

# Annual General Meeting

Philly Shipyard ASA

Oslo, 19 April 2023

# Agenda

1. Opening of the annual general meeting, including approval of the notice and agenda.
2. Election of a person to co-sign meeting minutes along with the meeting chair.
3. Presentation of business activities (non-voting).
4. Approval of the 2022 annual accounts of Philly Shipyard ASA, group consolidated accounts and the Board of Directors' report.
5. Advisory vote on the report on salary and other remuneration to the executive management for 2022.
6. Consideration of the statement of corporate governance (non-voting).
7. Stipulation of remuneration to the members of the Board of Directors and the Audit Committee.
8. Stipulation of remuneration to the members of the Nomination Committee.
9. Approval of remuneration to the auditor for 2022.
10. Approval of changes to the Remuneration Policy.
11. Election of members to the Board of Directors.
12. Election of deputy member to the Nomination Committee.
13. Approval of changes of the Articles of Association.
14. Authorization to the Board of Directors for payment of dividends.
15. Authorization to the Board of Directors to acquire treasury shares in connection with acquisitions, mergers, de-mergers or other transactions.
16. Authorization to the Board of Directors to acquire treasury shares for the purpose of investment or subsequent sale or deletion of such shares.
17. Authorization to the Board of Directors to increase the share capital in connection with new shipbuilding projects or other future investments within the Company's scope of operations.

# Presentation of Business Activities

Philly Shipyard ASA

# Company Overview

*A leading U.S. shipbuilder that is presently pursuing a mix of commercial and government work.*

- **Company:** PHL Y possesses a state-of-the-art shipbuilding facility and has earned a reputation as a preferred provider of ocean-going merchant vessels with a track record of delivering quality ships.
- **Products:** The yard has delivered six containerships, 22 product tankers, and two Aframax tankers, representing around 50% of all large ocean-going Jones Act commercial ships delivered since 2000.
- **Facility:** PHL Y's shipyard was completely rebuilt in 1998 and has been optimally designed to support commercial shipbuilding operations with over USD 675M invested through a public-private partnership.
- **Processes:** The yard utilizes modular construction, automated fabrication systems and outsourcing to enhance productivity.
- **Partners:** PHL Y has access to global shipbuilding and design expertise through agreements with partners in North America, Asia and Europe.
- **Order book:** Awarded five National Security Multi-Mission Vessels (NSMV), one Subsea Rock Installation Vessel (SRIV), and three containerships.
- **Ownership:** Aker Capital AS owns 57.6% of the company, which is listed on the Euronext Expand Oslo (formerly known as Oslo Axess).

## Modern Shipyard



## Commercial Vessels



Tankers



Container Ships

## Summary of Philly Shipyard 2022 Main Events

- In April 2022, Philly Shipyard received an order from TOTE Services for the construction of the fifth and final NSMV in the training ship series, valued at approximately USD 300 million and bringing the total order intake under the contract for the five-ship program to approximately USD 1.5 billion.
- In November 2022, Philly Shipyard was awarded a contract by Matson Navigation Company to build three 3,600 TEU Aloha Class LNG-fueled containerships with a total contract value of approximately USD 1.0 billion; the series will follow NSMV 5 with contractual delivery dates in 2026 and 2027.
- Record high order backlog of USD 2,143.8 million on 31 December 2022 with last contractual delivery in 2027.
- 2022 operating revenues of USD 393.8 million compared to USD 214.1 million in 2021.
- 2022 net loss of USD 11.7 million compared to 2021 net loss of USD 7.3 million.
- Total cash and cash equivalents of USD 137.6 million at 31 December 2022, excluding USD 55.4 million of restricted cash.

# Start of Fabrication on NSMV 3 - Steel Cutting Ceremony 11 July 2022



# NSMV 1 Launch - 2 September 2022



# Celebrated NSMV 2 Keel Laying - 29 September 2022



# Presentation of Financial Statements

Philly Shipyard ASA



# Consolidated Income Statement

<i>Amounts in USD thousands (except shares and per share amounts)</i>	<b>2022</b>	<b>2021</b>
Operating revenues	392,706	214,060
Other income	1,112	-
<b>Operating revenues and other income</b>	<b>393,818</b>	<b>214,060</b>
Cost of vessel construction	(403,113)	(194,149)
Wages and other personnel expenses (SG&A)	(3,162)	(2,851)
Other operating expenses	(5,659)	(24,096)
<b>Operating loss before depreciation (EBITDA)</b>	<b>(18,116)</b>	<b>(7,036)</b>
Depreciation	(6,190)	(5,417)
<b>Operating loss before interest and taxes (EBIT)</b>	<b>(24,306)</b>	<b>(12,453)</b>
Financial income	2,557	363
Financial expenses	(570)	(178)
<b>Loss before tax</b>	<b>(22,319)</b>	<b>(12,268)</b>
Income tax benefit	10,628	4,886
<b>Loss after tax</b>	<b>(11,691)</b>	<b>(7,382)</b>
<b>Weighted average number of ordinary shares</b>	<b>12,107,901</b>	<b>12,107,901</b>
<b>Basic loss per share (USD)</b>	<b>(0.97)</b>	<b>(0.61)</b>

# Consolidated Statement of Financial Position - Assets

<i>Amounts in USD thousands</i>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Property, plant and equipment	42,136	36,002
Right-of-use assets	13,500	12,769
Restricted cash long-term	45,420	43,096
Deferred tax asset	26,208	13,081
Income tax receivable long-term	13,700	82
Other non-current assets	548	495
<b>Total non-current assets</b>	<b>141,512</b>	<b>105,525</b>
Prepayments and other receivables	52,357	61,123
Restricted cash short-term	10,011	1,396
Income tax receivable short-term	4,107	13,624
Vessels-under-construction receivable	4,925	-
Contract assets	-	345
Cash and cash equivalents	137,586	255,003
<b>Total current assets</b>	<b>208,986</b>	<b>331,491</b>
<b>Total assets</b>	<b>350,498</b>	<b>437,016</b>

# Consolidated Statement of Financial Position - Equity & Liabilities

<i>Amounts in USD thousands</i>	<b>2022</b>	<b>2021</b>
<b>EQUITY AND LIABILITIES</b>		
Paid in capital	35,206	35,206
Other equity	38,566	50,257
<b>Total equity attributable to equity holders of parent co.</b>	<b>73,772</b>	<b>85,463</b>
<b>Total equity</b>	<b>73,772</b>	<b>85,463</b>
Income tax payable long-term	1,200	1,200
Lease liability long-term	2,354	1,582
<b>Total non-current liabilities</b>	<b>3,554</b>	<b>2,782</b>
Trade payables and accrued liabilities	41,730	49,879
Other provisions - warranties	250	1,973
Customer advances (net)	230,558	296,398
Other contract liabilities	348	-
Income tax payable short-term	-	199
Lease liability short-term	286	322
<b>Total current liabilities</b>	<b>273,172</b>	<b>348,771</b>
<b>Total liabilities</b>	<b>276,726</b>	<b>351,553</b>
<b>Total equity and liabilities</b>	<b>350,498</b>	<b>437,016</b>

# Philly Shipyard ASA

## Income Statement

<i>Amounts in USD thousands</i>	<b>2022</b>	<b>2021</b>
Operating revenues	-	-
Operating expenses	(598)	(473)
<b>Operating loss</b>	<b>(598)</b>	<b>(473)</b>
Interest income earned from subsidiaries	-	-
Interest expense payable to subsidiaries	(1,094)	(1,017)
Other interest income and financial income	58	11
Other interest expense and financial expense	(60)	(42)
<b>Loss before tax</b>	<b>(1,694)</b>	<b>(1,521)</b>
Income tax benefit	-	119
<b>Net loss after tax</b>	<b>(1,694)</b>	<b>(1,402)</b>
<b>Allocation of net loss:</b>		
Net loss after tax	(1,694)	(1,402)
Other equity	1,694	1,402

# Philly Shipyard ASA

## Statement of Financial Position

<i>Amounts in USD thousands</i>	<b>2022</b>	<b>2021</b>	<i>Amounts in USD thousands</i>	<b>2022</b>	<b>2021</b>
<b>ASSETS:</b>			<b>EQUITY AND LIABILITIES:</b>		
Shares in subsidiary	67,000	67,000	Share capital	22,664	22,664
<b>Total non-current assets</b>	<b>67,000</b>	<b>67,000</b>	Share premium reserve	12,542	12,542
Prepayments and other receivables	108	14	<b>Total paid in capital</b>	<b>35,206</b>	<b>35,206</b>
Cash and cash equivalents	79	159	Other equity	3,922	5,616
<b>Total current assets</b>	<b>187</b>	<b>173</b>	<b>Total equity</b>	<b>39,128</b>	<b>40,822</b>
<b>Total assets</b>	<b>67,187</b>	<b>67,173</b>	Loan from subsidiary	27,851	26,160
			<b>Total non-current liabilities</b>	<b>27,851</b>	<b>26,160</b>
			Trade payables and accrued liabs.	208	191
			<b>Total current liabilities</b>	<b>208</b>	<b>191</b>
			<b>Total equity and liabilities</b>	<b>67,187</b>	<b>67,173</b>

# Auditor's Report 2022

PricewaterhouseCoopers AS

Anne Kristin Huuse, State Authorized Public Accountant

# **Advisory vote on the report on salary and other remuneration to the executive management for 2022**

The General Meeting approves the Board of Directors' report on salary and other remuneration to the executive management for 2022 for Philly Shipyard ASA.

# Corporate Governance Report 2022

Philly Shipyard ASA's corporate governance report is presented on pages 77-81 of the 2022 annual report.

# Proposal from the Nomination Committee of remuneration to the members of the Board of Directors, the Audit Committee and the Nomination Committee

## Board of Directors and Audit Committee

- > Board chairperson NOK 497 000
- > Board members NOK 392 000
- > Audit committee chairperson NOK 58 000
- > Audit committee members NOK 47 000

## Nomination Committee

- > Chairperson NOK 52 000
- > Members NOK 42 000

## Approval of remuneration to the auditor for 2022

The remuneration to the auditor of NOK 290,000 ex. VAT for the audit of the Company's 2022 annual accounts is approved. The Company has not paid any fees to PricewaterhouseCoopers AS for services other than audit.

## Approval of changes to the Remuneration Policy

The General Meeting approves the changes to the policy for determining salary and other remuneration to the executive management pursuant to the Norwegian Public Limited Liability Companies Act section 6-16a.

## Board of Directors composition (Pre-AGM)



Kristian Røkke  
Board Chair



Jan Petter Hagen  
Board Member



Elin Karfjell  
Board Member

## Board of Directors composition (Post-AGM)



Kristian Røkke  
Board Chair



Jan Petter Hagen  
Board Member



Elin Karfjell  
Board Member



Susan Hayman  
Board Member

## Nomination committee composition (Pre-AGM)



Ingebret G. Hisdal  
Committee Chair



Charlotte Hakonsen  
Member

## Nomination committee composition (Post-AGM)



Ingebret G. Hisdal  
Committee Chair



Charlotte Hakonsen  
Member



Hilde Kristin Ramsdal  
Deputy Member

## Board authorizations

- > Authorization to the Board of Directors for payment of dividends.
- > Authorization to the Board of Directors to acquire treasury shares in connection with acquisitions, mergers, de-mergers or other transactions.
- > Authorization to the Board of Directors to acquire treasury shares for the purpose of investment or subsequent sale or deletion of such shares.
- > Authorization to the Board of Directors to increase the share capital for new shipbuilding projects or other future investments within the Company's scope of operations.

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