

31 July 2024

**Ferrexpo plc**  
(“Ferrexpo”, the “Group” or the “Company”)  
**Interim Results for the six months ended 30 June 2024**

**Resilience drives an improved performance**

**Ferrexpo plc (LSE: FXPO)**, a premium iron ore pellet producer and exporter to the global steel industry, is pleased to report interim results for the six months ended 30 June 2024 (“the period” or “first half” or “first six months” or “1H 2024”).

**Commenting on the results, Lucio Genovese, Executive Chair, said:**

*“Ferrexpo continues to demonstrate resilience, retaining the entire workforce during a time of war, whilst increasing production and ensuring exports to our customers around the world. The significance of our operations has never been greater to our people, local communities and Ukraine.*

*From a corporate perspective, we are adapting to the complexities of a prolonged war. We have learnt how to operate a large-scale business more nimbly, embedding flexibility into our operations and working practices. This means that we are able to adapt to the constant challenges that confront us. With access to Ukrainian Black Sea ports returning during the period, we were able to respond quickly, bringing idled production capacity back on line and exporting to our customers via seaborne routes, thereby achieving our best production result since the start of Russia’s full-scale invasion.*

*Revenues and EBITDA also improved in the first six months and underscore the extraordinary effort and commitment of our workforce. 8,000 people, across every business function, co-ordinating their skills and expertise, time and resources, to realise these tremendous results. The fact that we can achieve so much in such challenging conditions is testament to our resilience and perseverance today, and in the future.*

*During the period, we deployed cash to increase production and preserve the integrity of our assets. Nevertheless, despite adding volume and lowering our controllable unit costs, we must accept that we are operating in an environment where lower iron ore prices and significantly higher electricity prices put pressure on our margins. It is therefore pleasing to note that we were able to end the period with a modest increase in our net cash position.*

*For the remainder of the year, we will focus on optimising current production levels. We remain hopeful that domestic electricity supply will improve during the third quarter when power plants that were shut for maintenance come back on-line.*

*Since the start of the full-scale invasion, we have demonstrated our ability to operate flexibly and adapt to ever changing circumstances. I am confident that should we see an opportunity to benefit from changes in iron ore pellet prices, we will adjust our production accordingly.”*

**Production and Financial Highlights**

- Total commercial production for the first six months of 2024 increased by 75% to 3.7 million tonnes, comprising 3.3 million tonnes of pellets and 0.4 million tonnes of commercial concentrate.
- Total sales for the first six months of 2024 increased by 85% to 3.8 million tonnes, of which 1.8 million tonnes were exported through Ukrainian Black Sea ports.
- Revenues increased by 64% to US\$549 million due to increased sales volume, although prices were lower than in 1H 2023.
- Profit after tax increased by 104% to US\$55 million.
- C1 Cash Cost of Production<sup>A</sup> (C1 costs) increased to US\$79 per tonne in the half year, due to higher energy costs, expanded mining activities, maintenance and repairs, partially offset by positive effects from a currency devaluation and cost saving initiatives.
- Interim Underlying EBITDA increased by 24% to US\$79 million, reflecting the net effects from higher sales volume and lower realised prices and higher production costs, principally driven by rising energy prices in Ukraine.

- The Group ended the period with a US\$112 million Net Cash<sup>A</sup> position, comprising US\$115 million of cash and cash equivalents, and minimal financial debt of US\$4 million as of 30 June 2024 (Net Cash position<sup>A</sup> as at 31 December 2023: US\$108 million).
- US\$55 million of continued capital investment in sustaining and development capital expenditure projects in Ukraine.

#### Commenting on the financial results, Nikolay Kladiev, CFO, said:

*“For the first six months of the year, our business demonstrated its resilience from a financial perspective. The strong rebound in production resulted in revenues increasing 64%. We achieved excellent progress managing our controllable costs on a unit basis, however costs did increase overall due to additional mining and maintenance activities, higher energy costs and towards the end of the period a big jump in electricity prices. In the context of a weakening iron ore price environment, we achieved a 24% increase in EBITDA to US\$79 million for the period. After continued investment in our operations of US\$55 million, our closing net cash position was maintained at US\$112 million, four million higher than at the end of 2023.*

*Towards the end of the period, the authorities in Ukraine mandated that large enterprises including Ferrexpo to import 80% of their electricity needs from neighbouring European countries. This policy was established in response to Russian attacks on Ukrainian power generation and transmission infrastructure, estimated to have reduced domestic electricity supply capacity by 50%. It is noticeable that the reduction in available domestic energy has also been affected due to maintenance at several domestic nuclear power plants during this time of year. At the current time, we are sourcing electricity from our European neighbours, however, the costs are higher and indeed quite volatile. For the month of June, this added approximately US\$11 a tonne to our C1 costs compared to the previous month, meaning, we expect this to have a greater impact for the remainder of the summer due to continued high prices, until domestic nuclear power comes back on line in the autumn.”*

#### Summary financial performance

US\$ million (unless otherwise stated)	6 months ended 30.06.24	6 months ended 30.06.23	Change	6 months ended 31.12.23	Change	FY ended 31.12.23
Total pellet production (kt)	3,297	1,967	+68%	1,878	+76%	3,845
Total sales volumes (pellets and concentrate) (kt)	3,849	2,085	+85%	2,089	+84%	4,174
Average 62% Fe iron ore fines price (US\$/t)	117.3	118.3	-1%	121.4	-3%	119.9
Revenue	549	334	+64%	318	73%	652
C1 Cash Cost of production (US\$/t)	78.8	71.3	+11%	82.0	-4%	76.5
Underlying EBITDA <sup>A</sup>	79	64	+24%	66	+20%	130
Diluted EPS (US cents)	9.26	4.54	+104%	-18.90	-149%	-14.41
Net cash flow from operating activities	56	80	-30%	21	167%	101
Capital investment	55	58	-5%	43	28%	101
Closing Net Cash	112	131	-15%	108	4%	108

*Note: The Group amended its definition of the Underlying EBITDA. Further information is provided in the APM section*

#### Health, safety and wellbeing

- The safety and wellbeing of the Group’s workforce is the highest priority, and the Group continues to take extensive measures to protect its workforce, their families and local communities.
- During the first half, the Group reported an LTIFR of 0.48, materially below the historic five-year trailing average of 0.52. The Group is proud to report zero fatalities for the period, and for 46 months in total.

#### Market

- Following strong increases in the final months of 2023, the benchmark 62% grade iron ore price fell during the first six months by 21%. Over the same period realised pellet premiums also decreased.

- Access to Ukrainian Black Sea ports enabled the Group to export more volumes, including to customers in Far East for the first time since the start of the full-scale invasion. However, geopolitical disruption in the Middle East has added to higher freight rates and risk premia.

## **Operations**

- During the first half of the year, the Group variably operated two to three pelletiser lines depending on power availability and customer demand.
- Iron ore pellet and concentrate production totalled 3,727 thousand tonnes in 1H 2024 comprising of 3,297 thousand tonnes of premium pellets, representing a 76% increase compared to the previous six months and a 68% increase compared to the same period in 2023, and 430 thousand tonnes of concentrate for sale.
- Focus on higher-grade iron ore production continued during the first half, with all pellets and concentrates grading 65% iron ore content or above. Production and sales of FDP pellets also resumed.
- Sales volumes totalled 3,849 thousand tonnes, comprised of pellets and commercial concentrate. This represents an 84% increase compared to the previous six months to December 2023 and an 85% increase compared to the first six months of 2023.
- The Group's C1 Costs increased to US\$78.8 per tonne in 1H 2024 due to higher electricity prices and resumed mining activities offset by a small devaluation of the UAH in 1H 2024 and the effects from the more beneficial fixed cost absorption due to higher production volume.
- Continued capital investment in projects that can deliver short-term efficiencies and savings, notably the press filtration complex which is partly in operation, supporting improvements in the physical strength and chemical quality of higher-grade pellets.
- The Group continues to receive adequate supplies of key consumables, with Ukraine's reduced industrial output resulting in lower overall demand.

## **Environment, social and governance**

- During the first half, the Company continued its humanitarian and CSR efforts, supporting a range of projects and initiatives including a focus on the support for veterans.
- Even during a time of war, the Group has not lost sight of its ESG goals, publishing two significant projects: a 'Life Cycle assessment' for its FDP pellets and a 'Double Materiality assessment'.
- Later in the year, the Group intends to release its annual 'Responsible Business Report' for 2024, which will be defined by the material topics identified in its the Double Materiality Assessment, and an updated Climate Change report, which will assess scenarios for the Group's carbon targets in light of the war in Ukraine.

## **Corporate governance**

On 23 May, Ferrexpo Plc held its 2024 Annual General Meeting (AGM), at which the majority of the resolutions were passed. However, more than 50% of the independent shareholder votes were cast against the re-election of one of the Company's Independent Non-Executive Directors. Consequently, Ferrexpo Plc announced that the Board intends to consult and engage with shareholders to better understand the reasons behind these votes and put the matter to a second vote of all shareholders within 120 days of the AGM.

## **Principal legal issues and provision**

The Group recorded as at 31 December 2024 a provision in the amount of UAH4,727 million (approximately US\$124 million as at 31 December 2023) in respect of a contested sureties claim made against the Group's major subsidiary in Ukraine. As the legal proceedings in relation to this claim have not yet been concluded at the time of approval of these interim condensed consolidated financial statements, this provision is still recognised in full as at 30 June 2024 (US\$117 million as at 30 June 2024). Additional information in respect on the potential impact of this ongoing legal case are provided in Note 2 Basis of preparation and Note 19 Commitments, contingencies and legal disputes to these interim condensed consolidated financial statements, as well as for other ongoing legal proceedings.

In terms of an application to open bankruptcy proceedings ("creditor protection proceedings") filed by a supplier and related party to the Group in February 2024 against the Group's major subsidiary in Ukraine for an amount of UAH4.6

million (US\$0.1 million as at 30 June 2024), the Group's subsidiary settled this debt on 18 July 2024 and submitted all documents to the court for consideration to avoid the possible opening of such creditor protection proceedings. See Note 2 Basis of preparation and Note 19 Commitments, contingencies and legal disputes to these interim condensed consolidated financial statements for further details.

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**About Ferrexpo:**

About Ferrexpo: Ferrexpo is a Swiss headquartered iron ore company with assets in Ukraine and a listing in the equity shares commercial companies category on the London Stock Exchange (ticker FXPO) and a constituent of the FTSE All-Share index. The Group produces high grade iron ore pellets, which are a premium product for the global steel industry and enable reduced carbon emissions and increased productivity for steelmakers when converted into steel, compared to more commonly traded forms of iron ore. Ferrexpo's operations have been supplying the global steel industry for over 50 years. Before Russia's full-scale invasion of Ukraine in February 2022, the Group was the world's third largest exporter of pellets. The Group has a global customer base comprising of premium steel mills around the world. For further information, please visit [www.ferrexpo.com](http://www.ferrexpo.com).

**Notes:**

Please note that numbers may not add up due to rounding. Items including C1 cash cost of production, underlying EBITDA, net cash/(debt), capital investment and total liquidity are Alternative Performance Measures ("APM") that are not defined or specified under International Financial Reporting Standards ("IFRSs"). These are marked with "A" and more information on these is detailed below in this report.

## INTRODUCTION

The war in Ukraine continues to dominate Ferrexpo's workforce and activities. Today marks 888 days since the full-scale invasion of Ukraine.

The effects of the war on our business and our workforce cannot be understated. At the end of June 2024, 693 of our colleagues were serving in the Armed Forces of Ukraine. Tragically, as at the end of June 2024, 39 of our colleagues have been killed serving in the Armed Forces since the start of the full-scale invasion in February 2022. We honour the memory of each of them. As at the end of June 2024, 132 colleagues had been decommissioned from the Armed Forces, of whom 66 have returned to work with the remainder included in our in-house veteran rehabilitation programme.

It is important to recognise that our workforce is operating in extremely challenging conditions. Loved ones, friends and colleagues are serving in the Armed Forces, whilst they are living and working under a constant threat of attack. Missile and drone attacks and air raid alerts are a constant in the Poltava region. Working patterns are frequently interrupted because of the need to seek shelter, in addition to load shedding which limits effective working hours, all putting additional stress on members of our workforce.

As a business, we have shifted the focus of our support. At the start of the war, we supported the influx of internally displaced people fleeing from the south-eastern regions of Ukraine, with shelter, food and medicines. At present, we are focussed on supporting our colleagues that are serving in the Armed Forces and our returning veterans. We are also focused on supporting mental health and community-based initiatives that bolster morale as the war prolongs.

The health and safety of our workforce is paramount, as is the social contribution that we can offer in our communities, and to Ukraine as a whole. Sustaining employment in a safe manner for our 8,000 strong workforce means that they, and the communities that depend on them, can better weather the challenges of a prolonged war.

Since the full-scale invasion of Ukraine in February 2022, Ferrexpo has significantly changed the way it operates. The lack of access to Ukrainian Black Sea ports until the end of last year forced us to pivot our sales towards European customers via rail. Concurrently, the business was right-sized to operate at lower production levels due to logistics constraints. The business also had to adapt to constant new challenges, including conscription, establishing alternative procurement channels for important inputs and interruptions to energy supplies. Rising to the challenges has resulted in a business that is adaptive to change and flexible in how it can meet its customers' needs. It is in itself a demonstration of resilience that is testament to the hard work and determination of our people.

Establishment of a maritime corridor has allowed for the reopening of Ukraine's Black Sea ports and exports of Ukrainian products. Ferrexpo once again demonstrated its agility, by quickly restoring production and resuming seaborne sales via the corridor. During the first half of 2024, the Group successfully operated two or three out of four pelletising lines, and increased total production of pellets and concentrates to 3.7 million tonnes, an 83% increase compared to the previous six months and a 75% increase compared to same period last year.

Sales volumes totalled 3.8 million tonnes, comprised of pellets and commercial concentrates. This represents an 84% increase compared to the previous six months to December 2023 and an 85% increase compared to the first six months to June 2023. In total, 18 vessels were loaded with Ferrexpo cargoes from Ukrainian ports during the period under review. Of total sales, 80% were to European customers (seaborne, rail and barge) and for the first time since the start of the full-scale invasion of Ukraine, the balance to customers in Asia and MENA. The Group also produced and sold Direct Reduction pellets ("FDP") during the period.

The increase in sales volumes albeit at lower realised prices due to the iron ore index falling 21% over the period, resulted in revenue increasing to US\$549 million for the period, a 73% increase compared to the previous six months and a 64% increase compared to the same period last year. Higher unit costs due to elevated seaborne freight rates, risk premiums and electricity prices resulted in costs increasing during the period, which is reflected in lower margins and an Underlying EBITDA, which totalled US\$79 million.

*For a detailed review of iron ore markets, please see the section 'Sales and Marketing Review' below and for the Group financials, please see the 'Financial Review' section.*

**Outlook**

Currently, the outlook for the second half of 2024 is premised on sustaining the restored production levels achieved during the first half, provided that seaborne exports continue to be safe and viable in an environment where iron ore prices are subdued and costs under pressure. The Group continues to demonstrate resilience, as it manages the many challenges to keep producing, exporting and supporting its workforce and communities.

**Shareholder returns**

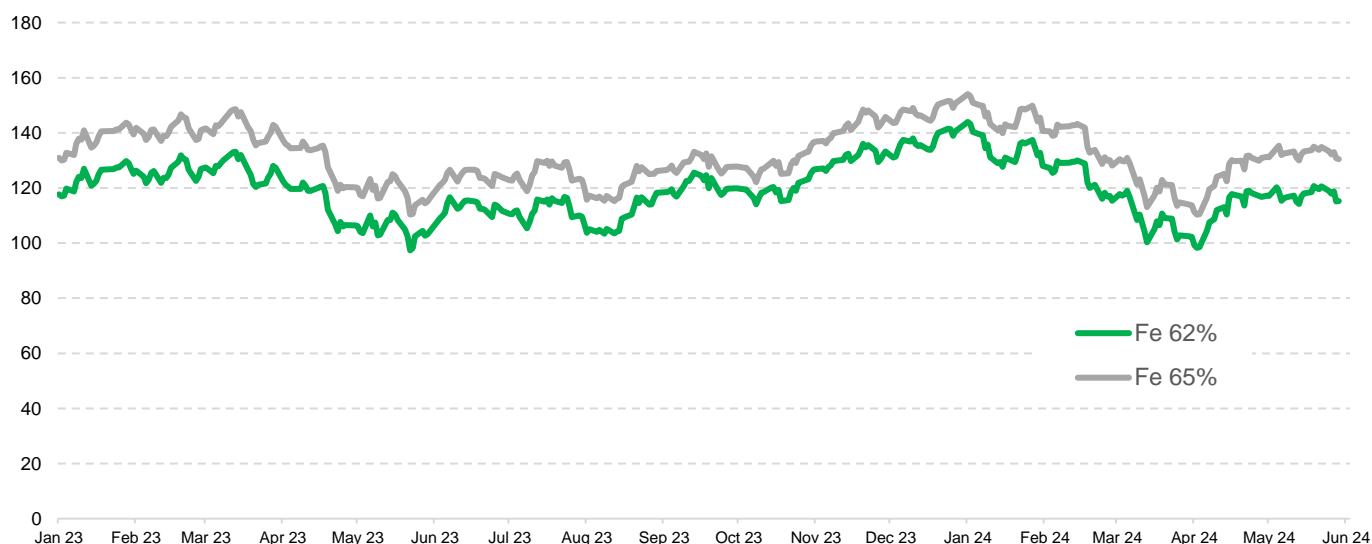
The Group has long maintained a policy of investing in the future growth of the business alongside providing shareholder returns and maintaining a prudent cash position. As disclosed in the 2023 Annual Report and Accounts, the Board of Directors decided not to proceed with the interim dividend of 3.3 US cents per ordinary share, which was announced on 18 January 2024 and due to be paid to shareholders on 23 February 2024, as a result of the unexpected court decision in the contested sureties claim against one of the Group's Ukrainian subsidiaries. The Board will continue to assess the Group's ability to provide shareholder returns in the form of dividends or share buy backs, however, due to the ongoing risks associated with operating in Ukraine at the present time, the Board of Directors have elected not to declare an interim dividend for 2024 at this time, also considering the ongoing legal disputes in Ukraine, which might affect the Group's ability to continue as a going concern as disclosed in Note 2 Basis of preparation and Note 19 Commitments, contingencies and legal disputes to these interim condensed consolidated financial statements.

## SALES AND MARKETING REVIEW

### Iron ore supply, demand and prices

Following a strong rally in December 2023 on expectations of restocking in China, iron ore prices started 2024 at relatively high levels. Optimism, however, was not sustained as Chinese mills broke from the usual restocking patterns and adapted to operating with lower inventories. This resulted in prices subsequently falling throughout much of the first quarter of 2024.

#### Iron ore prices (US\$/t)



The early part of the second quarter of 2024 saw some recovery as China moved into its seasonal peak construction period and margins on steel products saw some support. However, once again, the rally failed to sustain, this time largely attributed to strong iron ore exports from Australia and Brazil and a build-up of inventories at Chinese ports and on the water.

Global iron ore supply for the remainder of 2024 is forecast to be strong as Australia and Brazil increase production. From a demand perspective, the low-inventory model adopted by Chinese mills, and limited desire to chase productivity even in a low margin steel environment, means expectations are that iron ore prices will remain subdued.

### Pellet premiums

Pellet premiums during the first half were affected by two distinct market dynamics. First, supply disruptions, notably from North Europe due to operational issues and ongoing war-related disruptions from Ukraine and Russia. These suppliers traditionally delivered to steel mills in the Atlantic markets, and therefore pellet supply was tight in these regions, resulting in firm premiums. In contrast, soft steel margins and a stable supply of iron ore pellets in Asia resulted in pellet premiums remaining low in these markets. This pattern is forecast to continue for the remainder of 2024.

### Customer development

With access to Ukrainian Black Sea ports restored, the Group was able to expand its seaborne sales, particularly to customers in Asia.

During the period, the Group also restarted production and sales of its high-grade FDP pellets. Quality improvement projects implemented at site, such as the press filtration facility partly in operation and the coating facility have improved the pellet physical strength and chemical quality.

These efforts, along with increased support of the market development in the regions focusing on the direct reduction steelmaking route, have enabled Ferrexpo to secure a position as a suitable supplier for a steelmaking sector targeting the decrease of carbon emissions. During the first half, several Memorandum of Understandings ("MoU") were agreed upon to explore green steel initiatives with leading steel producers and equipment manufacturers around the world, including the announced MoU with Salzgitter.



**Freight**

The C3 freight rate (Capesize freight rate from Brazil to China), is used as a reference in the pricing of the Group's sales. C3 rates in 1H 2024 were relatively high at US\$26 per tonne (2H 2023: US\$23 per tonne and 1H 2023: US\$20 per tonne), due to stronger than expected demand as a result of unseasonably dry weather.

Seaborne exports via Ukrainian Black Sea ports increased significantly due to the establishment of a temporary maritime export corridor. Encouragingly, more shipowners are showing interest in returning to the Black Sea, which could see future cost benefits for the Group's seaborne exports.



## FINANCIAL REVIEW

**Maintaining stable net cash despite war related restrictions, with continued capital investment.**

### Summary

With the reopening of Ukrainian Black Sea ports (please see Sales and Marketing Review for more detail), Group revenues increased by 64% to US\$549 million mainly due to an 85% increase in sales volumes, though partially offset by a 15% fall in realised prices compared to the same period in 2023. The Group's C1 cash cost of production ("C1 costs") increased to US\$78.8 per tonne in the first half of 2024, compared to US\$71.3 per tonne in the same period in 2023. The positive effects from the higher production and the devaluation of the local currency were offset by higher prices for some input materials, mainly for electricity. The prices for electricity in Ukraine rose sharply in June 2024, mainly due to the attacks on power generation and transmission infrastructure requiring the import of up to 80% of total electricity consumption requirements from neighbouring countries.

As a result, the Group's Underlying EBITDA increased by 24% to US\$79 million, largely due to the higher volume driven revenue generation. The net profit for the period was US\$55 million, compared with US\$27 million in the first half of 2023. The Group continued to make capital investments, totalling US\$55 million during the first six months (1H 2023: US\$58 million), comprising both sustaining and development projects.

### Key performance indicators

US\$ million (unless stated otherwise)	1H 2024	1H 2023	Change	FY 2023
Total pellet production (kt)	3,297	1,967	+68%	3,845
Total sales volume (pellets and concentrate) (kt)	3,849	2,085	+85%	4,174
Revenue	549	334	+64%	652
Average C1 cash costs of production <sup>A</sup> (US\$/t)	78.8	71.3	+11%	76.5
Underlying EBITDA <sup>A</sup>	79	64	+24%	130
Underlying EBITDA margin <sup>A</sup>	14.4%	19.2%	-25%	20%
Capital investment <sup>A</sup>	55	58	-5%	101
Closing net cash	112	131	-15%	108

*Note: The Group amended its definition of the Underlying EBITDA. Further information is provided in the APM section*

### Revenue

Group revenue increased by 64% to US\$549 million in the first half of 2024, compared to US\$334 million in the same period in 2023, mainly due to the resumption of exports from Ukrainian Black Sea ports. It is important to note, that at the present time shipping costs from Ukrainian Black Sea ports are higher than before the full-scale invasion of Ukraine in February 2022. The sales volume was 85% higher at 3.8 million tonnes in the first half of 2024, compared to 2.1 million tonnes in the same period in 2023.

After a strong start to 2024, the iron ore index price in March averaged approximately 18% below the one in January. Index prices remained stable in April and recovered in May by approximately 8% before dropping in June again to the average index price in April. Despite this volatility in 1H 2024, the index prices averaged at a similar level as those in the first half of 2023. The positive effect from the higher sales volume was partially offset by the lower realised prices than in 2023. Whilst the average benchmark iron ore price (65% Fe) remained stable, the price decline is attributed to lower overall pellet premiums due to weaker demand for iron ore products, particularly in China. Furthermore, higher rates for international freight during the first half of 2024 had a negative impact on the Group's realised net back prices for sales under the International Commercial Terms Free on Board, compared to the same period in 2023.

## Iron ore prices

US\$ per tonne	1H 2024	1H 2023	Change	FY 2023	Change
Average 62% Fe iron ore fines price	<b>117.3</b>	118.3	-1%	119.9	-2%
Average 65% Fe iron ore fines price	<b>130.7</b>	132.1	-1%	132.1	-1%
Average 62%/65% spread	<b>13.3</b>	13.8	-4%	12.1	+10%

Source: Platts

Since the beginning of the full-scale invasion, the Group's export routes have predominantly involved either the railing of products direct to European customers, or the railing of iron ore pellets to the Group's barging subsidiary on the River Danube for delivery to specific customers in Europe, or by barge to other non-Ukrainian Black Sea ports, for onward sale by ship. In January 2024, the Group resumed its shipping operations from Ukrainian Black Sea ports, which provided more capacity and flexibility than previously. This also had a positive effect on the Group's cash conversion cycle due to shorter logistics distances and times. Of the total sales volume during the first half of 2024, 1.8 million tonnes were shipped through Ukrainian Black Sea ports (1H 2023: nil) of a total of 2.1 million tonnes of seaborne sales (1H 2023: 0.49 million tonnes).

The Russian attacks on power generation and transmission facilities in Ukraine in the first half of 2024 resulted in country-wide power supply constraints, and there is a risk that the situation could worsen in the second half of 2024, potentially affecting the Group's production and sales volumes.

## Cost of sales and C1 Cash Cost of production<sup>A</sup>

The Group's cost of sales in the first half of 2024 totalled US\$314 million, up 74% compared to US\$182 million in the same period in 2023. This increase is mainly due to a 73% increase in production to 3.7 million tonnes, compared to 2.1 million tonnes in the comparative period in 2023. The Group's current production volume continues to align with the available logistics capacity. As a result, sales from Ukrainian Black Sea ports had a positive effect on the Group's sales and therefore production volumes.

In addition, the Group's production volume is also dependent on the constant power supply in Ukraine, which was affected in the first half of 2024 by Russian attacks on domestic power generation and transmission infrastructure. As a result of these attacks resulting in restrictions of power supply, prices rose by approximately 24% and 64% in May and June 2024, compared to the same months in 2023. On the other hand, the Group benefited from lower prices for natural gas and diesel fuel compared to the same period in 2023, although the effect from the lower prices for diesel fuel was offset by a higher consumption as a result of the ramp up of the mining operation to secure the access to the ore in future periods.

C1 costs during the first half of 2024 increased to US\$78.8 per tonne, compared to US\$71.3 per tonne in the same period in 2023. The positive effects from the higher production on the fixed cost absorption per tonne of iron ore pellets produced and the devaluation of the local currency were tempered by higher electricity prices. The higher production costs were also influenced by the increased mining activities, as well as repair and maintenance programme for the key equipment used in current operations.

The main C1 costs drivers are the prices for electricity, natural gas and diesel fuel in Ukraine, being outside of the Group's control, which collectively represented 45% of the Group's total C1 costs during the period, compared to 48% in the same period in 2023. Whilst the proportion of the electricity remained relatively stable despite higher prices, and natural gas benefited from the better fixed cost absorption due to the higher production volume, the proportion of diesel fuel increased marginally, despite lower prices, due to the higher consumption as mining activities ramped up.

The average electricity price in Ukraine increased in the first half of 2024 by 20% in US dollar terms, peaking at US\$177 per megawatt-hour ("MWh") in June 2024, compared to an average of US\$95 per MWh in the same period in 2023. The average Brent price for oil and the average price for natural gas, both in US dollar terms, were 4% higher and 23% lower in the first half of 2024 than in the same period in 2023. As a result of the significantly higher production and the ramp up of the Group's mining operations in the first half of 2024, the consumption of electricity, natural gas and diesel fuel increased by 34%, 72% and 95% respectively, compared to the same period in 2023.

Another important component of the Group's C1 costs that is outside of the Group's control is royalties, which accrue and are paid based on a tiered system. Based on this regime, royalties are calculated based on the benchmark index price for a medium-grade (62% Fe) iron ore fines price and computed based on the cost of different iron ore products. The rate depends on the benchmark index price for 62% Fe fines and is 3.5%, 5.0% or 10%. The royalty expense totalled US\$20 million in the first half of 2024, compared to US\$13 million in the same period in 2023, driven by the higher production volume.

The Group operating costs denominated in Ukrainian hryvnia ("UAH") account generally for approximately two thirds of the Group's C1 costs. However, it is expected that the necessary electricity imports will temporarily reduce this share of UAH denominated operating costs. Consequently, changes to the US dollar rate can have a significant impact on the Group's operating costs, including the C1 costs. The UAH depreciated in the first half of 2024 by 7%, from 37.982 to 40.537 to the US dollar as of 30 June 2024, resulting in a positive effect on the Group's C1 costs.

In line with previous years, the Group's C1 costs represent the cash cost of the production of iron pellets from own ore ('to the mine gate'), divided by production volume from own ore. This excludes non-cash costs such as depreciation, pension costs and inventory movements, as well as the costs of purchased ore, concentrate and gravel. The C1 cash cost of production (US dollars per tonne) is regarded as an Alternative Performance Measure ("APM").

The table below shows the breakdown and change in the composition of the Group's C1 costs, with energy-related costs (electricity, natural gas and sunflower husks and fuel (including diesel) accounting for the largest share at 45% of the total C1 costs, compared to 48% in the first half of 2023.

#### Breakdown of C1 cash cost of production

	1H 2024	1H 2023	Change	FY 2023	Change
Electricity	27%	31%	-4%	32%	-5%
Natural gas and sunflower husks	7%	10%	-3%	9%	-2%
Fuel (including diesel)	11%	7%	4%	7%	4%
Materials	13%	7%	6%	8%	5%
Personnel	9%	12%	-3%	11%	-2%
Maintenance and repairs	17%	14%	3%	16%	1%
Grinding media	6%	7%	-1%	6%	-
Royalties	8%	10%	-2%	9%	-1%
Explosives	2%	2%	-	2%	-

#### Selling and distribution costs

Total selling and distribution costs increased to US\$148 million in the first half of 2024, compared to US\$74 million in the same period in 2023. The seaborne logistics routes are generally the lowest cost and most efficient way for delivering the Group's products to its customers. The increase of the Group's selling and distribution costs mainly reflects the resumption of seaborne sales from Ukrainian Black Sea ports, supporting the sales volume of the Group in the first half of 2024.

As a result, the seaborne sales volume increased by 1.7 million tonnes to 2.1 million tonnes in the first half of 2024, compared to 0.4 million tonnes in the same period in 2023. In addition to the effect from the higher volume of seaborne sales, the Group's selling and distribution costs were also affected by inflated costs for shipments from the Ukrainian Black Sea ports, with actual freight costs exceeding freight index prices due to the increased risks for ship owners and insurance companies. The average C3 freight index during the first half of 2024 was approximately 32% higher than in the same period in 2023. During the comparative period in 2023, the Group's international freight costs were affected by the export of some of the Group's products through third country ports with services provided by alternative logistics providers and port operators at higher costs. Vessel charter rates for shipments from Ukrainian Black Sea ports remain relatively high, in addition to premiums for required war risk covers in the Ukrainian Black Sea area, but also in the Red Sea area for shipments to customers in MENA and Asia. The Group spent US\$6 million for war risk covers during the first half of 2024 (1H 2023: nil).

The average of the relevant applicable rail tariffs during the first half of 2024 were 15% lower in US dollar terms than in the comparative period in 2023. Whereas the tariffs remained largely unchanged in the local currency, the rates in US dollar terms benefited from depreciation of the local currency during the first half of 2024, but also by the opening of the Ukrainian Black Sea ports, which led to shorter railway transport routes. The two positive effects were partially offset by temporarily reduced access to a portion of the Group's own rail wagons due to ongoing legal disputes, which required the substitution of third-party rolling stock at marginally higher costs.

### General and administrative expenses

General and administrative expenses remained relatively stable at US\$32 million. Continued positive effects from cost management and saving initiatives have been offset by higher legal costs relating to the Group's ongoing legal disputes. See Note 19 Commitments, contingencies and legal disputes to these interim condensed consolidated financial statements for further information on the ongoing legal challenges and disputes of the Group in Ukraine.

### Other operating expenses

Other operating expenses were US\$14 million in the first half of 2024, compared to US\$15 million in the same period in 2023. The largest positions included in other operating expenses relate to the Group's charitable donations of US\$4 million (1H 2023: US\$2 million) and changes of the allowance for doubtful debts based on the expected credit loss model of US\$4 million (1H 2023: US\$3 million).

### Currency

The Group prepares its consolidated financial statements in US dollars and the functional currency of the Group's operations in Ukraine is the Ukrainian hryvnia ("UAH"). In the past, approximately two thirds of the Group's operating costs were denominated in local currency and are subject to change of the Ukrainian hryvnia to the US dollar. It is however expected that the necessary electricity imports will temporarily reduce this share of UAH denominated operating costs.

The UAH depreciated from UAH37.982 per US dollar to UAH40.537 as at 30 June 2024 resulting in an average exchange rate of UAH39.009 in the first half of 2024, compared to UAH36.569 in the comparative period in 2023 (+7%), when the local currency was pegged to the US dollar by the National Bank of Ukraine ("NBU").

The Martial Law regime in Ukraine continued throughout the first half of 2024 and is currently extended until 11 August 2024. Despite the partial relaxation of Ukrainian hryvnia controls in May 2024 around the regulatory framework specific to foreign currency transactions, intercompany settlements and transfers offshore for international Groups, the NBU maintains tight capital controls in Ukraine. As a result, the current regulation continues to significantly limit the possibility to convert balances in Ukraine from local currency into US dollars, and the subsequent ability to transfer US dollars to the offshore accounts of the Group.

A devaluation of the local currency has generally a positive effect on the Group's production costs and results in foreign exchange gains on the US dollar denominated receivable balances of the Group's Ukrainian subsidiaries.

*For further information, see sections titled C1 Cash Cost of production<sup>A</sup>.*

### Ukrainian hryvnia to US dollar

	Spot 29.07.24	Opening rate 01.01.24	Closing rate 30.06.24	Average 1H 2024	Average 1H 2023
UAH to US\$	41.098	37.982	40.537	39.009	36.569

Source: National Bank of Ukraine

### Operating and non-operating foreign exchange gains/losses

The Group's total net foreign exchange gains, including operating and non-operating gains and losses, totalled US\$30 million in 1H 2024, compared to net foreign exchange gains of US\$3 million in the comparative period in 2023.

As the functional currency of the Ukrainian subsidiaries is the Ukrainian hryvnia, a depreciation of the Ukrainian hryvnia against the US dollar results in foreign exchange gains on the Group's Ukrainian subsidiaries' US dollar denominated receivable balances from the sale of pellets.

## Underlying EBITDA

The Group's Underlying EBITDA was positively affected by the higher sales volumes in the first half of 2024, compared to the same period in 2023. As a result, the Underlying EBITDA increased by 24% to US\$79 million (1H 2023: US\$64 million). Historically and in agreement with the Group's definition of the Underlying EBITDA at that time, the Group's Underlying EBITDA included operating foreign exchange gains and losses, which could be material depending on the devaluation of the Ukrainian hryvnia compared to the US dollar.

During the period ended 30 June 2024, the Group amended its definition of the Underlying EBITDA by excluding the operating foreign exchange gains and losses. The Underlying EBITDA as at the end of the comparative period ended 30 June 2023 is not affected by the change of the definition.

*For further information on the Group's performance in the first half of 2024, see section titled "Revenue" and "C1 Cash Cost of production<sup>A</sup>". Further information on the change of the Group's definition of the Underlying EBITDA is provided in the Alternative Performance Measures ("APMs") section at the end of this report.*

## Net finance income/expenses

Offsetting finance income and finance expense of US\$2 million during the first half of 2024, compared to a net finance expense of US\$1 million in the comparative period in 2023. The Group's finance expenses decreased to US\$2 million, compared to US\$3 million in the comparative period in 2023. Most of the finance expense is related to the calculated interest on the Group's pension scheme, without any effects of cash outflows, and to bank charges. Except for lease liabilities, the Group does not have any outstanding interest-bearing loans and borrowings and, as a result, no interest expenses incurred on such finance facilities.

The finance income results from investments of available funds in deposits and remained stable at US\$2 million.

*Further details on finance expense are disclosed in Note 7 Net finance expense to these interim condensed consolidated financial statements.*

## Income tax

The income tax expense for the first half of 2024 increased to US\$20 million, compared to US\$8 million for the same period in 2023, because of a higher profit before tax. The profit before tax during the period ended 30 June 2024 benefited from the 85% increase in sales volume, which was partially offset by lower realised prices than in the same period in 2023. The expected weighted average tax rate computed for the full year 2024 based on the expected profit split is 23.7%, compared to the rate of 16% that was assumed for the first half of 2023. The increase of the expected tax rate for 2024 is mostly attributed to the 'BEPS Pillar Two' legislation that was implemented in Switzerland with effect from 1 January 2024, and the new corporate profit tax regime in the U.A.E. The effective tax rate for the first half of 2024 is 26.7%, compared to 23.8% for the same period in 2023. The effective tax rate of the Group is subject to effects from expenses not tax deductible in certain jurisdictions, mainly Ukraine, allowances on recognised deferred taxes in Ukraine and from the recognition or release of the provisions related to previous financial years. The effective tax rate of the financial year 2023, before the effect of the recognised provisions for legal disputes in Ukraine in the amount of US\$131 million in the consolidated income statement, was 26.1%. This provision recognised as at 31 December 2023 is not tax-deductible in Ukraine and no deferred tax asset was recognised.

In the first half of 2024, the income tax paid by the Group totalled US\$13 million, compared to US\$7 million during the same period in 2023, of which US\$10 million was paid in Ukraine.

The Group operates across a number of jurisdictions and its effective tax rate is subject to various factors outside of the Group's control. This includes the volatility in the global iron ore pellet market and foreign exchange rate movements, primarily between the Ukrainian hryvnia and the US dollar.

The Group's two main subsidiaries in Ukraine received in the second half of 2023 claims totalling UAH2,421 million (US\$60 million as at 30 June 2024) in relation to cross-border transactions for iron ore products between the two Ukrainian subsidiaries of the Group and two subsidiaries of the Group outside of Ukraine during the financial years 2015 to 2017. Both subsidiaries filed the objections against the potential claims stated in the tax audit reports received and the Group will continue to defend its methodology applied to determine the prices between its subsidiaries in the Ukrainian courts. No specific provisions have been recorded as at 30 June 2024, neither for the claims received nor for any subsequent years, which might also be material.



*Further details on taxation are disclosed in Note 8 Taxation to these interim condensed consolidated financial statements in respect of the application of tax legislation in the jurisdictions the Group operates and the critical judgements to be made by the management.*

### **Items excluded from underlying earnings**

There are no significant items excluded from the Group's underlying earnings as at 30 June 2024, whereas the earnings for the financial years 2023 and 2022 were subject to significant adjustments. The Group's Underlying EBITDA for the financial year 2023 was adjusted for the effect from the recognition of provisions for ongoing legal proceedings in Ukraine totalling US\$128 million. Considering the magnitude of one specific claim in respect of contested sureties and the risks associated with the judicial system in Ukraine, a full provision in the amount of US\$124 million was recorded as at 31 December 2023 for this claim. As the legal proceedings in relation to this claim have not yet been concluded at the time of approval of these interim condensed consolidated financial statements, this provision is still recognised in full as at 30 June 2024 with no effects on the Group's underlying earnings.

Furthermore, the Group's Underlying EBITDA for the financial year 2022 was adjusted for the effect from the recognition of an impairment loss of US\$254 million because of the reduction in the carrying value of the Group's non-current operating assets in Ukraine due to the lower cash flow generation caused by the war. The impairment test performed as at 30 June 2024 did not result in an additional impairment loss or a partial or full reversal of the recorded impairment loss.

During the period ended 30 June 2024, the Group amended its definition of the Underlying EBITDA. As a result of this amendment, the operating foreign exchange gains and losses are no longer included in the Underlying EBITDA as it better reflects the Group's ability to generate cash and to evaluate its operating performance.

*For more information, please see Note 10 Property, plant and equipment and Note 19 Commitments, contingencies and legal disputes to these interim condensed consolidated financial statements. Further information on the change of the Group's definition of the Underlying EBITDA is provided in in the Alternative Performance Measures ("APMs") section in this report.*

### **Profit for the period**

The Group's profit for the first half of 2024 increased to US\$55 million, compared to US\$27 million in the comparative period in 2023, primarily reflecting the higher sales volume, partially offset by lower realised prices. However, the result of the Group is still affected by the ongoing war in Ukraine, mainly due to higher costs for required logistic network and power supply restrictions because of recent Russian attacks on power generation and distribution facilities in Ukraine.

*For further information, see sections titled "Revenue", "C1 Cash Cost of production<sup>A</sup>" and "Underlying EBITDA" above.*

### **Cash flows and net cash<sup>A</sup>**

Operating cash flow before changes in working capital increased by 22% to US\$82 million in the first half of 2024, compared to US\$67 million in the same period in 2023. The increase is driven by the 85% higher sales volume of 3.8 million tonnes, compared to 2.1 million tonnes in the same period in 2023. Working capital outflow of US\$12 million to 30 June 2024, compared to an inflow of US\$21 million in the same period in 2023. The outflow during the reporting period largely reflects the increase of the trade and other receivables and inventories whereas there is an offsetting effect from higher trade payables and the increase of the outstanding VAT balances. The working capital inflow during the comparative period in 2023 mainly benefited from the collection of outstanding VAT balances from the financial year 2022.

The net cash flow from operating activities in the first half of 2024 totalled US\$56 million, compared to US\$80 million in the same period in 2023. As mentioned above, the cash flow generation in the comparative period in 2023 benefited from the collection of outstanding VAT balances from the previous financial year. The Group continued to invest in its operations in Ukraine despite the challenging situation in the country, with capital investments in the amount of US\$55 million in the first half of 2024, compared to US\$58 million in the same period in 2023. As at the date of today's announcement, the Board has not proposed an interim dividend for the financial year 2024.

The Group maintained the balance of cash and cash equivalents at US\$115 million as at 30 June 2024, compared to US\$115 million as at the beginning of the year, with a total balance of US\$6 million held in Ukraine (1H 2023: US\$15 million). Following the adoption of Martial Law in Ukraine, the NBU has introduced significant currency and capital control restrictions in Ukraine, which were relaxed from May 2024 onwards, allowing certain foreign currency transactions within limits established by the NBU.

The Group continues to protect its net cash<sup>A</sup> position and balancing operational and financial targets. As a result of this continued prudent approach, the Group managed to maintain its net cash<sup>A</sup> position at US\$112 million as at 30 June 2024, compared to US\$108 million as at the beginning of the year, despite the difficult environment in which the Group has been operating since the beginning of the war. The Group does not have any committed debt facilities or uncommitted trade finance facilities as at 30 June 2024. The minor debt positions relate to finance lease arrangements, resulting in a gross debt balance of US\$4 million as at 30 June 2024, compared to US\$7 million as at 31 December 2023.

It is the Group's intention to maintain a robust balance sheet whilst continuing to invest, as the current cash flow generation allows.

*For further information on the ongoing legal disputes in Ukraine see Note 19 Commitments, contingencies and legal disputes to these interim condensed consolidated financial statements.*

### **Capital investment<sup>A</sup>**

Capital expenditure in the first half of 2024 totalled US\$55 million compared to US\$58 million in the same period in 2023. Of the total amount spent in the first half of 2024, sustaining and modernisation capital expenditure totalled US\$19 million (1H 2023: US\$27 million), covering the activities at all the Group's major business units, and investments in strategic development projects totalled US\$36 million (1H 2023: US\$31 million).

The level of the Group's current capital expenditures is also dependent on operational and logistics constraints because of the ongoing war in Ukraine. Taking also into account the Group's cash flow generation and the market outlook for the remainder of 2024, the Group reconsidered the level of its investments in sustaining capital expenditure projects, by reviewing and optimising the level and timing of its repair activities.

Considering the currently existing constraints in Ukraine, the Group reconsidered the timing of investments in its strategic development projects, particularly with projects that are expected to deliver returns over the medium to long term.

As such, investments made in major projects in the first half of 2024 include US\$17 million spent on the enhancement of the Group's press filtration complex (1H 2023: US\$7 million), which will help raise pelletising capacity in the near term once operations return to full capacity and further enhance quality of pellets produced. Furthermore, the Group continued to invest US\$10 million in the concentrator and pelletiser projects (1H 2023: US\$9 million) as part of the Wave 1 Expansion Programme and US\$2 million spent on stripping activities for future production growth (1H 2023: US\$17 million). Further expenditures of US\$1 million relate to the development and exploration of the Belanovo deposit (1H 2023: US\$2 million) and US\$1 million in a hydrolysis plant (1H 2023: US\$1 million) for the trial of hydrogen use as a fuel in the Group's pelletiser.

### **Related party transactions**

The Group enters into arm's length transactions with entities under the common control of the Group's controlling shareholder and his associates. All these transactions are considered to be in the ordinary course of business.

During the first half of 2024, the Group made bail payments totalling US\$1.3 million (1H 2023: US\$0.5 million; FY 2023: US\$15.0m) on behalf of a senior manager of one of the Group's subsidiaries in Ukraine in respect of various legal actions and ongoing court proceedings initiated by certain governmental bodies against the Group's subsidiaries and members of the senior management in Ukraine. See also below under Contingent liabilities and legal disputes for further details.

*Further information on related party transactions is disclosed in Note 21 Related party disclosure to these interim condensed consolidated financial statements.*

### **Contingent liabilities and legal disputes**

The Group is exposed to risks associated with operating in a developing economy during a time of war and the current circumstances facing the Group's controlling shareholder. As a result, the Group is subject to various legal actions and ongoing court proceedings initiated by different government agencies in Ukraine. There is a risk that the independence of the judicial system and its immunity from economic and political influences in Ukraine is not upheld, consequently Ukrainian legislation might be inconsistently applied to resolve the same or similar disputes. As a result, the Group is exposed to a number of higher risk areas than those typically expected in a developed economy, which require a significant portion of critical judgements to be made by the management.



As previously announced, the Group's main Ukrainian subsidiary is subject to an ongoing legal dispute in Ukraine relating to contested sureties. The Group has made an appeal to the Supreme Court of Ukraine in respect of such claim, and as at the date of approval of these interim condensed consolidated financial statements the date of the next hearing of the Supreme Court is unknown. In respect of the contested sureties claim, if the final Supreme Court ruling is not in favour of Ferrexpo Poltava Mining ("FPM") (or if the current suspension on enforcement action is otherwise lifted before a final decision of the Supreme Court), the claimant may take steps to appoint either a state or a private bailiff and request the commencement of the enforcement procedures, which could have a material negative impact on the Group's business activities and its ability to continue as a going concern, as the assets of FPM could be seized or subject to a forced sale.

In addition to the afore-mentioned claim, a supplier and related party to the Group filed by an application to open bankruptcy proceedings ("creditor protection proceedings") against the Group's major subsidiary in Ukraine for an amount of UAH4.6 million (US\$0.1 million as at 30 June 2024). On 18 July 2024, the Group's subsidiary settled the outstanding debt to the supplier and submitted all documents to the court for consideration to avoid the possible opening of such creditor protection proceedings.

Considering the magnitude of the contested sureties claim and the risks associated with the judicial system in Ukraine, the Group recorded a full provision in the amount of UAH4,727 million (US\$124 million as at 31 December 2023) for this claim as at the end of the financial year 2023. As the legal proceedings in relation to this claim have not yet been concluded at the time of approval of these interim condensed consolidated financial statements, this provision is still recognised in full as at 30 June 2024 (US\$117 million as at the exchange rate as at 30 June 2024).

*See Note 2 Basis of preparation and Note 19 Commitments, contingencies and legal disputes to these interim condensed consolidated financial statements.*

### **Going concern**

As at the date of the approval of these interim condensed consolidated financial statements, the war in Ukraine is still ongoing and continues to pose a significant threat to the Group's mining, processing and logistics operations within Ukraine. As a result, a material uncertainty remains as some of the uncertainties remain outside of the Group management's control, with the duration and the impact of the war still unable to be predicted at this point of time.

In addition to the war-related material uncertainty, the Group is also exposed to the risks associated with operating in a developing economy, which may or may not be exacerbated by the war and/or the current circumstances facing the Group's controlling shareholder. As a result, the Group is exposed to several risk areas that are heightened compared to those expected in a developed economy, such as an environment of political, fiscal and legal uncertainties, which represents another material uncertainty as at the approval of these interim condensed consolidated financial statements.

*See Note 2 Basis of preparation to these interim condensed consolidated financial statements for further information.*

## OPERATIONAL REVIEW

### Health and safety

Despite the ongoing war in Ukraine, Ferrexpo continues to maintain its good safety record, with zero fatalities for the last 46 months. The Group recorded a 6-month lost time injury frequency rate ("LTIFR") of 0.48, higher than the average 0.32 for 2023 due to two lost time injuries at the Group's barging subsidiary First-DDSG Logistics Holding GmbH in June 2024.

### Group and subsidiary six-month LTIFR

	1H 2024	2H 2023	2023	1H 2023
FPM	0.34	0.34	0.26	0.18
FYM	0	0.66	0.34	0
FBM	0	0	0	0
<b>Ukraine</b>	0.26	0.40	0.27	0.14
First-DDSG	3.87	-	0.88	1.80
<b>Group</b>	0.48	0.37	0.32	0.26

The Group has maintained a low incidence of safety incidents due to multi-year projects implementing a strong safety culture at its operations, including workforce engagement, safety training and regular monitoring of leading and lagging safety indicators. This comprehensive approach has resulted in a safety performance below the historic five year trailing average LTIFR of 0.52.

### Pellet production and pellet quality

During the first six months of 2024, the Group has successfully operated three out of four pelletiser lines, on a one, two or three at a time basis. The Group announced its production for the first half of 2024 in its second quarter 2024 production report on 8 July 2024. Total commercial production for the period was 3,727,306 tonnes, comprising concentrate production of 429,865 tonnes and pellet production of 3,297,441 tonnes, of which FDP accounted for 162,645 tonnes.

The Group has continued to focus on high-grade production, with 100% of production in the period being with an iron ore content of 65% or above. Production of FDP pellets also restarted during the first six months of 2024, the first time since the full-scale invasion.

### Iron ore production

	Fe Grade	1H 2024	2H 2023	Change	1H 2023	Change
<i>Direct Reduction Pellets ("FDP")</i>	67%	162,645	-	-	-	-
<i>Premium Pellets</i>	65%	2,836,331	1,828,481	+55%	1,966,933	+44%
<i>Other Pellets</i>	65%	298,465	49,911	+498%	-	-
Total pellet production		3,297,441	1,878,392	+76%	1,966,933	+68%
Concentrate production (for sale)	67%	429,865	158,594	+171%	160,000	+169%
<b>Total commercial production</b>		3,727,306	2,036,986	+83%	2,126,933	+75%

### Exploration projects

The Group has invested in licences for exploration-stage projects contiguous to the north of Ferrexpo's established operations, along strike from the main orebody. Due to the war, current efforts are desk-based, with the intention to resume field work and drilling in the future.

## Capital investment during 1H 2024

While certain capital expenditure plans have been suspended to conserve cash, the Group continues to invest in programmes that can deliver shorter-term efficiency and productivity benefits. For example, in the first half of 2024, the Group installed and started the commissioning of the second stage of its modern press filtration technology at the Pellets Production Workshop at FPM. Manufactured by Metso Corporation, this technology lowers the moisture content in the iron ore concentrate before pellet beneficiation, thereby significantly improving the quality of iron ore pellets by strengthening finished products. The technology also helps to reduce the consumption of natural gas in the process furnace, where raw pellets are heated and dried until they solidify. By optimising gas consumption, the technology allows Ferrexpo to save costs and further reduce Scope 1 emissions.

### *New press filtration complex at FPM in operation*



The level of the Group's current capital expenditures is also dependent on operational and logistics constraints because of the ongoing war in Ukraine. Taking also into account the Group's cash flow generation and the market outlook for the remainder of 2024, the Group reconsidered the level of its investments in sustaining capital expenditure projects, by reviewing and optimising the level and timing of its repair activities.

Considering the currently existing constraints in Ukraine, the Group reconsidered the timing of investments in its strategic development projects, particularly with projects that are expected to deliver returns over the medium to long term.

As such, investments made in major projects in the first half of 2024 include US\$17 million spent on the enhancement of the Group's press filtration complex (1H 2023: US\$7 million), which will help raise pelletising capacity in the near term once operations return to full capacity and further enhance quality of pellets produced. Furthermore, the Group continued to invest US\$10 million in the concentrator and pelletiser projects (1H 2023: US\$9 million) as part of the Wave 1 Expansion Programme due for previously entered commitments and US\$2 million spent on stripping activities for future production growth (1H 2023: US\$17 million). Further expenditures of US\$1 million relate to the development and exploration of the Belanovo deposit (1H 2023: US\$2 million) and US\$1 million in a hydrolysis plant (1H 2023: US\$1 million) for the trial of hydrogen use as a fuel in the Group's pelletiser.



## Marketing

With the ability to export through Ukrainian Black Sea ports during the first half of 2024, the Group was able to produce more products for export to customers in Europe (in addition to the established rail and barge routes) and further afield to its customers in MENA and Asia.

The sales mix comprised of high grade commercial concentrate and pellets, including FDP pellets.

## Sales by region

Market regions	1H 2024	2H 2023	1H 2023
Europe, including Turkey	80%	100%	100%
MENA	2%	-	-
Asia	18%	-	-

## Responsible business activities

### Safety

The Group is pleased to report that there were no fatalities at its operations in 1H 2024, following up on 2023 being the third consecutive year that we have reported zero fatalities at our operations and the Group's operations continue to perform below the five-year trailing average for its lost time injury frequency rate.

### Community support

Since the early stages of Russia's invasion of Ukraine in 2022, the Group has sought to utilise its position as a business in Ukraine to source and provide support throughout the communities where the Group operates. In response to the humanitarian crisis in Ukraine, the Group has established the dedicated Ferrexpo Humanitarian Fund, which combined with its regular CSR activities, have operated over 100 programmes and initiatives.

### Pathway to low carbon production

Whilst the war is having many effects on the Group's operations, work continues to reduce greenhouse gas ("GHG") emissions and retain progress achieved in previous years. In April 2024, the Group announced as part of its Full Year Results for 2023 that it had achieved a 32% reduction in GHG emissions since its baseline year of 2019.

To build confidence around the reporting of sustainability topics, the Group completed an external assurance process on its 2023 reporting of GHG emission and safety disclosures.

**Table 8: Greenhouse gas emissions**

	1H 2024	1H 2023	Change
Absolute emissions (tonnes CO <sub>2</sub> e)			
Scope 1 (direct emissions, principally diesel and natural gas)	193	130	+48%
Scope 2 (indirect emissions, reflecting electricity consumption)	111	59	+90%
<b>Group total</b>	304	188	+61%
Unit emissions (kg CO <sub>2</sub> e per tonne of production)			
Scope 1	54	62	-13%
Scope 2	31	28	+12%
<b>Group total</b>	85	90	-5%

As shown in the table above, the Group has reduced its emissions on a unit basis in 1H 2024, while absolute Scope 1 and 2 emissions have risen with increased production volumes for the 1H 2024 period. This progress has been achieved through a combination of factors, which includes the following:

- **Clean power purchasing.** In 1H 2024, the Group continued to purchase high levels of clean power, with 61% of electricity purchases coming from clean sources such as hydro and nuclear power (1H 2023: 73%). Power interruptions and sourcing alternative supply from neighbouring countries have changed the availability of the power source mix and it is not certain that the Group can continue to source as much clean power as it has in the past.
- **Mining activities.** Ferrexpo continues to operate its mining activities at a reduced capacity compared to before the full-scale invasion, however, it has successfully managed to restore some production during the first six months of

2024. Consequently, the consumption of diesel increased 83% in 1H 2024 compared to 1H 2023, reflecting higher mining volumes.

- **Processing and beneficiation activities.** In line with increased ore production, processing and beneficiation activities increased as up to three pelletiser lines were operated during the period. The increased throughput and product mix resulted in higher absolute emissions compared to previous periods, as a result of increased natural gas consumption at the pelletising plant for example, which increased 63% in 1H 2024 compared to 1H 2023. However, compared to pre-war times, Scope 1 emissions intensity remains lower at 54 kg CO<sub>2</sub>e per tonne of production compared to 57kg in 2021 as the Group continues to optimise production to meet emissions targets.

The Group's Scope 3 emissions are dominated by the emissions generated by steelmakers in the conversion of iron ore to steel, with this activity representing 96% of Scope 3 emissions in 1H 2024 (1H 2023: 95%), and more than 85% of total emissions (Scopes 1, 2 and 3 combined). Ferrexpo's Scope 3 emissions footprint was 1.31 tonnes CO<sub>2</sub> per tonne of production in 1H 2024, which represents a figure lower than 2023 due to an increase in the quantity of FDP produced in the period that is used in the direct reduction steelmaking route, which produces lower levels of emissions in steelmaking compared to the traditional blast furnace steelmaking route.

As part of the steel value chain, the Group understands the importance of the shift in thinking towards green steel – the production of steel without GHG emissions. Whilst the projects outlined above will reduce the Group's carbon footprint on a per tonne basis for Scope 1 and 2 emissions, over 90% of the Group's overall carbon footprint per tonne relates to Scope 3 emissions, which predominantly relate to the conversion of iron ore to steel. In the short term, steelmakers are incentivised to use iron ore pellets as they offer blast furnace steelmakers the opportunity to lower their carbon emissions by 40% for every tonne of sinter fines substituted, but this is an existing benefit that will not materially affect the Group's Scope 3 emissions. Longer term, the Group is planning to lower its Scope 3 emissions by producing more FDP pellets, which are typically converted to steel using a combination of electricity and natural gas in the conversion process, and therefore have a materially lower carbon footprint.

## **Veterans**

Since the full-scale invasion of Ukraine 132 members of Ferrexpo's workforce have been demobilised from the Armed Forces of Ukraine, of whom 66 have returned to work. Ferrexpo maintains contact with colleagues whilst serving, and after the formal decommissioning process, veterans are introduced to the 'Ferrexpo Veteran Support Programme'.

Initially, personal contact is made through the veteran's line manager. An appropriate period of paid leave for resettling is agreed. Previous experience suggests that getting back to work sooner rather than later can limit the risk of mental health issues. At this early-stage, advice and support are provided on any legal, administrative or financial issues. Medical examinations for both physical and mental health are undertaken, with secondary screening when needed.

Subsequently, Ferrexpo veterans will have the right to return to their previous roles, or to a new role if their physical or mental health or other circumstances does not allow this. The Group's support extends to ensuring veterans are well-integrated back into the workforce. Additionally, Ferrexpo provides opportunities for retraining and transitioning to new roles, as well as offering help with retraining and finding new employment suited to their new skills and health status.

In addition to immediate resettling support, Ferrexpo offers a comprehensive social and material support programme. This includes an annual bonus and retirement packages.

Ferrexpo has implemented a six-week training programme for managers and colleagues of veterans. This programme teaches the basics of interacting with individuals who have physiological disabilities and post-traumatic stress disorder (PTSD), ensuring a supportive work environment for returning veterans.

## **Women in the workplace**

Ferrexpo was a pioneer in diversity and inclusion which is reflected today by the highest ratio of female employees in the Ukrainian metals and mining sector. At the end of June 2024 just over 31% of all employees are female and the average number of women in management positions is 22.4% (with a target of 25% by the end of 2030)

Ferrexpo is a signatory of the "Declaration for achieving gender equality and preventing domestic violence" initiated by the UN Population Fund, a member of the 'Progression Project' initiated by Biasless, 'Together with the After Tomorrow' NGO, UN Women Ukraine and the Women Empowerment Principles, initiated by the UN Global Compact and UN Women.

The flagship initiative to advance women in the workplace is Ferrexpo's 'Fe\_munity School of Women's Leadership', an educational platform and programme completed by over 200 female leaders, aimed at obtaining the necessary knowledge and competences for the further professional growth of women. The platform was rolled-out at a national level, with over 50 Ukrainian women from different regions and business sectors joining the programme, and the first cohort of 50 young women and men completed the inaugural 'Fe\_munity Teens' programme in June this year. This programme was developed and run by 'Fe\_munity Alumni', who are now, also providing mentoring support following completion of the programme.

The Group also founded the 'Ferrexpo School of Inclusion' which has provided training for over 100 managers, covering the principles of inclusiveness, gender equality and non-discrimination, and gained knowledge that contributes to the support of ideas of tolerance, countering gender and other types of stereotypes. This project was expanded to the community level and 30 representatives of local council and education facilities have now also completed the training.

*Chemical analysis laboratory assistant at FPM*



*Surveyors at FYM*



*Chef at FYM canteen*



*Shift foreman at pellet production workshop, FPM*



Other initiatives to advance women in the workplace include:

- The appointment of a Gender Equality Ambassador.
- Psychological training for female employees to remove mental barriers that hinder the development of female leadership.
- Development and implementation of gender based KPIs.
- A Group-wide D&I study of the level of inclusivity in the Group.
- A Stem\_Streamers quest was held for 100+ teenagers on the topic of gender equality and inclusiveness to break down gender stereotypes.
- Introduction of DEI officer position.
- An industry leading number of employees have taken the national 'HeForShe' pledge and joined the 'HeForShe' solidarity movement for gender equality.

- Introducing paternity leave for men before being made a legislative requirement, including leave at the higher of either of a married employee couples' salary.
- Ferrexpo was one of the first companies in the mining industry to join the global action "16 days against gender-based violence".

Today, women are represented at all levels across the business, including in what were previously 'typically male dominated' roles including surveyors, geologist, truck drivers and gas welders.

Ferrexpo's efforts in female diversity and inclusion have been recognised with awards such as the 'HR Pro Awards', and recognition as a top ten Ukrainian employer according to the Ukrainian Index of Corporate Equality.

### **Responsible Business Report 2024**

Later in the year the Group will release its eighth annual Responsible Business Report.

### **Consideration of significant judgements and material uncertainties**

In the course of preparing the interim condensed consolidated financial statements, the Group's management team has had to make estimates and judgements that have the potential to create a significant impact on the Group's interim consolidated financial statements. The most critical accounting estimates and judgements are disclosed in Note 2 Summary of significant accounting policies of these interim condensed consolidated financial statements. The critical estimates presented are predominantly related to the computation of the value in use of the Group's non-current operating assets as the Group's cash flows are still adversely affected by the war in Ukraine.

Critical judgements made predominantly relate to: (a) the basis of preparation of the Group's Interim Condensed Consolidated Financial Statements for 1H 2024 in respect of going concern assumptions made; (b) the application of tax legislation in the jurisdictions the Group operates; and (c) the assessment of matters in an environment of political, fiscal and legal uncertainties.

### **Going concern assessment and stress testing**

The ongoing war in Ukraine continues to pose a threat to the Group's mining, processing and logistics operations within Ukraine. The Group is also exposed to the risks associated with operating in a developing economy such as an environment of political, fiscal and legal uncertainties, which may or may not be exacerbated by the war and/or the current circumstances facing the Group's controlling shareholder (see Ukraine country risk in the Update on Principal Risks section below). As a result, these factors therefore represent material uncertainties in terms of the Group's ability to continue as a going concern. As part of management's going concern assessment, the Group continuously adjusts its long-term model to reflect the latest developments in terms of currently possible sales and production volumes as well as expected realised prices taking into account the situation on the global iron ore markets and its productions costs. The latest base case of the long-term model shows that the Group has sufficient available liquidity to continue its operations at a reduced level for the entire period of the management's going concern assessment.

*See Note 2 Summary of significant accounting policies to these interim condensed consolidated financial statements for further information on Group's going concern assessment and stress testing.*



## UPDATE ON PRINCIPAL RISKS

Principal Risks are those considered to have the greatest potential impact on the Ferrexpo business, assessed on the basis of impact and probability. The Group considers the Principal Risks facing the business, including risk associated with conflict, country risk, counterparty risk, the global demand for steel, changes in pricing methodology, iron ore prices, pellet premiums, seaborne freight rates, risks relating to producing our products, risks relating to the delivery of our products, health and safety, operating costs, information technology and cybersecurity, and climate change.

These principal risks detailed on pages 74 to 90 of the 2023 Annual Report and Accounts (published in April 2024), remain relevant. An update on material developments that relate to the Group's Principal Risks since their publication in April 2024 is provided below.

### ***Update since publication of Annual Report and Accounts in April 2024***

#### *Conflict risk and outlook*

The primary consideration for Ferrexpo's risk profile at the present time is Russia's invasion of Ukraine, and the impact that this is having, and will continue to have, on Ferrexpo's business in Ukraine.

Since the Group published its Principal Risks in April 2024, the Russian army has made small advances in the occupied territories of Ukraine. Ukraine has also continued to suffer airborne attacks on civilians and civilian, energy and transport infrastructure.

Ferrexpo's operations continue to operate, albeit with greater limitations on working hours due to air raid alerts and occasional disruption to power transmission. The previous blockade of Ukraine's Black Sea ports has been alleviated with the establishment of a 'maritime safe passage' which has allowed the Group to resume seaborne trade out of Ukraine's ports. As long as the level of risk is acceptable, the Group will continue to use this export route.

The conflict in Ukraine continues to represent a significant threat to Ferrexpo's operations in Ukraine, should the war continue in its current configuration, or even escalate further. The outlook for Ukraine at present remains inherently unpredictable in the short to medium term, with a range of military, financial and other factors all having a significant influence on the outcome for the people of Ukraine and businesses deriving their revenues from Ukraine. In the near term, it is expected that the conflict will continue to put increasing strain on the economy of Ukraine, in particular with regard to elevated electricity prices and railway tariffs.

*For further information, please see the sections titled Sales and Marketing Review and Financial Review in this report in addition to the Going Concern Statement above.*

#### *Ukraine country risk*

The Group's mining and processing operations are located in Ukraine, which is a country currently under invasion by Russia.

For more information, please see the section titled "Conflict Risk", as well as the Principal Risks section of the 2023 Annual Report and Accounts.

As a result of operating in a developing economy, the Group is subject to a number of elevated risks, such as the fiscal and political stability of Ukraine, independence of the judiciary, access to key inputs and capital, exposure to monopolies and other influential businesses (particularly those that are related parties to the government of Ukraine), in addition to a range of other factors.

The independence of the judiciary system in Ukraine has been frequently referenced in the Principal Risks section of the Group's 2023 Annual Report and Accounts, and this is a consideration that remains particularly relevant for the Group today. As described in Note 19 Commitments, contingencies and legal disputes in the 2024 interim condensed consolidated financial statements, the Group is currently subject to several legal proceedings in Ukraine that are similar in part to previously heard legal proceedings, and it cannot be guaranteed that the Ukrainian legal system will always provide a ruling in line with the laws of Ukraine or international law.

As a result, the Group is exposed to an unclear fiscal and legal system in Ukraine.

As referenced in the Group's 2023 Annual Report and Accounts, these matters relate to the Group's controlling shareholder, and there is a risk that assets owned or controlled (or alleged to be owned or controlled) by him may be

subject to restrictions, in Ukraine or elsewhere, or that the Group is affected by and involved in legal proceedings relating to these matters, in Ukraine or elsewhere.

At the present time, the Group is subject to a number of legal claims and legislative actions in Ukraine that threaten how the business operates. Such claims and actions include attempts to freeze the shareholding of Ferrexpo AG in its operating subsidiaries, the inclusion of the subsidiary Ferrexpo Belanovo Mining into Ukrainian sanctions list and the cancellation of the mining licence for the Galeschynske deposit as a result, claims regarding iron ore royalty payments, an investigation into the alleged illegal extraction of minerals of national importance, in addition to contested surety claim from third party.

*For further information on ongoing legal disputes, please see Note 19 Commitments, contingencies and legal disputes to these interim condensed consolidated financial statements.*

#### *Global steel demand and realised prices for iron ore pellets*

Global steel prices have remained relatively rangebound in 2024, with European hot rolled coil prices ranging between EUR625 and EUR770 per tonne (Fastmarkets) and Asian prices remaining similarly rangebound too. Volatility around input costs, including coking coal and iron ore, has therefore resulted too in an overall uncertain margin environment. As a result, steel mills have been pivoting toward a higher proportion of lower-grade iron ore in their feedstock to control costs.

The Group expects that the longevity of the conflict in Ukraine will play a significant role in the inflationary price environment currently being seen throughout the commodity space. The war in Ukraine is resulting in numerous supply-side disruptions in commodity markets, either through sanctions imposed on Russia, or shifts in Russian supply away from western nations, and therefore it can be expected that elevated energy costs, and therefore global inflation, will persist for the foreseeable future whilst the conflict in Ukraine continues.

#### *Pellet premiums*

Historically, pellet premiums have been correlated to steel mill profitability as they are the most productive source of iron units in a blast furnace and thus trade at a price premium to other types of iron ores. When steel producer profitability is under pressure, the reduction in usage of higher cost raw materials could lead to lower demand for iron ore pellets or a fall in pellet premiums, which in turn will lower profitability for the Group.

#### *Market mix and freight*

Logistical constraints seen since the start of the full-scale Russian invasion in 2022 that have limited the Group's ability to access the global iron ore markets have eased this year, as a result of the reopening of the Ukrainian Black Sea ports. However, seaborne freight costs remain high due to the perceived higher levels of risk associated with shipping through the export corridor and thus, pressuring the Group's profit margins via this channel.

Whilst the Group is now able to supply customers in MENA and Asia, the higher logistics and freight costs associated with accessing these markets may constrain the Group's ability to achieve the same profitability as it has done so in the past prior to the 2022 full-scale invasion of Ukraine.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Interim Report complies with the Disclosure Guidance and Transparency Rules ("DTR") of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report. The preparation of the Interim Report for the six months ended 30 June 2024 in accordance with applicable laws, regulations and accounting standards is the responsibility of, and has been approved by, the Directors.

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 as contained in UK adopted IFRS;
- the Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements, and description of the principal risks and uncertainties for the remaining six months of the financial year, as required by DTR4.2.7R; and
- the Interim Management Report includes a fair review of disclosures of material related party transactions that have occurred in the first six months of the financial year and of material changes in the related party transactions described in the 2023 Annual Report and Accounts, as required by DTR4.2.8R.

The Directors are also responsible for the maintenance and integrity of the Ferrexpo plc website.

A list of current Directors is maintained on the Ferrexpo plc website, which can be found at [www.ferrexpo.com](http://www.ferrexpo.com).

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For and on behalf of the Board

**Lucio Genovese**

Executive Chair

**Nikolay Kladiev**

Chief Financial Officer and Executive Director

## Independent Review Report to Ferrexpo Plc

### Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six-months ended 30 June 2024 which comprises the Interim Consolidated Income Statement, the Interim Consolidated Statement of Comprehensive Income, the Interim Consolidated Statement of Financial Position, the Interim Consolidated Statement of Cash Flows, the Interim Consolidated Statement of Changes in Equity and the related explanatory Notes 1 to 22.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard ('IAS') 34 "Interim Financial Reporting", as adopted for use in the United Kingdom and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 2 Basis of preparation, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards adopted for use in the United Kingdom ("UK adopted IFRS"). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard ('IAS') 34 "Interim Financial Reporting", as adopted for use in the United Kingdom.

### Material Uncertainty Relating to Going Concern

We draw your attention to Note 2 Basis of preparation, which indicates that management has assessed the ongoing armed conflict in Ukraine to pose a threat to the Group's mining, processing and logistics operations within Ukraine and on the ability of the Group to continue as a going concern due to the unpredictable duration and severity of such events and circumstances, which are outside of the Group's control. This indicates that a material uncertainty exists that may cast significant doubt upon the Group's ability to continue as a going concern.

In addition, there is a further material uncertainty as disclosed in Note 2 Basis of preparation, due to the application of local legislation in Ukraine in respect of the outcome of the proceedings in which the Group is involved. The award in favour of the claimant by the Ukraine Court of Appeal in the contested sureties claim and the possible enforcement of such decision, has imposed potential increased demand on the Group's current and future cash resources, the timing of which is outside of Group management's control. Furthermore, the opening of the creditor protection proceedings might potentially affect Ferrexpo Poltava Mining's ability to continue as a going concern and, as a result, also the Group's. These circumstances indicate the existence of a material uncertainty that may cast significant doubt upon the Group and Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have failed to appropriately disclose all material uncertainties relating to going concern.

This conclusion is based on the review procedures performed in accordance with ISRE 2410, however future events or conditions may cause the entity to continue as a going concern.

### Emphasis of Matters

We draw your attention to Note 19 Commitments, contingencies and legal disputes, which describes the uncertainty in the application of local legislation in Ukraine in respect of the outcome of the proceedings in which the Group is involved.

We also draw your attention to Note 10 Property, plant and equipment and Note 19 Commitments, contingencies and legal disputes, which describes the uncertainty related to the estimate of the recoverable amount of the Group's Cash Generating Unit as a result of the ongoing war and ongoing legal proceedings in Ukraine.

Our opinion is not modified in respect of either of these matters.

### Responsibilities of Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our conclusions relating to the material uncertainty relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

### Use of our Report

This report is made solely to the Company in accordance with guidance contained in ISRE (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

MHA, Statutory Auditor  
London, United Kingdom  
30 July 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

## Interim Consolidated Income Statement

US\$000	Notes	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year-ended 31.12.23 (audited)
<b>Revenue</b>	3/4	<b>548,535</b>	334,010	651,795
Operating expenses	5	(508,418)	(302,236)	(616,107)
Other operating income		3,471	1,877	4,067
Operating foreign exchange gains	6	55,258	(42)	31,371
<b>Operating profit</b>		<b>98,846</b>	33,609	71,126
Recognition of provisions for legal disputes		–	–	(131,117)
Share of profit/(loss) from associates		1,809	(162)	(372)
<b>Profit/(loss) before tax and finance</b>		<b>100,655</b>	33,447	(60,363)
Net finance expense	7	(8)	(641)	(104)
Non-operating foreign exchange losses	6	(24,976)	2,640	(7,934)
<b>Profit/(loss) before tax</b>		<b>75,671</b>	35,446	(68,401)
Income tax expense	8	(20,181)	(8,437)	(16,352)
<b>Profit/(loss) for the period/year</b>		<b>55,490</b>	27,009	(84,753)
<i>Profit/(loss) attributable to:</i>				
Equity shareholders of Ferrexpo plc		55,471	27,002	(84,775)
Non-controlling interests		19	7	22
<b>Profit/(loss) for the period/year</b>		<b>55,490</b>	27,009	(84,753)
<i>Earnings/(loss) per share:</i>				
Basic (US cents)	9	9.43	4.59	(14.41)
Diluted (US cents)	9	9.26	4.54	(14.41)

## Interim Consolidated Statement of Comprehensive Income

US\$000	Notes	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
<b>Profit/(loss) for the period/year</b>		<b>55,490</b>	<b>27,009</b>	<b>(84,753)</b>
<i>Items that may subsequently be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	6	(84,417)	170	(54,855)
Income tax effect		(3,369)	–	1,479
<i>Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods</i>		<b>(87,786)</b>	<b>170</b>	<b>(53,376)</b>
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurement gains/(losses) on defined benefit pension liability		66	(68)	899
<i>Net other comprehensive income not being reclassified to profit or loss in subsequent periods</i>		<b>66</b>	<b>(68)</b>	<b>899</b>
<b>Other comprehensive loss for the period/year, net of tax</b>		<b>(87,720)</b>	<b>102</b>	<b>(52,477)</b>
<b>Total comprehensive loss for the period/year, net of tax</b>		<b>(32,230)</b>	<b>27,111</b>	<b>(137,230)</b>
<i>Total comprehensive loss attributable to:</i>				
Equity shareholders of Ferrexpo plc		(32,227)	27,114	(137,244)
Non-controlling interests		(3)	(3)	14
		<b>(32,230)</b>	<b>27,111</b>	<b>(137,230)</b>

## Interim Consolidated Statement of Financial Position

US\$000	Notes	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
<b>Assets</b>				
Property, plant and equipment	10	797,456	826,034	840,493
Right-of-use assets	11	3,497	6,852	3,838
Goodwill and other intangible assets	12	5,827	6,368	7,636
Investments in associates		6,077	4,616	5,005
Inventories	14	5,512	5,883	6,277
Other non-current assets		36,966	38,104	30,064
Deferred tax assets	8	9,247	10,149	14,168
<b>Total non-current assets</b>		<b>864,582</b>	<b>898,006</b>	<b>907,481</b>
Inventories	14	194,490	201,429	209,061
Trade and other receivables		74,536	82,321	45,387
Prepayments and other current assets	15	26,924	21,380	37,507
Income taxes recoverable and prepaid	8	65	2,432	1,739
Other taxes recoverable and prepaid	13	44,409	26,291	47,111
Cash and cash equivalents	3/16	115,131	115,241	134,903
<b>Total current assets</b>		<b>455,555</b>	<b>449,094</b>	<b>475,708</b>
<b>Total assets</b>		<b>1,320,137</b>	<b>1,347,100</b>	<b>1,383,189</b>
<b>Equity and liabilities</b>				
Issued capital	20	121,628	121,628	121,628
Share premium		185,112	185,112	185,112
Other reserves	20	(2,763,945)	(2,676,294)	(2,622,857)
Retained earnings		3,538,375	3,482,883	3,593,693
<b>Equity attributable to equity shareholders of Ferrexpo plc</b>		<b>1,081,170</b>	<b>1,113,329</b>	<b>1,277,576</b>
<b>Non-controlling interest</b>		<b>78</b>	<b>81</b>	<b>64</b>
<b>Total equity</b>		<b>1,081,248</b>	<b>1,113,410</b>	<b>1,277,640</b>
Interest-bearing loans and borrowings	3/17	528	1,009	950
Defined benefit pension liability		15,974	16,518	17,379
Provision for site restoration		2,830	2,780	4,675
Deferred tax liabilities	8	3,333	2,729	1,334
<b>Total non-current liabilities</b>		<b>22,665</b>	<b>23,036</b>	<b>24,338</b>
Interest-bearing loans and borrowings	3/17	3,092	5,939	3,012
Trade and other payables		46,705	35,310	33,803
Provisions	19	119,979	128,050	–
Accrued and contract liabilities		16,691	17,328	15,730
Income taxes payable	8	16,239	15,202	18,792
Other taxes payable		13,518	8,825	9,874
<b>Total current liabilities</b>		<b>216,224</b>	<b>210,654</b>	<b>81,211</b>
<b>Total liabilities</b>		<b>238,889</b>	<b>233,690</b>	<b>105,549</b>
<b>Total equity and liabilities</b>		<b>1,320,137</b>	<b>1,347,100</b>	<b>1,383,189</b>

The financial statements were approved by the Board of Directors and authorised for issue on 30 July 2024 and signed on behalf of the Board.

**Lucio Genovese**  
Executive Chair

**Nikolay Kladiev**  
Chief Financial Officer and Executive Director



## Interim Consolidated Statement of Cash Flows

US\$000	Notes	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
Profit/(loss) before tax		75,671	35,446	(68,401)
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets	5	33,606	29,561	57,669
Net finance income	7	(1,242)	(818)	(2,536)
Losses on disposal and liquidation of property, plant and equipment	5	45	96	11
Write-(backs)/offs and impairments	5	(118)	(180)	978
Share of (profit)/loss from associates		(1,809)	161	372
Movement in allowance for doubtful receivables		3,978	2,559	4,403
Movement in site restoration provision		229	392	(1,377)
Employee benefits		1,707	1,830	3,518
Share-based payments		114	719	830
Recognition of provisions for legal disputes		–	–	131,117
Operating foreign exchange (gains)/losses	6	(55,258)	42	(31,371)
Non-operating foreign exchange losses/(gains)	6	24,976	(2,640)	7,934
<b>Operating cash flow before working capital changes</b>		<b>81,899</b>	<b>67,168</b>	<b>103,147</b>
<i>Changes in working capital:</i>				
Increase in trade and other receivables		(3,381)	(38,539)	(71,946)
(Increase)/decrease in inventories		(4,327)	15,588	15,930
Increase/(decrease) in trade and other payables (incl. accrued and contract liabilities)		14,003	(630)	6,724
(Increase)/decrease in other taxes recoverable and payable (incl. VAT)		(18,054)	44,737	62,554
<b>Cash generated from operating activities</b>		<b>70,140</b>	<b>88,324</b>	<b>116,409</b>
Interest paid		(8)	(191)	(223)
Income tax paid		(13,406)	(6,948)	(12,779)
Post-employment benefits paid		(1,202)	(1,079)	(2,238)
<b>Net cash flows from operating activities</b>		<b>55,524</b>	<b>80,106</b>	<b>101,169</b>
<b>Cash flows (used in)/from investing activities</b>				
Purchase of property, plant and equipment and intangible assets		(55,371)	(58,415)	(101,247)
Proceeds from disposal of property, plant and equipment and intangible assets		32	69	91
Interest received		1,904	1,953	4,608
<b>Net cash flows used in investing activities</b>		<b>(53,435)</b>	<b>(56,393)</b>	<b>(96,548)</b>
<b>Cash flows used in financing activities</b>				
Principal elements of lease payments	17	(2,846)	(2,703)	(5,410)
Dividends paid to equity shareholders of Ferrexpo plc	9	(44)	(449)	(456)
<b>Net cash flows used in financing activities</b>		<b>(2,890)</b>	<b>(3,152)</b>	<b>(5,866)</b>
Net (decrease)/increase in cash and cash equivalents		(801)	20,561	(1,245)
Cash and cash equivalents at the beginning of the period/year		115,241	112,945	112,945
Currency translation differences		691	1,397	3,541
<b>Cash and cash equivalents at the end of the period/year</b>	16	<b>115,131</b>	<b>134,903</b>	<b>115,241</b>

## Interim Consolidated Statement of Changes in Equity

For the financial year 2023 and the six months ended 30 June 2024		Attributable to equity shareholders of Ferrexpo plc				Non- controlling interests	Total equity
		Issued capital	Share premium	Other reserves (Note 20)	Retained Earnings	Total capital and reserves	
US\$000							
<b>At 31 December 2022 (audited)</b>		<b>121,628</b>	<b>185,112</b>	<b>(2,636,891)</b>	<b>3,580,329</b>	<b>1,250,178</b>	<b>67 1,250,245</b>
(Loss)/profit for the year		–	–	–	(84,775)	(84,775)	22 (84,753)
Other comprehensive (loss)/income		–	–	(53,368)	899	(52,469)	(8) (52,477)
<b>Total comprehensive (loss)/profit for the year</b>		<b>–</b>	<b>–</b>	<b>(53,368)</b>	<b>(83,876)</b>	<b>(137,244)</b>	<b>14 (137,230)</b>
Equity dividends to shareholders of Ferrexpo plc (Note 9)		–	–	–	(435)	(435)	– (435)
Share-based payments		–	–	830	–	830	– 830
Effect from transfer of treasury shares (Note 20)		–	–	13,135	(13,135)	–	– –
<b>At 31 December 2023 (audited)</b>		<b>121,628</b>	<b>185,112</b>	<b>(2,676,294)</b>	<b>3,482,883</b>	<b>1,113,329</b>	<b>81 1,113,410</b>
Profit/(loss) for the period		–	–	–	55,471	55,471	19 55,490
Other comprehensive loss		–	–	(87,764)	66	(87,698)	(22) (87,720)
<b>Total comprehensive loss for the period</b>		<b>–</b>	<b>–</b>	<b>(87,764)</b>	<b>55,537</b>	<b>(32,227)</b>	<b>(3) (32,230)</b>
Equity dividends paid to shareholders of Ferrexpo plc (Note 9)		–	–	–	(45)	(45)	– (45)
Share-based payments		–	–	113	–	113	– 113
<b>At 30 June 2024 (unaudited)</b>		<b>121,628</b>	<b>185,112</b>	<b>(2,763,945)</b>	<b>3,538,375</b>	<b>1,081,170</b>	<b>78 1,081,248</b>

For the six months ended 30 June 2023		Attributable to equity shareholders of Ferrexpo plc				Non- controlling interests	Total equity
		Issued capital	Share premium	Other reserves (Note 20)	Retained earnings	Total capital and reserves	
US\$000							
<b>At 31 December 2022 (audited)</b>		<b>121,628</b>	<b>185,112</b>	<b>(2,636,891)</b>	<b>3,580,329</b>	<b>1,250,178</b>	<b>67 1,250,245</b>
Profit for the period		–	–	–	27,002	27,002	7 27,009
Other comprehensive income/(loss)		–	–	180	(68)	112	(10) 102
<b>Total comprehensive income/(loss) for the period</b>		<b>–</b>	<b>–</b>	<b>180</b>	<b>26,934</b>	<b>27,114</b>	<b>(3) 27,111</b>
Equity dividends paid to shareholders of Ferrexpo plc (Note 9)		–	–	–	(435)	(435)	– (435)
Share-based payments		–	–	719	–	719	– 719
Effect from transfer of treasury shares (Note 20)		–	–	13,135	(13,135)	–	– –
<b>At 30 June 2023 (unaudited)</b>		<b>121,628</b>	<b>185,112</b>	<b>(2,622,857)</b>	<b>3,593,693</b>	<b>1,277,576</b>	<b>64 1,277,640</b>

# Notes to the Interim Condensed Consolidated Financial Statements

## Note 1: Corporate information

### Organisation and operation

Ferrexpo plc (the "Company") is incorporated and registered in England, which is considered to be the country of domicile, with its registered office at 55 St James's Street, London SW1A 1LA, UK. The Company is listed on the London Stock Exchange and is a member of the FTSE 250 Index. Ferrexpo plc and its subsidiaries (the "Group") operate two mines and a processing plant near Kremenchuk in Ukraine, have an interest in a port in Odessa and sales and marketing activities around the world including offices in Switzerland, the U.A.E. (Dubai), Japan, China, Singapore and Ukraine. The Group also owns logistics assets in Austria, which operate a fleet of vessels operating on the Rhine and Danube waterways and an ocean-going vessel, which provides top-off services. The Group's operations are vertically integrated from iron ore mining through to iron ore concentrate and pellet production and subsequent logistics. The Group's mineral properties lie within the Kremenchuk Magnetic Anomaly and are currently being extracted at the Gorishne-Plavynske-Lavrykivske ("GPL") and Yerstivske deposits.

The ongoing war in Ukraine continued to impact the Group's activities in the first half of the financial year 2024, as the availability of certain logistic networks and its cost bases are still affected. Despite the continued difficult business environment, the Group has managed to continue its operations throughout the first half of the financial year 2024, albeit the mining and processing plans had still to be aligned with the logistics network available for sales to its customers in the various markets as it was done since the beginning of the war. While the power supply has stabilised since the second quarter for most of the 2023 financial year, the intensified Russian attacks on power generation and distribution facilities in Ukraine in the first half of the financial year 2023 has again impacted the Group's production challenges and could have a further negative impact in future periods. As at the date of the approval of these interim condensed consolidated financial statements, the war is still ongoing and continues to pose a significant threat to the Group's mining, processing and logistics operations within Ukraine. In addition to the war-related material uncertainty, the Group is also exposed to the risks associated with operating in a developing economy, which may or may not be exacerbated by the war and/or the current circumstances facing the Group in Ukraine. See Note 2 Summary of significant accounting policies, Note 10 Property, plant and equipment and Note 19 Commitments, contingencies and legal disputes for further information.

The largest shareholder of the Group is Fevaminotico S.a.r.l. ("Fevaminotico"), a company incorporated in Luxembourg. Fevaminotico is ultimately wholly owned by The Minco Trust, of which Kostyantyn Zhevago and two other members of his family are the beneficiaries. At the time this report was published, Fevaminotico held 49.3% (31 December 2023: 49.3%; 30 June 2023: 49.5%) of Ferrexpo plc's issued share capital.

The Group's interests in its subsidiaries are held indirectly by the Company, with the exception of Ferrexpo AG, which is directly held. The Group's consolidated subsidiaries are disclosed in the Additional Disclosures of the 2023 Annual Report & Accounts.

At 30 June 2024, the Group also holds through PJSC Ferrexpo Poltava Mining an interest of 49.9% (31 December 2023: 49.9%; 30 June 2023: 49.9%) in TIS Ruda LLC, a Ukrainian port located on the Black Sea, which is accounted for as an associate, using the equity method of accounting.

## Note 2: Summary of significant accounting policies

### Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2024 have been prepared in accordance with International Accounting Standard ('IAS') 34 *Interim Financial Reporting*, as adopted for use in the United Kingdom. The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial statements do not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2023. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards adopted for use in the United Kingdom ("UK adopted IFRS") and with the Companies Act 2006, as applicable to companies reporting under international accounting standards, have been delivered to the Registrar of Companies. The auditors' report under section 495 of the Companies Act 2006 in relation to those accounts (i) was unqualified, (ii) did not contain a statement under section S498(2) or S498(3) of the Companies Act 2006, but (iii) included a separate section with regard to material uncertainties related to going concern as a result of the ongoing war and the application of local legislation in Ukraine in respect of the outcome of the proceedings in which the Group is involved. The audit report also drew attention to the uncertainty in the application of local legislation in Ukraine in respect of the outcome of the proceedings in which the Group is involved and to the uncertainty related to the estimate of the recoverable amount of certain assets of the Group as result of the ongoing war and ongoing legal proceedings in Ukraine..

These interim condensed consolidated financial statements have been reviewed, not audited.

### Going concern

As at the date of the approval of these interim condensed consolidated financial statements, the war in Ukraine is still ongoing and the duration and impact on the Group's operation is difficult to predict. However, the Group continued to demonstrate a high level of commitment and resilience also during the six month period ended 30 June 2024 and was able to adapt to the constant challenges with which it was confronted. As a result, the Group gained invaluable experience in operating a large-scale business more nimbly, embedding flexibility into the operations and working practices. With the re-gained access to the Ukrainian Black Sea ports during the reporting period, the Group was able to respond quickly and bring back idled capacity, achieving the Group's best production result since the full-scale invasion of Ukraine.

The difficult environment in which the Group has been operating since the beginning of the war and the resulting situation in the country continues to represent a material uncertainty in terms of the Group's ability to continue as a going concern. In addition to the war-related material uncertainty, the Group is also exposed to the risks associated with operating in a developing economy, which may or may not be exacerbated by the war and/or the current circumstances facing the Group's controlling shareholder (see Ukraine country risk in the Update on Principal Risks section. As a result, the Group is exposed to a number of risk areas that are heightened compared to those expected in a developed economy, such as an environment of political, fiscal and legal uncertainties, which represents another material uncertainty as at the date of the approval of these interim condensed consolidated financial statements.

As in the previous financial years since the beginning of the war, the Group's production level is aligned to the sales currently possible based on the available logistics network. In addition, the Group's production volume is also dependent on a constant power supply in Ukraine, which was affected in the first half of 2024 by Russian attacks on power generation and transmission infrastructure in Ukraine, which has, together with the availability of the required logistics network, an impact on the Group's cash flow generation and profitability. The Group's ability to operate its assets also depends on constant and sufficient supply of other key input materials required for the mining and production processes as well as maintaining an adequate number of experienced and skilled members of the workforce in Ukraine.

Despite the continued challenging situation during the six-month period ended 30 June 2024, the Group increased its commercial production to 3,297 thousand tonnes of iron ore pellets, representing an increase of 68% compared to the period ended 30 June 2023, and sold 3,849 thousand tonnes of its products, compared to 2,085 thousand tonnes during the six-month period ended 30 June 2023. As a result, the Group's net cash position slightly increased from US\$108,293 thousand at the beginning of the year to US\$111,511 thousand as at 30 June 2024, despite pressure on prices for key input materials and continued investment in sustaining and efficiency capital expenditure projects to ensure asset integrity and some efficiency gains. As at the date of the approval of these interim condensed consolidated financial statements, the Group is in a net cash position of approximately US\$107,300 thousand with an available cash balance of approximately US\$110,900

thousand. In addition to the available cash balance, the Group has an outstanding trade receivable balance of approximately US\$50,500 thousand from its pellet and concentrate sales, which are expected to be collected in the next few months, and finished goods already stockpiled at different ports or storage locations other than the plant of 206 thousand tonnes.

As part of management's going concern assessment, the Group continuously adjusts its long-term model in order to reflect the latest developments in terms of possible production and sales volumes as well as latest market prices and production costs, which are adversely affected by the lower production volumes, compared to pre-war levels. This long-term model is also used for the impairment test of the Group's non-current operating assets and the key assumptions used when preparing this model are disclosed in Note 10 Property, plant and equipment.

The latest base case of the long-term model shows that the Group has sufficient liquidity to continue its operations at a reduced level for the entire period of the management's going concern assessment, covering a period of 18 months from the date of the approval of these interim condensed consolidated financial statements, even allowing for reasonably possible or plausible adverse changes in respect of realised prices, lower production and sales volumes as well as higher production costs. This base case assumes a production volume of 45% of the pre-war level for the financial year 2024, before an increase to approximately 80% in 2025 and an expected recovery to pre-war levels in 2026. However, as mentioned above, the production and sales volumes are dependent on the logistics network available and a constant power supply to the Group as well as other potential adverse effects on the Group's operation as a result of the ongoing war. The sensitivities prepared for reasonable adverse changes show tighter available liquidity under some scenarios, but sufficient available liquidity to operate as planned for the next 18 months.

The Group also prepared reverse stress tests for more severe adverse changes, such as a combination of all reasonably possible or plausible adverse changes in respect of realised prices and production costs, which is unlikely to happen in combination as a result of the historical natural hedge between iron ore prices and prices for key input materials, as well as lower production and sales volumes, but also for a further delay of the full recovery by another year. The stress test for the most severe adverse changes shows that the Group would deplete its available cash balance by December 2024, without making use of any available mitigating actions within its control, such as further reductions of uncommitted development capital expenditure and operating costs.

As disclosed in the Group's 2023 Annual Report & Accounts, the ongoing war in Ukraine and other circumstances facing the Group have led to an escalation of a number of risks, including risks relating to the political environment and the independence of the legal system in Ukraine, which could have a material negative impact on the Group's business activities and reputation, although the financial impact cannot be reasonably quantified. The Group announced on 29 January 2024 that a Ukrainian court of appeal has confirmed a claim against Ferrexpo Poltava Mining ("FPM") in the amount of UAH4,727 million (US\$116,608 thousand as at 30 June 2024), in respect of contested sureties (see Note 19 Commitments, contingencies and legal disputes for further details). The claim and court decision are another example of the risk of operating in a dynamic and adverse political landscape in Ukraine, which creates additional challenges for both the Group's subsidiaries in Ukraine and, also for the Group itself. Although the Group's management is of the opinion that this claim is without merit and FPM has appealed this decision to the Supreme Court of Ukraine, considering the magnitude of this specific claim and the risks associated with the judicial system in Ukraine, the outcome of this ongoing legal dispute represents a material uncertainty in terms of the Group's ability to continue as a going concern. In accordance with the requirements of IAS 37 Provisions, contingent liabilities and contingent assets, the Group recorded a full provision for this claim as at 31 December 2023. A future cash outflow, which also depends on the details and technicalities of a possible enforcement in the event of a negative decision by the Supreme Court, is likely to have a significant impact on the Group's future cash flow generation and available liquidity.

The Group has assessed that, taking into account:

- its available cash and cash equivalents;
- its cash flow projections, adjusted for the effects caused by the war in Ukraine, for the period of management's going concern assessment covering a period of 18 months from the date of the approval of these interim condensed consolidated financial statements;
- the feasibility and effectiveness of all available mitigating actions within the Group management's control for identified uncertainties; and
- the legal merits in terms of the ongoing legal dispute mentioned above and potential future actions available to protect the interests of the Group in case of a negative decision from the Supreme Court,

there remains a material uncertainty in respect of the ongoing war and the legal dispute in Ukraine, which are outside of the Group management's control, with the duration and the impact of the war still unable to be predicted, and the uncertainty in relation to the independence of the judicial system and its immunity from economic and political influences in Ukraine.

In respect of the contested sureties claim mentioned above, the Supreme Court suspended on 1 April 2024 the possible enforcement of the decision of the Ukrainian court of appeal, so that such enforcement procedures cannot be initiated by the claimant until a final decision is made by the Supreme Court, or the Supreme Court's suspension order is otherwise lifted. As at the date of the approval of these interim condensed consolidated financial statements, no decision has been made by the Supreme Court in the contested sureties claim. The commencement of the enforcement procedures could potentially have a material negative impact on the Group's business activities and its ability to continue as a going concern. See Note 19 Commitments, contingencies and legal disputes for further information, which should be read in conjunction with this note.

A supplier and related party to the Group filed in February 2024 an application to open bankruptcy proceedings ("creditor protection proceedings") against FPM for an amount of UAH4.6 million (US\$113 thousand as at 30 June 2024). FPM settled this debt on 18 July 2024 and submitted all documents to the court for consideration to avoid the possible opening of such creditor protection proceedings. Although FPM fulfilled its obligations, the risk of opening of the creditor protection proceedings remains until closed by the court. An opening of the creditor protection proceedings might affect FPM's ability to continue as a going concern and, as a consequence, also the Group. See Note 19 Commitments, contingencies and legal disputes for further information, which should be read in conjunction with this note.

As at the date of the approval of these interim condensed consolidated financial statements, the Group's operations, located adjacent to the city of Horishni Plavni, have not been directly affected by the ongoing war, but this remains a risk. Should the area surrounding the Group's operations become subject to the armed conflict, there would be a significant risk posed to the safety of the Group's workforce and the local community, as well as a significant risk to key assets and the infrastructure required for the Group to operate effectively. See the Update on Principal Risks section for further information.

Considering the current situation of the ongoing war and legal disputes in Ukraine, mainly the contested sureties claim, the Group's ability to swiftly adapt to the changing circumstances caused by the war, as demonstrated during the financial years 2023 and 2022, and the results of the management's going concern assessment, the Group continues to prepare its interim condensed consolidated financial statements on a going concern basis. However, as explained above, many of the identified uncertainties in respect of the ongoing war and legal disputes are outside of the Group management's control, and are unpredictable, which may cast significant doubt upon the Group's ability to continue as a going concern, including a potential seizure or forced sale of the Group's assets in Ukraine, including movable, immovable and financial assets, in respect of the contested sureties claim. See Note 10 Property, plant and equipment and Note 14 Inventories for further information.

For more information on critical judgements made by management in preparing these interim condensed consolidated financial statements, see also Note 19 Commitments, contingencies and legal disputes in respect of other ongoing legal proceedings and disputes.

If the Group is unable to continue to realise assets and discharge liabilities in the normal course of business, it would be necessary to adjust the amounts in the statement of financial position in the future to reflect these circumstances, which may materially change the measurement and classification of certain figures contained in these interim condensed consolidated financial statements.

## Accounting policies adopted

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023, except for the adoption of the new standards, interpretations and amendments to IFRSs listed below that became effective as of 1 January 2024, although without an impact on the Group's interim condensed consolidated financial statements as at 30 June 2024.

- Amendments to IAS 1 *Presentation of Financial Statements* provide guidance on the classification of liabilities with covenants, and further clarify the classification criteria for liabilities as either current or non-current.
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements to understand the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
- Amendments to IFRS 16 *Leases* specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

## Use of critical estimates and judgements

In the course of preparing financial statements, management has to make estimates and judgements that can have a significant impact on the Group's interim condensed consolidated financial statements.

The most critical accounting estimates include

- those required in terms of the computation of the value in use of the Group's non-current assets as a result of the Russian invasion into Ukraine in February 2022 (Note 10 Property, plant and equipment, and Note 12 Goodwill and other intangible assets);

Critical judgements predominantly relate to

- the basis of preparation of these interim condensed consolidated financial statements in respect of the going concern assumption (see above) as a result of the ongoing war and operating in a developing economy, which may or may not be exacerbated by the war and/or the current circumstances facing the Group's controlling shareholder;
- the application of tax legislation in the jurisdictions the Group operates (Note 8 Taxation); and
- the assessment of ongoing legal proceedings and claims in an environment of political, fiscal and legal uncertainties (Note 19 Commitments, contingencies and legal disputes).

The use of inaccurate assumptions in assessments made for any of these estimates and judgements could result in a significant impact on the Group's financial position and financial performance. There are no significant changes to the afore-mentioned critical estimates and judgements compared to 31 December 2023. Detailed description of the critical estimates and judgements are disclosed in the respective disclosure notes stated above.

## Seasonality

The Group's operations are not affected by seasonality.

## Note 3: Segment information

The Group is managed as a single segment, which produces, develops and markets its principal product, iron ore pellets, for sale to the metallurgical industry. While the revenue generated by the Group is monitored at a more detailed level, there are no separate measures of profit reported to the Group's Chief Operating Decision-Maker ("CODM"). In accordance with IFRS 8 *Operating Segments*, the Group presents its results in a single segment, which are disclosed in the interim consolidated income statement for the Group. Management monitors the operating result of the Group based on a number of measures including Underlying EBITDA, gross profit and net cash.

## Underlying EBITDA and gross profit

The Group presents the Underlying EBITDA as it is a useful measure for evaluating its ability to generate cash and its operating performance. The Group amended its definition of Underlying EBITDA during period ended 30 June 2024 by excluding operating foreign exchange gains and losses. The full definition of Underlying EBITDA and details in respect of the amended definition are provided in the Alternative Performance Measures ("APMs") section.

US\$000	Notes	6 months ended 30.06.24 (unaudited)	Restated 6 months ended 30.06.23 (unaudited)	Restated Year ended 31.12.23 (audited)
Profit/(loss) before tax and finance		100,655	33,447	(60,363)
Losses on disposal and liquidation of property, plant and equipment	5	45	96	11
Share-based payments		113	719	830
Write-(backs)/offs and impairments	5	(118)	(180)	978
Recognition of provisions for legal disputes		–	–	131,117
Depreciation and amortisation	5	33,606	29,561	57,669
Operating foreign exchange (gains)/losses	6	(55,258)	42	(31,371)
<b>Underlying EBITDA</b>		<b>79,043</b>	<b>63,685</b>	<b>98,871</b>

US\$000	Notes	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
Revenue	4	548,535	334,010	651,795
Cost of sales	5	(314,221)	(182,364)	(362,495)
<b>Gross profit</b>		<b>234,314</b>	<b>151,646</b>	<b>289,300</b>



**Net cash**

Net cash as defined by the Group comprises cash and cash equivalents less interest-bearing loans and borrowings.

US\$000	Notes	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
Cash and cash equivalents	16	115,131	115,241	134,903
Interest-bearing loans and borrowings – current	17	(3,092)	(5,939)	(3,012)
Interest-bearing loans and borrowings – non-current	17	(528)	(1,009)	(950)
<b>Net cash</b>		<b>111,511</b>	<b>108,293</b>	<b>130,941</b>

Except for lease liabilities, the Group does not have any outstanding interest-bearing loans and borrowings as at 30 June 2024 and the end of the comparative periods ended 31 December 2023 and 30 June 2023.

The underlying EBITDA and net cash are Alternative Performance Measures (“APM”). Further information on the APMs used by the Group, including the definitions, is provided in the APM section.

**Note 4: Revenue**

Revenue for the six-month period ended 30 June 2024 consisted of the following:

US\$000	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
Revenue from sales of iron ore pellets and concentrate	491,000	305,598	598,909
Freight revenue related to sales of iron ore pellets and concentrate	31,334	–	652
<b>Total revenue from sale of iron ore pellets and concentrate</b>	<b>522,334</b>	<b>305,598</b>	<b>599,561</b>
Revenue from logistics and bunker business	22,709	25,675	45,343
Revenue from other sales and services provided	3,492	2,737	6,891
<b>Total revenue</b>	<b>548,535</b>	<b>334,010</b>	<b>651,795</b>

Information on the commodity risk related to provisionally priced sales are provided in Note 18 Financial instruments.

Total revenue from sales of iron ore pellets and concentrate by geographical destination were as follows:

US\$'000	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
Europe, including Turkey	419,527	305,907	599,869
China & South East Asia	89,965	(84)	(83)
Middle East & North Africa	12,842	(225)	(225)
<b>Total revenue from sale of iron ore pellets and concentrate</b>	<b>522,334</b>	<b>305,598</b>	<b>599,561</b>

The Group markets its products across various regions and the presentation of the sales segmentation data shown in the table above reflects how the Group makes its business decisions and monitors its sales. Information about the composition of the regions is provided in the Glossary. The Group's sales of iron ore pellets and concentrate are still impacted by the ongoing war in Ukraine as it was also the case for the comparative periods ended 30 June 2023 and 31 December 2023. The Group's seaborne sales through the Ukrainian Black Sea ports were suspended since the beginning of the war, but resumed again during the six-month period ended 30 June 2024, albeit still at a significantly lower level and at higher costs due to war related risk premiums to be paid.

**Note 5: Operating expenses**

Operating expenses for the six-month period ended 30 June 2024 consisted of the following:

US\$000	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
Cost of sales	314,221	182,364	362,495
Selling and distribution expenses	147,750	73,667	161,315
General and administrative expenses	31,968	31,586	63,509
Other operating expenses	14,479	14,619	28,788
<b>Total operating expenses</b>	<b>508,418</b>	<b>302,236</b>	<b>616,107</b>

Total operating expenses include:

US\$000		6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
Inventories recognised as an expense upon sale of goods		304,935	167,033	339,349
Employee costs (excl. logistics and bunker business)		42,091	38,564	73,924
Inventory movements		9,469	8,385	3,910
Depreciation of property, plant and equipment and right-of-use assets	3	33,380	29,181	56,294
Amortisation of intangible assets	3	226	380	1,375
Royalties		19,675	12,928	24,693
Costs of logistics and bunker business		27,756	27,587	57,739
Audit and non-audit services		971	1,267	1,924
Community support donations		3,685	1,672	3,781
Write-(backs)/offs and impairments		(118)	(180)	978
Losses on disposal and liquidation of property, plant and equipment		45	96	11

US\$000	Notes	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
Write-(backs)/offs of inventories		(123)	(196)	177
Write-off of property, plant and equipment		5	16	606
Write-off of receivables and prepayments		–	–	195
<b>Total write-(backs)/offs</b>		<b>(118)</b>	<b>(180)</b>	<b>978</b>

#### Note 6: Foreign exchange gains and losses

Foreign exchange gains and losses for the six-month period ended 30 June 2024 consisted of the following:

US\$000		6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
<b>Operating foreign exchange gains/(losses)</b>				
Conversion of trade receivables		55,162	1	31,685
Conversion of trade payables		26	(19)	(177)
Others		70	(24)	(137)
<b>Total operating foreign exchange gains/(losses)</b>		<b>55,258</b>	<b>(42)</b>	<b>31,371</b>
<b>Non-operating foreign exchange (losses)/gains</b>				
Conversion of interest-bearing loans		(26,196)	598	(11,740)
Conversion of cash and cash equivalents		398	1,903	1,895
Others		822	139	1,911
<b>Total non-operating foreign exchange (losses)/gains</b>		<b>(24,976)</b>	<b>2,640</b>	<b>(7,934)</b>
<b>Total foreign exchange gains</b>		<b>30,282</b>	<b>2,598</b>	<b>23,437</b>

Operating foreign exchange gains and losses are those items that are directly related to the production and sale of pellets (e.g. trade receivables, trade payables on operating expenditure) whereas non-operating gains and losses are those associated with the Group's financing and treasury activities and with local income tax payables.

The translation differences and foreign exchange gains and losses are predominantly dependent on the fluctuation of the exchange rate of the Ukrainian hryvnia against the US dollar and the outstanding US dollar denominated receivable balances in Ukraine. A devaluation of the local currency has generally a positive effect on the Group's production costs and results in operating foreign exchange gains on the conversion of the Ukrainian subsidiaries' trade receivables denominated in US dollar. The effect arising on the translation of non-US dollar functional currency operations, mainly in Ukrainian hryvnia, are included in the translation reserve. See Note 20 Share capital and reserves for further details.

The Ukrainian hryvnia devalued from 37.982 to 40.537 (-7%) compared to the US dollar during the period ended 30 June 2024. The local currency was unchanged at 36.568 from 21 July 2022 to the comparative period ended 30 June 2023, before depreciating to 37.982 during the last quarter of 2023. A devaluation of the local currency can result in significant foreign exchange gains on US dollar denominated receivable balances, depending on the underlying net balances, and a reduction of the Group's net assets as a significant portion of assets and liabilities of the Ukrainian subsidiaries are denominated in the local currency.

The table below shows the closing and average rate of the most relevant currencies of the Group compared to the US dollar.

Against US\$	Average exchange rate			Closing exchange rate		
	6 months ended 30.06.24	6 months ended 30.06.23	Year ended 31.12.23	As at 30.06.24	As at 31.12.23	As at 30.06.23
UAH	39.009	36.569	36.574	40.537	37.982	36.569
EUR	0.925	0.925	0.925	0.933	0.906	0.919



**Note 7: Net finance expense**

Finance expense and income for the period ended 30 June 2024 consisted of the following:

US\$000	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
<b>Finance expense</b>			
Interest expense on loans and borrowings	(1)	(35)	–
Net interest on defined benefit plans	(1,249)	(1,459)	(2,640)
Bank charges	(296)	(701)	(1,118)
Interest expense on lease liabilities	(106)	(55)	(85)
Other finance costs	(260)	(343)	(859)
<b>Total finance expense</b>	<b>(1,912)</b>	<b>(2,593)</b>	<b>(4,702)</b>
<b>Finance income</b>			
Interest income	1,897	1,952	4,602
Other finance income	7	–	(4)
<b>Total finance income</b>	<b>1,904</b>	<b>1,952</b>	<b>4,598</b>
<b>Net finance expense</b>	<b>(8)</b>	<b>(641)</b>	<b>(104)</b>

Except for lease liabilities, the Group does not have any outstanding interest-bearing loans and borrowings and no borrowing costs are therefore capitalised. See Note 17 Interest-bearing loans and borrowings for further information.

**Note 8: Taxation**

The Group pays corporate profit tax in a number of jurisdictions, Ukraine, Switzerland, the United Kingdom and the U.A.E. (Dubai), and its effective tax rate is subject to various factors outside of the Group's control. This includes the volatility in the global iron pellet market and foreign exchange rates, primarily between the Ukrainian hryvnia and the US dollar. For the period ended 30 June 2024, the income tax expense was recorded based on an expected weighted average statutory income tax rate of 23.7% for the financial year 2024 (30 June 2023: 16.0%) before any special items included in the profit before tax for the period and income tax expense. The expected tax rate for a financial year is computed based on the expected taxable profits in the Group's major jurisdictions taken from the latest forecast multiplied with the enacted statutory tax rates in these jurisdictions.

The effective tax rate as of 30 June 2024 is 26.7% (30 June 2023: 23.8%; 31 December 2023: 26.1% before the effect of the recognised provision for legal disputes in the amount of US\$131,177 thousand), which results from the net effects of an under-provision for a previous year of US\$1,477 thousand and a withholding tax expense of US\$588 thousand incurred on intercompany dividend payments included in income tax expense. Without these special effects, the effective tax rate would have been 23.9% (30 June 2023: 13.3%; 31 December 2023: 15.1%). The effective tax rates for the comparative periods were affected by the release of a tax provision for a previous year (30 June 2023: US\$7,174 thousand; 31 December 2023: US\$7,174 thousand), an additional allowance on deferred tax assets (30 June 2023: US\$4,813 thousand; 31 December 2023: US\$10,145 thousand) and withholding tax expense on intercompany dividends (30 June 2023: US\$3,166 thousand; 31 December 2023: US\$3,943 thousand) included in the total income tax expense.

The income tax expense for the period ended 30 June 2024 consisted of the following:

US\$000	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
<b>Current income tax</b>			
Current income tax charge	17,554	15,204	12,672
Amounts related to previous years	1,885	(7,057)	(1,601)
<b>Total current income tax</b>	<b>19,439</b>	<b>8,147</b>	<b>11,071</b>
<b>Deferred income tax</b>			
Origination and reversal of temporary differences	742	290	5,281
<b>Total deferred income tax</b>	<b>742</b>	<b>290</b>	<b>5,281</b>
<b>Total income tax expense</b>	<b>20,181</b>	<b>8,437</b>	<b>16,352</b>

The net income tax payable as at 30 June 2024 consisted of the following:

US\$000	6 months ended 30.06.24 (unaudited)	Year ended 31.12.23 (audited)	6 months ended 30.06.23 (unaudited)
Income tax receivable balance	65	2,432	1,739
Income tax payable balance	(16,239)	(15,202)	(18,792)
<b>Net income tax payable</b>	<b>(16,174)</b>	<b>(12,770)</b>	<b>(17,053)</b>

**Critical judgements**

The Group operates across a number of jurisdictions through its value chain and prices its sales between its subsidiaries using international benchmark prices for comparable products covering product quality and applicable freight costs. The Group judges these to be on terms which comply with applicable legislation in the jurisdictions in which the Group operates.

In connection with two audits initiated by the State Tax Service of Ukraine ("STS"), formerly known as State Fiscal Service of Ukraine ("SFS"), on 18 February and on 14 June 2021 the Group's two major subsidiaries in Ukraine received tax audit reports on 13 September 2023 and 8 November 2023, stating potential claims for underpayment of corporate profit taxes in Ukraine of UAH2,162 million (US\$53,333 thousand as at 30 June 2024), including fines and penalties, and UAH259 million (US\$6,389 thousand as at 30 June 2024), without potential fines and penalties, respectively. The two claims received are in relation to cross-border transactions for iron ore products between the two Ukrainian subsidiaries of the Group and two subsidiaries of the Group outside of Ukraine during the financial years 2015 to 2017.

Both subsidiaries filed the objections against the potential claims stated in the tax audit reports received and the first preparatory meetings took place in April and May 2024 and the preparatory hearings are still ongoing and, as a result, no final decisions have been made for the claims received by the Group's subsidiaries in Ukraine.

Based on past experience, it is to be expected that no agreements will be reached with the tax authorities and that the claims will be heard by the courts in Ukraine. The amount stated in one of the tax audit reports is excluding potential fines and penalties and the magnitude of fines and penalties for this specific claim may not be known until the final tax report is issued by the tax authorities.

Despite a partially negative verdict of the Supreme Court received in respect of claims made by the SFS as a result of a tax audit of cross-border transactions for the period from 1 September 2013 to 31 December 2015, it is still the Group's position that the two Ukrainian subsidiaries have complied with the applicable legal provisions in all its cross-border transactions based on the relevant technical grounds, including those during the financial years 2015 to 2017 for which the substantial claims have been received. It is the Group's position that the STS used the verdict of the Supreme Court on the claims for the period from 1 September 2013 to 31 December 2015 as a precedent for the claims made for cross-border transactions during the financial years 2015 to 2017, although the Supreme Court did not appropriately consider relevant technical grounds and the applicable legislation when ruling on this specific case.

In terms of the claims received, the Group will continue to defend its methodology applied to determine the prices between its subsidiaries in the Ukrainian courts, but there is a risk that the independence of the judicial system and its immunity from economic and political influences in Ukraine is not upheld. As at the date of the approval of these interim condensed consolidated financial statements, no final court decisions have been made for the claims received by the two Ukrainian subsidiaries of the Group totalling UAH2,162 million (US\$53,333 thousand as at 30 June 2024) and UAH259 million (US\$6,389 thousand as at 30 June 2024) and, as a consequence, no provisions have been recorded as at 30 June 2024, neither for the claims received nor for any subsequent years, which might also be material, as it is impossible to reasonably quantify the potential exposure. See Note 19 Commitments, contingencies and legal disputes for further information.

Separate from the cases mentioned above, on 23 June 2020 Ferrexpo Poltava Mining ("FPM") received a court ruling, which grants access to information and documents to the State Bureau of Investigation in Ukraine ("SBI") in relation to the sale of iron ore products to two subsidiaries of the Group outside of Ukraine during the years 2013 to 2019. FPM cooperated with the SBI and provided the requested information as per the court ruling to support these investigations. Except for the SBI raid of FPM offices on 20 October 2023, which intended to collect documents and information for ongoing transfer pricing investigations there have been no further actions or new requests.

In accordance with the provisions of IFRIC 23 *Uncertainty over income tax treatments*, the Group reviewed and reassessed its exposure in respect of all uncertain tax positions, including the claims received and for cross-border transactions in subsequent years. It is the position of the management of the Group and the Group's external tax advisors that the Ukrainian legislation and regulations on taxation are not always clearly written and are therefore subject to varying interpretations and inconsistent enforcement by local, regional and national tax authorities. Considering the uncertainties in terms of the legal and tax framework in Ukraine, the Group will continue to defend its pricing methodology applied during all the years in the courts in Ukraine. An unfavourable outcome of any future court proceedings would have an adverse impact on the Group's total income tax expense and effective tax rate in future periods, as it was the case in respect of the legally binding decision of the Supreme Court received in June 2022. See also the Update on Principal Risks section for further information on the Ukraine country risk.

Except for the matters in Ukraine mentioned above, the Group is not aware of any other significant challenges by local tax authorities in any jurisdictions in which the Group operates. However, the application of international and local tax legislation and regulations can be complex and requires judgement to assess possible associated risks, particularly in relation to the Group's cross-border operations and transactions.

The net deferred income tax assets as at 30 June 2024 consisted of the following:

US\$000	6 months ended 30.06.24 (unaudited)	Year ended 31.12.23 (audited)	6 months ended 30.06.23 (unaudited)
Total deferred tax assets	9,247	10,149	14,168
Total deferred tax liabilities	(3,333)	(2,729)	(1,334)
<b>Net deferred tax assets</b>	<b>5,914</b>	<b>7,420</b>	<b>12,834</b>

The net deferred tax asset balance of US\$6,152 thousand includes net deferred tax assets totalling US\$9,166 thousand related to temporary differences of the Group's two major subsidiaries in Ukraine, with the remaining balance reflecting deferred tax liabilities of subsidiaries outside of Ukraine. The net deferred tax assets in Ukraine are net of an allowance of US\$20,324 thousand (31 December 2023 US\$20,407 thousand; 30 June 2023: US\$15,562 thousand). The recoverability of these deferred tax assets depends on the level of taxable profits realised by the two subsidiaries in future periods and the duration of the unwind of the temporary differences. Due to the material uncertainty in terms of the Group's going concern, the relevant period for the recovery of the recognised net balance of deferred tax assets has been aligned to the period of the going concern assessment. Based on the forecast taxable profits of the Ukrainian subsidiaries for the period covered by the going concern assessment and the expected timing of the unwind of some of the temporary differences, no additional allowances were to be booked as at the end of the six-month period ended 30 June 2024. Temporary differences of US\$490,900 thousand, including the effect from the allowance mentioned above, have not been recognised as at 30 June 2024 (December 2023: US\$442,192 thousand). The vast majority relates to impairment losses of US\$227,137 thousand and provisions for legal disputes of US\$131,117 thousand related to previous years.

The level of taxable profits of the Group's subsidiaries in the different jurisdictions depends on many factors, such as the volatility in the global iron pellet market and foreign exchange rate changes, but also on the implications of the ongoing war in Ukraine, mainly in terms of the available logistics network in the country.

#### BEPS – Pillar Two

Whilst the Group's consolidated revenues were less than EUR750 million for the financial year 2023, the Group is considered to be in the scope of the BEPS Pillar Two Model Rules as the consolidated revenues for the financial years 2022 and 2021 were well above the threshold set and this level is expected to be achieved again once the war in Ukraine comes to an end.

The Group makes use of the temporary exception issued by the IASB in May 2023 in respect of the accounting requirements for deferred taxes under IAS 12. As a result, the Group does neither recognise nor disclose any information on deferred tax assets and liabilities related to Pillar Two income taxes in its interim condensed consolidated financial statements, which is consistent with the application in the Group's annual financial statements for the financial year 2023.

Based on the BEPS Pillar Two Global Anti-Base Erosion ("GloBE") Model Rules, the parent company of the Group, Ferrexpo plc with its tax domicile in Switzerland, is the Ultimate Parent Entity ("UPE") and, as a result, the enacted legislation in Switzerland is most relevant for the Group. On 22 December 2023, the Swiss government enacted the Pillar Two income taxes legislation effective from 1 January 2024. The legislation in Switzerland currently only provides for the Qualifying Domestic Minimum Top-up Tax ("QDMTT") and the implementation of the other elements of the BEPS Pillar Two Rules, including the Income Inclusion Rule ("IIR") and the Undertaxed Profits Rule ("UTPR") is postponed.

Although the Group's effective tax rate for the six-month period ended 30 June 2024 is well above the minimum tax rate of 15.0%, there are two jurisdictions where the Group is operating with enacted statutory tax rates below the minimum tax rate of 15.0% set under the BEPS Pillar Two Model Rules. As a result of the legislation enacted in Switzerland, the Group's subsidiaries in Switzerland are subject to the QDMTT for taxable profits from the financial year 2024 whereas those of the Group's subsidiary in the U.A.E. (Dubai) are neither subject to IIR or UTPR in any other jurisdiction, as not implemented by the relevant tax jurisdictions. It is expected

that the profits of this subsidiary will become subject to taxation under the IIR or UTPR as of 1 January 2025.

Based on the expected profit split for the financial year 2024 and considering the effects from the QDMTT, the IIR and the UTPR under the BEPS Pillar Two GloBE Model Rules, the impact on the Group's income tax expense is expected to be insignificant.

The Group's future effective tax rate, before any special items included in the profit before tax for the period and the income tax expense, is expected to be in a range of 17.0% to 19.0%. The Group's effective tax rate is also dependent on the volatility in the global iron ore pellet market and on foreign exchange rate movements, primarily between the Ukrainian hryvnia and the US dollar, and any one-off events, such as impairment losses that might not be tax deductible in some jurisdictions.

#### Note 9: Earnings per share and dividends paid and proposed

Basic earnings per share ("EPS") are calculated by dividing the net profit for the period attributable to ordinary equity shareholders of Ferrexpo plc by the weighted average number of Ordinary Shares.

Diluted earnings per share are calculated by adjusting the weighted average number of Ordinary Shares in issue on the assumption of conversion of all potentially dilutive Ordinary Shares. All share awards are potentially dilutive and have been considered in the calculation of diluted earnings per share.

	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
<b>Earnings/(loss) for the period/year attributable to equity shareholders - per share in US cents</b>			
Basic	9.43	4.59	(14.41)
Diluted	9.26	4.54	(14.41)
<b>Profit/(loss) for the period/year attributable to equity shareholders - US\$000</b>			
Basic and diluted earnings/(loss)	55,471	27,002	(84,775)
<b>Weighted average number of shares - thousands</b>			
Basic number of ordinary shares outstanding	588,335	588,212	588,274
Effect of dilutive potential ordinary shares	10,709	6,706	8,847
<b>Diluted number of ordinary shares outstanding</b>	<b>599,044</b>	<b>594,918</b>	<b>597,121</b>

The increase of the effect of dilutive potential ordinary shares is due to the transfer of treasury shares to the employee benefit trust reserve. See Note 20 Share capital and reserves for additional information.

The basic number of ordinary shares is calculated by subtracting the weighted average of shares held in treasury and employee benefit trust reserves from the total number of ordinary shares in issue.

#### Dividends proposed and paid

Considering the continued unpredictable situation in Ukraine, no interim dividends were proposed for the six-month period ended 30 June 2024 as at the date of the approval of these interim condensed consolidated financial statements. Considering the provisions of the Companies Act 2006 and relevant thin capitalisation rules, the total available distributable reserves of Ferrexpo plc would be approximately US\$119,520 thousand for the remainder of the financial year 2024.

Future distributable reserves at the Ferrexpo plc level are also dependent on the payment of dividends by the subsidiaries to the respective parent companies within the Group. Distributable profits at subsidiaries' level are also subject to potential impairment losses to be or already recorded in the respective stand-alone statutory financial statements as a result of war-related uncertainties. Certain Group companies are currently restricted from paying dividends outside of Ukraine as a result of Ukrainian currency control measures imposed under Martial Law. Furthermore, the uncertainties related to the political environment and the independence of the legal system and other circumstances facing the Group (see Note 19 Commitments, contingencies and legal disputes) could also have a negative impact on Ferrexpo plc's ability and potential for future dividend payments. As at 31 December 2023, one of the Group's subsidiaries in Ukraine recognised provisions for legal disputes totalling US\$128,050 thousand reducing the distributable profits of this subsidiary by this amount. The provisions in Ukrainian hryvnia remained unchanged as at 30 June 2024, but the amount in US dollar decreased to US\$119,979 thousand as a result of the devaluation of the local currency in Ukraine. Although this subsidiary still has a considerable amount of distributable profits, an outflow of funds in this amount would have an adverse impact on the Group's available liquidity for potential future dividend payments.

US\$000	6 months ended 30.06.24 (unaudited)	6 months ended 30.06.23 (unaudited)	Year ended 31.12.23 (audited)
<b>Dividends paid during the period</b>			
Dividends on vested 2021 LTIP awards	44	–	–
Dividends on vested 2020 LTIP awards	–	449	456
<b>Total dividends paid during the period</b>	<b>44</b>	<b>449</b>	<b>456</b>

Although accounts are published in US dollars and dividends are declared in US dollars, the shares are denominated in UK Pounds sterling and dividends are therefore paid in UK Pounds sterling.

#### Note 10: Property, plant and equipment

During the six-month period ended 30 June 2024, the additions to property, plant and equipment totalled US\$61,441 thousand (31 December 2023: US\$112,093 thousand; 30 June 2023: US\$64,740 thousand) and the net book value of the disposals of property, plant and equipment totalled US\$6,065 thousand (31 December 2023: US\$4,216 thousand; 30 June 2023: US\$978 thousand).

The total depreciation charge for the period was US\$33,380 thousand (31 December 2023: US\$58,888 thousand; 30 June 2023: US\$31,200 thousand).

The carrying value of property, plant and equipment includes capitalised borrowing costs on qualifying assets totalling US\$27,608 thousand (31 December 2023: US\$32,110 thousand; 30 June 2023: US\$34,947 thousand).

No borrowing costs are capitalised any longer as the Group does not have any borrowing costs attributable to qualifying assets.

#### Critical estimates

During the financial year 2023, the Group continued to demonstrate a high level of commitment and resilience that enabled it to operate at a constant, but lower capacity, with a high degree of flexibility to adapt its operations to changing circumstances. However, as at the date of the approval of these interim condensed consolidated financial statements, the war in Ukraine is still ongoing and the duration is difficult to predict.

The ongoing war continues to have an adverse impact on the Group's production volume and cash flow generation and it is expected that this will continue to be the case until the war comes to an end. As in previous years since the start of the war, the production volume of the Group still depends primarily on the currently possible sales volume, as certain logistics networks are not yet fully available, and on the constant availability of the electricity supplies.

The Group's impairment test is based on cash flow projections over the remaining estimated lives of the GPL and the Yerystivske deposits, which are expected to expire in 2058 and 2048, respectively, according to the current approved mine plans. The cash flow projection is based on a financial long-term model approved by senior management and the estimated future production volumes do not consider the effects of expected future mine life extension programmes. Significant judgements and estimates are used when preparing the financial long-term model of the Group, which are, together with the key assumptions used, reviewed by the Audit Committee with a specific focus on the realistically plausible production volumes in light of the current situation in Ukraine, expected realised sales prices and production cost forecasts as well as the discount rate used to discount the cash flows.

The Group's long-term model was updated again in July 2024 using management's best estimate of reasonably conservative key assumptions, taking also into account the current circumstances the Group must operate in. In terms of the key assumptions used, an average iron ore price of US\$107 per tonne of 65% Fe fines CFR North China was used in the assumptions for the cash flow projection for the next five years. When assessing its expected future long-term selling price, the Group considers external and internal analysis of the short-term and longer-term supply and demand dynamics on the international market for iron ore products as well as more specific local supply and demand balances affecting its major customers. The level of the Group's production remains predominantly dependent on the access to logistic routes within Ukraine as the production volume is still to be aligned to currently possible sales to minimise working capital outflow and maintain a solid net cash position. As a result, the production capacity used for the base-case cash flow projection is expected to be approximately 54% of the pre-war level for the financial year 2024, before an increase to approximately 80% in 2025 and an expected recovery to pre-war levels in 2026. The planned increase of the future production capacity has been adversely affected by the war as the work on certain growth projects had to be slowed down or even halted to preserve the Group's available to mitigate the lower cash flow generation. There is no perpetual growth rate applied for the cash flow projections beyond the last year covered by the Group's long-term model. The Group's expected major cost components, such as production and shipping costs, are determined taking into account local inflationary pressure, major exchange rate developments between the Ukrainian hryvnia and the US dollar, the short-term and longer-term trends in energy supply and demand and the expected movements in steel-related commodity prices, which could have a material effect on the cost of certain production input materials. An average devaluation of the hryvnia of 6.1% per year was assumed over the next five years in the Group's cash flow projection, with the expected local inflation having an offsetting effect.

The key assumptions used for the preparation of the Group's long-term model are:

Key assumptions	Basis
Future sales and production	Proved and probable reserves and available logistics capacity and power supply
Commodity prices	Contract prices and longer-term price estimates
Capital expenditures	Future sustaining capital expenditures
Cost of raw materials and other production/distribution costs	Expected future cost of production
Exchange rates	Longer-term predictions of market exchange rates
Nominal pre-tax discount rate	Cost of capital risk adjusted for the resource concerned

The outcome of the Group's impairment test depends primarily on the forecast cash flow generation and the nominal pre-tax discount rate to be applied. The WACC of 22.3% (31 December 2023: 23.0%) is still significantly higher than the pre-war WACC of 13.8% as at 31 December 2021 reflecting the current situation in Ukraine as underlying macro-economic data is still adversely affected by the war.

Based on the base case of the Group's impairment test prepared as at the end of the six-month period ended 30 June 2024 for the Group's interim condensed consolidated financial statements, there is no additional impairment loss on the Group's single cash-generating unit's operating non-current assets, including property, plant and equipment as well as other intangibles assets and other non-current assets, to be recognised as at 30 June 2024. The key assumptions in respect of production and sales volumes, and of production costs, are largely dependent on the easing of the war-related risks facing the Group's business in Ukraine, and therefore a wide range of alternative outcomes is possible, reflecting a continued high level of uncertainty.

A delay of the recovery of the production and sales volumes to a pre-war level by another year, with all other assumptions remaining unchanged, would reduce the value in use of the Group's non-current operating assets by approximately US\$316,900 thousand. A reduction of the realised price by 10% in 2024 and 5% for each year until 2048 would reduce the value in use by approximately US\$239,800 thousand and a decrease of the production and sales volume by 10%, combined with an increase of the production costs by 5%, again for the entire period of the assessment, would reduce the value in use by approximately US\$328,000 thousand whereas every 1.0% increase of the nominal pre-tax discount rate would impact the value in use by approximately US\$46,100 thousand, with all other assumptions remaining unchanged.

The impairment losses of US\$254,477 thousand recorded during the financial year 2022, of which an amount of US\$219,931 thousand was allocated to various asset categories within property, plant and equipment, will be re-assessed again at the end of any future reporting periods. If there are positive developments in the Group's future cash flow generation and the relevant macro-economic data, the impairment loss or a portion of it might reverse in future periods. Conversely, an adverse change in the above key assumptions might further reduce the value in use of the Group's operating non-current assets. As at 30 June 2024, there is no partial or full reversal of the impairment loss recognised during the financial year 2022 to be recorded.

As disclosed in Note 2 Basis of preparation and Note 19 Commitments, contingencies and legal disputes, the Group announced on 29 January 2024 that a Ukrainian court of appeal has confirmed a claim against Ferrexpo Poltava Mining ("FPM") in the amount of UAH4,727 million (US\$116,608 thousand as at 30 June 2024), in respect of contested sureties. Despite the fact that it was management's view that FPM has compelling arguments to defend its position in the Supreme Court of Ukraine, given the magnitude of this specific claim and the underdeveloped and fragile judicial system in Ukraine, the Group recorded a full provision for this claim as at 31 December 2023 in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*. If the ruling of the Supreme Court is not in favour of FPM, there is a risk that some of the Group's property, plant and equipment will be seized or subject to a forced sales process as part of the enforcement proceedings. Although the Group has recognised a provision for the full amount of the contested sureties claim, there is a risk that any assets subject to seizure or a forced sales process are valued at an amount which is different than their current carrying values as at 30 June 2024. Note 2 Basis of preparation provides further information in terms of the possible implications on the Group's ability to continue as a going concern.



#### Note 11: Right-of-use assets and lease liabilities

As at 30 June 2024, right-of-use assets totalled US\$3,497 thousand (31 December 2023: US\$6,852 thousand; 30 June 2023: US\$3,838 thousand). The additions to the right-of-use assets totalled US\$5,824 thousand and US\$55 thousand for the comparative periods ended 31 December 2023 and 30 June 2023. No such additions during the period ended 30 June 2024. The total depreciation charge for the period was US\$2,930 thousand (31 December 2023: US\$5,128 thousand; 30 June 2023: US\$2,559 thousand).

As at 30 June 2024, the carrying amount of the lease liabilities consisted of the following:

US\$000	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
Non-current	528	1,009	950
Current	3,092	5,939	3,012

The total cash outflow for leases falling under the scope of IFRS 16 Leases during the period ended 30 June 2024 was US\$2,904 thousand (31 December 2023: US\$5,562 thousand; 30 June 2023: US\$2,792 thousand). During the period ended 30 June 2024 US\$359 thousand was recognised as an expense in the interim consolidated income statement in respect of short-term leases with a corresponding impact on the net cash flows from operating activities (31 December 2023: US\$740 thousand; 30 June 2023: US\$318 thousand). Furthermore, interest expense on lease liabilities in the amount of US\$106 thousand was recognised in the interim consolidated income statement during the period ended 30 June 2024 (31 December 2023: US\$85 thousand; 30 June 2023: US\$55 thousand).

Lease related commitments for future contingent rental payments were US\$ US\$103,603 thousand as at 30 June 2024 (31 December 2023: US\$118,124 thousand; 30 June 2023: US\$110,322 thousand). These commitments include future cash flows dependent on non-fixed rates related to the long-term portion of leases of land not used for the direct extraction of ore and accounted for under IFRS 16 whereas the short-term portion is recognised as lease liability in the interim consolidated statement of financial position.

#### Note 12: Goodwill and other intangible assets

During the six-month period ended 30 June 2024, the additions to the intangible assets totalled US\$356 thousand (31 December 2023: US\$121 thousand; 30 June 2023: US\$89 thousand). The total amortisation charge for the period was US\$226 thousand (31 December 2023: US\$1,375 thousand; 30 June 2023: US\$281 thousand).

##### Critical estimates

Information on the critical estimates used for the Group's impairment test performed as at 30 June 2024 are provided in Note 10 Property, plant and equipment.

The impairment test performed as at 30 June 2024 did not result in an additional impairment loss.

#### Note 13: Other taxes recoverable and prepaid

As at 30 June 2024, taxes recoverable and prepaid comprised:

US\$000	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
VAT receivable	43,753	25,639	41,961
Other taxes prepaid	656	652	5,150
<b>Total other taxes recoverable and prepaid – current</b>	<b>44,409</b>	<b>26,291</b>	<b>47,111</b>

As at 30 June 2024, US\$41,158 thousand of the VAT receivable relates to the Group's Ukrainian business operations (31 December 2023: US\$23,916 thousand; 30 June 2023: US\$39,527 thousand).

The total VAT receivable balance in the table above is net of an allowance of US\$1,174 thousand (31 December 2023: US\$3,188 thousand; 30 June 2023: US\$1,174 thousand) to reflect the uncertainties in terms of the timing of the recovery of VAT receivable balances, mainly in respect of one of the Group's subsidiaries in Ukraine.

The Group received regular VAT refunds in Ukraine during the six-month period ended 30 June 2024. Regular refunds in future periods do also depend on the situation in Ukraine and how the country continues to cope with the state budget constraints as a result of the ongoing war. There are no material VAT receivable balances overdue in Ukraine as at 30 June 2024 or as at the end of the comparative periods ended 31 December 2023 and 30 June 2023.

#### Note 14: Inventories

As at 30 June 2024, inventories comprised:

US\$000	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
Raw materials and consumables	49,989	47,302	48,369
Spare parts	84,583	88,000	94,057
Finished ore pellets	37,173	45,040	49,563
Work in progress	20,442	18,844	14,499
Other	2,303	2,243	2,573
<b>Total inventories – current</b>	<b>194,490</b>	<b>201,429</b>	<b>209,061</b>
Weathered ore	5,512	5,883	6,277
<b>Total inventories – non-current</b>	<b>5,512</b>	<b>5,883</b>	<b>6,277</b>
<b>Total inventories</b>	<b>200,002</b>	<b>207,312</b>	<b>215,338</b>

Inventories are held at the lower of cost or net realisable value.

Historically, inventories classified as non-current comprised of low-grade and weathered ore that were, based on the Group's processing plans, not planned to be processed within the next 12 months. The balance of US\$5,512 thousand as at 30 June 2024 is net of impairment losses of US\$231,111 thousand recorded as of 31 December 2021, as it was not possible to reliably predict when required additional processing capabilities will be available to specifically process the stockpiled low-grade and weathered ore. The stockpiled low-grade ore is still considered as an asset for the Group and a portion of or all of the impairment losses might reverse

in the future, once changed facts and circumstances can be considered in the net realisable value test of this asset. Due to the ongoing war in Ukraine, it is currently impossible to accelerate the commenced engineering studies for the exploration of possible options for new processing capabilities required to specifically process low-grade ore, so that there are still no changes in facts and circumstances to be considered as at 30 June 2024.

During the six-month period ended 30 June 2024, 3,003 thousand tons of low-grade ore in the amount of US\$29,821 thousand was extracted and stockpiled, but directly recognised in the interim condensed consolidated financial statements, included in cost of sales, due to the uncertainties in respect of the expected time of processing. No such ore was extracted during the comparative periods ended 31 December 2023 and 30 June 2023 as a result of the lower mining activity due to the ongoing war and the reduced operating activity.

As disclosed in Note 2 Basis of preparation and Note 19 Commitments, contingencies and legal disputes and, there is a risk that some of the Group's inventories are seized or subject to a forced sales process, if enforcement procedures in respect of an ongoing legal dispute commence. Although the Group has recognised a provision for the full amount of the contested sureties claim, there is a risk that the future net realisable value of potentially seized finished goods subject to any potential seizure or forced sales process is different than the value recognised at cost in the consolidated financial statements as at 30 June 2024.

#### Note 15: Prepayments and other current assets

As at 30 June 2024, prepayments and other current assets comprised prepayments to suppliers for goods and services in the amount of US\$21,972 thousand (31 December 2023: US\$17,658 thousand; 30 June 2023: US\$21,352 thousand) and prepaid expenses totalling US\$4,843 thousand (31 December 2023: US\$3,598 thousand; 30 June 2023: US\$3,326 thousand).

As at the end of the comparative period ended 30 June 2023, prepayments and other assets also included cash deposits in the amount of US\$13,026 thousand. These deposits relate to letters of credit that are expected to be released only after three months from the date of inception of the letters of credit whereas deposits related to letters of credits with a maturity within three months are classified as cash equivalents. No such cash deposits have been made as at 30 June 2024 and 31 December 2023.

The total balance of prepayments and other current assets as at 30 June 2024 include US\$699 thousand (31 December 2023: US\$513 thousand; 30 June 2023: US\$692 thousand) made to related parties. The detailed related party disclosures are made in Note 21 Related party disclosures.

#### Note 16: Cash and cash equivalents

As at 30 June 2024, cash and cash equivalents comprised:

US\$000	Notes	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
Cash at bank and on hand		115,131	115,241	134,903
<b>Total cash and cash equivalents</b>	3	<b>115,131</b>	<b>115,241</b>	<b>134,903</b>

The balance of cash and cash equivalents held in Ukraine amounts to US\$5,809 thousand as at 30 June 2024 (31 December 2023: US\$11,175 thousand; 30 June 2023: US\$14,503 thousand). Despite the foreign exchange control measures imposed under Martial Law in Ukraine (see Note 19 Commitments, contingencies and legal disputes), this balance is fully available to the Group for its operations in Ukraine and is therefore not considered to be restricted.

Information on the Group's gross debt is provided in Note 17 Interest-bearing loans and borrowings.

Cash deposits for letters of credit are classified as other current assets, if available only after three months from the date of inception. As at the end of the comparative period ended 30 June 2023 cash deposits in the amount of US\$13,026 thousand were classified as other current assets. No such cash deposits have been made as at 30 June 2024 and 31 December 2023. See also Note 15 Prepayments and other current assets.

#### Note 17: Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost and denominated in US dollars.

US\$000	Notes	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
<b>Current</b>				
Lease liabilities	14	3,092	5,939	3,012
<b>Total current interest-bearing loans and borrowings</b>	3	<b>3,092</b>	<b>5,939</b>	<b>3,012</b>
<b>Non-current</b>				
Lease liabilities	14	528	1,009	950
<b>Total non-current interest-bearing loans and borrowings</b>	3	<b>528</b>	<b>1,009</b>	<b>950</b>
<b>Total interest-bearing loans and borrowings</b>		<b>3,620</b>	<b>6,948</b>	<b>3,962</b>

The table below shows the movements in the interest-bearing loans and borrowings:

US\$000	6 months ended 30.06.24 (unaudited)	Year ended 31.12.23 (audited)	6 months ended 30.06.23 (unaudited)
<b>Opening balance of interest-bearing loans and borrowings</b>	<b>6,948</b>	<b>6,548</b>	<b>6,548</b>
<i>Cash movements</i>			
Principal and interest elements of lease payments	(2,904)	(5,562)	(2,792)
<b>Total cash movements</b>	<b>(2,904)</b>	<b>(5,562)</b>	<b>(2,792)</b>
<i>Non-cash movements</i>			
Additions to lease liabilities	507	5,812	55
Others (incl. translation differences)	(931)	150	151
<b>Total non-cash movements</b>	<b>(424)</b>	<b>5,962</b>	<b>206</b>
<b>Closing balance of interest-bearing loans and borrowings</b>	<b>3,620</b>	<b>6,948</b>	<b>3,962</b>

The interest elements of lease payments are included in the cash flows from operating activities and not in the cash flows used in financing activities.

Further information on the Group's exposure to interest rate, foreign currency and liquidity risk is provided in Note 27 Financial instruments of the 2023 Annual Report & Accounts.

## Note 18: Financial instruments

### Fair values

Set out below are the carrying amounts of the Group's financial instruments that are carried in the interim consolidated statement of financial position:

US\$000	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
<b>Financial assets</b>			
Cash and cash equivalents	115,131	115,241	134,903
Trade and other receivables	74,536	82,321	45,387
Other financial assets	5,231	5,245	18,302
<b>Total financial assets</b>	<b>194,898</b>	<b>202,807</b>	<b>198,592</b>
<b>Financial liabilities</b>			
Trade and other payables	46,705	35,310	33,803
Accrued liabilities	14,391	15,387	13,946
Interest-bearing loans and borrowings	3,620	6,948	3,962
<b>Total financial liabilities</b>	<b>64,716</b>	<b>57,645</b>	<b>51,711</b>

### Interest-bearing loans and borrowings

The fair values of interest-bearing loans and borrowings are based on the discounted cash flows using market interest rates and are approximately equal to their carrying amounts.

### Other financial assets and liabilities

The fair values of cash and cash equivalents, trade and other receivables and payables, other financial assets and accrued liabilities are approximately equal to their carrying amounts due to their short maturity.

### Credit risk

The change of the balance of impairment losses on trade receivables recognised in these interim condensed consolidated income statements as of 30 June 2024 and during the comparative periods ended 31 December 2023 and 30 June 2024 was not material and therefore not disclosed separately in the interim consolidated income statement.

The Group, through its trading operations, enters into binding contracts, which contain obligations that create exposure to credit, counterparty and country risks. It is the primary objective of the Group to manage such risks to reduce uncertainty of collection from buyers. A secondary objective is to minimise the cost of reducing risks within acceptable parameters.

Credit risk is the risk associated with the possibility that a buyer will default, by failing to make required payments in a timely manner or to comply with other conditions of an obligation or agreement. Where appropriate, the Group uses letters of credit to assist in mitigating such risks.

Counterparty risk crystallises when a party to an agreement defaults. Where letters of credit are used to minimise this risk, the Group uses a confirming bank with a similar or higher credit rating to mitigate country and/or credit risk of the issuing bank.

### Commodity risk

Revenues related to provisionally priced sales are initially recognised at the estimated fair value of the consideration receivable based on the forward price at each reporting date for the relevant period outlined in the different contracts. Consequently, the receivable balance may change in a future period when final invoices can be issued based on final iron ore prices to be applied according to the specific underlying contract terms. The provisionally priced iron ore exposure as at 30 June 2024 was 327,595 tonnes (none at the comparative periods ended 31 December 2023 and 30 June 2023) and gave rise to a fair value gain relating to the embedded provisional pricing mechanism of US\$2,218 thousand as at 30 June 2024 (none at the comparative periods ended 31 December 2023 and 30 June 2023). Final iron ore prices based on the relevant index are normally known within 60 days after the reporting period. The difference between the provisionally priced receivable balance recognised as at 30 June 2024 and the receivable balance taking into account known final and latest forward prices is US\$163 thousand (none at the comparative periods ended 31 December 2023 and 30 June 2023) and would have decreased the consolidated result and the shareholders' equity by this amount.

Where pricing terms deviate from the index-based pricing model, derivative commodity contracts may be used to swap the pricing terms to the iron ore index price. Finished goods are held at cost without revaluation to a spot price for iron ore pellets at the end of the reporting period, if the recoverable amount exceeds the cost basis.

## Note 19: Commitments, contingencies and legal disputes

### Commitments

Commitments as at 30 June 2024 consisted of the following:

US\$000	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
Total commitments for the lease of mining land (out of the scope of IFRS 16)	48,672	52,739	41,280
Total capital commitments on purchase of property, plant and equipment	127,245	128,934	140,754
Commitments for investment in a joint venture	6,064	6,064	6,064

### Commitments for the lease of mining land

These commitments relate to the agreements for the use of mining land, which fall out of the scope of IFRS 16 Leases.

For further information on lease-related commitments see Note 11 Right-of-use assets and lease liabilities.



## Legal

In the ordinary course of business, the Group is subject to various legal actions and ongoing court proceedings. There is a risk that the independence of the judicial system and its immunity from economic and political influences in Ukraine is not upheld, consequently Ukrainian legislation might be inconsistently applied to resolve the same or similar disputes. See also the Principal Risks section on pages 76 to 78 of the 2023 Annual Report & Accounts for further information on the Ukraine country risk.

### Critical judgements

The Group is exposed to the risks associated with operating in a developing economy, which may or may not be exacerbated by the war and/or the current circumstances facing the Group's controlling shareholder (see Ukraine country risk on pages 76 and 78 of the 2023 Annual Report & Accounts). As a result, the Group's exposure to a number of risk areas is heightened compared to those expected in a developed economy, such as an environment of political, fiscal and legal uncertainties, which require a significant portion of critical judgements to be made by the management.

### Critical judgements for ongoing legal proceedings and disputes with corresponding provisions

#### *Contested sureties claim*

On 7 December 2022, Ferrexpo Poltava Mining ("FPM") received a claim in the amount of UAH4,727 million (30 June 2024: US\$116,608 thousand; 31 December 2024: US\$124,450 thousand; 30 June 2023: nil) in respect of contested sureties. These contested sureties relate to Bank F&C, a Ukrainian bank owned by the Group's controlling shareholder and which the Group previously used as its main transactional bank in Ukraine. Bank F&C is still going through the liquidation process after having been declared insolvent by the National Bank of Ukraine and put under temporary administration on 18 September 2015.

The counterparty in this claim alleges that it acquired rights under certain loan agreements originally concluded between Bank F&C and various borrowers, some of which are associated entities of the Group's controlling shareholder, by entering into the assignment agreement with the State Guarantee Fund on 6 November 2020. The counterparty further claims that FPM provided sureties to Bank F&C to ensure the performance of obligations under these loan agreements. On 9 August 2023, the court of first instance ruled in favour of the claimant and FPM filed an appeal in September 2023. On 26 January 2024 a Ukrainian court of appeal confirmed the claim against FPM in the amount of UAH4,727 million (30 June 2024: US\$116,608 thousand; 31 December 2024: US\$124,450 thousand; 30 June 2023: nil). On 30 January 2024, FPM filed a cassation appeal to the Supreme Court of Ukraine and the first hearing was scheduled for 20 March 2024, but the hearing did not take place as the presiding judge recused himself. Following the appointment of a new panel of judges, on 1 April 2024 the Supreme Court suspended the possible enforcement of the decision of the court of appeal. A Supreme Court hearing on 17 April 2024 considered primarily procedural matters and a hearing scheduled for 27 May 2024 was postponed to 17 June 2024. On 17 June 2024, the panel of three judges decided to transfer the consideration of the case to another bigger joint panel of judges. The new panel consists of six judges and the date of the next hearing is unknown.

Notwithstanding the two negative court decisions of the lower courts and based on legal advice obtained, management remains of the view that these claims are without merit and FPM has compelling arguments to defend its position in the Supreme Court. However, considering the magnitude of this claim and the risks associated with the judicial system in Ukraine as further described above, the Group recorded a full provision for this claim as at 31 December 2023, in accordance with the requirements of IAS 37 *Provisions, contingent liabilities and contingent assets*.

As at the date of the approval of these interim condensed consolidated financial statements, no enforcement procedures have commenced and, further to the Supreme Court's order of 1 April 2024 suspending possible enforcement of the decision of the court of appeal, such procedures cannot be initiated by the claimant until a final decision is made by the Supreme Court, or the current suspension order is otherwise lifted. If the final ruling of the Supreme Court is not in favour of FPM, the claimant may take steps to appoint either a state or a private bailiff and request the commencement of the enforcement procedures, which could have a material negative impact on the Group's business activities and its ability to continue as a going concern, as the assets of FPM could be seized or subject to a forced sale. The potential seizure or forced sale of FPM's assets, including moveable, immovable and financial assets, may have a material adverse impact on the Group's cash flow generation, profitability and available liquidity in future periods. As at the date of the approval of these interim condensed consolidated financial statements, it is not possible reasonably to assess the implications of a potential seizure or forced sale of assets on the Group's business activities, as the timing, scope and impact are unknown and outside of the Group's control. However, the Group is considering and has prepared a number of mitigating actions and responses within its control in order to seek to ensure continuation of production and generation of revenue streams. Beyond that, in case of an enforcement, FPM will challenge orders and actions of the bailiff in the court where possible, in order to seek to allow the Group to continue to trade and generate resources to meet its other liabilities as they fall due. See Note 2 Basis of preparation, Note 10 Property, plant and equipment and Note 14 Inventories for further information.

### Critical judgements for ongoing legal proceedings and disputes without corresponding provisions

#### *Creditor protection application against Ferrexpo Poltava Mining ("FPM")*

In February 2024, a supplier and related party to the Group filed an application to open bankruptcy proceedings ("creditor protection proceedings") against FPM, which was accepted by the relevant court for further consideration. The amount of debt claimed by the supplier of FPM was initially UAH2.2 million (US\$54 thousand as at 30 June 2024). The operation of FPM is not affected by this application and the supplier continued to provide its services to FPM. The amount of debt claimed by the supplier subsequently increased to UAH4.6 million (c. US\$113 thousand as at 30 June 2024). A preparatory court hearing was scheduled by the court for 12 March 2024. This hearing did not take place and further hearings scheduled for 9 April 2024 and 30 April 2024 were also postponed. A preparatory hearing was scheduled for 4 June 2024 and was rescheduled by the court to 30 July 2024. On 18 July 2024, FPM settled the outstanding debt to the supplier and FPM submitted all documents to the court for consideration at a hearing scheduled for 30 July 2024. This hearing has not taken place and the date of the hearing is currently not known. . See Note 2 Basis of preparation for further information.

#### *Shares freeze in relation to claim from the Ukrainian Deposit Guarantee Fund ("DGF")*

As announced on 7 March 2023 on the Regulatory News Service of the London Stock Exchange, the Group became aware of a press release by the DGF suggesting that a restriction has been placed on shares held by Ferrexpo AG ("FAG"), the Group's Swiss subsidiary, in three main operating subsidiaries of the Group in Ukraine, covering 50.3% of the shares held in each subsidiary. According to the subsequently published court order in the Ukrainian official register of court decisions, the Kyiv Commercial Court ordered the arrest (freeze) of 50.3% of FAG's shareholding in each of Ferrexpo Poltava Mining ("FPM"), Ferrexpo Yeristovo Mining ("FYM") and Ferrexpo Belanovo Mining ("FBM"). The court order also prohibits each of FPM, FYM and FBM from making changes to the amount of its authorised capital. The court order does not affect ownership of the shares in these three subsidiaries of the Group in Ukraine, but prohibits the disposal by FAG of 50.3% of its shareholding in each named subsidiary. This court order was issued by the Kyiv Commercial Court during a hearing in the commercial litigation between the DGF and Mr. Zhevago, the Group's controlling shareholder, in relation to the liquidation of Bank F&C in 2015, which commenced in 2015.

In addition to the restriction covering 50.3% of FAG's shareholding in each of FPM, FYM and FBM, the court order also contains a prohibition on Fevamotoinico S.a.r.l. disposing of its shares in Ferrexpo plc and Ferrexpo plc disposing of any of its shares in FAG. As at the date of the approval of these interim condensed consolidated financial statements, the Group has no intention, and never has had any intention, of transferring the shares in FPM, FYM, FBM or FAG. The Group does not expect an impact on its operations because of this court order.

The Group's subsidiaries affected by this court order, including FAG, filed appeals in Ukraine in March 2023 to remove the restrictions. A hearing at the Northern Commercial Court of Appeal took place on 21 June 2023 and the court accepted FAG and the three Ukrainian subsidiaries as third parties to this litigation. On 26 July 2023, the court of appeal dismissed the appeals of FAG, FPM, FYM and FBM in relation to the restrictions covering 50.3% of the corporate rights in FPM, FYM and FBM so that the imposed restrictions remain effective. The Group's subsidiaries filed cassation appeals to the Supreme Court of Ukraine in August 2023 and a

first hearing of the case at the Supreme Court took place on 8 November 2023, without any decision being taken. On 10 January 2024, the Supreme Court rejected the cassation appeals from the Group's subsidiaries and the restrictions remain effective. After a review by the Supreme Court of other cassation appeals related to the main dispute between the DGF and Mr. Zhevago, to which the Group is not a party, the case was sent to the court of first instance, the Kyiv Commercial Court, to proceed with consideration of the main dispute between the DGF and Mr. Zhevago. The first preparatory hearing at the Kyiv Commercial Court took place on 10 July 2024. During the next court hearing on 17 July 2024, the court granted a request for the involvement of the Bank F&C as a third party and the preparatory hearing was postponed to 31 July 2024.

Based on advice from Ukrainian legal counsel, management considers that the court order dated 3 March 2023 to arrest (freeze) 50.3% of FAG's shareholding in each of FPM, FYM and FBM was made in contradiction to Ukrainian law because the restricted 50.3% of corporate rights in the three Ukrainian subsidiaries are the property of FAG and not of any other person as a matter of Ukrainian law. The Group will file new applications and motions with the Kyiv Commercial Court to challenge the validity of these restrictions.

However, as with other ongoing legal proceedings in Ukraine, there is a risk that the independence of the judicial system and its immunity from economic and political influences in Ukraine is not upheld and in that case the Group might not be successful in procuring the cancellation of such restrictions.

#### *Shares freeze in relation to claim from the National Bank of Ukraine ("NBU")*

In addition to the case initiated by the Ukrainian Deposit Guarantee Fund ("DGF") as described above, there is a commercial litigation between the NBU and Mr. Zhevago, the Group's controlling shareholder, in relation to the personal surety given by Mr. Zhevago for the loan provided by the NBU to Bank F&C prior to its insolvency. In respect of this commercial litigation, the Chief State Bailiff of the Ministry of Justice of Ukraine issued in September 2023 a resolution on arrest (freeze) of property of Mr. Zhevago as part of intended enforcement proceedings.

As part of this September 2023 resolution, the State Bailiff imposed an order to arrest (freeze) 50.3% of the issued share capital of Ferrexpo Yeristovo Mining ("FYM") and Ferrexpo Bellanovo Mining ("FBM"), owned by Ferrexpo AG ("FAG"), based on the incorrect assumption that these corporate rights are owned by Mr. Zhevago. In reaching this decision to arrest these corporate rights, the State Bailiff relied on conclusions made by the Northern Commercial Court of Appeal in the DGF case described above that Mr. Zhevago is the ultimate beneficial owner of the Ukrainian subsidiaries and that all companies in the Group are just nominal owners of the assets ultimately owned by Mr. Zhevago. FAG filed a civil claim in October 2023 seeking to cancel the order and to block the enforcement procedure initiated by the State Bailiff. On 30 November 2023, the Komsomolskyi Town Court of Poltava Region, a court of first instance, suspended the enforcement procedure, prohibiting the State Bailiff from taking any further actions to forcefully sell FAG's corporate rights in FYM and FBM. The State Bailiff filed an appeal. On 1 July 2024, the Poltava Court of Appeal cancelled the Komsomolskyi Town Court of Poltava Region's ruling of 30 November 2023 and, therefore, lifted the interim measures which suspended the actions on potential auction. As a result, the State Bailiff may shortly revert to FYM and FBM with its enquiries to collect data on the value of FYM and FBM, which were previously made in September 2023, in order to prepare the 50.3% of shares in FYM and FBM for the forceful sale (auction). FYM and FBM plan to file cassation appeals to the Supreme Court. In parallel, on 30 May 2024, the court of first instance ruled to resume the proceedings in the case and scheduled a hearing for 16 July 2024. The hearing at the Komsomolskyi Town Court of Poltava region was postponed and the next hearing is scheduled for 17 September 2024. If the enforcement process pursuant to which the September 2023 resolution has been issued is not interrupted, this could ultimately lead to a potential sale of shares representing 50.3% of the issued shares in each of FYM and FBM.

#### *Shares freeze in relation to investigation in connection with Bank F&C*

As part of the ongoing investigation in connection with Bank F&C, on 25 March 2024, the Group became aware of a court order dated 18 January 2024 in the Ukrainian Register of Court Decisions regarding restrictions on certain corporate rights in all of the Group's Ukrainian subsidiaries. These restrictions were imposed in September 2023 on 49.5% of the shares in all of the Group's Ukrainian subsidiaries, except for Nova Logistics LLC and TIS-Ruda LLC, an associated company of the Group, where the relevant percentages restricted are 25.2% and 24.7%, respectively.

The restrictions do not affect ownership of the relevant shares, but prohibit their transfer and restrict the right to use corporate rights of such shares, including the right to vote. The Group is not a party to the proceedings in which the restrictions have been imposed and these restrictions were imposed without official notification to the Group and/or its subsidiaries. The Group's subsidiaries plan to file appeals to seek the cancellation of these restrictions on the corporate rights. As at the date of the approval of these interim condensed consolidated financial statements, Ferrexpo AG ("FAG") has not been provided with the case file or the documents submitted in these proceedings. On 21 May 2024, FAG filed a formal appeal against the arrest order imposed in September 2023 with the Kyiv Court of Appeal, but it will have to be updated once FAG has access to the relevant files and documents.

#### *Currency control measures imposed in Ukraine*

With the start of the Russian invasion into Ukraine on 24 February 2022, the Ukrainian government introduced Martial Law affecting, among others, aspects relating to lending agreements, foreign exchange and currency controls and banking activities.

As a result of the introduced Martial Law, the National Bank of Ukraine ("NBU") has introduced significant currency and capital control restrictions in Ukraine. These measures are affecting the Group in terms of its cross-border payments to be made, which are restricted and may be carried out only in exceptional cases. The maximum period for settlements of invoices under export and import contracts was decreased as of 1 April 2022 from what was previously 360 days to 180 days.

These measures put additional pressure on the Group's liquidity management as the Ukrainian subsidiaries are currently not in the position to make significant cash transfers outside of Ukraine. As it is essential to the Group that sufficient liquidity is held outside of Ukraine to ensure that the Group's liabilities can be settled when falling due, intercompany receivable balances due to the Ukrainian subsidiaries have historically only been paid when falling due and after considering the local cash requirements for the operating activities and the capital expenditure programmes.

The currently lower operating activities and the reduced capital expenditure programmes due to the ongoing war have reduced the local cash requirements and consequently increased the imbalance between payments to be made into Ukraine and local cash requirements. As a result of the imposed currency control measures, the Group has to carefully manage the payments to be made into Ukraine, as the local subsidiaries cannot transfer any surplus funds back to the Group entities outside of Ukraine, if required.

Failure to comply with the currency control regulations can result in fines. The offence against the currency control regulations would result in fines of 0.3% per day calculated on the cumulative overdue receivable balances. The Group has implemented various measures to mitigate the impact of the currency control regulations and reduce the risk of material fines, but there exists legal uncertainty in the application of the currency control regulations during the application of Martial Law in Ukraine. The currency control regulations may also be subject to change in the future (including with retrospective effect). Therefore, there is a risk that the Group may become subject to challenges from regulatory authorities in connection with the application of the regulations.

Given the amount of outstanding receivable balances between Group companies, there is a risk of material fines becoming payable in the future. However, because of different interpretations of the currency control regulations during the application of Martial Law and the measures initiated by the Group to mitigate the risk of potential fines, it is currently not possible to reliably estimate the amount of a potential exposure.

#### *Share dispute*

On 23 November 2020, the Kyiv Commercial Court reopened court proceedings in relation to an old shareholder litigation.

This old shareholder litigation started in 2005, when a former shareholder in Ferrexpo Poltava Mining ("FPM") brought proceedings in the Ukrainian courts seeking to invalidate the share sale and purchase agreement concluded in 2002 pursuant to which a 40.19% stake in FPM was sold to nominee companies that were

previously ultimately controlled by Mr. Zhevago, amongst other parties. After a long period of litigation, all old claims were fully dismissed in 2015 by the Higher Commercial Court of Ukraine.

In January 2021, Ferrexpo AG ("FAG") received a claim from a former shareholder in FPM seeking to invalidate the share sale and purchase agreement concluded in 2002.

In February 2021, FAG became aware that an additional three new claims had been filed by three other former shareholders in FPM. Taken together, four claimants sought to invalidate the share sale and purchase agreement concluded in 2002 pursuant to which a 40.19% stake in FPM was sold, similar to the previous claims made back in 2005. The Kyiv Commercial Court ruled on 27 May 2021 in favour of FAG and the opposing parties filed their appeals in June 2021. The Northern Commercial Court of Appeal opened the appeal proceedings. After several hearings, in September 2022 the Group received a judgment from the appeal court, which stated that the share sale and purchase agreement concluded in 2002 was invalid and ordered that 40.19% of the current share capital in FPM should be transferred to the claimants.

Following the identification of numerous errors in the application of Ukrainian law in the judgment of the Northern Commercial Court of Appeal by the Group's Ukrainian legal advisors, FAG filed a cassation appeal and requested the Supreme Court of Ukraine to review the ruling made by the Northern Commercial Court of Appeal. During the hearing on 19 April 2023, the judges of the Grand Chamber of the Supreme Court ruled in favour of the Group.

Allegations of bribery against the Head of the Supreme Court made by the National Anti-Corruption Bureau of Ukraine ("NABU") and the Specialised Anti-Corruption Prosecutor's Office ("SAPO") in May 2023 make reference to the ruling made by the Supreme Court on 19 April 2023 and the Group's controlling shareholder. Following the subsequent removal of the Head of the Supreme Court, investigations by NABU and SAPO are underway into the conduct of the former Head of the Supreme Court and a lawyer who allegedly acted as the intermediary in the alleged bribery. On 3 August 2023, NABU announced that the Group's controlling shareholder had been issued with a notice of suspicion in NABU's and SAPO's investigation. Media in Ukraine reported on 10 July 2024 that the High Anti-Corruption Court ("HACC") in Ukraine apparently issued a ruling on 10 July 2024 to place the Group's controlling shareholder into custody in absentia in connection with the suspicion of bribing Ukrainian Supreme Court judges.

If the Ukrainian Anti-Corruption Court concludes that a judge received a bribe for the favourable decision in the share dispute case, and such verdict of the Anti-Corruption Court remains valid after any potential appeal, then the claimants may apply to the Supreme Court to review the decision of the Grand Chamber of the Supreme Court given on 19 April 2023 due to exceptional circumstances. In February 2024, all four claimants were dissolved according to the records at the UK Companies House. As at the date of the approval of these interim condensed consolidated financial statements, no allegations have been made against the Group in connection with the alleged bribery and it is currently not possible to anticipate future developments in this case with any certainty.

If the share dispute case were to be reviewed by the Grand Chamber of the Supreme Court once again, management remains of the view that FAG has compelling legal arguments to defend its position. Based on the legal considerations and arguments in the case and considering the advice received from the Group's Ukrainian legal advisors, management remains of the view that the decision should be in favour of the Group, but there is a risk that the independence of the judicial system and its immunity from economic and political influences in Ukraine is not upheld. A hypothetical reversal of the decision by the Grand Chamber of the Supreme Court would result in the loss of a significant proportion of the shareholding in the Group's main operating subsidiary in Ukraine, which holds approximately 65% of the Group's non-current operating assets, and would have a material adverse impact on the shareholders' equity attributable to the shareholders of Ferrexpo plc. Due to the uncertainties, it is currently not possible to reasonably estimate the financial impact, but it could be material. A negative decision could also have an impact on potential future dividends from FPM to FAG and, as result, on the distributable reserves of Ferrexpo plc (see Note 12 Earnings per share and dividends paid and proposed for further details).

No non-controlling interest has been recognised as of 30 June 2024 because FPM remains wholly owned by FAG as at the date of the approval of these interim condensed consolidated financial statements. It is management's view that a hypothetical reversal of the decision by the Grand Chamber of the Supreme Court will not cast significant doubt on the Group's ability to continue as a going concern. However, such a decision might complicate the daily business of the Group's major subsidiary in Ukraine, as the intentions of the opposing parties, the claimants in the share dispute case, are not clear at this point in time.

#### Other ongoing legal proceedings and disputes

#### Other ongoing legal proceedings and disputes with corresponding provisions

##### *Challenge of squeeze-out of minority shareholders*

Following the completion of squeeze-out procedures in 2019 in respect of the one of the Group's subsidiaries in Ukraine, Ferrexpo Poltava Mining ("FPM"), two former minority shareholders of FPM challenged the valuation of the shares of FPM. This valuation formed the basis for the mandatory buy-out of minority shareholders according to Ukrainian law.

On 19 September 2023, a court of first instance ruled in favour of the two former minority shareholders and decided that FPM should pay UAH136 million (30 June 2024: US\$3,355 thousand; 31 December 2023: US\$3,720 thousand; 30 June 2023: nil) in aggregate to the two former shareholders of FPM. Following the appeal filed by FPM, the court of appeal in Kharkiv refused on 21 February 2024 to satisfy the appeal of FPM, and FPM subsequently filed a cassation appeal to the Supreme Court of Ukraine. On 25 March 2024, the Supreme Court suspended the enforcement of the decision of the court of appeal and scheduled a court hearing for 17 April 2024. On 17 April 2024, the Supreme Court heard the arguments of the parties and scheduled another hearing for 27 May 2024 during which another hearing for 3 June 2024 was scheduled. On 3 June 2024, the Supreme Court granted the cassation appeal of FPM and referred the case back to the court of first instance for a new hearing. The date of the new hearing is currently not known.

The Group recorded a full provision for this claim as at 31 December 2023, in accordance with the requirements of IAS 37 *Provisions, contingent liabilities and contingent assets*.

#### Other ongoing legal proceedings and disputes without corresponding provisions

##### *Royalty-related investigation and claim*

On 3 February 2022, Ferrexpo Poltava Mining ("FPM") and Ferrexpo Yeristovo Mining ("FYM") received letters from the Office of Prosecutor General notifying them about an ongoing investigation into the potential underpayment of iron ore royalty payments during the years 2018 to 2021. The amount of underpayment was not specified in the letters. As part of the investigation, the Office of Prosecutor General requested documents related to iron ore royalty payments and requested four representatives of the Group's subsidiaries to appear as witnesses for investigations.

On 8 February 2022, FPM received a tax audit report, which claims the underpayment of iron ore royalty payments during the period from April 2017 to June 2021 in the amount of approximately UAH1,042 million (US\$25,705 thousand as at 30 June 2024), excluding fines and penalties. The Group provided its objections to the claims made in the tax audit report. On 11 August 2023, FPM received a tax notification decision, which claims the underpayment of royalty payments in the amount of UAH1,233 million (US\$30,416 thousand as at 30 June 2024), which is higher than the amount initially stated in the tax audit report due to imposed fines and penalties. FPM challenged the notification received as part of administrative procedures with the tax authorities. On 20 October 2023, the tax authorities decided that the amount in the notification decision is final and not subject to changes. In November 2023, FPM filed a lawsuit before the court to challenge the tax authorities' decision and the first court hearing took place on 29 January 2024. A subsequent court hearing scheduled for 18 March 2024 did not take place due to air raid alerts and a reconvened court hearing on 15 April 2024 decided that the court proceedings are suspended until the review of another case on challenge of individual tax consultation.



On 16 November 2022, detectives from the Bureau of Economic Security of Ukraine conducted searches at FPM and FYM in connection with the royalty-related investigation. On 3 February 2023, a notice of suspicion was delivered to a senior manager of FPM, which claimed underpayment of royalty payments in the amount of approximately UAH2,000 million (US\$49,337 thousand as at 30 June 2024). Bail of UAH20 million (US\$547 thousand as at date of the payment) was approved by the court on 9 February 2023 and subsequently paid by the Group.

On 6 February 2023, the court arrested the bank accounts of FPM. Following a motion to change the scope of the arrest filed by FPM, the court on 8 February 2023 and on 16 February 2023 added exceptions to the original court order to arrest the bank accounts of FPM in order to allow FPM to make payments for salaries, local taxes, social security charges, payments for utilities as well as payments to state and municipal companies. An appeal to cancel the arrest of the bank account of FPM was heard by the court of appeal on 19 April 2023, but the court did not satisfy the Group's appeal and the arrest order remains in effect. The Group has taken certain measures, where possible, to limit the impact of the arrested bank account of FPM.

On 31 October 2023, a notice of suspicion was delivered to another senior manager of FPM. On 13 November 2023, a court of first instance approved the bail in the amount of approximately UAH800 million (US\$21,993 thousand as at that date). An appeal was filed by the Group's subsidiary and after several scheduled court hearings were postponed and on 29 April 2024, the court of appeal approved a bail in the amount of UAH650 million (US\$16,034 thousand as at 30 June 2024). No clarification was given by the court of appeal of the rationale for this exceptionally high amount, which is also not aligned to the senior manager's financial standing. Although the Group has neither a legal nor a constructive obligation, the Group subsequently made a partial payment of the bail in the amount of UAH50 million (US\$1,259 thousand as at date of the payment) and the case is now transferred to a local court. There was a hearing on 15 July 2024 and next court hearing is scheduled for 22 August 2024.

Based on legal advice obtained, it is management's view that FPM and FYM have compelling arguments to defend their positions in the court and, as a consequence, no associated liabilities have been recognised in relation to the claim in the interim consolidated statement of financial position as at 30 June 2024. However, as with other ongoing legal proceedings, there is a risk that the independence of the judicial system and its immunity from economic and political influences in Ukraine is not upheld and, in that case, there could be a material adverse impact on the Group.

#### *Investigations on use of waste product and asset freeze*

On 10 January 2023, the State Bureau of Investigations ("SBI") in Ukraine performed several searches in respect of investigations on alleged illegal extraction of minerals ("rubble"). The National Police of Ukraine also carried out investigations on the same matter and made searches and collected samples of the rubble on 17 January 2023 at Ferrexpo Poltava Mining ("FPM"). FPM's position is that the minerals in question are not a separate mineral resource, but that it is a waste product resulting from the crushing of iron ore during the technical process for the production of iron ore pellets.

On 29 June 2023, the SBI issued notices of suspicion to three representatives of FPM's senior management and the head of one division for allegedly selling the rubble without the appropriate permit. The FPM employees were detained by the SBI and subsequently released after FPM paid bails totalling UAH122 million (US\$3,336 thousand as at date of the payment) that were approved by the court.

On 22 September 2023, the National Police of Ukraine searched the private residence of a senior manager of FPM and issued a notice of suspicion. The senior manager was subsequently detained by the National Police of Ukraine. On 26 September 2023, a court of first instance approved bail in the amount of UAH999 million (US\$27,318 thousand as at that date) and then on 30 October 2023 the court of appeal reduced the bail to UAH400 million (US\$11,063 thousand as at date of the payment). Following payment of the bail by the Group, the senior manager was released.

The sales of the rubble were subject to inspections by the State Service for Geology and Subsoil of Ukraine for many years and the sales were suspended by the Group in September 2021. The position of FPM is that based on the mining license held, FPM complied with the relevant legislation. In the pre-trial investigation of the rubble case and following an application from the prosecutor to arrest (freeze) all rail cars and railway access tracks owned by FPM, a court of first instance issued the order to freeze the rail cars and the railway access tracks. FPM filed an appeal and at a hearing of the court of appeal on 30 October 2023 the court of appeal confirmed the arrest (freeze) of assets, but refused to provide clarifications on the exact scope of the order which created a restriction on the use of one type of FPM's rail cars. Since that time FPM has not been using this type of rail cars (totalling 1,339 units), but continues to use another type of its rail cars (totalling 1,043 units). FPM filed new applications to several courts to remove the arrest order. On 22 April 2024, the court of first instance cancelled the prohibition to use rail cars and the railway access tracks. A new application to prohibit the use of railcars was filed by the prosecutor. On 18 June 2024, the court decided to postpone the hearing of this application without specifying the date of the next court hearing.

In the same pre-trial investigation of the rubble case, some of the real estate assets and transport vehicles of FPM were also arrested, but this arrest does not restrict the use of these assets in operations. As disclosed under the royalty-related investigation and claim above, a court in Ukraine arrested on 6 February 2023 the bank accounts of FPM. Following a motion to change the scope of the arrest filed by FPM, the court on 8 February 2023 and on 16 February 2023 added exceptions to the original court order to arrest the bank accounts of FPM in order to allow FPM to make payments for salaries, local taxes, social security charges, payments for utilities as well as payments to state and municipal companies. On 5 March 2024, the same bank accounts were again arrested by another governmental body, the National Police of Ukraine, but in respect of the investigations on the use of waste products. FPM has filed again a motion to the court to change the scope of the arrest to allow certain payments to be made from these arrested bank accounts. As at the date of the approval of these interim condensed consolidated financial statements, FPM's operations is not materially impacted as FPM can take advantage of a number of exemptions in the court order for the payments for salaries, local taxes, social security charges, payments for utilities as well as payments to state and municipal companies. The court of appeal hearings scheduled for 16 April 2024 and 14 May 2024 did not take place. A hearing scheduled for 8 July 2024 had to be cancelled due to an air raid alert and was postponed to 25 July 2024. On 25 July 2024, the court of appeal rejected the appeal of FPM.

On 29 April 2024, a court placed a restriction on the sale of the mining license of FPM. This restriction does not affect the use of the mining licence and FPM continues its mining operations as planned. FPM has filed an appeal against this restriction.

No associated liabilities have been recognised in relation to this case in the interim consolidated statement of financial position as at 30 June 2024 as no damage has been claimed from FPM.

#### *Ecological claims*

As discussed in detail in the 2022 Annual Report & Accounts, the State Ecological Inspection carried out an inspection of Ferrexpo Yeristovo Mining ("FYM") and on 1 October 2021 issued an order to remove a number of alleged violations of environmental rules. After the court of first instance ruled in favour of FYM on 19 July 2022 the State Ecological Inspection filed an appeal. The court of appeal returned the appeal claim to the State Ecological Inspection on 20 March 2023 due to procedural mistakes when filing the claim and the State Ecological Inspection subsequently requested an extension of the deadline for the filing of their next appeal. The State Ecological Inspection subsequently filed another appeal and on 20 July 2023 the court of appeal returned the appeal claim back to the State Ecological Inspection. There had been no actions in respect of this dispute until 5 October 2023, when the National Police of Ukraine reviewed land plots of FYM.

Based on legal advice obtained, it is management's view that FYM has compelling arguments to defend its position in the court and, as a consequence, no associated liabilities have been recognised in relation to these matters in the interim consolidated statement of financial position as at 30 June 2024.

#### *Cancellation of licence for Galeschynske deposit*

On 24 June 2021, an Order of the President of Ukraine was published on the official website of the President (the "Order"), which enacted the Decision of the National Security and Defence Council of Ukraine on the application of personal special economic and other restrictive measures and sanctions (the "Decision"). Ferrexpo Belanovo Mining ("FBM") is included in the list of legal entities which are subject to sanctions pursuant to the Decision. The Order and the Decision do not provide any legal ground for the application of sanctions. The sanction imposed on FBM is the cancellation of the mining licence for the Galeschynske deposit, which

is one of two licences held by FBM.

The Galeschynske deposit is a project in the exploration phase that is situated to the north of the Group's active mining operations. Following the cancellation of this license and because the outcome of the proceedings is currently uncertain, all capitalised costs associated with this licence totalling US\$3,439 thousand were written off during the financial year 2021. A court hearing took place on 4 April 2023 and the judges considered the evidence presented, but have not yet concluded on the legal merits of this dispute. The court hearing scheduled for 26 February 2024 did not take place and the next hearing is scheduled for 5 August 2024.

## Taxation

### Tax legislation

As disclosed in Note 8 Taxation, following the completion of tax audits in respect of its cross-border transactions, the Group's major subsidiaries, Ferrexpo Poltava Mining ("FPM") and Ferrexpo Yeristovo Mining ("FYM") received tax claims in the amount of UAH2,162 million (US\$53,333 thousand as at 30 June 2024), including fines and penalties, and UAH259 million (US\$6,389 thousand as at 30 June 2024), still subject to potential fines and penalties, respectively. The Group's subsidiaries filed the objections to be considered by the tax authorities. Based on past experience, the Group expects that no agreement will be made with the tax authorities and that the claims will need to be heard by the courts in Ukraine. On 28 February 2024, a court of first instance opened a case in relation to the lawsuit filed by FPM to challenge the tax-notification-decisions dated 27 November 2023. The first preparatory hearing took place on 1 April 2024 with subsequent preparatory hearings taking place on 20 May 2024 and 17 June 2024. The next hearing is scheduled for 14 August 2024. On 7 May 2024, a court of first instance opened a case in relation to the lawsuit filed by FYM to challenge the tax notification-decision dated 16 January 2024. The first preparatory hearing took place on 4 June 2024 and a second hearing took place on 20 June 2024. The next hearing is scheduled for 1 August 2024. As at the date of the approval of these interim condensed consolidated financial statements, the preparatory hearings before the court are still ongoing and, as a result, no final decisions have been made for the claims received by FPM and FYM. An unfavourable outcome would have an adverse impact on the Group's cash flow generation, profitability and liquidity. See Note 8 Taxation and the update on the Group's Principal Risks section on pages 76 to 78 of the 2023 Annual Report & Accounts for further information on the Ukraine country risk.

### **Note 20: Share capital and reserves**

The share capital of Ferrexpo plc at 30 June 2024 was 613,967,956 (31 December 2023: 613,967,956; 30 June 2023: 613,967,956) Ordinary Shares at par value of £0.10 paid for cash, resulting in share capital of US\$121,628 thousand, which is unchanged since the Group's Initial Public Offering in June 2007. This balance includes 15,830,814 shares (31 December 2023: 15,830,814 shares; 30 June 2023: 15,830,814 shares), which are held in treasury, resulting from a share buyback that was undertaken in September 2008, and 9,801,643 shares held in the employee benefit trust reserve (31 December 2023: 9,801,643 shares; 30 June 2023: 9,801,643 shares).

During the comparative period ended 30 June 2023, the Group transferred 9,513,000 shares on 10 March 2023 from the treasury share reserves to the Group's employee benefit trust reserve, affecting the interest of the Group's largest shareholder, Fevaminico S.a.r.l (see Note 1 Corporate information for further information), in the voting rights of Ferrexpo plc, which is 49.3% as at 30 June 2023 (31 December 2023: 49.3%; 30 June 2023: 49.5%). Further information is included in the announcement made on 10 March 2023 on the Regulatory News Service of the London Stock Exchange.

The translation reserve includes the effect from the exchange differences arising on translation of non-US dollar functional currency operations (mainly in Ukrainian hryvnia). The exchange differences arising from the translation of the Group's foreign operations are initially recognised in the other comprehensive income. See also the interim consolidated statement of comprehensive income of these financial statements for further details.

As at 30 June 2024 other reserves attributable to equity shareholders of Ferrexpo plc comprised:

<b>For the financial year 2023 and the 6 months ended 30.06.24</b>					
US\$000	Uniting of interest reserve	Treasury share reserve	Employee benefit trust reserve	Translation reserve	Total other reserves
<b>At 1 January 2023 (audited)</b>	<b>31,780</b>	<b>(77,260)</b>	<b>(1,189)</b>	<b>(2,590,222)</b>	<b>(2,636,891)</b>
Foreign currency translation differences	–	–	–	(54,847)	(54,847)
Tax effect	–	–	–	1,479	1,479
<b>Total comprehensive loss for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(53,368)</b>	<b>(53,368)</b>
Share based payments	–	–	830	–	830
Effect from transfer of treasury shares	–	29,000	(15,865)	–	13,135
<b>At 31 December 2023 (audited)</b>	<b>31,780</b>	<b>(48,260)</b>	<b>(16,224)</b>	<b>(2,643,590)</b>	<b>(2,676,294)</b>
Foreign currency translation differences	–	–	–	(91,167)	(91,167)
Tax effect	–	–	–	3,403	3,403
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Share based payments	–	–	113	–	113
<b>At 30 June 2024 (unaudited)</b>	<b>31,780</b>	<b>(48,260)</b>	<b>(16,111)</b>	<b>(2,731,354)</b>	<b>(2,763,945)</b>

<b>For the 6 months ended 30.06.23</b>					
US\$000	Uniting of interest reserve	Treasury share reserve	Employee benefit trust reserve	Translation reserve	Total other reserves
<b>At 1 January 2023 (audited)</b>	<b>31,780</b>	<b>(77,260)</b>	<b>(1,189)</b>	<b>(2,590,222)</b>	<b>(2,636,891)</b>
Foreign currency translation differences	–	–	–	180	180
Tax effect	–	–	–	–	–
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>180</b>	<b>180</b>
Share based payments	–	–	719	–	719
Effect from transfer of treasury shares	–	29,000	(15,865)	–	13,135
<b>At 30 June 2023 (unaudited)</b>	<b>31,780</b>	<b>(48,260)</b>	<b>(16,335)</b>	<b>(2,590,042)</b>	<b>(2,622,857)</b>



## Note 21: Related party disclosures

During the periods presented, the Group entered into arm's length transactions with entities under the common control of Kostyantyn Zhevago, a controlling shareholder of Ferrexpo plc, with associated companies and with other related parties. Management considers that the Group has appropriate procedures in place to identify, control, properly disclose and obtain independent confirmation, when relevant, for transactions with the related parties.

Entities under common control are those under the control of Kostyantyn Zhevago. Associated companies refer to TIS Ruda LLC, in which the Group holds an interest of 49.9% (31 December 2023: 49.9%; 30 June 2023; 49.9%). This is the only associated company of the Group.

All related party transactions entered into by the Group during the periods presented are summarised in the tables on the following pages, except for those made to the Non-executive Directors and Executive Directors of Ferrexpo plc.

The payments made to the Non-executive Directors and Executive Directors in the comparative period ended 31 December 2023 are disclosed in detail in the Remuneration Report included in the Group's 2023 Annual Report & Accounts.

The Group has entered into a settlement agreement with Kostyantyn Zhevago on 23 July 2024 relating to amounts owing to Mr Zhevago under his CEO contract. Mr Zhevago stepped down from his role as CEO of the Group in October 2019, and subsequently entered into contractual arrangements with the Group in December 2020 (as more particularly detailed in the 2020 Annual Report & Accounts). At the time of entering into these new contractual arrangements, the Group did not make any payments to Mr Zhevago for amounts outstanding under the CEO contract, including accrued vacation leave and payments in connection with the notice period. The total amount potentially owing to Mr Zhevago was calculated in the sum of up to approximately US\$725 thousand as at 30 June 2024. As a benefit under the CEO contract, Mr Zhevago was entitled to receive fully furnished accommodation at the Group's expense and this arrangement continued until December 2023. Mr Zhevago has agreed to fully set-off the cost of the accommodation paid for by the Group against the sum potentially owed by the Group to him under the settlement agreement for the CEO contract.

### Revenue, expenses, finance income and finance expenses

US\$000	6 months ended 30.06.24 (unaudited)			6 months ended 30.06.23 (unaudited)			Year ended 31.12.23 (audited)		
	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties
Other sales <sup>a</sup>	157	–	–	144	–	1	271	–	1
<b>Total related party transactions within revenue</b>	<b>157</b>	<b>–</b>	<b>–</b>	<b>144</b>	<b>–</b>	<b>1</b>	<b>271</b>	<b>–</b>	<b>1</b>
Materials and services <sup>b</sup>	3,791	–	–	3,289	–	–	6,473	–	–
Spare parts and consumables <sup>c</sup>	1,413	–	–	785	–	–	1,730	–	–
Other expenses <sup>d</sup>	–	–	–	860	–	–	1,289	–	–
<b>Total related party transactions within cost of sales</b>	<b>5,204</b>	<b>–</b>	<b>–</b>	<b>4,934</b>	<b>–</b>	<b>–</b>	<b>9,492</b>	<b>–</b>	<b>–</b>
Selling and distribution expenses <sup>e</sup>	2,838	6,584	–	2,971	20	–	5,825	20	–
General and administration expenses <sup>f</sup>	60	–	362	111	–	288	200	–	691
Other operating expenses <sup>g</sup>	101	5	–	548	–	–	1,019	–	–
Finance expense	1	–	–	2	–	–	3	–	–
<b>Total related party transactions within expenses</b>	<b>8,204</b>	<b>6,589</b>	<b>362</b>	<b>8,566</b>	<b>20</b>	<b>288</b>	<b>16,539</b>	<b>20</b>	<b>691</b>
<b>Total related party transactions</b>	<b>8,361</b>	<b>6,589</b>	<b>362</b>	<b>8,710</b>	<b>20</b>	<b>289</b>	<b>16,810</b>	<b>20</b>	<b>692</b>

The Group entered into various related party transactions. A description of the most material transactions, which are in aggregate over US\$200 thousand (on an expected annualised basis) in the current or comparative periods is given below. All transactions were carried out on an arm's length basis in the normal course of business.

#### Entities under common control

- a Sales of scrap metal to OJSC Uzhgorodsky Turbogaz totalling US\$100 thousand (30 June 2023: US\$94 thousand; 31 December 2023: US\$170 thousand).
- b Purchases of oxygen, scrap metal and services from Kislod PCC for US\$529 thousand (30 June 2023: US\$519 thousand; 31 December 2023: US\$1,020 thousand). See Note 19 Commitments, contingencies for further details regarding the application to open bankruptcy proceedings ("creditor protection proceedings") against Ferrexpo Poltava Mining ("FPM") filed by the related party;
- b Purchases of cast iron balls from OJSC Uzhgorodsky Turbogaz for US\$2,521 thousand (30 June 2023: US\$2,250 thousand; 31 December 2023: US\$4,552 thousand); and
- b Purchase of maintenance and construction services from FZ Solutions LLC for US\$676 thousand (30 June 2023: US\$459 thousand; 31 December 2023: US\$779 thousand).
- c Purchases of spare parts from CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") in the amount of US\$64 thousand (30 June 2023: US\$195 thousand; 31 December 2023: US\$218 thousand);
- c Purchases of spare parts from FZ Solutions LLC in the amount of US\$254 thousand (30 June 2023: US\$249 thousand; 31 December 2023: US\$372 thousand);
- c Purchases of spare parts from Kislod PCC in the amount of US\$170 thousand (30 June 2023: US\$116 thousand; 31 December 2023: US\$256 thousand). See Note 19 Commitments, contingencies for further details regarding the application to open bankruptcy proceedings ("creditor protection proceedings") against Ferrexpo Poltava Mining ("FPM") filed by the related party;
- c Purchases of spare parts from OJSC Uzhgorodsky Turbogaz in the amount of US\$625 thousand (30 June 2023: US\$98 thousand; 31 December 2023: US\$746 thousand); and
- c Purchases of spare parts from Valsa GTV in the amount of US\$300 thousand (30 June 2023: US\$125 thousand; 31 December 2023: US\$137 thousand).
- d Insurance premiums paid to ASK Omega for insurance cover in respect of mining equipment and machinery in the amount of US\$860 thousand and US\$1,289 thousand during the comparative periods ended 30 June 2023 and 31 December 2023. No such insurance premiums paid during the period ended 30 June 2024.
- e Purchases of advertisement, marketing and general public relations services from FC Vorskla of US\$2,837 thousand (30 June 2023: US\$2,970 thousand; 31 December 2023: US\$5,823 thousand).

g Insurance premiums paid to ASK Omega for workmen's insurance and other insurances in the amount of US\$513 thousand and US\$804 thousand during the comparative periods ended 30 June 2023 and 31 December 2023. No such insurance premiums paid during the period ended 30 June 2024.

g Purchase of marketing services from TV & Radio Company of US\$100 thousand (30 June 2023: US\$128 thousand; 31 December 2023: US\$210 thousand).

#### Associated companies

e Purchases of logistics services in the amount of US\$6,584 thousand (30 June 2023: US\$20 thousand; 31 December 2023: US\$20 thousand) relating to port operations, including port charges, handling costs, agent commissions and storage costs. The scope of the services procured from TIS Ruda is currently affected by the ongoing war in Ukraine.

#### Other related parties

f Legal and administrative services in the amount of US\$268 thousand (30 June 2023: US\$197 thousand; 31 December 2023: US\$510 thousand) provided by Kuoni Attorneys at Law Ltd., which is controlled by a member of the Board of Directors of one of the subsidiaries of the Group and received Directors' fee of US\$50 thousand (30 June 2023: US\$50 thousand; 31 December 2023: US\$100 thousand).

### Purchases of property, plant, equipment and investments

The table below details the transactions of a capital nature, which were undertaken between Group companies and entities under common control, associated companies and other related parties during the periods presented.

US\$000	6 months ended 30.06.24 (unaudited)			6 months ended 30.06.23 (unaudited)			Year ended 31.12.23 (audited)		
	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties
Purchases in the ordinary course of business	58	–	–	3,426	–	–	3,499	–	–
<b>Total purchases of property, plant and equipment</b>	<b>58</b>	<b>–</b>	<b>–</b>	<b>3,426</b>	<b>–</b>	<b>–</b>	<b>3,499</b>	<b>–</b>	<b>–</b>

During the period ended 30 June 2023, the Group purchased major spare parts and equipment from FZ Solutions LLC totalling US\$58 thousand (30 June 2023: US\$3,426 thousand; 31 December 2023: US\$3,499 thousand) in respect of the continuation of the Wave 1 pellet plant expansion project.

The FPM Charity Fund owns 75% of the Sport & Recreation Centre ("SRC") in Horishni Plavni and made contributions totalling US\$49 thousand during the period ended 30 June 2024 (30 June 2023: US\$52 thousand; 31 December 2023: US\$69 thousand) for the construction and maintenance of the building, including costs related to electricity, gas and water consumption. The remaining stake of 25% is owned by JSC F&C Realty, which is under the control of Kostyantyn Zhevago.

### Balances with related parties

The outstanding balances, as a result of transactions with related parties, for the periods presented are shown in the table below:

US\$000	As at 30.06.24 (unaudited)			As at 31.12.23 (audited)			As at 30.06.23 (unaudited)		
	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties
Prepayments for property, plant and equipment <sup>g</sup>	3,188	–	–	3,001	–	–	2,706	–	–
<b>Total non-current assets</b>	<b>3,188</b>	<b>–</b>	<b>–</b>	<b>3,001</b>	<b>–</b>	<b>–</b>	<b>2,706</b>	<b>–</b>	<b>–</b>
Trade and other receivables <sup>h</sup>	91	2,928	–	71	3,125	–	36	3,245	–
Prepayments and other current assets <sup>i</sup>	309	390	–	124	389	–	380	312	–
<b>Total current assets</b>	<b>400</b>	<b>3,318</b>	<b>–</b>	<b>195</b>	<b>3,514</b>	<b>–</b>	<b>416</b>	<b>3,557</b>	<b>–</b>
Trade and other payables <sup>j</sup>	1,616	21	–	1,219	–	–	2,166	–	–
Accrued and contract liabilities	7	–	–	–	–	–	19	–	–
<b>Total current liabilities</b>	<b>1,623</b>	<b>21</b>	<b>–</b>	<b>1,219</b>	<b>–</b>	<b>–</b>	<b>2,185</b>	<b>–</b>	<b>–</b>

A description of the most material balances which are over US\$200 thousand in the current or comparative periods is given below.

#### Entities under common control

g Prepayments for property, plant and equipment totalling US\$3,188 thousand (31 December 2023: US\$2,990 thousand; 30 June 2023: US\$2,706 thousand) were made to FZ Solutions LLC mainly in relation to the Wave 1 pellet plant expansion project.

i Prepayments and other current assets totalling US\$269 thousand to FZ Solutions LLC (31 December 2023: US\$89 thousand; 30 June 2023: US\$65 thousand) related to the purchase of spare parts and services; and

i Prepayments and other current assets to ASK Omega for insurance premiums in the amount of US\$247 thousand as at the end of the comparative period ended 30 June 2023. No such prepayment made as at 30 June 2024 or as at 31 December 2023.

j Trade and other payables of US\$732 thousand (31 December 2023: US\$138 thousand; 30 June 2023: US\$156 thousand) related to the purchase of oxygen, metal scrap and services from Kislrod PCC. See Note 19 Commitments, contingencies on for further details regarding the application to open bankruptcy proceedings ("creditor protection proceedings") against Ferrexpo Poltava Mining ("FPM") filed by the related party;

j Trade and other payables of US\$435 thousand (31 December 2023: US\$703 thousand; 30 June 2023: US\$1,589 thousand) related to the purchase of spare parts and services from FZ Solutions LLC;

j Trade and other payables of US\$102 thousand (31 December 2023: US\$317 thousand; 30 June 2023: US\$235 thousand) related to the purchase of spare parts and services from Uzhgorodsky Turbogaz, OJSC; and

j Trade and other payables of US\$203 thousand (31 December 2023: nil; 30 June 2023: US\$69 thousand) related to the purchase of replacement spare parts from Valsa GTV Ltd.

#### *Associated companies*

- h Trade and other receivables of US\$2,928 thousand (31 December 2023: US\$3,125 thousand; 30 June 2023: US\$3,245 thousand) related to dividend declared by TIS Ruda LLC prior to the beginning of the war and collection is expected to commence in the second half of the financial year 2024.
- i Prepayments and other current assets totalling US\$390 thousand (31 December 2023: US\$389 thousand; 30 June 2023: US\$312 thousand) related to purchases of logistics services from TIS Ruda LLC.

#### **Payments on behalf of a key management member**

As disclosed in Note 19 Commitments, contingencies and legal disputes, the Group is subject to various legal actions and ongoing court proceedings initiated by certain governmental bodies in Ukraine. It is current practice of these governmental bodies to issue notices of suspicion to members of the senior management of the Group's subsidiaries in Ukraine and requesting significant bail payments.

During the half year ended 30 June 2024, the Group made bail payments totalling US\$1,259 thousand (31 December 2023: US\$14,901 thousand; 30 June 2023: US\$547 thousand) on behalf of one member of the senior management of one of the Group's subsidiaries in Ukraine (31 December 2023: four members; 30 June 2023: one member).

Due to their roles as key management members of the Group, the payments made are considered to be related party transactions under the Listing Rules as the payments were made to their benefit. As a result, and as required by the Listing Rules, the Group consulted its sponsor before making any of these payments.

#### **Note 22: Events after the reporting period**

As announced on 11 March 2024 on the Regulatory News Service of the London Stock Exchange and subsequently disclosed in Note 30 Commitments, contingencies and legal disputes included in the 2023 Annual Report & Accounts, a supplier and related party to the Group filed an application to open bankruptcy proceedings ("creditor protection proceedings") against Ferrexpo Poltava Mining ("FPM") in respect of a claimed amount of UAH4.6 million (c. US\$113 thousand as at 30 June 2024). On 18 July 2024, FPM settled the outstanding debt to the supplier and FPM submitted all documents to the court for consideration at a hearing scheduled for 30 July 2024. This hearing has not taken place and the date of the hearing is currently not known.

No other material adjusting or non-adjusting events have occurred subsequent to the period-end other than the event disclosed above.

## Alternative Performance Measures (“APM”)

When assessing and discussing the Group's reported financial performance, financial position and cash flows, management may make reference to Alternative Performance Measures (“APMs”) that are not defined or specified under International Financial Reporting Standards (“IFRSs”).

APMs are not uniformly defined by all companies, including those in the Group's industry. Accordingly, the APMs used by the Group may not be comparable with similarly titled measures and disclosures made by other companies. APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRSs.

Ferrexpo makes reference to the following APMs in the 2024 Half Year Results.

### C1 cash cost of production

**Definition:** Non-financial measure, which represents the cash costs of production of iron pellets from own ore divided by production volume of own production ore. Non-C1 cost components include non-cash costs such as depreciation, inventory movements and costs of purchased ore and concentrate. The Group presents the C1 cash cost of production because it believes it is a useful operational measure of its cost competitiveness compared to its peer group.

US\$000	As at 30.06.24 (unaudited)	As at 30.06.23 (unaudited)	As at 31.12.23 (audited)
<b>C1 cash costs</b>	<b>259,975</b>	140,145	294,213
Non-C1 cost components	<b>44,960</b>	26,888	45,136
<b>Inventories recognised as an expense upon sale of goods</b>	<b>304,935</b>	167,033	339,349
Own ore produced (kt)	<b>3,297</b>	1,967	3,845
C1 cash cost per tonne (US\$)	<b>78.8</b>	71.3	76.5

### Underlying EBITDA

**Definition:** The Group calculates the Underlying EBITDA as profit before tax and finance plus depreciation and amortisation, net gains and losses from disposal of investments and property, plant and equipment, effects from share-based payments, write-offs and impairment losses, operating foreign exchange gains/losses and exceptional items. The Underlying EBITDA is presented because it is a useful measure for evaluating the Group's ability to generate cash and its operating performance.

Historically and in agreement with the Group's definition of the Underlying EBITDA at that time, the Group's Underlying EBITDA included operating foreign exchange gains and losses, which could be material depending on the devaluation of the Ukrainian hryvnia compared to the US dollar. During the period ended 30 June 2024, the Group amended its definition of the Underlying EBITDA by excluding the operating foreign exchange gains and losses. The vast majority of the Group's operating foreign exchange gains or losses is expected to incur on intercompany trade receivable balance of the Ukrainian subsidiaries, which are denominated in US dollar. For practicability reason, the entire balance of the operating foreign exchange gains and losses are excluded from the Group's Underlying EBITDA. It is management's view that the amended definition better reflects the Group's ability to generate cash and to evaluate its operating performance.

See Note 3 Segment information for further details on the composition of the Group's Underlying EBITDA.

**Closest equivalent IFRSs measure:** Profit before tax and finance.

**Rationale for adjustment:** The Group presents the underlying EBITDA as it is a useful measure for evaluating its ability to generate cash and its operating performance. Also it aids comparability across peer groups as it is a measurement that is often used.

**Reconciliation to closest IFRSs equivalent:**

US\$000	Notes	As at 30.06.24 (unaudited)	Restated As at 30.06.23 (unaudited)	Restated As at 31.12.23 (audited)
<b>Underlying EBITDA</b>		<b>79,043</b>	63,685	98,871
Losses on disposal and liquidation of property, plant and equipment	5	(45)	(96)	(11)
Share-based payments		(113)	(719)	(830)
Write backs/(offs) and impairments	5	118	180	(978)
Recognition of provisions for legal disputes		–	–	(131,117)
Depreciation and amortisation	5	(33,606)	(29,561)	(57,669)
Operating foreign exchange gains/losses	6	<b>55,258</b>	(42)	31,371
<b>Profit before tax and finance</b>		<b>100,655</b>	33,447	(60,363)

### Net cash/(debt)

**Definition:** Cash and cash equivalents net of interest-bearing loans and borrowings.

**Closest equivalent IFRSs measure:** Cash and cash equivalents.

**Rationale for adjustment:** Net cash/(debt) is a measurement of the strength of the Group's balance sheet. It is presented as it is a useful measure to evaluate the Group's financial liquidity.

**Reconciliation to closest IFRSs equivalent:**

US\$000	Notes	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
Cash and cash equivalents	16	<b>115,131</b>	115,241	134,903
Interest-bearing loans and borrowings – current	17	(3,092)	(5,939)	(3,012)
Interest-bearing loans and borrowings – non-current	17	(528)	(1,009)	(950)
<b>Net cash</b>		<b>111,511</b>	108,293	130,941

## Capital investment

**Definition:** Capital expenditure for the purchase of property, plant and equipment and intangible assets.

**Closest equivalent IFRSs measure:** Purchase of property, plant and equipment and intangible assets (net cash flows used in investing activities).

**Rationale for adjustment:** The Group presents the capital investment as it is a useful measure for evaluating the degree of capital invested in its business operations.

**Reconciliation to closest IFRSs equivalent:**

US\$000	Notes	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
Purchase of property, plant and equipment and intangible assets (net cash flows used in investing activities)	10	55,371	101,247	58,415

## Total liquidity

**Definition:** Sum of cash and cash equivalents and available committed facilities and uncommitted facilities. Uncommitted facilities include trade finance facilities secured against receivable balances related to these specific trades. See Note 17 Interest-bearing loans and borrowings for further information.

**Closest equivalent IFRSs measure:** Cash and cash equivalents.

**Rationale for adjustment:** The Group presents total liquidity as it is a useful measure for evaluating its ability to meet short-term business requirements.

**Reconciliation to closest IFRSs equivalent:**

US\$000	Notes	As at 30.06.24 (unaudited)	As at 31.12.23 (audited)	As at 30.06.23 (unaudited)
Cash and cash equivalents	16	115,131	115,241	134,903
Uncommitted facilities		–	–	–
<b>Total liquidity</b>		<b>115,131</b>	<b>112,945</b>	<b>134,903</b>



## Glossary

Act	The Companies Act 2006
AGM	The Annual General Meeting of the Company
Articles	Articles of Association of the Company
Audit Committee	The Audit Committee of the Company's Board
Bank F&C	Bank Finance & Credit
Belanovo or Bilanivske	An iron ore deposit located immediately to the north of Yeristovo
Benchmark Price	International seaborne traded iron ore pricing mechanism understood to be offered to the market by major iron ore producers under long-term contracts
Beneficiation Process	A number of processes whereby the mineral is extracted from the crude ore
BIP	Business Improvement Programme, a programme of projects to increase production output and efficiency at FPM
Blast furnace pellets	Used in Basic Oxygen Furnace "BOF" steelmaking and constitute about 70% of the traded pellet market
Board	The Board of Directors of the Company
Bt	Billion tonnes
C1 costs	Represents the cash costs of production of iron pellets from own ore, divided by production volume from own ore, and excludes non-cash costs such as depreciation, pension costs and inventory movements, costs of purchased ore, concentrate and production cost of gravel
Capesize	Capesize vessels are typically above 150,000 tonnes deadweight. Ships in this class include oil tankers, supertankers and bulk carriers transporting coal, ore, and other commodity raw materials. Standard capesize vessels are able to transit through the Suez Canal
Capex	Capital expenditure for the purchase of property, plant and equipment and intangible assets
Capital Employed	The aggregate of equity attributable to shareholders, non-controlling interests and borrowings
CFR	Delivery including cost and freight
CHF	Swiss Franc, the currency of Switzerland
China & South East Asia	This segmentation for the Group's sales includes China and Vietnam
CID	Committee of Independent Directors
CIF	Delivery including cost, insurance and freight
CIS	The Commonwealth of Independent States
CODM	The Executive Committee is considered to be the Group's Chief Operating Decision-Maker
Company	Ferrexpo plc, a public company incorporated in England and Wales with limited liability
Controlling Shareholder	49.5% of Ferrexpo plc shares are held by Fevamotinic S.a.r.l.; Fevamotinic is wholly owned by The Minco Trust. The Minco Trust is a discretionary trust that has three beneficiaries, consisting of Mr Zhevago and two other members of his family. Each of the beneficiaries of the Minco Trust is considered a controlling shareholder of Ferrexpo plc
CPI	Consumer Price Index
CRU	The CRU Group provides market analysis and consulting advice in the global mining industry

(see [www.crugroup.com](http://www.crugroup.com))

CSR	Corporate Social Responsibility
DAP	Delivery at place
DFS	Detailed feasibility study
Directors	The Directors of the Company
Direct reduction	Used in Direct Reduction Iron ("DRI") production
Direct reduction "DR" pellets	In regions where natural gas is cheap and plentiful, such as the Middle East, DR pellets are mixed with natural gas to produce DRI, an alternative source of metallic to scrap in Electric Arc Furnace ("EAF") steelmaking. DR pellets are a niche, higher quality product with Fe content greater than 67% and a combined level of silica and alumina of <2%
EBT	Employee benefit trust
EPS	Earnings per share
Europe (including Turkey)	This segmentation for the Group's sales includes Austria, Czech Republic, Germany, Hungary, Romania, Serbia, Slovakia and Turkey
Executive Committee	The Executive Committee of management appointed by the Company's Board
Executive Directors	The Executive Directors of the Company
FBM	LLC Ferrexpo Belanovo Mining, a company incorporated under the laws of Ukraine
Fe	Iron
Ferrexpo	The Company and its subsidiaries
Ferrexpo AG Group	Ferrexpo AG and its subsidiaries including FPM
Fevamotinico	Fevamotinico S.a.r.l., a company incorporated with limited liability in Luxembourg
FOB	Delivered free on board, which means that the seller's obligation to deliver has been fulfilled when the goods have passed over the ship's rail at the named port of shipment, and all future obligations in terms of costs and risks of loss or damage transfer to the buyer from that point onwards
FPM	Ferrexpo Poltava Mining, also known as PJSC Ferrexpo Poltava Mining, a company incorporated under the laws of Ukraine
FRMCC	Finance, Risk Management and Compliance Committee, a sub-committee of the Executive Committee
FTSE All Share Index	Capitalisation rated index of 600 of London Stock Exchange quoted companies
FYM	LLC Ferrexpo Yeristovo Mining, a company incorporated under the laws of Ukraine
GPL	Gorishne-Plavninske-Lavrykivske, the iron ore deposit being mined by FPM
Group	The Company and its subsidiaries
HSE	Health, safety and environment
HSEC Committee	The Health, Safety, Environment and Community Committee
IAS	International Accounting Standards
IASB	International Accounting Standards Board

IFRIC interpretations	IFRS interpretations, as issued by the IFRS Interpretations Committee
IPO	Initial public offering
Iron ore concentrate	Product of the beneficiation process with enriched iron content
Iron ore pellets	Balled and fired agglomerate of iron ore concentrate, whose physical properties are well suited for transportation to and reduction within a blast furnace
Iron ore sinter fines	Fine iron ore screened to -6.3mm
IRR	Internal Rate of Return
JORC	Australasian Joint Ore Reserves Committee – the internationally accepted code for ore classification
K22	GPL ore has been classified as either K22 or K23 quality, of which K22 ore is of higher quality (richer)
KPI	Key Performance Indicator
Kt	Thousand tonnes
LIBOR	The London Inter Bank Offered Rate
LLC	Limited Liability Company (in Ukraine)
LSE	London Stock Exchange
LTI	Lost time injury
LTIFR	Lost-Time Injury Frequency Rate
LTIP	Long-Term Incentive Plan
m <sup>3</sup>	Cubic metre
Middle East & North Africa	This segmentation for the Group's sales includes Algeria and the United Arab Emirates.
Mm	Millimetre
Mt	Million tonnes
Mtpa	Million tonnes per annum
NBU	National Bank of Ukraine
Nominations Committee	The Nominations Committee of the Company's Board
Non-executive Directors	Non-executive Directors of the Company
NOPAT	Net operating profit after tax
North America	This segmentation for the Group's sales includes the United States
North East Asia	This segmentation for the Group's sales includes Japan and Korea
OHSAS 18001	International safety standard 'Occupational Health & Safety Management System Specification'
Ordinary Shares	Ordinary Shares of 10 pence each in the Company
Ore	A mineral or mineral aggregate containing precious or useful minerals in such quantities, grade and chemical combination as to make extraction economic

<b>Panamax</b>	Modern panamax ships typically carry a weight of between 65,000 to 90,000 tonnes of cargo and can transit both Panama and Suez canals
<b>PPE</b>	Personal protective equipment
<b>PPI</b>	Ukrainian producer price index
<b>Probable Reserves</b>	Those measured and/or indicated mineral resources which are not yet 'proved', but of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of determination and under specific economic conditions
<b>Proved Reserves</b>	Measured mineral resources of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of determination and under specific economic conditions
<b>Rail car</b>	Railway wagon used for the transport of iron ore concentrate or pellets
<b>Relationship Agreement</b>	The relationship agreement entered into among Fevamotinic S.a.r.l., Kostyantyn Zhevago, The Minco Trust and the Company
<b>Remuneration Committee</b>	The Remuneration Committee of the Board
<b>Reserves</b>	Those parts of mineral resources for which sufficient information is available to enable detailed or conceptual mine planning and for which such planning has been undertaken. Reserves are classified as either proved or probable
<b>Resources</b>	Concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction
<b>Sinter</b>	A porous aggregate charged directly to the blast furnace which is normally produced by firing fine iron ore and/or iron ore concentrate, other binding materials, and coke breeze as the heat source
<b>Spot price</b>	The current price of a product for immediate delivery
<b>Sterling/£</b>	Pound Sterling, the currency of the United Kingdom
<b>STIP</b>	Short-Term Incentive Plan
<b>Tailings</b>	The waste material produced from ore after economically recoverable metals or minerals have been extracted. Changes in metal prices and improvements in technology can sometimes make the tailings economic to process at a later date
<b>Tolling</b>	The process by which a customer supplies concentrate to a smelter and the smelter invoices the customer the smelting charge, and possibly a refining charge, and then returns the metal to the customer
<b>Ton</b>	A US short ton, equal to 0.9072 metric tonnes
<b>Tonne or t</b>	Metric tonne
<b>Treasury Shares</b>	A company's own issued shares that it has purchased but not cancelled
<b>TSF</b>	Tailings storage facility
<b>TSR</b>	Total shareholder return. The total return earned on a share over a period of time, measured as the dividend per share plus capital gain, divided by initial share price
<b>UAH</b>	Ukrainian hryvnia, the currency of Ukraine
<b>UK adopted IFRS</b>	International Financial Reporting Standards adopted for use in the United Kingdom
<b>Ukr SEPRO</b>	The quality certification system in Ukraine, regulated by law to ensure conformity with safety and environmental standards
<b>Underlying EBITDA</b>	The Group calculates the Underlying EBITDA as profit before tax and finance plus depreciation and amortisation,

adjusted for net gains and losses from disposal of investments property, plant and equipment, effects from share-based payments, write-offs and impairment losses, operating foreign exchange gains/losses and exceptional items

<b>Underlying EBITDA margin</b>	Underlying EBITDA (see definition above) as a percentage of revenue
<b>US\$/t</b>	US dollars per tonne
<b>Value-in-use</b>	The implied value of a material to an end user relative to other options, e.g. evaluating, in financial terms, the productivity in the steel making process of a particular quality of iron ore pellets versus the productivity of alternative qualities of iron ore pellets
<b>VAT</b>	Value Added Tax
<b>WAFV</b>	Weighted average fair value
<b>WMS</b>	Wet magnetic separation
<b>Yeristovo or Yerstivske</b>	The deposit being developed by FYM