



**Current Report:** 5/2023

**Date:** 2023-02-24

**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. 4/2023 on the selection of FERRUM S.A. 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] hereby informs that on February 24, 2023 the Company received a mutually signed partial agreement with GAZ-SYSTEM, for the production, sale and delivery of coated steel pipes by the Company to the Ordering Party for pipeline DN 700 Rembelszczyzna - Mory.

The Company is obliged to execute the Partial Agreement by the end of July 2023.

The Company's remuneration for due execution of the Partial Agreement shall not exceed ca. PLN 30,6 million net.

The Partial Agreement states that, unless otherwise stipulated, the provisions of the framework agreement reported in current report no. 32/2022, shall apply to the Partial Agreement.

Therefore, due to implementation of the Partial Agreement, the Ordering Party is entitled to impose contractual penalties, inter alia due to delay in deliveries, delay in defects removal stated during the guarantee and warranty period or renouncement by the Ordering Party or the Company from the Partial Agreement for reasons attributable to the Issuer, whereas the total amount of contractual 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. The Partial Agreement additionally provides the Ordering Party to be entitled to impose the Issuer with separate contractual penalties, which, however, may not exceed 10% of the net remuneration in the event that entities covered by sanctions resulting from legal acts adopted in connection with Russia's actions destabilizing the situation in Ukraine were involved in the implementation of the Partial Agreement. The occurrence of such circumstances also entitles the Ordering Party to withdraw from the Partial Agreement.

Moreover, in accordance with the framework agreement stipulations, the Company established a guarantee for the proper performance of the Partial Agreement in the form of an insurance guarantee issued by Korporacja Ubezpieczeń Kredytów Eksportowych S.A. to the total amount of ca. PLN 1,8 million, and presented appropriate quality certificates and authorisations. The Ordering Party is entitled to reimburse its claims from the insurance 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.

In addition, in accordance with the provisions of the framework agreement, the Company provided a security for the proper performance of the Partial Agreement in the form of an insurance guarantee issued by Korporacja Ubezpieczeń Kredytów Eksportowych S.A. to the total amount of approx. PLN 1.8 million and presented appropriate quality certificates and authorizations. The Ordering Party has the right to satisfy its



claims under the insurance guarantee in connection with non-performance or improper performance of the Partial Agreement during the period of implementation of the Partial Agreement and during the guarantee and warranty period for defects.

In connection with the delivery of goods under the Partial Agreement, a quality guarantee and a warranty for the period of 36 months shall be provided.

The remaining terms and conditions of the Partial Agreement, including the possibility of its termination or withdrawal, do not differ from the terms and conditions applicable to this type of contracts.

**SIGNATURES OF PERSONS REPRESENTING THE COMPANY**

<b>Date</b>	<b>Position</b>	<b>First name and surname</b>
2023-02-24	President of the Management Board	Krzysztof Kasprzycki
2023-02-24	Vice President of the Management Board	Honorata Szlachetka