



Current Report: 14/2021

Date: 2021-06-16

Name of the Issuer: FERRUM S.A.

Title: Concluding a partial agreement with GAZ-SYSTEM

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

Content of the Report:

With reference to current report no. 8/2021 on choosing FERRUM's offer within executive proceeding organized by Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. (GAZ-SYSTEM, Ordering Party), the Management Board of FERRUM S.A. (Company, Issuer) informs that on 16th June 2021 the Company received a mutually signed partial agreement with GAZ-SYSTEM, the subject of which is the Company's producing, selling and delivering of coated steel pipes to the Ordering Party for pipeline Gustorzyn – Wronów order 2 (Executive Proceeding).

The Company is obliged to execute the Partial Agreement until April 2022.

The Company's remuneration for due execution of the Partial Agreement is ca. EUR 38.9 mio. net, i.e. ca. EUR 47.8 mio. gross, which is equivalent to ca. PLN 216.5 mio. gross in accordance with the exchange rate of the National Bank of Poland as of the date of publication of this current report.

Partial Agreement states that unless otherwise stipulated, provisions of framework agreement reported in current report no. 33/2019 are applicable also in Partial Agreement. Therefore due to implementation of Partial Agreement the Ordering Party is entitled to imposing contractual penalties, inter alia due to delay in deliveries, delay in removal of defects stated during the guarantee and warranty period or renouncement by the Ordering Party or the Company from a particular partial contract because of reasons on the Issuer's side, whereas total amount of penalties is limited to 20% of net remuneration defined in the Partial Agreement. Should the reserved contractual penalty not cover in whole the damage suffered by the Ordering Party, the Ordering Party is entitled to claim compensation exceeding the amount of the contractual penalty.

Additionally, in accordance with the framework agreement stipulations, the Company established guarantee issued by Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A. (Guarantor) in the total amount of ca. EUR 4.8 mio. Guarantee is secured inter alia by a blank bill, registered pledge and assignment as collateral. The Ordering Party is entitled to reimburse its claims from the guarantee, due to not executing or not dully executing the Partial Agreement when it is in force, as well as during quality guarantee and warranty period.

Moreover, the Company granted the Ordering Party quality guarantee and warranty for the period of 36 months.

The remaining conditions of the Partial Agreement, including the renouncement and termination terms, do not differ from the conditions applied in these type of contracts.

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Date	Position	First name and surname
2021-06-16	President of the Management Board	Krzysztof Kasprzycki
2021-06-16	Vice-President of the Management Board	Honorata Szlachetka