

# REPORT OF THE BOARD OF DIRECTORS OF GOTHALS LIMITED

in relation to the cross-border merger

between

Gothals Limited

and

Lpp Spółka Akcyjna

## I. INTRODUCTION

The board of directors of Gothals Limited (the “**Dissolving Company**”), a private company registered under the laws of Cyprus, with registration number HE 209767 and registered address at 5 Themistokli Dervis Str., Elenion Building, Floor 2, 1066, Nicosia, Cyprus, has prepared this report in connection with the proposed cross-border merger by acquisition by its parent company LPP Spółka Akcyjna (the “**Acquiring Company**”), a private company registered under the laws of Poland in the entrepreneurs register of the National Court Register of Poland, with registration number KRS 0000000778 and with registered address at Gdańsk, ul. Łąkowa 39/44, 80-769 Gdańsk, Poland, with the Acquiring Company being the surviving entity (the “**Merger**”) resulting from the Merger.

This report has been prepared pursuant to Section 201IA of the Companies Law Cap 113 (“**Cap.113**”), according to which the directors of the merging Cyprus company, the Dissolving Company, shall draw up a report intended for the members thereof, explaining and justifying the legal and economic aspects of the cross-border merger and explaining the implications of the cross-border merger for members, creditors and employees. The report shall then be made available to the members and to the representatives of the employees or, where there are no such representatives, to the employees themselves, not less than one month before the date of the general meeting of the Acquiring Company, to be held on or about one month after publication of the common draft terms of the Merger in the Official Gazette of the Republic (the “**General Meeting**”).

## II. LEGAL AND ECONOMIC ASPECTS OF THE MERGER

Whereas at the date of this report the Dissolving Company is a wholly owned subsidiary of the Acquiring Company, it has been decided that the proposed cross-border merger is in the best interests of the Dissolving Company and that it would not result in any breach of any restriction imposed by applicable law, the articles of association of the Dissolving Company or any agreement to which the Dissolving Company is a party or by which the Dissolving Company is bound.

The board of directors have further determined that the Dissolving Company has fulfilled its business objectives and the legal, administrative and accounting costs for its maintenance are no longer justified by its operations, this Merger is proposed in order to adjust the corporate and operational structure of the capital group of the Acquiring Company to the current business structure, reduce the operational activity costs of the group, centralise decision-making and enhance intellectual property protection.

The Merger shall be performed pursuant to the provisions of Directive 2017/1132 of the European Parliament and of the Council of 14<sup>th</sup> June 2017, the Polish Commercial Companies Code in connection with Article 492 § 1 point 1 of the Polish Commercial Companies Code, as well as provisions of Sections 201O to 201KA of Cap. 113 as amended from time to time.

Upon completion of the Merger, the Dissolving Company will be dissolved without going into liquidation and all of its assets and liabilities will be transferred to the Acquiring Company.

As part of the Merger, the directors of the merging companies have agreed on the common draft terms of the Merger which will be published in the websites of both Cyprus and Poland and will be subject only to the approval of the General Meeting in accordance with Section 201KB(1)(β) of Cap.113. The Merger will enter into effect on the date determined by the laws of Poland to be the date on which the Merger takes effect in accordance with Section 201IΘ of Cap. 113.

### **III. IMPLICATIONS OF THE MERGER FOR MEMBERS CREDITORS AND EMPLOYEES**

(i) Members:


As the Merger constitutes a simplified merger by absorption and as all the shares of the Dissolving Company are held by the Acquiring Company, no new shares will be issued in favour of the Acquiring Company. Accordingly, the Merger is not expected to have an impact on the sole member of the Dissolving Company.

(ii) Creditors:

The Merger is not expected to have an impact on the Dissolving Company's existing creditors as the Acquiring Company will assume all rights, liabilities and obligations thereof as if the same were its own creditors, recognizing all the debts and/or the claims that relate to the Dissolving Company.

(iii) Employees:

As the Dissolving Company currently has no employees, the Merger is not expected to have an impact on employees nor any repercussion on the general employment situation or on the terms of any employment contracts.



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Elena Dimitriou



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Constantia Kalli Foullidou