

THE BOARD OF DIRECTORS' REASONING AND PROPOSAL FOR THE RESOLUTIONS TO BE PASSED AT THE GENERAL MEETING IN PHILLY SHIPYARD ASA (UNDER LIQUIDATION) (THE "COMPANY")

Item 3 Delisting of the Company's shares from Euronext Expand

Since the extraordinary general meeting held in the Company on 19 February 2025 where it was resolved to liquidate the Company, the Company has worked continuously towards a final distribution of remaining available cash and the final liquidation of the Company. As part of the sale of Philly Shipyard, Inc. to Hanwha on 19 December 2024 (the "Transaction"), the Company is obligated to maintain USD 10 million of the Transaction proceeds in an escrow account (the "Escrow Account") as security for certain contingent liabilities of the Company under the share purchase agreement for the Transaction for a period of up to four years following closing of the Transaction (the "Escrow Period").

After careful deliberation, the Board of Directors has concluded that it is preferable for the Company and its shareholders to defer the final liquidation of the Company until the Escrow Period expires in December 2028. This will allow for management of the Escrow Account and any associated administration and required reporting. Communication and future payments to the shareholders will also be facilitated. However, with no operational activity in the interim and the planned distribution of all remaining available cash in the Company, the Board of Directors is of the view that the Company is no longer suitable for listing and should therefore apply for a delisting of its shares from Euronext Expand.

The Board of Directors propose that the General Meeting make the following resolution:

"The Company shall promptly apply to the Oslo Stock Exchange for a delisting of all its shares from Euronext Expand pursuant to the Oslo Rule Book II section 2.10.2."

Item 4 Conversion to a Private Limited Company and new Articles of Association

Subject to the Company's shares being delisted from Euronext Expand, the Board of Directors propose that the Company be converted into a private limited company (Nw. *aksjeselskap*) ("AS") to keep the reporting obligations and costs to a minimum. The Company's shares will however remain registered with the Norwegian Central Securities Depository, Euronext Securities Oslo (VPS), following the conversion of the Company into an AS.

The Board of Directors also proposes to make certain amendments to the Company's articles of association to reflect that the Company is no longer a publicly listed company, which means that it is, among other things, not required to have a general manager or a nomination committee. The Company also believes that its object set out in its articles of association should be amended to reflect its limited operations.

On this basis, the Board of Directors proposes that the General Meeting make the following resolution:

“The Company shall be converted from a public limited company (ASA) to a private limited company (AS). The conversion shall be effective upon delisting of the Company’s shares from Euronext Expand. With effect from such conversion, the Company shall no longer have a Nomination Committee and the Company’s articles of association shall be amended to read as follows:

§ 1 Company name

The company's name is Philly Shipyard AS.

§ 2 The object of the company

The company's business is to manage capital, own and manage companies and other business related to capital management, including participating in or acquiring other business.

§ 3 Share capital

The company's share capital is NOK 125,747,660, divided into 12,574,766 shares, each with a face value of NOK 10. The company's shares shall be registered with Euronext Securities Oslo.

§ 4 Transferability of shares

The shares are freely transferable, and acquisitions of shares are not subject to approval by the company. Shareholders do not have pre-emption rights under the Private Limited Liability Companies Act.

§ 5 General meeting

Provided documents concerning items to be discussed at the General Meeting are made available at the company's website, the requirement of sending the documents to the shareholders does not apply. This also applies for documents which, according to the law, shall be included in or attached to the notice of a General Meeting.

The Board can decide that the shareholders shall be able to cast votes in writing, including by electronic communication, in a period prior to the General Meeting. For such voting an adequate method to authenticate the sender shall be used.”

Item 5 Changes to the Board of Directors

The recommendations from the Nomination Committee are available at the Company’s website.

Subject to and with effect from the time that the Company is delisted and converted into an AS, the Nomination Committee proposes to replace the current Board of Directors with three new board members in accordance with rules applicable to an unlisted AS.

The Nomination Committee proposes that the General Meeting make the following resolution:

“Subject to and with effect from the Company being converted into a private limited company (AS), Charlotte Håkonsen (chair), Frank O. Reite and Svein Oskar Stoknes are elected as new members of the Company’s Board of Directors, replacing Kristian Monsen Røkke, Jan Petter Hagen, Susan Hayman and Elin Karfjell.”

A bio of each of the proposed new board members are included in the proposal from the Nomination Committee.

Item 6 Determination of remuneration to the resigning members of the Board of Directors

The recommendations from the Nomination Committee are available at the Company’s website.

Considering the proposed changes to the Board of Directors set out in Item 5, the Nomination Committee proposes that the General Meeting make the following resolution:

“The resigning members of the Board of Directors shall receive the following remuneration for the period from the Company’s annual general meeting in 2025 until their resignation:

Chairman: NOK 136,250

Other members: NOK 107,750.

Additional fee to the chairperson of the audit committee: 16,000

Additional fee to the other members of the audit committee: 12,750”

Item 7 Determination of remuneration to the resigning members of the Nomination Committee

The recommendations from the Nomination Committee are available at the Company’s website.

The Nomination Committee proposes that the General Meeting make the following resolution:

“The resigning members of the Nomination Committee shall receive the following remuneration for the period from the Company’s annual general meeting in 2025 until their resignation:

Chairman: NOK 14,250

Other members: NOK 11,500.”