



**Current Report:** 19/2022

**Date:** 2022-06-13

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

**Title:** Conclusion of agreement with GAZ-SYSTEM by Consortium with FERRUM's participation

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

## Content of the Report:

With reference to current report no. 10/2022 on choosing the offer placed by Consortium with FERRUM's participation as the most profitable in proceeding organized by Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. (GAZ-SYSTEM, Ordering Party), the Management Board of FERRUM S.A. (Company, Issuer) hereby informs that on 13<sup>th</sup> June 2022 Consortium composed of Izostal S.A. (Consortium Leader), the Issuer (Consortium Partner) and Stalprofil S.A. (Consortium Partner) concluded with GAZ-SYSTEM an agreement on implementation of investment task entitled: "Delivery of brand new coated steel pipes for Pipeline Skoczów – Komorowice – Oświęcim - Tworzeń" (Agreement).

The subject of the Agreement is supplying externally coated and internally painted steel pipes of diameter DN700 and total length of 40 km and the Agreements' implementation shall take place from 1<sup>st</sup> January 2023 till 30<sup>th</sup> June 2023.

The Consortium's remuneration for due execution of the Agreement is ca. PLN 94.3 mio. net, which is equivalent to ca. PLN 116.0 mio. gross. This remuneration includes remuneration for deliveries of pipes and estimated remuneration resulting from deliveries' tolerance of 0/+1% of quantity of the ordered product range, as well as remuneration for covering additional costs of prospective transport to alternative destinations of deliveries. Moreover the Company informs that the Issuer's share in Consortium's remuneration for implementation of the Agreement shall result from the scope of work involvement of the Consortium's parties in particular stages of preparing and execution of deliveries, however as of the day of concluding the Agreement it is estimated that the Consortium Leader shall have majority share in the Agreement implementation. Bearing in mind long time perspective of deliveries' implementation, as well as logistic requirements, involvement of Consortium Partners in Agreement implementation is not constant and may change.

The Agreement foresees imposing contractual penalties on Consortium, in particular due to delay in implementation, delay in removal of defects stated during the guarantee and warranty period or renouncement by the Ordering Party because of reasons on Consortium's side. The total amount of penalties is limited to 20% of net remuneration defined in the Agreement. Should the reserved contractual penalties 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 penalties. The Consortium members bear joint responsibility with regard to the Ordering Party.

Due to deliveries resulting from the aforementioned agreement, Consortium granted the Ordering Party quality guarantee and warranty for the period of 36 months.



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

**SIGNATURES OF PERSONS REPRESENTING THE COMPANY**

| <b>Date</b> | <b>Position</b>                        | <b>First name and surname</b> |
|-------------|--|-------------------------------|
| 2022-06-13  | President of the Management Board      | Krzysztof Kasprzycki          |
| 2022-06-13  | Vice-President of the Management Board | Honorata Szlachetka           |