Current Report No. 3/2022

Date of preparation: 7.04.2022

Subject: Resignation from publication of the forecasting results for 2022. The forecasting results for the first quarter of 2022 and the impact of the situation in Ukraine on the Group's activities.

Legal basis: Article 17(1) of the MAR Regulation

Report content:

The Management Board of Mangata Holding S.A. **("Issuer"**) informs that due to high uncertainty related to the course of the armed conflict in Ukraine and unstable macroeconomic situation in Europe and in the world, the Issuer's Management Board decided not to publish the forecasting results for 2022.

Although the conflict in Ukraine does not directly affect the Group's operations, it does affect global commodity markets. Reduced supply of key raw materials (iron ore, energy raw materials, rare earth metals) results in high dynamics of growth of their prices on the market. Apart from steel, which is the main material used by the Group, the prices of foundry raw materials are important for the profitability of the Industrial Automation and Fittings segment. The reduction in their availability, particularly foundry pig and scrap, results in an increase in their prices.

Another key cost factor in the Group is electricity. The Group has contracted the purchase price of approximately 65% of electricity for 2022. The remaining part of energy is purchased on the SPOT market, where there are significant fluctuations in its price. The most significant factors shaping the price of electricity include: the level of CO_2 emission allowance prices, significant increases in the prices of fuels for energy production, high failure rate of power units and unfavourable conditions for obtaining energy from RES.

For several years, the market has maintained a relatively low unemployment rate. The so-called "employee market" continues to operate, which is expressed by difficulties in recruiting qualified staff, compounded by the dynamic economic rebound in 2021 and the increase in economic activity. A significant increase in inflation at the end of 2021 and the beginning of 2022 increases wage pressures. Despite the negative forces affecting labour supply, the Group's employee situation is stable. The Group employs staff with the appropriate competencies necessary to perform the work assigned to them. The measures taken in earlier years to slow down employee turnover have had sufficient effect.

Looking further ahead to 2022, the Issuer's Management Board currently identifies the following significant operational risks:

- difficulties in obtaining raw materials and materials for production,
- instability and increase in gas and electricity prices,
- possibility of breaking supply chains,
- risk of reduction of orders by customers or temporary suspension of deliveries.

The effects of a possible occurence of the above risks may be felt by the Group in mid-2022. The Issuer's Management Board continuously monitors the economic environment to identify risks and threats and takes measures to reduce their impact on the Group's operations and financial performance.

The circumstances indicated above mean that publication by the Issuer's Management Board of the forecasting results for 2022 would be subject to significant risk and could mislead investors.

At the same time, the Issuer's Management Board provides information on the anticipated selected financial results of the Capital Group for Q1 2022. The forecasting results have not been audited by an expert auditor. The forecast data are estimates and may be subject to change by the date of approval for publication of the consolidated report for Q1 2022.

Data in PLN thousand	**Forecast Q1 2022**	**Implementation Q1 2021**	**change [%]**
Sales revenues	261 000	182 124	43%
EBITDA	38 000	29 043	31%
Net profit	24 000	16 545	45%

*EBITDA = earnings before depreciation and amortisation

The anticipated sales revenue for the first quarter of 2022 is higher by approximately 43% (approx. PLN 79 million) than the revenue achieved in the corresponding period of 2021. The increase in sales revenue is recorded by all the Group's business segments. The Automotive Components and Assemblies segment increases sales revenue due to strong market demand, primarily in the US market. This segment is constantly diversifying its sales, servicing a growing portfolio of orders for components for customers outside the automotive industry, e.g. in the hydraulic industry. A similar situation exists in the Fasteners segment, where strong demand is supported by the anti-dumping duty mechanism.

Thanks to an effective sales policy, provisions introduced to index sales prices in relation to steel prices and continuous optimisation of production processes, the Group maintained gross sales margins. Stabilisation of the operating margin allowed to generate a higher EBITDA and contributed to a significant increase in net profit.

The Industrial Automation and Fittings segment sold its products to countries participating in the armed conflict (Russia, Ukraine and Belarus). Since March of this year, the Group has suspended shipments to Russia and Belarus, and due to the armed conflict it is not possible to sell to customers in Ukraine. The Group has focused on developing sales in other European markets, from where it obtains new orders to compensate for lost orders.

The Group is not significantly engaged on the markets of countries involved in the armed conflict. Revenues from sales from the area of Russia, Belarus and Ukraine in 2021 amounted to approximately PLN 34 million, which represents approximately 4% of the Group's revenues. Trade receivables from customers from Russia, Belarus and Ukraine as at the date of publication of the current report amount to approximately PLN 3.1 million. The Group expects repayments of receivables later in 2022. The Group has no assets on the territory of countries participating in the conflict.

Considering the Group's current order portfolio, the Issuer's Management Board identifies the possibility of exceeding the level of PLN 1 billion of sales revenues in 2022, however, the achievement of this result, as well as profitability ratios, will depend on the level of risks described in this report.