards

- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and income/(loss) as a whole as of 31 December 2024 for the Group and the Parent company

- The Board of Directors' report for the Group and the Parent company includes a true and fair review of:

    - The development and performance of the business and the position of the Group and the Parent company

    - The principal risks and uncertainties the Group and the Parent company face

Oslo, Norway - 28 March 2025
Board of Directors Philly Shipyard ASA

Kristian Røkke	Jan Petter Hagen	Elin Karfjell	Susan Hayman	Steinar Nerbøvik
Board Chairman	*Board Member*	*Board Member*	*Board Member*	*President and CEO*


Philly Shipyard
Philly Shipyard
3M
2078
2078


We are EVOLVING
We challenge ourselves

Philly Shipyard ASA - under liquidation

Consolidated Income Statement

Amounts in USD thousands (except share amounts and earnings per share)	Note	2024	2023
Operating revenues	2	-	-
Operating revenues		**-**	**-**
Operating expenses	3	(556)	(680)
Operating loss before depreciation (EBITDA)		**(556)**	**(680)**
Depreciation	6	-	-
Operating loss (EBIT) from continuing operations		**(556)**	**(680)**
Financial income	4	241	59
Financial expense	4	(24)	(45)
Loss before income tax from continuing operations		**(339)**	**(666)**
Income tax expense	5	-	-
Loss after income tax from continuing operations		**(339)**	**(666)**
Income/(loss) from discontinued operations, net after income tax	19	90 855	(67 271)
Income/(loss) after income tax		**90 516**	**(67 937)**
Weighted average number of ordinary shares in issue	10	12 107 901	12 107 901
Basic and diluted loss per share from continuing ops (USD)	10	(0.02)	(0.05)
Basic and diluted income/(loss) per share from discontinued ops (USD)	10	7.51	(5.56)
Basic and diluted income/(loss) per share (USD)	10	**7.49**	**(5.61)**

Consolidated Statement of Comprehensive Income

Amounts in USD thousands	2024	2023
Income/(loss) after income tax	90 516	(67 937)
Other comprehensive income, net of income tax	-	-
Total comprehensive income/(loss) for the period *	**90 516**	**(67 937)**

* All attributable to equity holders of the parent company.

Philly Shipyard ASA - under liquidation

Consolidated Statement of Financial Position

as of 31 December

Amounts in USD thousands	Note	2024	2023
ASSETS			
Property, plant and equipment	6	-	42 653
Right-of-use assets	6	-	17 835
Restricted cash long-term	9	-	34 158
Escrow cash long-term	9	10 000	-
Deferred tax asset	5	-	25 333
Income tax receivable long-term	5	-	82
Other non-current assets		-	552
Total non-current assets		**10 000**	**120 613**
Prepayments and other receivables	7	79	68 389
Restricted cash short-term	9	-	10 022
Income tax receivable short-term	5	-	15 978
Cash and cash equivalents	8	88 039	79 463
Total current assets		**88 118**	**173 852**
TOTAL ASSETS		**98 118**	**294 465**
EQUITY AND LIABILITIES			
Paid in capital	11	35 206	35 206
Other equity		61 145	(29 371)
Total equity attributable to equity holders of the parent company		**96 351**	**5 835**
Total equity		**96 351**	**5 835**
Income tax payable long-term	5	-	1 200
Lease liability long-term	12	-	6 788
Total non-current liabilities		**-**	**7 988**
Trade payables and accrued liabilities	14	1 767	65 037
Other provisions - warranties	13	-	2 131
Customer advances (net)	2	-	212 196
Other contract liabilities	2	-	221
Lease liability short-term	12	-	1 057
Total current liabilities		**1 767**	**280 642**
Total liabilities		**1 767**	**288 630**
TOTAL EQUITY AND LIABILITIES		**98 118**	**294 465**

Oslo, Norway - 28 March 2025 - **Board of Directors Philly Shipyard ASA**

Kristian Røkke	Jan Petter Hagen	Elin Karfjell	Susan Hayman	Steinar Nerbøvik
Board Chairman	*Board Member*	*Board Member*	*Board Member*	*President and CEO*

Philly Shipyard ASA - under liquidation

Consolidated Statement of Changes in Equity

Amounts in USD thousands	Share capital	Share premium	Treasury shares	Other equity	Total equity
Balance at 31 December 2022	22 664	22 511	(9 969)	38 566	73 772
Total comprehensive loss for the year 2023	-	-	-	(67 937)	(67 937)
Balance at 31 December 2023	22 664	22 511	(9 969)	(29 371)	5 835
Total comprehensive income for the year 2024	-	-	-	90 516	90 516
Balance at 31 December 2024	**22 664**	**22 511**	**(9 969)**	**61 145**	**96 351**

Philly Shipyard ASA - under liquidation

Consolidated Cash Flow Statement

Amounts in USD thousands	Note	2024	2023
Income/(loss) before tax		116 027	(64 856)
Depreciation	6	4 237	7 720
Gain on sale of subsidiary	19	(233 077)	-
Right-of-use assets reassessment		-	7
Net financial income	4	(217)	(14)
(Increase)/decrease in:			
Vessels-under-construction receivable	2	-	4 925
Restricted cash	9	3 344	11 251
Prepayments materials deposits	7	8 706	(8 435)
Prepayments other and other receivables	7	(646)	(7 597)
Other non-current assets		-	(4)
Increase/(decrease) in:			
Trade payables and accrued liabilities	13,14	27 283	25 188
Customer advances (net)	2	11 230	(18 362)
Other contract liabilities	2	179	(127)
Income taxes received/(paid)	5	3 502	(459)
Interest paid	4	(24)	(45)
Interest received	4	241	59
Net cash flow used in operating activities		**(59 215)**	**(50 749)**
Investment in property, plant & equipment	6	(5 683)	(6 635)
Net proceeds from sale of subsidiary	19	74 531	-
Net cash flow from/(used in) investing activities		**68 848**	**(6 635)**
Repayment of lease liability	12	(1 652)	(1 068)
Interest expense on lease liability	12	595	329
Net cash flow used in financing activities		**(1 057)**	**(739)**
Net change in cash and cash equivalents		**8 576**	**(58 123)**
Cash and cash equivalents as of 1 January		79 463	137 586
Cash and cash equivalents as of 31 December	8	**88 039**	**79 463**

Note: The cash flow is primarily related to discontinued operations, with the exception of marginal interest income and operating expenses from the Parent company.

Notes to the Consolidated Accounts

NOTE 1: ACCOUNTING PRINCIPLES

STATEMENT OF COMPLIANCE

The consolidated financial statements of Philly Shipyard ASA under liquidation and its subsidiaries (referred to herein as a group as Philly Shipyard, the Group or the Company) have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU in effect at each financial reporting period.

These accounts have been approved for issue by the Board of Directors on 28 March 2025. The annual accounts will be submitted to Philly Shipyard's annual general meeting on 29 April 2025 for final approval.

BACKGROUND AND BASIS FOR PREPARATION

Philly Shipyard ASA (referred to herein as PHLY) was formed on 16 October 2007 to be the holding company of Philly Shipyard, Inc. (referred to herein as PSI or the Shipyard) which operated a shipyard located in Philadelphia, Pennsylvania, USA. PHLY sold PSI to Hanwha on 19 December 2024 and has no other operating subsidiaries.

PHLY is domiciled in Oslo, Norway. PSI is domiciled in the Commonwealth of Pennsylvania, USA. These consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in USD (thousands), except when indicated otherwise.

The financial position and performance of Philly Shipyard was particularly affected by the sale of its sole subsidiary, Philly Shipyard, Inc. (PSI), on 19 December 2024.

Following the closing of the sale of PSI in December 2024, the Company has ceased trading, and the going concern assumption has not been applied in these financial statements. At the date of issuance of this report, the EGM on 19 February approved the Board of Directors' proposed decision to start liquidation proceedings of the Company. Management has concluded that the IFRS accounting standards still provide relevant and reliable information, and has therefore prepared these financial statements using the same accounting policies as previously disclosed.

ESTIMATES, ASSUMPTIONS AND SIGNIFICANT JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts in the consolidated financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

In addition, the preparation of consolidated financial statements in conformity with IFRS requires management to make judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

Estimates, underlying assumptions and significant judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects that period or in the period of revision and future periods if the revision affects both current and future periods.

Critical accounting estimates, assumptions and significant judgments are as follows:

Revenue Recognition

Philly Shipyard recognizes revenue over time in accordance with IFRS 15 *Revenue from Contracts with Customers* (IFRS 15). This approach requires Philly Shipyard to measure the progress of contract activity at each statement of financial position date and estimate the ultimate outcome of costs and profit on contracts. Progress towards satisfying performance obligations is measured based on project costs incurred compared to the total forecasted project costs. In case of a loss-making project, a loss provision will be made when total contract cost will exceed total contract revenue (onerous contract). Revenue and cost estimates from shipbuilding activities depend, amongst others, on variables such as steel prices, supplier and subcontractor costs, labor costs and availability, and other production inputs. Philly Shipyard must also evaluate and estimate the outcome of variation orders, liquidated damages, contract claims and requests from customers to modify contractual terms which can involve complex negotiations with customers. Generally, estimates are subject to a greater level of uncertainty when a vessel design is new to the Shipyard than if a vessel is being constructed later in a series (see note 2 for further discussion).

Philly Shipyard has three separate awards under one shipbuilding contract in place for the NSMV program. NSMVs 1-2 were awarded at contract signing in April 2020 (NSMVs 1-2 delivered as of 31 December 2024); NSMVs 3-4 were awarded upon the exercise of an option in January 2021, and NSMV 5 was awarded upon the exercise of an option in April 2022. Therefore, the three awards are treated as three separate performance obligations that are reported as three separate projects for revenue recognition. Each of these projects is being accounted for using the percentage-of-completion method per IFRS 15. The principle of a series of distinct goods has been applied where NSMVs 1-2, NSMVs 3-4 and NSMV 5 are each treated separate of one another.

Cost Forecast of Shipbuilding Contracts

The cost forecast of shipbuilding contracts can be judgmental and sensitive to changes. The cost estimates can significantly impact revenue recognition for contracts using cost progress, particularly in lump sum construction contracts. Forecasting the total contract cost depends on the ability to properly execute the engineering and design phase, availability of skilled resources, manufacturing capacity, productivity and quality factors, steel prices and performance of subcontractors. Experience, systematic use of the project execution model and focus on core competencies reduce, but do not eliminate, the risk that cost estimates may change significantly.

Tax Uncertainty

Tax positions subject to uncertainty are identified and assessed either individually or in groups based on an estimate of the probability that the tax authorities will accept or reject a certain treatment. Where it is assessed that it is not probable the tax authorities will accept an uncertain tax treatment, the effect of the uncertainty is reflected in the calculation of the taxable profit, tax bases, unused tax losses or credits, or tax rates. The effect of the uncertainty is calculated by applying the most appropriate method (most likely amount or expected value). Changes in circumstances are assessed and reflected at each reporting date.

Deferred Income Taxes

Deferred income tax assets are recognized when it is probable that they will be realized. Determining probability requires Philly Shipyard to estimate the sources of future taxable income from operations, including reversing taxable temporary differences. Determining these amounts is subject to uncertainty and is based primarily upon historical earnings, reversals of taxable temporary differences and expected earnings due to contracts in progress and contract order backlog. The recognition of deferred tax assets is primarily applicable to U.S. taxes where Philly Shipyard has a net deferred tax asset position (see note 5 for further discussion).

R&D Tax Credit

Since 2015, PSI has qualified for the research and development (R&D) tax credit for both federal and Pennsylvania state tax purposes. The Shipyard qualified for the credit because of the research it undertook to discover information that is technological in nature and intended to be useful in the development of a new or improved business component. The Company recognizes the R&D tax credit estimate as part of the income tax benefit based on a calculation of qualifying research expenses using available guidance and the applicable rules and regulations.

Climate Risk - Consideration of Climate Change

In preparing these financial statements the Board of Directors has considered the potential impact of climate change and has concluded that there is limited impact from climate change on financial reporting judgements and estimates. Therefore, the Company is of the opinion that there is no immediate or medium-term impact expected as the Company is expected to be liquidated during 2025.

PHILLY SHIPYARD ACCOUNTING AND CONSOLIDATION PRINCIPLES

Subsidiaries

The consolidated financial statements include the financial statements of the parent company, Philly Shipyard ASA, and its subsidiary Philly Shipyard Inc. up until it was sold on 19 December 2024. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

Functional Currency

The consolidated financial statements are presented in United States dollars (USD), rounded to the nearest thousand, which is the reporting currency for the consolidated accounts and the functional currencies for all the entities within Philly Shipyard.

INCOME STATEMENT PRESENTATION

Operating related expenses in the consolidated income statement are presented as a combination of function and nature in conformity with industry practice. Depreciation is presented on a separate line based on its nature, while cost of vessel construction, wages and other personnel expenses (SG&A) and non-payroll expenses (SG&A) are presented on a functional basis. Significant expenses such as salaries, pensions, etc. are presented by their nature in the notes to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

General

Property, plant and equipment and right-of-use assets acquired by the Shipyard are stated at cost at the date of acquisition. Depreciation is calculated on a straight-line basis and adjusted for impairment charges, if any. The carrying values of the property, plant and equipment and right-of-use assets on the consolidated statement of financial position represent the cost net of government grants and subsidies received (if applicable) less accumulated depreciation and any impairment charges. Cost includes expenditures that are directly attributable to the asset. The cost of self-constructed assets includes the costs of material and direct labor, and any other costs directly attributable to bringing the asset to working condition for its intended use.

IMPAIRMENT OF LONG-LIVED ASSETS

Property, plant and equipment, right-of-use assets and other non-current assets are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an extent higher than the carrying amount that would have been determined had no impairment loss been recognized in prior years.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Philly Shipyard principally generates revenues from activities relating to long-term shipbuilding construction contracts, and also generated revenue from the performance of industry studies for the U.S. Navy and U.S. Coast Guard. A detailed review of customer contracts occurred for contracts which were open from 1 January 2024 to 19 December 2024 (see note 2 for further discussion).

Construction Contracts

The vessel construction contracts were assessed according to IFRS 15 to evaluate whether the revenue from such contracts shall be recognized over time or at a point in time. As a result of the assessment, the Company concluded that the principle of revenue recognition over time method was appropriate for these contracts based on the fact that the vessels under construction do not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment from the customer for the work completed to date.

Performance Obligations

Philly Shipyard has three separate awards under one shipbuilding contract in place for the NSMV program (NSMVs 1-2, NSMVs 3-4 and NSMV 5), one separate shipbuilding contract in place for the SRIV program (SRIV) and one separate shipbuilding contract in place for the CV program (CVs 1-3). Per IFRS 15, the NSMV projects are being treated as three separate performance obligations that are reported as three separate projects for revenue recognition. Each of these projects is being accounted for using the percentage-of-completion method based on project costs incurred compared to the total project costs. This is considered to be a faithful depiction of the transfer of goods as it accurately reflects the underlying transactions and progress.

Philly Shipyard's accounting policy is to not recognize profits on projects until the cost to complete can be measured with reasonable certainty.

Constraint of Variable Consideration

Variable considerations are included in estimated contract revenue to the extent that it is highly probable that a significant reversal of revenue in a subsequent period will not occur when the uncertainties are resolved.

Onerous Contracts

Onerous revenue contracts are accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. A provision is recognized when the unavoidable shipbuilding costs of meeting the obligations under a contract exceed the economic benefits to be received. As of 19 December 2024, both the NSMV contract and the SRIV contract were loss-making contracts. Therefore, in accordance with IFRS, the full estimated loss liability has been recorded to date for both onerous contracts.

Project revenue is classified as operating revenues in the consolidated income statement. Vessels-under-construction are presented net of advances from customers as vessels-under-construction receivable or customer advances (net) on a contract by contract basis.

Other operating revenues such as design studies are classified as contract assets and/or other contract liabilities and are classified as current or non-current based on the expected timing of recognition of revenue.

GOVERNMENT GRANTS AND SUPPORT

Government grants and support are recognized at their fair value where there is reasonable assurance that amounts will be received and conditions have been met. In some cases, recognition occurs over a period of time as restrictions lapse or as conditions are met. Grants and support related to capital expenditures or construction of assets for the Shipyard's account are recognized as a reduction of the related asset cost. For assets held for use, this results in a lower depreciation charge over the useful life of the asset. Grants related to specific programs or projects are recognized as reductions in expense over the period in which work that relates to the grant or support is performed.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

INCOME TAXES

Current Income Taxes

Income taxes receivable and payable for the current period are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws as used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred Income Taxes

Deferred income taxes are recognized using the asset/liability method on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except upon initial recognition of an asset or a liability that does not impact income.

Deferred income tax assets are recognized for all deductible temporary differences, and carry-forward of unused tax losses and credits, to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carry-forward of unused tax losses and credits can be utilized. The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is not probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. The expected utilization of tax losses is not discounted when calculating the deferred tax asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

DISCONTINUED OPERATIONS

Property, plant and equipment are not depreciated once classified as held for sale. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. All consolidation procedures as presented above are still applicable, and only external revenues and expenses are shown as discontinued operations. Comparative information in the income statement and disclosures are represented.

PROVISIONS

A warranty provision is recognized when Philly Shipyard has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Warranty provisions are reviewed at each statement of financial position date and adjusted to reflect the current estimate.

LEASES AND RIGHT-OF-USE ASSETS

At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for short-term leases (defined as twelve months or less) and low-value assets, for which the Group recognizes the lease payments as other operating expenses in the consolidated income statement when they are incurred.

The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date, by using the Group's incremental borrowing rate. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option. The lease payments included in the measurement comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognizes these variable lease expenses in the consolidated income statement when they are incurred.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate. The Group presents its lease liabilities as separate line items in the consolidated statement of financial position.

The Group measures the right-of-use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability recognized, any lease payments made at or before the commencement date, less any incentives received, and any initial direct costs incurred by the Group.

The Group applies the depreciation requirements in IAS 16 *Property, Plant and Equipment* in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

As part of the 2011 Authorization Agreement, PSI's landlord, Philadelphia Shipyard Development Corporation (PSDC), purchased certain shipyard assets from PSI for a purchase price of USD 42.0 million with funds provided by the Commonwealth of Pennsylvania. PSI leases back those same assets from PSDC subject to the terms of its Shipyard Lease and the Authorization Agreement. For accounting purposes, the transaction was accounted for as a sale/leaseback, and no adjustments were made to the accounting value of the assets at closing.

RELATED PARTY TRANSACTIONS

The Company's policy is that all transactions, agreements and business activities with related parties are conducted on an arm's length basis according to ordinary business terms and conditions.

SEGMENT INFORMATION

Philly Shipyard had one business segment which was building vessels for both the U.S. Jones Act market and the U.S. Government up until the sale of PSI on 19 December 2024.

BASIC AND DILUTED INCOME/(LOSS) PER SHARE

The calculation of basic income/(loss) per share is based on the income or loss attributable to ordinary shareholders using the weighted average number of shares outstanding during the year (not including the treasury shares). The calculation of diluted income/(loss) per share is consistent with the calculation of basic income/(loss) per share while giving effect to all potential dilutive ordinary shares that were outstanding during the period. Philly Shipyard currently has no potentially dilutive shares outstanding.

SUBSEQUENT EVENTS AFTER 31 DECEMBER 2024

A distinction is made between events both favorable and unfavorable that provide evidence of conditions that existed at the statement of financial position date (adjusting events) and those that are indicative of conditions that arose after the statement of financial position date (non-adjusting events). Financial statements will only be adjusted to reflect adjusting events and not non-adjusting events (although there are disclosure requirements for such events).

NEW STANDARDS AND INTERPRETATIONS ADOPTED

Except for the OECD Pillar Two amendments, there were no changes to the financial reporting requirements this year. The Company has not identified any significant exposure to Pillar Two income taxes that require disclosure in these financial statements.

While the IASB has made a few amendments to standards that apply from 1 January 2024, these are largely clarifications IASB has made some amendments to IFRS accounting standards that became applicable from 1 January 2024.

- IAS 1: Amendment regarding classification of liabilities as current or non-current and non-current liabilities with covenants;
- IFRS 16: Amendment regarding lease liability in a sale and leaseback; and
- IAS 7/IFRS 7: Amendments regarding supplier finance arrangements.

None of these changes required a change in Philly Shipyard ASA's accounting policies. The amendments listed above did not have any material impact on amounts in prior periods

There has not been any recent IFRS Interpretation Committee (IC) agenda decisions that have required changes to any of the Group's accounting policies for 2024.

EARLY ADOPTION OF STANDARDS

Philly Shipyard ASA generally only adopts standards early if they clarify existing practice, but do not introduce substantive changes. The Company has not early adopted new or amended standards in preparing these consolidated financial statements as of 31 December 2024. None of the new standards not yet effective are expected to have a material impact on the financial statements.

NOTE 2: CONSTRUCTION CONTRACTS - DISCONTINUED OPERATIONS

Amounts in USD thousands	Accumulated recognized revenue 19 Dec. 2024	Remaining performance obligation 19 Dec. 2024	Revenue recognition principle	Estimated year of completion
NSMVs 1-2	644 571	-	Over time	2024
NSMVs 3-4	482 378	124 388	Over time	2025
NSMV 5	119 474	187 680	Over time	2026
SRIV	118 883	76 959	Over time	2026
CVs 1-3	38 077	963 543	Over time	2027
Total	**1 403 383**	**1 352 570**		

During 2024 and up until the close of the sale of the subsidiary PSI on 19 December 2024, Philly Shipyard operated three separate awards under one shipbuilding contract in place for the NSMV program. NSMVs 1-2 were awarded at contract signing in April 2020, NSMVs 3-4 were awarded upon the exercise of an option in January 2021, and NSMV 5 was awarded upon the exercise of an option in April 2022. Therefore, the three awards under the NSMV contract are treated as three separate performance obligations that are reported as three separate projects for revenue recognition. Each of these projects is being accounted for using the percentage-of-completion method per IFRS 15 *Revenue from Contracts with Customers* (IFRS 15). PSI is building three NSMVs (NSMVs 3-5) for TOTE Services, with NSMVs 3 and 4 scheduled for delivery in 2025 and 2026, and the final vessel (NSMV 5) scheduled for delivery in 2027. As of 19 December 2024 (closing of the transaction), the NSMV projects for NSMVs 3-4 and NSMV 5 are 81.3% and 38.9% complete, respectively.

Progress towards completing the NSMV, SRIV and CV contract performance obligations are measured based on project costs incurred compared to the total forecasted project costs. Construction contract revenue recognized through 19 December 2024 includes revenue for NSMVs 1-2, NSMVs 3-4, NSMV 5, the SRIV and CVs 1-3 since the contract for these vessels was accounted for using the principle-over-time revenue recognition method according to IFRS 15.

Philly Shipyard's accounting policy is to not recognize profit on projects until the cost to complete can be measured with reasonable certainty. As the NSMV and SRIV contracts are loss-making contracts, the full loss obligation was recorded in 2024.

Operating revenues and other income are detailed below:

Amounts in USD thousands	19 Dec. 2024	31 Dec. 2023
Shipbuilding	351 806	441 603
Government design studies	1 154	242
Total operating revenue	**352 960**	**441 845**

The recognized accumulated combined loss on long-term construction contracts in process (NSMVs 1-5, the SRIV and CVs 1-3) as of 19 December 2024 is as follows:

Amounts in USD thousands	19 Dec 2024
Construction contracts revenue recognized to date	1 403 383
Construction contracts expenses recognized to date	(1 585 878)
Construction contracts loss recognized to date	**(182 495)**

The recognized accumulated combined loss on long-term construction contracts in process (NSMVs 1-5, the SRIV and CVs 1-3) as of 31 December 2023 is as follows:

Amounts in USD thousands	31 Dec 2023
Construction contract revenue recognized to date	1 051 577
Construction contract expenses recognized to date	(1 121 755)
Construction contracts loss recognized to date	**(70 178)**

Typical variable consideration elements identified in the Company's construction contracts with customers include liquidated damages, performance guarantees and warranties.

Customer milestone payments as of 19 December 2024 and 31 December 2023 totaled USD 0 and USD 1,263.8 million, respectively. Customer milestone payments received from TOTE Services for NSMVs 1-5, from Great Lakes for the SRIV and from Matson for CVs 1-3 were made at intervals that were intended to be cash neutral and to not require any external financing.

Vessels-under-construction receivable

Vessels-under-construction receivable as of 31 December 2024 and 31 December 2023 both totaled USD 0. Vessels-under-construction receivable represents the difference between (i) cash advances received from customers for vessels under construction and (ii) revenue recognized for those vessels.

Customer advances (net) and other contract liabilities

Customer advances (net) as of 31 December 2024 and 31 December 2023 totaled USD 0 and USD 212.2 million, respectively. Customer advances (net) represents the difference between (i) cash advances received from customers for vessels under construction and (ii) revenue recognized for those vessels.

Other contract liabilities as of 31 December 2024 and 31 December 2023 totaled USD 0 and USD 221 thousand, respectively. Other contract liabilities represents the difference between (i) cash advances received from customers for government design studies and (ii) cost incurred on those studies.

NOTE 3: OPERATING EXPENSES

Operating expenses consist of:

Amounts in USD thousands	2024	2023
Non-payroll expenses (SG&A)	556	680
Total operating expenses	**556**	**680**

Non-payroll expenses (SG&A) primarily relate to non-payroll selling, general and administrative expenses.

Amounts in USD thousands	2024	2023
Audit fees - parent company	67	30
Other audit and attestation fees - parent company	62	20
Audit fees - discontinued operations	144	118
Other audit and attestation fees - discontinued operations	-	3
Total	**273**	**171**

NOTE 4: FINANCIAL INCOME AND FINANCIAL EXPENSE

Amounts in USD thousands	2024	2023
Interest income - parent company	241	59
Interest income - discontinued operations	4 930	7 091
Foreign exchange gain - discontinued operations	-	20
Financial income	**5 171**	**7 170**
Interest expense - parent company	(24)	(45)
Interest expense - discontinued operations	(848)	(371)
Financial expense	**(872)**	**(416)**
Net financial items - parent company	217	14
Net financial items - discontinued operations	4 082	6 740
Net financial items	**4 299**	**6 754**

NOTE 5: TAXES

Income tax expense/(benefit)

Recognized in the consolidated income statement

Amounts in USD thousands	2024	2023
Current income tax expense/(benefit):		
Current year - U.S.	(1 598)	2 206
Current year - Norway	-	-
Total current income tax expense/(benefit)	**(1 598)**	**2 206**
Deferred tax (benefit)/expense:		
Origination and reversal of temporary differences - U.S.	27 109	875
Origination and reversal of temporary differences - Norway	-	-
Total deferred tax expense/(benefit)	**27 109**	**875**
Total income tax expense/(benefit) in the income statement	**25 511**	**3 081**
Income tax is attributable to:		
Continuing operations	-	
Discontinued operations	25 511	

Reconciliation of effective tax rate:

Amounts in USD thousands	2024	2023
Income/(loss) from continuing operations	(339)	-
Income/(loss) from discontinued operations	116 366	-
Income/(loss) before tax	**116 027**	**(64 856)**
Nominal Norwegian tax rate	22.0%	22.0%
Expected tax (benefit)/expense using nominal Norwegian tax rate	(25 526)	(14 268)
Effect of differences between nominal Norwegian tax rate and U.S. federal, state and city tax rate	(9 040)	(6 933)
Expenses not deductible for tax purposes	23	161
Gain on sale of subsidiary	(233 077)	-
Gain on sale of subsidiary not subject to Norwegian taxation	233 077	-
R&D tax credits	1 508	(3 731)
Other differences	(1 440)	(1 908)
Valuation allowance	59 986	29 760
Total income tax expense/(benefit) in the consolidated income statement	**25 511**	**3 081**
Tax expense/(benefit) related to continuing operations	-	-
Tax expense/(benefit) related to discontinuing operations	25 511	-

The effective tax rate differs from the expected tax rate primarily due to the difference between the nominal Norwegian tax rate and U.S. federal, state and city tax rates, and income that was not taxable in Norway.

Income tax receivable

Amounts in USD thousands	2024	2023
Beginning of the period	16 060	17 807
Taxes (payable)/receivable	(3 186)	(1 747)
Taxes paid/(refunded)	-	-
Sale of subsidiary	(12 874)	-
End of the period	-	16 060

Income tax payable

Amounts in USD thousands	2024	2023
Beginning of the period	(1 200)	(1 200)
Taxes payable	1 200	-
Taxes paid/(refunded)	-	-
End of the period	-	(1 200)

Income tax receivable and income tax payable are offset when there is a legally enforceable right to offset the taxes; however, when the taxes relate to different tax authorities, they cannot be offset.

Deferred tax asset/deferred tax liability

Deferred tax asset and deferred tax liability are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to the same fiscal authority, which through 31 December 2024 for the Company was in Norway.

The offset amounts for U.S. items are as follows:

Amounts in USD thousands	31 Dec 2024	31 Dec 2023
Deferred tax assets - U.S. tax jurisdictions	-	33 490
Deferred tax liabilities - U.S. tax jurisdictions	(1 777)	(8 157)
Sale of subsidiary	1 777	-
Net deferred tax asset/(liability)	-	25 333

The gross movement in the deferred income tax account for U.S. tax jurisdictions is as follows:

Amounts in USD thousands	31 Dec 2024	31 Dec 2023
Beginning of the period	25 333	26 208
Deferred tax benefit	(25 333)	(875)
Net deferred tax asset/(liability)	-	25 333

The balance comprises temporary differences attributable to:

Amounts in USD thousands	31 Dec 2024	31 Dec 2023
Deferred tax assets		
Research & experimentation expenses	-	20 175
Work-in-process	-	444
Under-recovered overhead costs	-	884
State and city depreciation	-	2 798
Federal R&D tax credits	-	11 258
State R&D tax credits	-	1 168
Federal net operating losses	-	3 622
Norwegian net operating losses	14	-
State and city net operating losses	-	10 363
Valuation allowances	(14)	(20 266)
Other items	-	3 044
Total deferred tax assets	**-**	**33 490**
Deferred tax liabilities:		
Property, plant & equipment	-	8 157
Work-in-process	-	-
Operating lease right-of-use assets	-	-
Total deferred tax liabilities	**-**	**8 157**
Total net deferred tax asset	**-**	**25 333**

The Norwegian deferred tax assets of USD 3.2 million have not been recorded because the Company does not believe that they will be able to use them.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Movements in property, plant and equipment and right-of-use assets for 2024 are shown below:

Amounts in USD thousands	Machinery and vehicles	Buildings	Land and land impro-vements	Assets under con-struction	Total
Cost balance at 1 January 2024	81 320	78 852	27 084	483	187 739
Additions - Property, plant & equipment thru 19 December 2024	-	-	-	5 683	5 683
Additions - Right-of-use assets thru 19 December 2024	-	-	-	-	-
Transfers	3 630	-	15	(3 645)	-
Assets sold	(84 950)	(78 852)	(27 099)	(2 521)	(193 422)
Cost balance at 31 December 2024	-	-	-	-	-
Depreciation and impairment losses at 1 January 2024	71 446	41 055	14 750	-	127 251
Depreciation - Property, plant & equipment thru 20 June 2024	2 485	493	361	-	3 339
Depreciation - Right-of-use assets thru 20 June 2024	38	829	31	-	898
Assets sold	(73 969)	(42 377)	(15 142)	-	(131 488)
Depreciation and impairment losses at 31 December 2024	-	-	-	-	-
Net book value at 31 December 2024 (1)	-	-	-	-	-

(1) On 20 June 2024 (date of signing SPA with Hanwha), PP&E and ROU assets were classified as assets held for sale in accordance with IFRS 5 and depreciation ceased from this date forward. See note 19 for more information showing depreciation and impairment as discontinued operations for 2024 and 2023.

Depreciation period	3-12 years	7-30 years	20 years		
Depreciation method	Straight-line	Straight-line	Straight-line		

Movements in property, plant and equipment and right-of-use assets for 2023 are shown below:

Amounts in USD thousands	Machinery and vehicles	Buildings	Land and land impro-vements	Assets under con-struction	Total
Cost balance at 1 January 2023	73 678	72 771	26 502	2 216	175 167
Additions - Property, plant & equipment	-	-	-	6 635	6 635
Additions - Right-of-use assets (includes lease reassessment)	-	5 937	-	-	5 937
Transfers	7 642	144	582	(8 368)	-
Cost balance at 31 December 2023	**81 320**	**78 852**	**27 084**	**483**	**187 739**
Depreciation and impairment losses at 1 January 2023	66 395	39 501	13 635	-	119 531
Depreciation - Property, plant & equipment	4 901	383	834	-	6 118
Depreciation - Right-of-use assets	150	1 171	281	-	1 602
Depreciation and impairment losses at 31 December 2023	**71 446**	**41 055**	**14 750**	**-**	**127 251**
Net book value at 31 December 2023 (1)	**9 874**	**37 797**	**12 334**	**483**	**60 488**
(1) Net book value of right-of-use assets under lease agreements recorded in the statement of financial position at 31 December 2023 (see note 12):	253	11 732	5 850	-	17 835
Depreciation period	3-12 years	7-30 years	20 years		
Depreciation method	Straight-line	Straight-line	Straight-line		

NOTE 7: PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables consist of the following items:

Amounts in USD thousands	31 Dec 2024	31 Dec 2023
Prepayments other	79	1 032
Prepaid ship materials deposits	-	58 861
Inventory	-	1 327
Trade receivables and other receivables	-	7 169
Current balance as of 31 December	79	68 389

NOTE 8: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following items:

Amounts in USD thousands	31 Dec 2024	31 Dec 2023
Cash and bank deposits	88 039	79 463
Cash and cash equivalents in the statement of cash flows	88 039	79 463

Cash and bank deposits are invested in overnight deposits.

NOTE 9: RESTRICTED CASH/ESCROW CASH

Restricted cash consists of the following items:

Amounts in USD thousands	31 Dec 2024	31 Dec 2023
Restricted cash long-term	-	34 158
Restricted cash short-term	-	10 022
Escrow cash long-term	10 000	-
Current balance as of 31 December	10 000	44 180

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.

NOTE 10: INCOME/(LOSS) PER SHARE

Basic and diluted

Basic and diluted income/(loss) per share is calculated by dividing the total comprehensive income/(loss) attributable to equity holders of PHLY by the weighted average number of ordinary shares issued.

Amounts in USD thousands (except share amounts and earnings per share)	2024	2023
Total comprehensive income/(loss) attributable to equity holders of PHLY	90 516	(67 937)
Weighted average number of ordinary shares	12 107 901	12 107 901
Basic and diluted income/(loss) per share (USD)	**7.49**	**(5.61)**

At 31 December 2024 and 31 December 2023, PHLY had 12,107,901 ordinary shares (excluding 466,865 treasury shares) at a par value of NOK 10 per share. There were no share issuances or repurchases in 2024 or 2023.

There were no potentially dilutive securities outstanding as of 31 December 2024 and 31 December 2023.

NOTE 11: PAID IN CAPITAL

The current share capital (excluding 466,865 treasury shares) is 12,107,901 shares issued and outstanding as of 31 December 2024, each with a par value of NOK 10, fully paid. As of 31 December 2024, there are no additional authorized shares.

NOTE 12: LEASES

Lease liabilities are payable as follows as of 31 December:

	2024			2023		
Amounts in USD thousands	Payments	Interest	Principal	Payments	Interest	Principal
Less than one year	-	-	-	1 652	595	1 057
More than one year	-	-	-	9 145	2 357	6 788
Total	**-**	**-**	**-**	**10 797**	**2 952**	**7 845**

Amounts in USD thousands	31 Dec 2024	31 Dec 2023
Current balance as of 1 January	7 845	2 640
New leases	-	5 911
Repayment of lease liability	(1 652)	(1 068)
Interest expense on lease liability	595	329
Remeasurement of leases	-	33
Liabilities sold	(6 788)	-
Current balance as of 31 December	**-**	**7 845**

NOTE 13: OTHER PROVISIONS - WARRANTIES

Amounts in USD thousands	31 Dec 2024	31 Dec 2023
Current balance as of 1 January	2 131	250
Provisions made during the period	1 000	2 000
Provisions used during the period	(829)	(119)
Liabilities sold	(2 302)	-
Current balance as of 31 December	-	2 131

NOTE 14: TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities comprise the following items:

Amounts in USD thousands	31 Dec 2024	31 Dec 2023
Trade payables	1 691	25 314
Ship material and subcontracting accruals	-	33 275
Employee-related cost accruals	-	4 288
Overhead and capital projects accruals	76	2 160
Current balance as of 31 December	1 767	65 037

NOTE 15: FINANCIAL INSTRUMENTS

Philly Shipyard's activities are exposed to foreign exchange risk. PSI's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on Philly Shipyard's financial performance. The Company may use derivative financial instruments to hedge certain risk exposures. As of 31 December 2024, there were no foreign exchange contracts in place.

Risk management is carried out under policies approved by the Board of Directors. The Board of Directors provides principles for overall financial risk management as as well as policies covering specific areas such as foreign exchange risk and use of derivative financial instruments and non-derivative financial instruments.

Credit and investment risk

Due to the nature of the Shipyard's operations, revenues and related receivables are typically concentrated amongst a few customers. The Company continually evaluates the credit risk associated with customers and their assignees and manages this risk by requiring payment for substantially the entire contractual amount prior to delivering a vessel, including milestone payments upon completion of specified milestones.

Additionally, PSI monitors the financial condition of the financial institutions which it uses for cash management services and in which it makes deposits and other investments. Philly Shipyard responds to changes in conditions affecting its deposit relationships as situations warrant.

The carrying amount of financial assets represents the maximum credit exposure. At 31 December 2024 and 31 December 2023, the maximum exposure to credit risk is as follows:

Amounts in USD thousands	31 Dec 2024	31 Dec 2023
Cash and cash equivalents	88 039	79 463
Restricted cash	-	44 180
Escrow cash	10 000	-
Trade receivables	-	7 169
Total	98 039	130 812

Liquidity risk

Liquidity risk is the risk that Philly Shipyard will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Philly Shipyard attempted to mitigate this risk through project financing and working capital facilities, progress payments from its customers, and material supplied and paid directly by its customers.

The following are the contractual maturities of financial liabilities including interest payments:

	31 December 2024						
Amounts in USD thousands	Book value	Contractual cash flow	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:							
Lease liability	-	-	-	-	-	-	-
Trade payables	1 691	(1 691)	(1 691)	-	-	-	-
Total	1 691	(1 691)	(1 691)	-	-	-	-

Amounts in USD thousands	31 December 2023 Book value	Contractual cash flow	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:							
Lease liability	7 845	10 797	(826)	(826)	(1 698)	(1 302)	(6 145)
Trade payables	25 314	(25 314)	(25 314)	-	-	-	-
Total	33 159	(14 517)	(26 140)	(826)	(1 698)	(1 302)	(6 145)

Book values included in the above tables are gross loan amounts.

Foreign exchange risk

Philly Shipyard is exposed to foreign exchange risk for purchases made in currencies other than the U.S. dollar which primarily relates to materials, supplies and costs related to the services of expatriate workers purchased from Norway and other countries in Europe. Philly Shipyard attempts to mitigate this risk through its foreign exchange hedging program or passing this risk onto its end customers by having them purchase certain materials directly in foreign currency or agree to exchange rate adjustment clauses for purchases made in foreign currency.

The Company had no forward contracts as of 31 December 2024 and 31 December 2023.

Exposure to foreign exchange risk

The Company's exposure to foreign exchange risk at 31 December 2024 and 31 December 2023 was as follows based on the following notional amounts:

	2024				2023			
Amounts in USD thousands	EUR	NOK	KRW	SEK	EUR	NOK	KRW	SEK
Balance sheet exposure:								
Trade payables (-)	-	-	-	-	(170)	-	-	-
Cash	-	9	-	-	-	18	-	-
Gross balance sheet exposure	-	9	-	-	(170)	18	-	-
Estimated forecast expenses (-)	-	-	-	-	(16 989)	-	(9 510)	(5 343)
Net balance sheet exposure	-	9	-	-	(17 159)	18	(9 510)	(5 343)

Sensitivity analysis

In managing currency risks, the Company aims to reduce the impact of short-term fluctuations on its earnings. Over the longer term, however, permanent changes in foreign exchange rates would have an impact on consolidated earnings.

It is estimated that a 10% strengthening of the USD against other foreign currencies would not have significantly impacted the Company's income before tax for 2024.

Fair values

Carrying amount of the Group's financial assets and financial liabilities is a reasonable approximation of their fair value. There were no financial instruments measured at fair value as of 31 December 2024 or 31 December 2023.

NOTE 16: SHARES OWNED OR CONTROLLED BY AND REMUNERATION TO THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF PHILLY SHIPYARD

Shares owned in Philly Shipyard ASA as of 31 December 2024 and 31 December 2023

Name	Position	2024 number of shares held	2023 number of shares held
Elin Karfjell	Board Member	1 200	1 200
Steinar Nerbøvik	President and CEO	1 000	1 000

There is no share option agreement between Philly Shipyard ASA and Senior Management or Directors.

Remuneration to the Board of Directors for the years ended 31 December 2024 and 31 December 2023

		2024 remuneration		2023 remuneration	
Name	Position	(NOK)	(USD)	(NOK)	(USD)
Kristian Røkke	Board Chairman	522 000	45 977	497 000	48 874
Elin Karfjell	Board Member	412 000	36 289	392 000	38 549
Jan Petter Hagen	Board Member	412 000	36 289	392 000	38 549
Susan Hayman	Board Member	412 000	36 289	392 000	38 549
Sum Directors' fees		1 758 000	154 843	1 673 000	164 520

Except for remuneration to the audit committee described below, no Board members received any remuneration other than Directors' fees.

Remuneration to the audit committee

The audit committee of PHLY is comprised of Elin Karfjell (Chairperson) and Jan Petter Hagen. Remuneration for the Chairperson is NOK 61,000 (USD 5,373) and for each member is NOK 49,000 (USD 4,316). This is in addition to the amounts shown in the Board of Directors' table above.

Remuneration to the nomination committee

The nomination committee of Philly Shipyard ASA has the following members: Ingebret G. Hisdal (Chairperson) and Charlotte Håkonsen. Hilde K. Ramsdal serves as deputy member to the committee. Remuneration for the Chairperson is NOK 55,000 (USD 4,844) and for the member is NOK 44,000 (USD 3,875).

Guidelines for remuneration to the President and CEO and other members of the Management Team

The President and CEO and other members of PSI's Management Team that report directly to the President and CEO receive a base salary.

In addition, a variable pay as further described below may be awarded.

The President and CEO and other members of the Management Team participate in the insurance schemes, applicable to all employees.

The President and CEO receives monthly pension contributions. The other members of the Management Team participate in the standard Company 401K plan (employer-sponsored retirement account), applicable to all employees.

The Company practices standard employment contracts and standard terms and conditions regarding notice period and severance pay for the President and CEO and other members of the Management Team.

The Company does not offer share option programs to the President and CEO or other members of the Management Team, but the President and CEO and certain senior members of the Management Team can be awarded shares under the AVP program as further described below. No shares were awarded in 2024.

Annual variable pay program

The Company has an annual variable pay (AVP) program, which was developed in order to create a performance-based system. The system of reward is designed to contribute to the achievement of good financial results and increase shareholder value.

The AVP program is based on the achievement of defined annual results such as financial targets (profit and working capital), order intake, project targets, development of commercial solutions, alignment with Company's values and improvement of HSE results. The AVP program includes two payments, i.e., a base award and a deferred payment. The base award represents a potential for an additional variable pay up to 70% of base salary for the President and CEO and 60% for other members of the Management Team. The deferred payment, which is designed to incentivize and retain key personnel, is equal to 50% of the base award and is payable between 12-21 months after the base award.

The Company cannot demand repayment of the variable remuneration that has been awarded, but the Company is not required to pay the variable remuneration if the recipient has given notice of the recipient's intention to resign prior to the distribution/payment date.

Remuneration to Senior Management for 2024 (1)

Amounts in USD			Base salary	Variable pay (2)	Pension contri-bution	Other benefits	Total remun-eration	Severance pay
Steinar Nerbøvik	President and CEO	1 Jan - 31 Dec	449 080	105 948	32 000	69 000	656 028	12 months
Jeffrey Theisen	CFO	1 Jan - 31 Dec	307 837	66 410	24 130	17 406	415 783	12 months

(1) PHLY has no employees. The Senior Management employees were employed in the operating company until it was sold on 19 December 2024.

(2) Mr. Nerbøvik's variable pay in 2024 consisted of an award under the 2024 AVP program, as well as a deferred award under the 2023 AVP program earned in 2024 (USD 86,448 and USD 19,500, respectively).
Mr. Theisen's variable pay in 2024 consisted of an award under the 2024 AVP program, as well as a deferred award under the 2023 AVP program earned in 2024 (USD 55,410 and USD 11,000, respectively).
Mr. Nerbøvik and Mr. Theisen will earn deferred awards under the 2024 AVP program of USD 43,224 and USD 27,705, respectively.

Remuneration to Senior Management for 2023 (1)

Amounts in USD			Base salary	Variable pay (2)	Pension contri-bution	Other benefits	Total remun-eration	Severance pay
Steinar Nerbøvik	President and CEO	1 Jan - 31 Dec	451 952	106 094	32 000	70 772	660 818	12 months
Jeffrey Theisen	CFO	1 Jan - 31 Dec	298 869	58 314	21 590	18 636	397 409	12 months

(1) PHLY has no employees. The Senior Management employees are employed in the operating company.

(2) Mr. Nerbøvik's variable pay in 2023 consisted of an award under the 2023 AVP program, as well as a deferred award under the 2022 AVP program earned in 2023 (USD 39,294 and USD 66,800, respectively).
Mr. Theisen's variable pay in 2023 consisted of an award under the 2023 AVP program, as well as a deferred award under the 2022 AVP program earned in 2023 (USD 22,200 and USD 36,114, respectively).
Mr. Nerbøvik and Mr. Theisen earned deferred awards under the 2023 AVP program of USD 19,500 and USD 11,000 respectively, if they remain employed with PSI during 2024.

NOTE 17: COMMITMENTS, CONTINGENCIES AND LEGAL MATTERS

None.

NOTE 18: TRANSACTIONS AND AGREEMENTS WITH RELATED PARTIES

Aker Capital AS, a wholly-owned subsidiary of Aker ASA, is the majority shareholder in PHLY, owning 57.6% of its total outstanding shares as of 31 December 2024. Kristian Røkke, the Chairman of the Board of Directors of PHLY, 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.

Philly Shipyard has service agreements with Aker ASA and certain of its affiliates which provide specified consulting, 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. Philly Shipyard believes that related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

Related administrative costs and financial statement amounts are as follows:

Amounts in USD thousands	Expenses 2024	Expenses 2023
Aker U.S. Services LLC - parent company	-	-
Aker U.S. Services LLC - discontinued operations	132	132
Aker ASA - parent company	24	23
Aker ASA - discontinued operations	-	-
Aker Insurances AS - parent company	88	96
Aker Insurances AS - discontinued operations	197	387

NOTE 19: ASSETS & LIABILITIES / DISCONTINUED OPERATIONS

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 under an intercompany loan 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 (Consolidated) recognized the following gain:

Amounts in USD thousands	19 Dec 2024
Gross proceeds	100 000
Less: transaction costs	(3 995)
Net proceeds at closing	96 005
Plus: total net deficit of PSI Group	137 072
After-tax gain on sale of subsidiary	233 077

Major class of assets and liabilities of PSI as of 19 December 2024 are as follows:

Amounts in USD thousands	19 Dec 2024
Assets:	
Cash and cash equivalents	11 469
Restricted cash	40 836
Property, plant and equipment	45 890
Right-of-use assets	16 045
Prepayments and other receivables	47 811
Income tax receivable	12 957
Trade receivable	7 736
Other current assets	4 971
Other non-current assets	551
Total assets sold	188 266
Liabilities:	
Customer advances (net)	223 691
Trade payables and accrued liabilities	92 682
Other current liabilities	1 586
Other non-current liabilities	7 379
Total liabilities associated with assets sold	325 338

Discontinued operations income statement

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

Amounts in USD thousands	19 Dec 2024	31 Dec 2023
Operating revenues	352 960	441 845
Operating loss before depreciation (EBITDA)	(116 555)	(63 890)
Operating loss (EBIT)	(120 792)	(71 610)
Loss before income tax and gain-on-sale of discontinued operations	(116 711)	(64 190)
Gain-on-sale of discontinued operations	233 077	-
Income tax expense	(25 511)	(3 081)
Income/(loss) from discontinued operations, net after income tax	**90 855**	**(67 271)**

Discontinued operations cash flow statement

The net cash amounts generated from discontinued operations are as follows:

Amounts in USD thousands	19 Dec 2024	31 Dec 2023
Net cash used in discontinued ops - operating activities	(59 215)	(50 749)
Net cash from/(used in) discontinued ops - investing activities	68 848	(6 635)
Net cash used in discontinued ops - financing activities	(1 057)	(739)
Net change in cash and cash equivalents	8 576	(58 123)
Cash and cash equivalents at beginning of period	79 463	137 586
Cash and cash equivalents at end of period	**88 039**	**79 463**

Net cash flow from the sale of PSI at 19 December 2024 is as follows:

Amounts in USD thousands	19 Dec 2024
Gross proceeds	100 000
Less: transaction costs	(3 995)
Less: escrow (restricted cash)	(10 000)
Net proceeds at closing	86 005
Cash in PSI at time of sale	(11 474)
Net proceeds from sale of subsidiary	**74 531**

NOTE 20: SUBSEQUENT EVENTS AFTER 31 DECEMBER 2024

On 29 January 2025, the Board proposed a dividend payment of USD 6.08 per share to the shareholders of record as of 21 February 2025 as well as dissolution proceedings of PHLY. An extraordinary general meeting (EGM) was held on 19 February 2025 during which the proposed dividend and dissolution of PHLY were approved.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Philly Shipyard ASA - under liquidation

Income Statement

Amounts in USD thousands	Note	2024	2023
Operating revenues		-	-
Operating expenses	2	(556)	(680)
Operating loss		**(556)**	**(680)**
Interest expense payable to subsidiaries		(1 200)	(1 160)
Gain on disposal of subsidiary	8	60 588	-
Other interest income and financial income		241	59
Other interest expense and financial expense		(24)	(45)
Income/(loss) before tax		**59 049**	**(1 826)**
Income tax expense	3	-	-
Net income/(loss) after tax		**59 049**	**(1 826)**
Allocation of net income/(loss):			
Net income/(loss) after tax		59 049	(1 826)
Extraordinary dividend for 2024	4	(73 616)	-
Other equity	4	2 096	1 826
Share premium reserve	4	12 471	-

Philly Shipyard ASA - under liquidation

Statement of Financial Position

as of 31 December

Amounts in USD thousands	Note	2024	2023
ASSETS			
Shares in subsidiary		-	67 000
Escrow cash long-term	5	10 000	-
Total non-current assets		10 000	67 000
Prepayments and other receivables		79	91
Cash and cash equivalents	5	88 039	78
Total current assets		88 118	169
TOTAL ASSETS		98 118	67 169
EQUITY AND LIABILITIES			
Share capital		22 664	22 664
Share premium reserve		71	12 542
Total paid in capital		22 735	35 206
Other equity		-	2 096
Total equity	4	22 735	37 302
Loan from subsidiary	8	-	29 611
Total non-current liabilities		-	29 611
Trade payables and accrued liabilities		1 767	256
Dividend payable	4,9	73 616	-
Total current liabilities		75 383	256
Total liabilities		75 383	29 867
TOTAL EQUITY AND LIABILITIES		98 118	67 169

Oslo, Norway - 28 March 2025 - **Board of Directors Philly Shipyard ASA**

Kristian Røkke	Jan Petter Hagen	Elin Karfjell	Susan Hayman	Steinar Nerbøvik
Board Chairman	*Board Member*	*Board Member*	*Board Member*	*President and CEO*

Philly Shipyard ASA - under liquidation

Cash Flow Statement

Amounts in USD thousands	Note	2024	2023
Income/(loss) before tax		59 049	(1 826)
Gain on disposal of subsidiary	8	(60 588)	-
Payment-in-kind interest expense payable to subsidiary		1 200	1 160
Change in prepayments and other receivables		12	17
Change in trade payables and accrued liabilities		1 508	48
Net cash flow from/(used in) operating activities		1 181	(601)
Proceeds from sale of subsidiary	8	86 005	-
Net cash flow from investing activities		86 005	-
Loan proceeds from subsidiary		775	600
Net cash flow from financing activities		775	600
Net change in cash and cash equivalents		87 961	(1)
Cash and cash equivalents as of 1 January		78	79
Cash and cash equivalents as of 31 December		88 039	78

Notes to the Parent Company Accounts

NOTE 1: BASIS FOR PREPARATION

The accounts of Philly Shipyard ASA - under liquidation (referred to herein as PHLY) are presented in conformity with Norwegian legislation and Generally Accepted Accounting Principles (GAAP) in Norway. PHLY's functional and reporting currency is the U.S. dollar (USD).

Following the closing of the sale of Philly Shipyard, Inc. (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 to begin liquidation proceedings of the Company and the EGM on 19 February 2025 approved the Board's proposal to start liquidation proceedings. Management has concluded that GAAP applied in Norway still provide relevant and reliable information, and has therefore prepared these financial statements using the same accounting policies as previously disclosed.

Subsidiaries

Subsidiaries are presented on a historical cost basis in the parent company accounts. The investment is valued at historical cost for the shares unless impairment write-downs have been deemed necessary. The shares are written down to fair value if the impairment is not of a temporary nature and is necessitated by GAAP. Write-downs are reversed when the basis for the write-down no longer exists.

Dividends and other payments are taken to income in the year they are accrued in the subsidiary. If dividends exceed retained earnings after the purchase, the excess represents repayment of invested capital and the payments are deducted from the invested value in PHLY's statement of financial position.

Classification and valuation of statement of financial position items

Current assets and current liabilities include items that have less than one year to maturity, and other items that are deemed operational working capital. Other items are classified as non-current assets/non-current liabilities.

Current assets are valued at the lower of historical cost and fair value. Current liabilities are valued at their nominal historical value at the time the liability arises.

Non-current assets are valued at historical cost, but are written down to fair value if impairment is deemed to be of a permanent nature. Non-current liabilities are valued at nominal historical values.

Tax

Tax benefit/(expense) in the income statement comprises both current payable taxes and the change in deferred tax. Payable tax is calculated on the basis of the profit for the period in Norwegian Kroner (NOK). Deferred tax at 31 December 2024 is calculated using a 22% income tax rate utilizing the difference that exists between book values and tax values and the net operating losses that can be carried forward at the statement of financial position date. Tax-increasing and tax-reducing temporary differences that are reversing or can reverse in the same period are offset against each other. Net tax assets are shown in the statement of financial position to the extent it is probable that these assets can be utilized.

Cash flow statement

The cash flow statement is shown using the indirect method. Cash and cash equivalents comprises cash, bank deposits and other short-term liquid placements.

Use of estimates

Preparation of financial statements in conformity with GAAP in Norway requires management to make estimates and assumptions that affect the income statement, the reported amounts of assets and liabilities and also the disclosure of contingent assets and liabilities on the statement of financial position date.

Contingent losses that are probable and quantifiable are expensed when they are identified.

NOTE 2: OPERATING EXPENSES

Fees to the auditors for ordinary audit and other audit and attestation fees have been expensed.

Amounts in USD thousands	2024	2023
Audit fees	67	30
Other audit and attestation fees	62	20
Total	129	50

PHLY has no employees. Senior Management was employed in the operating company. Fees to the Board of Directors of NOK 1,758 thousand (USD 154 thousand) and NOK 1,673 thousand (USD 164 thousand) were expensed in 2024 and 2023, respectively.

NOTE 3: TAXES

The table below shows the difference between book and tax values by the end of 2024 and 2023 and the amounts of deferred taxes at these dates and the change in deferred taxes.

Amounts in USD thousands	2024	2023
Losses carried forward	13 600	8 636
Other temporary differences	35	26
Total differences	13 635	8 662
Net deferred tax asset/(liability), 22%/22%	-	-
Foreign currency impact	-	-
Deferred tax asset/(liability) in the statement of financial position	-	-

Estimated result for income tax purposes:

Amounts in USD thousands	2024	2023
Income/(loss) before tax measured in NOK for taxation purposes	59 049	(1 826)
Non-taxable gain on disposal of shares in subsidiaries	(60 588)	(23)
Change in other temporary differences	9	-
Foreign currency impact	(3 914)	(721)
Estimated income/(loss) for tax purposes	(5 444)	(2 570)
Income tax payable, 22%/22%	-	-

Income tax benefit/(expense) in the income statement:

Amounts in USD thousands	2024	2023
Income tax payable	-	-
Change in deferred tax liability	-	-
Foreign currency impact	-	-
Excessive accrued income tax payable from prior year	-	-
Income tax benefit	-	-

The Norwegian deferred tax assets of USD 3.2 million have not been recorded because the Company does not believe that they will be able to use them.

NOTE 4: TOTAL EQUITY

Changes in equity are:

Amounts in USD thousands	Share capital	Share premium	Treasury shares	Total paid in capital	Other equity	Total equity
Equity as of 1 January 2024	22 664	22 511	(9 969)	35 206	2 096	37 302
Net income for the year 2024	-	-	-	-	59 049	59 049
Extraordinary dividend	-	(12 471)	-	(12 471)	(61 145)	(73 616)
Equity as of 31 December 2024	22 664	10 040	(9 969)	22 735	-	22 735

Philly Shipyard presents its Parent company financial statements using GAAP (Generally Accepted Accounting Principles) of Norway that require the extraordinary dividend to be presented as a liability and as part of the allocation of the income for 2024 regardless of the fact that the dividend was declared in February 2025 and not in 2024. For the consolidated financial statements presented using IFRS (International Financial Reporting Standards), dividend declared after year-end 2024 are not recorded as a liability.

The share capital of NOK 125,747,660 consists of 12,574,766 shares (including 466,865 treasury shares) with a par value of NOK 10 as of 31 December 2024.

PHLY is a part of the consolidated accounts of Aker ASA, Oksenoyveien 10, NO-1366 Lysaker, Norway.

Twenty largest shareholders
(as of 31 December 2024)

Shareholders	Number of shares held	Ownership (in %)
Aker Capital AS	7 237 631	57.6%
J.P. Morgan Securities LLC	1 211 486	9.6%
Philly Shipyard ASA	466 865	3.7%
Nordnet Livsforsikring AS	177 112	1.4%
Sivert Hultgren Berg	169 679	1.3%
Tor-Fredrik Naevdal	139 165	1.1%
Interactive Brokers LLC	132 987	1.1%
Maxwell Montes AS	96 082	0.8%
Citibank	76 222	0.6%
Peter Myhre	71 000	0.6%
Nordnet Bank AB	67 436	0.5%
Filip Kristiansen	61 436	0.5%
Jan Roar Ronning	60 000	0.5%
Kristian Falnes AS	60 000	0.5%
Trading Partner AS	59 234	0.5%
Kim Skailand	55 000	0.4%
Steinar Gronland	45 805	0.4%
ITSOS AS	45 000	0.4%
Thomas Fuglestad	43 680	0.3%
Dag Arve Midttun	40 000	0.3%
Total, 20 largest shareholders	10 315 820	82.1%
Other shareholders	2 258 946	17.9%
Total shareholders	12 574 766	100.0%

NOTE 5: CASH AND CASH EQUIVALENTS AND ESCROW CASH

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.

NOTE 6: SHARES OWNED BY THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

For information regarding shares owned by the members of the Board of Directors and the Senior Management, please see note 16 to the consolidated accounts.

NOTE 7: RELATED PARTY TRANSACTIONS AND GUARANTEES

PHLY has service agreements with Aker ASA and certain of its affiliates which provide consulting, 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. Philly Shipyard believes that related party transactions are made on terms equivalent to those that prevail in arm's length transactions. Total expenses incurred under these agreements in 2024 and 2023 were USD 120 thousand and USD 176 thousand, respectively.

NOTE 8: DISPOSAL OF SUBSIDIARY

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 under an intercompany loan 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 of USD 10.0 million 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:

Amounts in USD thousands	19 Dec 2024
Gross proceeds	100 000
Less: transaction costs	(3 995)
Net proceeds at closing	96 005
Cancellation of intercompany loan	31 583
Less: book investment in PSI	(67 000)
After-tax gain on sale	**60 588**

Net cash flow from the sale of PSI at 19 December 2024 is as follows:

Amounts in USD thousands	19 Dec 2024
Gross proceeds	100 000
Less transaction costs	(3 995)
Less escrow (restricted cash)	(10 000)
Net proceeds at closing	**86 005**

NOTE 9: SUBSEQUENT EVENTS AFTER 31 DECEMBER 2024

On 29 January 2025, the Board proposed a dividend payment of USD 6.08 per share to the shareholders of record as of 21 February 2025 as well as dissolution proceedings of PHLY. An extraordinary general meeting (EGM) was held on 19 February 2025 during which the proposed dividend and dissolution of PHLY were approved.

Auditor's Report

To the General Meeting of Philly Shipyard ASA – under liquidation

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Philly Shipyard ASA – under liquidation, which comprise:

- the financial statements of the parent company Philly Shipyard ASA – under liquidation (the Company), which comprise the Statement of Financial Position as at 31 December 2024, the Income Statement and Cash Flow Statement for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of Philly Shipyard ASA – under liquidation and its subsidiaries (the Group), which comprise the Statement of Financial Position as at 31 December 2024, the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Philly Shipyard ASA for 3 years from the election by the general meeting of the shareholders on 20 April 2022 for the accounting year 2022.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Emphasis of Matter

We draw attention to Note 1 to these financial statements and the Board of Director's report, which refers to the decision to liquidate the Company subsequent to the statement of financial position date. The going concern assumption is therefore not applicable for the financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As the Company has sold all its business during the financial year, the prior year key area of focus, *Revenue Recognition from Construction Contracts*, has been replaced by *Accounting for profit for Discontinued Operations*.

Key Audit Matters	How our audit addressed the Key Audit Matter
Accounting of profit for Discontinued Operations	
In December 2024 Philly Shipyard ASA sold 100% of the shares in Philly Shipyard Inc ("PSI"). The results of operations of PSI and the net profit from the sale are presented as profit from discontinued operations in the consolidated income statement. We consider the profit from discontinued operations of Philly Shipyard Inc as a key focus area due to the pervasive impact on the financial statements when the business is sold during the financial year. Furthermore, the accounting considerations involved can be complex, and there is an inherent risk of errors in the detailed bookkeeping of the transactions. We refer to note 1 and note 19 to the consolidated financial statements, where management explains the transaction and how this has been accounted for in the financial statements.	To consider whether classification as discontinued operations was appropriate, we obtained an understanding of the agreements and other documents supporting the transaction. To further deepen our understanding, we held discussions with management about the details and terms in the agreements. Our discussions included management's procedures to ensure appropriate accounting treatment of the transaction, and how management had evaluated the various aspects of the accounting and disclosure requirements, particularly the requirements in IFRS 5. We recalculated management's calculation of the results of the operations of PSI. We traced the detailed information used in the calculation back to supporting documentation as well as considered management's use of assumptions against our accumulated knowledge of the transaction and IFRS requirements. For the PSI transaction, we performed audit procedures over management's calculations of net profit from the sale to test whether it appropriately reflected the terms of the sale and purchase agreement in respect of consideration and claims from the purchaser. We obtained confirmation from independent third parties that the purchase price has been settled. We read notes 1 and19 and found them to be in line with the requirements.

pwc

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements.

The required statutory Sustainability Statement is omitted from the other information accompanying the financial statements.The Company is subject to the reporting requirements in the Norwegian Accounting Act §§ 2-3 – 2-7 and should have included a Sustainability Statement in their Board of Directors' report. As the Company has sold all its business during the financial year, and aim to distribute the proceeds as dividend, and then dissolve the Company during the first half of 2025, Management has decided not to include a Sustainability Statement.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Governance.

Our opinion on whether the Board of Directors' report contains the information required by applicable statutory requirements, does not cover the Sustainability Statement.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Management has decided to liquidate the Company.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting. Management has decided to liquidate the Company. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing act of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Philly Shipyard ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name PHLY_ASA_31122024-EN.zip have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 28 March 2025
PricewaterhouseCoopers AS

Anne Kristin Huuse
State Authorised Public Accountant
(This document is signed electronically)

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PATRIOT STATE

Shares and Shareholder Matters

Philly Shipyard ASA (PHLY) is committed to maintaining an open and direct dialogue with its shareholders, potential investors, analysts, brokers and the financial community in general.

The timely release of information to the market that could affect PHLY's share price helps ensure that Philly Shipyard ASA's share price reflects its underlying value.

On 12 March 2024, the PHLY Board revised the Company's dividend policy as follows:

"The Company's objective is to provide its shareholders with a competitive return on its shares over time based on the Company's earnings. The Company's focus is on long-term profitability, and its current priority is to strengthen its balance sheet. Accordingly, no dividends are contemplated until further notice."

In 2024, PHLY did not pay any dividends. However, on 29 January 2025 the Board authorized a dividend payment of USD 6.08 per share to shareholders on record as of 21 February 2025, totalling approximately USD 73.6 million. The dividend and the Board's proposal to start dissolution proceedings were approved at an EGM held on 19 February 2025. Based on certain liquidation accounts to be prepared by the Company and audited by its auditor, PHLY expects to distribute the remaining unrestricted cash in the Company during the first half of 2025. Any remaining cash in the Company later available for distribution as a result of release of cash from the escrow arrangement with Hanwha, will be distributed once unrestricted to the Company's shareholders eligible to receive the initial liquidation dividend. Such distribution, if any, may take up to four years.

The Norwegian Public Limited Liability Companies Act allows for the Board of Directors to pay dividends on the basis of an authorization from the annual general meeting. As the Company is under liquidation, the Board of Directors does not intend to propose to the general meeting that the Board of Directors is authorized to pay dividends based on PHLY's annual accounts for 2024.

SHARES AND SHARE CAPITAL

As of 31 December 2024, Philly Shipyard ASA has 12,574,766 ordinary shares; each share has a par value of NOK 10 (see note 4 to the Parent company's 2024 accounts). As of 31 December 2024, PHLY had 1,113 shareholders, of whom 53 shareholders, or 4.8%, were non-Norwegian shareholders.

PHLY has a single share class. Each share is entitled to one vote. PHLY holds 466,865 of its own (treasury) shares, constituting 3.7% of the shares outstanding, as of 31 December 2024.

STOCK EXCHANGE LISTING

Philly Shipyard ASA was listed on the Euronext Expand Oslo (formerly known as Oslo Axess) on 17 December 2007 (ticker: PHLY). PHLY's shares are registered in the Norwegian Central Securities Depository; the shares have the securities registration number ISIN NO 0010395577. DNB Bank ASA is PHLY's registrar.

MAJORITY SHAREHOLDER

Philly Shipyard ASA's majority shareholder is Aker Capital AS, a wholly-owned subsidiary of Aker ASA. Companies that are part of Aker are legally and financially independent units. Aker Capital AS exercises active ownership as part of systematic efforts to create value for all PHLY shareholders.

From time to time, agreements are entered into between the Company and one or

SHARE CAPITAL DEVELOPMENT OVER THE PAST THREE YEARS

	Change in share capital (in NOK)	Share capital (in NOK)	Number of shares	Par value (in NOK)
Change in 2022	-	-	-	-
31 December 2022	-	125 747 660	12 574 766	10.00
Change in 2023	-	-	-	-
31 December 2023	-	125 747 660	12 574 766	10.00
Change in 2024	-	-	-	-
31 December 2024	-	125 747 660	12 574 766	10.00

more Aker companies. The Boards of Directors and other parties involved in the decision-making processes related to such agreements are all critically aware of the need to handle such matters in the best interests of the involved companies, in accordance with good corporate governance practice. If needed, external, independent opinions are sought.

CURRENT BOARD AUTHORIZATIONS

As of 31 December 2024, the Board of Directors of Philly Shipyard ASA has an authorization to pay dividends, an authorization to increase the share capital and two separate authorizations to acquire own shares. All of these current Board authorizations are valid up until the next annual general meeting in 2025. For more details, please see "Board authorizations" on page 60.

STOCK OPTION PLANS

As of 31 December 2024, Philly Shipyard ASA has no stock option program.

INVESTOR RELATIONS

Philly Shipyard ASA seeks to maintain an open and direct dialogue with shareholders, financial analysts and the financial market in general.

All Philly Shipyard press releases and investor relations publications, including archived material, are available at the Company's web site: www.phillyshipyardasa.com. This online resource includes PHLY's quarterly and annual reports, prospectuses, articles of association, financial calendar and its Investor Relations and Corporate Governance policies, along with other information.

Shareholders can contact the Company at communications@phillyshipyardasa.com.

QUARTERLY AND ANNUAL REPORTS

Philly Shipyard's quarterly and annual reports are published electronically on the Company's website at the same time as they are released via the Oslo Stock Exchange distribution service, www.newsweb.no (ticker: PHLY).

TWENTY LARGEST SHAREHOLDERS
(as of 31 December 2024)

Shareholders	Number of shares held	Ownership (in %)
Aker Capital AS	7 237 631	57.6%
J.P. Morgan Securities LLC	1 211 486	9.6%
Philly Shipyard ASA	466 865	3.7%
Nordnet Livsforsikring AS	177 112	1.4%
Sivert Hultgren Berg	169 679	1.3%
Tor-Fredrik Naevdal	139 165	1.1%
Interactive Brokers LLC	132 987	1.1%
Maxwell Montes AS	96 082	0.8%
Citibank	76 222	0.6%
Peter Myhre	71 000	0.6%
Nordnet Bank AB	67 436	0.5%
Filip Kristiansen	61 436	0.5%
Jan Roar Ronning	60 000	0.5%
Kristian Falnes AS	60 000	0.5%
Trading Partner AS	59 234	0.5%
Kim Skailand	55 000	0.4%
Steinar Gronland	45 805	0.4%
ITSOS AS	45 000	0.4%
Thomas Fuglestad	43 680	0.3%
Dag Arve Midttun	40 000	0.3%
Total, 20 largest shareholders	10 315 820	82.1%
Other shareholders	2 258 946	17.9%
Total shareholders	12 574 766	100.0%

OWNERSHIP STRUCTURE BY NUMBER OF SHARES HELD
(as of 31 December 2024)

Shares owned	Number of shareholders	% of share capital
1 - 100	401	0.1%
101 - 1 000	392	1.3%
1 001 - 10 000	242	6.6%
10 001 - 100 000	71	16.2%
100 001 - 500 000	5	8.6%
Over 500 000	2	67.2%
Total	1 113	100.0%

NOMINATION COMMITTEE

PHLY's nomination committee has the following members: Ingebret G. Hisdal (Chairperson) and Charlotte Håkonsen. Hilde K. Ramsdal serves as deputy member to the committee. Shareholders who wish to contact PHLY's nomination committee may do so using the following address:

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

ANNUAL GENERAL MEETING

Philly Shipyard ASA's annual general meeting is normally held in March or April. Written notification is sent to all shareholders individually or to shareholders' nominees. To vote at general meetings, shareholders (or their duly authorized representatives) must either be present or vote by proxy.

Annual general meeting notices and attendance registration forms are sent to shareholders by the deadlines laid down in the Norwegian Public Limited Liability Companies Act and made available on the company's website and through the Oslo Stock Exchange distribution service. The annual report and other enclosures to the meeting notice are made available solely via the company's website and the Oslo Stock Exchange distribution service. Shareholders who wish to receive the enclosures by post must contact the company.

2024 SHARE DATA

PHLY's total market capitalization as of 31 December 2024 was NOK 951 million. During 2024, a total of 2,963,210 Philly Shipyard ASA shares traded, corresponding to 0.236 times PHLY's freely tradable stock. The shares traded on 248 trading days in 2024.

GEOGRAPHIC DISTRIBUTION OF SHAREHOLDERS
(as of 31 December 2024)

Shareholders	Number of shares held	Ownership (in %)
Norwegian shareholders	10 846 426	86.3%
Non-Norwegian shareholders	1 728 340	13.7%
Total	12 574 766	100.0%

SHARE PRICE DEVELOPMENT IN 2024
(2024 share data)

Highest traded (in NOK)	76.8
Lowest traded (in NOK)	33.6
Share price as of 31 December (in NOK)	75.6
Shares issued as of 31 December	12 574 766
Own (treasury) shares as of 31 December	(466 865)
Shares issued and outstanding as of 31 December	12 107 901
Market capitalization as of 31 December (in NOK millions)	951
Proposed share dividend (NOK per share)	-

SHARE PRICE DEVELOPMENT
(2022 - 2024)
NOK / share

Corporate Governance

Philly Shipyard ASA (PHLY) aims to create maximum value for its shareholders over time. Good corporate governance will help to reduce risk and ensure sustainable value creation.

The Board of Directors (the "Board") of PHLY has reviewed and updated PHLY's principles for corporate governance. The principles are based on the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 (the "Code of Practice"), the principles set out in the continuing obligations of companies listed on the Oslo Stock Exchange, and the relevant Norwegian background law such as the Norwegian Accounting Act and the Norwegian Public Limited Liability Companies Act. The Code of Practice is available at www.nues.no and the continuing obligations of stock exchange listed companies may be found at www.euronext.com/en/markets/oslo. The principles also apply to PHLY's subsidiaries when relevant. The following presents the current practice of PHLY regarding each of the recommendations contained in the Code of Practice. Any deviations from the recommendations are explained under the item in question. In addition to the Code of Practice, the Norwegian Accounting Act section 2-9 stipulates that companies must provide a report on their policies and practices for corporate governance either in the annual report or in a document referred to in the annual report. This report is integrated in this corporate governance statement.

This statement should be read in conjunction with the Company's ongoing liquidation process. The liquidation process is expected to be completed during Q2 2025. PHLY will remain listed on Euronext Expand until the liquidation process is completed.

Purpose

PHLY's Corporate Governance principles ensure an appropriate division of roles and responsibilities among PHLY's owners, its Board, and its executive management, and that business activities are subject to satisfactory control. The appropriate division of roles and satisfactory control contribute to the greatest possible value creation over time, to the benefit of owners and other stakeholders.

Values and ethical guidelines

The Board has adopted corporate values and ethical guidelines. PHLY has a code of conduct which is approved by the Board, and it constitutes a framework for managing compliance and integrity risks. It describes PHLY's ethical commitments, requirements and expectations for personal conduct and business practice. PHLY's code of conduct outlines clear principles and rules in key compliance and integrity areas such as anti-corruption and anti-bribery; facilitation payments; conflicts of interest; gifts and hospitality; human and labor rights; fair competition; anti-money laundering; and trade compliance. PHLY's code of conduct is available on PHLY's home page www.phillyshipyardasa.com, under the heading "Corporate Governance."

PHLY has not adopted specific guidelines on equality and diversity due to its lack of employees. The Company is focused however on carrying on its business in line with the principles of equality and diversity with respect to the composition of its management and Board, and its Board currently comprise of four members where two are male and two are female.

Business

PHLY's business purpose clause in the articles of association is as follows:

"The Company's business is to own and manage industry and other related business related to building of ships, capital management and other operations for the group, including participating in or acquiring other business."

The function of the business purpose clause is to ensure that shareholders have control of the business and its risk profile, without limiting the Board or management's ability to carry out strategic and financially viable decisions within the defined purpose.

EQUITY AND DIVIDENDS

Equity

The PHLY group's equity as of 31 December 2024 amounted to USD 96.4 million, which corresponds to an equity ratio (total equity divided by total assets) of approximately 98%. PHLY regards its current equity structure as appropriate and adapted to its objectives, strategy and risk profile. On 19 February 2025, the extraordinary general meeting of the Company resolved to approve a proposed dividend of approximately USD 73.6 million, which was paid out by 28 February 2025.

Dividends

PHLY's dividend policy is included in the Shares and Shareholder Matters section on page 56.

Philly Shipyard's goal now that is has sold its only operating asset, PSI, is to return a significant portion of the sale proceeds to its shareholders while ensuring PHLY's obligations under the SPA are fully accounted for.

PHLY did not pay out any dividends in 2024. Given the sale of PSI to Hanwha in December 2024 whereby the Company received approximately USD 100.0 million in cash proceeds, the Board proposed a dividend of USD 6.08 per share, totaling approximately USD 73.6 million, in February 2025. This proposal was approved by an extraordinary general meeting held in the Company on 19 February 2025 and paid out by 28 February 2025. The extraordinary general meeting also resolved to liquidate PHLY, a process which is expected to be completed in Q2 2025. As a result, PHLY does not foresee payment of any further shareholder distributions, including dividends and share buybacks, until the Company has been finally liquidated. Provided that the general meeting resolves to finally liquidate and dissolve the Company based on certain audited liquidation accounts, PHLY expects to distribute the remaining unrestricted cash in the Company at such time as a liquidation distribution to its shareholders as soon as permissible under Norwegian law.

Board authorizations

The Board's current authorizations to issue shares and to undertake share buy backs are to be limited to defined purposes and to be valid only until the next annual general meeting.

The Board has the following authorizations valid up to the annual general meeting in 2025:

- to facilitate the potential payment of dividends in accordance with PHLY's dividend policy, an authorization to pay dividends based on PHLY's annual accounts for 2023;
- an authorization to increase the share capital by up to NOK 12,574,766, which can only be used to raise equity capital for new shipbuilding projects or other future investments within the Company's scope of operations;
- an authorization to acquire own shares with a total nominal value of NOK 12,574,766, which can only be used for the purpose of utilizing PHLY's shares as transaction currency in acquisitions, mergers, de-mergers or other transactions; and
- an authorization to acquire own shares with a total nominal value of NOK 12,574,766, which can only be used for the purpose of investment or subsequent sale or deletion of such shares.

The Board does not intend to propose to renew any of these authorizations due to the ongoing liquidation process.

The Board currently has no other authorizations to issue shares or undertake share buybacks.

Equal treatment of shareholders

PHLY has a single class of shares, and all shares carry the same rights in PHLY. Equal treatment of all shareholders is crucial. If existing shareholders' pre-emptive rights are proposed waived upon an increase in share capital, the Board will justify the waiver. The Board will also publicly disclose such justification in a stock exchange announcement issued in connection with such increase in share capital. Transactions in own (treasury) shares are executed on the Oslo Stock Exchange or by other means at the listed price.

Shares and negotiability

There are no limitations on any party's ability to own, trade or vote for shares in PHLY. No restrictions on transferability are found in PHLY's articles of association.

General meetings

The Board encourages shareholders to participate in general meetings. It is PHLY's priority to hold the annual general meeting as early as possible after the year-end. Notices of general meetings are sent physically by post to shareholders who have not accepted digital communication and comprehensive supporting information, including the recommendations of the nomination committee, are made available for the shareholders on PHLY's website www.phillyshipyardasa.com, in each case not later than 21 days prior to the annual general meeting. The Board seeks to ensure that the resolutions and supporting information are sufficiently detailed and comprehensive to enable the shareholders to form a view on all matters to be considered at the meeting. The notice materials include a thorough explanation of all procedures for registration, voting and attendance.

In addition, information on how to propose a resolution to the items on the agenda at the annual general meeting will be included in the notice. If a general meeting is held as a physical meeting, the shareholders will also be given the opportunity to participate virtually. The proxy form includes instructions for representation at the meeting through a proxy or by virtual participation and allows shareholders to nominate a person who will be available to vote on behalf of the shareholders. In addition, to the extent possible, the proxy form includes separate voting instructions to be given for each matter to be considered by the meeting. The shareholders may also vote electronically in advance of the general meeting.

Pursuant to PHLY's articles of association, the Chairman of the Board (the "Chairman"), or any other person appointed by the Chairman, chairs the general meetings. Although the Code of Practice recommends an independent chair for annual general meetings, it is the view of PHLY that the procedure followed by PHLY provides efficient and well prepared annual general meetings and is in the interests of the shareholders. Recent years, the general meetings have however been chaired by an independent chairperson appointed by the Chairman of the Board. The shareholders are invited to make a joint voting on the composition of the Board as proposed by the nomination committee and not on each Board member separately. Hence, PHLY deviates from the Code of Practice in this regard as the nomination committee emphasizes that the Board's composition shall reflect a variety of experience, knowledge and qualifications.

To the extent possible, the CEO/general manager, the chairperson of the nomination committee and the auditor attend annual general meetings.

Minutes of general meetings are published as soon as practically possible on the Oslo Stock Exchange, www.newsweb.no (ticker: PHLY) and on PHLY's website www.phillyshipyardasa.com.

NOMINATION COMMITTEE

PHLY has a nomination committee, as set forth in section 7 of PHLY's articles of association. Pursuant to the articles of association, the nomination committee is to comprise no fewer than two members. Each member is normally elected for a two-year period. The composition of the nomination committee reflects the interests of the shareholders, and its members are independent from the Board and executive management. The members and chairperson of the nomination committee are elected by PHLY's annual general meeting, which also approves the remuneration payable to committee members. The general meeting may also decide on guidelines for the nomination committee.

Pursuant to PHLY's articles of association, the nomination committee recommends candidates for members of the Board. The nomination committee also makes recommendations as to remuneration of the members of the Board and the nomination committee. The nomination committee will justify its recommendation and such justification will address the criteria specified in section 8 of the Code of Practice on the composition of the Board.

The nomination committee comprises the following members:

– Ingebret G. Hisdal, Chairperson
– Charlotte Håkonsen, member

Neither of the members of the nomination committee is a member of the Board. Neither the CEO/general manager nor any other senior executive is a member of the nomination committee. Hilde K. Ramsdal serves as deputy member to the committee.

The general meeting has stipulated guidelines for the duties of the nomination committee.

PHLY provides the shareholders with information on how to submit proposals to the nomination committee for candidates for election to the Board on PHLY's website www.phillyshipyardasa.com.

BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to section 4 of PHLY's articles of association, the Board comprises between three and seven members. The Board is currently comprised of a total of four members.

PHLY's shareholders elect the Chairman at the annual general meeting. The Board may elect its own Deputy Board Chairman. Board members are elected for a period of two years.

The composition of the Board is designed to ensure that it can operate independently of any special interests and function effectively as a collegiate body. A majority of the shareholder-elected Board members are independent of PHLY's executive management and its significant business associates. The Board does not include any executive personnel. Further, two of the four shareholder-elected Board members, Elin Karfjell and Susan Hayman, are independent of PHLY's main shareholder, Aker ASA. Kristian Røkke, the Chairman, is chairman of Aker Horizons ASA. Jan Petter Hagen, Board member, is Managing Partner of Converto AS.

The current composition of the Board, as well as the Board members' status on independence and expertise, capabilities, and experience, are presented on pages 64-65 of this annual report. The shareholder-elected Board members represent a combination of expertise, capabilities, and experience from various businesses and industries.

The Board members' shareholdings are presented in note 16 to the consolidated accounts.

Two of the four shareholder-elected Board members are up for election in 2025.

THE WORK OF THE BOARD OF DIRECTORS

The Board of PHLY annually adopts a plan for its work, emphasizing the goals, strategies, and risk profile of the Company's business activities. The plan also recognizes the Company's corporate social responsibility, and how the Board shall handle agreements with related parties. If there are material transactions between the Company and a shareholder, Board member, member of executive management, or a party closely related to any of the aforementioned, the Board shall ensure that independent valuations are available.

See additional information on transactions and agreements with related parties in note 18 to the consolidated accounts. As of 31 December 2024, 57.6% of the shares in PHLY are owned by Aker Capital AS, a wholly-owned subsidiary of Aker ASA. For further details on the relationship between Philly Shipyard and Aker ASA, please see note 18 to the consolidated accounts.

Also, the Board has adopted instructions that regulate areas of responsibility, tasks, and division of roles of the Board, the Chairman, and the CEO/general manager. These instructions feature rules governing Board schedules, rules for notice and chairing of Board meetings, decision-making rules, the CEO's/general manager's duty and right to disclose information to the Board, professional secrecy, impartiality, and other issues.

In order to ensure a more independent consideration of matters of a material character in which the Chairman is, or has been, personally involved, the Board's consideration of such matters are chaired by the Deputy Board Chairman, if there is one serving at the time, or some other member of the Board in the absence of a Deputy Board Chairman.

PHLY has an audit committee consisting of two members elected by and among the Board's members, Elin Karfjell (Chairperson) and Jan Petter Hagen. Both members are independent from operations of the Company. One member, Jan Petter Hagen, is linked to PHLY's main shareholder, Aker ASA.

PHLY does not have any other active Board committees at this time. In particular, PHLY does not have a remuneration committee because all members of the Board are independent of PHLY's executive personnel.

PHLY has prepared guidelines designed to ensure that members of the Board and executive management notify the Board of any direct or indirect stake they may have in agreements entered into by the Company. The Board evaluates its own performance and expertise once a year.

Risk management and internal control

The Board is to ensure that the Company maintains solid in-house control practices and protocols and appropriate risk management systems tailored to the Company's business activities. These practices and systems encompass the Company's guidelines for how it integrates considerations related to stakeholders into its creation of value. PHLY's policy regarding sustainability and environmental, social, and governance (ESG) is set forth on page 11 of this annual report. The Board annually reviews the Company's most important risk areas and internal control systems and procedures, and these risk areas are mentioned in the Board's report. Through the use of a risk matrix and log, the Board also monitors the key risks related to the Company's business goals and assesses those risks, taking into account mitigating actions, on a quarterly basis. The issue is further described in notes 1 and 15 to the consolidated accounts.

Audit committee

The audit committee has reviewed the Company's financial reporting systems, systems for internal control and risk management and had dialogue with PHLY's auditor. The audit committee has also considered the auditor's independence.

PHLY's financial policies ensure follow-up of financial risk. Key targets are identified by the Board and management to ensure timely follow-up of currency exposure, interest rate exposure and compliance with covenants.

PHLY has prepared an authorization matrix and approval procedures for costs included in PHLY's governing documents.

FINANCIAL STATEMENT CLOSE PROCESS

PHLY has implemented Aker ASA's accounting and reporting guidelines which contains requirements and procedures for the preparation of both quarterly and annual reporting. The reporting is done quarterly through PHLY's reporting and consolidation system. Consolidation and control over the financial statement close process is the CFO's responsibility. Financial results and cash development are analyzed and compared to the budget by the CEO/general manager and CFO and reported to the Board monthly.

REMUNERATION OF THE BOARD OF DIRECTORS

Board remuneration reflects the Board's responsibility, expertise, time spent, and the complexity of the business. Remuneration does not depend on PHLY's financial performance and PHLY does not grant share options to members of its Board. Board members and companies with whom they are associated are not to take on special tasks for the Company beyond their Board appointments unless such assignments are disclosed to the full Board and the remuneration for such additional duties is approved by the Board.

Additional information on remuneration paid to Board members for 2024 is presented in note 16 to the consolidated accounts.

REMUNERATION OF EXECUTIVE MANAGEMENT

The Board has adopted guidelines for remuneration of executive management in accordance with section 6-16a of the Norwegian Public Limited Company Act which was originally presented to the annual general meeting in 2021 and approved by the shareholders for a period of four years. The guidelines currently approved by the shareholders are available on the Company's website. Salary and other remuneration of the CEO/general manager of PHLY are determined in a Board meeting. The basis of remuneration of executive management has been developed in order to create a system based on performance and retention.

The system of reward is designed to contribute to the achievement of good financial results and increase shareholder value.

PHLY does not have stock option plans. Further information on remuneration for 2024 for members of the Company's executive management is presented in note 16 to the consolidated accounts. PHLY's guidelines for remuneration to executive management are discussed starting on page 36 of this annual report. The maximum size of any payment under the existing performance-related remuneration program to any executive is linked to the size of the executive's base salary.

The Board prepares and presents a report on remuneration of executive management every year as part of the annual general meeting, in accordance with the Norwegian Public Limited Company Act section 6-16b. This report is subject to the shareholders' advisory vote only.

INFORMATION AND COMMUNICATIONS

PHLY's reporting of financial and other information is based on openness and on equal treatment of shareholders, the financial community, and other interested parties.

The long-term purpose of PHLY's investor relations activities has been to ensure PHLY's access to capital at competitive terms and to ensure shareholders' correct pricing of shares. These goals are to be accomplished through correct and timely distribution of information that can affect PHLY's share price. PHLY is also to comply with current rules and market practices, including the requirement of equal treatment.

All stock exchange notifications and press releases are made available on PHLY's website www.phillyshipyardasa.com; stock exchange notices are also available from www.newsweb.oslobors.no. All information that is distributed to shareholders is simultaneously published on PHLY's website.

PHLY's financial calendar is found on the inside front cover of this annual report and its home page www.phillyshipyardasa.com.

PHLY's investor relations staff is responsible for maintaining regular contact with PHLY's shareholders, potential investors, analysts and other financial market stakeholders. The Board is regularly informed about PHLY's investor relations activities. For more information regarding PHLY's guidelines for reporting of financial and other information, see pages 56-58.

TAKEOVERS

PHLY has not produced special principles for how it will act in the event of a takeover bid. However, if a takeover bid occurred the Board would follow the overriding principle of equal treatment for all shareholders. Unless the Board has particular reasons for so doing, the Board will not take steps to prevent or obstruct a takeover bid for PHLY's business or shares, nor use share issue authorizations or other measures to hinder the progress of the bid, without such actions being approved by a general meeting after the takeover offer has become public knowledge.

AUDITOR

The auditor makes an annual presentation to the Board of a plan for the auditing work for the year. Further, the auditor has provided the Board with a written confirmation that the requirement of independence is met.

The auditor participates in the Board meeting that deals with the annual accounts, and the auditor has reviewed PHLY's internal control with the Board. At these meetings, the auditor reviews any material changes to PHLY's accounting principles, comments on any material estimated accounting figures and reports all matters on which there have been disagreement between the auditor and PHLY's executive personnel. Once a year a meeting is held between the auditor and the Board, at which no representatives of executive management are present. In addition to the presentations to the full Board, the auditor is present at all quarterly audit committee meetings which occur throughout the year and presents both its preliminary and final audit findings to the committee during such meetings.

Presentation of the Board of Directors

KRISTIAN RØKKE
Board Chairman

Kristian Røkke (b. 1983) is Chief Executive Officer of Aker Horizons AS, an investment company dedicated to creating value and reducing emissions from renewable energy and decarbonization technologies. Mr. Røkke has previously been Chief Investment Officer of Aker ASA and has extensive experience from operations and M&A. Mr. Røkke is Chair of the board of Mainstream Renewable Power and Aker Carbon Capture AS, and a Director of TRG Holding AS. Mr. Røkke has an MBA from The Wharton School, University of Pennsylvania. Mr. Røkke holds both Norwegian and American citizenships. Mr. Røkke owns no shares in the company and has no stock options. Mr. Røkke has been elected for the period 2022-2024.

JAN PETTER HAGEN
Board Member

Jan Petter Hagen (b. 1965) is Managing Partner in the advisory firm Converto AS. Before joining Converto in 2017, Mr. Hagen held the position as Director of Business Transformation in Rolls-Royce Marine. Mr. Hagen also served as CFO in Stokke, a high-end, global, well-recognized brand in the children product segment from 2009-2014. Mr. Hagen has previously held a variety of executive positions in Aker Yards, Offshore & Specialized Vessels, including Senior Vice President Finance and Senior Vice President Shipbuilding. Mr. Hagen also has experience from the oil and gas industry. Mr. Hagen's current board positions include inter alia Brattvaag Electro and Peil. Mr. Hagen holds a MSc in Energy Economics and Management and a Bachelor of Science in Business Administration from Norwegian Business School BI in Oslo. Mr. Hagen owns no shares in the company and has no stock options. Mr. Hagen has been elected for the period 2022-2024.

ELIN KARFJELL
Board Member

Elin Karfjell (b. 1965) has experience as EVP Property Management and Development of Statsbygg, a Norwegian government agency that manages central parts of the real estate portfolio of the government of Norway, where she previously held the position of CFO. Prior to that, Ms. Karfjell was CEO of Atelika AS and Fabi Group and Director of Finance and Administration of Atea AS. Ms. Karfjell is a former partner at Ernst & Young AS. Ms. Karfjell joined Ernst & Young AS in 2002. Prior to this, Ms. Karfjell held various positions including partner at Arthur Andersen. At Ernst & Young/Arthur Andersen, Ms. Karfjell held various leading positions, both within advisory and audit, and Ms. Karfjell has experience from a broad specter of industries. Ms. Karfjell is also a Board member of North Energy ASA, DNO ASA and Contesto AS. Previously, Ms. Karfjell was a Board member of Hent AS, Sevan Drilling Ltd., Norse Energy Corporation ASA, Aktiv Kapital ASA and Aker Floating Production ASA. Ms. Karfjell is a state authorized public accountant. Ms. Karfjell has a Bachelor of Science in Accounting from Okonomisk College (Oslo Met) and a higher degree in accounting and auditing from the Norwegian School of Economics and Business Administration (NHH). Ms. Karfjell is a Norwegian citizen. Ms. Karfjell holds 1,200 shares in the company and has no stock options. Ms. Karfjell has been elected for the period 2023-2025. Ms. Karfjell serves as an independent director.

SUSAN HAYMAN

Board Member

Susan Hayman (b. 1958) has held senior positions in both domestic and international maritime transportation companies including Foss Maritime Company, APL Ltd. and Matson Navigation. Ms. Hayman is a graduate of the United States Merchant Marine Academy and received an MBA from Harvard Business School. Ms. Hayman has served on several boards and committees, including: American Petroleum Institute (API) Marine Committee, Ship Operations Cooperative Program (SOCP), Chamber of Shipping of America (CSA), American Waterways Operators (AWO), Maritime Transportation System Advisory Committee (MTSNAC), and the U.S. Merchant Marine Academy Board of Visitors. Ms. Hayman is a U.S. citizen. Ms. Hayman owns no shares in the company and has no stock options. Ms. Hayman has been elected for the period 2023-2025. Ms. Hayman serves as an independent director.

Presentation of the Management Team

STEINAR NERBØVIK
President and CEO

Steinar Nerbøvik (b. 1961) was appointed President and Chief Executive Officer of Philly Shipyard ASA and Philly Shipyard, Inc. in November 2014 after serving as Managing Director since April 2014. Previously, Mr. Nerbøvik served as SVP Operations from October 2013. Prior to that, Mr. Nerbøvik served as SVP Yard Director for Norwegian Shipyard Vard Langsten (former Aker Yards and STX OSV Langsten), a leading provider of sophisticated offshore support vessels. Mr. Nerbøvik first joined Philly Shipyard in 2003 as Vice President Projects. Mr. Nerbøvik has held other management positions as combined Design Manager and Project Manager at Aker Langsten from 1991-2003. Mr. Nerbøvik holds a Master of Science in Ship Naval Engineering from the Norwegian Institute of Technology (NTNU) in Trondheim, Norway. Mr. Nerbøvik lives in Wilmington, DE, USA. Mr. Nerbøvik is a U.S. and Norwegian citizen. As of 1 February 2025, Mr. Nerbøvik holds 1,000 shares in the company and has no stock options.

JEFFREY THEISEN
Chief Financial Officer

Jeffrey Theisen (b. 1968) rejoined Philly Shipyard ASA as Chief Financial Officer in September 2020. Mr. Theisen previously served as CFO from 2007-2015. Mr. Theisen has over 30 years of experience in financial and strategic planning, organizational leadership, growth and expansion strategies, debt and equity financing, investor and banking relations, and budgeting and cost accounting. Mr. Theisen has held finance roles with Arthur Andersen, The Regulus Group, Philly Shipyard and most recently, People 2.0. Mr. Theisen holds a Bachelor of Science in Accounting from Villanova University and is a certified public accountant in the state of Pennsylvania. Mr. Theisen lives in Blue Bell, PA, USA. Mr. Theisen is a U.S. citizen. As of 1 February 2025, Mr. Theisen holds zero shares in the company and has no stock options.

KRISTINE DAMLI
Vice President

Kristine Damli (b. 1990) is Vice President of Philly Shipyard ASA. In addition to this responsibility, Ms. Damli serves as Senior Controller for Aker ASA. Prior to joining Aker ASA in 2022, Ms. Damli worked for six years in PricewaterhouseCoopers. Ms. Damli holds an MSc in Economics and Business Administration and an MSc in Accounting and Auditing from The Norwegian School of Economics (NHH). Ms. Damli lives in Oslo, Norway. Ms. Damli is a Norwegian citizen. As of 1 February 2025, Ms. Damli holds zero shares in the company and has no stock options.

DISCLAIMER

This annual 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. Although Philly Shipyard ASA believes that its expectations and the information in this annual 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 annual 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 the annual 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 the annual report.

Philly Shipyard ASA undertakes no obligation to publicly update or revise any forward-looking information or statements in the annual 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 annual 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.

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