



To Whom it may concern

November 22nd, 2018

Subject: FFU Production / Polytan

Polytan has noted the attention of the Ukrainian media to the business relation between FFU Production and our company. As we are interested in transparency, we want to contribute with the following information:

Polytan has business relations with FFU Production. Our company supplies components to manufacture artificial turf in the Ukraine. FFU Production was supplied as well with technical specifications of required production machines which are capable to re-produce locally the high-quality turf designed by Polytan.

Polytan also supports FFU production to organize the production process as well as to implement a quality management system. For this reason we conduct quality audits of the production process and final products. The next audit is scheduled for December 2018.

One of the conditions for the project implementation was the agreement of a long-term licensing contract. As of today, the agreement has not yet been concluded. Negotiations on final legal amendments are ongoing, almost all open-ended issues are already resolved, and the parties are awaiting the signing of the agreement in the coming days. Additionally, it should be noted that FFU Production actually adheres to the key provisions of the license agreement in terms of the necessary components and territorial restrictions for the sale of products under the Polytan brand. There are no contradictions on this issue between the parties at the moment.

Moreover, FFU Production and Polytan have started to discuss the possibility of fulfilling a part of the orders of Polytan using the capacities of the Ukrainian plant and / or working on the Toll Processing basis.

Polytan does not produce and did not supply production machines or associated equipment for the artificial turf production. Therefore, Polytan did not serve as the general supplier in this project, although such a question was desired by FFU Production at the beginning of cooperation.

Polytan has never made engagements of any third partners (including the company SDT or machine manufacturers) as a condition for its participation in the project, as it has never obliged FFU Production to engage certain partners. This is the exclusive right and choice of the Ukrainian side to work with those or other partners in terms of general equipment supply.

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