



Current report no. 2/2020

Date: March 31, 2020

Subject: Mangata Holding S.A. Management Board's comment to the financial results for 2019 and the current situation related to the coronavirus pandemic SARS-CoV-2 (COVID-19).

Legal basis: art. 17 act.1 of MAR Regulation - confidential information

Contents of the report:

The Board of MANGATA HOLDING SA („Issuer”, „Company”) informs that in 2019 the Mangata Holding Capital Group realized sales revenues at the level 676 million PLN, reaching the result EBITDA in the amount of 96 million PLN, the highest in the Group's history and has generated a net profit at the level about 51 million PLN. The net result and EBITDA were in line with the expectations of the Board and were achieved despite significant slowdown economic situation, especially noticeable in the 4th quarter 2019. Economic factors had an impact on lower revenues from sales than forecast. To a significant extent, this decrease concerned revenues in the segment of industrial automation and fittings as well as in the segment of fasteners and its reason was lower than forecast orders from customers and the lack of expected improvement in the market situation in the indicated business segments.

In 2019, the Group generated record high positive operating cash flows at the level of 98 million PLN which fully covered expenditure on production facilities and capital investments in the total amount of 51 million PLN, as well as dividend payment in the amount of 31 million PLN. Index net debt was at the level 1,37, index structure own capital to liabilities amounted to 57,1%. These shows, among other things, a stable financial situation and a solid cash position of the Group at the end of 2019. Analyzes and detailed comments on financial results and financial situation have been posted in the reports published today. In the case of the Mangata Holding Capital Group, the coronavirus pandemic did not have a negative impact on the financial position of the Group, or financial results achieved in 2019. A slowdown in sales revenues take place before the coronavirus information appeared therefore they should be considered in the category of cyclical changes, not directly related to the effects of COVID-19 spread. The Group did not record any disturbances in the distribution chain during this period, unplanned breaks in production or problems with staff availability.

The beginning of 2020 was marked by the fight with a widespread pandemic COVID-19. Until March 2020 all member states of the European Union have reported cases of coronavirus SARS-CoV-2 (COVID-19). Since then, the number of infections has been steadily increasing. States have intensified efforts to stop the pandemic, which shows a negative reflection in the economies of individual countries, including the Polish economy. Substantial part turnover companies of Group is generated in export, that's why the situation in Europe and in the world is important to us. Governments of many countries introduce their own support programs to protect their economy from recession, keep the workplaces, and after the pandemic end stimulate economic growth. Speed Exit foreign contractors from the crisis will affect an impact on stimulating sales in the Group. The sooner the economies of individual countries is rebuild, the faster Mangata Group Holding will be back on the growth path.



On a national scale, the government has proposed a help package for entrepreneurs. Proposed Act, called „anti-crisis shield”, in its current shape assumes, among others mechanism of additional payments to employees' salaries for production companies and for companies implementing economic downtime, as well as deferring some tax obligations. From the perspective of the national economy survival and development of large companies may be crucial for the reconstruction and further development of the state. The presented package of solutions and tools is currently subject to internal analysis and appraisal in the Group, which solutions can be used in particular Group companies. Due to the circumstances, that funds to support the services of the "anti-crisis shield" will be distributed within the specified overall limit, The Group also analyzes scenarios in the event of non-receipt of such assistance from the state or receiving it to a limited extent. The Group is focused on the automotive market. Another company in this industry temporarily suspend production at its manufacturing plants or declare that in the near future take such steps. The consequence of these decisions is the reduction of orders, at the Group level. In this segment, we also manufacture components for agricultural machinery and trucks, here we hope that machinery and equipment will support the functioning of the state. In a situation of limited demand in some companies of the group (as MCS) decisions are made to temporarily stop the plant – for 2-3 weeks - parts of production and completion of necessary machine park inspections. In the current, dynamically changing situation, production breaks at other Group plants cannot be excluded. The Group's priority remains keeping rational and safe financial management. Investment expenses and other costs have been reduced, those can be reduced without harming business. The most important is stable maintenance of fixed costs. The Group has funds, that's why can operate for several months without significant interference, even in the extreme case of the need for temporary suspension of production in production plants. We are currently talking with banks financing our Group, about the temporary suspension of loan installments, which is to further strengthen the Group's financial standing.

In accordance with the adopted dividend policy, taking into consideration global uncertainty in the economic area, The Management Board is currently assessing the market and financial standing of individual companies and their financial forecasts. Recommendation allocation of profit for 2019, the Board plans to develop the end of April. Given the evolution of the pandemic coronavirus situation SARS-CoV-2 (COVID-19) and uncertainty about the economic effects of this phenomenon, The Management Board of Mangata Holding does not see the validity of publishing forecasts for 2020. Mangata Holding will inform about the results achieved in periodic reports, if there are negative developments caused by a pandemic, will inform about these events in current reports.