



Current Report No. 23/2017

Date: 17.07.2017

Topic: Board of Directors of Mangata Holding S.A. regarding a call for shares to sell Mangata Holding S.A. Announced by Capital MBO Joint Stock Company Limited

Legal basis: Article 80 of the Act on Public Offering - the position of the Management Board of the Company concerning the tender offer

**Report content:**

1. General information about the Call

Management Mangata Holding S.A. (The "Company"), acting on the basis of art. 80 sec. 1 and 2 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (the "Offering Act"), hereby presents its position regarding the tender offer to subscribe for the Company's shares in the number resulting in 66% of the total number of votes announced on 30 June 2017 by Capital MBO joint stock company limited partnership with its registered office in Katowice (the "Caller"), pursuant to art. 73 sec. 2 pt. 1 of the Offer Act ("the Call"). According to the Tender Offer, there are 902,448 dematerialized ordinary bearer shares of the Company with a nominal value of PLN 0.20 (twenty cents) each, entitling them to exercise the same number of votes at the General Meeting of the Company (collectively "Shares"). The shares were admitted and introduced to trading on the regulated market and are listed on the main market organized and run by the Warsaw Stock Exchange S.A. ("WSE") and were registered by the National Depository for Securities S.A. and are marked with ISIN code PLZTKMA00017.

According to the Tender Offer, the Tenderer owns 3,504,275 Company shares, representing 52.48% of the Company's share capital and entitling them to exercise the same number of votes at the General Meeting of the Company, accounting for 52.48% of the total number of votes. The above shares were acquired by the Tenderer on 26 June 2017 in connection with the increase of the contributions by the shareholders of the Inviting Party and the payment to them of the Contributor's contribution in kind, which were the subject of individual packages of the Company's shares. The Tenderer's announcement by the Tenderer shall constitute the performance by the Tenderer of the obligation resulting from Art. 73 sec. 2 Bidding Act.

The caller does not have a dominant entity within the meaning of art. 4 pt. 14 of the Offer Act as well as none of the Subsidiaries of the Offeror does not hold any of the Company shares. The caller is also not a party to the agreement referred to in art. 87 sec. 1 Offer Law.

The Caller is a private company in which the only general partner is Capital MBO Spółka Akcyjna with its registered office in Katowice, whereas the Jurisdictors of the Caller are individual members of

Jurczyk family, ie Mr. Jan Jurczyk, Mr. Maciej Jurczyk, Mr. Tomasz Jurczyk, Mr. Jakub Jurczyk, Mr. Sebastian Jurczyk and Mr. Leszek Jurasz. The sole shareholder of Capital MBO SA and consequently its parent company is BI 7 Limited Liability Company with its registered office in Katowice, in which the members of the Jurczyk family (ie Mr. Jan Jurczyk, Mr. Maciej Jurczyk, Mr. Tomasz Jurczyk, Mr. Jakub Jurczyk and Mr. Sebastian Jurczyk), whereas Mr. Jan Jurczyk, Mr. Maciej Jurczyk and Mr. Tomasz Jurczyk hold a 25% interest in the share capital of BI 7 Sp. z o.o., while Jakub Jurczyk holds 15% of shares, and Sebastian Jurczyk holds a 10% stake in the share capital of BI 7 sp. z o.o. The parties to the Tenderer (apart from Mr. Leszek Jurasz) remain parties to the agreement of April 23, 2007 and consequently have control over the Company. Accordingly, as a result of the Tender Offer by the Offeror, there is no change of control of the Company.

#### Basis of the Management Board position

In order to express this position, the Management Board of the Company has read the following information and information concerning the Tender Offer:

- 1) the content of the Call,
- 2) the price of the Company's shares on the WSE in the last six months preceding the announcement of the Tender Offer;
- 3) information about the acquisition or disposal of significant blocks of Company shares submitted to the Company during the 12 months preceding the date of the Tender Offer, in particular information provided by the Tenderer and the respective shareholders of the Tenderer (existing shareholders of the Company) pursuant to Art. 69 Act on the Offering, in connection with a change in ownership, which was subsequently disclosed by the Company in the form of current reports;
- 4) other materials that the Management Board deemed necessary in relation to the presentation of this position.

#### **1. Claim**

In connection with the preparation of this position, the Management Board of the Company did not undertake any activities aimed at seeking, collecting or analyzing information not originating from the Company, subject to the information referred to in point 2 (Basis of the Management Board position).

The Management Board of the Company has not commissioned any additional studies or analyzes in connection with the Tender Offer and the present position of the Company's Management Board, in particular did not seek external opinion on the price of the Shares proposed in the Tender Offer (referred to in Article 80 paragraph 3 of the Offering Act) .

Excluding information from the Company and its activities, the Management Board of the Company assumes no liability whatsoever for the accuracy, truthfulness, completeness and adequacy of the information under which this position is expressed.

This Management Board position does not constitute a recommendation to acquire or dispose of the Company Shares. Accordingly, each shareholder of the Company should make its own assessment of the terms of the Tender and the assessment of the investment risk related to the sale, further holding or acquisition of Shares, and (if it deems it appropriate) consult the appropriate advisers to determine the response to the Tender Offer. The decision to dispose of Shares in response to the Tender Offer should be an independent decision of each shareholder of the Company.

The Management Board of the Company is not responsible for the content and reliability of the opinions made by third parties.

**2. Opinion of the Management Board on the impact of the Call for the Company's interest, including employment in the Company, strategic plans of the Caller for the Company and their probable impact on employment in the Company and location of the Company's business**

From the content of the Call it follows that the Invitor perceives the offer to purchase the Shares under the Tender Offer as the performance of its obligations under the Offering Act. Irrespective of the number of Shares that the Purchaser will eventually acquire under the Tender Offer, neither the Tenderer nor the Tenderer's shareholders intend to further acquire the Company's shares in the next 12 months. At the same time, according to the caller's statement contained in point 24 of the Tender Offer, the investment related to the acquisition of Shares is of a long-term nature.

In the opinion of the Management Board, the above declarer's request deserves approbation and remains consistent with the information provided by Mr. Tomasz Jurczyk in the letter dated 20 June 2017 (which the Company informed in the current report No. 5/2017 on 21 June 2017). Based on the content of the Tender Offer, the Management Board of the Company has no reason to believe that the Tender Offer will adversely affect the Company's interest, including employment in the Company. In the opinion of the Management Board, the consolidation of the Company's majority shareholding by the Company's existing shareholders and the possible increase of this share in connection with the acquisition of Shares by the Tenderer under the Tender Offer will help to minimize the risk of dispersal of the Company's shares as a result of events beyond the control of natural persons. As a result, the stable shareholders controlling the Company. This, in the opinion of the Management Board of the Company, will positively affect the Company's ability to execute its long-term investment and strategic plans, and the announcement of the Tender Offer is in line with the Company's interest.

The requesting party did not provide any information about the impact of the Call for Jobs in the Company and the location of its activities. In the opinion of the Management Board, based on the content of the Tender Offer, there are no grounds to claim that the Tender Offer may have a negative impact on the Company's employment or the change in the Company's business location. The long-term investment declared by the Caller creates a stable basis for development and operation for the Company.

The Management Board of the Company hereby notices that the Shareholders of the Tenderer (except Leszek Jurasia) before the date of their respective shareholding entitlements to the Tenderer, pursuant to the agreement of April 23, 2007, (3,365,074 Company shares), representing 50.40% of the Company's share capital and giving 50.40% of the total number of votes at the Company's General Meeting. Therefore, considering the content of the Tender Offer, in the opinion of the Management Board of the Company, the execution of the Tender Offer should not have any significant impact on the Company's plans and directions.

### **3. Position of the Management Board regarding the price proposed in the Tender Offer**

According to Art. 79 of the Act on Offering, the price of the Shares proposed in the Tender Offer may not be lower than:

- 1) the average market price for the period of 6 months preceding the announcement of the Tender Offer, during which the Company's shares were traded on the WSE official stock market, and
- 2) the highest price charged to the Shares of the Inviting Party, the Subsidiary's or its parent's subsidiaries, or the parties being the parties to the agreement referred to in Art. 87 sec. 1 pt. 5 of the Offer Act paid in the period of 12 months prior to the announcement of the Tender Offer, or the highest value of the item or rights, which the Tenderer or the entities referred to above gave in exchange for the Shares in the 12 months prior to the announcement of the Tender Offer.

According to the Tender Offer, the average market price (understood as the arithmetic average of the weighted average daily trading prices) of the Company's shares from the 6-month period preceding the tender offer during which the shares were traded on the regulated market of the WSE is PLN 114.45 (one hundred and fourteen gold and forty five cents). The price for the Shares indicated in the Tender Offer is also not lower than the highest price that the Inviting Party, the Subsidiary's or its parent's subsidiaries or the parties to the Tenderer Agreement referred to in Art. 87 sec. 1 pt. 5 of the Offer Act paid in the period of 12 months prior to the announcement of the Tender Offer, or the highest value of the item or rights, which the Tenderer or the entities referred to above gave in exchange for the Company's shares within 12 months prior to the announcement of the Tender Offer.

On June 26, 2017, the shareholders of the Inviting Party transferred the shares of the Company to the Offeror by way of a non-cash contribution. Within the above transaction, the value of one share of the Company was determined according to the rounded to full PLN closing price as of the date of quotation of the Company's shares on the WSE preceding the date of acquisition of the Company's shares (ie as at 23 June 2017) and amounted to PLN 110.00 one hundred and ten zloty).

The price proposed by the Tenderer under the Tender Offer is PLN 114.45 (one hundred and fourteen zł and forty-five cents) and fulfills the criteria set out in art. 79 of the Offer Act.

The offering price per share is higher than the book value of one Share determined on the basis of the consolidated financial statements for the first quarter of 2017 (31 March 2017), which is PLN 63.83 (sixty three zł and eighty three gr).



The above book value was determined as the quotient of the Company's equity as at 31 March 2017 (PLN 426,201 thousand) and the total number of shares in the Company's share capital (ie 6,676,854). The Company does not hold any treasury shares.

At the same time, from the date on which the financial statements for the first quarter of 2017 (ie 31 March 2017) were prepared, until the date of this report, there were no events that, in the opinion of the Company's Management Board, were disclosed in the current reports. - could have a material effect on the fair value of the Company's shares.

Bearing this in mind, the Management Board of the Company states that the price offered for one Share at PLN 114.45 offered in the Offer is a fair price. At the same time, the Management Board of the Company indicates that, pursuant to art. Article 80 2 of the Act on Offering, the current quotations of the Company's shares on the regulated market were not the only measure to determine whether the price offered for one Share offered in the Offer is fair. The Management Board of the Company, based on the above statement, was mainly guided by the financial ratios and values presented by the Company in the financial statements, while taking into account the book value of one Share. In the above scope, the Management Board of the Company did not outsource any opinion on the price of the Shares under the Tender Offer.

## **2. Summary**

In conclusion, the Management Board of the Company states that the Tender Offer will not have a negative impact on the Company's interest and there is no basis for recognizing that the Tender Offer will affect the Company's employment. The Company's plans for the Company as a long-term investment objective must be assessed positively. In the opinion of the Management Board of the Company, there are no grounds to identify the negative impact of the Caller's plans to the Company on employment in the Company and on the location of its activities.

In the opinion of the Management Board of the Company, the price proposed by the Caller in the Tender Offer for one Share corresponds to the conditions specified in Art. 79 of the Act on Offerings and corresponds to the fair value of the Company.