

**Subject: Registration of division of Pfeiderer Grajewo sp. z o.o., execution of material agreement by subsidiaries and disposal of shares in subsidiaries**

Current Report no. 66/2016

The Management Board of Pfeiderer Group S.A. (the "**Company**"), in reference to the current report No. 36/2016 dated June 1, 2016, current report No. 59/2016 dated October 4, 2016 and current report No. 62/2016 dated November 21, 2016, hereby informs that on December 29, 2016 the District Court in Białystok, XII Commercial Division of the National Court Register, registered share capital increase of Pfeiderer Polska sp. z o.o. ("**PPL**") and therefore, the division through separation of Pfeiderer Grajewo sp. z o.o. ("**PGPL**") has been registered. The division of PGPL has been carried out on terms stipulated in the division plan of PGPL, agreed and signed by PGPL and PPL on October 3, 2016.

Additionally, the Management Board of the Company hereby informs, that on December 29, 2016 its subsidiaries – Pfeiderer Prospan S.A. ("**PWPL**"), Pfeiderer MDF sp. z o.o. ("**PMDF**") and PPL executed agreement on transfer of assets from PWPL and PMDF to PPL.

The transferred assets included:

1. rights and obligations arising out of selected agreements of PWPL and PMDF, in particular sale agreements with the clients of PWPL and PMDF, provided however that transferred assets did not include receivables and liabilities, including debt, relating to services provided to or by PWPL and/or PMDF prior to December 29, 2016;
2. trademarks of PWPL;
3. a part of PWPL's workplace within the meaning of Art. 23<sup>1</sup> of the Labour Code, including selected employees and all receivables of such employees towards PWPL and all the liabilities of PWPL towards such employees; and
4. selected fixed assets of PWPL and PMDF, in particular, computer and office equipment.

For the transfer of ownership of assets, PPL will pay PWPL and PMDF total price in the amount of PLN 2,868,005.81 and PLN 637,766.59, respectively.

Subsequently, on December 29, 2016 the Company executed with PPL an agreement on making contribution in-kind to the increased share capital of PPL. On the basis of the said agreement, the Company transferred to PPL, for the purpose of covering the increased share capital, all of the shares held in PWPL, PGPL, PMDF, Silekol sp. z o.o. and Jura Polska sp. z o.o., constituting 100% of the share capital of each company ("**In-kind Contribution**").

The agreement was concluded in connection with the adoption on December 29, 2016 of the resolution of the Extraordinary Shareholders Meeting of PPL on the share capital increase of PPL to PLN 1,563,499,000, *i.e.* by the amount of PLN 1,552,551,000 by way of issuing 3,105,102 new shares with a nominal value of PLN 500.00 each, which were taken up by the Company on the basis of the Company's statement of December 29, 2016 on taking up shares in the increased share capital of PPL and which have been covered with In-kind Contribution. In-kind Contribution has been contributed to PPL at fair value, established on the basis of valuation prepared by an independent expert, amounting to PLN 1,552,551,000.

Due to the division of PGPL and execution of agreement on transfer of assets, as of December 29, 2016 PPL has taken over the sale, purchase and administration functions of the whole capital group of the Company in Poland (the “**Group**”), which as of that day will be performed by PPL for and on behalf of the remaining Group companies, what was one of the aims of the reorganization process of the Group.

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This report was prepared pursuant to Article 17 Section 1 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ EU L 173/1 dated June 12, 2014).

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