Current Report No. 3/2019 Wysogotowo, January 25th 2019

Subject: PBG Management Board's decision to merge with subsidiary

The Management Board of PBG Spółka Akcyjna of Wysogotowo ("PBG", the "Company", the "Acquirer") announces that on January 25th 2019 it made a decision to merge the Company with its subsidiary PBG oil and gas Sp. z o.o. ("POG", the "Acquiree"). PBG holds 100% of shares in POG. The merger will be effected in accordance with Art. 492.1.1. and Art. 515.1 in conjunction with Art. 516 of the Commercial Companies Code of September 15th 2000, i.e. through the transfer of all assets of the Acquiree to the Acquirer (merger by acquisition), without increasing the Company's share capital, without exchanging the Acquiree's shares for the Acquirer's shares, and without making amendments to the Acquirer's Articles of Association. The merger of POG and PBG is a permitted transaction based on the restructuring documents, including the Terms and Conditions of the Bonds.

POG has provided specialist construction services in the oil and gas sector since 2012. The Management Board believes that the merger of POG and PBG will simplify the structure of the PBG Group and will ultimately facilitate the transfer of the EPC and general contractor capabilities in the oil, gas and fuels segment to the RAFAKO Group which, in line with the strategy announced in April 2018, is the ultimate objective for the Management Boards of PBG and RAFAKO. Following the merger of POG and PBG, an organised part of business ("OPB") having the above capabilities will be spun off from the new merged Entity and included in the RAFAKO Group. The change of the structure of the planned transaction to transfer the capabilities in the oil and gas segment to the RAFAKO Group is made following a formal and legal analysis. The transfer of OPB will be possible subject to approval by the bondholders.

Given the simplified merger procedure provided for in Art. 516.5 and Art. 516.6 of the Commercial Companies Code, the Management Boards of the merging companies are exempt from the requirement to prepare reports stating reasons for the merger, set out in Art. 501 of the Commercial Companies Code, and no audit or auditor opinion is required for the plan of merger.

The merger plan will be drawn up in accordance with Art. 499.1 of the Commercial Companies Code, with the documents referred to in Art. 499.2 thereof attached to the plan. The merger plan will be published once it has been prepared and approved by the governing bodies of the merging companies.

Legal basis:
Art. 17(1) of the MAR

For the Company:
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District Court for Poznań-Nowe Miasto and Wilda of Poznań, 8th Commercial Division of the National Court Register.
National Court Register Number KRS 0000184508, Industry Identification Number (REGON) 631048917, Tax Identification Number (NIP) 777 21 94 746,
share capital: PLN 16,368,406.26 paid in full.
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