



**Current report no.:** 43/2020  
**Date:** 2020-10-30  
**Name of the Issuer:** FERRUM S.A.  
**Title:** Information regarding legal action against affiliated company  
**Legal basis:** Art. 17 item 1 MAR – inside information

**Content of the report:**

With reference to information presented in the Management Board's report on operations in the I half-year 2020 referring to claims regarding affiliated company Zakład Konstrukcji Spawanych FERRUM S.A. (ZKS FERRUM) by Termetal Piotr Glaner sp. k. (Counterparty), the Management Board of FERRUM (Company, Issuer) informs that on 30<sup>th</sup> October 2020 the Company via its proxy received phone information from District Court in Katowice (Court) on receiving the Counterparty's petition against ZKS FERRUM. The case has been started. At the moment of publishing this current report, neither ZKS FERRUM nor the Company and persons acting on its behalf and to its benefit received a copy of the petition. The Issuer suspects that the petition's subject is the damages resulting from alleged ZKS FERRUM's supplying the Counterparty with faulty product, however, as it was presented in the aforementioned half-yearly report, the case has been declined by the District Court in Kielce, which declared itself to be misdirected. The damages includes the Counterparty's costs and its lost profits.

In accordance with information presented in the aforementioned half-yearly report, as well as in the last consolidated financial yearly report, the Company sustains its view that the Counterparty's claim against ZKS FERRUM is fully unfounded. Numerous analysis, opinions and expertise issued at the pre-court phase by Polish leading experts on metallurgy, inter alia with professorial and post-doctoral degree, point to the fact that ZKS FERRUM holds no responsibility for the damage suffered by the Counterparty. This opinion is also shared by the ZKS FERRUM's insurer, who declined the damages claim. In accordance with ZKS FERRUM and the insurer's stipulations, the reason for the Counterparty's damage was faulty use of the product supplied by ZKS FERRUM. To the Issuer's knowledge, it was not the first case of the Counterparty's faulty use of ZKS FERRUM's products.

In accordance with the information obtained today from the Court, the total value of the claim is ca. PLN 37 mio., whereas the Company informs that the total value of the claim is covered by the FERRUM Capital Group's insurance policy, however after receiving a copy of the petition, the Issuer shall reassess coverage of the claim amount by the liability insurance guaranteed amount.

At the moment ZKS FERRUM is waiting for a petition copy to be delivered by the Court. After that ZKS FERRUM intends to undertake all necessary legal means aiming at dismissing the Counterparty's plaint. The Issuer shall inform in further current reports on any significant events resulting from the proceedings.

**SIGNATURES OF PERSONS REPRESENTING THE COMPANY**

<b>Date</b>	<b>Position</b>	<b>First name and surname</b>
2020-10-30	President of the Management Board	Krzysztof Kasprzycki
2020-10-30	Vice-President of the Management Board	Honorata Szlachetka