PFNonwovens a.s.

HALF YEAR REPORT

2019

22 August 2019

Contents

Introduction

PFNonwovens a.s. (hereinafter "Company") and its subsidiaries (hereinafter together as "Group") are one of the leading producers of nonwoven textiles in the EMEA region (Europe, Middle East and Africa) for use primarily in the personal hygiene products market.

In 2017, R2G Rohan Czech s.r.o. (from 13 June 2018, PFNonwovens Holding s.r.o.) became the majority shareholder of the Company. PFNonwovens a.s. and companies controlled by it, i.e. the Group, are members of the global concern PFNonwovens (hereinafter "PFN"). PFNonwovens a.s. and its affiliated companies are members of PFNonwovens holding (concern) subject to single management by PFNonwovens Holding s.r.o.

The Group, for which this half year report is created, consists of the holding company PFNonwovens a.s. and four operating companies, PFNonwovens Czech s.r.o., PFN-NW a.s., PFN - NS a.s. and PFN – GIC a.s., all with head offices in the Czech Republic. In 2010, PFNonwovens International s.r.o. was established as a special purpose company for the execution of potential investment opportunities and this was followed by the establishment of PEGAS NONWOVENS EGYPT LLC in June 2011, a company that invests in the Egyptian production facility. In July 2016, the subsidiary PFNONWOVENS RSA (PTY) LTD was established for the purpose of executing the investment project in the Republic of South Africa. As at 30 June 2019, the Group employed 620 people.

The Group supplies its customers with spunbond and meltblown (together, "spunmelt") polypropylene- and polypropylene/polyethylene- based ("PP" and "PP/PE") textiles principally for use in disposable hygiene products (such as baby diapers, adult incontinence and feminine hygiene products) and, to a lesser extent, in construction, agricultural and medical applications.

Founded in 1990, over almost thirty years the Group has grown to become one of the largest producers of spunmelt nonwovens in the EMEA region (based on 2018 annual production capacity). Presently, the Group operates nine production lines in the Czech Republic, one production line in Egypt and one in South Africa. The total annual production capacity of the Group is presently up to 100 thousand tonnes of nonwoven textiles in the Czech Republic and up to 20 thousand tonnes in Egypt.

Following an Initial Public Offering in December 2006, the Company’s shares are listed on the Prague Stock Exchange.

The Company is a member of the European Disposables and Nonwovens Association (EDANA).

First Half 2019 Key Figures

	January – June 2019	yoy	Second quarter April - June 2019	yoy
Financials (CZK million)				
Revenues	**3,159.3**	**0.0%**	**1,552.0**	**(4.3%)**
Operating costs without depreciation and amortization	(2,553.5)	2.2%	(1,293.7)	0.6%
EBITDA	**605.8**	**(8.5%)**	**258.3**	**(22.9%)**
Depreciation and Amctortization	(252.6)	9.3%	(128.1)	10.3%
Profit from operations (EBIT)	**353.2**	**(18.0%)**	**130.3**	**(40.5%)**
FX changes and other financial income / (expense) (net)	22.4	n/a	(9.7)	n/a
Interest expense (net)	(55.3)	(38.9%)	(27.8)	(38.0%)
Income tax – (expense)/income	(73.5)	87.2%	(48.2)	258.1%
Net profit	**246.8**	**(11.8%)**	**44.6**	**(74.0%)**
Net debt	4,165.0	(12.7%)	4,165.0	(12.7%)
Capital expenditures (CAPEX)	258.4	2.3%	179.9	8.1%
Profitability indicator ratios				
EBITDA margin	19.2%	(1.8 pp.)	16.6%	(4.1 pp)
Operating profit margin	11.2%	(2.4 pp.)	8.4%	(5.1 pp)
Net profit margin	7.8%	(1.1 pp.)	2.9%	(7.7 pp.)
Operational indicators:				
Production output in tonnes	53,246	(2.4%)	26,633	(3.0%)
Number of employees - at end of period	620	4.6%	620	4.6%
Number of employees - average	613	3.7%	617	3.9%
Exchange Rates				
EUR/CZK - average	25.684	0.7%	25.685	0.3%
EUR/CZK - at end of period	25.445	(2.2%)	25.445	(2.2%)
USD/CZK - average	22.733	7.8%	22.856	6.3%
USD/CZK - at end of period	22.363	0.2%	22.363	0.2%
ZAR/CZK - average	1.602	(6.5%)	1.589	(6.5%)
ZAR/CZK - at end of period	1.579	(2.6%)	1.579	(2.6%)

PFNonwovens a.s. announces its unaudited consolidated financial results for the first half of 2019 to 30 June 2019 prepared according to International Financial Reporting Standards (IFRS).

The EBITDA of CZK 605.8 million achieved in the first half did not fully meet our expectations, falling by 8.5% year-on-year. Sales volumes grew on a year-on-year basis, which resulted in a reduction in inventories of finished products to long term record lows. This situation then led to low production effectiveness as a result of its frequent changes. It was primarily for this reason that we recorded a year-on-year decline in production volume by almost 1,300 tonnes in the first half and this loss then had a significant effect on the financial results of the Group.

The development of indebtedness saw the net debt declining by almost 11% compared with the end of last year. The net debt to EBITDA ratio at the end of the first half reached 3.23x.

Our investment projects are continuing according to plan. The production plant in South Africa is complete and commercial production was launched in June. The installation of a new semi-commercial production line in Znojmo-Přímětice is likewise continuing in line with our expectations and thus we continue to plan for its commercial operation during the fourth quarter of 2019", said Marian Rašík, Chief Financial Officer and Member of the Board of PFNonwovens a.s.

Interim Management Report for the First Half of 2019

Financial Results in the First Half of 2019

Revenues, Costs and EBITDA

In the first half of 2019, consolidated revenues reached CZK 3,159.3 million, which is comparable with the same period last year. In the second quarter, total consolidated revenues reached CZK 1,552.0 million, i.e. down by 4.3% over the same period last year. Sales volumes in tonnage terms increased. The development in the price of polymers had a slightly positive effect on the year-on-year development of revenues. Negative impact on revenues on a year-on-year basis was due year-on-year impact of IFRS 15 adjustment, on the basis of which the Group recognizes revenues from finished products, which are produced on order for a specific customer, immediately following the production of the given product.

In the first half of 2019, total consolidated operating costs without depreciation and amortization (net) grew by 2.2% yoy to CZK 2,553.5 million. In the second quarter of 2019, consolidated operating costs without depreciation and amortization (net) were CZK 1,293.7 million, representing an increase of 0.6% yoy.

In the first half of 2019, EBITDA amounted to CZK 605.8 million, down by 8.5% yoy. The main reason for the year-on-year decline was lower production volume, declining by almost 1,300 tonnes relative to the comparable period last year, caused primarily by a very low level of inventories of finished products, which prevented effective production. The polymer price pass-through mechanism, likewise, had a negative effect on a year-on-year basis.

In the first half of 2019, the EBITDA margin was 19.2%, which is 1.8 percentage points lower than in the same period in 2018.

EBITDA amounted to CZK 258.3 million in the second quarter of 2019, down 22.9% yoy.

The EBITDA margin in the second quarter of 2019 amounted to 16.6%, which is 4.1 percentage points below the previous year.

Operating Costs

Total raw materials and consumables used in the first half of this year amounted to CZK 2,343.4 million, a 0.9% yoy increase. In the second quarter of 2019, this item reached CZK 1,203.2 million, an increase of 0.2% compared with the same period in the previous year.

In the first half of 2019, total staff costs amounted to CZK 178.5 million, an increase of 3.2% yoy. In the first half of 2019, the impact of the revaluation of the share option plan represented a gain of CZK 3.4 million. In the first half of 2019, total staff costs adjusted for this effect amounted to CZK 182.0 million, an increase of 8.6% yoy. The reason for the growth in staff costs was primarily the increase in the number of employees necessitated by the launch of new production lines in the plants in South Africa and Znojmo. In the second quarter, staff costs grew by 5.5% to CZK 91.4 million.

In the first half of this year, Other operating costs (net) amounted to CZK 31.5 million.

Depreciation and Amortization

Consolidated depreciation and amortization amounted to CZK 252.6 million in the first half of 2019, up by 9.3% yoy. The reason for the year-on-year increase in depreciation and amortization was partially the appreciation of the USD against the CZK, which resulted in increased depreciation expressed in CZK being booked on the Egyptian production plant, and also the inclusion of the investment in the South African plant at the end of the first half. In the second quarter of this year, consolidated depreciation and amortization amounted to EUR 128.1 million, up by 10.3% yoy.

Profit from Operations

In the first half of 2019, profit from operations (EBIT) amounted to CZK 353.2 million, down by 18.0% over the same period in 2018.

Financial Income and Costs

In the first half of 2019, foreign exchange changes and other financial income/expense (net) amounted to a gain of CZK 22.4 million compared to an expense of CZK 21.3 million booked in the same period last year. This item includes realized and unrealized FX gains/losses and other financial income and expenses.

The gain booked in the first half was primarily the result of the depreciation of the EUR against the USD by approximately 1%, against the South African rand by 2% and against the CZK by 1%, which led to unrealized exchange rate gains related to the revaluation of balance sheet items denominated in EUR, most particularly in relation to the intra-company loan to the subsidiary in Egypt, South Africa, resp. EUR-denominated bonds.

In the second quarter of 2019, FX gains and other financial income/(expense) (net) represented an expense of CZK 9.7 million. The predominant effect was the depreciation of the USD in the second quarter by more than 1%.

Interest expenses (net) related to debt servicing amounted to CZK 55.3 million in the first half, a 38.9% decrease compared with the same period in 2018. In the second quarter of 2019, interest expenses (net) related to debt servicing amounted to CZK 27.8 million, a 38.0% decrease compared with the same period last year. The reason for the decline in interest expenses was the repayment of the public bond issue in November 2018.

Income Tax

In the first half of 2019 income tax amounted to CZK 73.5 million, up by 87.2% over the same period in 2018. Current tax payable amounted to CZK 86.0 million, while changes in deferred tax represented a gain of CZK 12.5 million.

In the second quarter of 2019, income tax amounted to an expense in the amount of CZK 48.2 million. In the second quarter of 2019, current income tax payable amounted to CZK 53.5 million, while changes in deferred tax represented revenue of CZK 5.3 million.

Net profit

In the first half of 2019, Net profit amounted to CZK 246.8 million, down by 11.8% yoy. In the second quarter of 2019, the Company achieved a net profit of CZK 44.6 million.

Investments

In the first half of 2019, consolidated capital expenditures represented CZK 258.4 million, compared to CZK 252.6 million over the same period last year. Of this amount, CZK 131.6 million was spent on investments into production and warehousing capacity expansion, with the remainder being maintenance CAPEX. In the second quarter of 2019, consolidated capital expenditures represented CZK 179.9 million, compared to CZK 166.5 million over the same period last year.

Cash and Indebtedness

The total amount of consolidated financial debt (both short-term and long-term) as at 30 June 2019 was CZK 4,484.5 million. Net Debt as at 30 June 2019 reached CZK 4,165.0 million, down by 10.9% compared with 31 December 2018. As at 30 June 2019 the Net Debt/EBITDA ratio was 3.23x.

Business Overview for the First Half of 2019

In the first half of 2019, the total production output (net of scrap) reached 53,246 tonnes, down by 2.4% compared with the first half of 2018. In the second quarter of 2019, the Company produced 26,633 tonnes, i.e. a decrease of 3.0% over the same period last year. The primary reason for the year-on-year decline was very low inventory levels of finished products which prevented effective production.

In the first half of 2019, the share of revenues from sales of nonwoven textiles for the hygiene industry represented a 91.3% share of total revenues.

The geographical distribution of its markets[1], confirms the Group's steady focus on sales to the broader European area. In the first half of 2019, revenues from sales to Western Europe amounted to 36.2%, revenues from sales to Central and Eastern Europe and Russia amounted to 37.5% and revenues from sales to other territories amounted to the remaining 30.0%.

Research and Development

The development of new applications, products and the optimisation of technologies are some of the key components of the current and future strategy of the Company. Further information about the area of research and development is available in the 2018 Annual Report.

Risk Factors

The Group’s business, results of operations and financial condition may be adversely affected by a set of factors. The individual risk factors are described in the 2018 Annual Report.

[1] The geographical breakdown is based on the location of delivery.

Expected development of the financial situation, business activity and financial results in the 2nd half of 2019

The business of the Group is not typically subject to seasonal or economic influences other than the general economic cycle, although the hygiene market is to a large extent non-cyclical.

In the second half, the Group expects a slight increase in production volumes as a result of new production lines being put into operation. The investment in the production plant in South Africa is complete and the first commercial deliveries left the plant in June 2019. Investment into the semi-commercial line at the plant in Znojmo in the Czech Republic is continuing and it will ramp up in the fourth quarter.

The overall development of the Company's financial results is to a certain extent affected by external factors, the most significant of which is the development of the polymer price indices, which affect both the expenses as well as revenues of the Company. The development of price indices cannot be predicted with sufficient accuracy.

The Company will continue to focus on continuous repairs and modernisation of existing production facilities and meeting the strategic objectives of the Company.

Outlook for 2019

In the first half of 2019, the Group achieved results that did not fully meet its expectations. Primarily lower production volumes failed to meet expectations, which significantly contributed to the year-on-year worsening in the financial results. Even despite the fact that the Group will put new production capacity into operation this year, which should support its financial results, it is expected that this year's EBITDA will reach the bottom value of the outlook set for 2019 in the range from CZK 1.30 to 1.45 billion.

The Company is planning for total CAPEX in 2019 not to exceed the CZK 1.45 billion level.

Shares and Shareholder Structure

Public trading of shares

The Company's shares have been traded on the Prague Stock Exchange (PSE) under the identification number ISIN LU0275164910 since December 2006. Since 19 March 2007, they are part of the PX index, which covers the shares of all major issuers on the Prague Stock Exchange.

The list of shareholders is replaced by a register of un-certificated shares held at the Central Securities Depository Prague a.s., pursuant to special legal regulations.

Share price and trading development in the first half of 2019

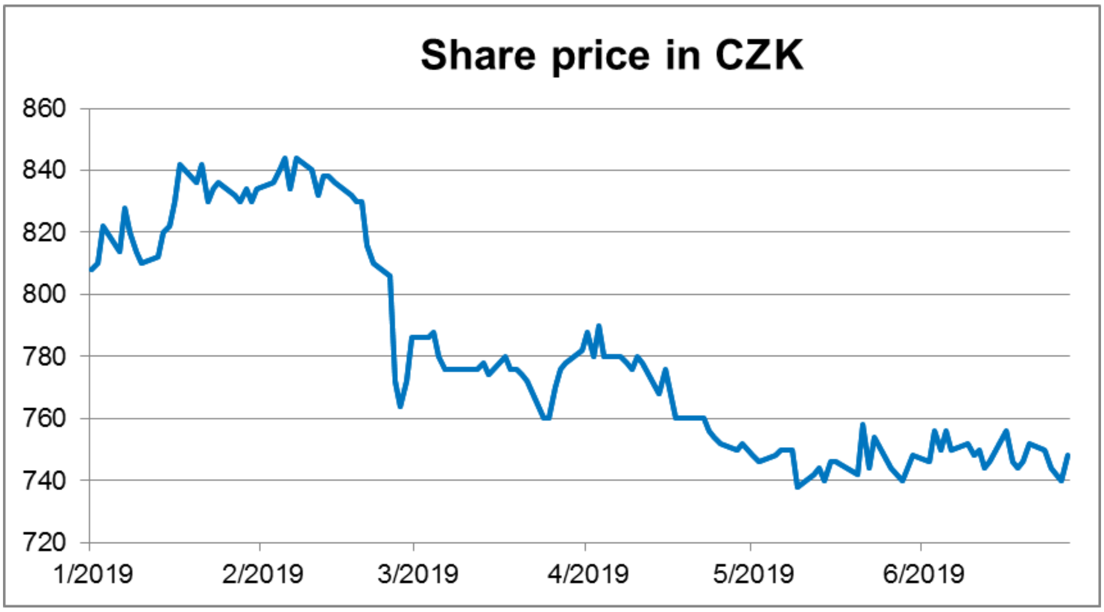
In the first half of 2019, Company shares totalling CZK 186 million were traded on the Prague Stock Exchange. The lowest trading price during the first 6 months of 2019 was CZK 734 and the highest trading price was CZK 846.

The closing price on 30 June 2019 was CZK 748 with market capitalization reaching almost CZK 6.6 billion.

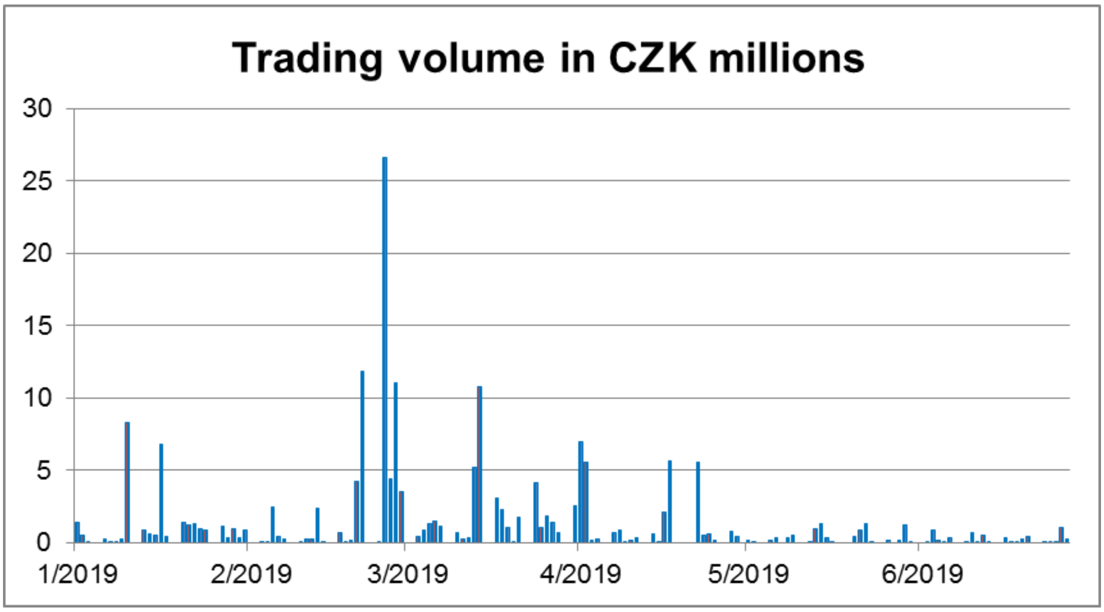
Subsequent events

The management of the Company is not aware of any events arising subsequent to 30 June 2019, which would have a significant impact on the Company.

Share Price Development of the Company on the Prague Stock Exchange (from 1 January 2019 to 30 June 2019)



Source: PSE



Source: PSE

Dividend policy

Respecting the existing level of net debt and the goal of strengthening the financial stability of the Company and to accumulate resources for long-term growth, the General Meeting, held on 14 June 2019, resolved not to pay out a dividend for 2018.

Corporate Governance

Annual General Meeting of 14 June 2019

At the General Meeting of PFNonwovens a.s., held 14 June 2019 in Znojmo-Přímětice, all of the points of the agenda presented for shareholder approval were adopted.

The agenda of the Annual General Meeting was as follows:

1. Election of the Chair of the General Meeting, the minute taker, minute verifiers, and scrutinisers.
2. Approval of the Rules of Procedure of the General Meeting.
3. Report of the Board of Directors on the Company's business activities and assets in 2018; a summary explanatory report pursuant to Section 118 (9) of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended; conclusions of the Company's 2018 report on relations.
4. Report of the Supervisory Board on the results of its activities in 2018; a statement of the Supervisory Board concerning the regular consolidated financial statements for 2018, the regular unconsolidated financial statements for 2018, the proposal for the settlement of 2018 loss, and the Company's 2018 report on relations.
5. Approval of regular consolidated financial statements of the Company prepared as at 31/12/2018.
6. Approval of regular unconsolidated financial statements of the Company prepared as at 31/12/2018.
7. Decision on the settlement of the Company's 2018 loss.
8. Appointment of an auditor to carry out a mandatory audit of the Company in 2019.

Company Board of Directors Structure as at 30 June 2019

Name	Position/Function	Function Period in the first half of 2019
Carl Allen Bodford	Chairman of the Board of Directors	1.1.2019 – 30.6.2019
František Klaška	Member of the Board of Directors	1.1.2019 – 30.6.2019
Marian Rašík	Member of the Board of Directors	1.1.2019 – 30.6.2019
Michal Smrek	Member of the Board of Directors	1.1.2019 – 30.6.2019
Jakub Dyba	Member of the Board of Directors	1.1.2019 – 30.6.2019

There were no personnel changes to the Company's Board of Directors during the first half of 2019.

Company Supervisory Board structure as at 30 June 2019

Name	Position/Function	Function Period in the first half of 2019
Oldřich Šlemr	Chairman of the Supervisory Board	1.1.2019 – 30.6.2019
Pavel Baudiš	Member of the Supervisory Board	1.1.2019 – 30.6.2019
Eduard Kučera	Member of the Supervisory Board	1.1.2019 – 30.6.2019

There were no personnel changes to the Company's Supervisory board during the first half of 2019.

Audit Committee structure as at 30 June 2019

Name	Position/Function	Function Period in the first half of 2019
Ivan Hayek	Chairman of the Committee	1.1.2019 – 30.6.2019
Hana Černá	Member of the Committee	1.1.2019 – 30.6.2019
Alena Naatz	Member of the Committee	1.1.2019 – 30.6.2019

There were no personnel changes to the Company's Audit Committee during the first half of 2019.

Group Entities

For the purpose of translating the registered capital of the subsidiaries, the exchange rates of CZK/USD 22.363 and CZK/ZAR 1.579, effective as at 30 June 2019, were used.

Company name	Acquisition/ Registration Date	Share in the Subsidiary	Share Capital CZK '000 / USD '000 / ZAR '000	Share Capital in CZK '000	Number and Nominal Value of Shares
PFNonwovens Czech s.r.o.	5.12.2005	100%	CZK 3,633 thousand	CZK 3,633 thousand	100% share at the value of CZK 3,633 thousand
PFN - NW a.s.	14.12.2005	100%	CZK 650,000 thousand	CZK 650,000 thousand	64 shares with a nominal value of CZK 10,000 thousand per share and 10 shares with a nominal value of CZK 1,000 thousand per share
PFN - NS a.s.	3.12.2007	100%	CZK 650,000 thousand	CZK 650,000 thousand	64 shares with a nominal value of CZK 10,000 thousand per share and 10 shares with a nominal value of CZK 1,000 thousand per share
PFN – GIC a.s.	11.9.2017	100%	CZK 2,000 thousand	CZK 2,000 thousand	2 ordinary registered shares in printed from at a nominal value of CZK 1,000 thousand
PFNonwovens International s.r.o.**	18.10.2010	100%	CZK 200 thousand	CZK 200 thousand	100% share at the value of CZK 200 thousand
PEGAS NONWOVENS EGYPT LLC ***	6.6.2011	100%	USD 43,000 thousand	CZK 961,609 thousand	100% share at the value of USD 43,000 thousand
PFNONWOVENS RSA (PTY) LTD ****	11.7.2016	100%	ZAR 75,000 thousand	CZK 118,425 thousand	100% share at the value of ZAR 75,000 thousand

* PFNonwovens Czech s.r.o. was registered on 14 November 2003 under the initial name of ELK INVESTMENTS s.r.o.. During the course of 2006 the business name of the company was changed to PEGAS NONWOVENS s.r.o. Towards the end of 2017, the business name of the company was changed to PEGAS NONWOVENS Czech s.r.o. and subsequently in September 2018 to PFNonwovens Czech s.r.o. PEGAS a.s., the subsidiary of PFNonwovens Czech s.r.o., was established in 1990. It merged with PFNonwovens Czech s.r.o. with effect from 1 January 2006. PEGAS a.s. was deleted from the Commercial Register on 12 May 2006. CEE Enterprise a.s. merged with PEGAS NONWOVENS s.r.o. with effect from 1 January 2007. CEE Enterprise a.s. was deleted from the Commercial Register on 20 August 2007. Former subsidiary Pegas - DS a.s ceased to exist as a result of fusing with PFNonwovens Czech s.r.o. as its successor company (from 1 January 2011). PEGAS-NT a.s. was a subsidiary and ceased to exist as a result of fusing with PFNonwovens Czech s.r.o. as the successor company (from 1 January 2017).

** PFNonwovens International s.r.o. was established as a special purpose vehicle created for the purpose of executing potential future investments.

***PEGAS NONWOVENS EGYPT LLC was established as a special purpose vehicle for executing the construction and operation of the new production plant in Egypt.

**** PFNONWOVENS RSA (PTY) LTD was established as a special purpose vehicle for executing the investment project in the Republic of South Africa.

Interim Unaudited Consolidated Financial Statements

prepared in accordance with the International Financial Reporting Standards for the period of the six months ending on 30 June 2019

Condensed Consolidated Statement of Comprehensive Income for the Six Month Period

CZK '000	Six month period ending 30 June 2018 (unaudited)	30 June 2019 (unaudited)	% change
Revenues	3,160,627	3,159,265	0.0%
Raw materials and consumables used	(2,323,387)	(2,343,429)	0.9%
Staff costs	(173,001)	(178,541)	3.2%
Other operating income/(expense) net	(2,153)	(31,503)	1363.3%
EBITDA	**662,086**	**605,792**	**(8.5%)**
EBITDA margin	***21.0%***	***19.2%***	***(1.8 pp.)***
Depreciation and amortization expense	(231,118)	(252,576)	9.3%
Profit from operations	**430,969**	**353,215**	**(18.0%)**
FX gains and other financial income	15,034	46,124	206.8%
FX losses and other financial expenses	(36,326)	(23,687)	(34.8%)
Interest income	1,689	3,744	121.7%
Interest expense	(92,180)	(59,050)	(35.9%)
Profit before tax	**319,185**	**320,347**	**0.4%**
Income Tax	(39,261)	(73,501)	87.2%
Net profit after tax	**279,924**	**246,846**	**(11.8%)**
Other comprehensive income			
Net value gain on cash flow hedges	(47,455)	(9,763)	(79.4%)
Changes in translation reserves	265,628	(184)	n/a
Total comprehensive income for the period	**498,098**	**236,899**	**(52.4%)**
Net earnings per share			
Basic net earnings per share (CZK)	31.94	28.17	(11.8%)
Diluted net earnings per share (CZK)	31.94	28.17	(11.8%)

Condensed Consolidated Statement of Comprehensive Income for the Three Month Period

CZK '000	Three month period ending 30 June 2018 (unaudited)	 30 June 2019 (unaudited)	% change
Revenues	1,621,281	1,552,040	(4.3%)
Raw materials and consumables used	(1,201,087)	(1,203,220)	0.2%
Staff costs	(86,653)	(91,416)	5.5%
Other operating income/(expense) (net)	1,506	917	(39.1%)
EBITDA	**335,048**	**258,321**	**(22.9%)**
EBITDA margin	***20.7%***	***16.6%***	***(4.1 pp.)***
Depreciation and amortization expense	(116,111)	(128,056)	10.3%
Profit from operations	**218,937**	**130,265**	**(40.5%)**
FX gains and other financial income	(13,875)	(3,105)	(77.6%)
FX losses and other financial expenses	24,952	(6,574)	n/a
Interest income	961	1,621	68.6%
Interest expense	(45,855)	(29,445)	(35.8%)
Profit before tax	**185,120**	**92,762**	**(49.9%)**
Income tax – (expense)/income net	(13,460)	(48,207)	258.1%
Net profit after tax	**171,660**	**44,555**	**(74.0%)**
Other comprehensive income			
Net value gain on cash flow hedges	(56,390)	7,221	n/a
Changes in translation reserves	189,527	(23,955)	n/a
Total comprehensive income for the period	**304,797**	**27,822**	**(90.9%)**
Net earnings per share			
Basic net earnings per share (CZK)	19.59	5.08	(74.0%)
Diluted net earnings per share (CZK)	19.59	5.08	(74.0%)

Condensed Consolidated Statement of Financial Position

CZK '000	30 June 2018 (unaudited)	30 June 2019 (unaudited)
Assets		
Non-current assets		
Property, plant and equipment	4,982,613	5,168,474
Long term intangible assets	171,990	195,577
Goodwill	2,320,127	2,320,127
Total non-current assets	**7,474,730**	**7,684,178**
Current assets		
Inventories	637,028	733,017
Trade receivables, contractual assets and other receivables	2,128,485	1,810,893
Income tax receivable	0	0
Cash and cash equivalents	1,476,829	319,511
Total current assets	**4,242,342**	**2,863,421**
Total assets	**11,717,072**	**10,547,599**
Total equity and outside resources		
Share capital and reserves		
Share capital	299,857	299,857
Legal reserve fund and other reserves	86,701	86,701
Own shares	0	0
Translation reserves	282,375	57,410
Cash flow hedging	(6,183)	(4,903)
Retained earnings	3,806,349	4,768,586
Total share capital and reserves	**4,469,099**	**5,207,652**
Non-current liabilities		
Non-current bank loans	0	0
Deferred tax liabilities	506,975	308,969
Non-current bonds	3,944,500	3,900,598
Total non-current liabilities	**4,451,475**	**4,209,567**
Current liabilities		
Trade and other payables	466,532	486,914
Tax liabilities	13,998	55,340
Current bank and bond liabilities	2,302,000	583,873
Reserves	13,968	4,253
Total current liabilities	**2,796,498**	**1,130,380**
Total liabilities	**7,247,973**	**5,339,947**
Total equity and liabilities	**11,717,072**	**10,547,599**

Condensed Consolidated Statement of Cash Flows for the Six Month Period

CZK '000	2018 (unaudited)	2019 (unaudited)
Profit before tax	**319,185**	**320,347**
Adjustment for:		
Depreciation and Amortization	231,118	252,576
Foreign exchange changes	43,587	(18,679)
Interest expense	92,180	55,306
Other changes in equity	(47,455)	0
Other financial income/(expense)	40,072	(10,155)
Cash flows from operating activities		
Decrease/(increase) in inventories	92,143	(127,111)
Decrease/(increase) in receivables	(20,455)	363,520
Increase/(decrease) in payables	(94,670)	(26,332)
Income tax (paid) / received	(47,143)	(46,944)
Net cash from operating activities	**608,562**	**762,528**
Cash flows from investment activities		
Purchases of property, plant and equipment	(252,570)	(258,432)
Net cash used in investment activities	**(252,570)**	**(258,432)**
Cash flows from financing activities		
Increase/(decrease) in current bank loans and bonds	(271,418)	(563,493)
Increase/(decrease) in other long term payables	(2,543)	1,103
Acquisition of own shares and other changes in equity	0	0
Distribution of dividends	0	0
Interest paid	(24,255)	(22,329)
Other financial income/(expense)	(94,926)	0
Net cash used in financing activities	**(393,141)**	**(584,718)**
Cash and cash equivalents at the beginning of the period	1,513,977	400,134
Net increase (decrease) in cash and cash equivalents	(37,149)	(80,623)
Cash and cash equivalents at the end of the period	**1,476,828**	**319,511**

Condensed Consolidated Statement of Changes in Equity

CZK '000	Share capital	Legal reserve fund and other reserves	Own shares	Translation reserves	Cash flow hedging	Retained earnings	Total share capital and reserves
as at 1 January 2018	**299,857**	**86,701**	**0**	**251,860**	**41,265**	**3,526,424**	**4,206,107**
Distribution	--	--	--	--	**--**	--	**--**
Other comprehensive income for the period			--	30,515	(47,447)	--	**(16,932)**
Net profit for the period	--	--	--	**--**	**--**	279,924	**279,924**
as at 30 June 2018	**299,857**	**86,701**	**0**	**282,375**	**(6,183)**	**3,806,349**	**4,469,099**
as at 1 January 2019	**299,857**	**86,701**	**0**	**57,594**	**4,860**	**4,521,740**	**4,970,752**
Distribution	--	--	--	--	--	--	--
Other comprehensive income for the period			--	(184)	**(9,763)**	--	**(9,947)**
Net profit for the period	--	--	--			246,846	**246,846**
as at 30 June 2019				**57,410**	**(4,903)**	**4,768,586**	**5,207,652**

Selected explanatory notes to the interim consolidated financial statements

Rounding off and presentation

The figures presented in these interim financial statements were rounded off to a single decimal place in accordance with standard rounding principles. As a result of this, the sum of the individual figures may differ from the figure presented on the sum row.

Basis of preparation

These financial statements were prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards IAS 34 for interim financial reporting as adopted by the European Union. Condensed interim financial statements do not include all the information and disclosures required in the annual financial statements. This interim report was not audited by the Company´s external auditors.

Summary of Significant Accounting Policies

The same basis of preparation, accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group’s financial statements for the year ended 31 December 2018.

Adoption of new and revised standards

The expected impact of new standards, their amendments and interpretations on the future consolidated financial statements of the Group were described in the Company's consolidated financial statements for the year ending 31 December 2018.

Disclosures on seasonal and economic influences

The business of the Company is not typically subject to seasonal and economic influences other than the general economic cycle, although the hygiene market is to a large extent non-cyclical.

Estimates

The preparation of interim financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors. The objective of making estimates is to present a true and fair view of the financial position of the Company, namely for determining the values of assets and liabilities for which this value is not readily available from other sources. The actual results may differ from these estimates.

There were no material changes in the nature or size of the estimates since the issue of the previous financial reports.

Segment information

The IFRS 8 standard requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. In accordance with IFRS 8, the Group identified one operating segment, the production of nonwoven textiles.

Disclosures on changes in the composition and consolidation of the entity

There were no changes in this field during the reporting period ended relative to the status on 31 December 2018.

Issue, repurchase and repayments of debt and equity securities

During the course of the first half of 2019, the Company drew from overdraft bank loans. The Company did not conclude any new bank facilities in the first half of 2019.

Important events and transactions

Material events subsequent to the end of the interim period

The management of the Company is not aware of any other events that occurred subsequent to the end of the interim period, which would have a significant effect on the consolidated financial statements as at 30 June 2019.

Information about the fair value of financial instruments

During the period of the first six months of this year, no changes occurred in the valuation methodology for financial instruments.

Interest rate swaps

As at 30 June 2019, the Group held no open interest rate swaps.

Currency forward contracts

As at 30 June 2019, the Group held no open currency forward contracts.

Cross currency swaps

As at 30 June 2018, resp. 30 June 2019, the Group held three, resp. two open cross currency swaps.

The first swap was concluded in November 2014 with a total nominal value of CZK 2,248,575 thousand (receiving leg) against EUR 90,201 thousand (paying leg) with the objective of hedging the currency risk of CZK-denominated bonds PEGAS 2.85/2018, which were issued by the holding company PFNonwovens a.s. The swap bore a fixed interest rate of 3.1% p.a. The swap expired in November 2018 as a result of the repayment of the public bond issue.

The second swap was concluded in July 2015 with a total nominal value of CZK 678,000 thousand (receiving leg) against EUR 25,000 thousand (paying leg) with the objective of hedging the currency risk of private bonds, which were issued by the subsidiary PFNonwovens Czech s.r.o., denominated in CZK and maturing on 14 July 2025, bearing a floating interest rate of 6M PRIBOR + 2% p.a. The swap bears a fixed interest rate of 3.39% p.a. Concurrently, this swap hedges foreign currency risk on cash flows, revenues, which the Group realises in EUR. The economical relationship is defined as the expectation that the value of the hedging instruments and the value of the hedged item shall move in opposite directions in relation to the hedged risk. This means that if interest rates rise then the value of the hedging instrument, asset, will rise and in the same way the value of the hedged items of issued bonds, resp. payables, will increase and vice versa. In the event that CZK appreciates against EUR, the value of the hedging instrument will rise and at the same time the value of the hedged item of EUR revenues denominated in CZK will fall. The Group considers the hedging relationship as effective given the fact that the parameters of the hedging instrument and the hedged item are identical (nominal, interest payment maturity date, consistency of revenues received in EUR). For this reason, a part of the fair value of the hedging derivatives was reported in equity, resp. via other comprehensive income.

The third swap was concluded in July 2015 with a total nominal value of CZK 1,080,000 thousand (receiving leg) against EUR 39,852 thousand (paying leg) with the objective of hedging the currency risk of private bonds, which were issued by the holding company PFNonwovens a.s., denominated in CZK and maturing on 14 July 2022, bearing a fixed interest rate of 2.646% p.a. The swap bears a fixed interest rate of 3.15% p.a.

The Group performed hedge accounting for these cross currency swaps. The changes in the fair value of these swaps were booked into capital. Up to 31 December 2017, the Group took the decision to terminate the hedge accounting related to the first and third swaps, which hedged CZK-denominated bonds issued by the holding company PFNonwovens a.s. The reason for the termination of hedge accounting was the transfer of the head office of the holding company to the Czech Republic and the change in the functional currency from EUR to CZK effective as of 1 January 2018. As a result of this fact, the prospective reasons for this hedging ceased to exist. All profit or loss accrued in equity up to 31 December 2017, was reported in the 2017 financial results.

The fair value of these swaps, as at 30 June 2019, is presented in the following table. A positive value represents a receivable of the Group, a negative value a payable of the Group.

Counterparty	as at 30 June 2018	as at 30 June 2019
Česká spořitelna – EUR 90.201 mil.	129,665	--
ČSOB – EUR 25 mil.	2,158	(9,046)
Česká spořitelna – EUR 39.852 mil.	(28,173)	(6,422)
Total	**103,650**	**(15,468)**

CZK '000

The fair value of the swaps is given by the EUR and CZK yield curve valid at the balance sheet date and calculated using the discounted cash flow method. The inputs used in the fair value calculation are categorised in accordance with IFRS 7 into level 2 of fair value hierarchy.

Sensitivity of the fair value of cross currency swaps

The appreciation, resp. depreciation of CZK against EUR by 1% would, as at 30 June 2019, increase, resp. decrease the fair value of the cross currency swaps by approximately CZK 16.5 million.

Foreign currency option structures

Foreign currency option structure I.

As at 30 June 2019, the Group held an open position in a foreign currency option structure that was concluded by the Group in March 2016. The objective of this foreign currency option structure is to hedge currency risk connected to revenues in EUR and their conversion to CZK in approximately the amount as the Group expends each month on the payment of wages and salaries.

The foreign currency option structure consists of two independent transactions, a series of synthetic forwards and barrier options with a monthly expiration up until July 2019. The purpose of the barrier options was, prior to the ČNB ending its commitment to maintaining an exchange rate, to improve the profile of the whole option structure around the exchange rate of 27 CZK/EUR.

The Group implements hedge accounting on a part of the foreign currency option structure by means of a series of monthly synthetic forwards. The change in the fair value of this part of the option structure, that is considered as effective in terms of hedging, is recorded in equity. The change in the fair value of these synthetic forwards that is considered as non-effective in terms of hedging is recorded in the profit and loss statement. The Group implements a second part of the option structure, a series of monthly barrier options, outside its hedge accounting, and the change in its fair value is booked in the profit and loss statement.

Foreign currency option structure II.

In April 2018, the Group concluded a foreign currency option structure. The objective of this foreign currency option structure is to hedge currency risk connected to revenues in EUR and their conversion to CZK in approximately the amount as the Group expends each month on the payment of wages and salaries after the expiration to the aforementioned option structure from 2016.

The foreign currency option structure consists of two independent transactions, a series of synthetic forwards and written (sold) options with a monthly expiration from August 2019 to July 2021.

The Group implements hedge accounting on a part of the foreign currency option structure by means of a series of monthly synthetic forwards. The change in the fair value of this part of the option structure, that is considered as effective in terms of hedging, is recorded in equity. The change in the fair value of these synthetic forwards that is considered as non-effective in terms of hedging is recorded in the profit and loss statement. The Group implements a second part of the option structure, a series of monthly written options, outside its hedge accounting, and the change in its fair value is booked in the profit and loss statement.

Foreign currency option structure III.

In March 2019, the Group concluded a foreign currency option structure. The objective of this foreign currency option structure is to hedge currency risk connected to revenues in EUR and their conversion to CZK in approximately the amount as the Group expends each month on the payment of wages and salaries after the expiration to the aforementioned option structure from 2018.

The foreign currency option structure consists of two independent transactions, a series of synthetic forwards and written (sold) options with a monthly expiration from August 2021 to March 2022.

The Group implements hedge accounting on a part of the foreign currency option structure by means of a series of monthly synthetic forwards. The change in the fair value of this part of the option structure, that is considered as effective in terms of hedging, is recorded in equity. The change in the fair value of these synthetic forwards that is considered as non-effective in terms of hedging is recorded in the profit and loss statement. The Group implements a second part of the option structure, a series of monthly written options, outside its hedge accounting, and the change in its fair value is booked in the profit and loss statement.

The fair value of these foreign currency option structures, as at 30 June 2019, is presented in the following table. A positive value represents a receivable of the Group, a negative value a payable of the Group.

Counterparty	as at 30 June 2018	as at 30 June 2019
Foreign currency option structure I. - series of synthetic forwards	7,573	1,346
Foreign currency option structure I. - series of barrier options	64	0
Foreign currency option structure II. – series of synthetic forwards	(13,486)	4,453
Foreign currency option structure II. – series of written options	(6,888)	(2,573)
Foreign currency option structure III. – series of synthetic forwards	--	2,255
Foreign currency option structure III. – series of written options	--	(1,179)
Total	**(12,737)**	**4,302**

CZK '000

Sensitivity of the fair value of the foreign currency option structure I.

The appreciation, resp. depreciation of CZK against EUR by 5% would, as at 30 June 2019, increase, resp. decrease the fair value of the foreign currency option structure by approximately CZK 5.6 million.

Sensitivity of the fair value of the foreign currency option structure II.

The appreciation, resp. depreciation of CZK against EUR by 5% would, as at 30 June 2019, increase, resp. decrease the fair value of the foreign currency option structure by approximately CZK 36.6 million.

Sensitivity of the fair value of the foreign currency option structure III.

The appreciation, resp. depreciation of CZK against EUR by 5% would, as at 30 June 2019, increase, resp. decrease the fair value of the foreign currency option structure by approximately CZK 11.2 million.

Earnings per share

Basic earnings per Share are calculated as the net profit for the period attributable to equity holders of the Company divided by the weighted average number of shares existing each day in the given period, which take into account (by reduction) the shares bought back.

Diluted earnings per share are calculated based on a weighted average number of shares in circulation (determined similarly as in the case of basic earnings per share) adjusted for the effect of the expected issue of all potential diluting securities.

No changes to the number of shares issued by the Company occurred during the first six months of 2019.

Basic earnings per share

		Three months ended		Six months ended	
		30 June 2018	30 June 2019	30 June 2018	30 June 2019
Net profit attributable to equity holders	'000 CZK	171,660	44,555	279,924	246,846
Weighted average number of ordinary shares	amount	8,763,859	8,763,859	8,763,859	8,763,859
Basic earnings per share	**CZK**	**19.59**	**5.08**	**31.94**	**28.17**

Diluted earnings per share

		Three months ended		Six months ended	
		30 June 2018	30 June 2019	30 June 2018	30 June 2019
Net profit attributable to equity holders	'000 CZK	171,660	44,555	279,924	246,846
Weighted average number of ordinary shares	amount	8,763,859	8,763,859	8,763,859	8,763,859
Diluted earnings per share	**CZK**	**19.59**	**5.08**	**31.94**	**28.17**

Information about affiliates

Significant transactions concluded by the Company with affiliates

During the first six months of 2018 and 2019, no transactions were concluded between the Company and affiliates under other than market conditions.

Transactions between the Company and entities discharging Company managerial responsibilities

During the first six months of 2018 and 2019, the Company did not provide the persons discharging managerial responsibilities or their affiliates any deposits, loans, credit, guarantees, nor did it conclude any contracts for providing services of the Group and its affiliates to such persons.

During the first six months of 2018 and 2019, the Company did not conclude any significant transactions with persons discharging managerial responsibilities, their family relations or otherwise affiliated parties.

Transactions between affiliated entities of the Company and entities discharging Company managerial responsibilities

During the first six months of 2018 and 2019, the entities discharging Company managerial responsibilities did not conclude any significant transactions with affiliated entities of the Company.

Approval of the interim financial statements

The interim financial statements were approved by the Company's Board of Directors on 21 August 2019.

Declaration

František Klaška, Member of the Board of Directors of PFNonwovens a.s. and

Marian Rašík, Member of the Board of Directors of PFNonwovens a.s.

hereby declare that, to the best of their knowledge, this Half Year Report gives a true and fair view of the financial position, business activity and financial results of the issuer and the consolidated unit for the past six months and about the outlook for the future development of the financial situation, business activity and financial results of the issuer and the consolidated unit.

21 August 2019

František Klaška Member of the Board of Directors of PFNonwovens a.s.	Marian Rašík Member of the Board of Directors of PFNonwovens a.s.

Contacts

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Glossary

6th October City – is a satellite city near Cairo, Egypt. Its total population is approximately half a million people and many international companies have their regional headquarters located there.

BCPP (PSE) – Prague Stock Exchange a regulated market for securities in the Czech Republic.

Bi-Component Fibre (Bi-Co) – synthetic textile fibre consisting of two or more basic components (polymers). The typical cross sections of fibres are, for example, side by side, core and sheath (produced by PEGAS), islands in the sea, etc.

Bučovice – a town in Moravia in the Vyškov District with a population of approximately 6,500 people. The Company operates three production lines here.

Clearstream Bank - Clearstream is a leading European supplier of post-trading services. It is a subsidiary of Deutsche Börse. Clearstream International was formed in January 2000 through the merger of Cedel International and Deutsche Börse Clearing.

EDANA – European Disposables and Nonwovens Association is the European Trade Association for the nonwovens and hygiene products converters industries, with around 200 member companies in 28 countries.

EGAP – Export Guarantee and Insurance Corporation. (EGAP) established in June 1992 as a national insurer of loans with a focus on insuring export loans against territorial and commercially uninsurable commercial risks connected with the export of goods and services from the Czech Republic. EGAP became a part of the government's export assistance system and provides insurance services to all exporters of Czech goods, services and investments.

EMEA – Europe, Middle East and Africa.

IFRS – International Financial Reporting Standards.

IPO – Initial Public Offering.

IRS – Interest Rate Swap. Financial instrument for hedging interest rate risk.

Meltblown Fabric – Textile produced using the meltblown process.

Nonwoven Textile – A manufactured sheet, web or bat of directionally or randomly oriented fibres, bonded by friction, and/or cohesion and/or adhesion, excluding papers and products which are woven, knitted, tufted or stitchbonded incorporating binding yarns or filaments, or felted by wet milling, whether or not additionally needled.

Polymer – Substance composed of molecules with large molecular mass composed of repeating structural units, or monomers, connected by covalent chemical bonds, i.e. a plastic.

Polypropylene/Polyethylene – Thermoplastic polymers consisting of long chains of monomers (propylene, ethylene). These polymers are naturally hydrophobic, resistant to many chemical solvents, bases and acids.

Přímětice – Formerly an independent municipality, currently a suburb of Znojmo. The Company operates six production lines here.

PX – Official index of blue chip stocks of the Prague Stock Exchange.

Reicofil – Leading nonwoven machinery manufacturer.

Regranulation – Method for recycling scrap textile into granulate, which can then be fully reused in the manufacturing process.

Spunbond Textile – Textile produced by spunbond/spunmelt process.

Spunmelt Process – Technological process of producing nonwovens. Hot molten polymer is forced through spinnerets to produce continuous filaments drawn by air to reach the required fibre diameter.

Meltblown Process – Technological process of producing nonwovens. Polymer is extruded into air gap nozzles and then blown in the form of very thin fibres (1-10 microns) on to a belt.

Alternative indicators of performance

In accordance with the ESMA (European Securities and Markets Authority) directive relating to transparency and investor protection in the European Union, contains this dictionary of alternative indicators of Company performance, which, however, are not defined within the scope of IFRS statements as standard measures. The definition of these indicators enables users of reports to gain additional information for the assessment of the financial situation and performance for the Company.

Performance indicator	Definition	Purpose	Reconciliation with the financial statements
CAPEX	Investments into intangible property and land, buildings and equipment, including investment expenses financed by leasing.	It represents the amount of available resources invested into operations for securing long term performance.	See Condensed Consolidated Statement of Cash Flows (line item Net cash used in investment activities.
Net debt	Financial indicator calculated as: Non-current bank loans + Non-current bonds + Current bank loans + Current bonds – (Cash and cash equivalents)	This indicator expresses the actual state of the Company's financial debt, i.e. the nominal debt value less financial assets, financial equivalents and highly liquid financial assets of the company. The measure is used primarily for assessing the overall proportionality of the Company's indebtedness, i.e. e.g. when compared with selected profit or balance sheet indicators of the Company.	See First Half 2019 Key Figures in CZK mil.: 1-6/2019: 0 + 3,900.6+ 583.9 – 319.5 = 4,165.0 4-6/2019: 0 + 3,900.6+ 583.9 – 319.5 = 4,165.0
Net debt/EBITDA	Net Debt/EBITDA, where EBITDA uses a sliding value over the last 12 months.	It expresses, on the one hand the ability of the Company to lower and repay its debt and, on the other, also its ability to accept further debt for developing its business. The measure approximately expresses the time that it would take the Company to pay off its debts from its primary source of operating cash flow.	Financial Results in the First Half of 2019 – Cash and Indebtedness in CZK mil.: 2019: 4,165.0 / 605,8 = 3.23
EBIT **(Profit from operations)**	Profit including revenues less cost of goods sold and selling, general, and administrative expenses, and depreciation and amortization (before the deduction of interest and taxes).	It is used to express the operating profit of the Company, whilst at the same time eliminating the impact of differences between local tax systems and various financial activities.	See Condensed Consolidated Statement of Comprehensive Income
EBITDA	Financial indicator that determines the operating	Since it does not contain financial and tax indicators	See Condensed Consolidated Statement of

	margin of the company before the deduction of interest, taxes, depreciation and amortization. Calculated as net profit before taxation, interest expenses, interest income, exchange rate movements, other financial income/expenses and depreciation and amortization, i.e. profit from operations + depreciation and amortization.	or accounting costs not including outflows, it is used by management to assess the Company's results over the course of time.	Comprehensive Income for the Six Month Period, in CZK mil.: 2018: 431.0 + 231.1 = 662.1 2019: 353.2 + 252.6 = 605.8
Net profit margin	Percentage margin is calculated as net earnings after income tax and before distribution to shareholders divided by total revenues.	It is used to express how well the Company converts revenues into profit available to shareholders.	See First Half 2019 Key Figures in CZK mil.: 1-6/2019: 246.8 / 3,159.3 = 7.8% 4-6/2019: 44.6 / 1,552.0= 2.9%
Operating profit margin	Percentage margin calculated as EBIT / total revenues.	It is used for assessing the operating performance of the Company.	See First Half 2019 Key Figures in CZK mil.: 1-6/2019: 353.2 / 3,159.3 = 11.2% 4-6/2019: 130.3 / 1,552.0 = 8.4%
EBITDA margin	Percentage margin calculated as EBITDA / total revenues.	It is used for expressing the profitability of the Company.	See First Half 2019 Key Figures in CZK mil.: 1-6/2019: 605.8 / 3,159.3 = 19.2% 4-6/2019: 258.3 / 1,552.0 = 16.6%
Planned EBITDA	A financial indicator defined as revenues minus costs of goods sold and other selling and administrative expenses.	It is used in the Company's business plan as a benchmark value for the evaluation of the performance in the management bonus scheme.	See 2019 Outlook: Set as a qualified estimation by the Company's management.

Other information

Basic Information on the Company

Company Name
PFNonwovens a.s.

Headquarters
Hradčanské náměstí 67/8
118 00 Prague 1 – Hradčany
Czech Republic
Tel: +420 515 262 411

Registry and registration number
The company is registered in the Commercial Register at the City Court in Prague, under number B 23154.

Incorporated
18 November 2005 under the name Pamplona PE Holdco 2 SA

Jurisdiction
Czech Republic

The Company was incorporated in Luxembourg as a public limited liability company ("société anonyme") for an unlimited duration on 18 November 2005 under the name Pamplona PE Holdco 2 SA and registered with the Luxembourg trade and companies register under number B 112.044. In 2006, the Company changed its business name to PEGAS NONWOVENS SA.

On 18 December 2017, the Extraordinary General Meeting resolved to transfer its head office to the Czech Republic and to change the nationality of the Company from Luxembourg nationality to Czech nationality. Concurrently, the Extraordinary General Meeting resolved to accept new Articles of Association for the Company and changed the Company's name to PEGAS NONWOVENS a.s.

The company PEGAS NONWOVENS SA did not cease to exist as a result of the transfer of the Company's head office nor was a new legal entity established, rather only the legal form was changed to a joint stock company according to Czech law. PEGAS NONWOVENS a.s was registered in the Czech Commercial Register effective as of 1 January 2018. The Company's head office is at Hradčanské náměstí 67/8, Hradčany, 118 00 Prague 1, Czech Republic.

On 15 June 2018, the General Meeting of the Company resolved to change the business name of the Company to PFNonwovens a.s. and concurrently approved corresponding changes to the first paragraph of article 1 of the Articles of Association of the Company. The change of business name to PFNonwovens a.s was registered in the Czech Commercial Register effective as of 19 June 2018.

Company's scope of business and activity (according to article 3 of the Articles of Association of Company):

Company's scope of business is:

- Production, commerce and services not described in annexes 1 and 3 of the Trade Licensing Act

Company's scope of activity is:

- Administration of own assets