



**Current Report:** 16/2020

**Date:** 2020-04-22

**Name of the Issuer:** FERRUM S.A.

**Title:** Initial financial results for 2019

**Legal basis:** Art. 17 item 1 MAR – inside information

**Content of the Report:**

The Management Board of FERRUM S.A. (Issuer, Company) informs that on 22<sup>nd</sup> April 2020, with regard to the completion of financial data aggregation process initiated in order to prepare annual reports of the Company and the Issuer's Capital Group for 2019, it was decided to publish the initial standalone and consolidated financial results for the referred period.

Stand-alone net revenue from sales of products, goods and materials in 2019 amounted to app. PLN 377 890 thousand and was by PLN 101 514 thousand higher than the revenue of comparable period of previous year. Higher sales revenue resulted mainly from significantly higher revenue from sales of products due to increased productive capacity being the result of launching in 2018 of the new production line for spirally welded pipes, as well as increase of sales of high frequency welded pipes. Additionally, the consequence of increasing the production volume was lowering the constant unit production cost. In 2019 the goods and materials sales revenue also increased. Comparing to analogical period of previous year, the Issuer registered increase of gross profit from PLN 8 712 thousand to PLN 18 635 thousand. The Company achieved in 2019 operating loss of PLN 967 thousand, which was by ca. PLN 4 930 thousand lower than the loss in 2018. On the level of net result in 2019 the Issuer registered loss of PLN 11 640 thousand, which was consequence of costs of external financing, including costs of loans taken out in 2018 and 2019, as well as credit obtained in PKO BP bank.

Consolidated net revenue from sales of products, goods and materials in 2019 amounted to app. PLN 449 426 thousand, which means increase in the amount of PLN 96 255 thousand in comparison to the revenue of comparable period of previous year. Higher net consolidated revenue from sales resulted from higher sales of products mainly in the parent company FERRUM S.A. Consolidated operating profit of FERRUM Capital Group (Group) in 2019 amounted to app. PLN 5 489 thousand. FERRUM Capital Group in 2019 recorded net loss of app. PLN 7 406, being the result of costs of external financing pf the Group.

Detailed information on the final financial results of the Company and FERRUM Capital Group for 2019, as well as their operating prospects resulting from COVID-19 epidemic shall be made public on 29<sup>th</sup> April 2020. Moreover, the Company informs that the Company's products are not subject to direct sale and therefore, as of the day of publishing this current report, the sales limits implemented due to epidemic did not significantly affect the Company, the supplies are guaranteed and therefore the production continuity is not endangered. However, in longer perspective, the Issuer foresees that limiting normal economic activity worldwide may cause an economic crisis, which will probably result in negative trends in the steel industry development. In recent weeks FERRUM Capital Group noticed partial and momentary decrease of customers' activity and works suspending by some contractors of the affiliated company, but as of the day of publishing this current report, it does not influence the operations of FERRUM Capital Group.

**SIGNATURES OF PERSONS REPRESENTING THE COMPANY**

<b>Date</b>	<b>Position</b>	<b>First name and surname</b>
2020-04-22	President of the Management Board	Krzysztof Kasprzycki
2020-04-22	Vice-President of the Management Board	Honorata Szlachetka