

MERGER PLAN

of **ORBICO SP. Z O.O.** and
ORBICO SUPPLY SP. Z O.O., ORBICO SALON PROFESSIONAL SP. Z O.O.,
ORBICO BEAUTY SP. Z O.O., ORBICO STYLE SP. Z O.O.
hereinafter referred to as "*the Plan*"

1. TYPE, NAME AND ADDRESS OF EACH MERGING COMPANY, AND METHOD OF MERGER

The acquiring company:

- A company that is a limited liability company acting under the name **ORBICO Spółka z ograniczoną odpowiedzialnością** with the corporate seat in Warsaw, address: ul. Wołoska 5, 02-675 Warszawa, KRS 0000046562, the sole shareholder of which is Orbico d.o.o. – a company under Croatian laws with the corporate seat in Zagreb, the Republic of Croatia, hereinafter referred to as "*the Acquiring Company*" or "*Orbico*";

The acquired companies:

- A company that is a limited liability company acting under the name **ORBICO SUPPLY Spółka z ograniczoną odpowiedzialnością** with the corporate seat in Warsaw, address: ul. Wołoska 5, 02-675 Warszawa, KRS 0000808696, the sole shareholder of which is Orbico d.o.o. – a company under Croatian laws with the corporate seat in Zagreb, the Republic of Croatia, hereinafter referred to as "*the Acquired Company*" or "*Orbico Supply*";
- A company that is a limited liability company acting under the name **ORBICO Salon Professional Spółka z ograniczoną odpowiedzialnością** with the corporate seat in Warsaw, address: ul. Wołoska 5, 02-675 Warszawa, KRS 0000439887, the sole shareholder of which is Orbico d.o.o. – a company under Croatian laws with the corporate seat in Zagreb, the Republic of Croatia, hereinafter referred to as "*the Acquired Company*" or "*Orbico Salon Professional*";
- A company that is a limited liability company acting under the name **ORBICO Beauty Spółka z ograniczoną odpowiedzialnością** with the corporate seat in Warsaw, address: ul. Salsy 2, 02-823 Warszawa, KRS 0000061216, the sole shareholder of which is Orbico d.o.o. – a company under Croatian laws with the corporate seat in Zagreb, the Republic of Croatia, hereinafter referred to as "*the Acquired Company*" or "*Orbico Beauty*";
- A company that is a limited liability company acting under the name **ORBICO Style Spółka z ograniczoną odpowiedzialnością** with the corporate seat in Warsaw, address: ul. Salsy 2, 02-823 Warszawa, KRS 0000251193, the sole shareholder of which is Orbico d.o.o. – a company under Croatian laws with the corporate seat in Zagreb, the Republic of Croatia, hereinafter referred to as "*the Acquired Company*" or "*Orbico Style*".

The acquisition will be effected by transfer of all assets of each Acquired Company to the Acquiring Company in exchange for shares that the Acquiring Company will transfer the shareholder of the Acquired Company (merger by acquisition).

2. METHODOLOGY OF CALCULATION AND EXCHANGE RATIO OF SHARES IN THE ACQUIRED COMPANY FOR SHARES IN THE ACQUIRING COMPANY AND POSSIBLE SUPPLEMENTARY PAYMENTS

The Acquiring Company and all the Acquired Companies are entirely controlled by the same sole shareholder, Orbico d.o.o. with the corporate seat in Zagreb, the Republic of Croatia, which holds 100% of shares in each of the merging companies.

The basis for calculation of the number of shares in the Acquiring Company issued to the shareholder of each of the Acquired Companies is the book valuation of the merged companies, based on values disclosed in their statements on book standing attached to the Plan.

The essence of book valuation of the shares is the assumption that the value of the company equals the net value of its assets based on accountancy reporting, i.e. it equals the difference between the company's assets and its debts reported in liabilities. This method of calculation of the number of shares in the Acquiring Company to be transferred to the shareholder of each of the Acquired Companies is optimum thanks to the following:

- a) the balance-sheets of the merged companies, which are the basis for their statements on their book standing and the valuation of their properties, properly present the standing and the value of property of the merged entities;
- b) the balance-sheets of the merged companies have been prepared by the same methods;
- c) between the date of booking and the date of valuation there were no significant market changes that could impact the booked values.

In order to calculate the number of shares in the Acquiring Company allotted to the shareholder of each of the Acquired Companies it is necessary to calculate the book value per one share in each of the merged companies and then calculate, with use of mathematical methods of rounding, the parity (rate) of exchange of the shares in the Acquiring Company, in accordance with their book value, to the value of property of each of the Acquired Companies. Then, it is necessary to calculate the number of shares in Orbico Sp. z o.o. (the Acquiring Company) to be transferred to the shareholder of a given Acquired Company for all the shares therein.

2.1. Valuation of the Acquiring Company – Orbico Sp. z o.o.

The book value of Orbico Sp. z o.o. as of 31 August 2020 amounts to PLN 64 236 703.09. As the share capital of Orbico Sp. z o.o. is divided into 33 215 shares, the book value per one share amounts to PLN 1 933.97.

2.2. Valuation of the Acquired Company – Orbico Supply Sp. z o.o. and exchange ratio

The book value of Orbico Supply Sp. z o.o. as of 31 August 2020 amounts to PLN 8 742 466.24. As the share capital of Orbico Supply Sp. z o.o. is divided into 100 shares, the book value per one share amounts to PLN 87 424.66.

Comparison between the book value of one share in the Acquiring Company and one share in the Acquired Company Orbico Supply shows that the exchange ratio should be **45:1** (which is the

quotient of these two values rounded to a full number). Hence, for all 100 shares in the Acquired Company Orbico Supply its shareholder should obtain 4500 shares in the increased share capital of the Acquiring Company.

Moreover, in the case of Orbico Supply it should be noted that on 3 September 2020 its sole shareholder increased its share capital from PLN 400 000.00 to PLN 9 331 00.00 by an amendment of the Articles of Association and increase of nominal value of each of 100 shares in the share capital from PLN 4 000.00 to PLN 93 310.00. The shares were paid-up and taken-over and the application for registration of the increase of the share capital was filed on 10 September 2020 and awaits examination by the District Court for the Capital City of Warsaw, 13th Economic Division of the National Court Register. It is expected that the increase will be registered before adoption of resolutions on the merger scheduled on 16 November 2020. Yet, the increase of the share capital will not influence the calculated exchange ratio, because the number of shares in the Acquired Company (100) has not been changed since the shareholder decided to increase the nominal value of each share and not the number of shares. Moreover, the basis for calculation of the parity is the book value, which on the date of execution of this Plan reflects the value, by which the share capital of Orbico Supply was increased.

2.3. Valuation of the Acquired Company – Orbico Salon Professional Sp. z o.o. and exchange ratio

The book value of Orbico Supply Sp. z o.o. as of 31 August 2020 amounts to PLN 19 872 674.15. As the share capital of Orbico Supply Sp. z o.o. is divided into 83 246 shares, the book value per one share amounts to PLN 238.72.

Comparison between the book value of one share in the Acquiring Company and one share in the Acquired Company Orbico Salon Professional shows that the exchange ratio should be **1:8** (which is the quotient of these two values rounded to a full number). Hence, for all 83 246 shares in the Acquired Company Orbico Salon Professional its shareholder should obtain 10 405 shares in the increased share capital of the Acquiring Company.

2.4. Valuation of the Acquired Company – Orbico Beauty Sp. z o.o. and exchange ratio

The book value of Orbico Beauty Sp. z o.o. as of 31 August 2020 amounts to PLN 12 780 038.99. As the share capital of Orbico Beauty Sp. z o.o. is divided into 6100 shares, the book value per one share amounts to PLN 2 095.09.

Comparison between the book value of one share in the Acquiring Company and one share in the Acquired Company Orbico Beauty shows that the exchange ratio should be **1:1** (which is the quotient of these two values rounded to a full number). Hence, for all 6100 shares in the Acquired Company Orbico Salon Professional its shareholder should obtain 6100 shares in the increased share capital of the Acquiring Company.

2.5. Valuation of the Acquired Company – Orbico Beauty Sp. z o.o. and exchange ratio

The book value of Orbico Style Sp. z o.o. as of 31 August 2020 amounts to PLN 12 17 323 179.74. As the share capital of Orbico Beauty Sp. z o.o. is divided into 34 454 shares, the book value per one share amounts to PLN 502.79.

Comparison between the book value of one share in the Acquiring Company and one share in the Acquired Company Orbico Style shows that the exchange ratio should be **1:4** (which is the quotient of these two values rounded to a full number). Hence, for all 34 454 shares in the Acquired Company Orbico Style its shareholder should obtain 8 613 shares in the increased share capital of the Acquiring Company.

3. RULES FOR ALLOTMENT OF SHARES TO THE ACQUIRING COMPANY

The Acquiring Company will adopt a resolution on increase of its share capital by creation of 29 618 new shares ("*the Increase Shares*") of nominal value PLN 650.00 each, i.e. of total nominal value PLN 19 251 700.00. The increased share capital of the Acquiring Company will be divided into 62 833 shares of total nominal value PLN 40 841 450.00. No separate taking-over or paying-up of the Increase Shares is required. The shareholder of the Acquired Companies (in each case Orbico d.o.o. with the corporate seat in Zagreb, the Republic of Croatia) will take-over the shares in the increased share capital of the Acquiring Company in accordance with the exchange ratio provided in section 2 of the Plan on the day of adoption of the resolution on merger.

4. DAY, FROM WHICH THE SHARES MENTIONED IN SECTION 3 ENTITLE THEIR HOLDER TO SHARE IN PROFIT OF THE ACQUIRING COMPANY

The shares mentioned in section 3 of the Plan entitle their holder to a share in profit of the Acquiring Company beginning with the day of the merger mentioned in article 493.2 of the Commercial Companies Code, hereinafter referred to as "*the Merger Day*".

5. RIGHTS GRANTED BY THE ACQUIRING COMPANY TO SHAREHOLDERS OR PERSONS WITH SPECIAL RIGHTS IN THE ACQUIRED COMPANY

The merger will not include granting any rights by the Acquiring Company to shareholders or persons with special rights in the Acquired Company.

6. SPECIAL BENEFITS FOR MEMBERS OF CORPORATE BODIES OF THE MERGED COMPANIES OR OTHER PERSONS PARTICIPATING IN THE MERGER, IF ANY

The merger will not include granting any benefits to members of corporate bodies of the merged companies or other persons participating in the merger.

7. FURTHER TO THE MERGER, UNDER ARTICLE 494.1 OF THE COMMERCIAL COMPANIES CODE THE ACQUIRING COMPANY WILL ACQUIRE ALL THE RIGHTS AND OBLIGATIONS OF EACH OF THE ACQUIRED COMPANIES ON THE MERGER DAY

8. THE MERGER DAY

The merger will take place on the day it is registered by the District Court with jurisdiction for the Acquiring Company's corporate seat. This registration will result in deletion of each of the Acquired Companies from the Register of Entrepreneurs of the National Court Register (article 493.2 of the Commercial Companies Code). **Due to accounting, fiscal and organizational considerations, the merged companies will request the Court to register their merger on 4 January 2021.**

9. DATE OF SHAREHOLDERS MEETINGS CONFIRMING THE MERGER

The Meetings of Shareholder of the merged companies to confirm the merger will take place on 16 November 2020 or any other date after fulfilment of all legal and procedural requirements of the merger.

10. MORE INFORMATION ON LEGAL CONDITIONS OF THE MERGER

Since the shareholder of each merged company will adopt a resolution on granting its consent mentioned in article 503¹ of the Commercial Companies Code, the following will not be required:

- a) executing the Management Boards' reports justifying the merger, its legal and basis and economic reasons mentioned in article 501.1 of the Commercial Companies Code;
- b) providing information mentioned in article 501.2 of the Commercial Companies Code;
- c) auditing the merger plan and expressing opinion by the auditor

The merger plan will be available free of charge on web sites of all the merged companies at least for one month before adoption of the resolution on the merger, in any case at least until the day of the end of the meeting adopting that resolution, in compliance with article 500.2¹ of the Commercial Companies Code.

Article 500.2 of the Commercial Companies Code, according to which the merger plan should be announced at least one month before the date of the Shareholders Meeting or the General Meeting adopting the merger resolution, **will not apply to this case. Filing to the registration court the application mentioned in article 502.2 of the Commercial Companies Code**, concerning appointment of the auditor on joint request of the merged companies, **will not be required.**

Management Boards of the merged companies will send two notifications of the intended merger to their shareholders in a way required for convention of shareholders meetings. The first one should be sent at least one month before the planned day of adoption of the merger resolution and the second one at least two weeks thereafter, under article 504.1 of the Commercial Companies Code. These notifications should present at least the method, the place (www address) and other data necessary for access to the documents mentioned in article 505, §§ 1 and 2 of the Commercial Companies Code, so that the shareholders can be acquainted with them, in view of article 505.3¹ of the Commercial Companies Code applicable during the merger. Moreover, the notifications should present the date, from which these documents will be available to the

shareholders and which must not fall less than one month before the planned date of adoption of the resolution on the merger.

As article 500.2¹ of the Commercial Companies Code will not apply to the merger procedure, the notifications need not present the *Judicial and Economic Bulletin* issue to publish the notification mentioned in article 500.2.

At least one month before the day of starting the shareholders meeting to adopt the resolution on the merger and until the day of ending that meeting each of the companies will publish free of charge the documents mentioned in article 505, §§ 1 and 2 of the Commercial Companies Code on its web site, or will enable its shareholders to obtain electronic versions and print-outs of these documents from its web site in the same period.

The resolutions on the merger should be recorded in minutes by the Notary Public and should contain the consent to the merger plan and to the proposed amendments in the Articles of Association of the Acquiring Company. In the case of the Acquiring Company, its resolution on the merger is equivalent to the resolution on increase of its share capital. Before adoption of the resolution on the merger, the shareholders should be explained orally the essential elements of the merger plan, the Management Board's reports and any other essential changes in assets and liabilities that took place before the date of execution of the plan and the date of adoption of the resolution.

The Management Board of each merged company will file with the registration court the resolution on its merger so that it can be registered, with the information whether the merged company is the Acquiring Company or the Acquired Company (article 507), with a request for publication in the case of the Acquiring Company (article 508).

The companies will merge with application of book values to the method of merging shares mentioned in article 44c of the Act of 29 September 1994 on Accountancy (Journal of Laws 2019, item 351, as amended), by unifying methods of asset valuation, summarizing relevant values of particular assets and liabilities and excluding mutual transactions.

International Financial Reporting Standard (IFRS) 3 (updated) does not apply to this merger under section 2.c IFRS 3 attached to the Commission Regulation (EC) No 495/2009 of 3 June 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 3 (EU OJ L.2009.149.22), because this is a merger of companies remaining under the same control (*merger of entities controlled by the same entity both before and after the merger, the control of which is not temporary*).

Under article 14.5 of the Act of 16 February 2007 on Protection of Competition and Consumers (Journal of Laws 2020, item 1076, as amended), this merger needs not be reported to the President of the Office for Protection of Competition and Consumers, because the merged companies belong to one capital group within the meaning of article 4.14 of that Act.

To present economic conditions accompanying the merger:

- a) the values of assets the Acquiring Company and each of the Acquired Companies, mentioned in article 499.2.3 of the Commercial Companies Code, were calculated as of the day in the month preceding submission of the Plan to the registration court of the merged companies;
- b) the Management Boards of the merged companies made statements containing information on their book standing prepared for the purposes of the merger as of the date mentioned in the preceding sentence, in the month preceding submission of the Plan to the registration court of the merged companies, with use of the same methods and in the same layout as the last annual balance-sheet.

11. ATTACHMENTS TO THE MERGER PLAN

- A. (A1 – A5) Draft resolutions on the merger of companies
- B. Draft amendments in the Articles of Association of the Acquiring Company
- C. (C1 – C5) Evaluation of assets of each of the Acquired Companies on a specific day in the month preceding submission of the Plan to the registration court of the merged companies;
- D. (D1 – D5) Statements containing information on book standing of each of the merged companies prepared for the purposes of the merger as of the date mentioned in Attachment C, with use of the same methods and in the same layout as the last annual balance-sheet.

12. AGREEMENT ON THE MERGER PLAN

The merger plan of the Companies was agreed on 30 September 2020 in Warsaw by their Management Boards, which was confirmed by the signatures:

For the Acquiring Company: Orbico Sp. z o.o.

For the Acquired Company: Orbico Supply Sp. z o.o.

For the Acquired Company: Orbico Salon Professional Sp. z o.o.

For the Acquired Company: Orbico Beauty Sp. z o.o.

For the Acquired Company: Orbico Style Sp. z o.o.