2 August 2023

Ferrexpo plc

("Ferrexpo", the "Group" or the "Company")

Interim Results for the six months ended 30 June 2023

Resilient performance in challenging circumstances

Ferrexpo plc (LSE: FXPO), a premium iron ore pellet producer and exporter to the global steel industry, with operations in central Ukraine, and customers across Europe and Asia, is pleased to report interim results for the six months ended 30 June 2023 ("the interims" or "first half" or "1H 2023").

Commenting on the results, Lucio Genovese, Executive Chair, said: *"With the war approaching the middle of its second year, Ukraine continues to demonstrate an incredible resilience. At Ferrexpo, we have managed to increase production on the previous period which has mitigated a lower iron ore pellet price environment. Unfortunately, the war, coupled with the continued closure of the Ukrainian ports mean volumes remain lower than pre-war production levels. Whilst a renewed sense of optimism in Ukraine is noticeable, the situation continues to be challenging. We remain steadfast in our commitment to support our workforce and communities in every way we can. Their safety and wellbeing is our primary concern.*

Our workforce is very different today. Tragically, we have lost 27 brave men who served in the armed services. There are many still serving, and indeed many veterans that have returned to work. At the start of the war, a large part of our workforce moved away; but, at the same time, we have absorbed even more internally displaced people fleeing the conflict on the eastern border, providing them with accommodation, food and medical supplies, and wherever possible, employment too.

Our operations have changed too, adapting to become more nimble and responsive to different challenges as they develop. We are currently running two out of four pelletiser lines, which generate enough high-quality production to utilise the available logistics capacity to continue supplying our European customers.

I believe that our business is the right size in the current environment. We are able to respond to market conditions, remain cash flow positive, with a strong cash balance and no financial debt. As we enter an uncertain price environment for iron ore, we will continue to focus on managing costs and defer longer-term CAPEX projects where possible.

I am proud of our achievements during a time of war, which is testament to the resilience of our workforce and competitiveness of the operations. When the war ends, Ferrexpo will be ready to invest, and we look forward to playing a significant part in the reconstruction of Ukraine and continue our role as a supplier of high-grade iron ore products to meet the ever growing need for green steel production, in Europe in particular."

Financial Highlights

- Revenues declined by 64% to US$334 million due to lower production and realised prices.
- Profit after tax declined by 67% to US$27 million.
- The C1 Costs[A] reduced to US$71 per tonne, due to lower energy costs, local currency devaluation and cost saving initiatives.
- Underlying EBITDA[A] decreased by 87% to US$64 million, reflecting higher costs, principally driven by lower production volumes, rising global inflation and energy prices.
- The Group remains in a Net Cash[A] position US$131 million, comprising US$135 million of cash and cash equivalents, and minimal financial debt as of 30 June 2023 (Net Cash[A] position as at 31 December 2022: US$106 million).
- Capital investment of US$58 million, split between maintenance and expansion as the Group continued to invest in future growth.

* Words with the symbol "[A]" are defined in the Alternative Performance Measures section on pages 46 and 47.

Commenting on the financial results, Nikolay Kladiev, CFO, said: *"Improvements in sales volumes and prices helped lift revenues 7% to $334million for the first half of 2023 compared to the last six months of 2022, although admittedly lower than the first half of 2022 during which operations were running at full capacity until the invasion of Ukraine and iron ore prices were correspondingly higher.*

During the first six months of 2023 we have worked hard to manage our unit costs and it is an achievement that our C1 Costs reduced 17% to US$71 per tonne compared to the same period last year. This is in part due to a fall in energy costs, but also due to efficiency measures which will continue to have a positive effect and help counter other challenges in the coming months. Nevertheless, with only one-to-two pelletiser lines operational out of a total four, the business continues to carry large fixed costs, notably the costs of a full workforce and the important and ongoing funding for our communities and humanitarian support.

By focusing on high-grade, high-quality forms of iron ore, with all production grading 65% Fe or above we achieved an Underlying EBITDA of US$64 million for the period. This is a commendable achievement, notably as we have continued to invest in the business, with capital investment totalling US$58 million, over half of which went into expansion projects. However, to maintain a strong cash balance in an uncertain future pricing environment, we will seek to defer longer-term expansionary CAPEX, as we right-size our business in the event of a longer conflict."

Table 1: Summary of financial performance*

	6 months ended 30.06.23	6 months ended 31.12.22	*Change*	6 months ended 30.06.22	*Change*	FY year ended 31.12.22
Total pellet production (kt)	**1,967**	1,256	*+57%*	4,797	*-59%*	6,053
Sales volumes (kt)	**2,085**	1,806	*+15%*	4,374	*-52%*	6,180
Average Platts 62% Fe iron ore fines price (US$/t)	**118**	101	*+17%*	140	*-16%*	120
Revenue (US$m)	**334**	313	*+7%*	936	*-64%*	1,249
Average C1 Cash Cost of production[A] (US$/t)	**71**	75	*-5%*	85	*-17%*	83
Underlying EBITDA[A] (US$m)	**64**	279	*-77%*	486	*-87%*	765
Diluted EPS (US cents)	**4.5**	23.4	*-81%*	13.9	*-67%*	37.4
Net cash flow from operating activities	**80**	68	*+18%*	233	*-66%*	301
Capital investment[A] (US$m)	**58**	59	*-2%*	102	*-43%*	161
Closing Net Cash[A] (US$m)	**131**	106	*+24%*	172	*-24%*	106
Closing cash and cash equivalents (US$m)	**135**	113	*+19%*	177	*-24%*	113

Humanitarian Fund

- Established at start of war, the Ferrexpo Humanitarian Fund provides comprehensive support for our workforce, including those serving and returning from military service, local communities, internally displaced people and the Ukrainian society at large, to help ease the impact of the humanitarian crisis playing out across the country.
- Total approved funding for the Ferrexpo Humanitarian Fund of US$19 million at the end of June 2023, deployed across 70 different projects and initiatives, including:
  - Provision of shelter, food and medical supplies for individuals and families.
  - Partnering with regional authorities to respond to critical needs.
  - Donation of medical supplies, equipment and rescue vehicles.
- Each individual project is reviewed and approved by the Group's Health, Safety, Environment and Community ("HSEC") Committee, a subcommittee of the Board of Directors ("Board"), and the committee responsible for the Group's community support activities and sustainability programme.

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Health and Safety

- 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 0.26 materially below the historic five-year trailing average of 0.69. The Group is proud to report zero fatalities for the period.
- The Group's facilities operate with zero-to-minimal impact on operations as a result of Covid-19, and therefore based on current statistics, the Group will cease reporting on Covid-19.

Operational Highlights

- Despite the ongoing conflict in Ukraine, and associated energy and logistics constraints during the first half of the year, the Group successfully operated two pelletiser lines, the second of which was recommissioned earlier in the year, ramping up to add additional flexibility and capacity.
- Pellet production of 1.967 million tonnes in 1H 2023, representing a level 57% increase compared to the previous six months and 59% decrease to the same period in 2022 due to the conflict in Ukraine and associated logistics constraints, with the Group matching production volumes with accessible pellet demand.
- Focus on higher-grade iron ore production continued during the half year, all grading 65% Fe or above, and comprised entirely of high-grade blast furnace pellets, preferred by European customers.
- Sales volumes totalled 2.085 million tonnes, comprised of pellets and commercial concentrates. This represents a 15% increase compared to the previous six months to December 2022 and a 52% decrease compared to the first six months to June 2022, a period which included full production capacity until Russia's invasion on the 24 February 2022.
- The Group's C1 Cash Cost of production[A] decreased to US$71 tonne 1H 2023 due to the local currency devaluation in 2H 2022, lower prices for some input materials and the effects from further cost saving initiatives.
- The Group continues to receive adequate supplies of key consumables, with Ukraine's reduced industrial output resulting in lower overall demand for inputs such as electricity, diesel and natural gas.

Market Environment

- Iron ore prices fell during the 1H 2023 period by 5%, with a mildly weakened 3Q outlook due to soft demand in Asia and an increase in Brazilian and Australian supply.
- C3 freight rates fell by 26% year-on-year to an average of US$20 per tonne in 1H 2023 as a result of lower global energy prices and lack of demand from Brazilian miners.

Board of Directors and Corporate Governance

- On 1 August 2023, Fiona MacAulay stepped down as a member of the Audit Committee.
- On 1 July 2023, Lucio Genovese transitioned from Non-executive Chair to Executive Chair on an interim basis following the resignation and departure of Jim North as Group CEO on 30 June 2023.
- On 25 May 2023, Jim North resigned as Executive Director of the Company.
- On 25 May 2023, Ann-Christin Andersen resigned from the Board as a Non-executive Director. Fellow Non-executive Director, Natalie Polischuk assumed her former position as the Chair of the Health, Safety, Environment and Community ("HSEC") Committee.
- On 25 May 2023, Nikolay Kladiev, Group CFO, was appointed as an Executive Director of the Company.

Environment, Social and Governance ("ESG")

- In the coming months, the Company will release its eighth annual Responsible Business Report for 2022, a comprehensive overview of the Group's sustainability activities with its diverse stakeholders. Highlights from the report will include:
- The Company's commitment to Ukraine and how it has responded to Russia's invasion of Ukraine.
- A review of the Company's health, safety, environmental, social and community activities and performance.
- A detailed look into the Company's responsible and sustainable business practices.
- Longer-term assessment how the Group plans to develop towards a low emissions future and shift to a supplier to the green steel value chain.

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About Ferrexpo:

Ferrexpo is a Swiss headquartered iron ore company with assets in Ukraine and a premium listing on the London Stock Exchange in the FTSE 250 index (ticker FXPO). 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 the Group's iron ore pellets are 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 invasion of Ukraine in February 2022, the Group was the world's third largest exporter of pellets to the global steel industry. The Group has a customer base comprising of premium steel mills around the world. For further information, please visit www.ferrexpo.com.

Notes:

*Due to the ongoing war in Ukraine, and the multiple challenges that this places on operations, it is not considered appropriate at the current time to compare half yearly numbers to same period last year, i.e. 1H 2023 to 1H 2022, because the circumstances in which they are produced are different. Even withstanding seasonal anomalies, it is believed that at the present time, investors and other readers will have a better understanding of how the Company is performing if the latest half yearly operations is compared to the previous period (i.e.1H 2023 to 2H 2022). Hence, for this and subsequent reporting periods, and until further notice, it has been decided to present reports in this time format.

Introduction

Russia's ongoing war in Ukraine continues to cause profound social and economic impacts. Nevertheless, due to the resilience of Ferrexpo's workforce and those stakeholders that support us, the business continues to operate, produce, market and sell its premium products – even despite workforce, energy, and infrastructure constraints. The business has become more nimble and adaptive to change, the Group's operational and management teams consistently demonstrate a resourcefulness, resolving issues as they emerge, and continue to supply our customers.

In turn, this means that Ferrexpo can play an active and supportive role during a time of war. Ferrexpo's response has been comprehensive, to ensure the safety and wellbeing of employees, their families, and communities, in mobilising resources to provide humanitarian aid to refugees and supporting local and regional authorities. Our approach has been rapid and innovative, allowing us to adapt and scale-up our support as the crisis has unravelled.

To date, the Group has committed to US$19 million of approved funding through the Ferrexpo Humanitarian Fund. This has facilitated the roll-out of 70 social impact projects and initiatives, including the provision of shelter, food and medical supplies for individuals, partnering with regional authorities to respond to critical needs, and the donation of medical supplies, equipment and rescue vehicles. A comprehensive list of social impacts realised by the Ferrexpo Humanitarian Fund can be found in the Responsible Business section of this report.

Safety remains a core Group-wide focus. Safety performance in 1H 2023 has not declined as a result of the conflict in Ukraine. Indeed, the LTIFR (lost time injury rate) for the six months to June 2023 was reported at 0.26, remaining materially below Ferrexpo's historical five-year running average. Operations continuing to remain fatality free in 2023 (2022: zero).

Following 16 years of consistent investment in the Group's operations, Ferrexpo grew to be the world's third largest exporter of premium iron ore pellets. However, production capacity for the first six months continues to be lower than full capacity. Whereas during the 2022–2023 winter, production was primarily hampered by the availability of power, during the first half of 2023, logistics constraints have limited sales, and therefore production has been curtailed. Nevertheless a second pelletiser line was successfully recommissioned in the first quarter, adding additional flexibility and capacity towards the end of the first half. It should be noted that it is not possible to operate two pelletiser lines at full capacity as there is not enough logistics capacity to handle the combined full production, however, two pelletiser lines do add the possibility a marginal production increase, whilst reducing our operating exposure to a single pelletiser line.

During 1H 2023, the Group achieved total commercial production, including pellets and commercial concentrate of 2.1 million tonnes and sales of 2.1 million tonnes, generating revenue of US$334 million (1H 2022: US$936 million). The Group realised an Underlying EBITDA[A] of US$64 million (1H 2022: US$486 million). This financial performance has been made possible through the Group's continued focus on high-grade and quality forms of iron ore, with 100% of production grading 65% Fe or above in 1H 2023 (1H 2022: 100%).

For further details of the Group's financial performance, please see the section titled "Financial Review".

Shareholder returns

The Group has long maintained a policy of investing for the future growth of its business alongside providing shareholder returns and maintaining a prudent cash position. The Board will continue to assess the Group's ability to provide shareholder returns in the form of dividends or share buy backs, however the Board of Directors have elected not to announce an interim dividend for 2023.

Board membership and executive management

On 1 August 2023, Fiona MacAulay stepped down as a member of the Audit Committee.

On 1 July 2023, Lucio Genovese transitioned from Non-executive Chair to Executive Chair on an interim basis following the resignation and departure of Jim North as Group CEO in June. In May 2023, Mr North, Executive Director, resigned from the Board of Directors, and Nikolay Kladiev, Group CFO, was appointed an Executive Director of the Company.

Non-executive Director Ann-Christin Andersen left the Board in May 2023 at the time of the AGM. Fellow Non-executive Director, Natalie Polischuk assumed Ms Andersen's position as the Chair of the Health, Safety, Environment and Community ("HSEC") Committee.

At the AGM, more than 20% of votes cast against the re-election of one of the Company Directors based on the outcome of the votes of the independent shareholders. The Board has agreed to consult and engage with shareholders to better understand the reasoning behind this vote and will publish an update of its shareholder engagement within six months of the AGM (26 November 2023).

Iron ore market review

Iron ore pricing

Iron ore prices in general fell during the first half of 2023, with lower volatility reported overall. The fall in iron ore pricing is attributed to the tightening of monetary policy, declining levels of stimulus by central banks and the resulting negative impact on steel demand, especially evidenced in China, the world's largest steel producer. The decrease in volatility on the other hand, has been largely attributed to a more normalised trading of global commodities, after adjusting to the initial supply uncertainty caused by the Russian invasion of Ukraine.

Pellet premiums, the price paid by steelmakers over prevailing iron ore indices for the high-grade nature of iron ore pellets was weaker in the first half of 2023. This was due to weak demand for high-grade, direct-charge material in Asia caused by low steel margins, together with a cautious steel market outlook in Europe, which also coincided with increased supply pressure as India relaxed its iron ore export tariffs and started increasing its iron ore pellet exports.

The supply of iron ore is forecast to increase in the near term, as Brazilian producers restore capacity, following the easing of bad weather and other operational constraints due to tailings dam restrictions being addressed. On the demand side, Chinese demand will continue to play a significant role in pricing, because the country accounts for approximately three quarters of global iron ore trade[1]. Following the easing of pandemic restrictions at the end of 2022, a sharp increase in Chinese demand was anticipated, however, this has failed to emerge. Instead, new patterns in Chinese demand have been observed, with steelmakers transitioning to a low-inventory operating model to manage working capital. This has further discounted upside risk in pricing that the current low inventory levels in China now would have traditionally indicated. Steel margins, often an indicator of the outlook for iron ore fines pricing in the medium term, have remained negative for hot rolled coil steel products in China[2] due to weakening end-user demand. Market commentators suggest that this will eventually lead to more steelmakers curbing production, thus further reducing demand for iron ore. These factors, combined with an overall bearish macroeconomic backdrop, has led to management's expectations that there will be downward pressure on iron ore pricing in 2H 2023.

Nevertheless, the outlook of pellet premiums, which are primarily governed by profitability of the European and Asian (excluding China) steel sectors, is expected to see some upside in the coming period, with a tightened supply into an end-user market that is looking to reduce emissions and therefore source greater quantities of iron ore pellets.

Freight

The C3 freight rate, which is principally used as a freight reference in the pricing of the Group's sales contracts, averaged US$20 per tonne in 1H 2023 (1H 2022: US$26 per tonne), representing a 26% decrease. The same freight rate ended the half year period on US$21 per tonne (as at 30 June 2023). Market commentators suggest that the outlook for the physical and derivative market is weak for the remainder of 2023 and therefore, the Group does not expect a strong 3Q freight market.

The Group has been focusing efforts to deep sea port options for its seaborne exports. During the first half of the year, the logistics team concentrated on improving efficiencies and costs. The Group has also taken further efforts to reduce inefficiency in its supply chain by optimising to ensure maximum efficiency and lower cost.

Iron ore supply

Global exports of iron ore increased by 4% in 1H 2023, due to strong supply performance of 6% and 1% year-on-year increases from Brazil and Australia respectively.

Iron ore consumption is forecast to increase 6% in the second half of 2023 (relative to 1H 2023), due to an anticipated 8% increase in Chinese demand and a 10% increase in the EU-27 region. In China, with the easing of constraints around the scrap supply chain, mills have been increasing the proportion of scrap charged into their blast furnaces. However, given certain technical limits of blast furnaces in China, the usage of scrap is at its upper limits and further increases in scrap utilisation would be limited. In addition, compressed steel profit margins could further discourage mills from utilising scrap, opting for more cost-effective input options, such as lower-grade iron ore.

One region that stood out is Southeast Asia with robust demand growth, increasing 10% year-on-year.

[1] *Source: CRU Group*

[2] *Source: CRU Group*

Iron ore pellet supply

With half year data not available yet, estimates for global iron ore pellet export volumes for the first five months of 2023 ("5M 2023") is approximately 44 million tonnes, 9 million tonnes lower than the same period in 2022. The decrease in export volumes for 5M 2023 was mainly attributed to an approximate 7 million tonne reduction in exports from Ukraine and Russia. Indian exports also reduced by an estimated 1.5 million tonnes due to weaker Chinese import demand.

Over the first five months, Brazilian pellet exports increased by over 1.8 million tonnes, as operational issues were overcome. Overall volumes from other major centres of pellet export supply, notably Sweden and Canada, were reported in line with the same period last year.

Commentators suggest that Brazilian pellet exports will continue to grow in the near term. There are also expectations of increased Indian exports too due to the removal of iron ore export tariffs imposed in May 2022. However, with ongoing supply disruption from Ukraine and Russia, overall global supply is anticipated to remain balanced.

Iron ore pellet demand

The European and Asia ex-China markets (i.e. Japan, Korea and Taiwan) are the primary blast furnace pellet export markets, representing an estimated 84% of the total blast furnace pellet export market[1]. However, during the first five months of 2023, it is estimated that China's share of the global blast furnace pellet export market increased to approximately 20%, due to a 1 million tonnes increase in iron ore pellet imports from India – as Indian iron ore export tariffs implemented in May 2022 were lifted.

The Middle East and North Africa ("MENA") region and North America are the main regions that have historically bought the majority of direct reduction pellets. Demand in these markets for the first half of 2023 was largely balanced.

Global steel production

According to the World Steel Association, global steel production fell 1.1% to 944 million tonnes in 1H 2023[2].The major steel producing regions globally remained cautious and refrained from increasing production due to an uncertain macroeconomic environment. This was particularly evidenced in Europe. Steel production in the EU-27 region fell 10.9% year-on-year and a weaker 14.1% fall across non-EU-27 Europe.

Conversely, steel production in China saw some growth, with more than 530 million tonnes of steel produced in 1H 2023, representing a 1.3% increase year-on-year, attributed by commentators to an early improvement in the economic outlook as economic prospects due to the lifting of pandemic-related restrictions, however, this sentiment did not reflect actual economic performance.

The World Steel Association expects that global steel demand will see a rebound in growth, forecasting a 2.3% expansion in 2023[3], following a decrease of 4.3% in 2022. The World Steel Association cites China's reopening, Europe's increased energy security policies due to the Russia's invasion of Ukraine, and more efficient supply chains, as the main drivers of the expansion in 2023 steel demand.

Looking to the longer term, the Group maintains its expectations that tighter emissions controls and government regulation, particularly in the EU, will result in shift in demand favouring high-grade, low impurity pellets. Independent research by CRU Group has demonstrated the advantage of lower CO_2 emissions using pellets in the blast furnace burden instead of sinter fines. Pellets require less coking coal, and there is no need to sinter material before it enters the blast furnace. CRU Group research estimates that steel mills produce approximately 40% less CO_2 for each tonne of Ferrexpo's high-grade iron ore pellets used in place of sinter fines.

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2 Top 63 producing countries, representing 97% of total world crude steel production in 2022.

3 World Steel Association, Short Range Outlook published April 2023

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Financial review

The operational and logistical pressures the Group has faced since the Russian invasion of Ukraine in February 2022 have continued in 1H 2023 and the situation remains very challenging. While the power supply stabilised later in 1H 2023, the Group still does not have access to the Port of Pivdennyi on the Black Sea in Ukraine. This has a negative impact on the Group's potential sales, as not all of the volume can be delivered to customers in Europe via railcars and barges on the Danube.

The result achieved by the Group in 1H 2023 reflects the Group's sustaining resilience and has been achieved thanks to the workforce in Ukraine, marketing teams in different geographies, and also customers and suppliers who continue to support the Group. As a result, the Group managed to maintain production in Ukraine and shipments to its customers during this difficult time.

For the first six months to the end of June 2023, revenues fell by 64%, mainly due to 52% lower sales volumes, and the effect of 24% lower realised prices for its iron ore pellets as result of tightening market conditions in the global iron ore markets. The Group's Underlying EBITDA[A] decreased by 87% largely due to the same reasons. The Group's C1 Cash Cost of production[A] ("C1 Costs[A]") decreased to US$71 per tonne in 1H 2023, compared to US$85 per tonne in 1H 2022, due to local currency devaluation in 2H 2022, lower prices for some input materials and the effects from further cost saving initiatives. Profit for the period was US$27 million, compared with US$82 million in 1H 2022, net of an impairment loss of US$254 million.

Despite the ongoing war in Ukraine and the challenging operating environment, the Group continued to make capital investments[A], totalling US$58 million (1H 2022: US$102 million) for sustaining capital investment and smaller growth projects expected to deliver near-term value.

Revenue

The constrained availability of power during the first months of 2023 had an adverse effect on the Group's production volumes and consequently sales volumes. Furthermore, lack of access to the Port of Pivdennyi due to the war also had an adverse impact. Group revenue declined by 64% to US$334 million in 1H 2023, compared to US$936 million in 1H 2022. The significant decrease is mainly due to 52% lower sales volumes and 24% lower realised prices.

Table 2: Headline pricing 1H 2023 compared to 1H 2022

US$ per tonne	**1H 2023**	1H 2022	*Change*
Average Platts 62% Fe iron ore fines price	**118**	140	*-15%*
Average Platts 65% Fe iron ore fines price	**132**	165	*-20%*
Average high-grade premium (Platts)	**14**	25	*-45%*

Russia's invasion of Ukraine continues to have a significant impact on the Group's operations and logistics network, which is expected to continue for the remainder of the year. Consequently, the Group's sales are currently being redirected to accessible markets with productions volumes aligned accordingly.

The Group's sales mix for 1H 2023 is described in detail in the section titled "Operational Review (Marketing)", with sales predominantly to European customers, as during the 2022 financial year. The Group's current sales mix reflects the logistics routes currently available to the Group, which is affected by the unavailability of the Black Sea ports in Ukraine, in particular the Port of Pivdennyi, which was the Group's principal loading port for its seaborne sales before the war began. The Group has historically demonstrated a high degree of logistical flexibility in the past, for example redirecting its sales to China during the global Covid-19 pandemic in 2020 before returning to the original mix of European and Asian customers as the pandemic ended in 2021. The Group was able to benefit from this learning and in 1H 2023 successfully exported its products through an alternative Black Sea port, albeit at higher logistics costs. Since the beginning of the war, the Group's logistics solutions have predominantly involved either the railing of products direct to European customers, or the railing of material to the Group's barging subsidiary on the River Danube for delivery to specific customers in Europe. Based on the current situation in Ukraine and the experience gained since the beginning of the war, the Group expects that it will only resume exports from the Port of Pivdennyi when the war ends.

Freight rates in 2023 started on a downward trajectory, with rates falling from the highs of December 2022 and averaging lower for 1H 2023 compared to 1H 2022. This had a positive effect on the Group's realised net back prices for sales under the International Commercial Terms ("Incoterms") of FOB ("Free on Board"). However, due to the unavailability of the Black Sea ports in Ukraine, the Group's FOB sales of 389 thousand tonnes in 1H 2023 are significantly lower than in 1H 2022 (1,306 thousand tonnes), when the Port of Pivdennyi was still available until the Russian invasion of Ukraine on 24 February 2022.

For more information on the freight and logistics, please see the section titled "Selling and distribution costs".

Costs

Cost of sales and C1 Cash Cost of production[A]

Cost of sales in 1H 2023 totalled US$182 million, compared to US$392 million in 1H 2022. The decrease is the net effect from the lower production volume, which decreased from 4.8 million tonnes in 1H 2022 to 2.0 million tonnes, and the decrease of the Group's C1 Cash Cost of production[A] ("C1 Cost"). The Group's production volume is currently aligned to the realisable sales to minimise the working capital outflow due to the lack of logistics networks and power availability as a result of the ongoing war.

The average C1 Cost reflects the Group's operating costs for the production of iron ore pellets from its own ore, with a breakdown of the different cost components shown in Table 3 below. In addition to changes of prices for input material, which are outside of the Group's control, the Group's C1 Cost[A] per tonne also depends on the Group's production volumes. The C1 Cost[A] in 1H 2023 decreased to US$71 per tonne, compared to US$85 per tonne in 1H 2022. The lower C1 Cost reflects lower global energy costs, the effects of the devaluation of the local currency in the second half of 2022 and additional cost saving initiatives, which was partially offset by the negative effects from the fixed cost absorption as the Group operated its assets below nameplate capacity. The main C1 Cost[A] drivers are the price of electricity, natural gas and diesel in Ukraine, which collectively represent 48% of the total cost base as presented in Table 3. Following a sharp increase of global energy prices during the 2022 financial year, the average Brent price for oil in 1H 2023 decreased by 24% compared to 1H 2022 and the average price for natural gas by 52% in US dollar terms. The average price for electricity in Ukraine increased in 1H 2023 by 4% in US dollar terms, peaking at US$101 per megawatt-hour ("MWh") in January 2023, compared to an average of US$90 per MWh in 1H 2022.

Royalties in Ukraine accrue and are paid based on a tiered system, which came into effect in January 2022. Based on this regime, royalties are calculated based on the benchmark medium-grade (62% Fe) iron ore fines price in total, i.e. the royalty rate applies to the full price of the iron ore sold and is not staggered. The scale for the computation of the royalties is as follows:

1. When the average monthly 62% Fe benchmark iron ore price is less than or equal to US$100 per tonne, a royalty rate of 3.5% applies to iron ore product sales.
2. When the average monthly 62% Fe benchmark iron ore price is less than or equal to US$200 per tonne a royalty rate of 5% applies to iron ore product sales.
3. When the average monthly 62% Fe benchmark iron ore price is over US$200 per tonne a royalty rate of 10% applies to iron ore product sales.

For the first six months of 2023, the average monthly iron ore price remained between US$100 and US$200 a tonne and therefore the Group royalties accrued at 5% for the period. As royalties are not tiered, the rate will apply to the full price of the iron ore product being sold.

The local currency in Ukraine, the Ukrainian hryvnia ("UAH"), continued to account for approximately two thirds of the Group's C1 Costs[A] in 1H 2023. The Ukrainian hryvnia remained stable at UAH36.569 to the US dollar in 1H 2023, whereas it depreciated by 7% to a rate of UAH29.255 to the US dollar in 1H 2022. However, the National Bank of Ukraine ("NBU") devalued the local currency from UAH29.255 as of 30 June 2022 to UAH36.569 per US dollar on 21 July 2022.

For more information on the Ukrainian hryvnia, please see the section titled "Currency".

Based on the current market environment, it is expected that prices for the Group's main input materials will not materially differ from the current levels during the remainder of 2023. Market commentators however have suggested that there may be some increases in electricity and natural gas prices during the second half of the year, if global supply continues to be constrained and the northern hemisphere winter arrives.

The war in Ukraine continues to have a significant impact on the Group's C1 Costs and it is difficult to forecast movements in the near term. This does not only apply to prices for input materials, but also the availability of these key input materials, such as gas, fuel and electricity.

Table 3: Breakdown of C1 Cash Cost of production[A]

	1H 2023	1H 2022	*Change*
Electricity	**31%**	20%	*+11pp*
Natural gas and sunflower husks	**10%**	19%	*-9pp*
Fuel (including diesel)	**7%**	7%	*same*
Materials	**7%**	6%	*+1pp*
Personnel	**12%**	7%	*+5pp*
Maintenance and repairs	**14%**	18%	*-4pp*
Grinding media	**7%**	6%	*+1pp*
Royalties	**10%**	16%	*-6pp*
Explosives	**2%**	2%	*same*

Note: figures in table above may not add up to 100% due to rounding and other components. The Group's C1 Cash Cost of production[A] represents the cash costs of production of iron pellets from own ore (to the mine gate), divided by production volume from own ore, and excludes non-cash costs such as depreciation, pension costs and inventory movements, also the costs of purchased ore, concentrate and gravel, if any. Royalties in 1H 2022 are shown prior to a positive effect on the Group's royalties as a result of the change of the legislation in Ukraine that became effective earlier in 2022, but was not recognised as at 30 June 2022 due to uncertainties on the interpretation of the legislation.

Selling and distribution costs

Selling and distribution costs in 1H 2023 totalled US$74 million (1H 2022: US$147 million), mainly due to lower seaborne sales in 1H 2023 due to the closure of Ukraine's Black Sea ports in February 2022 and the higher alternative freight costs that ensued to access to European customers.

The Group's previous seaborne logistics routes represented the lowest cost and most efficient way for delivering the Group's products its customers. As a result of the Russian invasion of Ukraine, the Group had to adapt and establish new logistics corridors and relationships with logistics providers and port operators. These routes rely heavily on rail, where capacity is restricted and demand is high from other businesses and industries, and also barge, which combined are more expensive. The Group continues to examine its logistics opportunities and has made progress reducing transport time and increasing efficiencies where it can.

The Ukrainian rail network has been under particular pressure to handle goods otherwise exported via Ukraine's Black Sea ports. Wagon journey time through Ukraine's western borders has improved during the first half of the year, but is still significantly longer than before the war. Furthermore, Ukrzaliznytsia, the national rail operator continues to experience attacks on its network. Rail tariffs increased in July 2022 by 70% for 20 types of cargo, even when using the Group's own railcars. This increase has however, been offset to some extent in US dollar terms due to the devaluation of the local currency in July 2022. The net effect on the Group's overall distribution costs was approximately an additional US$7-9 per tonne in 1H 2023.

It is currently the Group's expectation that its previous cost-efficient logistics operations will only resume again once the war comes to an end and the Black Sea ports in Ukraine will be available again.

General and administrative expenses

General and administrative expenses decreased by US$3 million to US$32 million mainly due to the devaluation of the Ukrainian hryvnia in July 2022, affecting also the local general administrative expenses in US dollar terms in 1H 2023, and the Group's cost saving initiatives in light of the lower operating business activity in 1H 2023.

Other operating expenses

Other operating expenses decreased from US$283 million to US$15 million, predominantly due to a non-cash impairment loss of US$254 million recorded in the first half of 2022 on the Group's non-current operating assets, including property, plant and equipment, goodwill and intangible assets, and other non-current assets. The recorded impairment loss as of 30 June 2022 resulted from the Group's lower cash flow generation and higher discount rate to be applied due to the war.

The impairment test was re-assessed again as at 30 June 2023 based on the Group's latest long-term model and did not result in an additional impairment loss. The recorded impairment loss might reverse partially or in full in future periods, once the situation in Ukraine improves and the Group's production and sales volumes are back to pre-war levels.

For further details, please see Note 10 Property, plant and equipment of the accounts.

Currency

Ferrexpo prepares its consolidated accounts in US dollars. The functional currency of the Group's Ukrainian operations is the hryvnia ("UAH") and, as noted in the previous section, approximately two thirds of the Group's operating costs are incurred in local currency. The Ukrainian hryvnia has remained unchanged at UAH36.569 per US dollar since 21 July 2022, when the National Bank of Ukraine devalued the local currency from UAH29.255 to UAH36.569 per US dollar. Since then the Ukrainian government has pegged the local currency to the US dollar to avoid another significant devaluation as experienced in 2022.

As a result, the Group's total net foreign exchange gain decreased to US$3 million in 1H 2023, compared to US$74 million in the comparative period. Foreign exchange gains include operating and non-operating foreign exchange effects and the former predominantly results from the conversion of outstanding US dollar denominated receivable balances in Ukraine. In agreement with the Group's definition of the underlying EBITDA, the operating foreign exchange effects are included in the underlying EBITDA. A devaluation of the local currency has generally a positive effect on the Group's production costs.

For further information, see section titled Costs (C1 Cash Cost of production[A]).

Table 4: Ukrainian hryvnia to US dollar

Source: National Bank of Ukraine	Spot 31.07.23	Opening rate 01.01.23	Closing rate 30.06.23	Average 1H 2023	Average 1H 2022
UAH to US$	36.569	36.569	36.569	36.569	28.902

Underlying EBITDA[A]

Underlying EBITDA[A] in 1H 2023 decreased by 87% to US$64 million compared to US$486 million in 1H 2022, mainly due to lower sales volumes and iron ore prices, partially offset by slightly lower C1 Costs[A]. It is important to note that, the Underlying EBITDA for the first six months of 2022 included operating foreign exchange gains of US$85 million, compared to none in 1H 2023, as the Ukrainian hryvnia remained unchanged.

For further information, see section titled "Currency".

Interest

The Group interest expense remained stable at US$3 million compared to US$2 million in 1H 2022, due to the unchanged low balance of outstanding debt.

Further details on finance expense are disclosed in Note 7 Net finance expense of the accounts.

Tax

The income tax expense for the first half reduced to US$8 million, compared to US$74 million for the same period last year. The decrease is due to 77% lower realised profit before tax during the period ended 30 June 2023 and the release of a tax provision of US$7 million related to the prior year. Whilst the expected weighted average tax rate for the full year 2023 of 16.0% is unchanged to 2022, the effective tax rate is 23.8% reflecting the net effect from an allowance on recognised deferred taxes in Ukraine and a release of the provision related to the financial year 2022. The effective tax rate as of 30 June 2022 and 31 December 2022 was 47.3% and 35.0%, respectively, due a recorded impairment loss of US$254 million on the Group's non-current operating assets, which is not tax deductible 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 effective tax rate is also influenced by special and one-off items that may not be tax deductible, such as impairment losses in Ukraine.

Further details on taxation are disclosed in Note 8 Taxation of the accounts 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

Due to lower cash flow generation as a result of the war, the carrying value of the Group's non-current operating assets exceeded the computed value in use by US$254 million at the end of the comparative period ended 30 June 2022 and therefore this amount was recorded in the 1H 2022 results. This impairment loss was excluded from the Group's Underlying earnings. Based on the latest long-term model of the Group, no additional impairment loss was required as of 30 June 2023 and therefore no such item is excluded from Group's Underlying earnings as at the end of this reporting period. However, the Group's cash flow generation continues to be affected by logistics constraints and therefore production volumes and sales are aligned to currently available logistics networks to minimise working capital outflow. This was reflected in the Group's long-term model, which was updated for the 1H 2023 impairment test on the Group's non-current operating assets.

For more information, please see Note 10 Property, plant and equipment and Note 12 Goodwill and intangible assets of the accounts.

Profit for the period

Profit for the period was US$27 million, compared with US$82 million in 1H 2022, reflecting the net effect of the lower Underlying EBITDA[A] and recognition of an impairment loss in the 1H 2022 results.

Cash flows

The net cash flow from operating activities in the first half decreased to US$80 million compared to US$233 million in 1H 2022, mainly due to lower sales volumes and prices as described above.

There was a net working capital inflow of US$21 million in 1H 2023, compared to a net outflow of US$112 million in 1H 2022, which was primarily a result of a decrease in inventories, increase in trade receivables and decrease in overdue VAT refund during the comparative period. As a result of the ongoing war in Ukraine and the lack of logistics networks and capacity, the Group's production volume is aligned to the realisable sales to minimise the working capital outflow.

The Group continued to invest in its operations in Ukraine despite the challenging situation in the country. Capital investments totalled US$58 million in 1H 2023, compared to US$102 million in 1H 2022.

As at the date of today's announcement, the Group's Board has not proposed an interim dividend for 2023. During the comparative period ended 30 June 2022, a final dividend of 6.6. US cents for the financial year 2021 was approved by the shareholders during the Group's Annual General Meeting in June 2022. The dividend payments totalled 19.8 US cents per Ordinary Share during the comparative period ended 30 June 2022 and 26.4 US cents per share during the financial year 2022, including the final dividend for the financial year 2021, which was paid on 4 July 2022.

Capital investment[A]

Capital investment[A] in 1H 2023 totalled US$58 million, compared to US$102 million in 1H 2022, including US$27 million of sustaining and modernisation capital investment[A] and US$31 million of expansion capital investment[A] across the Group.

Given the operational and logistical constraints due to the Russia's invasion of Ukraine in 2022, the Group has maintained its levels of investment relating to sustaining capital investment[A] and has sought to reduce activities relating to expansion capital investment[A], particularly with projects that are expected to deliver returns over the medium to long term. As such, major projects advanced in 1H 2023 included:

- US$17 million on capitalised stripping activities to secure future production growth;
- US$7 million expansion commitments including press filtration complex; and
- US$2 million Belanovo sustainability.

Net cash

The Group continues to protect its Net Cash[A] position and balancing operational and financial targets. This prudent approach, saw the Group's Net Cash[A] position improve from US$106 million as of 31 December 2022 to US$131 million as of 30 June 2023, helping to maintain adequate liquidity buffers.

The Group does not have any committed debt facilities or uncommitted trade finance facilities. The Group's minor debt positions relate to finance lease arrangements. The Group's gross debt balance as of 30 June 2023 was US$4 million, compared to US$7 million as at 31 December 2022.

It is the Group's intention to maintain robust balance sheet metrics whilst continuing to invest, as the current cash flow generation allows, in the next phase of the Group's organic growth programme.

Related party transactions

Further information on related party transactions are disclosed in Note 21 Related party disclosure to the accounts.

Operational review

Health and safety

Despite the ongoing conflict in Ukraine, Ferrexpo continues to maintain its strong safety record, with zero fatalities in 1H 2023 (FY 2022: zero), and a lost time injury frequency rate ("LTIFR")[1] of 0.26 (FY 2022: 0.51). Ferrexpo records total injuries (being lost time injuries plus those requiring first aid care) at its operations in Ukraine and registered a total recordable injury frequency rate in Ukraine of 0.14 (1H 2022: 0.71) for the six months to June 2023. The relatively high LTIFR recorded at First-DDSG reflects a single LTI occurring at a relatively smaller operation.

Table 5: LTIFR (lost time injury frequency rate) by business units and Group

LTIFR	**1H 2023 (6M)**	2H 2022 (6M)	1H 2022 (6M)	2022 (12M)
– FPM	**0.18**	0.19	0.66	0.49
– FYM	**–**	0.73	0.48	0.58
– FBM	**–**	–	6.16	3.87
Ukraine	**0.14**	0.30	0.71	0.51
– First-DDSG (inland waterway logistics)	**1.80**	–	–	–
Group	**0.26**	0.28	0.67	0.51

The Group's achievement of consistently maintaining a low incidence of safety incidents across the Group is due to multi-year project implementing a strong safety culture at the Group's operations, including workforce engagement and training on safety topics and regular monitoring of leading and lagging indicators of safety. Through this approach, Ferrexpo continues to operate below its historic trailing average LTIFR of 0.69[2].

In addition to progress made in safety at its operations, in July 2022 the Group has completed an external assurance process for its safety and greenhouse gas emissions in 2021, with further details of this process provided in the section titled "*External Assurance Process".*

Impact of conflict in Ukraine

Following the outset of the war, the government of Ukraine has proceeded to call up individuals to serve in the military in waves of conscription, and as such, approximately 6% of the Group's employee workforce are currently serving in the Ukrainian military. The Group regrets to inform that it has been notified that 27 employees who served in the armed forces have lost their lives. The Group is providing support to family members of individuals killed in the fighting.

Pellet production and pellet quality

The Group continues to operate in Ukraine and deliver its products to customers, despite the ongoing conflict in Ukraine. The Group's operations are situated in central Ukraine and are therefore not in areas directly affected by Russia's invasion, and the major impact of the conflict has been on the Group's ability to ship products, particularly in light of Russia's ongoing blockade of Ukraine ports and access to the Black Sea. As a result of this, from the outset of Russia's invasion on 24 February 2022 until the end of the period (30 June 2023), the Group has been predominantly restricted to exports into Europe via either rail or its inland waterway business on the River Danube ("First-DDSG").

The Group announced its production for the first half of 2023 on 6 July 2023, with pellet production of 1.967 million tonnes, representing a 57% increase compared to the previous six months. The increase in production in 1H 2023 relates to better energy supply. Throughout the period, the Group has operated with between one and two of its four pelletiser lines, each of which is capable of producing approximately 3.0–3.5 million tonnes of pellets a year (depending on pellet types being produced). As of the end of July, the Group is currently operating one pelletiser line, with additional sales to draw down on existing stockpiles of the Group's products.

Despite the ongoing war in Ukraine, the Group has continued its focus on high-grade production, with 100% of production being high-grade (2022: 100%).

As announced in the Group's full year results on 15 March 2023, Ferrexpo has taken the decision to temporarily reduce activities relating to growth projects that will deliver additional value over the medium to long term, on the basis of preserving the Group's cash balance and retaining management's focus on maintaining production activities. Ferrexpo did continue investing a limited amount in growth projects.

For more information on current progress made in relation to expansion projects, please see the section titled "Capital investment[A]".

[1] Lost time injury frequency rate being the number of incidents that result in an individual (employees or contractor) not being able to perform their normal role for a full shift the following day, per million hours worked across the Group.

[2] Calculated as the average full year LTIFR across the Group between 2018 and 2022.

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Table 6: Iron ore production in 1H 2023 and 2H 2022

(Thousand tonnes, unless stated otherwise)	*Fe Grade*	**1H 2023**	2H 2022	*Change*
Total commercial production (pellets and commercial concentrate)		**2,127**	1,362	*+59%*
Including: total pellet production		**1,967**	1,256	*+57%*
Pellet production comprised of:				
Direct Reduction Pellets	*67%*	**–**	263	*-100%*
Ferrexpo Premium Pellets	*65%*	**1,967**	993	*+98%*
Ferrexpo Basic Pellets	*62%*	**–**	–	–
Including: commercial concentrate production	*67%*	**160**	106	*+51%*

Exploration projects

The Group possesses a number of licences relating to exploration-stage projects located to the north of Ferrexpo's existing mining operations, which are along strike from the main orebody. Given the current situation in Ukraine, the Group is focused on desk-based work relating to existing drilling on these licences, and it is expected that the Group will resume field work when it is practical to do so.

Capital investment[A] during 1H 2023

A summary of capital investment[A] projects in 1H 2023 is shown in the table below.

For further information on capital investment[A] made during the period, please see the section titled "Financial Review (Capital investment[A])".

Table 7: Selected growth capital investment projects in 1H 2023

Project	Description	Status	Activity	Total cost US$m	Total spent US$m	Remaining spend US$m
Wave 1 Expansion (pelletiser)	3 MTPA of additional pellets	Slowdown works and fulfilling hard commitments	Reduced activity*	181.5	49.0	132.5
Wave 1 Expansion (concentrator)	4.1 MTPA of additional concentrate (for delivery to pelletiser)	Slowdown works and fulfilling hard commitments	Reduced activity*	239.8	37.0	202.8

* Owing to the conflict in Ukraine, the Group has paused meaningful expenditures and activities related to the Wave 1 Expansion and will resume these investments following a cessation of hostilities and/or risk to the Group. Please see section below for more information.

Capital investment for future growth ("Wave 1 Expansion")

As announced in the Group's Annual Report and Accounts for 2022, as a result of Russia's invasion of Ukraine in February 2022, the Group has reduced its activities on the Wave 1 Expansion, which represents the next major phase of growth for Ferrexpo. The Wave 1 Expansion is the combination of investment projects in mining, beneficiation and pelletisation that we collectively provide three million tonnes of additional pellet capacity. The Group is already preparing plans for a return to its capital investment projects when the war ends.

Marketing

Due to the war logistics constraints and capacity limit the Group's sales. For the first half of 2023 Group's sales totalled 2,085,000 tonnes, comprised of pellets and commercial concentrates. This represents a 15% increase compared to the previous six months to December 2022 and a 52% decrease compared to the first six months to June 2022, a period which included full production capacity until Russia's invasion on the 24 February 2022. With no access to Ukrainian Black Sea ports, the Group has redirected sales by rail and barge to Central Eastern Europe and other Black Sea ports.

Table 8: Sales volume by region

Market regions	**1H 2023**	2H 2022	*Change*	1H 2022	*Change*
Europe, including Turkey (BF pellet)	**100%**	92%	*+8pp*	79%	*+21pp*
North East Asia (BF pellet market)	**–**	–	–	5%	*-5pp*
China and South East Asia (BF pellet market)	**–**	**–**	**–**	16%	*-16pp*
Middle East and North Africa (DR pellet market)	**–**	8%	*-8pp*	2%	*-2pp*
North America (DR pellet market)	**–**	–	–	2%	*-2pp*

Responsible business activities

Safety

The Group is pleased to report that there were no fatalities at its operations in 1H 2023, and the Group's operations continue to perform materially below the five-year trailing average for its lost time injury frequency rate.

For further information, please see the section titled "Operational Review (Health and safety)".

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 help source and direct aid to those that need it most, throughout the country. In response to the humanitarian crisis in Ukraine, the Group has established the dedicated Ferrexpo Humanitarian Fund, which currently has approved funding of US$19 million. Through this fund, the Group has sought to respond to humanitarian requests and meeting needs of humanitarian projects through a rigorous review and approval process, and as of July 2022, over 70 individual memorandums have been approved by the Health, Safety, Environment and Community ("HSEC") Committee.

The Group will continue to use its local knowledge and expertise to support the people of Ukraine with humanitarian support for as long as it is required.

From the end of February 2022, Ferrexpo deployed, and continues to deploy, resources and funding to help tackle the effects of this invasion. Our support has been fully comprehensive to encompass our workers, communities, internally displaced people ("IDPs") and the Ukrainian society at large, to help ease the impact of the humanitarian crisis playing out across the country.

Provided below is the summary of the support Ferrexpo has provided to date:

Ferrexpo's full-scale invasion response

- Accommodation, food and medical supplies to support over 3,500 displaced Ukrainians
- 4,000 free meals prepared per day from the Company's kitchens for IDPs and locals
- Accommodation for over 2,000 IDPs
- Modular housing units to accommodate 120 IDPs in other regions
- Donation of 123 vehicles to Ukrainian armed forces
- Donation of 47 vehicles to communities across Ukraine
- Donation of eight armoured ambulances

Ongoing support for employees

- Learning from Covid-19, the transfer of 40% of all employees to remote working sites
- Continuous support for the families of more than 700 mobilised employees – approximately 7% of Ferrexpo workforce in military service
- Building bomb shelters and establishing an electronic alert system for notifying individuals based on-site to air raids
- Managing the evacuation of 300 employees and family members from war zones
- Funding and operation of a 24/7 centre for over 100 children of employees to ensure education and play in a safe environment
- Free psychological support for employees, their families, and IDPs that were accommodated in Horishni Plavni
- Employee veteran support programme, to assist with social adaptation and integration, including psychological and physical rehabilitation

Impact of support provided to IDPs

- Approximately 100 IDPs employed by Ferrexpo
- Support for IDPs relocating to Horishni Plavni
  - Funding access to online learning platform for soft and hard skills training
  - Ferrexpo Technical Expertise Centre training to accelerate obtaining new qualifications by IDPs for further employment
  - Funded medical and psychological support

Wider community projects

- Donation of 22 generators to ensure power supply during missile attacks
- Donation of vehicles and protective equipment for eight regional authorities
- Donation of over 700 tonnes of food and water for de-occupied communities
- 40 units of medical equipment and medicine for de-occupied communities
- Fostering of 50 Ukrainian women in their career leadership growth through launch of Ukrainian Female Leadership School "Femunity.ua"
- Launch of "Educational Hub Ferrexpo" social project to develop the labour market, skills and counselling
- Five grants for the "Progression Mentoring" platform (run by UN Women Ukraine and NGO Biasless) to implement diversity projects in their communities
- Financial support for the 'Unbreakable Mom' project providing post-war psychological support for Ukrainian women
- Carried out a new series of training for 30 representatives of local authorities within Ferrexpo Inclusion School
- About 100 local teachers underwent three months' training on stress resistance and the basics of psychological counselling to learn emotional recovery techniques, and to identify and eliminate panic attacks in students in time

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 March 2023, the Group announced as part of its Full Year Results for 2022 that it had achieved a 31% reduction in GHG emissions since its baseline year of 2019.

As referenced in the Group's Annual Report and Accounts for 2022, to further build confidence around the reporting of sustainability topics, the Group has now completed an external assurance process on its reporting of GHG emissions, as well as key safety metrics. *For more information on this process, please see the section titled "External Assurance Process".*

In terms of progress made by Ferrexpo in reducing its GHG emissions footprint in 2023, the Group's Scope 1 and 2 emissions are provided in the table below.

Table 9: Greenhouse gas emissions

	1H 2023	1H 2022	*Change*
Absolute emissions (tonnes CO_2e)			
Scope 1 (direct emissions, principally diesel and natural gas)	**130**	247	*-47%*
Scope 2 (indicate emissions, reflecting electricity consumption)	**59**	209	*-72%*
Group total	**189**	456	*-59%*
Unit emissions (kg CO_2e per tonne of production)			
Scope 1	**61**	51	*+19%*
Scope 2	**28**	43	*-37%*
Group total	**89**	94	*-6%*

As shown in the table above, the Group has reduced its emissions both on an absolute and unit basis in 1H 2023. This progress has been achieved through a combination of factors, which includes the following:

- **Clean power purchasing**. In 1H 2023, the Group continued to purchase high levels of clean power, with 73% of electricity consumption coming from clean sources such as hydro and nuclear power (1H 2022: 50%). The Group intends to maintain a high level of clean power purchasing in 2H 2023.

- **Reduced mining activities**. Ferrexpo continues to operate its mining activities at a reduced capacity to preserve its balance sheet strength during the Russian invasion of Ukraine, and has therefore temporarily reduced these activities. Consumption of diesel fell by 47% compared to 1H 2022, reflecting a lower rate of pre-stripping activity in mining operations. The Group intends to return to its previous level of waste movement once the conflict risks associated with Russia's invasion of Ukraine have subsided.
- **Reduced pelletising activities**. With constraints along the supply chain caused by the Russian invasion of Ukraine, the Group has seen 1H 2023 pellet and commercial concentrate production volumes fall by 56% compared to 1H 2022. As such, there has been a corresponding 61% decrease in natural gas consumption for the same period, considering that natural gas is used in the Group's pelletising operations.

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 95% of Scope 3 emissions in 1H 2023 (2022: 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_2 per tonne of production in 1H 2023, which represents a figure higher than 2022 due to lower sales of direct reduction pellets (which has a 49% lower emissions footprint – *see page 10 of the 2022 Annual Report and Accounts for more information).*

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 DR 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.

External assurance process

As announced on 25 July 2022, the Group has completed an external assurance process (ISAE 3000) on key sustainability metrics in safety and greenhouse gas emissions for the data presented in the 2022 Annual Report and Accounts.

For more information on the information reviewed as part of this process, please see the Group's press release dated 25 July 2022 and associated Reporting Criteria document that is presented alongside the 2022 Annual Report and Accounts at www.ferrexpo.com.

Responsible Business Report 2022

In the coming months the Company will release its eighth annual Responsible Business Report.

Consideration of significant judgements and material uncertainties

In the course of preparing the 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 consolidated financial statements. The most critical accounting estimates and judgements are disclosed in Note 2, Summary of significant accounting policies of the 2023 Interim 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 2023 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 armed conflict in Ukraine is ongoing, and continues to pose a threat to the Group's mining, processing and logistics operations within Ukraine. This factor therefore represents a material uncertainty 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 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 that the Principal Risks facing the business, as highlighted on pages 56 to 72 of the 2022 Annual Report and Accounts (published in March 2023), remain relevant. An update on material developments that relate to the Group's Principal Risks since their publication in March 2023 is provided below.

Update since publication of Full Year Results announcement in March 2023

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 March 2023, there has been no material advancement by the Russian army in Ukraine. In June 2023, the Ukrainian army started counteroffensive actions to take back occupied south-eastern territory of Ukraine. Military analysts note that the Ukrainian army now faces successive lines of Russian defences that are, in some cases, 30 kilometres deep and consisting of minefields, anti-tank obstacles, and extensive networks of trenches and bunkers. The counteroffensive actions may last a significant time and the Group will continue to face lasting effects of the war.

Ferrexpo's operations continue to operate, albeit with limitations based on the amount of iron ore products that the Group can export due to the conflict in Ukraine – principally due to: (a) Russia's blockade of Ukraine's Black Sea ports, or (b) damage and destruction of the Ukrainian railway network due to the actions of the Russian military, which is a factor that has increased in its impact and significance recently.

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, which is reported to continue experiencing a budget deficit, and therefore businesses in Ukraine are facing increasing costs of doing business as the Ukrainian authorities seek to generate additional revenue. Such an example is the 70% increase in railway tariffs announced in June 2022 for all types of cargo, which has added approximately US$7-9 per tonne to the Group's logistics costs in 1H 2023.

For further information, please see the section titled "Iron Ore Market Review" on pages 6 to 7 as well as 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 2022 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 in Ukraine has been frequently referenced in the Principal Risks section of the Group's 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 2023 Interim Consolidated Financial Statements, the Group is currently subject to several legal proceedings in Ukraine, 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.

The independence of the judicial system, and its immunity from economic and political influences in Ukraine, remains questionable, and the stability of existing legal frameworks may weaken further with future political changes in Ukraine. As a result, the Group is still exposed to an unclear fiscal and legal system in Ukraine affecting the risks around the Group's tax position, including risks relating to policies applied relating to transfer pricing, the timely return of VAT refunds and the independence of the legal system for any cases heard by the courts.

As referenced in the Group's 2022 Annual Report and Accounts, there are outstanding matters in Ukraine relating to the Group's controlling shareholder that remain unresolved, 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 may be affected by or become involved in legal proceedings relating to these matters, in Ukraine or elsewhere.

As a consequence of events relating to the Group's controlling shareholder the Group may experience adverse effects, such as negative media attention for the Group, a reduced ability to operate within Ukraine and/or overseas due to negative perceptions of the Group, and a restricted operating environment for aspects of the Group's business, such as closure (or suspension) of relationships with stakeholder groups such as banking services. In addition, restrictions imposed on the Group's controlling shareholder (and/or negative perceptions of the Group's controlling shareholder) may potentially adversely impact the Group within Ukraine, with a restriction on the Group's ability to successfully operate its business model.

The Group is subject to a number of actions by the government of Ukraine that threaten to destabilise, or have the effect of destabilising, the operating environment in which the Group exists.

For further information on ongoing legal disputes, please see Note 19 Commitments, contingencies and legal disputes of the accounts.

Global steel demand and realised prices for iron ore pellets

As noted in the Market Review section, cost inflation is putting significant pressure on the commodities industry in 2023. Prices for hot rolled coil, which represents an indicator of steel pricing in general, were largely flat in 2023, increasing by a marginal 1%[1], whilst prices for energy have fallen since 2022 they still remain relatively high. As a result, global steel margins have contracted in 2023[2], pushing steel producers to begin to prioritise lower-grade raw materials as inputs, instead of higher-grade products that would raise the productivity of a blast furnace.

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 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 and/or a fall in pellet premiums, which in turn will lower profitability for the Group.

Market mix

The Group is currently predominantly constrained to supplying European steel producers and is therefore closely linked to this particular market at the present time, and for as long as the Group's access to seaborne markets remains largely closed. Whilst the

[1] *European hot rolled coil price, source: Bloomberg. As of July 2023*

[2] *Source: CRU Group*

Group is working towards a solution to resume access to seaborne markets, these new logistics solutions will likely result in increased costs when compared to the Group's previous logistics pathways, and therefore reduced profitability for the Group.

Whilst the Group is closely linked to one region for steelmaking (Europe), it also faces increased risk in its exposure to a singular market in terms of the outlook for that market. Should the European steel sector face greater uncertainty and/or production cuts than other regions for steelmaking, such as China, the Group may not be able to react and pivot its sales in a similar fashion as it has done in the past, raising the risk profile of the Group.

Freight rates

The Group's logistics costs, on a per tonne basis, have risen in 2023 as a result of the conflict in Ukraine and the disruption to logistics networks that this has caused. As a result of alternative logistics routes and rising journey costs and times, the Group faces the possibility of reduced profitability as well as reduced flexibility (whereas in previous years, the Group could adapt its logistics network to potentially lower logistics costs).

Directors' responsibility statement

The Interim Report complies with the Disclosure 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 2023 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 2022 Annual Report, as required by DTR 4.2.8R.

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.

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	**Nikolay Kladiev**
Executive Chair	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-month period ended 30 June 2023 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 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 2023 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, 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 on pages 28 and 29, 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. Our opinion is not modified in respect of these matters.

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.

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's 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 going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this 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 Auditing Practices Board. 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

1 August 2023

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

FERREXPO

Interim Consolidated Income Statement

US$000	Notes	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year-ended 31.12.22 (audited)
Revenue	3/4	**334,010**	935,874	1,248,490
Operating expenses	5	**(302,236)**	(857,075)	(1,192,046)
Other operating income		**1,877**	5,563	9,233
Operating foreign exchange (losses)/gains	6	**(42)**	84,867	339,439
Operating profit		**33,609**	169,229	405,116
Share of (loss)/profit from associates		**(162)**	(195)	557
Profit before tax and finance		**33,447**	169,034	405,673
Finance income	7	**1,952**	209	929
Finance expense	7	**(2,593)**	(2,305)	(4,446)
Non-operating foreign exchange gains/(losses)	6	**2,640**	(11,236)	(63,497)
Profit before tax		**35,446**	155,702	338,659
Income tax expense	8	**(8,437)**	(73,629)	(118,662)
Profit for the period/year		**27,009**	82,073	219,997
Profit attributable to:				
Equity shareholders of Ferrexpo plc		**27,002**	82,070	219,995
Non-controlling interests		**7**	3	2
Profit for the period/year		**27,009**	82,073	219,997
Earnings per share:				
Basic (US cents)	9	**4.59**	13.96	37.41
Diluted (US cents)	9	**4.54**	13.94	37.35

Interim Consolidated Statement of Comprehensive Income

US$000	Notes	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Profit for the period/year		**27,009**	82,073	219,997
Items that may subsequently be reclassified to profit or loss:				
Exchange differences on translating foreign operations	6	**170**	(184,076)	(664,296)
Income tax effect		**–**	4,106	13,036
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**170**	(179,970)	(651,260)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement (losses)/gains on defined benefit pension liability		**(68)**	12,729	5,336
Net other comprehensive (loss)/income not being reclassified to profit or loss in subsequent periods		**(68)**	12,729	5,336
Other comprehensive income/(loss) for the period/year, net of tax		**102**	(167,241)	(645,924)
Total comprehensive income/(loss) for the period/year, net of tax		**27,111**	(85,168)	(425,927)
Total comprehensive income attributable to:				
Equity shareholders of Ferrexpo plc		**27,114**	(85,152)	(425,919)
Non-controlling interests		**(3)**	(16)	(8)
		27,111	(85,168)	(425,927)

Interim Consolidated Statement of Financial Position

US$000	Notes	**As at 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Assets				
Property, plant and equipment	10	**840,493**	807,861	933,106
Right-of-use assets	11	**3,838**	6,342	4,997
Goodwill and other intangible assets	12	**7,636**	8,249	10,875
Investments in associates		**5,005**	5,167	5,495
Inventories	14	**6,277**	6,277	7,846
Other taxes recoverable and prepaid	13	**–**	–	6,833
Other non-current assets		**30,064**	37,451	91,615
Deferred tax assets	8	**14,168**	14,471	27,285
Total non-current assets		**907,481**	885,818	1,088,052
Inventories	14	**209,061**	224,454	309,770
Trade and other receivables		**45,387**	24,699	104,897
Prepayments and other current assets	15	**37,507**	13,352	41,841
Income taxes recoverable and prepaid	8	**1,739**	4,674	456
Other taxes recoverable and prepaid	13	**47,111**	88,762	100,719
Cash and cash equivalents	3/16	**134,903**	112,945	176,766
Total current assets		**475,708**	468,886	734,449
Total assets		**1,383,189**	1,354,704	1,822,501
Equity and liabilities				
Issued capital	20	**121,628**	121,628	121,628
Share premium		**185,112**	185,112	185,112
Other reserves	20	**(2,622,857)**	(2,636,891)	(2,165,772)
Retained earnings		**3,593,693**	3,580,329	3,488,649
Equity attributable to equity shareholders of Ferrexpo plc		**1,277,576**	1,250,178	1,629,617
Non-controlling interest		**64**	67	59
Total equity		**1,277,640**	1,250,245	1,629,676
Interest-bearing loans and borrowings	3/17	**950**	1,354	1,754
Defined benefit pension liability		**17,379**	16,456	12,501
Provision for site restoration		**4,675**	4,284	3,849
Deferred tax liabilities	8	**1,334**	1,347	687
Total non-current liabilities		**24,338**	23,441	18,791
Interest-bearing loans and borrowings	3/17	**3,012**	5,194	3,360
Trade and other payables		**33,803**	30,509	72,469
Accrued and contract liabilities		**15,730**	19,593	21,476
Income taxes payable	8	**18,792**	20,564	41,332
Other taxes payable		**9,874**	5,158	35,397
Total current liabilities		**81,211**	81,018	174,034
Total liabilities		**105,549**	104,459	192,825
Total equity and liabilities		**1,383,189**	1,354,704	1,822,501

The financial statements were approved by the Board of Directors and authorised for issue on 1 August 2023 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 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Profit before tax		**35,446**	155,702	338,659
Adjustments for:				
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	5	**29,561**	61,283	96,977
Finance expense	7	**1,134**	960	1,675
Finance income	7	**(1,952)**	(209)	(929)
Losses on disposal and liquidation of property, plant and equipment	5	**96**	1,128	1,665
(Write-backs)/write-offs and impairments	5	**(180)**	254,366	260,308
Share of loss/(profit) from associates		**161**	195	(557)
Movement in allowance for doubtful receivables		**2,559**	4,188	6,729
Movement in site restoration provision		**392**	240	1,578
Employee benefits		**1,830**	2,045	3,745
Share-based payments		**719**	310	490
Operating foreign exchange losses/(gains)	6	**42**	(84,867)	(339,439)
Non-operating foreign exchange (gains)/losses	6	**(2,640)**	11,236	63,497
Operating cash flow before working capital changes		**67,168**	406,577	434,398
Changes in working capital:				
(Increase)/decrease in trade and other receivables		**(38,539)**	102,499	210,267
Decrease/(increase) in inventories		**15,588**	(121,017)	(90,385)
Decrease in trade and other payables (incl. accrued and contract liabilities)		**(630)**	(49,201)	(55,529)
Decrease/(increase) in other taxes recoverable and payable (incl. VAT)		**44,737**	(44,587)	(84,110)
Cash from operating activities		**88,324**	294,271	414,641
Interest paid		**(191)**	(591)	(918)
Income tax paid		**(6,948)**	(59,544)	(110,243)
Post-employment benefits paid		**(1,079)**	(1,171)	(2,220)
Net cash flows from operating activities		**80,106**	232,965	301,260
Cash flows (used in)/from investing activities				
Purchase of property, plant and equipment and intangible assets		**(58,415)**	(102,008)	(161,010)
Proceeds from disposal of property, plant and equipment and intangible assets		**69**	83	103
Interest received		**1,953**	203	894
Dividends from associates		**–**	711	711
Net cash flows used in investing activities		**(56,393)**	(101,011)	(159,302)
Cash flows (used in)/from financing activities				
Repayment of borrowings and finance	17	**–**	(42,146)	(42,209)
Principal elements of lease payments	17	**(2,703)**	(3,411)	(5,786)
Dividends paid to equity shareholders of Ferrexpo plc	9	**(449)**	(80,283)	(155,095)
Net cash flows (used in)/from financing activities		**(3,152)**	(125,840)	(203,090)
Net increase/(decrease) in cash and cash equivalents		**20,561**	6,114	(61,132)
Cash and cash equivalents at the beginning of the period/year		**112,945**	167,291	167,291
Currency translation differences		**1,397**	3,361	6,786
Cash and cash equivalents at the end of the period/year	16	**134,903**	176,766	112,945

Interim Consolidated Statement of Changes in Equity

For the financial year 2022 and the six months ended 30 June 2023		Attributable to equity shareholders of Ferrexpo plc					
US$000	Issued capital	Share premium	Other reserves (Note 20)	Retained Earnings	Total capital and reserves	Non-controlling interests	Total equity
At 31 December 2021 (audited)	**121,628**	**185,112**	**(1,986,131)**	**3,510,793**	**1,831,402**	**75**	**1,831,477**
Profit for the year	–	–	–	219,995	219,995	2	219,997
Other comprehensive (loss)/income	–	–	(651,250)	5,336	(645,914)	(10)	(645,924)
Total comprehensive (loss)/income for the year	**–**	**–**	**(651,250)**	**225,331**	**(425,919)**	**(8)**	**(425,927)**
Equity dividends to the shareholders of Ferrexpo plc (Note 9)	–	–	–	(155,795)	(155,795)	–	(155,795)
Share-based payments	–	–	490	–	490	–	490
At 31 December 2022 (audited)	**121,628**	**185,112**	**(2,636,891)**	**3,580,329**	**1,250,178**	**67**	**1,250,245**
Profit for the period	–	–	–	27,002	27,002	7	27,009
Other comprehensive income/(loss)	–	–	180	(68)	112	(10)	102
Total comprehensive income for the period	**–**	**–**	**180**	**26,934**	**27,114**	**(3)**	**27,111**
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)	–	–	–
At 30 June 2023 (unaudited)	**121,628**	**185,112**	**(2,622,857)**	**3,593,693**	**1,277,576**	**64**	**1,277,640**

For the six months ended 30 June 2022		Attributable to equity shareholders of Ferrexpo plc					
US$000	Issued capital	Share premium	Other reserves (Note 20)	Retained earnings	Total capital and reserves	Non-controlling interests	Total equity
At 31 December 2021 (audited)	**121,628**	**185,112**	**(1,986,131)**	**3,510,793**	**1,831,402**	**75**	**1,831,477**
Profit for the period	–	–	–	82,070	82,070	3	82,073
Other comprehensive (loss)/income	–	–	(179,951)	12,729	(167,222)	(19)	(167,241)
Total comprehensive (loss)/income for the period	–	–	(179,951)	94,799	(85,152)	(16)	(85,168)
Equity dividends paid to shareholders of Ferrexpo plc (Note 9)	–	–	–	(116,943)	(116,943)	–	(116,943)
Share-based payments	–	–	310	–	310	–	310
At 30 June 2022 (unaudited)	**121,628**	**185,112**	**(2,165,772)**	**3,488,649**	**1,629,617**	**59**	**1,629,676**

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, 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-Plavninske-Lavrykivske ("GPL") and Yerystivske deposits.

Despite the ongoing war in Ukraine, the Group has managed to continue its operations, although on a significantly lower level. The Group had to redesign its mining and processing plans during the financial year 2022 in order to align them to available logistics network for the sales to its customers in the different markets. Further to that, the Group's production level was also dependent on the available power supply following intensified Russian attacks on the critical infrastructure in Ukraine in the last quarter of the financial year 2022. Whilst the war is still ongoing as at the date of the approval of these interim condensed consolidated financial statements, the supply of power stabilised in the second quarter of the financial year 2023, but the war continues to pose a threat to the Group's mining, processing and logistics operations within Ukraine. The non-availability of the Ukraine's Black Sea ports does have a significant impact on the Group's revenue and its ability to commit to sales volumes to customers in other markets than Europe. See Note 2 Summary of significant accounting policies, Note 4 Revenue and Note 10 Property, plant and equipment for further information.

The largest shareholder of the Group is Fevamotinico S.a.r.l. ("Fevamotinico"), a company incorporated in Luxembourg. Fevamotinico is ultimately wholly owned by The Minco Trust, of which Kostyantin Zhevago and two other members of his family are the beneficiaries. At the time this report was published, Fevamotinico held 49.5% (31 December 2022: 50.3%; 30 June 2022: 50.3%) 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 2022 Annual Report and Accounts.

At 30 June 2023, the Group also holds through PJSC Ferrexpo Poltava Mining an interest of 49.9% (31 December 2022: 49.9%; 30 June 2022: 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 2023 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 2022.

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 2022. 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) included a reference to a matter to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

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 that commenced with the Russian invasion into Ukraine on 24 February 2022 is still ongoing. Even though the Group managed to operate throughout the six-month period ended 30 June 2023 and the financial year 2022, albeit at a much lower capacity, the situation in the country continues to pose a threat to the Group's mining, processing and logistics operations and represents a material uncertainty in terms of the Group's ability to continue as a going concern.

The material uncertainty is predominantly related to the provision and availability of logistics capacity required for the delivery of the Group's products to customers in its key markets, availability of Black Sea ports, and the level of supply of power to the Group's operations in Ukraine, compounded by the risks to the health, safety and wellbeing of the Group's workforce, the Group's ability to operate its assets and the supply of key input materials required for the production process, as outlined in more detail in the Update on Principal Risks on pages 18 to 20. These risks currently have an adverse impact on the Group's cash generation, which is reflected in the periods covered by the Group's long-term model used for the going concern assessment. The level of the Group's production remains dependent on Russian attacks on critical infrastructure in Ukraine, which affects the access to logistic routes and the level of supply of power. In addition to the supply of power, the Group's operation continues to be adversely affected by the fact that the Group's seaborne sales through the Port of Pivdennyi are still suspended as Ukraine's Black Sea ports are closed as a result of the Russian invasion. Therefore, the Group currently operates between one and two of its four pelletiser lines in order to align production volumes to meet the volume of sales that are currently accessible to the Group and also taking into account the available guaranteed supply of power.

As at 30 June 2023, the Group had produced 1,967 thousand tonnes of iron ore pellets, representing a decrease of 59% compared to the comparative period ended 30 June 2022, and sold 2,085 thousand tonnes of its products, compared to 4,373 thousand tonnes during the comparative period.

Despite this unprecedented and challenging situation during the six-month period ended 30 June 2023 and the financial year 2022, the Group's net cash position has increased from US$106,397 thousand at the beginning of the year to US$130,941 thousand as of 30 June 2023, demonstrating that the Group continues to adjust its business operation to the new environment in order to preserve the available liquidity as much as possible. 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$115,000 thousand with an available cash balance of approximately US$119,000 thousand. In addition to the available cash balance, the Group has an outstanding trade receivable balance of approximately US$44,700 thousand from its pellet and concentrate sales in July 2023, which are expected to be collected as cash in the next few weeks. The Group's finished goods inventory is 592 thousand tonnes as of 30 June 2023, of which 137 thousand tonnes are at different loading locations on their way to the western and south-western borders of Ukraine, compared to 555 thousand tonnes as of 31 December 2022, which is expected to reduce again over the next few months based on currently forecasted sales and production volumes, but also depends on the available logistics network.

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 lower production volumes. This long-term model is also used for the impairment test of the Group's non-current operating assets and further information on the key assumptions used when preparing this model are provided in Note 10 Property, plant and equipment on pages 35 and 36.

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 taking into account the current uncertainties in respect of the ongoing war in Ukraine, even after 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 and sales volume of approximately 35% and 50% of the pre-war level for the financial years 2023 and 2024, before an increase to approximately 75% in 2025 and an expected recovery to pre-war levels in 2026. However, as mentioned above, the production and sales volumes are heavily dependent on the logistics network available to the Group as well as the level of supply of power. 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 natural hedge of 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 have depleted all its liquidity in April 2024, without making use of any available mitigating actions within its control, such as further reductions of uncommitted development capital expenditures and operating costs. The use of these mitigating actions would allow the Group to be cash positive for almost 18 months after the approval of these interim condensed consolidated financial statements.

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; and
- the feasibility and effectiveness of all available mitigating actions within the Group management's control for identified uncertainties,

a material uncertainty still 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.

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 targeted by Russian missile strikes, 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 on pages 18 to 20 for further information.

Considering the current situation with the war in Ukraine, all identified available mitigating actions addressing the uncertainties caused by the war, as outlined on page 18, 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, many of the identified uncertainties are outside of the Group management's control and are of unpredictable duration and severity, which may cast significant doubt upon the Group's ability to continue as a going concern.

In addition to the war-related uncertainties described above, 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 on pages 18 to 20). 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. Although the Group has operated successfully in difficult circumstances in recent years, the 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, which could have a material negative impact on the Group's business and reputation. For more information on critical judgements made by the management in preparing these interim condensed consolidated financial statements, see also Note 19 Commitments, contingencies and legal disputes. The critical judgements made are predominantly in respect of a share dispute relating to Ferrexpo Poltava Mining, an arrest ordered by a court in Ukraine on 50.3% of the Group's shareholding in its major subsidiaries in Ukraine, investigations into royalties paid and the use of waste material as well as imposed currency control measures in Ukraine under the Martial Law.

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 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 2022 except for the adoption of the new standards, interpretations and amendments to IFRSs that became effective as of 1 January 2023.

New standards, interpretations and amendments adopted without impact on the Group's consolidated financial statements

- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting policies* require the disclosures of material accounting policies rather than significant accounting policies.
- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* replace the definition of change in accounting estimates with the definition of accounting estimates as monetary amounts subject to measurement uncertainty following accounting policies requirements.
- Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* clarify that the recognition exemption in paragraphs 15 and 24 of IAS 12 does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.
- *International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)* introduce disclosure requirements related to pillar two income taxes.

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);
- the application of tax legislation in the jurisdictions the Group operates (Note 8 Taxation); and
- the assessment of matters 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 2022.

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's full definition of Underlying EBITDA is disclosed in the Glossary on page 46.

US$000	Notes	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Profit before tax and finance		**33,447**	169,034	405,673
Losses on disposal and liquidation of property, plant and equipment	5	**96**	1,128	1,665
Write-(backs)/offs and impairments	5	**(180)**	254,366	490
Share based payments		**719**	310	260,308
Depreciation and amortisation	5	**29,561**	61,283	96,977
Underlying EBITDA		**63,643**	486,121	765,113

In agreement with the Group's definition of the underlying EBITDA (see page 46 in the Glossary), the Group's underlying EBITDA includes operating foreign exchange losses of US$42 thousand as of 30 June 2023 and gains of US$84,867 thousand as of 30 June 2022 and US$339,439 thousand as of 31 December 2022. These foreign exchange differences are predominantly dependent on the fluctuation of the exchange rate of the Ukrainian hryvnia against the US dollar. See Note 6 Foreign exchanges losses and gains for further information.

US$000	Notes	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Revenue	4	**334,010**	935,874	1,248,490
Cost of sales	5	**(182,364)**	(392,053)	(582,445)
Gross profit		**151,646**	543,821	666,045

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 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Cash and cash equivalents	16	**134,903**	112,945	176,766
Interest-bearing loans and borrowings – current	17	**(3,012)**	(5,194)	(3,360)
Interest-bearing loans and borrowings – non-current	17	**(950)**	(1,354)	(1,754)
Net cash		**130,941**	106,397	171,652

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 on pages 46 and 47.

Note 4: Revenue

Revenue for the six-month period ended 30 June 2023 consisted of the following:

US$000	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Revenue from sales of iron ore pellets and concentrate	**305,598**	864,921	1,144,079
Freight revenue related to sales of iron ore pellets and concentrate	**–**	35,526	43,557
Total revenue from sale of iron ore pellets and concentrate	**305,598**	900,447	1,187,636
Revenue from logistics and bunker business	**25,675**	31,849	54,491
Revenue from other sales and services provided	**2,737**	3,578	6,363
Total revenue	**334,010**	935,874	1,248,490

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 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Europe, including Turkey	**305,907**	687,384	944,859
North East Asia	**–**	47,496	47,496
China & South East Asia	**(84)**	164,665	164,397
Middle East & North Africa	**(225)**	–	29,982
North America	**–**	902	902
Total revenue from sale of iron ore pellets and concentrate	**305,598**	900,447	1,187,636

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. During the six-month period ended 30 June 2023 and the comparative year ended 31 December 2022, the Group's sales of iron ore pellets and concentrate were significantly impacted by the ongoing war in Ukraine. Since the beginning of the war, the Group's seaborne sales through the port of Pivdennyi have been suspended and these sales had to be diverted to the market in Europe.

Note 5: Operating expenses

Operating expenses for the six-month period ended 30 June 2023 consisted of the following:

US$000	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Cost of sales	**182,364**	392,053	582,445
Selling and distribution expenses	**73,667**	147,212	236,085
General and administrative expenses	**31,586**	34,878	63,847
Other operating expenses	**14,619**	282,932	309,669
Total operating expenses	**302,236**	857,075	1,192,046

Total operating expenses include:

US$000		**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Inventories recognised as an expense upon sale of goods		**167,033**	371,364	540,010
Employee costs (excl. logistics and bunker business)		**38,564**	54,516	92,144
Inventory movements		**8,385**	(84,472)	(52,953)
Depreciation of property, plant and equipment and right-of-use assets	3	**29,181**	60,246	95,127
Amortisation of intangible assets	3	**380**	1,037	1,851
Royalties		**12,928**	62,804	43,461
Costs of logistics and bunker business		**27,587**	28,172	55,916
Audit and non-audit services		**1,267**	1,264	2,055
Community support donations		**1,672**	10,705	14,536
Write-(backs)/offs and impairments		**(180)**	254,366	260,308
Losses on disposal and liquidation of property, plant and equipment		**96**	1,128	1,665

US$000	Notes	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
(Write-back)/write-off of inventories		**(196)**	(111)	269
Write-off of property, plant and equipment		**16**	–	5,562
Total (write-backs)/write-offs		**(180)**	(111)	5,831
Impairment of property, plant and equipment	10	**–**	219,931	219,931
Impairment of goodwill and other intangible assets	12	**–**	29,103	29,103
Impairment of other non-current assets		**–**	5,443	5,443
Total impairments		**–**	254,477	254,477
Total (write-backs)/write-offs and impairments		**(180)**	254,366	260,308

The impairment losses of property, plant and equipment, goodwill and other intangible assets as well as of other non-current assets were a result of the Russian invasion into Ukraine in February 2022. See Note 10 Property, plant and equipment and Note 12 Goodwill and other intangible assets for further information.

Note 6: Foreign exchange losses and gains

Foreign exchange losses and gains for the six-month period ended 30 June 2023 consisted of the following:

US$000	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Operating foreign exchange (losses)/gains			
Conversion of trade receivables	**1**	84,975	340,189
Conversion of trade payables	**(19)**	(78)	(623)
Others	**(24)**	(30)	(127)
Total operating foreign exchange (losses)/gains	**(42)**	84,867	339,439
Non-operating foreign exchange gains/(losses)			
Conversion of interest-bearing loans	**598**	(15,367)	(77,678)
Conversion of cash and cash equivalents	**1,903**	2,915	9,711
Others	**139**	1,216	4,470
Total non-operating foreign exchange gains/(losses)	**2,640**	(11,236)	(63,497)
Total foreign exchange gains	**2,598**	**73,631**	**275,942**

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 were in the past 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 remained unchanged at 36.568 to the US dollar since 21 July 2022, when the National Bank of Ukraine devalued the local currency from 29.255 to 36.568 (34%). As a result of the pegged local currency during the first half of 2023, the total of foreign exchange differences is significantly lower than in the comparative period and mainly relates to other currencies than the Ukrainian hryvnia.

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

	Average exchange rate			**Closing exchange rate**		
Against US$	**6 months ended 30.06.23**	6 months ended 30.06.22	Year ended 31.12.22	**As at 30.06.23**	As at 31.12.22	As at 30.06.22
UAH	**36.569**	28.902	32.342	**36.569**	36.569	29.255
EUR	**0.925**	0.915	0.951	**0.919**	0.934	0.957

Note 7: Net finance expense

Finance expense and income for the period ended 30 June 2023 consisted of the following:

US$000	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Finance expense			
Interest expense on loans and borrowings	**(35)**	(355)	(479)
Less capitalised borrowing costs	**–**	355	479
Net interest on defined benefit plans	**(1,459)**	(1,345)	(2,678)
Bank charges	**(701)**	(405)	(871)
Interest expense on lease liabilities	**(55)**	(126)	(233)
Other finance costs	**(343)**	(429)	(664)
Total finance expense	**(2,593)**	(2,305)	(4,446)
Finance income			
Interest income	**1,952**	209	888
Other finance income	**–**	–	41
Total finance income	**1,952**	209	929
Net finance expense	**(641)**	(2,096)	(3,517)

The Group does not have any significant balances of interest bearing loans and borrowings outstanding as at the end of each of the reporting periods presented in these interim condensed consolidated financial statements. 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 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 2023, the income tax expense was recorded based on an expected weighted average statutory income tax rate of 16% for the financial year 2023 (30 June 2022: 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 2023 is 23.8% (30 June 2022: 47.3%; 31 December 2022: 35.0%) results from the net effects of a release of a tax provision for a previous year of US$7,174 thousand, the recognition of an additional allowance of US$4,813 thousand on deferred tax assets recognised by the two of the Group's subsidiaries in Ukraine and a withholding tax expense of US$3,166 thousand incurred on intercompany dividend payments to be included in income tax expense. The effective tax rates for the periods ended 31 December 2022 and 30 June 2022 were affected by an impairment loss of US$254,477 thousand on the Group's non-current operating assets which is not tax deductible in Ukraine (see Note 10 Property, plant and equipment for further information) and due to the fact that no deferred tax asset was recognised for the resulting temporary differences. Further to that, the Group recorded an allowance of US$10,749 thousand on deferred tax assets as of 31 December 2022 that were recognised by the same two subsidiaries in Ukraine. Without these special effects, the effective tax rate would have been 13.3% (30 June 2022: 18.0%; 31 December 2022: 18.2%).

The income tax expense for the period ended 30 June 2023 consisted of the following:

US$000	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Current income tax			
Current income tax charge	**15,204**	61,531	100,064
Amounts related to previous years	**(7,057)**	7,999	6,389
Total current income tax	**8,147**	69,530	106,453
Deferred income tax			
Origination and reversal of temporary differences	**290**	4,099	12,209
Total deferred income tax	**290**	4,099	12,209
Total income tax expense	**8,437**	73,629	118,662

The net income tax payable as at 30 June 2023 consisted of the following:

US$000	**6 months ended 30.06.23 (unaudited)**	Year ended 31.12.22 (audited)	6 months ended 30.06.22 (unaudited)
Income tax receivable balance	**1,739**	4,674	456
Income tax payable balance	**(18,792)**	(20,564)	(41,332)
Net income tax payable	**(17,053)**	(15,890)	(40,876)

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.

Two audits were initiated by the State Tax Service of Ukraine ("STS"), formerly known as SFS, on 18 February 2020 in relation to the sale of iron ore products by the Group's major subsidiary in Ukraine during the financial years 2015 to 2017. On 14 June 2021, the STS commenced another tax audit for the financial years 2015 to 2017 for cross-border transactions of another Ukrainian subsidiary with the same two subsidiaries of the Group outside of Ukraine.

These tax audits for cross-border transactions between the Group's two major subsidiaries in Ukraine and two subsidiaries of the Group outside of Ukraine are still ongoing. Based on legislation in Ukraine, the results of these audits are to be provided by the STS within 18 months after commencement. The period for both audits has been interrupted first by the Covid-19 related quarantine imposed between March 2020 and February 2021 and then on 24 February 2022 due to the declaration of Martial Law as a result of the Russian invasion into Ukraine. The audits resumed again on 25 January 2023.

The deadlines to provide the reports for the audits that commenced on 18 February 2020 have expired on 10 June 2023 whereas the deadlines for the other audits are 15 November 2023. The Group's subsidiary was informed by the tax office that the duration of the audits with deadlines expiring on 10 June 2023 has been extended by another three months. As of the date of the approval of these interim condensed consolidated financial statements, the audits are still ongoing and no claims have been received.

On 27 June 2022, the Supreme Court of Ukraine ruled partially in favour of the State Fiscal Service of Ukraine ("SFS") in respect of a claim made by the SFS in respect of a tax audit performed on cross-border transactions for the period from 1 September 2013 to 31 December 2015 at the Group's major subsidiary in Ukraine, despite two favourable verdicts received by the Group's subsidiary from lower court instances. As a result of this court decision, an amount of UAH234 million (US$7,999 thousand) became a legally binding obligation and was paid in July 2022. The partially negative verdict of the Supreme Court of Ukraine might have an adverse impact on the tax audits described below as the STS might use the court verdict as a precedent for the tax audits currently ongoing. Despite the verdict received from the Supreme Court of Ukraine, the Group still considers that it has complied with applicable legislation for all cross-border transactions undertaken and is of the opinion that the court did not appropriately consider relevant technical grounds and the applicable legislation when ruling on this case. In the case of new claims, the Group will continue to defend its methodology applied to determine the prices between its subsidiaries, but is aware that 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 of the approval of these interim condensed consolidated financial statements, no claims have been made by the STS in respect of the audits commenced in 2020 and 2021. As a consequence, no provision has been recorded as at 30 June 2023 for transactions and years subject to the audits commenced by the STS as it is impossible to reasonably quantify the potential exposure.

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. The Ukrainian subsidiaries cooperated with the SBI and provided the requested information as per the court ruling in order to support these pre-trial investigations. As of the date of approval of these interim condensed consolidated financial statements, there have been no actions or any new requests received from the SBI.

As required by IFRIC 23 *Uncertainty over income tax treatments*, the Group reviewed and reassessed its exposure in respect of all uncertain tax positions, including the ongoing audits of cross-border transactions in Ukraine under the provisions of this interpretation. 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. In case of any claims made by the STS and considering the uncertainties of the legal and tax framework in Ukraine, the Group will defend its pricing methodology applied during these 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. See also the Update on Principal Risks section on pages 18 to 20 for further information on the Ukraine country risk.

Except for the matters in Ukraine mentioned above, the Group is not aware of any significant corporate profit tax related 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 2023 consisted of the following:

US$000	**6 months ended 30.06.23 (unaudited)**	Year ended 31.12.22 (audited)	6 months ended 30.06.22 (unaudited)
Total deferred tax assets	**14,168**	14,471	27,285
Total deferred tax liabilities	**(1,334)**	(1,347)	(687)
Net deferred tax assets	**12,834**	13,124	26,598

The net deferred tax asset balance of US$12,834 thousand includes net deferred tax assets totalling US$14,089 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 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. Considering 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. As a result of continued uncertainties in terms of the timing of the unwind of some of the temporary differences during the period covered by the going concern assessment, the net deferred tax assets balance is net of an allowance of US$15,562 thousand, of which US$4,813 thousand was booked as at 30 June 2023 (30 June 2022: nil; 31 December 2022: US$10,749 thousand). The level of taxable profits in Ukraine depends on many factors, such as the availale logistics network and the level of supply of power in Ukraine, the volatility in the global iron pellet market and foreign exchange rate changes, but also on the implications of the ongoing war in Ukraine as a whole.

Future developments

Following an agreement reached by the Finance Ministers from the G7 in July 2021, backing the creation of a global minimum corporate tax rate of at least 15.0%, over 140 countries and jurisdictions have agreed to the OECD/G20 Inclusive Framework on BEPS, also referred to as BEPS 2.0, including Ukraine, United Arab Emirates, United Kingdom and Switzerland. It is the aim of the new framework to ensure that large multinational enterprises pay a fair share of tax wherever they operate and to set a global minimum tax rate. The global implementation is in 2024 and key countries have progressed well with the implementation of this framework, requiring also changes to the countries constitutions. The Group currently operates in two key jurisdictions with relevant statutory income tax rates below 15.0%, but does not expect a significant increase of its effective tax rate, before any special items, from the introduction of BEPS 2.0. The Swiss electorate approved in June 2023 a comprehensive change to the Swiss corporate tax system, resulting in an amendment to the Swiss constitution and the introduction of the global minimum tax in Switzerland with effect of 1 January 2024. The United Arab Emirates announced the adjustment of the local tax legislation by 1 June 2023 resulting in the application of a corporate profit tax rate of 9.0% to profits for financial years beginning on or after this date.

Based on the current understanding of the anticipated changes to the global tax landscape, the Group expects an increase of its future effective tax rate once adjustments are made to relevant local tax legislation. The Group's future effective tax rate is expected to be in a range of 15.0% to 19.0%. As mentioned above, this 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, which 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 30.06.23 (unaudited)	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Earnings for the period/year attributable to equity shareholders - per share in US cents			
Basic	**4.59**	13.96	37.41
Diluted	**4.54**	13.94	37.35
Profit for the period/year attributable to equity shareholders - US$000			
Basic and diluted earnings	**27,002**	82,070	219,995
Weighted average number of shares - thousands			
Basic number of ordinary shares outstanding	**588,212**	587,987	588,017
Effect of dilutive potential ordinary shares	**6,706**	773	931
Diluted number of ordinary shares outstanding	**594,918**	588,760	588,948

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 financial year 2023 as at the date of the approval of these interim condensed consolidated financial statements. Taking into account the provisions of the Companies Act 2006 and relevant thin capitalisation rules, the total available distributable reserves of Ferrexpo plc would be approximately US$117,000 thousand for the remainder of the financial year 2023.

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 and certain subsidiaries are currently restricted from paying dividends outside of Ukraine as a result of Ukrainian currency control measures imposed under the Martial Law. Impairment losses recorded as of 31 December 2022 in the stand-alone financial statements of certain subsidiaries and the war-related uncertainties, as well as 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 negatively impact Ferrexpo plc's ability to make dividend payments in future periods.

US$000	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Dividends proposed			
Final dividend for 2021: 6.6 US cents per Ordinary Share 1)	**–**	38,811	–
Total dividends proposed	**–**	38,811	–

1) Declared on 15 June 2022 at the annual general meeting of the shareholders and paid on 4 July 2022.

US$000	**6 months ended 30.06.23 (unaudited)**	6 months ended 30.06.22 (unaudited)	Year ended 31.12.22 (audited)
Dividends paid during the period			
Final dividend for 2021: 6.6 US cents per Ordinary Share	**–**	–	38,679
Interim dividend for 2022: 13.2 US cents per Ordinary Share 1)	**–**	40,766	76,899
Interim dividend for 2021: 6.6 US cents per Ordinary Share	**–**	39,517	39,517
Total dividends paid during the period	**–**	80,283	155,095

1) Declared on 31 May 2022 and paid on 28 June 2022, net of Swiss withholding tax paid in July 2022 and dividend withheld as at 30 June 2022.

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 2023, the additions to property, plant and equipment totalled US$64,740 thousand (30 June 2022: US$97,159 thousand; 31 December 2022: US$200,329 thousand) and the net book value of the disposals of property, plant and equipment totalled US$978 thousand (30 June 2022: US$17,179 thousand; 31 December 2022: US$22,799 thousand). The total depreciation charge for the period was US$31,200 thousand (30 June 2022: US$60,035 thousand; 31 December 2022: US$94,162 thousand).

The carrying value of property, plant and equipment includes capitalised borrowing costs on qualifying assets totalling US$34,947 thousand (31 December 2022: US$35,694 thousand; 30 June 2022: US$53,147 thousand). No borrowing costs are capitalised any longer as the Group does not have any borrowing costs attributable to qualifying assets.

Critical estimates

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 threat to the Group's mining, processing and logistics operations within Ukraine. Even though the Group managed to operate throughout the financial year 2022 and the six-month period ended 30 June 2023, although at a significantly lower level, the ongoing war continues to have an adverse impact on the Group's cash flow generation and it is expected that this will continue to be the case until the war comes to an end. During the six-month period ended 30 June 2023, the continued unavailability of the Port of Pivdennyi in Ukraine had a significant adverse impact on the Group's seaborne sales and consequently on its cash flow generation.

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 production volumes do not take into account the effects of expected future mine life extension programmes. A number of 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 consideration given to the realistically plausible production volumes in light of the current situation in the country, sales price and production cost forecasts as well as the discount rate used to discount the cash flows.

Based on the base case of the Group's updated long-term model prepared for the 2023 interim accounts, 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 and other non-current assets, has to be recorded as at 30 June 2023. As at the end of the comparative period ended 30 June 2022, the Group recorded an impairment loss of US$254,477, reflecting the difference between the computed value in use of the Group's non-current operating assets and the carrying value as at this date, of which US$219,931 thousand was allocated to various asset categories within property, plant and equipment and US$5,443 thousand to other non-current assets. See Note 12 for information on the amounts allocated to goodwill and intangible assets.

The impairment test as of 30 June 2023 was prepared based on a long-term model updated in July 2023 and is predominantly dependent on the forecasted cash flow generation and a nominal pre-tax discount rate of 22.8%, (31 December 2022: 23.4%), which is still significantly higher than the pre-war WACC of 13.8% as of 31 December 2021. The WACC used reflects the current situation in the country as underlying macro-economic data used for the computation is still adversely affected by the war in Ukraine resulting in a significant higher country risk premium for Ukraine.

An average iron ore price of US$105 per tonne of 65% Fe fines CFR North China was used in the assumptions for the cash flow projection for the next five years. In determining the future long-term selling price, the Group takes into account external and internal analysis of the longer-term and shorter-term supply and demand dynamics throughout the world and considers local supply and demand balances affecting its major customers and the effects this could have on the longer-term price. Whilst the supply of power was more stable during the first six months of the financial year 2023, the Group's production volume continues to be limited by the currently available power supply in Ukraine. The production capacity used for the cash flow projections is expected to be approximately 35% and 50% of the pre-war level for the financial years 2023 and 2024, before an increase to approximately 75% in 2025 and an expected recovery to pre-war levels in 2026. The Group's current production volume is also aligned to the currently available logistic network, which is still impacted by the closed Black Sea ports in Ukraine. It is expected that currently available logistic networks will be sufficient to transport the lower level of produced pellets to the Group's international customers, particularly in Europe for the time being.

The increase of the available production capacity assumed in the past for the years covered by the long-term model has been adversely affected by the Russian invasion into Ukraine as the work on certain growth projects had to be slowed down or even halted due to availability of equipment and workforce, but also to preserve cash. There is no perpetual growth rate applied for the cash flow projections beyond the last year covered by the Group's long-term model.

Cost of production and shipping is considered taking into account local inflationary pressures, major exchange rate developments between the Ukrainian hryvnia and the US dollar, the longer-term and shorter-term trends in energy supply and demand and the effect on costs along with the expected movements in steel-related commodity prices, which affect the cost of certain production inputs. An average devaluation of the hryvnia of 8.1% per year was assumed over the next 5 years in the Group's cash flow projection.

The key assumptions in respect of production and sales volumes, and of production costs, are largely dependent on the easing of conflict risks facing the Group business, and therefore a wide range of alternative outcomes are possible, reflecting a high level of uncertainty.

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 impairment losses recorded during the financial year 2022 will be re-assessed 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.

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 another US$369,000 thousand. A reduction of the realised price by US$5 per tonne for each year until 2048 would increase the impairment loss by approximately US$205,000 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, would increase the impairment loss by approximately US$289,000 thousand whereas every 1.0% increase of the nominal pre-tax discount rate would increase the impairment loss by US$50,000 thousand, with all other assumptions remaining unchanged.

Note 11: Leases

During the six-month period ended 30 June 2023, the additions to the right-of-use assets totalled US$55 thousand (30 June 2022: US$733 thousand; 31 December 2022: US$5,034 thousand). The total depreciation charge for the period was US$2,559 thousand (30 June 2022: US$3,211 thousand; 31 December 2022: US$5,436 thousand).

As at 30 June 2023, the carrying amount of the lease liabilities consisted of the following:

US$000	**As at 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Non-current	**950**	1,354	1,754
Current	**3,012**	5,194	3,360

The total cash outflow for leases falling under the scope of IFRS 16 *Leases* during the period ended 30 June 2023 was US$2,792 thousand (31 December 2022: US$$6,103 thousand; 30 June 2022: US$2,955 thousand). During the period ended 30 June 2023 US$318 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 2022: US$576 thousand; 30 June 2022: US$205 thousand). Furthermore, interest expense on lease liabilities in the amount of US$55 thousand was recognised in the interim consolidated income statement during the period ended 30 June 2023 (31 December 2022: US$233 thousand; 30 June 2022: US$126 thousand).

Lease related commitments for future contingent rental payments were US$110,322 thousand during the period ended 30 June 2023 (31 December 2022: US$88,910 thousand; 30 June 2022: US$98,093 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 2023, the additions to the intangible assets totalled US$89 thousand (30 June 2022: US$298 thousand; 31 December 2022: US$548 thousand). The total amortisation charge for the period was US$380 thousand (30 June 2022: US$1,037 thousand; 31 December 2022: US$1,851 thousand).

Critical estimates

Information on the critical estimates used for the Group's impairment test performed as at 30 June 2023 are provided in Note 10 Property, plant and equipment.

The impairment test performed as at 30 June 2023 did not result in an additional impairment loss compared to an impairment loss of US$254,477 thousand recorded on the Group's operating non-current assets as at 30 June 2022, of which US$27,340 thousand and US$1,763 thousand were allocated to goodwill and various asset categories within intangible assets. The goodwill was fully impaired as of the end of the comparative period ended 30 June 2022 and this impairment loss will not reverse in a future period under the relevant accounting standard.

Note 13: Other taxes recoverable and prepaid

As at 30 June 2023, taxes recoverable and prepaid comprised:

US$000	**As at 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
VAT receivable	**41,961**	79,064	100,419
Other taxes prepaid	**5,150**	9,698	300
Total other taxes recoverable and prepaid – current	**47,111**	88,762	100,719
VAT receivable	**–**	–	6,833
Total other taxes recoverable and prepaid – non-current	**–**	–	6,833
Total other taxes recoverable and prepaid	**47,111**	88,762	107,552

As at 30 June 2023, US$39,527 thousand of the VAT receivable relates to the Group's Ukrainian business operations (31 December 2022: US$75,888 thousand; 30 June 2022: US$104,333 thousand).

The Group received regular VAT refunds during the first half of the financial year 2023, including some balances being overdue as of 31 December 2022, resulting in a lower outstanding balance as of 30 June 2023, compared to the balance as of the end of the comparative periods. There is no material VAT receivable balance overdue in Ukraine as at 30 June 2023 and the end of the comparative period ended 30 June 2022. VAT balances in the amount of US$47,149 thousand were overdue as at the end of the comparative year ended 31 December 2022 and collected in full in January 2023. The future refunds do however depend on the situation in Ukraine and how the country is going to cope with the state budget constraints as a result of the ongoing war.

The total VAT receivable balance in the table above is net of an allowance of US$1,174 thousand (31 December 2022: US$499 thousand; 30 June 2022: US$1,086 thousand) to reflect the uncertainties in terms of the timing of the recovery of VAT receivable balances.

Note 14: Inventories

As at 30 June 2023, inventories comprised:

US$000	**As at 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Raw materials and consumables	**48,369**	51,437	72,769
Spare parts	**94,057**	91,334	94,662
Finished ore pellets	**49,563**	52,625	105,557
Work in progress	**14,499**	25,832	33,808
Other	**2,573**	3,226	2,974
Total inventories – current	**209,061**	224,454	309,770
Ore	**6,277**	6,277	7,846
Total inventories – non-current	**6,277**	6,277	7,846
Total inventories	**215,338**	230,731	317,616

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

Inventories classified as non-current comprised 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$6,277 thousand as at 30 June 2023 is net of impairment losses of US$231,111 thousand recorded as of 31 December 2021, as it could not be reliably predicted when 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 some 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. The ongoing war in Ukraine makes it currently difficult to accelerate the commenced engineering studies for the exploration of possible options for new processing capabilities for the specific purpose of processing low-grade ore, so that there are no changes in facts and circumstances to be considered as at 30 June 2023.

During the comparative periods ended 31 December 2022 and 30 June 2022, low-grade ore totalling US$9,690 thousand and US$8,546 thousand, respectively, was extracted and directly recognised in the consolidated income statement, included in the cost of sales. No such ore was extracted during the period ended 30 June 2023, also a result of the lower mining activity due to the ongoing war and the reduced operating activity.

Note 15: Prepayments and other current assets

As at 30 June 2023, prepayments and other current assets comprised prepayments to suppliers for goods and services in the amount of US$21,352 thousand (31 December 2022: US$10,979 thousand; 30 June 2022: US$26,618 thousand) and prepaid expenses totalling US$3,326 thousand (31 December 2022: US$2,312 thousand; 30 June 2022: US$2,270 thousand) as well as cash deposits in the amount of US$13,026 thousand (31 December 2022: nil; 30 June 2022: 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.

Prepayments at 30 June 2023 include US$692 thousand (31 December 2022: US$865 thousand; 30 June 2022: US$1,731 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 2023, cash and cash equivalents comprised:

US$000	Notes	**As at 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Cash at bank and on hand		**134,903**	112,945	176,766
Total cash and cash equivalents	3	**134,903**	112,945	176,766

The debt repayments net of proceeds during the period ended 30 June 2023 totalled US$2,792 thousand (31 December 2022: US$48,249 thousand; 30 June 2022: US$45,726 thousand) affecting the balance of cash and cash equivalents.

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

The balance of cash and cash equivalents held in Ukraine amounts to US$14,503 thousand as at 30 June 2023 (31 December 2022: US$45,229 thousand; 30 June 2022: US$12,747 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.

Cash deposits for letters of credit available only after three months from the date of inception totalling US$13,026 thousand (31 December 2022: nil; 30 June 2022: US$13,026 thousand) are classified as other current assets. 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 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Current				
Lease liabilities		**3,012**	5,194	3,360
Total current interest-bearing loans and borrowings	3	**3,012**	5,194	3,360
Non-current				
Lease liabilities		**950**	1,354	1,754
Total non-current interest-bearing loans and borrowings	3	**950**	1,354	1,754
Total interest-bearing loans and borrowings		**3,962**	6,548	5,114

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

US$000	**6 months ended 30.06.23 (unaudited)**	Year ended 31.12.22 (audited)	6 months ended 30.06.22 (unaudited)
Opening balance of interest-bearing loans and borrowings	**6,548**	50,349	50,349
Cash movements			
Principal and interest elements of lease payments	**(2,792)**	(6,103)	(3,537)
Change of trade finance facilities, net	**–**	(42,146)	(42,146)
Total cash movements	**(2,792)**	(48,249)	(45,683)
Non-cash movements			
Additions to lease liabilities	**55**	5,340	1,099
Others (incl. translation differences)	**151**	(892)	(651)
Total non-cash movements	**206**	4,448	448
Closing balance of interest-bearing loans and borrowings	**3,962**	6,548	5,114

The outstanding amount of the Group's trade finance facilities was fully repaid at the end of the comparative year ended 31 December 2022 and the Group has no uncommitted trade finance facilities available as at 30 June 2023 and the end of the comparative year ended 31 December 2022, primarily due to the situation in Ukraine, compared to US$140,000 available as at the end of the comparative period ended 30 June 2022.

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 2022 Annual Report and 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 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Financial assets			
Cash and cash equivalents	**134,903**	112,945	176,766
Trade and other receivables	**45,387**	24,699	104,898
Other financial assets	**18,302**	5,443	18,284
Total financial assets	**198,592**	143,087	299,948
Financial liabilities			
Trade and other payables	**33,803**	30,509	72,469
Accrued liabilities	**13,946**	17,099	19,259
Interest-bearing loans and borrowings	**3,962**	6,548	5,114
Total financial liabilities	**51,711**	54,156	96,842

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 the interim consolidated income statement as of 30 June 2023 and during the comparative periods ended 31 December 2022 and 30 June 2022 was not material and therefore not disclosed separately in the interim consolidated income statement.

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. As a consequence, 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. There were no provisionally priced sales as at 30 June 2023 and the end of the comparative periods ended 31 December 2022 and 30 June 2022.

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, as long as the recoverable amount exceeds the cost basis.

Note 19: Commitments, contingencies and legal disputes

Commitments

Commitments as at 30 June 2023 consisted of the following:

US$000	**As at 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Total commitments for the lease of mining land (out of the scope of IFRS 16)	**41,280**	50,963	45,791
Total capital commitments on purchase of property, plant and equipment	**140,754**	134,842	166,992
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 Leases.

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 60 and 61 of the 2022 Annual Report and 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 60 and 61 of the 2022 Annual Report and Accounts). 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 require a significant portion of critical judgements to be made by the management.

Share dispute
On 23 November 2020, the Kyiv Commercial Court opened court proceedings in relation to an old shareholder litigation. In 2005, a former shareholder in Ferrexpo Poltava Mining ("FPM") brought proceedings in the Ukrainian courts seeking to invalidate the share sale and purchase agreement pursuant to which a 40.19% stake in FPM was sold to nominee companies that were previously ultimately controlled by Kostyantin Zhevago, amongst other parties. After a long period of litigations, 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 to invalidate the share sale and purchase agreement concluded in 2002.

In February 2021, FAG became aware that 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 and after several hearings the Group received in September 2022 a judgement from the appeal court in respect of the aforementioned claim, 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 the Ukrainian law in the judgement of the Northern Commercial Court of Appeal by the Group's 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. The hearing at the Supreme Court of Ukraine took place on 17 November 2022. After this first hearing and before the Supreme Court of Ukraine concluded on the legal merits of the parties involved in this dispute, the parties filed a motion requesting the case be heard by the Grand Chamber of the Supreme Court. During the court hearing held on 1 December 2022, the Supreme Court decided to refer the case for consideration to the Grand Chamber of the Supreme Court. The first hearing by the Grand Chamber of the Supreme Court took place on 15 March 2023, but no decision was taken by the judges. During the hearing on 19 April 2023, the judges of the Grand Chamber of the Supreme Court ruled in favour of the Group.

Following allegations of bribery against the Head of the Supreme Court, which make reference to the ruling on 19 April 2023 and the Group's controlling shareholder, and subsequent removal of the Head of the Supreme Court, investigations by National Anti-Corroption Bureau of Ukraine ("NABU") authorities into the conduct of the former Head of the Supreme Court and against a lawyer who allegedly acted as the intermediary in the alleged bribery are currently underway. There are media reports that some investigative actions are also being carried out against some other judges who were involved in this litigation case. If the Ukrainian Anti-Corruption Court concludes that a judge received a bribe for the favourable decision in this case, and such verdict of the Anti-Corruption Court remains valid after potential appeal, then the claimants may apply to the Supreme Court to review the court decision on 40.19% of the share capital of FPM due to exceptional circumstances. As of 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 case were to be reviewed by the Grand Chamber of the Supreme Court once again, management still 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 taking into account the advice received from the Group's legal advisors, the Group 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 of Ukraine would result in the loss of a significant proportion of the Group's main operating subsidiary in Ukraine and would have a material adverse impact on the shareholders' equity attributable to the shareholders of Ferrexpo plc. Due to uncertainties, it is currently impracticable 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 9 Earnings per share and dividends paid and proposed for further details). No non-controlling interest has been recognised as of 30 June 2023 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 of Ukraine 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 are not clear at this point of time.

Share freeze

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 Ukrainian Deposit Guarantee Fund 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. Based on 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 Deposit Guarantee Fund and Mr. Zhevago, the Group's controlling shareholder, in relation to the liquidation of Bank F&C in 2015.

As disclosed in detail in Note 30 Commitments, contingencies and legal disputes in the Group's 2020 Annual Report and Accounts, similar orders to freeze 50.3% of FAG's shareholding in FPM were received by the Group in November 2019 and in June 2020, which were subsequently successfully appealed and cancelled by FAG in the Ukrainian courts.

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 Ferrexpo plc disposing of any of its shares in FAG. Based on legal advice received by the Group, such prohibition on Ferrexpo plc disposing of its shares in FAG is not enforceable in the UK and in Switzerland within a short period of time. The court order also prohibits the disposal by Fevamotinico S.a.r.l. of its shares in Ferrexpo plc.

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 as a result of this court order.

The Group's subsidiaries affected by this court order, including FAG, filed on 21 March 2023 appeals in Ukraine 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. The court of appeal refused on 26 July 2023 to satisfy the appeals of FAG, FPM, FYM and FBM in relation to the restriction covering 50.3% of corporate rights in FPM, FYM and FBM so that the imposed restrictions remain effective. The Group's subsidiaries are preparing a cassation appeal to the Supreme Court of Ukraine, which is expected to be filed later in August 2023.

Taking into account that the Group has succeeded in the past that similar court orders were cancelled, it is management's view that the Group will be again successful cancelling such restrictions. Based on advice from Ukrainian legal counsel, the court order was made in contradiction to the 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. 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 cancelling such restrictions.

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 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 cash transfers outside of Ukraine. As it is essential to the Group that sufficient liquidity is held outside of Ukraine in order to ensure that the Group's liabilities can be settled when falling due, intercompany receivable balances due to the Ukrainian subsidiaries have historically 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 has 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 financial fines. The offence against the currency control regulations would result in fines of 0.3% per day computed 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 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. Considering the amount of outstanding receivable balances between Group companies, there is a risk of material fines becoming payable in the future. However, as a result of different interpretations of the currency control regulations during the 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.

Other ongoing legal proceedings and disputes

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 on 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 (approximately US$28,424 thousand as at 30 June 2023). The Group provided its objections to the claims made in the tax audit report and it was expected that this case will ultimately be heard by the courts in Ukraine. However, due to the current situation in Ukraine, it is unknown if and when the tax office will provide the final tax audit report considering or refusing FPM's objections as well as if and when a first hearing will take place in respect of a final claim received and how the aforementioned investigation is going to further develop.

On 16 November 2022, the 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 (approximately US$54,557 thousand as at 30 June 2023). Bail of UAH20 million (US$546 thousand as at 30 June 2023) 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 account 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. FPM has filed new complaints to the court of first instance and the date of the next hearing is currently unknown.

Based on legal advice obtained, it is management's view that each of 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 2023. 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.

Contested sureties claim

On 7 December 2022, Ferrexpo Poltava Mining ("FPM") received a claim in the amount of UAH4,727 million (US$128,945 thousand as at 30 June 2023) 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. Following the loss of funds held at Bank F&C of approximately US$177,000 thousand, the Group, through its major subsidiaries in Ukraine, initiated various court proceedings with the aim to maximise the Group's recovery in the liquidation process of Bank F&C.

The counterparty in this claim alleges that it acquired rights under certain loan agreements originally concluded between the 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 Ferrexpo Poltava Mining ("FPM") provided sureties to Bank F&C to ensure the performance of obligations under these loan agreements. It is FPM's position that no such sureties have been signed. Based on a favourable court decision in respect of the afore-mentioned court proceedings to maximise its recovery, it is management's view that FPM has compelling arguments to defend its position in the court and, as a consequence, no associated liabilities have been recognised in relation to this claim in the interim consolidated statement of financial position as at 30 June 2023. A court hearing on procedural matters took place on 19 July 2023 and the next court hearing is scheduled for 9 August 2023.

Investigations on use of waste product

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 top 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) that were approved by the court.

The sales of the rubble were subject to inspections by the State Service for Geology and Subsoil of Ukraine for many years and were suspended by the Group in September 2021. The position of FPM is that based on the mining license held, FPM complies with the relevant legislation. The Group continues to monitor and analyse the situation regarding the suspicions declared by the SBI. No associated liabilities have been recognised in relation to this case in the interim consolidated statement of financial position as at 30 June 2023 as no damage has been claimed by the SBI to FPM.

Ecological claims

In September 2021, 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. On 19 October 2021, FYM received two ecological claims from the State Ecological Inspection. One of the claims was related to an allegation of violation of rules regarding removal of soil on a particular land plot and the State Ecological Inspection requested payment for damages of approximately UAH768 million (US$21,000 thousand as at 30 June 2023). The other claim was related to an allegation of absence of documents for disposal of waste on a particular land plot and the State Ecological Inspection requested payment for damages in the amount of approximately UAH18 million (US$492 thousand as at 30 June 2023). Each claim states that if FYM does not voluntarily pay the damages, the State Ecological Inspection will start court proceedings. In November 2021, FYM sent written objections to these claims to the State Ecological Inspection. The State Ecological Inspection had neither responded to FYM's objections nor filed the claims to the court within a reasonable period by February 2022. In February 2022, FYM therefore filed a lawsuit to the court to challenge the claims of the State Ecological Inspection. The Kremenchuk District Prosecutor's Office is conducting the investigation in connection with alleged violations of environmental rules. The hearing on 19 July 2022 ruled in favour of FYM and this ruling was subsequently appealed to the court of appeal by the State Ecological Inspection. 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.

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 2023.

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 considering the fact that 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 has not yet concluded on the legal merits of the parties involved in this dispute. There have been no further developments since then.

Taxation

Tax legislation

As disclosed in Note 8 Taxation, the Group is involved in ongoing tax audits in respect of its cross-border transactions and an unfavourable outcome would have an adverse impact on the Group's cash flow generation, profitability and liquidity. See Note 8 Taxation and also the update on the Group's Principal Risks on pages 60 and 61 of the 2022 Annual Report and Accounts in terms of the Ukraine country risk.

Note 20: Share capital and reserves

The share capital of Ferrexpo plc at 30 June 2023 was 613,967,956 (31 December 2022: 613,967,956; 30 June 2022: 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 2022: 25,343,814 shares; 30 June 2022: 25,343,814 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 2022: 577,370 shares; 30 June 2022: 577,370 shares).

The Group transferred 9,513,000 shares on 9 March 2023 from the treasury share reserves to the Group's employee benefit trust reserve, at a price of 140.3 pence per share, being the closing share price of the Company's ordinary shares on the London Stock Exchange on 8 March 2023. As a result of this transfer, the interest of the Group's largest shareholder, Fevamotinico S.a.r.l (see Note 1 Corporate information for further information), in the voting rights of Ferrexpo plc is 49.5% as at 30 June 2023 (31 December 2022 and 30 June 2022: 50.3%). 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 on translation of the Group's foreign operations are initially recognised in the other comprehensive income. See also the interim consolidated statement of comprehensive income on page 24 of these financial statements for further details.

As at 30 June 2023 other reserves attributable to equity shareholders of Ferrexpo plc comprised:

For the financial year 2022 and the 6 months ended 30.06.23 US$000	**Uniting of interest reserve**	**Treasury share reserve**	**Employee benefit trust reserve**	**Translation reserve**	**Total other reserves**
At 1 January 2022	**31,780**	**(77,260)**	**(1,679)**	**(1,938,972)**	**(1,986,131)**
Foreign currency translation differences	–	–	–	(664,286)	(664,286)
Tax effect	–	–	–	13,036	13,036
Total comprehensive loss for the year	**–**	**–**	**–**	**(651,250)**	**(651,250)**
Share based payments	–	–	490	–	490
At 31 December 2022 (audited)	**31,780**	**(77,260)**	**(1,189)**	**(2,590,222)**	**(2,636,891)**
Foreign currency translation differences	–	–	–	180	180
Tax effect	–	–	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**	**180**	**180**
Share based payments	–	–	719	–	719
Effect from transfer of treasury shares	–	29,000	(15,865)	–	13,135
At 30 June 2023 (unaudited)	**31,780**	**(48,260)**	**(16,335)**	**(2,590,042)**	**(2,622,857)**

For the 6 months ended 30.06.22 US$000	**Uniting of interest reserve**	**Treasury share reserve**	**Employee benefit trust reserve**	**Translation reserve**	**Total other reserves**
At 1 January 2022	**31,780**	**(77,260)**	**(1,679)**	**(1,938,972)**	**(1,986,131)**
Foreign currency translation differences	–	–	–	(186,248)	(186,248)
Tax effect	–	–	–	6,297	6,297
Total comprehensive income for the period	**–**	**–**	**–**	**(179,951)**	**(179,951)**
Share based payments	–	–	310	–	310
At 30 June 2022 (unaudited)	**31,780**	**(77,260)**	**(1,369)**	**(2,118,923)**	**(2,165,772)**

Note 21: Related party disclosures

During the periods presented, the Group entered into arm's length transactions with entities under the common control of Kostyantin 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 Kostyantin Zhevago. Associated companies refer to TIS Ruda LLC, in which the Group holds an interest of 49.9% (31 December 2022: 49.9%; 30 June 2022; 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 2022 are disclosed in detail in the Remuneration Report included in the Group's 2022 Annual Report and Accounts.

Revenue, expenses, finance income and finance expenses

US$000	**6 months ended 30.06.23 (unaudited)**			6 months ended 30.06.22 (unaudited)			Year ended 31.12.22 (audited)		
	Entities under common control	**Asso-ciated compa-nies**	**Other related parties**	Entities under common control	Asso-ciated compa-nies	Other related parties	Entities under common control	Asso-ciated compa-nies	Other related parties
Other sales [a]	**144**	**–**	**1**	423	–	2	560	–	2
Total related party transactions within revenue	**144**	**–**	**1**	423	–	2	560	–	2
Materials [b]	**3,289**	**–**	**–**	4,722	–	–	6,784	–	–
Spare parts and consumables [c]	**785**	**–**	**–**	3,523	–	–	7,056	–	–
Other expenses [d]	**860**	**–**	**–**	1,058	–	–	1,948	–	–
Total related party transactions within cost of sales	**4,934**	**–**	**–**	9,303	–	–	15,788	–	–
Selling and distribution expenses [e]	**2,971**	**20**	**–**	2,680	2,677	–	6,542	3,819	–
General and administration expenses [f]	**111**	**–**	**288**	982	–	316	398	–	567
Other operating expenses[g]	**548**	**–**	**–**	–	–	–	2,019	–	–
Finance expense	**2**	**–**	**–**	5	–	–	8	–	–
Total related party transactions within expenses	**8,566**	**20**	**288**	12,970	2,677	316	24,755	3,819	567
Total related party transactions	**8,710**	**20**	**289**	13,393	2,677	318	25,315	3,819	569

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 Turbogas totalling US$94 thousand (30 June 2022: US$279 thousand; 31 December 2022: US$361 thousand).

b Purchases of oxygen, scrap metal and services from Kislorod PCC for US$519 thousand (30 June 2022: US$1,023 thousand; 31 December 2022: US$1,437 thousand);

b Purchases of cast iron balls from OJSC Uzhgorodsky Turbogas for US$2,250 thousand (30 June 2022: US$2,957 thousand; 31 December 2022: US$4,258 thousand); and

b Purchase of maintenance and construction services from FZ Solutions LLC (formerly OJSC Berdichev Machine-Building Plant Progress) for US$459 thousand (30 June 2022: US$714 thousand; 31 December 2022: US$997 thousand).

c Purchases of spare parts from OJSC AvtoKraz Holding in the amount of US$2 thousand (30 June 2022: US$1,143 thousand; 31 December 2022: US$1,799 thousand);

c Purchases of spare parts from CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") in the amount of US$195 thousand (30 June 2022: US$342 thousand; 31 December 2022: US$902 thousand);

c Purchases of spare parts from FZ Solutions LLC (formerly OJSC Berdichev Machine-Building Plant Progress) in the amount of US$249 thousand (30 June 2022: US$138 thousand; 31 December 2022: US$1,125 thousand);

c Purchases of spare parts from Kislorod PCC in the amount of US$116 thousand (30 June 2022: US$200 thousand; 31 December 2022: US$410 thousand);

c Purchases of spare parts from OJSC Uzhgorodsky Turbogas in the amount of US$98 thousand (30 June 2022: US$826 thousand; 31 December 2022: US$1,460 thousand); and

c Purchases of spare parts from Valsa GTV in the amount of US$125 thousand (30 June 2022: US$799 thousand; 31 December 2022: US$1,231 thousand).

d Insurance premiums of US$860 thousand (30 June 2022: US$1,058 thousand; 31 December 2022: US$1,948 thousand) paid to ASK Omega for insurance cover in respect of mining equipment and machinery.

e Purchases of advertisement, marketing and general public relations services from FC Vorskla of US$2,970 thousand (30 June 2022: US$2,678 thousand; 31 December 2022: US$6,541 thousand).

g Insurance premiums of US$513 thousand (30 June 2022: US$635 thousand; 31 December 2022: US$1,085 thousand) paid to ASK Omega for workmen's insurance and other insurances;

g Purchase of marketing services from TV & Radio Company of US$128 thousand (30 June 2022: US$147 thousand; 31 December 2022: US$212 thousand); and

g Purchase of food under the Ferrexpo Humanitarian Fund from JSC Kremenchukmyaso in the amount of US$798 thousand during the second half of the comparative year ended 31 December 2022. No such purchases as at 30 June 2023 and during the comparative period ended 30 June 2022.

Associated companies

e Purchases of logistics services in the amount of US$20 thousand (30 June 2022: US$2,677 thousand; 31 December 2022: US$3,819 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 as the Group's seaborne sales through the Port of Pivdennyi have been suspended as a result of the closure of the port.

Other related parties

f Legal and administrative services in the amount of US$197 thousand (30 June 2022: US$191 thousand; 31 December 2022: US$387 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 2022: US$50 thousand; 31 December 2022: 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 30.06.23 (unaudited)**			6 months ended 30.06.22 (unaudited)			Year ended 31.12.22 (audited)		
	Entities under common control	**Asso-ciated compa-nies**	**Other related parties**	Entities under common control	Asso-ciated compa-nies	Other related parties	Entities under common control	Asso-ciated compa-nies	Other related parties
Purchases in the ordinary course of business	**3,426**	**–**	**–**	4,013	–	–	11,634	–	–
Total purchases of property, plant and equipment	**3,426**	**–**	**–**	4,013	–	–	11,634	–	–

During the period ended 30 June 2023, the Group purchased major spare parts and equipment from FZ Solutions LLC (formerly OJSC Berdichev Machine-Building Plant Progress) totalling US$3,426 thousand (30 June 2022: US$3,989 thousand; 31 December 2022: US$11,598 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$52 thousand during the period ended 30 June 2023 (30 June 2022: US$109 thousand; 31 December 2022: US$154 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 Kostyantin 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	**6 months ended 30.06.23 (unaudited)**			Year ended 31.12.22 (audited)			6 months ended 30.06.22 (unaudited)		
	Entities under common control	**Asso-ciated compa-nies**	**Other related parties**	Entities under common control	Asso-ciated compa-nies	Other related parties	Entities under common control	Asso-ciated compa-nies	Other related parties
Prepayments for property, plant and equipment [g]	**2,706**	**–**	**–**	3,847	–	–	10,533	–	–
Total non-current assets	**2,706**	**–**	**–**	3,847	–	–	10,533	–	–
Trade and other receivables [h]	**36**	**3,245**	**–**	38	3,245	1	148	4,057	1
Prepayments and other current assets [i]	**380**	**312**	**–**	745	120	–	1,731	–	–
Total current assets	**416**	**3,557**	**–**	783	3,365	1	1,879	4,057	1
Trade and other payables [j]	**2,166**	**–**	**–**	2,057	244	–	10,355	–	–
Accrued and contract liabilities	**19**	**–**	**–**	–	–	–	44	–	–
Total current liabilities	**2,185**	**–**	**–**	2,057	244	–	10,399	–	–

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$2,706 thousand (31 December 2022: US$3,787 thousand; 30 June 2022: US$10,005 thousand) were made to FZ Solutions LLC (formerly OJSC Berdichev Machine-Building Plant Progress) mainly in relation to the Wave 1 expansion project of the processing plant, and

g At the end of the comparative periods ended 31 December 2022 and 30 June 2022 prepayments for property, plant and equipment totalling US$59 thousand and US$528 thousand were made to CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") in relation to procured spare parts for ongoing maintenance projects. No such prepayments were made as at 30 June 2023.

i Prepayments and other current assets totalling US$247 thousand to ASK Omega for insurance premiums (31 December 2022: US$233 thousand; 30 June 2022: US$570 thousand); and

j Trade and other payables of US$156 thousand (31 December 2022: US$107 thousand; 30 June 2022: US$236 thousand) related to the purchase of oxygen, metal scrap and services from Kislorod PCC;

j Trade and other payables of US$1,589 thousand (31 December 2022: US$1,603 thousand; 30 June 2022: US$797 thousand) related to the purchase of spare parts and services from FZ Solutions LLC (formerly OJSC Berdichev Machine-Building Plant Progress);

j Trade and other payables of US$235 thousand (31 December 2022: US$100 thousand; 30 June 2022: US$13 thousand) related to the purchase of spare parts and services from Uzhgorodsky Turbogas, OJSC, and

j At the end of the comparative period ended 30 June 2022 trade and other payables of US$9,000 thousand) were due to Fevamotinico S.a.r.l. in respect of dividends withheld under agreements concluded for the full repayment of a loan granted by FC Vorskla Cyprus Ltd. to a related party entity of the Group's controlling shareholder outside of the Group. There was no such outstanding balance as at 30 June 2023 and 31 December 2022.

Associated companies

h Trade and other receivables of US$3,245 thousand (31 December 2022: US$3,245 thousand; 30 June 2022: US$4,057 thousand) related to dividend receivables from TIS Ruda LLC, which is expected to be collected only once the Port of Pivdennyi is no longer closed and the operating business of TIS Ruda will resume again.

i Prepayments and other current assets totalling US$312 thousand (31 December 2022: US$120 thousand; 30 June 2022: nil) related to purchases of logistics services from TIS Ruda LLC.

j At the end of the comparative period ended 21 December 2022 trade and other payables included US$244 thousand related to the purchase of logistics services from TIS Ruda LLC. There was no such balance as at 30 June 2023 and 30 June 2022.

The Ferrexpo Humanitarian Fund
Following the Russian invasion into Ukraine in February 2022, the Group has established the Ferrexpo Humanitarian Fund with total approved funding of US$19,000 thousand in order to support local communities in Ukraine. The Group procured during the financial year ended 31 December 2022 medicine totalling US$404 thousand from Arterium LLC (30 June 2022: US$259 thousand) and food totalling US$798 thousand from JSC Kremenchukmyaso (30 June 2022: US$94 thousand), both under common control of Kostyantin Zhevago, a controlling shareholder of Ferrexpo plc. See page 2 for further information on the Ferrexpo Humanitarian Fund. During the period ended 30 June 2023, no procurements were made from the above-mentioned companies.

Note 22: Events after the reporting period

No material adjusting or non-adjusting items have occurred subsequent to the period-end.

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 2023 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$000	**As at 30.06.23 (unaudited)**	As at 30.06.22 (unaudited)	As at 31.12.22 (audited)
C1 cash costs	**140,145**	409,382	503,975
Non-C1 cost components	**26,888**	(38,018)	36,035
Inventories recognised as an expense upon sale of goods	**167,033**	371,364	540,010
Own ore produced (tonnes)	**1,966,933**	4,797,079	6,053,397
C1 cash cost per tonne (US$)	**71.3**	85.3	83.3

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, share-based payments and write-offs and impairment losses. The underlying EBITDA is presented because it is a useful measure for evaluating the Group's ability to generate cash and its operating performance. See Note 3 Segment information for further details.

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 30.06.23 (unaudited)**	As at 30.06.22 (unaudited)	As at 31.12.22 (audited)
Underlying EBITDA		**63,643**	486,121	765,113
Losses on disposal and liquidation of property, plant and equipment	5	**(96)**	(1,128)	(1,665)
Share-based payments		**(719)**	(310)	(490)
Write backs/(offs) and impairments	5	**180**	(254,366)	(260,308)
Depreciation and amortisation		**(29,561)**	(61,283)	(96,977)
Profit before tax and finance		**33,447**	169,034	405,673

Diluted earnings per share

Definition: Earnings per share calculated using the diluted number of Ordinary Shares outstanding.

Closest equivalent IFRSs measure: Diluted earnings per share.

Rationale for adjustment: Excludes the impact of special items that can mask underlying changes in performance.

Reconciliation to closest IFRSs equivalent:

	6 months ended 30.06.2023 (unaudited)	6 months ended 30.06.2022 (unaudited)	Year ended 31.12.22 (audited)
Earnings for the period/year attributable to equity shareholders – per share in US cents			
Basic	**4.59**	13.96	37.41
Diluted	**4.54**	13.94	37.35

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 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Cash and cash equivalents	16	**134,903**	112,945	176,766
Interest-bearing loans and borrowings – current	17	**(3,012)**	(5,194)	(3,360)
Interest-bearing loans and borrowings – non-current	17	**(950)**	(1,354)	(1,754)
Net cash		**130,941**	106,397	171,652

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 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Purchase of property, plant and equipment and intangible assets (net cash flows used in investing activities)	10	**58,415**	161,010	102,008

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 30.06.23 (unaudited)**	As at 31.12.22 (audited)	As at 30.06.22 (unaudited)
Cash and cash equivalents	16	**134,903**	112,945	176,766
Uncommitted facilities		–	–	140,000
Total liquidity		**134,903**	112,945	316,766

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 Fevamotinico S.a.r.l.; Fevamotinico 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)
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 250	FTSE Russell index of the largest 250 companies by market capitalisation after the FTSE 100
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^3	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

Panamax	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
PPE	Personal protective equipment
PPI	Ukrainian producer price index
Probable Reserves	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
Proved Reserves	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
Rail car	Railway wagon used for the transport of iron ore concentrate or pellets
Relationship Agreement	The relationship agreement entered into among Fevamotinico S.a.r.l., Kostyantin Zhevago, The Minco Trust and the Company
Remuneration Committee	The Remuneration Committee of the Board
Reserves	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
Resources	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
Sinter	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
Spot price	The current price of a product for immediate delivery
Sterling/£	Pound Sterling, the currency of the United Kingdom
STIP	Short-Term Incentive Plan
Tailings	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
Tolling	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
Ton	A US short ton, equal to 0.9072 metric tonnes
Tonne or t	Metric tonne
Treasury Shares	A company's own issued shares that it has purchased but not cancelled
TSF	Tailings storage facility
TSR	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
UAH	Ukrainian hryvnia, the currency of Ukraine
UK adopted IFRS	International Financial Reporting Standards adopted for use in the United Kingdom
Ukr SEPRO	The quality certification system in Ukraine, regulated by law to ensure conformity with safety and environmental standards

Underlying EBITDA	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, share based payments and write-offs and impairment losses
Underlying EBITDA margin	Underlying EBITDA (see definition above) as a percentage of revenue
US$/t	US dollars per tonne
Value-in-use	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
VAT	Value Added Tax
WAFV	Weighted average fair value
WMS	Wet magnetic separation
Yeristovo or Yerystivske	The deposit being developed by FYM