DIRECTORS REPORT OF MSD INNOVA GADGETS LIMITED

JUSTIFYING A CROSS-BORDER CONVERSION FOR EMPLOYEES

This report has been prepared by the sole director of MSD Innova Gadgets Limited, a limited liability company incorporated in Malta bearing company registration number C 62247 and having its registered office at Suite 10, 189 Marina Suites, Marina Street, Pieta, PTA 9041, Malta (the "**Company**"), in accordance with Regulation 7 of Subsidiary Legislation 386.27 on Cross Border Conversions of Limited Liability Company (the "**Regulations**") in order to justify the cross-border conversion of the Company from Malta to Poland and, in particular, to determine the legal basis and economic justification for the conversion, the effects of the conversion on the employees and the future operations of the Company.

Legal Basis for the conversion

The director of the Company has drawn up the terms of cross-border conversion in accordance with Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019 amending Directive (EU) 2017/1132 as regards cross-border conversions, mergers and divisions, and in accordance with Regulation 7 of the Maltese Cross-Border Conversions of Limited Liability Companies Regulations, Subsidiary Legislation 386.27 (the "**Regulations**") to the Companies Act (Chapter 386 of the laws of Malta), which permit the cross-border conversion of a Maltese company to another Member State of the European Union.

Economic justification for the conversion, including the effects on the future operations of the Company

The Company belongs to a group of companies (the "**Group**"). The main reasons for the conversion are: (i) simplifying the Group's organizational structure and thereby reducing its operating and management costs (administrative and intra-group costs); (ii) transferring the operations of the Company to Poland; (iii) streamlining the Group's holding structure; and (iv) enabling improved management. The economic and business justification for the conversion is to achieve the objectives described above, the achievement of which should contribute to the Group's continued stable development. Furthermore, the conversion will not give rise to any implications for the future business of the Company.

Effects of the conversion on employees

The cross-border conversion will not have any effect on employment relationships, as the Company does not have any employees and shall not employ any person prior to the completion of the cross-border conversion. Accordingly, no measures for safeguarding employment relationships are required.

With regard to the employees of the Company's subsidiaries, the proposed cross-border conversion shall not give rise to any direct or indirect changes affecting the subsidiaries' business operations. The conversion shall only result in a change of jurisdiction of the Company, which shall not have any impact on the subsidiaries' business activities, organisational structure or employment arrangements.

As a result, the proposed cross-border conversion shall not affect the employment relationships of such employees, and no specific measures are required to safeguard those relationships, as they shall remain unaffected. Furthermore, the cross-border conversion shall not result in any material changes to the applicable conditions of employment or to the location of the subsidiaries' place of business.

Following completion of the conversion, the Company's subsidiaries shall continue to operate in their jurisdictions in compliance with applicable local laws and regulations. Should any requirements arise in connection with the conversion, although none are envisaged at this stage, the Company and/or its subsidiaries shall take all necessary actions to ensure that such requirements are duly satisfied.

Signed by,

Mr Matthew Paris
Director
MSD Innova Gadgets Limited

Date: 29th May 2026