



Current report no.: 4/2018

Date: 2018-02-21

Name of the Issuer: FERRUM S.A.

Title: Conclusion of a loan agreement

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

Content of the report:

The Management Board of FERRUM S.A. (Company) informs about the conclusion of a loan agreement (Agreement) on 21st February 2018 between the Company acting as Borrower and Watchet Sp. z o.o. acting as Lender. In accordance with the Agreement, the Lender grants the Company a cash loan of PLN 10.2 mio. (Loan) as per market interest rate, whereas the Company repays the loan in one instalment due on the last day of the 12 months' period since its advance. Purpose of the Loan is to fund the working capital of the Borrower.

The Parties decided that the loan shall be paid once the customary required formal and legal actions, specified in the Agreement, are fulfilled, in particular establishing all securities for repayment of the loan and bonds issued by the Borrower for the loan advance.

Security of the Loan repayment comprises in particular of: (i) statement of the Borrower on the voluntary submission to execution up to 150% of the loan amount, (ii) contractual joint mortgage up to the maximum security equal to 150% of the loan amount, which shall be established on the Company land properties in Katowice, (iii) registered pledge on the collection of selected manufacturing assets of the Company up to the highest sum of security equal to 150% of the loan amount, (iv) registered pledge on the shares of Zakład Konstrukcji Spawanych FERRUM S.A. (ZKS FERRUM) up to the highest sum of security equal to 150% of the loan amount, (v) guarantee of the Borrower's execution of contractual obligations given by ZKS FERRUM up to the amount of PLN 15.3 mio. together with the declaration on voluntary submission to execution under this guarantee. In turn, security of the repayment of bonds issued by the Lender to acquire the means for the Loan submission are as follow: (i) transfer of contractual receivables, (ii) joint contractual mortgage up to the highest sum of security equal to PLN15 mio. established on the above land properties of a higher priority than the mortgage established to the Lender's benefit, (iii) statement of the Borrower on voluntary submission to execution up to the amount of PLN 15 mio., (iv) registered pledge on the selected Company assets (including the shares of ZKS FERRUM) up to the highest sum of security in the amount equal to PLN 15 mio., (v) guarantee of the Lender's execution of obligations under the bonds referred hereinabove granted by ZKS FERRUM up to the amount of PLN 15 mio. including the statement on voluntary submission to execution within this guarantee. Moreover, the Company explains that in compliance with the Agreement, establishment of the security under the registered pledge on ZKS FERRUM shares and selected Company manufacturing assets being the pipe coating production line, as well as the guarantee given by ZKS FERRUM, was conditioned by the necessity of the prior consent of creditors secured in this regard and the consent of financial creditors of ZKS FERRUM.

The remaining conditions of the Agreement, with respect to its termination or withdrawal, do not differ from the terms generally applied in these type of contracts.



FERRUM S.A.

Steel pipes

Hollow sections

Coating

Established in 1874

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Date	Position	First name and surname
2018-02-21	President of the Management Board	Krzysztof Kasprzycki
2018-02-21	Vice-President of the Management Board	Grzegorz Kowalik