



**Current Report:** 21/2023

**Date:** 2023-07-11

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

**Title:** Concluding a partial agreement with GAZ-SYSTEM regarding high pressure pipeline DN700 MOP 8.4 MPa connection Racibórz – Oświęcim

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

## Content of the Report:

With reference to current report no. 8/2023 on choosing FERRUM S.A.'s offer in proceeding organized by Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. (GAZ-SYSTEM, Ordering Party), the Management Board of FERRUM S.A. (Issuer, Company) hereby informs that on 11<sup>th</sup> July 2023 it received a mutually signed Partial Agreement regarding producing, selling and delivering by the Company coated steel pipes for execution of high pressure pipeline DN700 MOP 8.4 MPa connection Racibórz – Oświęcim.

The Agreement includes delivery of steel pipes for pipeline transport systems with implementation time from January 2024 till July 2024.

The Company's remuneration for due execution of the Partial Agreement shall not exceed ca. PLN 61.2 million net [ca. PLN 75.3 million gross].

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 separate contractual penalties on the Issuer, 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 due performance guarantee in the form of an insurance guarantee issued by Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A. (Guarantor) to the total amount of ca. PLN 3.7 million, and presented appropriate quality certificates and authorisations. The Guarantor was granted with securities in form of, inter alia, blank bill, registered pledge and transfer of ownership.

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 renouncement, 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>
2023-07-11	President of the Management Board	Krzysztof Kasprzycki
2023-07-11	Holder of the Commercial Power of Attorney	Wojciech Zeidler