



<b>Current report no.:</b>	51/2018
<b>Date:</b>	2018-08-13
<b>Name of the Issuer:</b>	FERRUM S.A.
<b>Title:</b>	Notification on the change of share in the general number of votes in FERRUM S.A.
<b>Legal basis:</b>	Art. 70 point 1 Act on Public Offering – purchase or sale of substantial package of shares

**Content of the report:**

Acting pursuant to Art. 70 point 1 Act on the Public Offering and Conditions for Introducing Financial Instruments to the Organized Trading System and Public Companies (Act), the Management Board of FERRUM S.A. (Company, Issuer) informs that on 13th August 2018 the Company received a notification on the change of share in the general number of votes in the Company prepared by Fundusz Inwestycji Polskich Przedsiębiorstw FIZAN submitted in line with Art. 69 of the Act, the content of which the Issuer presents as below:

„We, signed underneath, acting on behalf of Fundusz Inwestycji Polskich Przedsiębiorstw Fundusz Inwestycyjny Zamknięty Aktywów niepublicznych with its registered seat in Warsaw, Krucza Street 50, 00-025, Warsaw, entered in the investment funds register under the number RFI 1168 (“Notifier” or “FIPP”), as management board members of PFR Towarzystwo Funduszy Inwestycyjnych S.A., as well acting by right on behalf of other parties of the agreement defined in Art. 87 item 1 point 5) Act of 29th July 2005 on the Public Offering and Conditions for Introducing Financial Instruments to the Organized Trading System and Public Companies (Journal of Law of 2018, position 512 – consolidated text with further amendments, hereinafter referred to as “Act”), the parties of which are, apart from the Notifier: (i) Watchet spółka z ograniczoną odpowiedzialnością seated in Warsaw, Krucza Street 50, 00-025 Warsaw, entered into the register of entrepreneurs of the National Register Court, kept by the District Court Warsaw in Warsaw, XII Commercial Division of the National Court Register under the number KRS 0000656838 (“Watchet”), (ii) Mezzanine Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych seated in Warsaw and entered in the investment funds register under the number 1030 (“Mezzanine”) and (iii) MW Asset Management spółka z ograniczoną odpowiedzialnością seated in Dąbrowa Górnicza, Przemysłowa Street 1A, 43-300 Dąbrowa Górnicza, entered into the register of entrepreneurs of the National Register Court, kept by the District Court Katowice-Wschód in Katowice, VIII Commercial Division of the National Court Register under the number KRS 0000626568 (“MWAM”), regarding the Company (“Agreement”), on conclusion of which Polish Financial Supervision Authority and the Company were informed, on the basis of Art. 69 item 1 point 1) and Art. 69 item 2 point 1) letter a), in connection with Art. 87 item 1 point 5) of the Act, we hereby inform that on 7<sup>th</sup> August 2018 a number of transactions on the Company shares concluded between the Agreement parties outside the regulated market shares were cleared, as result of which:

- a) the Notifier exceeded the threshold of 33 1/3% of the total number of votes at the Company general meeting and simultaneously the so far owned share of over 10% of the general number of votes at the Company general meeting increased by more than 2% of the total number of votes at the Company general meeting, i.e. the Notifier became owner of 28 796 429 ordinary bearer shares of the Company, equivalent to rounded 49.72% of the total number of votes at the Company general meeting, giving right to 28 796 429 votes at the Company general meeting, which constitute as of the date of this Notification rounded 49.72% of the total number of votes at the Company general meeting, including (i) directly



9 141 624 Company ordinary bearer shares equivalent to rounded 15.79% of the Company equity, giving right to 9 141 624 votes at the Company general meeting, which constitute as of the date of this Notification rounded 15.79% of the total number of votes at the Company general meeting, and (ii) indirectly via Watchet (being a subsidiary company of the Notifier) 19 654 805 Company ordinary bearer shares equivalent to rounded 33.94% of the Company equity, giving right to 19 654 805 votes at the Company general meeting, which constitute as of the date of this Notification rounded 33.94% of the total number of votes at the Company general meeting.

- b) total number of Company shares owned by the Agreement parties and their share in the general number of votes at the Company general meeting did not change, because all transaction on Company shares covered by this Notification were concluded between the Agreement parties.

- 1) Date and type of event causing the change of share referred to in this notification

Number of shares owned by the Notifier changed due to the following consecutive events:

- (i) selling by the Notifier to MWAM of 867 277 Company bearer shares equivalent to rounded 1.50% of the Company equity, giving right to 867 277 votes at the Company general meeting, which constitute as of the date of this Notification rounded 1.50% of the total number of votes at the Company general meeting, executed outside the regulated market on the basis of a sale agreement concluded on 6<sup>th</sup> August 2018 between the Notifier and MWAM, whereas clearing the aforementioned transaction took place on 7<sup>th</sup> August 2018;  
and  
(ii) buying by the Notifier from MWAM of 500 shares held so far by MWAM in equity of Watchet, equivalent to 50% of equity of Watchet, on the basis of a sale agreement concluded on 6<sup>th</sup> August 2018 between the Notifier and MWAM, whereas the transfer of ownership took place on 7<sup>th</sup> August 2018. Before the aforementioned transaction the Notifier already owned 500 shares in equity of Watchet, equivalent to 50% of equity of Watchet, which means that after the aforementioned acquisition the Notifier became sole equity partner of Watchet. Thereby, after buying shares of Watchet from MWAM, the Notifier acquired indirectly (as sole equity partner of Watchet) 19 654 805 Company ordinary bearer shares equivalent to rounded 33.94% of the Company equity, giving right to 19 654 805 votes at the Company general meeting, which constitute rounded 33.94% of the total number of votes at the Company general meeting.

Moreover the Notifier points to the fact<sup>1</sup> that before acquiring shares of Watchet by the Notifier from MWAM, the Agreement parties executed the following legal acts, the subject of which were the Company shares:

- (iii) Watchet transferred to MWAM 5 150 583 Company ordinary bearer shares equivalent to rounded 8.89% of the Company equity, giving right to 5 150 583 votes at the Company general meeting, which constitute rounded 8.89% of the total number of votes at the Company general meeting, on the basis of agreement on transfer of ownership of the Company shares concluded between Watchet and MWAM outside the regulated market on 6<sup>th</sup> August 2018, whereas clearing of the aforementioned transaction took place on 7<sup>th</sup> August 2018;

and

- (iv) Watchet sold to MWAM 3 778 014 Company ordinary bearer shares equivalent to rounded 6.52% of the Company equity, giving right to 3 778 014 votes at the Company general meeting, which constitute as of the date of this Notification rounded 6.52% of the total number of votes at the Company general meeting, executed outside the regulated market on the basis of a sale agreement concluded on 6<sup>th</sup> August 2018 between the Notifier and MWAM, whereas clearing the aforementioned transaction took place on 7<sup>th</sup> August 2018.

<sup>1</sup> Notification on transactions between Watchet and MWAM were subject to separate notifications made by Watchet and MWAM.



As result of transactions described in points (iii) and (iv), at the moment of the Notifier's buying shares in Watchet mentioned in point (ii) above, Watchet owned 19 654 805 Company ordinary bearer shares equivalent to rounded 33.94% of the Company equity, giving right to 19 654 805 votes at the Company general meeting, which constitute as of the date of this Notification rounded 33.94% of the total number of votes at the Company general meeting.

Moreover, in accordance with notification made by Mezzanine on 7<sup>th</sup> August 2018, Mezzanine sold to MWAM 2 400 209 Company ordinary bearer shares equivalent to rounded 4.14% of the Company equity, giving right to 2 400 209 votes at the Company general meeting, which constitute as of the date of this Notification rounded 4.14% of the total number of votes at the Company general meeting, on 6<sup>th</sup> August 2018 within block transaction on Warsaw Stock Exchange, whereas clearing of the above mentioned transaction took place on 7<sup>th</sup> August 2018. This transaction also did not affect the total number of Company shares owned by the Agreement parties, as well as the total share of the Agreement parties in the general number of votes at the Company general meeting.

- 2) Number of shares owned prior to the share change and their percentage in the Company equity and number of share votes and their percentage in the total number of votes

Before the transactions described in point 1 (i) – (iv) above, the Notifier held directly 10 008 901 Company ordinary bearer shares equivalent to rounded 17.28% of the Company equity and giving right to 10 008 901 votes at the Company general meeting, which constituted rounded 17.28% of the total number of votes at the Company general meeting.

Before the transactions described in point 1 (i) – (iv) above, in accordance with the Notifier's best knowledge, the Agreement parties owned the total of 47 591 698 Company ordinary bearer shares equivalent to rounded 82.18% of the Company equity and giving right to 47 591 698 votes at the Company general meeting, which constituted rounded 82.18% of the total number of votes at the Company general meeting, including:

- (i) FIPP owned 10 008 901 Company ordinary bearer shares equivalent to rounded 17.28% of the Company equity and giving right to 10 008 901 votes at the Company general meeting, which constituted rounded 17.28% of the total number of votes at the Company general meeting;
- (ii) Watchet owned 28 583 402 Company ordinary bearer shares equivalent to rounded 49.36% of the Company equity and giving right to 28 583 402 votes at the Company general meeting, which constituted rounded 49.36% of the total number of votes at the Company general meeting;
- (iii) Mezzanine owned 6 599 186 Company ordinary bearer shares equivalent to rounded 11.40% of the Company equity and giving right to 6 599 186 votes at the Company general meeting, which constituted rounded 11.40% of the total number of votes at the Company general meeting;
- (iv) MWAM owned 2 400 209 Company ordinary bearer shares equivalent to rounded 4.14% of the Company equity and giving right to 2 400 209 votes at the Company general meeting, which constituted rounded 4.14% of the total number of votes at the Company general meeting.

- 3) The number of currently owned Company shares and their percentage in the Company equity and number of share votes and their percentage in the total number of votes

After the transactions described in point 1 (i) – (iv) above, the Notifier became owner of 28 796 429 Company ordinary bearer shares equivalent to rounded 49.72% of the total number of votes at the Company general meeting, giving right to 28 796 429 votes at the Company general meeting, which constitute as of the date of this Notification rounded 49.72% of the total number of votes at the Company general meeting, including (i) directly 9 141 624 Company ordinary bearer shares equivalent to rounded 15.79% of the Company equity, giving right to 9 141 624 votes at the Company general meeting, which constitute as of the date of this



Notification rounded 15.79% of the total number of votes at the Company general meeting and (ii) indirectly via Watchet (at the moment being the Notifier's subsidiary company) 19 654 805 Company ordinary bearer shares equivalent to rounded 33.94% of the Company equity, giving right to 19 654 805 votes at the Company general meeting, which constitute as of the date of this Notification rounded 33.94% of the total number of votes at the Company general meeting.

As result of the transactions described in point 1 (i) - (iv) above, in accordance with the Notifier's best knowledge, the Agreement parties own the total of 47 591 698 Company ordinary bearer shares equivalent to rounded 82.18% of the Company equity and giving right to 47 591 698 votes at the Company general meeting, which constitute rounded 82.18% of the total number of votes at the Company general meeting, including:

- (i) FIPP owns 9 141 624 Company ordinary bearer shares equivalent to rounded 15.79% of the Company equity and giving right to 9 141 624 votes at the Company general meeting, which constitute rounded 15.79% of the total number of votes at the Company general meeting<sup>2</sup>;
- (ii) Watchet owns 19 654 805 Company ordinary bearer shares equivalent to rounded 33.94% of the Company equity and giving right to 19 654 805 votes at the Company general meeting, which constitute rounded 33.94% of the total number of votes at the Company general meeting;
- (iii) MWAM owns 12 196 083 Company ordinary bearer shares equivalent to rounded 21.06% of the Company equity and giving right to 12 196 083 votes at the Company general meeting, which constitute rounded 21.06% of the total number of votes at the Company general meeting;
- (iv) Mezzanine owns 6 559 186 Company ordinary bearer shares equivalent to rounded 11.40% of the Company equity and giving right to 6 599 186 votes at the Company general meeting, which constitute rounded 11.40% of the total number of votes at the Company general meeting.

4) The Notifier subsidiaries owing the Company shares

On 7<sup>th</sup> August 2018 the Notifier became a sole equity partner of Watchet, which owns 19 654 805 Company ordinary bearer shares equivalent to rounded 33.94% of the Company equity and giving right to 19 654 805 votes at the Company general meeting, which constitute rounded 33.94% of the total number of votes at the Company general meeting.

5) Information on the persons mentioned in Art. 87 item 1 point 3 letter c) of the Act

As of the date of submitting the Notification, there are no persons mentioned in Art. 87 item 1 point 3 letter c) of the Act.

- 6) Number of the Company share votes calculated as explained in Art. 69b item 2 of the Act, for the purchase of which the Notifier is entitled or obligated to as the holder of the financial instruments specified in Art. 69b item 1 point 1 of the Act, and of the financial instruments referred to in Art. 69b item 1 point 2 of the Act, that are not implemented solely by way of financial transactions, type or name of these financial instruments, their expiry date or period in which purchase of the shares is or will be executed

The Notifier is the owner of 4 172 206 ordinary registered bonds of B series issued by Watchet ("Bonds"). Each and every Bond shall be bought out by Watchet by transfer to the entitled bond holder, i.e. the Notifier at the moment, in the number equivalent to the following ratio: 1 Bond in exchange for 1 and 11/439 Company ordinary bearer shares. Should the so calculated number of Company shares not be a whole number, the entitled bond holder will be entitled to get the down-rounded number of Company shares. In the remaining part the entitled bond holder will get compensation in cash. Therefore, in case of buy-out of all Bonds by

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<sup>2</sup> In accordance with this Notification, FIPP owns the Company shares also indirectly as Watchet's sole equity partner



Watchet, the Notifier would get 4 276 748 Company ordinary bearer shares equivalent to rounded 7.38% of the Company equity and giving right to 4 276 748 votes at the Company general meeting, which constitute rounded 7.38% of the total number of votes at the Company general meeting. The final Bonds' buy-out date is 4<sup>th</sup> September 2019, whereas there is possibility of earlier Bonds' buy-out both on Watchet's demand as the issuer, as well as on the entitled bond holder's demand, i.e. the Notifier at the moment.

Moreover, the Notifier informs that transferring of 4 276 748 Company ordinary bearer shares to FIPP, on the basis of the Bonds' buy-out by Watchet, shall not change the total Company shares ownership of FIPP, as well as the Agreement parties, whereas the direct and indirect Company shares ownership state, as well as FIPP's share in the total number of votes at the Company general meeting shall change in the following way:

- (i) directly the Notifier would own 13 418 372 Company ordinary bearer shares equivalent to rounded 23.17% of the Company equity, giving right to 13 418 372 votes at the Company general meeting, which constitute as of the date of this Notification rounded 23.17% of the total number of votes at the Company general meeting; and
- (ii) indirectly via Watchet (being the Notifier's subsidiary Company at the moment) the Notifier would own 15 378 057 Company ordinary bearer shares equivalent to rounded 26.55% of the Company equity, giving right to 15 378 057 votes at the Company general meeting, which constitute as of the date of this Notification rounded 26.55% of the total number of votes at the Company general meeting.

- 7) Number of the Company share votes calculated as explained in Art. 69b item 3 of the Act, to which the financial instruments specified in Art. 69b item 1 point 2 of the Act refer directly or indirectly, type or name of these financial instruments and their expiry date

N/A

- 8) Total number of votes indicated in points 2, 7 and 8 and its percentage in the total number of votes  
Total number of votes indicated in points 2, 7 and 8 and its percentage in the total number of votes before the aforementioned transactions described in point 1 (i) - (iv) would be as follows:

- (i) the Notifier -14 285 649 Company ordinary bearer shares equivalent to rounded 24.67% of the Company equity, giving right to 14 285 649 votes at the Company general meeting, which constitute as of the date of this Notification rounded 24.67% of the total number of votes at the Company general meeting;
- (ii) the Agreement parties total of -47 591 698 Company ordinary bearer shares equivalent to rounded 82.18% of the Company equity, giving right to 47 591 698 votes at the Company general meeting, which constitute as of the date of this Notification rounded 82.18% of the total number of votes at the Company general meeting.

Moreover we inform that acting on the basis of Art. 87 item 3 of the Act, Watchet, Mezzanine and MWAM entitled FIPP, due to the existing Agreement, to submit on behalf of all Agreement parties notifications on transactions on Company shares covered by this Notification, required by appropriate legal regulations of the Act."

#### **SIGNATURES OF PERSONS REPRESENTING THE COMPANY**

<b>Date</b>	<b>Position</b>	<b>First name and surname</b>
2018-08-13	President of the Management Board	Krzysztof Kasprzycki
2018-08-13	Vice-President of the Management Board	Honorata Szlachetka