

REMUNERATION REPORT 2024
for
PHILLY SHIPYARD ASA (under liquidation)

REMUNERATION OF EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS OF PHILLY SHIPYARD ASA (under liquidation)

Advisory vote by the general meeting on 29 April 2025

In accordance with the Norwegian Public Limited Liability Companies Act (the “Act”) § 6-16 b, the board of directors of Philly Shipyard ASA (under liquidation) (the “Company”) has prepared a report on the salary and other remuneration of the board of directors as well as the CEO and CFO of the Company awarded or earned in 2024.

This report regards the remuneration of the following roles and persons:

- Chairperson of the board of directors - Kristian Monsen Røkke
- Member of the board of directors - Elin Karfjell
- Member of the board of directors - Jan Petter Hagen
- Member of the board of directors - Susan Hayman
- Chief Executive Officer (CEO) - position currently held by Steinar Nerbøvik
- Chief Financial Officer (CFO) - position currently held by Jeffrey Theisen

(Hereinafter collectively referred to as the "Leadership Team," with the "Executive Management" specifically referring to the CEO and CFO, and the "Board of Directors" referring to the members of the Company's board of directors, including the Chairperson.)

The remuneration report will be presented to the Annual General Meeting on 29 April 2025 for advisory vote.

1. Introduction, scope and purpose

This remuneration report 2024 provides an overview of remuneration of the Leadership Team of the Company in 2024 in relation to the Company's Remuneration Policy adopted by the general meeting on 19 April 2023, including the

The Company's Remuneration Policy is designed to align with the Company's overall business strategy, long-term interests and financial sustainability. The Company is dependent on being able to offer remuneration which can attract and retain high-quality persons for the Leadership Team. With an international employee base, the remuneration package needs to be competitive both within the local and international labor market.

Further information on remuneration can be found in the Annual Report 2024 on pages 36-37. The Annual Report 2024 is available at the Company's website: www.phillyshipyardasa.com.

Certain adjustments have been made in presenting prior years' figures herein to conform with the current year's presentation.

1.1 Purpose of the Remuneration Policy - Executive Management

The purpose of the Remuneration Policy is to set out remuneration components structured to provide strong alignment between the interests of the Executive Management and shareholders, including a focus on delivering the Company's key strategic objectives, and to support the business strategy and long-term interests. The total remuneration of the Executive Management is therefore constructed as a combination of fixed salary and variable compensation.

A competitive fixed salary shall be paid in order to attract and retain high-quality and experienced executives and to provide appropriate remuneration for their important role in the Company. This is required to support the recruitment and retention of executives of the caliber required to implement the Company's strategy. The variable compensation is designed to achieve good financial results and increase shareholder value while retaining key employees.

1.2 Purpose of the Remuneration Policy - Board of Directors

The purpose of the board fee, which is the only remuneration the Board of Directors receive from the Company, is to compensate the board members in a structure and size that aligns their interests with those of the shareholders while recognizing the distinct role and responsibilities of the board in governance and oversight. Unlike the Executive Management, whose remuneration is tied to operational performance and strategic execution, the board fee shall reflect the oversight and advisory responsibilities that board members hold.

The policy aims to attract and retain highly qualified individuals who can provide independent judgement and strategic guidance, essential for the Company's long-term success. The board fee is structured to be competitive within the industry, ensuring that board members are fairly compensated for their expertise and commitment to the company's governance.

2. Overview of financial year 2024

2.1 Highlights of 2024

- Key events for the Company in 2024 that affect the remuneration of the Executive Management through the 2024 AVP program consist of the attainment of productivity improvement goals (i.e., beating the pre-defined target for improved productivity from NSMV II to NSMV III).
- There have been no changes to the composition of the Executive Management in 2024 compared to 2023.
- The Company's Remuneration Policy was last adopted by the general meeting on 19 April 2023. It was prepared by the Board of Directors based on the principles set out in the remuneration policy approved by the Annual General Meeting in 2021, but with certain changes to facilitate

remuneration in the form of shares in the Company.

2.2 General overview of results and developments

Financial results

- 2024 EBITDA of negative USD 0.5 million
- 2024 net income of USD 90.5 million
- Total assets of USD 98.1 million at 31 December 2024
- Total cash and cash equivalents of USD 88.0 million at 31 December 2024, excluding USD 10.0 million of escrow cash
- Total equity of USD 96.4 million at 31 December 2024

Key developments, events, milestones, focus areas, commitments, investments etc.

- NSMV II, *Patriot State*, was delivered to MARAD in September, marking the second government ship built using the Vessel Construction Manager (VCM) model.
- Published its first Sustainability Report on 16 September 2024
- Philly Shipyard sold Philly Shipyard, Inc. to Hanwha on 19 December 2024

3. Total remuneration in 2024 for Executive Management

Name of Executive	Position	Year	1 Fixed salary	2 Variable remuneration	3 Pension expense	4 Other benefits	5 Total remuneration incl. pension	6 Fixed remuneration	7 Variable remuneration	Combined 6 Fixed remuneration	Combined 7 Variable remuneration
Steinar Nerbøvik	President & CEO	2024	\$449,080	\$105,948	\$32,000	\$69,000	\$656,028	84%	16%	\$550,080	\$105,948
	President & CEO	2023	\$451,952	\$106,094	\$32,000	\$70,772	\$660,818	84%	16%		
Jeffrey Theisen	Chief Financial Officer	2024	\$307,837	\$66,410	\$24,130	\$17,406	\$415,783	84%	16%	\$349,373	\$66,410
	Chief Financial Officer	2023	\$298,869	\$58,314	\$21,590	\$18,636	\$397,409	85%	15%		

Breakdown of Variable Remuneration *

(in USD)

	CEO variable remuneration	% of 2024 salary	CFO variable remuneration	% of 2024 salary
HSE goals				
EBITDA				
Personal/subjective	\$86,448		\$55,410	
Deferred from prior year	\$19,500		\$11,000	
Variable remuneration	<u>\$105,948</u>	<u>16%</u>	<u>\$66,410</u>	<u>16%</u>

* Variable remuneration is 2024 bonuses paid in 2024 and 2025.

The 2023 and 2024 plans had deferred portions that were/will be earned in 2024 and 2025, respectively. The amounts for the CEO for 2023 and 2024 were \$66,800 and \$19,500 respectively and the amounts for the CFO for 2023 and 2024 were \$36,114 and \$11,000 respectively

3.1 Remuneration awarded or earned in 2024

In 2024, the remuneration to Executive Management consisted of an average of 71% fixed salary and 16% variable remuneration. Pension and other compensation represented an average of 13%. The bonus amount consisted of the deferred amount earned from the 2023 AVP program as well as amounts awarded under the 2024 AVP program.

3.2 Fixed remuneration

The fixed base salaries are based on criteria such as the nature of the position and qualifications, whereas the exact amount is approved annually by the board for the CEO. For the CFO, the exact amount is normally approved annually by the CEO upon advice from the chairperson of the board. The fixed salary is determined during the first quarter of the new fiscal year and valid from 1 January the same year.

The salaries are normally reviewed on an annual basis, taking into consideration the business performance, demonstrated leadership and current salary level relative to market.

In 2024, the fixed salary has been increased/(decreased) (1%) and 3% compared to 2023 for the CEO and the CFO, respectively. The CEO's fixed remuneration constitutes 68% of the CEO's total remuneration, and the CFO's fixed remuneration constitutes 74% of the CFO's total remuneration.

3.3 Variable remuneration

The 2024 AVP program is based on achievement of defined annual results such as financial targets, order intake, project targets, development of commercial solutions, alignment with the Company's values and

improvement of HSE results. In 2024, the AVP program included 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 CEO and 60% of base salary for the CFO. 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. Awarded/earned but unpaid variable compensation for the CEO and the CFO as of 31 December 2024 is USD 105,948 and USD 66,410, respectively.

3.4 Application of performance criteria

The criteria for the 2024 Annual Variable Pay (AVP) Program are as follows:

Category		Measure	Weight
Team 50%	HSE	Lost time incident rate (LTIR)	5%
		Total recordable incident rate (TRIR)	5%
	Financial	EBITDA	40%
Personal 50%	Personal Goals	Management Team Goals	50%

- Beating the pre-defined annual target for lost time incident rate (LTIR) in 2024. The minimum and maximum awards equal 0% and 5% of the maximum base award, respectively.
- Beating the pre-defined annual target for total recordable incident rate (TRIR) in 2024. The minimum and maximum awards equal 0% and 5% of the maximum base award, respectively.
- Beating the pre-defined annual target for Shipbuilding EBITDA. The minimum award is 0% and the maximum award is 40% of the maximum base award, respectively.
- Personal goals will be objective quantitative and qualitative goals. The minimum and maximum awards equal 0% and 50% of the maximum base award. If the minimum EBITDA target is not met then the maximum weight is 30%.

The bonus payments are calculated based on the actual performance on these criteria. Payments to the Executive Management have been approved by the Board of Directors. The Executive Managements' earnings from the 2024 AVP had a total value of USD 141,858. The Company had an average performance of 0% of the team targets and 29% of the personal targets for the performance objectives.

The bonus under the 2024 AVP program has been set to 27.5% of the maximum base award, equivalent to 19% of base salary, for the CEO (USD 86,448) and 30% of the maximum base award, equivalent to 18% of base salary, for the CFO (USD 55,410) due to the achievement of the personal goals component described above.

The Executive Management did not receive any remuneration from the group outside of the amounts set forth in the table above.

3.5 Share based remuneration

In 2024, the Company did not grant remuneration to the Executive Management in the form of shares, subscription rights, options, and other forms of remuneration linked to shares or the development of the share price in the Company or in other companies within the group.

3.6 Use of the right to reclaim remuneration

No remuneration has been reclaimed in 2024.

Total remuneration in 2024 for the Board of

4.

Name of Board member	Position	Fixed remuneration	
		2024	2023
Kristian Røkke	Board Chairman	522,000	497,000
Elin Karfjell	Board Member	412,000	392,000
Jan Petter Hagan	Board Member	412,000	392,000
Susan Hayman	Board Member	<u>412,000</u>	<u>392,000</u>
		<u>1,758,000</u>	<u>1,673,000</u>

In 2024 the total remuneration for the board of directors consisted of a total amount of NOK 1,758,000, of which NOK 522,000 was paid to the Chairperson, while each of the other board members received NOK 412,000. This represents a 5.08% increase in total board fees from 2023, where the total was NOK 1,673,000. The Chairperson's remuneration increased by 5.03% from NOK 497,000, and each of the other board members' remuneration increased by 5.01% from NOK 392,000.

In addition, the Chairperson of the Audit Committee received NOK 61,000 in additional fee and the other member of the Audit Committee received NOK 49,000 related to such committee work. This as an increase of approximately 5% compared to the fees of NOK 58,000 and NOK 47,000, respectively, in 2023.

The board remuneration is fixed and based on the Board of Directors responsibility, expertise, time commitment and the complexity of the Company's activities, as well as the remuneration survey carried out by the Norwegian Board Members Institute on board fees for 2024 and general salary growth in 2024.

The Board of Directors does not receive any variable remuneration or share based remuneration and the remuneration is not linked to the Company's performance, in line with the Norwegian Code of Practice for Corporate Governance.

5. Information about any derogations and deviations from the remuneration policy and procedure for implementation

The board of directors of the Company elected not to implement share awards as a third method of remuneration to the Executive Management under the 2024 AVP program.

6. Comparative information on the change of remuneration and company performance

Name of Executive	Element	Annual change	2019 ⁽¹⁾	2020 ⁽²⁾	2021 ⁽³⁾	2022 ⁽⁴⁾	2023 ⁽⁵⁾	2024 ⁽⁶⁾
				2019 vs 2020	2020 vs 2021	2021 vs 2022	2022 vs 2023	2023 vs 2024
Steinar Nerbøvik President & CEO	Base salary		\$435,999	\$452,768	\$435,999	\$449,079	\$451,952	\$449,080
	Variable pay		\$331,905	\$101,560	\$137,340	\$133,601	\$106,094	\$105,948
	Other benefits		<u>\$73,342</u>	<u>\$75,565</u>	<u>\$73,097</u>	<u>\$73,556</u>	<u>\$70,772</u>	<u>\$69,000</u>
	Total payment excl. pension		\$841,246	\$629,893	\$646,436	\$656,236	\$628,818	\$624,028
	Pension		<u>\$32,000</u>	<u>\$33,231</u>	<u>\$32,000</u>	<u>\$32,000</u>	<u>\$32,000</u>	<u>\$32,000</u>
	Total payment incl. pension		\$873,246	\$663,124	\$678,436	\$688,236	\$660,818	\$656,028
	% change in payment incl. pension			-24.1%	2.3%	1.4%	-4.0%	-0.7%
Jeffrey Theisen Chief Financial Officer 6 Sept. 2020 - 31 Dec. 2020	Base salary			\$83,558	\$275,000	\$283,250	\$298,869	\$307,837
	Variable pay			\$0	\$20,472	\$72,229	\$58,314	\$66,410
	Other benefits			<u>\$5,023</u>	<u>\$15,723</u>	<u>\$11,768</u>	<u>\$18,636</u>	<u>\$17,406</u>
	Total payment excl. pension			\$88,581	\$311,195	\$367,247	\$375,819	\$391,653
	Pension			<u>\$1,837</u>	<u>\$9,263</u>	<u>\$16,166</u>	<u>\$21,590</u>	<u>\$24,130</u>
	Total payment incl. pension			\$90,418	\$320,458	\$383,413	\$397,409	\$415,783
	% change in payment incl. pension				13.3%	19.6%	3.7%	4.6%
Brian Leathers ⁽⁶⁾ Chief Financial Officer 1 Jan. 2020 - 10 Aug. 2020	Base salary		\$231,577	\$190,731				
	Variable pay		\$0	\$149,100				
	Other benefits		<u>\$90,920</u>	<u>\$3,425</u>				
	Total payment excl. pension		\$322,497	\$343,256				
	Pension		<u>\$2,565</u>	<u>\$4,482</u>				
	Total payment incl. pension		\$325,062	\$347,738				
Jan Ivar Nielsen ⁽⁷⁾ Chief Financial Officer 1 Jan. 2019 - 15 July 2019	% change in payment incl. pension			46.2%				

Note: % changes for partial years are based off annualized figures.

- ⁽¹⁾ Mr. Nerbovik's variable pay in 2019 consisted of a payment under the 2019 variable pay program, as well as a deferred payment under the 2018 variable pay program (USD 71,040 and USD 30,520, respectively). Mr. Leathers' variable pay in 2019 consisted of a payment under the 2019 variable pay program, as well as well as a deferred payment under the 2018 variable pay program (USD 66,120 and USD 82,980, respectively).
- ⁽²⁾ Mr. Nerbovik's variable pay in 2020 consisted of an award under the 2020 variable pay program, as well as a deferred payment under the 2019 variable pay program (USD 106,820 and USD 30,520, respectively). Mr. Theisen's variable pay in 2020 consisted of a pro rata award under the 2020 variable pay program due to his start date.
- ⁽³⁾ Mr. Nerbovik's variable pay in 2021 consisted of an award under the 2021 HSE/Retention program. Mr. Theisen's variable pay in 2021 consisted of an award under the 2021 HSE/Retention program.
- ⁽⁴⁾ Mr. Nerbovik's variable pay in 2022 consisted of an award under the 2022 AVP program. Mr. Theisen's variable pay in 2022 consisted of an award under the 2022 AVP program.
- ⁽⁵⁾ Mr. Nerbovik'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 39,000 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 22,000 and USD 36,114 respectively).
- ⁽⁵⁾ Mr. Nerbovik'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 2023 (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 2023 (USD 55,410 and USD 11,000 respectively).
- ⁽⁶⁾ Brian Leathers 2019 compensation includes remuneration from 1 January-14 July while serving as Strategy and Compliance Officer.
- ⁽⁷⁾ Jan Ivar Nielsen's 2019 base salary includes severance of USD 70,000.

**Table 6.2 Remuneration of the Board of Directors
(in NOK)**

Remuneration of Board	Element	Annual change	2019	2020	2021	2022	2023	2024
				2019 vs 2020	2020 vs 2021	2021 vs 2022	2022 vs 2023	2023 vs 2024
James H. Miller Board Chair 1 Jan. 2020 - 21 Apr. 2020	Total remuneration		350,000					
	% change							
Kristian Røkke Board Chair 22 Apr. 2020 - 31 Dec. 2020 Deputy Board Chair 1 July 2018 - 21 Apr. 2020	Total remuneration		240,000	475,000	475,000	475,000	497,000	522,000
	% change			97.9%	0.0%	0.0%	4.6%	5.0%
Amy Humphreys Deputy Board Chair	Total remuneration		240,000	375,000	375,000	125,000		
	% change			56.3%	0.0%	-66.7%		
Elin Karfjell Board Member	Total remuneration		240,000	375,000	375,000	375,000	392,000	412,000
	% change			56.3%	0.0%	0.0%	4.5%	5.1%
Jan Petter Hagan Board Member	Total remuneration					250,000	392,000	412,000
	% change						56.8%	5.1%
Susan Hayman Board Member	Total remuneration						392,000	412,000
	% change							5.1%

Element	2019	2020	2021	2022	2023	2024
	2019 vs 2020	2020 vs 2021	2021 vs 2022	2022 vs 2023	2023 vs 2024	
Revenues	\$28,207	\$54,144 92.0%	\$214,060 295.4%	\$393,818 84.0%	\$441,845 12.2%	\$352,960 -20.1%
EBITDA ⁽¹⁾	(\$17,312)	(\$21,568) -24.6%	(\$7,036) 67.4%	(\$18,116) -157.5%	(\$63,890) -252.7%	(\$117,107) -83.3%
Income/(loss) after tax	(\$20,212)	\$1,579 107.8%	(\$7,382) 567.5%	(\$11,691) -58.4%	(\$67,937) -481.1%	\$90,514 233.2%
Equity ratio	56%	39% -30.4%	20% -48.7%	21% 5.0%	2% -90.5%	98% 4810.2%

Variable Compensation Key Metrics

HSE	2019	2020	2021	2022	2023	2024
LTIR ⁽¹⁾	0.00	0.00	0.00	0.39	0.17	0.19
RIR ⁽¹⁾	1.38	2.13	2.73	2.16	2.66	2.85
TRIR ⁽¹⁾	1.38	2.13	2.73	2.16	2.71	3.04

⁽¹⁾ Definitions:

EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
LTIR	Lost Time Incident Rate
RIR	Recordable Incident Rate
TRIR	Total Recordable Incident Rate

	2019	2020	2021	2022	2023	2024
Average employee salary ⁽²⁾	\$82,801	\$89,712	\$75,391	\$76,573	\$77,010	\$80,399
Average change in % ⁽³⁾	-3%	9%	6%	8%	12%	6%
Total employees	130	178	336	405	539	562

⁽²⁾ Average salary is based on the year end annualized salary for all employed as of December 31 of each respective year.

⁽³⁾ Salary % increase/(decrease) is based on salary changes for those employed for the full year for each respective year.

Oslo, Norway 7 April 2025

Board of Directors Philly Shipyard ASA (under liquidation)

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



To the General Meeting of Philly Shipyard ASA - under liquidation

Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Philly Shipyard ASA - under liquidation report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2024 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our Independence and Quality Management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Oslo, 7 April 2025
PricewaterhouseCoopers AS

Anne Kristin Huuse
State Authorised Public Accountant
(electronically signed)

ISAE 3000 Remuneration report PHL Y

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
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