



**Current Report:** 13/2019

**Date:** 2019-04-18

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

**Title:** Information on turnover with Izostal S.A.

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

**Content of the Report:**

The Management Board of FERRUM S.A. (Issuer, Company) informs that on 18<sup>th</sup> April 2019 the Issuer concluded with Izostal S.A. (Izostal) a package of agreements on mutual turnover between the Company and Izostal, which comprises of:

- five sale agreements on the Issuer's sale to Izostal of steel pipes with the net value of ca. EUR 35.8 mio., which is equivalent to ca. PLN 153 mio. net according to the exchange rate of the National Bank of Poland binding as of the day of signing the agreements (jointly referred to as Sale Agreements);
- purchase agreement on the Company's purchase from Izostal of coated steel pipes with the net value of ca. EUR 3.1 mio., which is equivalent to ca. PLN 13.3 mio. net according to the exchange rate of the National Bank of Poland binding as of the day of signing the agreements (Purchase Agreement).

The Sale Agreements shall be executed between April 2019 and July 2020.

Moreover, the Sale Agreements oblige the Company to purchase from Izostal of starting material for production of steel pipes covered by these agreements and hot-welded coils of the total value of ca. EUR 32.6 mio., which is equivalent to ca. PLN 139.5 mio. net according to the exchange rate of the National Bank of Poland binding as of the day of signing the agreements.

Therefore the total value of agreements executed by the Company and Izostal, comprising of both cost and income transactions, in the period from 7<sup>th</sup> September 2018, i.e. from the day of publishing of current report no. 53/2018, is ca. PLN 331.9 mio.

Order of the highest value confirmed for execution in the aforementioned period is one of Sales Agreements, regarding the Issuer's sale to Izostal of steel pipes of approximate value of EUR 11 mio., which is equivalent to ca. PLN 47 mio. net according to the exchange rate of the National Bank of Poland binding as of the day of its signing, and time of its execution is until the end of July 2020. The aforementioned order, as well as other Sales Agreements, foresee the possibility of calculating contractual penalties due to daily execution delays, as well as in case of to their termination due to reasons on the Company's side. Total value of contractual penalties was limited to 10% of net value of remuneration within each agreement. Moreover, the parties agreed that if the perspective contractual penalties calculated within Sales Agreements do not cover the damage or the damage reason is not included in the contractual penalties provisions, the parties may seek compensation on the basis of general terms of the Commercial Companies Code.

On the other hand, the Purchase Agreement foresees the possibility of calculating contractual penalties due to daily execution delays, as well as in case of to their termination due to reasons on Izostal's side. Total value of contractual penalties was limited to 10% of the remuneration net value. Moreover, the parties agreed that if the perspective contractual penalties calculated within the Purchase Agreement do not cover



the damage or the damage reason is not included in the contractual penalties provisions, the parties may seek compensation on the basis of general terms of the Commercial Companies Code.

In the remaining scope the orders conditions (of both cost and income type) executed between the Company and Izostal do not differ from standard conditions applied in this type of orders.

**SIGNATURES OF PERSONS REPRESENTING THE COMPANY**

<b>Date</b>	<b>Position</b>	<b>First name and surname</b>
2019-04-18	President of the Management Board	Krzysztof Kasprzycki
2019-04-18	Vice-President of the Management Board	Łukasz Warczyk