



**Current Report:** 4/2019

**Date:** 2019-01-28

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

**Title:** Update of information on execution of multilateral investment agreement

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

**Content of the Report:**

With reference to current report no. 27/2017 on conclusion of multilateral investment agreement (Investment Agreement) regarding terms of cooperation between the Parties for the execution of the investment project, the purpose of which is the purchase and start-up of the spirally welded pipe line (BENDER Line), as well as subsequent current reports regarding extension of deadline for final clearance of purchasing the Line, the Management Board of FERRUM S.A. (Issuer, Company) informs that on 28<sup>th</sup> January 2019 the Agreement parties, i.e. the Company, Rockford Sp. z o.o. (Rockford) and Fundusz Inwestycji Polskich Przedsiębiorstw Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Fund) concluded a set of documents defining terms of purchasing the BENDER Line by the Company, which in particular comprises of:

- (i) loan agreement concluded between the Fund as lender and the Company as borrower (Loan Agreement I)
- (ii) loan agreement concluded between the Company as lender and Rockford as borrower (Loan Agreement II)
- (iii) agreement concluded between the Company and the Fund regarding sale of shares of Rockford (Agreement).

In accordance with Loan Agreement I, the Fund granted the Company a loan bearing interest on market terms, in the amount of ca. PLN 27.5 mio., with the purpose of the Issuer's purchase of 100% of shares of Rockford, with repayment date on 18<sup>th</sup> May 2020. As security of Loan Agreement I agreements of registered pledges were concluded regarding assets already constituting security for Watchet Sp. z o.o. and holders of bonds issued by Watchet Sp. z o.o., i.e.: (a) registered pledges on particular Company production assets up to the highest security amount of 150% of the amount of Loan I, (b) pledge on all shares of the Issuer's affiliated company, i.e. Zakład Kanstrukcji Spawanych FERRUM S.A. The remaining terms of Loan Agreement I, including circumstances enabling its termination or withdrawal, do not differ from the ones generally applied in this type of agreements.

In accordance with Loan Agreement II, the Issuer granted Rockford a loan bearing interest on market terms, in the amount of ca. PLN 21.6 mio., with the purpose of repayment of Rockford's liabilities with regard to the Fund, with repayment date on 18<sup>th</sup> May 2020.

In accordance with the Agreement the Fund executed the Put Right resulting from the Investment Agreement, which gave the Fund the right to demand a buy-back of Rockford shares or BENDER Line itself, and the parties confirmed that on 28<sup>th</sup> January 2019 ownership of Rockford shares were transferred to the Company within execution of the Put Right, at the price of sales of Rockford shares (the Put Right price) in the amount of ca. PLN 5.9 mio.



Moreover, the signed set of documents included a transfer agreement between the Company, the Fund and Rockford, in accordance with which the Company transferred to Rockford a part of the Fund's benefit resulting from the Loan Agreement I in the amount of ca. PLN 21.6 mio., and it was agreed that due to execution of benefits by the Fund a redemption of the Company's liability with regard to Rockford resulting from Loan II will become effective.

Additionally, within the signed set of documents the Fund and the Company executed a reciprocal setoff of claims that the Fund held with regard to the Company due to the Put Right price payment and as result the Fund's claim for payment of the Put Right price was fully settled. Moreover, the Fund and Rockford executed a reciprocal setoff of claims and as result all claims the Fund held with regard to Rockford due to the aforementioned transfer agreement regarding repayment of loan in the amount od ca. PLN 21.6 mio. were redeemed.

**SIGNATURES OF PERSONS REPRESENTING THE COMPANY**

<b>Date</b>	<b>Position</b>	<b>First name and surname</b>
2019-01-28	President of the Management Board	Krzysztof Kasprzycki
2019-01-28	Vice-President of the Management Board	Honorata Szlachetka