

Current Report No. 41/2016

Date: 21.12.2016 r.

Subject: Correction of the Group's financial results forecast for 2016

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

According to the current report No. 40/2016 from date 24 October 2016, the Management Board of Mangata Holding S.A. inform, that on the base of current financial results and after analyzing the closure of the financial results for the fourth quarter of 2016 for particular business segments and companies of the Group, the Issuer's Management Board corrects the financial results forecast for 2016.

Forecast of 21.03.2016 (CR No. 5/2016)

Sales revenue 592,000 ths. PLN

EBITDA 95 200 ths. PLN

Net profit 58 700 ths. PLN

Current forecast

Sales revenue 567,500 ths. PLN

EBITDA 79 000 ths. PLN

Net profit 45 000 ths. PLN

The reason for this include:

- significant deceleration of investment and production in the construction and assembly sector and investments in the railway sector in Poland, which translates into a decrease in sales revenue in the industrial valves and automation sector and fasteners sector;
- 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 deceleration of investment in the gas infrastructure sector;
- one time events, including the impairment write-off of Techmadex S.A.'s value made in the consolidated financial statements of the Group (net loss of approx. PLN 3,500 thousand), the impairment write-off of non-current stock and receivables (ca. PLN 700 thousand);

- modification of the strategic plan for Masterform Grupa Zetkama Sp. z o.o. (subsidiary company). As a result of the change in the schedule of orders by key customers of this company, date of manufacture and sale of new components has been postponed. The effect of the implementation of these products will be seen from 2017.

The prospect of the year 2017 and the budget of the next year assume the stabilization of the situation in the company Techmadex SA, increase sales, assuming optimization of operating costs, maintaining good business conditions and development projects in the automotive segment. The Group's management is currently finalizing its budget and plans to publish its 2017 forecast by the end of February 2017.