



Current Report: 26/2020

Date: 2020-07-14

Name of the Issuer: FERRUM S.A.

Title: Concluding an agreement with PERN S.A. on deliveries of pipes and arches by Consortium consisting of FERRUM S.A. and Izostal S.A.

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

Content of the Report:

With reference to current report no. 21/2020 on choosing the offer placed by Consortium consisting of FERRUM S.A. (Consortium Leader) and Izostal S.A. (Consortium Partner) for execution for PERN S.A. (PERN) of investment task comprising of “Delivery and storage of factory-made new pipes and arches for execution of pipeline Boronów – Trzebinia”, the Management Board of FERRUM S.A. (Company, Issuer) hereby informs that on 14th July 2020 Consortium and PERN concluded an agreement regarding the aforementioned task (Agreement).

The subject of the Agreement is delivery, storage and transferring to PERN ownership of factory-made new pipes and arches for execution of pipeline Boronów – Trzebinia (mandatory deliveries). Moreover, the Agreement entitles PERN to broaden the scope of the Agreement subject by adding optional deliveries and storage for the period of 24 months from dates of particular deliveries, whereas the decision on choosing this option shall be forwarded by PERN to Consortium in writing before the 6-months’ period of mandatory storage passes by.

In accordance with the Agreement, the mandatory deliveries shall be executed until March 2021.

Maximal remuneration for the Agreement implementation is ca. PLN 34.33 mio. net, i.e. PLN 42.23 mio. gross (including the value of mandatory deliveries of PLN 31.32 mio. net).

Contribution of Consortium parties to the Agreement implementation shall result from actual engagement of the Issuer and Consortium Partner in particular phases of preparing and executing the deliveries. As of the day of concluding the Agreement, the Issuer’s contribution is assessed to be majority, whereas due to time perspective of deliveries, as well as logistic requirements, engagement of Consortium parties in the Agreement implementation is not constant and may alter. The Issuer shall inform the public in subsequent periodic reports on the Agreement implementation progress, as well as on the Issuer’s income resulting from the Agreement.

Consortium shall grant quality guarantee for the period of 48 months. Implementation of the task within the period of deliveries shall be secured by Consortium’s guarantee in the amount of 10% of the net value of mandatory deliveries.

The Agreement foresees the possibility of imposing contractual penalties in favour of PERN, inter alia due to delay in deliveries, delay in removal of defects stated during receipt of the Agreement subject, not filing the insurance documents, whereas total amount of penalties is limited to 20% of net value of mandatory deliveries. Regardless of the aforementioned, the Agreement foresees penalty in case of renouncement from the Agreement by Consortium due to reasons on its side, in the amount of 20% of net value of mandatory



deliveries. Moreover, PERN is entitled to compensation exceeding the amount of contractual penalties on the basis of general terms.

The remaining terms and conditions of the Agreement, including the renouncement and termination terms, do not differ from standard ones applied in this type of agreements.

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Date	Position	First name and surname
2020-07-14	President of the Management Board	Krzysztof Kasprzycki
2020-07-14	Holder of a Commercial Power of Attorney	Wojciech Zeidler