

Current Report No. 40/2016

Date: 24.10.2016

Subject: Change of financial forecast for 2016

Legal Basis: Art. 17 sec. 1 of the Market Abuse Regulation

The Management Board of the Mangata Holding S.A. informs that after analyzing the closure of the financial results for the third quarter of 2016 and on the basis of the market assessment of the fourth quarter as well as the expected financial results of particular business segments and companies of the Group, the Issuer's Management Board predicts adjustment of the financial results forecast for 2016. The Issuer's Management Board informs that in its opinion, the performance of financial results published in the Current Report No. 5/2016 of 21 March 2016, including EBITDA and net profit margin, may be about 10% lower.

The reasons for this include:

- significant deceleration of investment and construction and assembly production in Poland, which translates into worse results than planned in the fittings segment. In March 2016, the Issuer's Management Board prepared the Group's forecast for the current year assuming a favorable economic situation on the Polish and EU markets, which was supposed to favor results in one of the key market segments of the Group;
- the results of the Issuer's subsidiary - Techmadex S.A. significantly deviating from the plan. The contracts executed by the company do not produce the expected results, and the results are also affected by the dispute with one of the partners. It should be emphasized, however, that the contracts acquired by Techmadex in 2016 provide a positive signal about the company's ability to build a long-term service strategy for natural gas transmission facilities;
- modification of the strategic plan for Masterform Grupa Zetkama Sp. z o.o. (Issuer's subsidiary). As a result of the change in the schedule of orders by key customers of this company, the deadline for the production and sale of new components was postponed. The effect of implementation of these products will be visible from 2017.

Bearing in mind the above factors, the Management Board of the Issuer is not able to estimate, at the date of this report, a precise forecast for the closure of 2016. At the same time, the Management Board expects that in December 2016 the Company will prepare a revised forecast for the Capital Group for 2016.