FERREXPO PLC

19 March 2025

Ferrexpo plc

(“Ferrexpo” or the “Company” or the “Group”)

Full Year Financial Results for 2024

Ferrexpo plc (LSE: FXPO), a producer and exporter of premium iron ore pellets, announces its audited financial results for the year ended 31 December 2024.

Lucio Genovese, Executive Chair of Ferrexpo, commented:

“In my full statement below, I reflect on 2024 as a year of unprecedented achievement and fortitude for Ferrexpo. Through another 12 months of operating during a time of war, our people remained determined, culminating in an increase in production and sales to the highest levels since the start of the full-scale invasion in February 2022. I am very pleased, and grateful, that our organisation has been able to achieve such a dramatic recovery.

Throughout this operational recovery, the business demonstrated tremendous agility, coordinating more than 8,000 people, from the mine face to dock side, and varying production between one and three of our four pelletising lines, depending on power availability, customer demand and pricing, at any given time.

By quickly scaling up or down our production, we were able to produce a variety of different product qualities and restart shipping activities on a variety of vessel sizes, including the larger, more efficient capesize vessels. We also brought back production of our highest quality, and higher margin products in the period. This allowed us to diversify geographically and supply customers in MENA and Asia, having been constrained to mainly European markets before.

The 66% increase in annual production at an average realised prices 17% lower than last year, translated into a 43% increase in revenue. Overall, our C1 cash costs on a unit basis increased by 10% to US$83.9 per tonne. The main reason for the increase is the requirement to import electricity, sometimes at prices that are double the domestic price. Prices for other energy sources continue to remain high since the full-scale invasion began as well as prices for key consumables, transport and logistics, and salary increases.

This year we are required to record non-cash impairment loss of US$72 million as at 31 December 2024 on the Group’s non-current operating assets, including property, plant and equipment, intangible assets and other non-current assets. This is due to the Group’s lower cash flow generation driven by a decrease in prices for our products due to a weaker long-term outlook for the iron ore market, in addition to higher prices for power and key consumables.

Although the Group is reporting a loss of US$50 million for 2024, had the impairment of US$72 million not occurred the Group would have made a profit of US$22 million. This demonstrates that, while the strategy to bring back production volumes did not result in the expected growth in profits, it did help to limit losses in the face of the exceptional challenges.

We are closely watching the diplomatic efforts to bring an end to the war in Ukraine and are encouraged by the progress thus far. We must, however, remain vigilant, even as we hope for a safer and more secure future.”

Financial highlights[1*]

- Revenue increased by 43% to US$933 million due to higher sales volumes, partially offset by lower average iron ore prices (2023: US$652 million).
- Underlying EBITDA decreased by 30% to US$69 million, mainly due to lower realised iron ore prices and higher C1 costs (2023: US$99 million). Despite the fall in realised prices, the EBITDA margin remained positive, albeit lower at 7% (2023: 15%).
- Net cash flow from operating activities was US$92 million, slightly lower than in 2023 despite the lower operating cash flow, thanks to positive effects from working capital movements as at 31 December 2024 (2023: US$101 million).
- For 2024, the Group reports a loss of US$50 million, mainly due to impairment charge of US$72 million as result of the reduction in the carrying value of the Group’s assets and lower cash flow generation due to the war.
- Capital investment of US$102 million, including sustaining and optimisation projects (2023: US$101 million).

[1] *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 (“IFRS”) - see pages 64 to 65 for more information*

- Net cash position remained flat at US$101 million as at 31 December 2024 (2023: US$108 million). Excepting lease liabilities, no outstanding interest-bearing loans and borrowings as of 31 December 2024.

Financial summary

US$ million (unless stated otherwise)	**2024**	2023	*YoY change*
Total pellet production (kt)	**6,071**	3,845	*+58%*
Total commercial concentrate production	**819**	307	*+167%*
Total commercial production	**6,890**	4,152	*+66%*
Sales volumes (kt)	**6,830**	4,174	*+64%*
Average annual iron ore price (65% Fe US$/t)	**123**	132	*-7%*
Revenue	**933**	652	*+43%*
C1 cash cost of production (US$/t)	**83.9**	76.5	*+10%*
Underlying EBITDA	**69**	99	*-30%*
Diluted loss per share (cents)	**7.67**	14.41	*-47%*
Net cash flow from operating activities	**92**	101	*-9%*
Capital investment	**102**	101	*+1%*
Closing net cash	**101**	108	*-6%*

Safety and wellbeing

- Tragically, ten colleagues were killed serving in the Armed Forces of Ukraine during 2024, bringing the total to 46 between February 2022 and December 2024.
- The Group's LTIFR has remained at a relatively low level, ahead of the Group's historical five-year trailing average of 0.69.
- In 2024, the Group recorded a fourth successive year without a fatality. The average recorded lost-time injury frequency rate ("LTIFR") for the year was 0.54, higher than the 0.32 recorded last year, and above the 5-year trailing historical average of 0.52 due to an increase in recorded injuries.

Market factors

- The premium 65% Fe iron ore price averaged 7% lower in 2024, however, it fell 26% from January to December 2024, to close the year at US$114 per tonne.
- The iron ore pellet market was characterised by a strong increase in supply and generally weak demand. There were pockets of strong demand, in particular the DR pellet market in MENA. The average market premium for DR pellets increased 2% during 2024 to US$58 per tonne (2023: US$57 per tonne).
- The C3 freight index, which is indicative of global freight rates for iron ore shipments, averaged 19% higher in 2024 at US$25/t due largely to the dislocation of dry bulk carriers caused by reduced access through the Red Sea and longer journey times.

Operational factors

- During the year, the Group was able to resume operations at the third of its four pelletiser lines providing additional capacity and flexibility throughout the year.
- Iron ore pellet and concentrate production of 6.9 million tonnes in 2024 (2023: 4.2 million tonnes), comprising 6.1 million tonnes of pellets and 0.8 million tonnes of commercial concentrate.
- Operations continued to ship products to customers by rail and barge to customers in Europe, and exports resumed through Ukrainian Black Sea ports to customers in Europe, MENA and Asia.
- Full year iron ore sales of 6.8 million tonnes (2023: 4.2 million tonnes), mirroring the expanded logistics availability.
- Investment in growth continued. Larger capital investments included the new press filtration complex and a new concentrate conveyer line to enable the production of commercial concentrates concurrently with pellet production.
- C1 Cash Cost of Production ("C1 costs") increased 10% to US$83.9 per tonne. Although production volumes increased, this was not enough to offset higher electricity and consumable prices.

ESG factors

- Absolute Scope 1 emissions increased 42% in 2024, due to increased production. Scope 1 emissions on a unit of basis, however, fell 9%, due increased production volumes and the return to shipping products by larger dry bulk vessels.
- Absolute Scope 2 emissions increased by 102% due to the requirement in Ukraine to import up to 80% of electricity from carbon-intensive providers outside of Ukraine. This was reflected on a unit basis too, increasing by 29%.
- In 2024, DR pellets production resumed, achieving a record annual 489,720 tonnes. Consequently, Scope 3 emissions on a unit basis decreased to 1.3 tonnes CO_2e of pellet production from 1.32tCO_2/t in 2023. Absolute Scope 3 emissions increased 11% year-on-year, reflecting higher overall pellet production and increased seaborne logistics.
- In 2024, the Group published its second Climate Change report. In updating its Net Zero strategy three scenarios were considered: "Continued War," "Post-war Rapid Adoption," and "Post-war Slow Adoption". These scenarios allowed the modelling of pathways for absolute emissions reductions, and a better understanding how to deliver its 2050 objectives.
- The Group also published its ninth annual Responsible Business Report, which provided updates on the Group's efforts to promote workforce development, support for communities, and contributions to a sustainable environment and ethical operations.

Corporate governance

- There were no changes to the Board during 2024, and only a few changes within the sub-committees.
- Subsequent to the 2024 reporting period, Natalie Polischuk resigned from the Board of in January 2025.
- Natalie was Chair of the Health, Safety, Environment and Community ("HSEC") Committee, a member of the Audit Committee and a member of the Committee of Independent Directors. On an interim basis, Fiona MacAulay, Senior Independent Non-executive Director, has been appointed a member of the Audit Committee and appointed as a member of and will Chair the HSEC Committee.
- Following Natalie Polischuk's departure, recruitment has been prioritised to find a suitable replacement. This search is at an advanced stage and it is anticipated that an appointment of an independent Non-executive Director will be made in the near future.

Stakeholder engagement activities

Due to the ongoing war in Ukraine, the Group's management team will not be hosting an open access call with investors. The Group's management team will, however, be hosting a closed research analyst briefing at 10:00 UK time today. For those interested in attending, please contact ferrexpo@tavistock.co.uk. A presentation will be published here. The Group expects to host its Annual General Meeting in May 2024 and will provide an update at this event.

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Notes to Editors:

About Ferrexpo: Ferrexpo is a Swiss headquartered iron ore company with assets in Ukraine and a listing in the equity shares commercial companies category on the London Stock Exchange (ticker FXPO) and a constituent of the FTSE 250 index. The Group produces high grade iron ore pellets, which are a premium product for the global steel industry and enable reduced carbon emissions and increased productivity for steelmakers when converted into steel, compared to more commonly traded forms of iron ore. Ferrexpo's operations have been supplying the global steel industry for over 50 years. Before Russia's full-scale invasion of Ukraine in February 2022, the Group was the world's third largest exporter of pellets. The Group has a global customer base comprising of premium steel mills around the world. For further information visit **www.ferrexpo.com**.

EXECUTIVE CHAIR'S STATEMENT

A year of unprecedented achievement

Undeterred by the challenges of a third year of war, 2024 marked a year of unprecedented achievement for Ferrexpo.

Our people worked as a united team to bring back production and increase sales to the highest levels since the start of the full-scale invasion in February 2022. In the first quarter of 2024 alone, production and sales doubled compared to the final quarter of 2023. We also brought back production of our highest quality, and higher margin products. I am very pleased that our organisation has been able to achieve such a dramatic recovery, during a time of war.

A more agile and flexible business

Throughout the operational recovery of 2024, the business demonstrated tremendous agility, by coordinating more than 8,000 people, from the mine face to dock side, varying production between one and three of our four pelletising lines, depending on power availability, customer demand and pricing. By quickly scaling up or down our production, we were also able to produce a variety of different product qualities and restart shipping activities on a variety of vessel sizes, including the larger, more efficient capesize vessels. This allowed us to diversify geographically to supply existing and new customers in MENA and Asia, having previously been constrained logistically to mainly European markets.

Preserving our business in a challenging environment

This agility was important during 2024. In the first quarter, we were able to benefit from higher production volumes sold at higher iron ore prices. This allowed us to increase salaries and invest to preserve the integrity of our assets. As the year progressed, however, iron ore prices fell, month after month. New war-related challenges, in particular the need to import power at significantly higher tariffs, resulted in our costs increasing. These factors combined have eroded our margins and cash position, more of which our Chief Financial Officer reports on in his statement on the following pages.

Contributing to the Ukrainian economy and to society

Despite the challenges, our business remains relevant. During the year, in Ukraine, we paid US$54 million in salaries and procured US$657 million in goods from our suppliers. We generated US$933 million in revenues, and paid US$74 million in taxes and royalties. We also continued to fund humanitarian and social initiatives, including making large donations to address critical national emergencies. These are significant contributions that support employment and livelihoods, sustain communities, and contribute to Ukraine's resilience.

When I look at our business and our people, I see a relentless energy of purpose, a drive to work hard, and a determination to keep delivering, time and time again. To this end, I have asked my fellow Executive Committee members to convey in detail how their respective functions – from operations to marketing to finance and human resources – have adapted, and how they add value to the business during a time of war. It is important to me that shareholders understand that, whilst we are consumed by war, we are navigating through it.

Colleagues serving in the armed forces and veterans returning

At the end of 2024, 706 of our colleagues were serving in the Armed Forces of Ukraine. We support serving colleagues through the provision of equipment such as bullet proof vests, ballistic helmets, clothing items, sleeping bags and mats, tactical first aid kits, and seemingly ordinary daily essentials such as mess kits and sanitary items. We maintain constant contact with them, either directly or through relatives, so that we can continue to supply them with replacements and additional items that make military life more manageable. We also guarantee their jobs when they return as veterans.

Indeed, as the war continues, we are welcoming an increasing number of veterans home – 160 at the end of December 2024. The Ferrexpo Veteran Support Service guides them through decommissioning, convalescence, their physical and mental health needs, and, when they are ready, return to the workplace, including retraining if necessary. It is clear that mental health is one of the biggest challenges that we must rise to – not just for the veterans, but also for family members.

Preparing to be an important player in Ukraine's reconstruction

Reconstruction of Ukraine is an important part of our future. It is one part of the plans we progressed during 2024 to play an important role in the reconstruction of Ukraine. As a Ukrainian industrial company, with headquarters and stock exchange listing in Western Europe, we are uniquely positioned to play a leading role in reconstruction. We have the skills and experience raising capital on international markets to invest in Ukraine, following the high governance standards international investors expect. Our first step will be to restore full production, which has been constrained due to the war. Subsequently, we plan to expand further and to decarbonise, allowing us to increase our contribution to the Ukrainian economy and society.

Governance

As in previous years, the Board met more frequently than is required. There were no changes to the Board during 2024, and only a few changes within the sub-committees. Subsequent to the 2024 reporting period, Natalie Polischuk resigned from the Board of Ferrexpo in January 2025. I am particularly grateful to Natalie who, as Chair of the Health, Safety, Environment and Community (“HSEC) Committee, oversaw our Humanitarian Fund and CSR activities, which have provided a tangible positive social impact for our workforce and communities since the start of the full-scale invasion. Following Natalie’s resignation, the Board continues to have a majority of independent Non-executive Directors and a search for a new independent Non-executive Director is ongoing.

I close my letter as I opened it: 2024 marked a year of unprecedented achievement for Ferrexpo. It was pleasing that 2024 was also capped by a series of awards for our business and our people, and a strong rally in the share price at the end of the year that resulted in us re-entering the FTSE 250.

I recognise it has been a difficult year, and I am grateful to every colleague for their exceptional efforts and to our shareholders and broader stakeholders for their continued support.

Lucio Genovese

Executive Chair, Ferrexpo Plc

CHIEF FINANCIAL OFFICER'S STATEMENT

United against challenges

In 2024, our business was dominated by a third year of war in Ukraine, while at the same time having to manage the cyclical dynamics of the iron ore and steel sector in a global economy being shaped by other transformational forces.

Challenging markets for iron ore

Iron ore markets traditionally exhibit some seasonality in demand and pricing, both positive and negative. For example, extreme weather can disrupt supply from various markets as well as influence production rates of steel mills and limit or increase demand for our products.

There are also shorter-term dynamics affecting the iron ore and steel markets. Examples of factors that affected Ferrexpo in 2024 include economic contraction in Europe, evidenced by weakness in the automotive sector, resulting in less demand for steel and, ultimately, the iron ore pellets we supply to our European customers.

Increased production countered higher costs and weaker realised prices

This complex environment is reflected in our financial results. A 66% increase in production translated into a 43% increase in revenue due to a 17% fall in realised prices. Higher production volumes supported a better absorption of our fixed costs on a unit cost basis, although this remained suboptimal as we operated at below two thirds of our full capacity. Overall, our C1 cash costs on a unit basis increased by 10% to US$83.9 per tonne. The main reason for this increase is the requirement to import electricity at prices sometimes double the usual domestic tariff. We also continued to incur higher costs compared to the period before the full-scale invasion for other energy sources, key consumables, transport and logistics, and to fund necessary salary increases.

Reflecting the broader macroeconomic challenges in Ukraine, the Ukrainian hryvnia depreciated 10% against the US dollar in 2024. This had a positive impact on our financial statements, resulting in a net US$44 million foreign exchange gain for the year. Historically, it's fair to say that the devaluation of the Ukrainian hryvnia offsets cost inflation, but this was less the case in 2024, particularly as we incurred more costs in other currencies, for example, to purchase imported power.

The non-cash impairment loss of US$72 million recorded as at 31 December 2024 on the Group's non-current operating assets, including property, plant and equipment, intangible assets and other non-current assets, is the result of the Group's lower cash flow generation driven by a decrease of prices for iron ore products due to a less optimistic long-term outlook for the iron ore market and higher prices for input material due to the ongoing war in Ukraine.

Although the Group made a loss of US$50 million, had the impairment of US$72 million not occurred the Group would have made a profit of US$22 million. This was 52% lower compared to 2023, if the provisions of US$131 million recorded for legal disputes are added back. This demonstrates that, while the strategy to bring back production volumes did not result in the expected profit growth, it helped to limit losses in the face of exceptional challenges.

A year of two halves

Behind the headline annual numbers, there are some interesting themes worth pointing out. First, the annual results are a tale of two halves. During the first half of 2024, we sold 56% of our production at prices that were on average 10% higher than those in the second half; and average C1 costs in the second half of the reporting period were 13% higher compared to the first half.

Indeed, in the interim results we reported an Underlying EBITDA of US$79 million, whereas for the full year, it has fallen to US$69 million, reflecting the more challenging second half of the year and a reduction in realised profits. As we move into 2025, and at the time of the release of this report, we are in the fourth year of war, and it is important to state that operating conditions continue to be challenging, and we have not yet seen any improvement in iron ore prices or costs.

Adding value through our work

Preparing for and responding to these challenges is one of the ways that the finance function demonstrates how we add value to the business. In many senses we are a nexus that co-ordinates other functions of the business, providing the data necessary to drive short-term strategies for the business. As an example, we liaise between our colleagues in marketing to identify which of our products, in which markets, at what times will generate the best possible margin, whilst at the same time, making sure that our colleagues in operations are prepared and are allocated the cash resources that they need to produce these products, from mining the ores needed at the pit face to getting the finished products to port in time for export.

Our challenge was greater in 2024 because we had to diligently manage our cash flows while ensuring adequate liquidity – without access to debt or trade finance. This was particularly demanding in the first quarter because we had to deploy capital into operations to expand mining and processing rates, whilst at the same time the cash cycle lengthened due to more goods in longer transits as we resumed seaborne sales to Asia.

Solid investment

Since the full-scale invasion in February 2022, the Group has invested US$352 in capital expenditure in Ukraine. This is in addition to over US$300 million in tax and royalty payments in Ukraine, and US$1.8 billion we have spent procuring goods and services.

In 2024, we invested US$102 million in our operations, in line with the previous year. Around 40% of the Capex was spent on maintenance, helping to restore and maintain production capacity, thereby ensuring the integrity of our assets. It was complicated at times, as we operated between two and three pellet lines due to volatility in power availability and market constraints. Overall, we deployed the majority of this capital on development projects. Some of the larger capital investments included additional funds for the new press filtration complex in the first half of the year and, in the second half, a new concentrate conveyer line along the production circuit to produce iron ore concentrates concurrently with pellet production, rather than being limited to producing only pellets or concentrates at any one time.

Building more flexibility in our business

The outcome of these investments is that we have built in further operational flexibility, and, at the same time, continued to improve the quality of our products. In turn, this means that we can be more responsive to short-term changes in market dynamics and to our customers' evolving needs.

Thanks

I would like to express my gratitude to the many colleagues across our business for their commitment and hard work throughout another challenging year for the Group. It is their collective effort that enabled us to adapt quickly to market opportunities and challenges to achieve a year-end net cash position of US$101 million.

In particular, I would like to convey my thanks to the finance team, from colleagues on the ground in Horishni Plavni, to here in Baar and elsewhere; those working in financial planning and management, accounting, treasury, reporting and internal audit. A tremendous amount has been achieved this year to keep our business relevant and one step wiser for the year ahead.

Nikolay Kladiev
Group Chief Financial Officer

OPERATING DURING A TIME OF WAR

With all our operations based in Ukraine, our workforce and facilities continue to be affected by the ongoing war. In this section we detail the ongoing and changing effects of war on our people, communities, operations and logistics.

People

The safety and wellbeing of our people are our primary concern. People want to work, to secure their livelihoods and to feel they are contributing to the broader war effort. It is our responsibility to ensure that they can do so safely.

At the end of 2024, our workforce in Ukraine comprised 8,542 employees and contractors. This includes 706 colleagues serving in the Armed Forces of Ukraine. 160 have been discharged from the armed forces, of whom 102 have returned to work.

Throughout the war, we have maintained a full workforce. Production rates can fluctuate because of factors beyond our control, such as the availability of power or access to logistics capacity. For this reason, there have been times we have had to place some employees on furlough; and others when we have asked employees to work extra hours or defer planned leave. Our people have come to understand that this flexible model ensures that the business can continue to operate.

Following missile and drone attacks on Ukraine's energy grid, power outages and load shedding were more frequent during 2024. These result in frequent interruptions to the working day, as well as time at home. They may also mean working in unlit buildings, with limited heating in winter or air conditioning in summer. At these times the resilience of our people is clear: working extended hours, switching to battery and generator backups, and a 'just get on with it' approach, when it is too hot, too cold or too dark. Air raid alerts during missile and drone attacks are frequent. At these times we require all employees to seek shelter underground or in bomb shelters. This results in additional interruptions to the working day, and travel to and from the workplace. Of course, air raid alerts also affect time at home, which can interrupt sleep, domestic activities, and schooling, placing a major strain on an individual's daily life and psychological wellbeing.

Our role as an employer is to protect the safety and security of our people. We aim to do this in several ways. Physical protection through allowing people to work from home (where feasible), and the provision of underground and bomb shelters are some examples. Mental health and wellbeing are increasingly important as the war prolongs. The "Ferrexpo Wellbeing and Psychological Support Project" has been operating since February 2022. The objective of this project is to support mental health issues that employees and their families are experiencing as a result of the war. Its implementation helped employees understand that seeking psychological support is acceptable. Access to anonymous consultations with leading specialists allows employees to work through crisis situations. Cultural and sporting activities are important contributors to general wellbeing. Examples include: our corporate theatre project called "FerroTale", which has attracted an audience of over 3,000 since it was launched and raised over UAH500,000 for the Armed Forces of Ukraine, and our annual charity run which attracted over 250 participants and raised funds for a socialisation programme for children with disabilities.

Local communities

As the principal employer in the city of Horishni Plavni, we have always played a central role in the community. This has become more important since the full-scale invasion, as local and national authorities are under significant strain and the pressures on the community are formidable.

At its most basic, a resilient community needs functioning infrastructure, health and educational services. This is why we have helped to secure power and water supply, build and repair homes and hospitals, fund education initiatives in local schools, and provide medical equipment for local hospitals.

A resilient community also needs cultural and sporting facilities and events to keep people occupied and healthy. FerroTale and the charity run mentioned above are good examples. During 2024, we placed additional emphasis on funding sports, facilities such as gyms, swimming pools and stadiums, and teams that compete at a national level, including men's and women's football, basketball and rowing. Ferrexpo plays a vital role in supporting sports for individuals with disabilities by funding facility upgrades and equipment purchases. This support helps all athletes, regardless of physical ability, further solidifying Horishni Plavni's reputation as a hub for athletic excellence.

Since the full-scale invasion, community needs have evolved. In the early days, we were focussed on housing and feeding refugees, later on providing equipment such as generators, laptops, and mobile phones, and more recently, on mental health and wellbeing. Through the Ferrexpo Humanitarian Fund and usual CSR spending, we have supported over 100 humanitarian projects and initiatives that have not only helped our immediate communities, but also supported another 11 regions across Ukraine, reaching an estimated five million people in total.

Operations and logistics

Our operations are large in scale and follow a relatively simple process flow: mining, processing and beneficiation, with considerable built-in production flexibility at each stage.

The reopening of the Ukrainian Black Sea ports at the end of 2023 removed the limitations of exporting only by rail, river barge and out of alternative Black Sea ports. Production activities therefore ramped up in the final quarter of 2023 and first quarter of 2024 to fill this additional export availability.

Since the start of the full-scale invasion, we have learnt to adapt to ever-changing conditions and have built significant flexibility into our operations. This has included establishing alternative suppliers for critical inputs and adopting an operating model that can quickly scale up or down, using one to three of our four production lines, and managing our human resources accordingly.

During 2024, we experienced frequent interruptions to the power supply, disrupting throughput of ore, concentrates and pellets. We had to learn to manage these outages and keep operating so as to reduce production cycle down-time and losses. This took time, but we have become adept at mitigating power shortages and have mostly been able to ensure constant production.

The reopening of Ukrainian Black Sea ports also presented some challenges, as port facilities required repairs and capacity was restored slowly. Vessel loading times improved throughout the first half, resulting in more optimal laycan and minimising demurrage charges. At the end of 2024, the ports were operating effectively, and we are starting to see more ship owners expressing interest in taking Black Sea cargoes as well as a lowering in tariffs and insurance risk premiums. As long as it continues to be safe to operate out of the Black Sea, we will continue to do so in 2025.

REMEMBERING THOSE WE HAVE LOST

Tragically, ten colleagues were killed serving in the Armed Forces of Ukraine during 2024, bringing the total to 46 since February 2022. We mourn their passing and honour their selfless and brave strength.

2022

Andriy Albit. age 34
Dmytro Belikov, age 32
Oleksiy Bridnya, age 33
Andriy Chernya, age 37
Oleksandr Chugainov, age 54
Guy Dudka, age 52
Andriy Dukanych, age 33
Serhiy Kharlamov, age 57
Serhiy Kondyk, age 31
Denys Koshovyy, age 31
Oleksiy Nazimov, age 25
Kostiantyn Orchikov, age 30
Oleksandr Scherbakov, age 28
Denys Svyrydov, age 50
Yaroslav Taran, age 50
Oleksiy Yatskov, age 36
Anatoliy Zakupets, age 37

2023

Yuriy Bilenko, age 38
Serhiy Buhuev, age 42
Oleksiy Bulba, age 45
Serhiy Chemkayev, age 44
Maksym Chystiakov, age 24
Volodymyr Holub, age 54
Oleksiy Khanilevych, age 24
Rostyslav Ledovskyy, age 25
Dmytro Lysachenko, age 28
Roman Lytvynenko, age 31
Vitaliy Med, age 40
Ihor Novohatniy, age 39
Volodymyr Pavlenko, age 43
Petro Perovskiy, age 25
Andriy Petrenko, age 49
Serhiy Pizniy, age 34
Oleksandr Smyrnov, age 32
Vladyslav Solomko, age 33
Oleksandr Terlenko, age 48

2024

Viacheslav Burhardt, age 38
Maksym Dmytryienko, age 44
Kostiantyn Koposov, age 39
Ihor Koriakovtsev, age 43
Oleksandr Koval, age 53
Eduard Lozenko, age 45
Volodymyr Taranyshych, age 37
Roman Vernyhora, age 43
Mykola Yastrebkov, age 35
Ruslan Yerko, age 31

OPERATIONAL REVIEW

United by our shared goals

As access to Ukrainian Black Sea ports reopened towards the end of 2023, our mining, processing, beneficiation and logistics teams worked around the clock to bring back idled production capacity for seaborne export. This meant that we were able to start 2024 on a strong footing, with a threefold increase in production in the first quarter of 2024, compared to the last quarter of 2023. This was a significant achievement due to the challenging circumstances war imposes on the workforce, and operations had to deal with power constraints due to relentless attacks on Ukraine's energy grid.

Health and safety

In 2024, the Group recorded a fourth successive fatality free year. The average recorded lost-time injury frequency rate ("LTIFR") for the year was 0.54, higher than the 0.32 recorded last year, and above the 5-year trailing historical average of 0.52 due to an increase in recorded injuries.

Reserves and resources

Ferrexpo controls licences covering a series of contiguous deposits located along the Kremenchuk Magnetic Anomaly, a magnetite deposit that extends for more than 50 kilometres. The Group has mines on three deposits and additional licences for deposits contiguous with our existing operations. Across the Group's three active mines, JORC-compliant Ore Reserves at 1 January 2025 are estimated to be 1,595 million tonnes of iron ore, with an iron ("Fe") content of 32% Fe (2023: 1,615 million tonnes grading 32% Fe). The JORC-compliant Mineral Resource estimate across our three mines is 5,717 million tonnes of iron ore, with an iron content of 32% Fe (2023: 5,737 million tonnes grading 32% Fe), which is inclusive of Ore Reserves.

Mining activities

In 2024, mining operations were sustained with limited interruption, achieving targets and maintaining higher productivity levels despite the challenges.

Timely repairs and maintenance played an important part in maintaining a high level of equipment reliability and availability. All necessary maintenance work is carried out in accordance with the regulations and in full, which ensured that production targets were achieved.

A critical factor in stable operation is the supply of spare parts and consumables. In 2024, the Company did not face any interruptions in the supply of components, which allowed us to maintain equipment in proper technical condition and avoid unplanned downtime.

Processing and beneficiation activities

During 2024 the main factor determining production stability was the reliable supply of electricity. Due to intense attacks on Ukraine's power grid, the Group needed to import electricity from abroad, especially during cold weather periods. To mitigate this, special systems were implemented to run additional equipment through the night to accumulate concentrate stocks for the next day and reduce the risk of pellet production losses due to the potential power shortages.

In 2024, vacuum filtration technology was introduced after the successful launch of press filtration. This solution is intended to further enhance product quality and optimise production processes. Despite all the challenges, approximately 90% of the processing complex equipment is fully operational, which helping to maintain efficiencies.

Ukrainian logistics

Despite many logistics challenges, in particular transporting goods through the Odesa region, the Company managed to ensure a stable transportation process throughout 2024. 84% of all domestic rail transport was performed by the Group's own rail wagon fleet with only 16% using third-party providers.

Our own repair facilities played an important part in ensuring uninterrupted transportation. The Company's existing facilities almost completely cover the needs for maintenance, repair and refurbishment of rail wagons, which reduces dependence on external contractors and ensures a high level of rolling stock availability.

An important factor that could affect future costs is the initiative of state rail company, Ukrzaliznytsia, to index tariffs, which is likely to lead to higher freight costs. Ferrexpo is carefully analysing the potential impact of this decision and considering ways to minimise costs.

Belanovo update

Due to the martial law on the territory of Ukraine, the mining operations at Belanovo are paused.

The expiry date of Belanovo deposit licence was 20 December 2024. However, and based on the existing Ukrainian legislation, the validity period of the Special permit No.3572 for Belanovo deposit has been automatically extended until the end of the martial law period (9 May 2025). It is anticipated that a further six months will be available to submit an application for extension.

In early 2024, geological and economic re-estimations of the Belanovo Deposit Mineral Reserves were conducted. The results of the geological and economic re-estimations were approved by the State Commission of Ukraine on Mineral Resources. According to the results of the re-estimations the licence area of Belanovo Deposit was reduced from 989 to 716 hectares, the area of the Belanovo Deposit contour was reduced, lean ores (K232 and K233) were written off, and the volume of the balance Mineral Reserves of Belanovo Deposit was reduced from 1,706 Mt to 614 Mt. In February 2025, the Ukrainian Geological Survey provided the original of the updated Special permit No. 3572 for Belanovo deposit.

FBM continues the works with the State Authorities and Ukrainian business associations regarding the extension of Belanovo Deposit licence due to the extension of martial law period and amendments to the Subsoil Code of Ukraine to provide the possibility of the extension of the special permit.

During the year, the first volunteer firefighting team, which consists from FBM employees, was established at the enterprises of the mining industry of Ukraine. The team was involved extinguishing fires the result of the shelling of the critical infrastructure facilities in Kremenchuk District.

Growth programme

The Group's expansion and decarbonisation programmes remain longer-term objectives. The initial Wave 1 programme to add 3 million tonnes production capacity a year continues to be reviewed. Desktop work, including optimisation studies, is ongoing. However, wherever possible, investment has been deferred. Nevertheless, despite the ongoing war, various capital expenditure projects aimed at improving product quality and efficiencies have advanced. For example, the Company installed technology in the pellet workshop to strengthen finished pellets, whilst increasing productivity and reducing iron losses, to generate cost savings and a reduction in Scope 1 emissions.

Outlook

Logistics availability will continue to determine sales and production during 2025. The Group intends to continue the operation of two to three pelletiser lines. Depending on the availability to continue exporting through Ukrainian Black Sea ports, the Group intends to continue expanding its customer base.

Whilst the Group cannot with any certainty offer production and cost guidance for 2025, there are some opportunities to enhance efficiencies, production and sales.

Operational performance

(000't unless otherwise stated)	**2024**	2023	YoY change
Iron ore mined	**20,278**	12,112	+67%
Strip ratio	**2.2**	2.0	+10%
Iron ore processed	**16,331**	11,576	+41%
Concentrate production	**6,723**	4,605	+46%
Pellet production	**6,071**	3,845	+58%
– Direct reduction pellets (67% Fe)	**490**	0	–
– Premium blast furnace pellets (65% Fe)	**5,581**	3,845	+45%
Commercial concentrate production	**819**	307	+167%
Iron ore sales			
– Pellets	**6,010**	3,868	+55%
– Concentrate	**819**	306	+168%
– Total products sold	**6,830**	4,174	+64%

JORC-Compliant Ore Reserves and Mineral Resources[1]

The Resources and Reserves update for our assets was prepared in accordance with the guidelines prescribed by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 edition), as required by the Listing Rules of the London Stock Exchange.

Since Ferrexpo mineral assets are located in Ukraine, we also issue reports to the State Commission on Reserves ("DKZ") of Ukraine on a regular five-year term basis. DKZ is the only regulatory jurisdiction in Ukraine on Resources and Reserves. Our Competent Persons and external consultants are versed in the correlation appraisals of both systems.

The last updates of our Reserve and Resource estimates were conducted in August 2020[2], 17 months before the full-scale invasion of Ukraine. Both Gorishne-Plavninske-Lavrykivske ("GPL" or "FPM") and Yerystivske (Yeristovo) Deposits were re-estimated in a joint effort with Bara Consulting Pty Ltd, Tecoma Strategies Ltd and Ferrexpo Services Ltd. The Competent Persons from all these parties have been involved in the mining industry for several decades in various roles, have international experience in exploration, geostatistics, resource and reserve estimation, project development, and in the economic evaluation of mineral deposits including iron ore, are members of professional institutions such as the Australian Institute of Geoscientists and Australian Institute of Mining and Metallurgy, are bounded by the AIG Code of Ethics and the South African Natural Scientists Act, as well as by personal declarations, and are independent from the Company.

For the purpose of the 2025 Resource and Reserve update, the geological interpretation for the GPL, Yeristovo, Bilanivske (Belanovo) and Northern Deposits were checked and corrected where necessary following new data collected during 2023-2024 exploration campaign. The 2025 Resource and Reserve models for referred deposits were subsequently updated using the same interpolation parameters and reporting criteria applied in 2020 to keep consistency with previously reported numbers. In addition to iron grades, the deleterious elements and metallurgical parameters have been modelled and added to the model. In addition, the bulk densities have been studied geostatistically and interpolated into the model. This has resulted in an improvement in the accuracy of local estimates.

The Dynamic Anisotropy geostatistical method was chosen for estimation, as it not only takes the spatial interdependence of drill hole data into account but also orientates the searching volume to follow the structural trend of mineralisation. Because the Dynamic Anisotropy option allows for the rotation angles for the searching volume, the semivariogram is defined individually for each block model cell. Thus, a misalignment of the searching volume is avoided and the negative effect of extrapolation of ore into waste and vice versa is minimised.

To take into account different scenarios of economic extraction, the resource block model was built to the maximal depth of -1,000 m RL, including both ore and surrounding strata, and covering the surface well beyond the mining license areas. The block model was built for the time of initial mining (before stripping, 40 years from now to the past) to accurately reflect any surface movement at any chosen time period.

The Competent Person updated the Resources and Reserves for GPL and Yeristovo Deposits as of 1st January 2025 by assigning digital terrain wireframes for current pit surfaces to modernised Resources and Reserves models, and subtracted the mined ore volumes from the Total Resource and Reserves figures as of 1st January 2024. Reconciliation of the model against actual mining data reported to DKZ has been conducted. Because the Resources and Reserves estimates are not exact calculations, the estimated tonnages and grades were rounded to the nearest whole numbers as prescribed by the JORC Code (2012) reporting rules.

The current Resource and Reserve update concerns only GPL and Yeristovo Deposits since the Belanovo Deposit is currently going through the process of reducing the licensed area and writing off low-grade lean mineralisation. The next full re-estimation of Resources and Reserves, including Belanovo, will be conducted when following conditions are met:

- writing-off the low-grade lean ore from the total Ferrexpo Resource balance;
- implementation of the new edition of the JORC Code, the draft has already been released for public consultation; and
- an end to the war in Ukraine.

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[1] The Group's JORC-compliant Ore Reserves and Mineral Resources shown above are based on an independent review completed by Bara Consulting, and are shown on a depleted basis as of 1 January 2025.

[2] Ferrexpo Gorishne-Plavninske-Lavrykivske and Yerystivske deposit Mineral Resource and Ore Reserve statement, 14 August 2020, Copyright Bara Consulting Limited

JORC-compliant Ore Reserves	Proven Mt	Proven Fe total %	Proven Fe magnetic %	Probable Mt	Probable Fe total %	Probable Fe magnetic %	**Total Mt**	**Total Fe total %**	**Total Fe magnetic %**
Gorishne-Plavninske-Lavrykivske ("GPL")	296	33	26	809	31	23	**1,105**	**32**	**24**
Yerystivske	205	30	25	285	33	26	**489**	**32**	**26**
Total	**501**	**32**	**26**	**1,094**	**32**	**24**	**1,595**	**32**	**25**

JORC-compliant Mineral Resources	Measured Mt	Measured Fe total %	Measured Fe magnetic %	Indicated Mt	Indicated Fe total %	Indicated Fe magnetic %	Inferred Mt	Inferred Fe total %	Inferred Fe magnetic %	**Total Mt**	**Total Fe total %**	**Total Fe magnetic %**
Gorishne-Plavninske-Lavrykivske ("GPL")	462	35	29	1,607	30	22	744	32	24	**2,813**	**31**	**24**
Yerystivske	254	35	29	566	34	27	382	33	27	**1,201**	**34**	**27**
Bilanivske	336	31	24	1,149	31	23	217	30	21	**1,702**	**31**	**23**
Total	**1,052**	**34**	**27**	**3,322**	**31**	**23**	**1,343**	**32**	**24**	**5,717**	**32**	**24**

MARKET REVIEW

United to realise value

Access to Ukrainian Black Sea ports enabled us to expand sales to existing and new customers in Europe, the MENA region and the Far East.

Sales rebounded in 2024. The trust that was built throughout the organisation and with our logistics providers enabled the Group to overcome the many risks and challenges we faced as we restored capacity. This resulted in an improvement in customer confidence and the expansion of sales to former markets in Europe, the MENA region and Asia.

The marketing team travelled extensively in 2024, meeting with customers in China, Japan, Vietnam, and across the Middle East, Europe and North America. Communicating with customers to understand their concerns and needs is important. It allows the sales and marketing team to be the voice of the customer within the Group, and to work with colleagues in production and logistics, to deliver our customers the products they need when they need them.

This co-ordination was particularly important during 2024, due to lower iron ore and steel prices and margins, because it helped us to deliver value to our customers. By being responsive to their needs, we were able to build more flexibility into our business, selling a variety of products in varying cargo sizes, on different terms to customers around the world.

Ukrainian Black Sea ports

As access to Ukrainian Black Sea ports started to be restored in late 2023, the sales and marketing team moved swiftly to secure port access, vessels, crews and risk insurance, and in mid-January the first capesize vessel departed for Tianjin in China.

The first vessels to China helped restore customer confidence in the Black Sea route, and in February shipments resumed to customers in Europe and the MENA region. A total 32 vessels were fixed and loaded from Ukrainian Black Sea ports in 2024. During the year, loading times at the ports have improved, and freight rates and risk-insurance premiums have come down. However, volumes are still lower and costs higher than in 2021, the last full year before the full-scale invasion, when the Group fixed 67 vessels from Ukrainian ports.

As long as it remains safe and affordable to export from Ukrainian Black Sea ports, we will continue to do so. We are transparent about this with our customers and open about all the mitigations that we have in place to minimise reliability risks.

Decarbonising logistics networks

A consequence of the reopening of Ukrainian Black Sea ports has been the scaling back of our exports by river barge and also through Romanian Black Sea ports. Although some customers still opt for delivery by rail or Danube river barge, this accounted for only 50% of sales in 2024, compared to 69% in 2023.

Ferrexpo's deliveries to the Black Sea ports and the Western Ukrainian border are made using electric locomotives. As Ukraine starts accession talks for EU membership, Ferrexpo has been advocating for electrified rail routes all the way to customers in Europe to decarbonise logistics and reduce Scope 2 and 3 emissions. The company's river barging subsidiary, First DDSG, is also advocating for greater EU support to cover the cost of converting to lower carbon fuels, in particular, hydrotreated vegetable oil ("HVO"). Support for this could result in the Danube being a low carbon transport network, connecting the ten Danube shore countries with the Black Sea and the wider greater European river and canal network.

Customer growth markets

During 2024, the Group restarted production of Ferrexpo DR pellets ("FDP") for the first time since the full-scale invasion of Ukraine. A total of 380,000 tonnes of FDP were sold. These sales were predominantly to new customers in the MENA region, and are an example of the marketing team's efforts to enhance sales margins by product and geography.

The team has also worked as a conduit between customers and colleagues in production, facilitating feedback about pellet quality so that adjustments and improvements can be made. Working in a collaborative manner has also enabled the production and supply of customised pellets for certain customers that have particular quality, coating and logistics requirements.

Steel market

During 2024, global crude steel production increased and prices decreased for the second year in a row. In North America and Europe, high interest rates and inflation resulted in lower demand from the steel-intensive construction and automotive sectors. This was made worse due to an oversupply of cheap Chinese steel into these regions, as steel production in China increased despite weaker domestic demand due to a fall in infrastructure and construction activity.

As a result, market commentators are suggesting that regional tariffs for Chinese steel imports are increasingly likely, which could place more pressure on the Chinese steel industry, though provide for higher steel prices in non-Chinese regional markets. This would be a welcome shift for the European steel industry which has been battling the Chinese imports, at a time of high energy costs and the looming effects of EU CBAM. It is important that the European iron ore and steel industry continues to work together and lobby for investment and policy measures to protect it, so that common value chains, from mining and metallurgical companies, to steel manufacturers, fabricators and end users, can work together to decarbonise.

Iron ore market

Global iron ore production is approximately 2.5 billion tonnes a year, of which 1.6 billion tonnes are traded on seaborne markets. Australia and Brazil are the largest exporters, with Ukraine ranking eighth in 2024, compared to fourth in 2021, the last full year before the full-scale invasion.

In the final quarter of 2023, the iron ore market rallied due to unexpected Chinese stimulus measures which temporarily boosted iron ore prices, notably due to a strong interest from paper and derivative trading markets. As a result, iron ore prices opened the year on a strong footing with the higher-grade benchmark 65% Fe opening at US$153 per tonne and the medium grade 62% Fe benchmark at US$143 per tonne.

During 2024, the three largest iron ore producers have increased production, and avoided weather-related disruptions as a result of calmer and drier cyclone and rainy seasons. Real demand, however, has been subdued throughout the year as no significant Chinese stimulus has succeeded in igniting the Chinese property market, and in turn the construction industry and demand for steel rebar. There were indications that iron ore prices at times traded more on sentiment towards the Chinese macroeconomic outlook rather than actual fundamentals, with iron ore price shifts of US$5 to US$10 for short periods of anticipation, or disappointment at the lack of, large fiscal stimulus measures.

In September 2024, the benchmark prices dipped below US$100 per tonne, later recovering on limited Chinese stimulus measures. The benchmark 65% Fe price closed the year at US$114 per tonne, 26% lower than the start of the year.

Iron ore pellet market

Pellet markets also witnessed a clear downtrend throughout 2024. The ‘benchmark’ Atlantic blast pellet premium went from US$40 per tonne in the first quarter of 2024 to US$38 per tonne in the fourth quarter. Ferrexpo’s pellet premiums are based on this benchmark, adjusted for quality differences.

The pellet market faced similar challenges to the iron ore fines market, although it was uniquely noticeable that the DR pellet market was being dampened by a weak blast furnace pellet market. This was evident in China where pellet premiums were especially low, and to a lesser degree in Europe as several blast furnaces were closed or idled.

One bright spot in the DR market was stable demand from the MENA region, which is benefiting from strong construction market demand from Saudi Arabia and the UAE. Steel producers using DR pellets are operating at near full capacity, which translated into increased demand for our products.

Summary of industry key statistics

	2024	2023	YoY change
Iron ore fines price (65% Fe CFR China)	123	132	-6%
Iron ore fines price (62% Fe CFR China)	109	120	-9%
Average 65% over 62% Fe	14	12	+14%
Atlantic blast pellet premium	40	45	-10%
Atlantic direct reduction pellet premium	58	57	+2%
C2 freight rate (Brazil Netherlands)	11	10	+6%
C3 freight rate (Brazil China)	25	21	+19%

Freight

The freight market was less volatile in 2024 than in 2023. Freight rates were higher in the first quarter as dry weather in the southern hemisphere increased demand, and fleets worked through dislocations and longer voyage times caused by heightened tensions in the Red Sea and longer journey times through the Suez Canal.

As vessel demand eased in the second and subsequent quarters of 2024, freight rates started to reduce. This was also the case for Ukrainian seaborne exporters, as more vessels became available, and risk premia started to narrow. In June 2024, a leading global container shipping company resumed services to Ukraine. Although Ferrexpo uses dry bulk vessels, this was a positive step, and it is hoped that more ship owners will feel incentivised to return to Ukraine.

2025 outlook

The outlook for 2025 remains dominated by China's macroeconomic and construction outlook. Further iron ore supply increases are also anticipated, as the major suppliers expand their activities in Australia and Brazil, and new projects in West Africa come into production. There are some early signals that the down cycle in European steel is starting to turn, but it is too early to call, and more investment and policy support are needed.

The sales and marketing team are continuing their efforts to work with existing and new customers and focussing on expanding the portfolio of premium iron ore products to premium steel mills around the world.

Yaroslavna Blonska,

Acting Chief Marketing Officer, Ferrexpo plc

FINANCIAL REVIEW

United to optimise the business

Stable net cash position despite challenging markets for iron ore products and war-related spike in prices for input material affecting margins

Summary

The Group continued to demonstrate resilience and flexibility from an operating perspective, although the ongoing war in Ukraine continues to affect financial results.

The regained access to Ukrainian Black Sea ports enabled the Group to expand sales to existing and new customers in Europe, the MENA region and the Far East, resulting in a strong increase in sales volume in 2024 and a further geographical diversification of the Group's customer base. However, the second half of the year saw market weakness and turbulence in the pricing of iron ore products, affecting, affecting margin and cash flow generation.

The situation in Ukraine continues to require the Group to be extremely flexible, as mining operations and production have to be adapted to the prevailing market conditions.

During 2024, the Group operated between two and three out of four pelletising lines, aligned with the sales portfolio and depending on the availability of electricity. Despite the positive effects from higher production on the fixed cost absorption of iron ore pellets produced, the Group's production cost per tonne increased as result of higher than expected prices for input materials, especially for electricity imported from EU countries.

In 2024, the Group invested US$102 million in its operation, mainly in Ukraine, and finished the year with a net cash position of US$101 million.

Key Financial Performance Indicators

US$ million (unless stated otherwise)	**2024**	2023	YoY change
Total pellet production (kt)	6,071	3,845	58%
Total pellet and concentrate production	6,890	4,152	66%
Sales volumes (kt)	6,830	4,174	64%
Iron ore price (65% Fe Index, US$/t)[1]	123	132	(7%)
Revenue	933	652	43%
C1 cash cost of production (US$/t)	83.9	76.5	10%
Underlying EBITDAA	69	99	(30%)
Underlying EBITDAA margin	7%	15%	(8pp)
Capital investment[A]	102	101	1%
Closing net cash	101	108	(6%)

Revenue

Revenue increased by 43% to US$933 million in 2024 (2023: US$652 million).

In 2024, the Group benefited from the reopening of Ukrainian Black Sea ports. As a result, total sales volumes were 64% higher at 6.8 million tonnes (2023: 4.2 million tonnes).

The positive effect from higher sales volumes was partially offset by a 7% decline in the annual average benchmark iron ore price (65% Fe) and a 10% decline in the annual average pellet premium. At the same time, the average index rates for international freight increased by 18% to US$24.9 per tonne compared to US$21.1 per tonne in 2023, and lowered the Group's net back realised prices for sales under the International Commercial Terms ("Incoterms") of FOB ("Free on Board").

Due to the availability of the Ukrainian Black Sea ports, the proportion of seaborne sales increased, compared to those transported by rail or barge to the Group's customers in Europe.

For more information on the market factors influencing pricing of the Group's products and logistics, please see the Market Review section.

C1 cash cost of production

Cost of sales in 2024 totalled US$597 million compared to US$362 million in 2023. The increase is a result of significantly higher pellet production volume, which increased by 58% to 5.7 million tonnes, compared to 3.8 million tonnes in 2023. Similar to the previous year, the Group's production volume was generally aligned to accessible logistics capacity to minimise the working capital outflow and, additionally, dependent on the availability of electricity during the second half of 2024. In addition to these, the higher production volume in 2024 supported a better absorption of fixed costs and limited losses in view of the extraordinary challenges posed by inflationary pressure on input material.

The C1 cash cost of production ("C1 costs") reflects the Group's operating costs for the production of iron ore pellets, with a breakdown of the different cost components shown in the table below.

The Group's average C1 costs increased to US$83.9 per tonne, compared to US$76.5 per tonne in 2023. The positive effects from the higher production on the fixed cost absorption per tonne of iron ore pellets produced and, the devaluation of the local currency, were offset by higher prices for input material.

The main C1 costs drivers are the price of electricity, natural gas and diesel in Ukraine, which are outside of the Group's control. The increase of the C1 costs in 2024 was driven primarily by the sharp increase in electricity prices as a result of the continued Russian attacks on power generation and distribution facilities in Ukraine, meaning that a significant proportion of the electricity required has to be imported from neighbouring European countries at higher prices. Increased mining and maintenance activities during the year resulted in a higher proportion of diesel consumption and repair costs. Another important component of the Group's C1 costs that is also outside of the Group's control relates to royalties in Ukraine, which came into effect in January 2022, and which accrue and are paid based on a tiered system. According to this regime, royalties are calculated based on the benchmark index price for a medium-grade (62% Fe) iron ore fines price and computed based on the cost of different iron ore products. The rate varies between 3.5%, 5.0% and 10% depending on the benchmark index price for 62% Fe. The royalty expense totalled US$32 million in 2024, compared to US$25 million in 2023, driven mainly by the higher production volume, but partially offset by the effect of lower index prices during most periods in 2024.

Group operating costs, denominated in Ukrainian hryvnia ("UAH"), account for approximately two thirds of the Group's C1 costs. Consequently, changes in hryvnia to dollar rates can have a significant impact on the Group's operating costs, including the C1 costs. The UAH depreciated by 11% to the US dollar in 2024, compared to a depreciation of 4% in 2023.

The Group's C1 costs per tonne represent the cash cost of the production of iron pellets from ore, divided by the production volume. The C1 costs exclude non-cash costs such as depreciation, pension costs and inventory movements. The C1 cash cost of production (US dollars per tonne) is regarded as an Alternative Performance Measure ("APM").

Breakdown of C1 costs

The main C1 costs components are electricity, natural gas and diesel in Ukraine, which collectively represent 48% (2023: 48%) of the total cost base as presented in the chart above with changes and the proportions of the different cost components.

In 2024, the proportion of the C1 costs per tonne for electricity remained unchanged at 32% because increased production volumes were not enough to offset higher electricity prices. The average electricity price in Ukraine in 2024 increased by 27% in US dollar terms, peaking at US$188 per megawatt-hour ("MWh") in July 2024, compared to an average of US$109 per MWh in 2023. The proportion of natural gas decreased to 7% (2023: 9%) due to lower prices on the global markets and improved consumption, whereas the proportion of fuel increased from 7% in 2023 to 9%, mainly due to the Group's ramp up of mining activities in 2024. As a result, total costs for fuel and consequently the share of fuel increased, despite lower fuel prices in 2024. The proportion of natural gas was also reduced as a result of increased use of sunflower husks as a substitute. The average Brent price for oil and the average price for natural gas decreased by 3% and 16% respectively in US dollar terms, compared to an increase of 17% and 68% in 2023.

The increase in the proportion for materials from 8% in 2023 to 12% in 2024 is due to the higher local inflation, partially offset by the effects of the devaluation of the Ukrainian currency, and items available in stock and expensed when consumed. The decrease of the proportion of personnel expenses from 11% in 2023 to 8% is largely driven by the more favourable fixed cost absorption per tonne of pellets produced, which was, however, partially offset by adjustments made to the salaries of the workforce in Ukraine.

Due to the ongoing war in Ukraine resulting in lower production activities than before the war, the Group sustained its maintenance and repair programme for its mining and processing equipment at a similar level to that of 2023.

See section “C1 cash cost of production” for further information on the Group’s production costs.

	2024	2023
Electricity	32%	32%
Natural gas and sunflower husks	7%	9%
Fuel (including diesel)	9%	7%
Materials	12%	8%
Personnel	8%	11%
Maintenance and repairs	17%	16%
Grinding media	6%	6%
Royalties	7%	9%
Explosives	2%	2%

The numbers above are rounded to full decimals

Selling and distribution costs

Total selling and distribution costs increased to US$246 million in 2024 (2023: US$161 million), due to growth in sales to seaborne markets after access to Ukrainian Black Sea ports was regained. As a result, CFR and CIF sales volume increased to 2,492 thousand tonnes, compared to 168 thousand tonnes in 2023, increasing international freight costs from these sales by US$88 million, compared to US$51 million in 2023. In addition to the effect from higher seaborne sales volumes, international freight costs in 2024 were also affected by higher freight costs for exports through Black Sea ports due to the ongoing war in Ukraine. In addition to the higher freight rates, considerable insurance premiums were also incurred for shipments from Ukrainian Black Sea ports. The Group spent US$9 million for war risk covers during 2024 (2023: nil) in the Ukrainian Black Sea area as well as in the Red Sea area for shipments to certain customers in MENA and Asia.

Seaborne logistics routes are generally the lowest cost and most efficient way to deliver the Group’s products to customers. However, as a result of the ongoing war in Ukraine, the Group has had to bear significantly higher logistic costs than before the war, exerting additional pressure on margins. Since the full-scale invasion of Ukraine, and before access to the Ukrainian Black Sea ports was regained, the Group established new logistics routes and relationships with alternative logistics providers and port operators, which in combination were more expensive and also adversely affected the Group’s cash conversion cycle during the comparative year 2023.

The Ukrainian rail network is essential to delivering the Group’s products to Black Sea ports and to the Western border of Ukraine. In 2022 and 2023, the Ukrainian rail network experienced congestion, but the situation continued to improve in 2024. Rail tariffs in Ukraine remained unchanged in 2024 and 2023, after a hefty 70% increase was imposed from July 2022. Tariffs in US dollar terms benefited, however, from the devaluation of the local currency.

General and administrative expenses

General, administrative and other expenses in 2024 increased to US$69 million, compared to US$64 million in 2023. Positive impacts from planned cost management and saving initiatives and the devaluation of the Ukrainian hryvnia have, however, been offset by higher legal and consulting costs in connection with an increase in legal disputes against the Group.

See Note 30 Commitments, contingencies and legal disputes to the Consolidated Financial Statements for the current environment in Ukraine vis-à-vis the Group, and further information on the ongoing legal challenges and disputes of the Group in Ukraine.

Other operating expenses

Other operating expenses increased from US$29 million in 2023 to US$92 million in 2024, predominantly due to a non-cash impairment loss of US$72 million recorded as at 31 December 2024 on the Group’s non-current operating assets, including property, plant and equipment, intangible assets and other non-current assets. The recorded impairment loss resulted from the Group’s lower cash flow generation, driven by a material decline of prices for iron ore products due to a less optimistic long-term outlook for the iron ore market and higher prices for input material due to the ongoing war in Ukraine. Further to that, the balance of Other operating expenses benefited from lower allowances for doubtful debts under the expected credit loss model and outstanding VAT receivable balances.

Currency

Ferrexpo prepares its accounts in US dollars. The functional currency of the Group’s operations in Ukraine is the Ukrainian hryvnia, as approximately two thirds of the Group’s operating costs are historically denominated in local currency.

The local currency devalued from 37.982 at the beginning of the year to 42.039 as at 31 December 2024 (-10%), compared to a devaluation of 4% in 2023. With the continuation of Martial Law during 2024, the National Bank of Ukraine ("NBU") has continued to maintain significant currency and capital controls in Ukraine to manage the local currency.

As a result, there are limitations to converting balances in local currency into US dollars, and to transferring US dollars between onshore and offshore accounts of the Group. See Note 30 Commitments, contingencies and legal disputes to the Consolidated Financial Statements for further information.

Ukrainian hryvnia vs. US dollar[1]

Spot 14.03.25	41.527
Opening rate 01.01.24	37.982
Closing rate 31.12.24	42.039
Average 2024	40.152
Average 2023	36.574

Operating and non-operating foreign exchange gains/losses

As the functional currency of the Ukrainian subsidiaries is the hryvnia, a devaluation of the hryvnia against the US dollar results in foreign exchange gains on the Group's Ukrainian subsidiaries' US dollar denominated receivable balances from the sale of pellets. As a result of the higher devaluation in 2024, the operating foreign exchange gains increased to US$83 million in 2024, compared to US$31 million in 2023.

Non-operating foreign exchange losses increased from US$8 million in 2023 to US$39 million in 2024, and relate primarily to the translation of US dollar denominated loan payable balances of the Group's Ukrainian subsidiaries.

For further information on the operating foreign exchange gains and the non-operating foreign exchange losses, please see Note 9 Foreign exchange gains and losses to the Consolidated Financial Statements.

Underlying EBITDA

Despite the loss for the year, underlying EBITDA remained positive in 2024, but decreased by 30% to US$69 million, mainly due to lower operating profits because of lower realised prices and higher C1 costs as a result of increased prices for production inputs.

Historically and in line with the Group's definition of the Underlying EBITDA at that time, the Group's Underlying EBITDA included operating foreign exchange gains and losses, which could be material depending on exchange rate of the Ukrainian hryvnia to the US dollar. During the financial year 2024, the Group amended its definition of Underlying EBITDA by excluding operating foreign exchange gains and losses. As a result, the Underlying EBITDA as at the end of the comparative period ended 31 December 2023 was restated from US$130 million to US$99 million. See the section Items excluded from underlying earnings on page 46 for the effects considered as an exceptional item and excluded from the Group's underlying EBITDA.

Underlying EBITDA is an Alternative Performance Measure ("APM").

Net finance expense

The Group's finance expenses remained stable compared to 2023, at US$5 million.

With the exception of lease liabilities, the Group does not have any outstanding interest-bearing loans and borrowings, therefore no interest expenses on finance facilities were incurred. As in the prior year, the majority of finance expense relates to the calculated interest on the Group's pension scheme, without any cash outflow effects, and to bank charges. At the same time, interest income decreased from US$5 million in 2023 to US$4 million in 2024. Interest income is derived from the available funds invested in deposits and depends on interest rates on the global financial markets and the funds invested.

Further details on finance expense are disclosed in Note 10 Net finance expense to the Consolidated Financial Statements.

[1] Source: National Bank of Ukraine

Income tax

The Group's income tax expense increased to US$30 million, compared to US$16 million in 2023, resulting in an effective tax rate of 33.7% (2023: 26.1%), after the elimination of exceptional items resulting in a loss before tax in both financial years and distorting the effective tax rate. The Group's effective tax rate is generally impacted by effects which are not tax deductible in different jurisdictions according to the local tax regulations. The effective tax rate for 2024 was affected by an impairment loss of US$72 million on the Group's non-current operating assets, of which US$68 million is not tax deductible in Ukraine, and no deferred tax asset was recognised. Further to that, there is a significant effect from low-grade ore extracted by one of the Group's subsidiaries, which is expensed for Group reporting purposes, but capitalised in the stand-alone financial statements of the subsidiary, as it is not accepted as an expense under the current mining licence. The effective tax rate for the comparative year 2023 was affected by the recognition of provisions for legal disputes in Ukraine totalling US$131 million, which are not tax deductible, and no deferred tax asset was recognised. In addition, valuation allowances on recognised deferred tax assets have an impact on the effective tax rate of the Group. An additional allowance of US$4 million was recorded in the financial year 2024, compared to an allowance of US$10 million in the comparative year 2023, on deferred tax assets recognised by the Group's two major subsidiaries in Ukraine. The allowances are necessary because of profitability is lower than expected due to the war in Ukraine and due to a shorter period allowed for the unwinding of the temporary differences due to the material uncertainty in respect of the Group's ability to continue as a going concern. For further information see Note 11 Taxation to the Consolidated Financial Statements.

In 2024, the income tax paid by the Group totalled US$23 million (2023: US$13 million), of which US$16 million was paid in Ukraine (2023: US$12 million). The income tax paid includes withholding tax on intercompany dividend and interest payments considered as income tax paid.

Further details on taxation are disclosed in Note 11 Taxation to the Consolidated Financial Statements.

Items excluded from underlying earnings

The underlying EBITDA in 2024 was adjusted by the impairment loss of US$72 million recorded as a result of a reduction in the carrying value of the Group's assets and the continued lower cash flow generation of the Group due to the ongoing war in Ukraine. See Note 13 Property, plant and equipment to the Consolidated Financial Statements for further details.

There are a number of events after the reporting period that are treated as non-adjusting post balance sheet events. Some of these events could lead to an impairment in a future period. For further information, see Note 35 Events after the reporting period.

In the comparative year 2023, the effect of US$131 million of provisions recognised for ongoing legal disputes is considered as an exceptional item and is therefore excluded from the Group's underlying EBITDA.

Loss for the year

The Group's result for the financial year 2024 is a loss of US$50 million, mainly coming from an impairment loss of US$72 million, compared to a loss of US$85 million in 2023. The loss in 2023 resulted from the recognition of provisions for ongoing legal proceedings and disputes in Ukraine amounting to US$131 million. Without the special effects in 2024 and 2023, the results would have been profits of US$22 million and US$46 million, respectively. Beside the effect from the impairment loss recorded in 2024, the Group's operating profit was affected by lower prices for iron ore products on the global markets and higher prices for input material due to the ongoing war in Ukraine.

Cash flows and cash equivalents

Operating cash flow before changes in working capital decreased by 35% to US$67 million, compared to US$103 million in the previous year. The lower operating cash flow generation is driven by the Group's lower operating profit. There was an overall working capital inflow of US$52 million compared to US$13 million in 2023, which was driven largely by the decrease of the trade receivable balance due to better cash collection, whereas the increase of the trade payable was almost offset by the slightly higher inventory accumulated for planned sales at the beginning of 2025, and other taxes recoverable balances. The Group continued to receive regular VAT refunds in 2024, supporting the Group's cash flow generation, with the higher VAT closing balance as at 31 December 2024 reflecting the increased operating activity than in 2023.

The net cash flow from operating activities was US$92 million, slightly lower than in 2023. The effect from the lower operating cash flow was offset by positive effects from working capital movements as at 31 December 2024.

The Group continued its capital expenditure programme and the investments totalled US$102 million in 2024, and thus remained on the same level as in 2023. See the section below for further information.

Despite the lower operating cash flow generation and capital expenditures at a similar level as in 2023, the Group managed to maintain its closing balance of cash and cash equivalents above US$100 million, totalling US$106 million as of 31 December 2024, compared to US$115 million as of 31 December 2023.

The balance of cash and cash equivalents held in Ukraine amounts to US$4 million as at 31 December 2024 (31 December 2023: US$6 million). The significant currency and capital control restrictions introduced in Ukraine by the NBU following the adoption of Martial Law are still in place. Although these measures were softened by the regulator in 2024, they are still affecting the Group in terms of its ability to make cross-border payments, which may be carried out only in exceptional cases.

For further information see Note 30 Commitments, contingencies and legal disputes to the Consolidated Financial Statements.

Capital investment

Capital expenditure in 2024 totalled US$102 million, and thus remained on the same level as in 2023. Of the total amount spent in 2024, sustaining capital expenditures increased to US$37 million, compared to US$31 million spent in 2023, and covered the activities at all of the Group's major business units. The current level of sustaining capital expenditures takes into account the operational and logistics constraints as a result of the ongoing war in Ukraine. The Group continuously reviewed and optimised the level and timing of its activities to ensure the reliability of operations in Ukraine and to avoid unexpected downtimes. The increase compared to 2023 also reflects the backlog of certain sustaining capital expenditures that have been postponed since the beginning of the war.

At the same time, the Group considered the timing of investments in strategic development projects, resulting in expenditures of US$65 million, compared to US$70 million in 2023. Some of the larger capital investments included additional funds for the new press filtration complex and a new concentrate conveyer line along the production circuit, which totalled US$24 million and US$2 million, respectively. These investments will allow the Group to increase production of high-grade products in the near term once the operation returns to full capacity, and to produce iron ore concentrates and pellets at the same time, thereby removing the restriction on the simultaneous production of pellets or concentrates. Further to that, the Group spent US$9 million (2023: US$22 million) on stripping activities for future production growth and US$18 million on the concentrator and pelletiser projects (2023: US$22 million) as part of the Wave 1 Expansion Programme to manage commitments made previously. The Group also spent US$3 million on the development and exploration of the Belanovo deposit (2023: US$3 million), as well as US$1 million in a hydrolysis plant (2023: US$1 million) to trial using hydrogen as a fuel in the Group's pelletiser.

Considering the unchanged cash flow generation, which is still affected by the ongoing war in Ukraine, no ordinary dividends were paid during the calendar years 2024 and 2023. The Group has a shareholder returns policy outlining the Group's intention to deliver up to 30% of free cash flows as dividends in respect of a given year. The Group's ability to make dividend payments also depends on developments in respect of the ongoing legal disputes in Ukraine.

For further information see Note 30 Commitments, contingencies and legal disputes to the Consolidated Financial Statements.

Debt and maturity profile

The Group has maintained its strong balance sheet in 2024, being basically debt free, and in a net cash position of US$101 million as at 31 December 2024 (2023: US$108 million). With the exception of lease liabilities, the Group did not have any outstanding interest-bearing loans and borrowings as of 31 December 2024 and 2023.

As of 31 December 2024, the credit rating agency S&P had a corporate and debt rating for Ferrexpo of CCC, with a negative outlook. The credit ratings agency Moody's had a long-term corporate and debt rating for Ferrexpo of Caa3, with a negative outlook. The credit ratings agency Fitch maintains a CCC+ with a negative outlook rating on the Group. While the credit rating of Ferrexpo is capped by the sovereign credit rating of Ukraine, the ceilings for credit ratings ascribed to Ferrexpo by S&P, Moody's and Fitch are higher (five notches above sovereign, SD, for S&P, one notch above sovereign, Ca, for Moody's and five notches above sovereign, RD, for Fitch).

Related party transactions

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

During the financial year 2024, the Group made bail payments totalling US$1 million (2023: US$15 million) on behalf of three members of the top management (2023: four) of one of the Group's subsidiaries in Ukraine in respect of various legal actions and ongoing court proceedings initiated by certain governmental bodies against the Group's subsidiaries and members of the senior management in Ukraine.

See also below under Contingent liabilities and legal disputes and Note 34 Related party disclosures to the Consolidated Financial Statements for further details.

Contingent liabilities and legal disputes

The Group is exposed to risks associated with operating in a challenging environment in Ukraine during a time of war and the current circumstances facing Mr Zhevago. As a result, the Group is subject to various legal actions and ongoing court proceedings initiated by different government agencies in Ukraine. There is a continued 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 applied inconsistently to resolve the same or similar disputes. As a result, the Group is exposed to a number of higher risk areas than those typically expected in a developed economy, which require a significant portion of critical judgements to be made by the management.

As announced on 4 February 2025, the Group's subsidiary Ferrexpo Poltava Mining ("FPM") has received a civil claim seeking joint liability of FPM and its General Director for damages amounting to UAH 157 billion (approximately US$3.8 billion as at 14 March 2025) in favour of the Ukrainian state. This claim is related to an initial accusation of the illegal sale of waste products, as disclosed in the Group 2023 Annual Report & Accounts, which have transformed into accusations that FPM is illegally mining and selling subsoil (minerals other than iron ore), which is said to have caused damage to the environment. FPM rejects these allegations in their entirety on the basis that there was no illegal extraction of the subsoil. Even if a court in Ukraine would conclude that there was illegal mining and sale of subsoil, the extent of this claim is in no way comprehensible and it is Group management's position that no reliable estimate can be made as at the date of approval of these consolidated financial statements. As a consequence, no provision was recorded as at 31 December 2024 in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.

In respect of the ongoing contested sureties claim, several court hearings took place in 2024 and 2025 without a final Supreme Court ruling and the next hearing is scheduled for 21 March 2025. If the final Supreme Court ruling is not in favour of FPM, the claimant may take steps to appoint either a state or a private bailiff and request the commencement of enforcement procedures, which could have a material negative impact on the Group's business activities and its ability to continue as a going concern, as the assets of FPM could be seized or subject to a forced sale.

See Note 2 Basis of preparation and Note 30 Commitments, contingencies and legal disputes to the Consolidated Financial Statements as well as the Principal Risks section for further details.

In addition to the cases above, there are a number of events after the reporting period, which had to be assessed by the management when preparing the financial statements for the year ended 31 December 2024. Most of these events are treated as non-adjusting post balance sheet events from an accounting perspective. See Note 35 Events after the reporting period for further information.

Going concern

As at the date of the approval of these Consolidated Financial Statements, the war is ongoing and poses a significant threat to the Group's mining, processing and logistics operations in Ukraine. This threat results in material uncertainties outside of the Group's control. In addition to the war-related material uncertainty, the Group is still exposed to the risks associated with operating in a challenging environment in Ukraine, which may or may not be exacerbated by the war and/or the current circumstances facing Mr Zhevago (see Ukraine country risk in Principal Risks section). As a result, the Group is exposed to a number of risk areas that are heightened compared to those expected in a stable economy, such as an environment of political, fiscal and legal uncertainties, which represents another material uncertainty as at the approval of these consolidated financial statements. As mentioned in the section Contingent liabilities and legal disputes above, there are a number of events after the reporting period (see also Note 35 Events after the reporting period), which had to be assessed by the management also in terms of the Group's ability to continue as a going concern and required critical judgements.

Detailed information on the Group's ability to continue as a going concern is disclosed and material uncertainties in Note 2 Basis of preparation to the Consolidated Financial Statements.

Nikolay Kladiev
Chief Financial Officer, Ferrexpo plc

OUR PEOPLE

United by trust

Ferrexpo is recognised as a human resources pioneer in Ukraine. The changes that we started implementing almost a decade ago, meaningfully integrating global best practices into everything we do, have helped us leave behind many of the outdated characteristics of an industrial Eastern European enterprise.

The human resources function at Ferrexpo operates as a tight-knit team, with oversight from the Board and direction from the Executive Committee. The team at our operations like to describe themselves as “invisible”, as they go about their work smoothly shaping and resourcing our activities in such a way that their presence makes a positive impact without being overtly perceived.

Operating model

On a fundamental level, Ferrexpo’s approach to human resources is about managing the human capability and capacity of the organisation, in a way that a corporate culture is fostered and an operating model delivered that supports the achievement of the broader business objectives.

We understood that to be a modern mining and metallurgical company required a shift in our organisational culture and a transformation in our working structure and practices. In 2017, we embarked on a cultural transformation initiative called “One Ferrexpo”. This initiative, along with restructuring some of our subsidiaries, including consolidating some functions, aimed to transition our culture from separate businesses operating independently to a more cohesive business operating interdependently.

While “One Ferrexpo” and its values provide guidance, we recognised that achieving a meaningful cultural shift required a top-down approach as a company’s culture is created by its leaders. This is why we began aligning the leadership team around Ferrexpo’s purpose and strategies, followed by training and coaching sessions to empower our leaders to effectively demonstrate the required behaviours and communicate our business strategy, and our commitments to DEI and sustainability, for example. We observed that management and early adaptors eventually drove a tipping point, at which time the changes cascaded throughout the organisation.

Systems and policies have also been enhanced, providing line managers with the tools they need to measure performance, promote efficiencies and foster ideas and innovation.

One unique example is the ‘Bank of Ideas’ initiative, whereby all employees have the opportunity to propose innovative solutions to improve operations. Since the initiative launch in 2017, more than one thousand employees have submitted ideas. Colleagues in production and repair departments are the most active, submitting suggestions to increase the efficiency of the work process, or minor modernisations that can increase the service life of certain equipment. Another performance assessment tool is the implemented system of annual staff evaluations – 9-Box career potential and competency-based and individual performance assessments. The results of these processes are to motivate employees to develop, learn to gain certain competencies and obtain the best performance indicators for further career growth and achievement of potential.

Since February 2022, however, the immediate focus has been the war. This is perhaps more acute for the HR team than for other business functions. During a time of war, health and safety are even more paramount. It is important to ensure the emotional wellbeing and psychological resilience of the workforce, both collectively and also at an individual level. This is an ever-evolving challenge because each person is enduring their own unique and changing experience of war. We know that one of the biggest contributions that we can make to the war effort is to keep the business running and our people employed, and it is important that we do this in a manner that makes them feel as protected and safe as possible.

Workforce composition and planning must also be managed, as dynamic factors, including changing demographics, skills availability, legislation and regulations and technological advancement, are affecting how we manage our workforce today and into the future.

Workforce composition

The war has changed the demographic of our workforce, and we anticipate this to remain the case as the war continues and indeed after the war ends, given its impact on the wider population. Managing the shifting structure of the workforce and labour pool through war is complex, making attraction and retention more important.

One critical issue is colleagues serving in the Armed Forces of Ukraine and in ancillary support functions. Many colleagues have volunteered or been conscripted. At the end of 2024, 706 of our workforce were serving in the Armed Forces of Ukraine (698 men and 8 women), equivalent to 8.3% of the total workforce. This is more than at any time since the start of the full-scale invasion. As the war prolongs, we are welcoming back more and more returning veterans, 160 in total as at the end of 2024, of which 102 have been able to return to work, with the balance undergoing rehabilitation, retraining, or electing not to return to work.

A further issue is that a higher proportion of skilled workers in positions such as electrical and gas welders, electricians and fitters are currently serving in the Armed Forces than we have on average across the business.

	2024	2023	2022
Total workforce	**8,542**	8,040	8,277
Serving in the Armed Forces of Ukraine	**706**	656	582
Employees[1]	**6,372**	6,472	6,937
Contractors	**1,464**	912	758
Male percentage[2]	**67.8%**	69.7%	69.5%
Female percentage[2]	**32.2%**	30.3%	30.5%
Serving in Armed Forces of Ukraine***[3]	**706**	656	582
Total killed serving in the Armed Forces of Ukraine	**45**	34	16
Veterans demobilised from the Armed Forces of Ukraine	**160**	67	6
Veterans returned to the workplace	**102**	40	1
Veterans waiting to return to the workplace	**18**	3	0
Veterans elected not to return to Ferrexpo	**40**	24	5

During the war, employee turnover rates have remained similar to pre-full-scale invasion levels, ranging from 5% to 7%. However, at the start of the full-scale invasion, many people moved within Ukraine or overseas due to safety concerns or to avoid conscription. In total, 506 employees left in the period from 2022 to 2024, with a ratio of 45% men and 55% women, skewing the composition of our workforce.

As we consider how we will staff our business in the future, we want to increase the participation of women. To achieve this, we are looking deeper into our business to better understand what roles and functions that previously were legislatively reserved for men can be undertaken by women, work practice adaptations we will need to consider, and what further cultural changes need to be implemented. Already Ferrexpo has one of the highest female to male staff ratios for any Ukrainian metallurgical company. We have already made some progress, for example, by recruiting women to our truck driving team: 12 women received a C category driver's training at the Horishni Plavni training centre, 6 of whom already joined FYM in December 2024. However, we understand that we need to move forward, and we plan to continue to attract women to roles including heavy truck drivers, excavator operators, forklift drivers, electricians, and electric welders. This academic year, our partner vocational schools began to offer courses to train women in the skills needed for these professions, and we expect to see more female applicants once they have completed their studies in three to four years' time. However, we are not staying on the sidelines and are engaging women from Horishni Plavni city to work at our operations by organising the Fe_munity & Skills project jointly with the city. A number of training programmes have been created to encourage women to acquire new skills and join our industry. In 2025, we will continue to implement this project.

Ferrexpo's on-site Qualification Centre has expanded its activities in 2024 to offer additional vocational training programmes. In December 2024, the centre was recognised by the National Qualifications Agency, the first such centre in the Poltava Region. The main and most important function of the Centre is to provide employees with appropriate qualifications by certifying their existing skills and abilities without theoretical training or retraining. Recognising an employee's prior learning by offering formal certification in their profession – subject to passing an exam – shortens the process of obtaining a qualification compared with undertaking theoretical and practical training. Currently, the Centre has the right to certify qualifications in 24 professions, a number that will be expanded in 2025.

Education and skills training is also a key factor for recruiting young people, a labour pool that is shrinking in Ukraine. We cooperate with the technical schools in our communities, run events and projects, offer bursaries and scholarships, and run programmes with regional universities.

Workforce planning

On a more immediate and practical level, workforce planning demands day-to-day analysis and vigilance, to ensure that the Company has sufficient available human resources to operate, support and manage our operations. This requires constant assessment of the workforce composition, skills, and capabilities available to us, so that we can match these to the production plan staffing requirements, which change frequently.

At the outset of the full-scale invasion, we decided to maintain a full workforce. The war has meant times of intermittent or suspended production, and indeed periods of needing to boost production, that have required enormous flexibility. In addition to managing fluctuating production with devices such as furlough, adjusting pay structures and asking employees to work more shifts or postpone leave, in 2024 we established a skills diversification pilot. This has

[1] Number of full-time employees is stated excluding those serving in the Armed Forces of Ukraine

[2] Percentage of men and women is calculated excluding contractors, as we do not keep detailed gender records of contractors. In terms of the number of employees by gender, at the end of 2024 there were 2,052 women and 4,320 men (2023: 1,961 women and 4,511 men).

[3] Information on the servicemen is based on the data of previous periods under the cumulative system.

introduced multi-and cross-functionality for specific skills in our repairs and maintenance functions to generate efficiencies and aid retention, and we intend to expand the programme to other areas in 2025.

By learning to be more agile, we have successfully adapted how we plan our workforce to meet changing needs and challenges. At the same time, we have engendered comfort in these working practices and confidence among our workforce that we can sustain our business.

In 2025, there are many complex scenarios to plan for, depending on the war continuing or ceasing. We are continuing to broaden our efforts to be an employer of choice, to retain our existing employees and attract new employees. There will likely be more demographic changes as well as potential migratory shifts if the war ceases, with some deciding to leave if the borders re-open, and the Ukrainian diaspora may return. Government support and programmes will be necessary to encourage people to stay and to return, especially young people. We will need to work together to ensure that Ukraine is an attractive place to live and work.

Employee engagement survey

Towards the end of 2024, an Employee Engagement Survey was undertaken, the first since 2019. The response rate of 62% exceeded previous surveys and represented a good cross-section of business demographics. The Group's overall engagement score of 73% ranked well above the industry average according to the third party that managed the survey. It was pleasing to learn from the survey that, despite the very difficult conditions, our people are enduring and that they are committed to the business.

Greg Nortje

Group Chief Human Resources Officer, Ferrexpo plc

RISK MANAGEMENT

Assessing and managing risk

Ferrexpo identifies and assesses risks based on the probability of occurrence and the severity of impact. The Group aims to mitigate risks through a robust governance framework and risk management process.

Risk identification

Ferrexpo seeks to manage risks across the business through the early identification of risks before they emerge. Senior managers and the Group's executive management team are responsible for maintaining and regularly reviewing risk registers for each business function.

The Group risk register, which operates on an enterprise risk management platform ("ERM"), records risks on the basis of the likelihood of occurrence and level of any potential impact on the business. A total of 55 risks were included on the Group risk register as of January 2025. Risks range from those related to Ukraine, including the war and judicial system, along with operating and health and safety risks arising from the Group's mining and processing activities to broader societal risks such as climate change. Operating entities maintain their own local risk registers, which feed into the Group risk register.

Not all the risks managed in the ERM are presented in this section, rather only those deemed by the Group's management to be Principal Risks.

Risk mitigation

Risks are inherent in operating a business and it is through effective risk identification, risk management, prudent decision making and other risk mitigation measures that the Group can understand and mitigate them. The Group's management team understands that it cannot eliminate all risk.

Risk governance framework

Risks are reported internally on a monthly basis, as part of the Finance, Risk Management and Compliance Committee ("FRMCC"), with the Group's senior leadership team reviewing the Group-level risk matrix, which plots the likelihood of occurrence against the potential severity of impact, and identifying material changes in either variable to all of the risks listed. Each risk attributed a potential monetary impact should an event occur. The FRMCC reports to the Group's Executive Committee, which in turn reports to the Board, which has the ultimate responsibility for the Group's approach to risk management. The Audit Committee, a sub-committee of the Board, assists the Board in its regular monitoring of the risks faced by the Group. The Group's internal audit function also assists with the process of risk review and conducts ad-hoc reviews of risk management controls and procedures.

Risk assessment for 2024

The risk matrix depicts the principal risks facing the Group as identified in the Group Risk Register. More detailed information on each risk on the following pages, including a risk definition, any potential impact, opportunities and risk management and mitigation.

PRINCIPAL RISKS

Understanding risks and our business model

Principal Risks are assessed on the basis of impact and probability and are considered to have the greatest potential effect on the business. Each Principal Risk is linked to aspects of the Group's strategy that could be affected if an event were to occur.

Introduction

This section outlines the Principal Risks facing the Group, each of which have the potential to negatively or positively affect the Group, in isolation or in combination. Principal Risks are defined as factors that may affect the Group's ability to operate in its normal course of business, and may be internal, in the form of risks derived through the Group's own operations and activities, or external, such as political risks, market risks or climate change related risks. The Principal Risks listed here are neither exhaustive, nor are they mutually exclusive, and therefore one risk may affect another risk.

Principal Risks include, but are not necessarily limited to, those that could result in events or circumstances that might threaten the Group's business model, future performance, solvency or liquidity, and reputation.

Risks are inherently unpredictable, and, therefore, the risks outlined in this report are considered the main risks facing the Group. New risks may emerge during the course of the coming year, and existing risks may also increase or decrease in severity of impact and likelihood of occurrence. This is why regular reviews of the Group's Risk Register are conducted throughout the year. The Group's management team continually reviews and updates its view on, and approach to, risks facing the Group. This section of the Annual Report and Accounts primarily covers risks facing the Group in 2024, but also early in 2025, up until the publication date of this report. A further update on the Principal Risks will be provided in the Interim Financial Results, which is due to be published in August 2025.

Key themes

Ongoing war in Ukraine since the full-scale invasion in February 2022

On 24 February 2022, Russia launched a full-scale military invasion of Ukraine, with the conflict continuing into its fourth year as at the date of this report. The war has significantly changed the operating environment for businesses in Ukraine.

Ukraine country risk

This area has been listed as a Principal Risk facing the Group since listing in 2007. The Group has successfully navigated and operated through challenging circumstances for more than 17 years. The war in Ukraine has served to escalate a number of risks relating to Ukraine, including risks relating to the political environment and the independence of the judicial system.

Iron ore market and prices

The Group produces a variety of high grade premium iron ore products that are sold to steel mills around the world. The iron ore market is competitive and dominated by four large producers that supply over 50% of the addressable market, and with Chinese demand accounting for approximately two thirds of the global market. During 2024, prices for iron ore products decreased, which put pressure on margins.

Climate change

In 2023, the Group completed a double materiality assessment. The feedback from a broad range of stakeholders demonstrated that climate change is considered a significant risk for the Group. Reflecting the interest in this topic, the Group published its second Climate Change Report in December 2024. Please see Climate Risks in Principal Risks section for more information on this risk area.

1. Country risk

1.1. War risk (external risk)

It is over three years since the full-scale invasion of Ukraine. Ferrexpo's operations in the Poltava Region have not seen direct combat, however missile and drone attacks in the region are frequent. The business has remained relevant by adapting to the challenges it faces, keeping a full workforce and continuing to produce and export.

Potential impact

At a national level the war is placing a strain on the economy. Tax revenues have fallen while spending on the military has increased. Consequently, the government has sought to increase revenues from business. Examples include increasing railway tariffs and new laws on the repatriation of funds and currency controls.

The war places unique challenges on the business. At the end of December 2024, 8% of the workforce were serving in the Armed Forces. Those at work are enduring psychological stress. The working day is frequently interruption by air raid alerts. Damage to energy infrastructure has forced the need to import electricity at higher tariffs. Supply chain disruptions have limited the variety of suppliers and increased costs for key consumables. Access to logistics routes can be blocked or disrupted.

Opportunities

Ferrexpo has built resilience throughout through the war to become nimbler and more adaptive to the challenges it faces.

This is evident in 2024 as the business adjusted its production and logistics strategies to respond to workforce, energy, infrastructure and logistics availability, while expanding production and its customer base. The Group has also strengthened its relationships with the local community through its humanitarian and CSR activities.

Risk management and mitigation

The Group has taken measures to ensure the safety and wellbeing of its workforce and preserve the integrity of its assets. Measures include remote working, timing shift patterns to curfews, constructing bomb shelters and providing protective equipment for employees in the Armed Forces. The Group also supports communities through the Ferrexpo Humanitarian Fund.

1.2. Ukraine country risk (external risk)

Reflecting higher fiscal and political risk, Transparency International Corruption Perceptions Index, an indicator of public sector corruption, scores Ukraine 36 out of 100, which ranks 104 of 180 countries. The Group is currently subject to legal proceedings in Ukraine, many of which relate to circumstances concerning Mr Zhevago and attempts by state agencies to recover funds from a collapsed bank he was associated with.

Potential impact

Legal proceedings are ongoing in Ukrainian courts. The highest risk cases include: litigation with The Deposit Guarantee Fund in relation to corporate rights of three mining entities; a case brought by the Ministry of Justice to enforce and auction corporate rights in three mining entities; a claim on FPM to recover UAH4.7 billion (US$113 million) for contested sureties; and litigation regarding share freezes in all Ukrainian subsidiaries related to the investigation in connection with Bank F&C. Some other cases include claims related to royalties, ecology, waste products, transfer pricing and tax disputes.

An escalation in activities against the Group have been noted after the reporting period, including a new civil claim, and media announcements from Ukrainian state authorities concerning nationalisation of assets and parts of the corporate rights of FPM.

Due to its association with Mr Zhevago, the Group may also experience negative media attention, operating challenges and relationships with its stakeholder groups.

Opportunities

The Group's exposure to operating in Ukraine can result in high velocity risks that could result in a material financial loss for the Group and a loss of control of the Group's assets.

Risk management and mitigation

In addition to defending itself in the courts, it is important to understand that, as a company quoted on the London Stock Exchange, the Group is subject to high standards of corporate governance, including the UK Corporate Governance Code and UK Market Abuse Regulation.

As the largest Ukrainian business on the London Stock Exchange, Ferrexpo is a uniquely positioned investment opportunity for international investors. These investors, and their stakeholders expect to see their investments respected and protected. This is considered important today, but also in the future if international capital is to be attracted to investing in Ukraine's recovery.

1.3. Counterparty risk (external risk)

As a business operating in Ukraine during a time of war, interactions and relations with suppliers of goods and services, and other broader stakeholders with whom the Group has relations, carry increased risks.

Potential impact

Ukrainian businesses are operating in a challenging war environment. This results in increased risks relating to governance, corruption, monopoly markets, business failure, effective due diligence and counterparties who are identified to have exposure to Russia.

Counterparty risks may result in financial harm and procurement issues. Indirectly, this could result in reputational issues, affecting financial market and customer stakeholders.

Counterparty risk may also be exacerbated due to perceptions about the Group's connection to Mr Zhevago and influence that certain agencies place on counterparties to work (or not) with the Group.

Opportunities

Despite the challenging environment, the Group can strengthen its supplier governance and diversify its supplier base.

The ongoing development of the Group's Code of Conduct for Suppliers, coupled with robust compliance checks, helps enforce high ethical standards. By maintaining sufficient cash reserves and exploring alternative goods and services, the Group can enhance its resilience to supplier failures and ensure operational continuity.

Additionally, the FRMCC and local compliance teams provide opportunities to refine risk management practices and improve oversight, thus safeguarding the Group's reputation and long-term operational viability.

Risk management and mitigation

To mitigate these risks, the Group employs comprehensive governance and due diligence measures. Regular compliance checks are conducted, with 1,795 checks performed on potential third parties in 2024, 10% fewer than in 2023. High-risk entities undergo further scrutiny by the FRMCC, which ensures adherence to laws and ethical standards. Staying close to critical suppliers is paramount, as is diversification, where feasible, to reduce supplier risk.

The FRMCC also monitors high-risk ownership structures and ensures regulatory compliance under frameworks like the UK Bribery Act 2010 and the Modern Slavery Act. The HSEC Committee oversees governance on community-related expenditures, further strengthening accountability in broader stakeholder engagements.

2. Market and pricing risks

The Group sells iron ore products, the principal feedstock for the production of steel. The price of iron ore is set according to demand for steel and global iron ore supply, with adjustments made for the type, quality and specification of the iron ore product and the cost of delivery.

In line with industry standards, the Group is a price taker, not maker, and therefore follows benchmark prices for pellet premiums set by its larger peers. Pricing adjustments, in the form of premiums or discounts, are also applied to account for differences in both chemical and physical characteristics to the benchmark specifications.

Potential impact

As a producer of high-grade iron ore products, the Group prices its products referencing the benchmark high-grade 65% Fe iron ore fines price, which fell 26% in 2024. Therefore, volatility in the benchmark iron ore indexes has a corresponding impact on the Group's margins.

As a producer of iron ore pellets, a metallurgically beneficiated form of iron ore, the Group realises a premium for its products compared to traditional iron ore products. However, in line with industry standards, the market premium for pellets is set by the world's largest producer, hence placing Ferrexpo in a price-taking position. In 2024, the premium for pellets saw sustained declines across major markets.

To stay relevant, Ferrexpo will need to continually improve the quality of its existing products and develop new products to meet market demands. This may involve capital investments, which are difficult to secure during a time of war.

Opportunities

Ferrexpo is well positioned to meet growing demand for products that improve efficiencies and lower emissions in steel making, especially in Europe and MENA.

This has been evident during 2024, with a range of MoUs with premium steel mills around the world, exploring opportunities to secure supply of the Group's DR pellets, used in lower-emission steelmaking processes and decarbonised logistics routes.

Since the Ukrainian Black Sea ports opened in late 2023, the Group has resumed its seaborne exports via Ukrainian ports. Shipping rates and risk premiums have fallen over 2024 and into 2025, as more shipowners returned to the Black Sea and geopolitical risks in the Red Sea have eased. Consequently, the Group no longer recognises freight rates as a standalone principal risk, due to improved vessel availability and lower costs.

With owned and leased rail, river barges and seaborne vessels, the Group has access to a flexible and multi-nodal logistics network.

Risk management and mitigation

During 2024, the marketing team met with customers around the world and presented at key industry events. This has resulted in increased sales to more customers, including new ones, in more geographies than at any time since the full-scale invasion of Ukraine.

The Group has also continued to invest in its operations. For example, customers have reported that the new press filtration complex has improved product quality, and a new pellet coating facility has enabled the Group to deliver customised pellets to specific buyers with higher quality requirements.

The market outlook for iron ore prices, however, remains uncertain. Ferrexpo regularly reviews its options to hedge sales, however, the Group's current situation does not allow this. The Group must therefore continue its focus on premium customers for its high-grade products while doing what it can to lower costs.

3. Operating risks

3.1. Health and safety risks (external and internal risk)

The health, safety and wellbeing of the workforce is the Group's priority, particularly during a time of war. Risks arise in mining and processing operations from hazardous activities such as drilling, blasting, and excavation, as well as from using large-scale equipment and machinery such as haul trucks, excavators, and bulldozers. Training, maintenance and safety protocols are essential. It is also important that risk assessments, workplace monitoring and the recording of safety metrics are undertaken frequently to inform improvements.

Potential impact

Health and safety risks at the most extreme include serious injuries or fatalities, although all injuries are taken seriously.

Health and safety events can result in financial claims for personal injury and penalties by regulators. They can also result in operational disruptions and damaged equipment.

A poor health and safety performance reflects poorly on a company and this can lead to reputational issues and poor morale, making it harder to attract and retain employees.

Activities are typically conducted around the clock, making poor weather and low light conditions an additional risk.

During a time of war, missile and drone attacks are frequent and pose a significant threat.

Opportunities

The Group is constantly looking for ways to improve its safety performance through the adoption of technologies such as autonomous equipment, which reduces human presence in hazardous environments.

Assessing comprehensive risk registers, monitoring safety indicators, and enhancing training programmes for operators helps to reduce the frequency of safety-related incidents. These improvements can lead to a safer working environment and improved compliance with safety standards, as well as efficiencies and lower costs.

Risk management and mitigation

Health and safety is a fixed agenda item at every Board and Executive Committee meeting.

The Group takes a proactive approach to health and safety by understanding the root causes of safety incidents through risk assessments and maintaining robust safety protocols. Regular safety inspections, hazard reports, and high-visibility safety tours by senior managers ensure continuous monitoring of the working environment.

Additionally, the use of leading indicators such as the number of employees completing safety training can reduce the risk of future incidents. The Group places importance on learning from past events to improve safety measures, and tracks performance through lagging indicators such as injury rates and fatalities.

3.2. Production risks (external and internal risk)

The mining, processing and transportation of iron ore is complex and inherently risky. The production cycle requires the coordination of technical activities such as blasting, excavation, haulage, beneficiation, and pelletising. Careful planning is critical to ensure a smooth process, especially as other factors such as equipment failures and repairs, weather disruptions, workforce availability and the risk of missile and drone attacks can hinder operations. Experience, careful management, and risk management measures are necessary to reduce impacts on the production cycle.

Potential impact

Unforeseen operational risks can increase costs through lost or delayed production.

There may also be costs related to repairing or replacing damaged equipment and machinery.

In extreme cases, such as a pit wall failure or tailings dam breach, financial losses and reputational damage could occur, especially if there are delays in shipping final products to customers.

External factors such as the ongoing war have the potential to indirectly impact operations and production, due to workforce challenges, supply chain disruptions, and restrictions on certain operational practices.

The Group also faces long-term risks related to climate change and geopolitical instability, particularly in Ukraine.

Opportunities

There are opportunities to reduce risk exposure through improved operational planning, modernisation of equipment, and enhanced risk monitoring.

The Group's ability to adapt to the current challenges, including managing logistics and labour shortages, allows for continued production, with potential to increase output when feasible.

The Group's proactive efforts to diversify energy sources through solar power and enhance workforce capabilities by expanding recruitment and training programmes are also positive steps toward risk reduction.

Risk management and mitigation

An experienced management team, supported by a robust risk management framework, monitors and manages risks through frequent assessments. The Group also invests in maintaining and upgrading equipment, stocking replacement parts, and progressing plans to modernise and electrify the mining fleet.

The Group actively manages skills availability by expanding recruitment and training efforts, helping to address the challenges posed by conscription and emigration due to the war.

Despite these efforts, the risk of certain factors, especially those related to external geopolitical events, remains difficult to eliminate entirely.

3.3. Logistics risks (external and internal risk)

The Group is dependent on a reliable and efficient logistics network for transporting its products to its global customer base. Disruptions to logistics, including capacity, availability, and unforeseen events such as extreme weather, geopolitical risks and political interference, can significantly affect the Group's ability to operate and generate revenue. The Group uses a variety of logistics networks, including railways, inland waterways, and port facilities, using a combination of owned rail wagons, barges and an ocean-going vessel, complemented by third-party providers.

Potential impact

Disruption to logistics networks can lead to delays, resulting in increased costs. In extreme cases, this could result in a temporary suspension of shipments and delays in supplying customers, which could have a negative reputational impact.

Given the bulk nature of the Group's products, it can be difficult to stockpile and warehouse products at short notice and find alternative transport routes. This could affect cash flow and the ability to maintain a stable financial position.

Risks associated with weather, climate change, or political instability could exacerbate the situation and further hinder operations.

The war has affected access to logistics routes. In 2024, access to Ukrainian Black Sea ports was restored, allowing the Group to expand seaborne sales. However, there is no guarantee that Ukrainian Black Sea ports will be permanently available while the war continues.

Opportunities

The Group has made significant investments in logistics infrastructure, including a fleet of over 3,000 rail wagons and a 49.9% stake in a port facility, to enable greater control and reduced dependency on third-party providers.

Owning a trans-shipment vessel and inland waterway logistics company strengthens the Group's position in maintaining consistent supply routes.

These efforts present opportunities for the Group to better manage logistical risks and optimise its transportation network, ultimately improving customer service.

Risk management and mitigation

The Group has proactively worked to mitigate logistics risks by investing in its own railcars, port facilities, and inland waterway operations. By owning a stake in key infrastructure such as shares in a Ukrainian Black Sea terminal, and a trans-shipment vessel, the Group has enhanced its ability to bypass potential disruptions. The Sales and Marketing team work closely with ocean-going vessel providers, keeping them informed of Black Sea developments. Encouragingly, more shipping companies are returning to the Black Sea.

3.4. Operating costs risks (external and internal risk)

The Group's operations are energy-intensive and depend on inputs including diesel, natural gas, and electricity. The costs of these are influenced by market factors beyond the Group's control, such as energy price fluctuations and the availability of electricity. Additionally, the Group faces broader inflationary pressures, affecting everything from equipment and maintenance to wages. The war in Ukraine has exacerbated these issues by preventing the Group from operating at its full capacity, leading to higher unit costs and lower production.

Potential impact

Consumables and energy prices directly affect profitability, and inflationary pressures can further erode margins. Due to the war, these impacts are greater as the Group is unable to operate at full capacity and supply of certain critical inputs is more difficult.

For example, due to attacks on the Ukrainian energy grid in 2024, the Group was forced to import electricity for up to 80% of its needs at prices up to 26% higher than domestic electricity tariffs. Experiencing its own cost issues, the state railway provider is frequently increasing freight rates at above inflation levels.

The inability to source alternatives due to war restrictions and monopoly markets has resulted in significant cost pressures that are outside of the Group's control. This has continued into 2025.

Opportunities

Energy and fuel represent 45% of production costs, which is why the Group is focussed on diversifying and substituting its energy sources. Progress is being made, for example with sunflower husks substituting natural gas in the pelletiser and the commissioning of a 5MW solar farm. Longer term, the Group is researching opportunities to replace natural gas with bio-ethanol fuels, and through the "Green Mine Initiative" it is looking at opportunities to improve efficiencies and lower costs by electrify the mining fleet.

The biggest near-term opportunity to lower operating costs is an end to the war. However, the Group must continue to plan on the basis that the war continues.

Risk management and mitigation

During 2024, the Group successfully brought back idled production capacity. This resulted in some economy of scale benefits such as reducing fixed overheads on a unit basis, and the use of larger seaborne vessels to customers in MENA and Asia.

The Group is constantly looking for ways to optimise energy consumption, develop alternatives, and strengthen its supply chain resilience. In wartime conditions, we have implemented a special system that allows additional equipment to be operated at night to accumulate concentrate. This ensures uninterrupted operations the following day and helps avoid production losses due to electricity shortages during daytime hours.

The Group works with peers and industry associations to lobby against price increases from state-owned suppliers. This approach has been successful on occasion, for example in 2024, in relation to domestic electricity tariff proposals.

3.5. Information technology and cybersecurity risks (external and internal risk)

As the Group's activities rely increasingly on digital technology, IT security is a critical area of concern. As the complexity of cyberattacks grows, including threats such as malware, ransomware, phishing, and denial-of-service attacks, the risk to the Group's IT systems has increased. Cyberattacks may compromise the availability and confidentiality of infrastructure. The ongoing war, which has led to a shortage of skilled IT personnel in Ukraine due to conscription, has exacerbated the situation, whilst cyberattacks aimed at Ukrainian organisations and businesses are increasing.

Potential impact

The potential impact of this risk is substantial, as a successful cyberattack could disrupt production, compromise sensitive data, and damage the Group's ability to operate.

Given the increasing sophistication of cyberattacks and the broader geopolitical context, the Group may face prolonged operational disruptions, financial losses, and reputational damage.

The shortage of skilled IT professionals in Ukraine due to the war could also further delay response times and remediation efforts.

Opportunities

Despite these risks, the situation presents opportunities to strengthen the Group's cybersecurity posture. The ongoing development of IT infrastructure and regular upgrades to systems provide a chance to enhance resilience and reduce vulnerabilities.

Additionally, the heightened focus on cybersecurity can foster a culture of vigilance, leading to better preparedness for evolving threats.

The Group's adaptation to the changing landscape of cybersecurity may also create opportunities for collaboration and innovation in securing its digital assets.

Risk management and mitigation

To mitigate these risks, the Group has implemented a variety of measures. Regular IT reviews and employee training ensure the workforce is equipped to handle new threats.

Dynamic anti-malware policies allow for quick adaptation to emerging risks, and cross-backup infrastructure strengthens disaster recovery capabilities. Efforts to upgrade global network connectivity and enhance IT systems, such as deploying power control systems and upgrading IT infrastructure in bomb shelters, help reduce vulnerability.

The Group also implements regular software and hardware updates, ensuring that known weaknesses are addressed promptly. These proactive measures aim to minimise the risk of cyberattacks and maintain operational continuity

The shortage of IT personnel is addressed by deployment of automation packages, including cybersecurity control suites, increased quantity of third-party security audits, deployment of new off-site backup policies for critical production and mining data.

4. Climate change risks

Climate change poses physical and transition risks as the world shifts to a low-emissions future. These include environmental threats like extreme weather events, and societal shifts that could render existing technologies obsolete. Ferrexpo faces risks in areas such as low-carbon iron ore and steelmaking, shipping regulations, and carbon pricing, with increasing stakeholder expectations of decarbonisation. Regulatory climate change reporting is increasing, which requires increased time and costs.

Potential impact

The potential impact of climate change on Ferrexpo's operations could result in financial, operational, and reputational challenges.

As stakeholders expect more from companies in terms of decarbonisation efforts, failure to meet these expectations could lead to additional scrutiny and demands for faster or more extensive action.

These risks could impact the Group's market position, create financial burdens, and damage its reputation if it is seen as not doing enough to reduce emissions.

At the present time, the Group is forced to import power generated from carbon-intensive fuels. This has temporarily increased Scope 2 emissions because the power is more carbon intensive compared to Ukrainian power, which is generated from nuclear and hydro sources.

Opportunities

Opportunities to address climate change include reducing the Group's own environmental footprint (Scope 1 emissions) and providing customers with products that reduce emissions in steelmaking (Scope 3 emissions).

Ferrexpo has already made progress in reducing its own emissions and by setting intermediate emissions targets for 2030 and a pathway to achieve Net Zero by 2050.

The Group's DR pellets, when used in a direct reduced iron – electric arc furnace, result in a 37% reduction in carbon emissions compared to the more traditional sinter-operated blast furnace route. The market for DR pellets is forecast to grow and outstrip traditional iron ore products.

By advancing these measures, Ferrexpo can reduce its environmental impact and align with global trends, safeguarding its reputation and viability.

Risk management and mitigation

To mitigate these risks, Ferrexpo is proactively working on reducing its emissions by focusing on the activities with the greatest environmental impact.

The company's climate change strategy, detailed in its Climate Change Report, outlines a series of initiatives, including increasing the production of DR pellets, investing in cleaner energy sources, and exploring new technologies to lower operational emissions. The company has also established a Net Zero goal for 2050 and is continuing to study ways to reduce emissions further.

However, uncertainties stemming from the ongoing war and its potential impact on operations mean that some targets may need to be reassessed. Continuous monitoring, transparent communication of progress, and adapting strategies to emerging conditions will be essential for managing this risk effectively.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement by the Directors under the UK Corporate Governance Code

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the profit or loss of the Group for the financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted IFRS") and have also chosen to prepare the Parent Company financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of their profit or loss for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK adopted IFRS have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that its financial statements and Directors' Remuneration Report comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Group and Parent Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Report and Accounts

We confirm that to the best of our knowledge:

(a) the Group financial statements, prepared in accordance with UK adopted IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the subsidiary undertakings included in the consolidation taken as a whole and attention is drawn to the material uncertainty in terms of the Group's ability to continue as a going concern in Note 2 Basis of preparation of the Consolidated Financial Statements;

(b) the Parent company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, give a true and fair view of the Company's assets, liabilities and financial position of the Parent Company;

(c) the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the subsidiary undertakings included in the consolidation taken as a whole, together with a description of the Principal Risks and uncertainties that they face; and

(d) the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's and Company's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 18 March 2025 and is signed on its behalf by:

Lucio Genovese

Executive Chair

Nikolay Kladiev

Executive Director/Chief Financial Officer

18 March 2025

Consolidated Income Statement

US$000	Notes	**Year ended 31.12.24**	Year ended 31.12.23
Revenue	4	**933,263**	651,795
Operating expenses	3/5	**(1,004,445)**	(616,107)
Other operating income		**5,475**	4,067
Operating foreign exchange gains	6	**83,321**	31,371
Operating profit		**17,614**	71,126
Recognition of provisions for legal disputes	14	**–**	(131,117)
Share of profit/(loss) from associates		**2,314**	(372)
Profit/(loss) before tax and finance		**19,928**	(60,363)
Net finance expense	7	**(993)**	(104)
Non-operating foreign exchange losses	6	**(39,355)**	(7,934)
Loss before tax		**(20,420)**	(68,401)
Income tax expense	8	**(29,610)**	(16,352)
Loss for the year		**(50,030)**	(84,753)
Loss attributable to:			
Equity shareholders of Ferrexpo plc		**(50,046)**	(84,775)
Non-controlling interests		**16**	22
Loss for the year		**(50,030)**	(84,753)
Loss per share:			
Basic (US cents)	9	**(8.51)**	(14.41)
Diluted (US cents)	9	**(8.51)**	(14.41)

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

US$000	Notes	**Year ended 31.12.24**	Year ended 31.12.23
Loss for the year		**(50,030)**	(84,753)
Items that may subsequently be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(136,926)**	(54,855)
Income tax effect	8	**3,972**	1,479
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(132,954)**	(53,376)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement (losses)/gains on defined benefit pension liability		**(7,040)**	899
Net other comprehensive (loss)/income not being reclassified to profit or loss in subsequent periods		**(7,040)**	899
Other comprehensive loss for the year, net of tax		**(139,994)**	(52,477)
Total comprehensive loss for the year, net of tax		**(190,024)**	(137,230)
Total comprehensive loss attributable to:			
Equity shareholders of Ferrexpo plc		**(190,016)**	(137,244)
Non-controlling interests		**(8)**	14
		(190,024)	(137,230)

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

US$000	Notes	As at 31.12.24	As at 31.12.23
Assets			
Property, plant and equipment	10	**723,918**	826,034
Right-of-use assets		**5,029**	6,852
Intangible assets		**5,568**	6,368
Investments in associates		**6,350**	4,616
Inventories	11	**5,185**	5,883
Other non-current assets		**32,456**	38,104
Deferred tax assets	8	**2,258**	10,149
Total non-current assets		**780,764**	898,006
Inventories	11	**192,508**	201,429
Trade and other receivables		**39,792**	82,321
Prepayments and other current assets		**24,648**	21,380
Income taxes recoverable and prepaid	8	**7,026**	2,432
Other taxes recoverable and prepaid		**36,296**	26,291
Cash and cash equivalents	12	**105,919**	115,241
Total current assets		**406,189**	449,094
Total assets		**1,186,953**	1,347,100
Equity and liabilities			
Issued capital		**121,628**	121,628
Share premium		**185,112**	185,112
Other reserves		**(2,808,904)**	(2,676,294)
Retained earnings		**3,425,751**	3,482,883
Equity attributable to equity shareholders of Ferrexpo plc		**923,587**	1,113,329
Non-controlling interests		**73**	81
Total equity		**923,660**	1,113,410
Lease liabilities	3/13	**419**	1,009
Defined benefit pension liability		**22,806**	16,518
Provision for site restoration		**3,118**	2,780
Deferred tax liabilities	8	**4,346**	2,729
Total non-current liabilities		**30,689**	23,036
Lease liabilities	3/13	**4,665**	5,939
Trade and other payables		**55,781**	35,310
Provisions	14	**115,694**	128,050
Accrued and contract liabilities		**29,415**	17,328
Income taxes payable	8	**13,561**	15,202
Other taxes payable		**13,488**	8,825
Total current liabilities		**232,604**	210,654
Total liabilities		**263,293**	233,690
Total equity and liabilities		**1,186,953**	1,347,100

The financial statements were approved by the Board of Directors and authorised for issue on 18 March 2025 and signed on behalf of the Board.

Lucio Genovese
Executive Chair

Nikolay Kladiev
Chief Financial Officer and Executive Director

Consolidated Statement of Cash Flows

US$000	Notes	**Year ended 31.12.24**	Year ended 31.12.23
Loss before tax		**(20,420)**	(68,401)
Adjustments for:			
Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets		**60,281**	57,669
Net finance income	7	**(1,440)**	(2,536)
Losses on disposal and liquidation of property, plant and equipment	5	**231**	11
Write-offs and impairments	5	**71,871**	978
Share of (profit)/loss from associates		**(2,314)**	372
Movement in allowance for doubtful receivables		**(1,731)**	4,403
Movement in site restoration provision		**611**	(1,377)
Employee benefits		**3,381**	3,518
Share-based payments		**320**	830
Recognition of provisions for legal disputes	14	**–**	131,117
Operating foreign exchange gains	6	**(83,321)**	(31,371)
Non-operating foreign exchange losses	6	**39,355**	7,934
Operating cash flow before working capital changes		**66,824**	103,147
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**36,136**	(71,946)
(Increase)/decrease in inventories		**(10,856)**	15,930
Increase in trade and other payables (including accrued and contract liabilities)		**36,922**	6,724
(Increase)/decrease in other taxes recoverable and payable (including VAT)		**(10,658)**	62,554
Cash generated from operating activities		**118,368**	116,409
Interest paid		**(815)**	(223)
Income tax paid	8	**(23,278)**	(12,779)
Post-employment benefits paid		**(2,373)**	(2,238)
Net cash flows from operating activities		**91,902**	101,169
Cash flows used in investing activities			
Purchase of property, plant and equipment and intangible assets	10	**(101,688)**	(101,247)
Proceeds from disposal of property, plant and equipment and intangible assets		**70**	91
Interest received		**3,960**	4,608
Dividends from associates		**131**	–
Net cash flows used in investing activities		**(97,527)**	(96,548)
Cash flows used in financing activities			
Principal elements of lease payments	13	**(5,616)**	(5,410)
Dividends paid to equity shareholders of Ferrexpo plc	9	**(46)**	(456)
Net cash flows used in financing activities		**(5,662)**	(5,866)
Net decrease in cash and cash equivalents		**(11,287)**	(1,245)
Cash and cash equivalents at the beginning of the year		**115,241**	112,945
Currency translation differences		**1,965**	3,541
Cash and cash equivalents at the end of the year	12	**105,919**	115,241

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

US$000	Issued capital	Share premium	Other reserves	Retained earnings	Total capital and reserves	Non-controlling interests	Total equity
	Attributable to equity shareholders of Ferrexpo plc						
At 1 January 2023	121,628	185,112	(2,636,891)	3,580,329	1,250,178	67	1,250,245
Loss for the year	–	–	–	(84,775)	(84,775)	22	(84,753)
Other comprehensive loss	–	–	(53,368)	899	(52,469)	(8)	(52,477)
Total comprehensive loss for the year	–	–	(53,368)	(83,876)	(137,244)	14	(137,230)
Share-based payments	–	–	830	–	830	–	830
Equity dividends paid to shareholders of Ferrexpo plc	–	–	–	(435)	(435)	–	(435)
Effect from transfer of treasury shares	–	–	13,135	(13,135)	–	–	–
At 31 December 2023	121,628	185,112	(2,676,294)	3,482,883	1,113,329	81	1,113,410
Loss for the year	**–**	**–**	**–**	**(50,046)**	**(50,046)**	**16**	**(50,030)**
Other comprehensive loss	**–**	**–**	**(132,930)**	**(7,040)**	**(139,970)**	**(24)**	**(139,994)**
Total comprehensive loss for the year	**–**	**–**	**(132,930)**	**(57,086)**	**(190,016)**	**(8)**	**(190,024)**
Share-based payments	**–**	**–**	**320**	**–**	**320**	**–**	**320**
Equity dividends paid to shareholders of Ferrexpo plc (Note 9)	**–**	**–**	**–**	**(46)**	**(46)**	**–**	**(46)**
At 31 December 2024	**121,628**	**185,112**	**(2,808,904)**	**3,425,751**	**923,587**	**73**	**923,660**

The accompanying notes are an integral part of the consolidated financial statements.

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. See Note 9 Earnings per share and dividends paid and proposed for dividends paid for further information.

Notes to the Consolidated Financial Statements

NOTE 1: CORPORATE INFORMATION

The financial information set out in this statement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. This set of financial results was approved by the Board on 18 March 2025. The financial information for the years ended 31 December 2024 and 31 December 2023 has been extracted from the statutory accounts for each year.

The auditors' report on the 2024 statutory accounts was (i) unqualified, (ii) did not contain a statement under section S498(2) or S498(3) of the Companies Act 2006, but (iii) included a separate section with regard to material uncertainties related to going concern as a result of the ongoing war, the application of local legislation in Ukraine in respect of the outcome of the proceedings in which the Group is involved and events after the reporting date primarily related to the personal sanctions imposed on Mr Zhevago. The audit report also drew attention to the uncertainty in the application of local legislation in Ukraine in respect of the outcome of the proceedings in which the Group is involved and to the uncertainty related to the estimate of the recoverable amount of certain assets of the Group as result of the ongoing war and ongoing legal proceedings in Ukraine. Further details on those uncertainties are provided in Note 2 Basis of preparation, Note 10 Property, plant and equipment, Note 14 Commitments, contingencies and legal disputes and Note 16 Events after the reporting period included in this announcement.

The audited statutory accounts for the year ended 31 December 2023 have been delivered to the Registrar of Companies. The auditors' report on those accounts was (i) unqualified, (ii) did not contain a statement under section S498(2) or S498(3) of the Companies Act 2006, but (iii) included a separate section with regard to material uncertainties related to going concern as a result of the ongoing war and the application of local legislation in Ukraine in respect of the outcome of the proceedings in which the Group is involved. The audit report also drew attention to the uncertainty in the application of local legislation in Ukraine in respect of the outcome of the proceedings in which the Group is involved and to the uncertainty related to the estimate of the recoverable amount of certain assets of the Group as result of the ongoing war and ongoing legal proceedings in Ukraine.

Ferrexpo plc will publish on or around 10 April 2025 its Annual Report and Accounts for the year ended 31 December 2024 on its corporate website *www.ferrexpo.com*. The audited statutory accounts for the year ended 31 December 2024 will be delivered to the Registrar of Companies following the Company's annual meeting convened for 22 May 2025.

ORGANISATIONAL STRUCTURE

Ferrexpo plc (the "Company") is incorporated and registered in England and Wales, of which England 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 it 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 throughout the financial year 2024 in a difficult and challenging business environment. The continued Russian attacks on power generation and distribution facilities in Ukraine during the financial year 2024 has had a negative impact on the Group's production costs and volumes. The higher production costs at lower realised prices meant that the Group had to further optimise its production volumes to manage the working capital outflow in order to maintain its liquidity. Although the availability of certain logistics networks improved during the 2024 financial year, costs remained significantly higher than before the start of the war. As a result of these ongoing challenges, the mining and processing plans still had to be aligned with the currently possible sales in the various markets, taking also into account the different realisable margins. As at the date of the approval of these consolidated financial statements, the war is still ongoing and continues to pose a significant threat to the Group's mining, processing and logistics operations within Ukraine. In addition to the war-related material uncertainty, the Group is also exposed to the risks associated with operating in a dynamic and adverse political landscape in Ukraine, which may or may not be exacerbated by the war and the current circumstances facing the Group in Ukraine. See Note 2 Basis of preparation, Note 10 Property, plant and equipment and Note 14 Commitments, contingencies and legal disputes 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 ("Mr Zhevago") and two other members of his family are the beneficiaries. At the time this report was published, Fevamotinico held 49.3% (49.3% as at the time of publication of the 2023 Annual Report and Accounts) of Ferrexpo plc's issued voting share capital (excluding treasury shares).

NOTE 2: BASIS OF PREPARATION

The consolidated financial statements of Ferrexpo plc and its subsidiaries have been 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. Entities are included in the consolidated financial statements from the date of obtaining control and the inclusion in the consolidated financial statements is consequently ceased when the control over an entity is lost.

The consolidated financial statements have been prepared on a historical cost basis, except for post-employment benefits measured in accordance with IAS 19 revised *Employee benefits* and revenues related to provisionally priced sales recognised in accordance with IFRS 15 *Contracts with customers*. The consolidated financial statements are presented in thousands of US dollars and all values are rounded to the nearest thousand except where otherwise indicated.

The material accounting policy information are included in the disclosure notes to the specific financial statement accounts.

GOING CONCERN

As at the date of the approval of these consolidated financial statements, the war in Ukraine is still ongoing and, during the financial year, the Group continued to demonstrate its resilience and flexibility from an operating perspective, although the ongoing war continues to affect its financial results. The situation in Ukraine is unpredictable and continues to require the Group to be extremely flexible, as mining operations and production have to be adapted to the prevailing conditions. The regained access to Ukrainian Black Sea ports enabled the Group to expand its sales activities and increase its production to the highest level since the full-scale invasion of Ukraine in February 2022.

The challenging and unpredictable environment in which the Group has been operating since the beginning of the invasion and the ongoing war, whose duration and impact on the Group's activities in future periods are difficult to predict, continues to represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. In addition to the war-related material uncertainty, the Group is also exposed to the risks associated with operating in a dynamic and adverse political landscape in Ukraine, which may or may not be exacerbated by the war and/or the current circumstances facing Mr Zhevago (see Ukraine country risk in the Update on Principal Risks section). As a result, the Group is exposed to a number of risk areas that are heightened compared to those expected in a stable economy, such as an environment of political, fiscal and legal uncertainties, which represents another material uncertainty as at the date of the approval of these consolidated financial statements.

The Group's production volume is dependent on a constant power supply in Ukraine, which was affected during 2024 by Russian attacks on power generation and transmission infrastructure in Ukraine, which has, together with higher than expected prices for energy and input materials, especially for electricity imported from EU countries, an impact on the Group's cash flow generation and profitability. The Group's ability to operate its assets also depends on sustainable and sufficient supply of other key input materials required for the mining and production processes as well as maintaining an adequate number of experienced and skilled members of the workforce in Ukraine.

Despite the continued challenging situation during the financial year 2024, the Group increased its total commercial production to 6,890 thousand tonnes of iron ore pellets and concentrate, representing an increase of 66% compared to 4,152 thousand tonnes during the financial year 2023. While the Group's net cash position benefited from the higher production and sales volumes in 2024, the weaker market resulted in a turbulent price environment for iron ore products and higher prices for input materials and energy started in the second half of the year to deteriorate the Group's margin and cash flow generation. As a result, the Group's net cash position decreased from US$108,293 thousand at the beginning of the year to US$ 100,726 thousand as at 31 December 2024. Despite lower margins realised, the Group continued investment in sustaining and development capital expenditure projects to ensure asset integrity and future efficiency gains.

As at the date of the approval of these consolidated financial statements, the Group is in a net cash position of approximately US$41,017 thousand with an available cash balance of approximately US$45,471 thousand. In addition to the available cash balance, the Group has an outstanding trade receivable balance of approximately US$43,421 thousand from its pellet and concentrate sales, which are expected to be collected in the next few months, and finished goods already stockpiled of 412 thousand tonnes at different ports or storage locations other than the plant. As disclosed in the Group's 2023 Annual Report & Accounts, the ongoing war in Ukraine and other circumstances facing the Group have led to an escalation of a number of risks, including risks relating to the political environment and the independence of the legal system in Ukraine, which could have a material negative impact on the Group's business activities and reputation. In addition to the material uncertainties related to the ongoing war in Ukraine and the legal disputes in Ukraine, there are number of events after the reporting period that could have an impact on the Group's business activities and its ability to continue as a going concern. For further details, see Note 16 Events after the reporting period.

The court proceedings before the Supreme Court of Ukraine in respect of contested sureties (see Note 14 Commitments, contingencies and legal disputes for further details) continued throughout the financial year 2024 and the first months of 2025. Although the management is of the opinion that this claim is without merit, the full provision in the amount of UAH4,727 million (US$112,457 thousand as at 31 December 2024), which was recorded as at the end of the previous year, was not released, considering the magnitude of this specific claim and the risks associated with the judicial system in Ukraine. The outcome of this ongoing legal dispute represents a material uncertainty in terms of the Group's ability to continue as a going concern. A future cash outflow, which also depends on the details and technicalities of a possible enforcement in the event of a negative decision by the Supreme Court, is likely to have a significant impact on the Group's future cash flow generation and available liquidity. In addition to this claim and as announced on 4 February 2025, the Group's subsidiary Ferrexpo Poltava Mining ("FPM") has received a civil claim seeking joint liability of FPM and its General Director for damages amounting to UAH157 billion (approximately US$3.8 billion as at 14 March 2025) in favour of the Ukrainian state (see Note 14 Commitments, contingencies and legal disputes for further details). This claim is related to an initial accusation on the illegal sale of waste products, which have transformed into accusations that FPM is illegally mining and selling subsoil (minerals other than iron ore), which is said to have caused damage to the environment. FPM rejects these allegations in their entirety on the basis that there was no illegal extraction of the subsoil. FPM mines and extracts iron ore according to its mining licence and provides for the removal of rock and its storage as a waste in addition to the extraction of iron ore. The management is of the opinion that these accusations and the claim are without merit and FPM has started the vigorous defence of its position in the Ukrainian courts.

As disclosed in Note 16 Events after the reporting period, on 12 February 2025, personal sanctions have been imposed on Mr Zhevago by Ukrainian authorities. Although, no sanctions have been imposed on any member of the Group, the personal sanctions on Mr Zhevago might have implications on the Group's operation, such as additional challenges with taxes, including refusal of VAT refunds, which could have an impact on the Group's ability to continue as a going concern. As it is likely that the Group's subsidiaries in Ukraine will not receive VAT refunds until the sanctions against Mr Zhevago are lifted, the Group has adjusted its long-term model to reflect the lower expected cash flow generation caused by the potential absence of VAT refunds in Ukraine to minimise the negative impact on the available cash balance throughout the period of the going concern assessment. In addition and connected with the personal sanctions on Mr Zhevago, on 20 February 2025, the State Bureau of Investigation (the "SBI") made a media announcement regarding a potential claim to the High Anti-Corruption Court of Ukraine (the "HACC") to nationalise 49.5% of shares in FPM and certain of its assets. As at the approval of these consolidated financial statements, FPM has not received a formal notification of such a claim. Further to that, under Ukrainian laws, the SBI has no authority to petition, bring claims or make proposals (both on nationalisation or application of any asset-confiscation sanction) to the HACC and the proper authority should be the Ministry of Justice of Ukraine. A nationalisation of 49.5% of shares in FPM and certain of its assets is expected to have a significant impact on the Group's ability to continue as a going concern as FPM could lose key assets required for the production of iron ore pellets and concentrate. In addition, a nationalisation of 49.5% of shares in FPM will have an impact on the equity attributable to the shareholders of Ferrexpo plc and its future distributable reserves because Ferrexpo AG would not be entitled to dividends in relation to the nationalised 49.5% of shares in FPM. See Note 9 Earnings per share and dividends paid and proposed for further details.

As disclosed in Note 16 Events after the reporting period, on 4 March 2025, the SBI also made a media statement that the Pecherskyi District Court of Kyiv has granted a request of the Prosecutor General's Office of Ukraine to transfer 49.5% of the corporate rights in Ferrexpo Poltava Mining ("FPM") held by Ferrexpo AG ("FAG") to Ukraine's Asset Recovery and Management Agency ("ARMA"). This transfer is in connection with ongoing proceedings against Mr Zhevago relating to Bank F&C, as disclosed in detail on page 57 of Note 14 Commitments, contingencies and legal disputes. Under the Ukrainian Criminal Procedure Code, the ARMA can accept into its management a piece of property that has been arrested only to preserve real evidence. Corporate rights in a Ukrainian company cannot constitute real evidence as they cannot be treated as material objects. Therefore, based on independent legal advice from Ukrainian counsel, the transfer of these corporate rights into the ARMA's management is illegal. As at the date of the approval of these consolidated financial statements, the Group has not been provided with a copy of the relevant court decision of the Pecherskyi District Court of Kyiv and therefore the precise details of the court decision are not known to the Group. However, based on independent legal advice from Ukrainian counsel, management understands that FAG remains the 100% owner of FPM and management does not expect that the transfer of 49.5% of the corporate rights in FPM to ARMA will affect FPM's operations or the Group's ability to continue as a going concern. Asset management is carried out on the basis of the management agreement concluded between ARMA and a selected manager. Based on article 21 of the Law on ARMA, in those cases where the temporary management is established over shares, the manager is obliged to coordinate the exercise of assumed powers at the shareholders meeting with the owner of the shares. This rule suggests that the manager cannot vote at the shareholders meeting on its own, but only with the consent of the owner, Ferrexpo AG. However, a transfer of 49.5% of the corporate rights in FPM to ARMA for management of these corporate rights will have an impact on the equity attributable to the shareholders of Ferrexpo plc and its future distributable reserves. See Note 9 Earnings per share and dividends paid and proposed for further details.

As part of management's going concern assessment, the Group continuously adjusts its financial long-term model to reflect the latest developments in terms of possible production and sales volumes as well as latest market prices and production costs, which are still adversely affected by production volumes lower than those before the war commenced. Considering the expected impact caused by the sanctions imposed on Mr Zhevago, the Group updated its long-term model and plans to mitigate the impact of the likely absence of VAT refunds in Ukraine by significantly reducing its operation in 2025 and 2026, compared to the model in place before the sanctions have been imposed on Mr Zhevago on 12 February 2025.

The updated base case of the financial long-term model shows that the Group has reasonably sufficient liquidity to continue its operations at a reduced level throughout the entire period of the management's going concern assessment, covering a period of 18 months from the date of the approval of these consolidated financial statements. However, the Group's available cash balance for the period twelve months after the approval of these consolidated financial statements also depends on the time at which the VAT refund is resumed. The updated base case assumes a pellet production volume of approximately 36% of the pre-war level for the financial year 2025, before an increase to approximately 47% in 2026 and an expected recovery to almost the pre-war levels in 2027. The update of the long-term model resulted in a delay of the expected ramp-up to almost the pre-war level by one year, which was expected to be 2026 in the previous model, and a significantly lower cash flow generation, affecting also the available cash balances throughout the period of the going concern assessment. In addition, the production and sales volumes are also dependent on a constant power supply, the logistics network available to the Group and other potential negative effects on the Group's business activities as a result of the ongoing war.

The Group's cash flow generation is most sensitive to price changes. The sensitivities prepared for reasonable adverse changes, with a focus on the expected realised prices, show negative available liquidity balances under some scenarios in late 2025, before any actions taken, such as a further reduction of the operating expenditures and the Group's mining activities. With the significant reduction of the Group's operation in the updated long-term model, the available mitigating actions also reduced significantly. The mitigating actions under the control of the management are estimated to be approximately US$14,000 thousand for the first 12 months and US$47,000 thousand until 31 December 2026 and are considered to be sufficient to offset negative effects from reasonable adverse changes. There are further potential mitigating actions, which are however not fully under the control of the management, which are further explored. Considering the tight balances of available cash under the base case and realised price sensitivity, the available cash balance is expected to be depleted earlier than in late 2025, when combining the effects from reasonable adverse changes (stress test). However, it is management's position that, as in the past, a combination of all reasonably possible or plausible adverse changes in respect of realised prices and production costs is unlikely to happen in combination as a result of the historical natural hedge between iron ore prices and prices for key input materials.

The claims and certain decisions received by the courts in Ukraine are another example of the risk of operating in a dynamic and adverse political landscape in Ukraine, which creates additional challenges for both the Group's subsidiaries in Ukraine and, also for the Group itself.

The Group has assessed that, taking into account:

i) its available cash and cash equivalents;

ii) its cash flow projections, adjusted for the effects caused by the war in Ukraine and potential absence of VAT refunds, for the period of management's going concern assessment covering a period of 18 months from the date of the approval of these consolidated financial statements;

iii) the feasibility and effectiveness of all available mitigating actions within the management's control for identified uncertainties; and

iv) the legal merits in terms of the ongoing legal dispute regarding the above mentioned contested sureties and potential future actions available to protect the interests of the Group in case of a negative decision from the Supreme Court,

there remains a material uncertainty that may cast significant doubt about the Group to continue as a going concern in respect of the ongoing war and legal disputes in Ukraine, including the contested sureties claim, the assumption that VAT refunds will be no longer withheld and will be available to the Group over the course of 2026 and the risk of nationalisation 49.5% of shares in FPM and certain of its assets, which are outside of the management's control, with the duration and the impact of the war still unable to be predicted, and the uncertainty in relation to the independence of the judicial system and its immunity from economic and political influences in Ukraine, which could have an impact on the outcome of the ongoing legal disputes.

In respect of the contested sureties claim mentioned above, the next hearing before the Supreme Court is scheduled for 21 March 2025. As at the date of the approval of these consolidated financial statements, no decision has been made by the Supreme Court in the contested sureties claim. If the Supreme Court rules in favour of the claimants in this case, the commencement of the enforcement procedures could potentially have a material negative impact on the Group's business activities and its ability to continue as a going concern. In terms of the claim received for the accused illegal mining and selling subsoil (minerals other than iron ore), the next hearing is scheduled for 19 March 2025 and it can be assumed that this will be a lengthy process. However, considering the magnitude of the subsoil claim, a final decision by the Supreme Court, after potential negative decisions in the lower courts in Ukraine, could have a negative impact on the Group's ability to continue as a going concern. See Note 14 Commitments, contingencies and legal disputes for further information, which should be read in conjunction with this note.

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

Considering the current situation of the ongoing war and legal disputes in Ukraine and the events after the reporting period described above, the Group continues to prepare its consolidated financial statements on a going concern basis. This conclusion is based on the Group's ability to swiftly adapt to changing circumstances cause by the war and the independent legal advice received for the ongoing legal disputes in Ukraine. However, as explained above, many of the identified uncertainties in respect of the ongoing war and legal disputes are outside of the management's control, and are unpredictable, which may cast significant doubt upon the Group's ability to continue as a going concern. For more information on critical judgements made by management in preparing these consolidated financial statements, see also Note 14 Commitments, contingencies and legal disputes in respect of other ongoing legal proceedings and disputes and Note 16 Events after the reporting period.

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.

IMPACT OF CLIMATE CHANGE ON THE GROUP'S FINANCIAL STATEMENTS

The Group acknowledges the potential impact of climate change on its operations and recognises that climate change could have direct and indirect financial implications in the future.

Despite the ongoing war in Ukraine, the Group remains committed to reduce its Scope 1 and Scope 2 carbon emissions by 50% by 2030, compared to the baseline year of 2019, and is targeting a net zero production for Scope 1 and Scope 2 carbon emissions by 2050.

In terms of the Group's net zero pathway, it is important to acknowledge that the Group is still operating in a challenging environment, which requires the fast adaption to new circumstances and uncertainties that are outside of the Group's control. As a result, there is a risk that the Group may also need to adapt its carbon emission reduction and net zero targets, depending on the duration and impact of the ongoing war in Ukraine. Further information is provided in the Group's 2023 Responsible Business Report and 2023 Climate Report, both published in December 2024.

The ongoing war in Ukraine continues to have an impact on the Group's cash flow generation and profitability. As a result, certain projects related to the Group's Scope 1 and Scope 2 carbon emission targets and the net zero pathway were stopped since the beginning of the war in February 2022. See Going concern on pages 42 to 44 for further information. As a consequence of the ongoing war in Ukraine, the Group has not entered into any significant commitments for the renewal and replacement of processing and mining equipment in its operations, mainly in Ukraine.

Physical risks
The Group is aware of the potential increased risks that climate change could pose to its assets in Ukraine. However, there is no immediate risk at this time and the Group will continue to monitor and consider these risks when planning the renewal and replacement of its existing operating assets

Transition risks
The Group is aware of a potential shift towards a low-carbon economy and the potential implications for its business models, which could affect market demand for its iron ore products in the medium to long term. The Group is already in the position to produce Direct Reduction ("DR") pellets and continues to monitor the market and invest in customer relationships in order to secure fixed supply volumes in the short, medium and long term. The shift does not affect the Group's finished goods on stock as at 31 December 2024 as these are still in demand and expected to be sold in the coming months.

The transition risks, as well as the Group's Scope 1 and Scope 2 carbon emission targets and the net zero pathway, could also have an impact on the Group's processing and mining equipment required in the future. In absence of any significant commitments for processing and mining equipment as at 31 December 2024, there is no significant impact on the expected remaining useful lives of the Group's operating assets at this time. Furthermore, the Group assumes that its critical operating assets will continue to be an essential part of the Group's business activities in the future. However, the Group will continue to monitor these risks and take them into account when planning the renewal and replacement of its existing operating assets.

At the time of approval of these consolidated financial statements, no significant changes to the Group's mine plan are expected that could have a material impact on the Group's operating assets, which are either amortised based on the expected remaining useful life or the unit of production method, and on the recognised site restoration provisions.

There are a number of work streams underway to develop the Group's decarbonisation pathway and create a structure on which to plan and prioritise future investments. This pathway is, however, also dependent on the duration and impact of the ongoing war in Ukraine. The Group's business model will be updated as soon as there is more clarity about the current situation in Ukraine and the exact path of decarbonisation of the Group, including commitments made for the renewal and replacement of processing and mining equipment.

See also the Group's Principal Risk section on page 35 for further information on risks relating to climate change.

NEW STANDARDS AND INTERPRETATIONS ADOPTED

The accounting policies and methods of computation adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023 except for the adoption of new standards, interpretations and amendments to UK adopted IFRS effective as at 1 January 2024.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED WITHOUT AN IMPACT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

Amendments to IAS 1 *Presentation of Financial Statements* provide guidance on the classification of liabilities with covenants, and further clarify the classification criteria for liabilities as either current or non-current.

Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements to understand the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Amendments to IFRS 16 *Leases* specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET ADOPTED

The Group has elected not to adopt early any revised and amended standards or interpretations that are not yet mandatory in the UK. The standards and interpretations below could have an impact on the consolidated financial statements of the Group in future periods.

Amendments to IAS 21 Lack of Exchangeability were issued in August 2023 and are effective for annual reporting periods beginning on or after 1 January 2025. The amendments specify how to assess whether a currency is exchangeable and how to determine a spot exchange rate if it is not. The Group does not expect a material impact on its financial statements because of these amendments.

Amendments to IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments were issued in May 2024 and are effective for annual reporting periods beginning on or after 1 January 2026. The amendments provide further clarification and requirements for the recognition and derecognition criteria for financial assets and liabilities, the classification requirements for financial assets, particularly those containing contingent features (such as ESG-linked targets) and non-recourse features or contractually linked instruments. It also requires disclosures related to the amendments to the classification requirements and also for investments in equity instruments designated at fair value through other comprehensive income. The Group does not expect a material impact on its financial statements because of these amendments.

New standard IFRS 18 Presentation and Disclosure in Financial Statements was published by the International Accounting Standards Board (IASB) on 9 April 2024. The new standard will be effective for annual reporting periods beginning on or after 1 January 2027. It requires the presentation of two new defined subtotals in the income statement a) operating profit and profit before financing and income taxes as well as the disclosure of management-defined performance measures (MPMs) and b) subtotals of income and expenses not specified by IFRS Accounting Standards that are used in public communications to communicate management's view of an aspect of a company's financial performance. It also requires a reconciliation between the MPMs and the most directly comparable totals or subtotals specified by IFRS Accounting Standards is also required to provide transparency on the entity-specific performance measures. Beyond that, there are limited changes to IAS 7 Statement of Cash Flows to improve comparability by specifying a consistent starting point for the indirect method of reporting cash flows from operating activities and eliminating options for the classification of interest and dividend cash flows. The new standard also enhances the general and specific requirements for aggregation and disaggregation to help a company to provide useful information. The specific requirements include those for disaggregation of 'other' balances, such as the presentation of operating expenses in the income statement and disclosure of specified operating expenses by nature included in each function line item. The Group is currently examining the effects of this new standard on its annual financial statements.

New standard IFRS 19 Subsidiaries without Public Accountability: Disclosures was published by the International Accounting Standards Board (IASB) on 9 May 2024. The new standard will be effective for annual reporting periods beginning on or after 1 January 2027. IFRS 19 is a new voluntary reduced disclosure framework that sets out reduced disclosure requirements that is intended to maintain the usefulness of the financial statements for users. It will permit subsidiaries with a parent that applies IFRS Accounting Standards in its consolidated financial statements to apply IFRS Accounting Standards with reduced disclosure requirements. The Group is currently examining the effects of this new standard on its annual financial statements.

The Group expects that all other standards, interpretations and amendments issued at the reporting date, but not yet to be adopted for these financial statements, are not relevant to the Group as they do not have a material impact on its consolidated financial statements and are therefore not listed above.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgements that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates and judgements are based on information available as at the date of authorising the consolidated financial statements for issue. Actual results could therefore differ from those estimates and judgements. The Group identified a number of areas involving the use of critical estimates and judgements made by management in preparing the consolidated financial statements and supporting information is embedded within the following disclosure notes:

CRITICAL ESTIMATES

Note 10 Property, plant and equipment – impairment consideration as a result of the ongoing war in Ukraine

The most critical estimate made by the management is in respect of the timing of when the Group's operation is expected recover to pre-war levels. As disclosed in Note 10 Property, plant and equipment, there is a risk of material adjustments in future periods in case of a delay of the recovery to pre-war levels. In addition, the duration and impact of the ongoing war in Ukraine could pose a further risk for significant adjustments in future periods.

CRITICAL JUDGEMENTS

- Note 2 Basis of preparation – going concern assumption
- Note 8 Taxation – transfer pricing claims, tax legislation in Ukraine and development in international tax environment
- Note 14 Commitments, contingencies and legal disputes – assessment of matters in an environment of political, fiscal and legal uncertainties
- Note 16 Events after the reporting period - non-adjusting post balance sheet events

The consideration of the impact of climate change on the Group's financial statements did not require critical estimates and judgements when preparing the consolidated financial statements as at 31 December 2024.

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 consolidated income statement for the Group.

Management monitors the operating result of the Group based on a number of measures, including underlying EBITDA, gross profit and net cash.

UNDERLYING EBITDA AND GROSS PROFIT

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

US$000	Notes	**Year ended 31.12.24**	Restated Year ended 31.12.23
Profit/(loss) before tax and finance		**19,928**	(60,363)
Losses on disposal and liquidation of property, plant and equipment		**231**	11
Share-based payments		**320**	830
Write-offs and impairments	5	**71,871**	978
Recognition of provisions for legal disputes	14	**–**	131,117
Depreciation and amortisation		**60,281**	57,669
Operating foreign exchange losses		**(83,321)**	(31,371)
Underlying EBITDA		**69,310**	98,871

US$000	Notes	**Year ended 31.12.24**	Year ended 31.12.23
Revenue	4	**933,263**	651,795
Cost of sales	5	**(597,438)**	(362,495)
Gross profit		**335,825**	289,300

NET CASH

Net cash as defined by the Group comprises cash and cash equivalents less lease liabilities.

US$000	Notes	**As at 31.12.24**	As at 31.12.23
Cash and cash equivalents	12	**105,919**	115,241
Lease liabilities – current	13	**(4,665)**	(5,939)
Lease liabilities – non-current	13	**(419)**	(1,009)
Net cash		**100,835**	108,293

Net cash is an APM. Further information on the APMs used by the Group, including the definitions, is provided on pages 64 and 65.

DISCLOSURE OF REVENUE AND NON-CURRENT ASSETS

The Group does not generate significant revenues from external customers attributable to the UK, the Company's country of domicile. The information on the revenues from external customers attributed to the individual foreign countries is given in Note 4 Revenue. The Group does not have any significant non-current assets that are located in the country of domicile of the Company. The vast majority of the non-current assets are located in Ukraine.

NOTE 4: REVENUE

Revenue for the year ended 31 December 2024 consisted of the following:

US$000	**As at 31.12.24**	As at 31.12.23
Revenue from sales of iron ore pellets and concentrate	**831,807**	598,909
Freight revenue related to sales of iron ore pellets and concentrate	**49,691**	652
Total revenue from sale of iron ore pellets and concentrate	**881,498**	599,561
Revenue from logistics and bunker business	**46,139**	45,343
Revenue from other sales and services provided	**5,626**	6,891
Total revenue	**933,263**	651,795

The Group's sales of iron ore pellets and concentrate are still impacted by the ongoing war in Ukraine as it was also the case for the comparative year ended 31 December 2023. As a result of the ongoing war in Ukraine, the Group's seaborne sales through the Ukrainian Black Sea ports had been suspended since the beginning of the war, but resumed again in January 2024, albeit still at a significantly lower level and at higher costs due to war-related risk premiums to be paid.

Revenue for the comparative year ended 31 December 2023 includes the effect from the derecognition of contract liabilities of US$75 thousand that were deferred as revenue in the previous year ended 31 December 2022, as the performance obligations were not fulfilled. There is no such effect for the year ended 31 December 2024 due to the absence of sales under the Incoterm CFR as at 31 December 2023. As at 31 December 2024, freight-related revenue in the amount of US$2,799 thousand (2023: nil) was deferred as the performance obligations were not fulfilled and included in the balance of the contract liabilities.

Total sales of iron ore pellets and concentrate by geographical destination showing separately countries that individually represented 10% or more of total sales in either the current or prior year were as follows:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Europe, including Turkey	**668,425**	599,869
Austria	***237,092***	*258,853*
Czech Republic	***97,612***	*115,873*
Turkey	***123,615***	*122,556*
Germany	***127,500***	*64,981*
Others	***82,606***	*37,606*
China & South East Asia	**148,363**	(83)
China	***138,551***	*(83)*
Others	***9,812***	–
Middle East & North Africa	**64,710**	(225)
Total revenue from sale of iron ore pellets and concentrate	**881,498**	599,561

The Group markets its products across various regions. The disclosure of the segmentation reflects how the Group makes its business decisions and monitors its sales. The Group's sales of iron ore pellets and concentrate were still significantly impacted by the ongoing war in Ukraine during the financial years 2024 and 2023. The Group's seaborne sales through the Ukrainian Black Sea ports had been suspended since the beginning of the war, but resumed again during the financial year 2024, albeit still at a significantly lower level and at higher costs due to war-related risk premiums to be paid.

During the year ended 31 December 2024, sales made to four customers accounted for 62% of the revenues from sales of iron ore pellets and concentrate (2023: 90%).

Sales to customers that individually represented more than 10% of total sales in either current or prior year are as follows:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Customer A	**237,092**	258,853
Customer B	**123,615**	109,661
Customer C	**97,612**	115,873
Customer D	**92,354**	57,288

Considering the constraints imposed by the ongoing war, the Group has not been able to fulfil the demands from all its customers since the beginning of the war in Ukraine in February 2022, and sales volumes were therefore allocated to markets and customers based on logistics and market considerations. Relationships with long-standing customers are maintained and the Group expects to be able to meet their demand again as soon as the geopolitical situation in Ukraine improves.

NOTE 5: OPERATING EXPENSES

Operating expenses for the year ended 31 December 2024 consisted of the following:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Cost of sales	**597,438**	362,495
Selling and distribution expenses	**246,300**	161,315
General and administrative expenses	**68,974**	63,509
Other operating expenses	**91,733**	28,788
Total operating expenses	**1,004,445**	616,107

Total operating expenses include:

US$000	Year ended 31.12.24	Year ended 31.12.23
Inventories recognised as an expense upon sale of goods	**566,526**	339,349
Employee costs (excl. logistics and bunker business)	**85,435**	73,924
Inventory movements	**4,961**	3,910
Depreciation of property, plant and equipment and right-of-use assets	**59,392**	56,294
Amortisation of intangible assets	**889**	1,375
Royalties	**32,187**	24,693
Costs of logistics and bunker business	**54,991**	57,739
Audit and non-audit services	**2,239**	1,924
Community support donations	**4,319**	3,781
Write-offs and impairments	**71,871**	978
Losses on disposal and liquidation of property, plant and equipment	**231**	11

US$000	Notes	As at 31.12.24	As at 31.12.23
Write-off of inventories		**81**	177
Write-off of property, plant and equipment	10	**155**	606
Write-off of receivables and prepayments		**–**	195
Total write-offs		**236**	978
Impairment of property, plant and equipment	10	**71,635**	–
Total impairments		**71,635**	–
Total write-offs and impairments		**71,871**	978

AUDITOR REMUNERATION

US$000	Year ended 31.12.24	Year ended 31.12.23
Audit services		
Ferrexpo plc Annual Report and Accounts	**1,464**	1,334
Subsidiary entities	**328**	317
Total audit services	**1,792**	1,651
Audit-related assurance services	**309**	273
Total audit and audit-related assurance services	**2,101**	1,924
Non-audit services		
Other services	**138**	–
Total non-audit services	**138**	–
Total auditor remuneration	**2,239**	1,924

Auditor remuneration paid is in respect of the audit of the financial statements of the Group and its subsidiary companies and, when applicable, for the provision of other services not in connection with the audit.

NOTE 6: FOREIGN EXCHANGE GAINS AND LOSSES

ACCOUNTING POLICY

Foreign exchange gains and losses are reported on a net basis. Operating foreign exchange gains and losses are those resulting directly from the Group's operating activities. Non-operating gains and losses are predominantly those associated with the Group's financing and treasury activities, including the translation of lease liabilities denominated in currencies different from the respective functional currencies and transactional gains and losses from the conversion of cash balances in currencies different from the local functional currencies at exchange rates different from those at the initial recognition date.

Foreign exchange gains and losses for the year ended 31 December 2024 consisted of the following:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Operating foreign exchange gains/(losses)		
Conversion of trade receivables	**83,588**	31,685
Conversion of trade payables	**(283)**	(177)
Others	**16**	(137)
Total operating foreign exchange gains	**83,321**	31,371
Non-operating foreign exchange gain/(losses)		
Conversion of interest-bearing loans	**(37,591)**	(11,740)
Conversion of cash and cash equivalents	**673**	1,895
Others	**(2,437)**	1,911
Total non-operating foreign exchange losses	**(39,355)**	(7,934)
Net foreign exchange gains	**43,966**	23,437

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

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

The Ukrainian hryvnia devalued from 37.982 to 42.039 compared to the US dollar during the year ended 31 December 2024. The local currency was unchanged at 36.568 from 21 July 2022 to 30 September 2023, before depreciating to 37.982 during the last quarter of 2023. A devaluation of the local currency can result in significant foreign exchange gains on US dollar denominated receivable balances, depending on the underlying net balances, and a reduction of the Group's net assets as a significant portion of assets and liabilities of the Ukrainian subsidiaries are denominated in the local currency.

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

	Average exchange rate		Closing exchange rate	
Against US$	**As at 31.12.24**	As at 31.12.23	**Year ended 31.12.24**	Year ended 31.12.23
UAH	**40.152**	36.574	**42.039**	37.982
EUR	**0.924**	0.925	**0.963**	0.906

NOTE 7: NET FINANCE EXPENSE

Finance expense and income for the year ended 31 December 2024 consisted of the following:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Finance expense		
Net interest on defined benefit plans	**(2,433)**	(2,640)
Bank charges	**(1,304)**	(1,118)
Interest expense on lease liabilities	**(191)**	(85)
Other finance costs	**(1,051)**	(859)
Total finance expense	**(4,979)**	(4,702)
Finance income		
Interest income	**3,979**	4,602
Other finance income	**7**	(4)
Total finance income	**3,986**	4,598
Net finance expense	**(993)**	(104)

With the exception of lease liabilities, the Group does not have any outstanding interest-bearing loans and borrowings, and borrowing costs are therefore no longer capitalised.

NOTE 8: TAXATION

CRITICAL JUDGEMENTS

Tax legislation

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. Despite two claims received in Ukraine in 2023, the Group is still of the opinion that the terms of the cross-border transactions between the subsidiaries of the Group comply with the legislation applicable in the jurisdictions in which it operates.

In connection with two audits initiated by the State Tax Service of Ukraine (“STS”) , formerly known as State Fiscal Service of Ukraine (“SFS”), on 18 February and on 14 June 2021, the Group’s two major subsidiaries in Ukraine received tax audit reports on 13 September 2023 and 8 November 2023, stating potential claims for underpayment of corporate profit taxes in Ukraine of UAH2,162 million (US$51,428 thousand as at 31 December 2024), including fines and penalties, and UAH259 million (US$6,161 thousand as at 31 December 2024), respectively.

The two claims received are in relation to cross-border transactions for iron ore products between the two Ukrainian subsidiaries of the Group and two subsidiaries of the Group outside of Ukraine during the financial years 2015 to 2017. Based on previous experience, no agreements could be reached with the tax authorities and the claims are to be heard by the courts in Ukraine. As a result, both subsidiaries filed the objections against the potential claims stated in the tax audit reports received. After various preparatory meetings in 2024 for both cases, the hearings on the merits before the court of first instance took place in November 2024, followed by several hearings later in 2024 and in 2025. The hearings are still ongoing and, as a result, no final decisions have been made for the claims received as at the date of the approval of these consolidated financial statements.

A partially negative verdict of the Supreme Court was received by one of the Group’s subsidiaries in respect of claims made by the STS as a result of a tax audit of cross-border transactions for the period from 1 September 2013 to 31 December 2015. It is the Group’s position that the STS used the verdict of the Supreme Court on the claims for the period from 1 September 2013 to 31 December 2015 as a precedent for the claims made for cross-border transactions during the financial years 2015 to 2017, although the Supreme Court did not appropriately consider relevant technical grounds and the applicable legislation when ruling on this specific case.

In terms of the claims received, the Group will continue to defend its methodology applied to determine the prices between its subsidiaries in the Ukrainian courts, but there is a risk that the independence of the judicial system and its immunity from economic and political influences in Ukraine is not upheld. As at the date of the approval of these consolidated financial statements, no final court decisions have been made for the claims received by the two Ukrainian subsidiaries of the Group totalling UAH2,162 million (US$51,428 thousand as at 31 December 2024) and UAH259 million (US$6,161 thousand as at 31 December 2024) and, as a consequence, no specific provisions have been recorded as at 31 December 2024, neither for the two claims received nor for any potential claims for subsequent years, which might also be material, as it is impossible to reasonably quantify the potential exposure. See Note 14 Commitments, contingencies and legal disputes for further information.

Separate from the cases mentioned above, on 23 June 2020 Ferrexpo Poltava Mining (“FPM”) received a court ruling which grants access to information and documents to the State Bureau of Investigation in Ukraine (“SBI”) in relation to the sale of iron ore products to two subsidiaries of the Group outside of Ukraine during the years 2013 to 2019. FPM cooperated with the SBI and provided the requested information as per the court ruling to support these investigations. On 20 October 2023, the SBI raided the FPM offices with the intention of collecting documents and information for ongoing transfer pricing investigations. In October 2024, FPM became aware of a new transfer pricing investigation by the SBI in connection with the financial years 2014 to 2017, but there had been no actions or any new requests from the SBI as at the date of the approval of these consolidated financial statements.

In accordance with the provisions of IFRIC 23 *Uncertainty over income tax treatments*, the Group reviewed and reassessed its exposure in respect of all uncertain tax positions, including the claims received and for cross-border transactions in subsequent years. It is the position of the management of the Group and the Group’s external tax advisors that the Ukrainian legislation and regulations on taxation are not always clearly written and are therefore subject to varying interpretations and inconsistent enforcement by local, regional and national tax authorities.

Considering the uncertainties in terms of the legal and tax framework in Ukraine, the Group will continue to defend its pricing methodology applied during all the years in the courts in Ukraine. An unfavourable outcome of any future court proceedings would have an adverse impact on the Group’s total income tax expense and effective tax rate in future periods. See also the Update on Principal Risks section for further information on the Ukraine country risk.

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

The income tax expense for the year ended 31 December 2024 consisted of the following:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Current income tax		
Current income tax charge	**18,784**	12,672
Amounts related to previous years	**2,374**	(1,601)
Total current income tax	**21,158**	11,071
Deferred income tax		
Origination and reversal of temporary differences	**8,452**	5,281
Total deferred income tax	**8,452**	5,281
Total income tax expense	**29,610**	16,352

Tax effects on items recognised in other comprehensive income consisted of the following for the year ended 31 December 2024:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Tax effect of exchange differences arising on translating foreign operations	**(3,972)**	(1,479)
Total income tax effects recognised in other comprehensive credit	**(3,972)**	(1,479)

The net balance of income tax payable changed as follows during the financial year 2024:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Opening balance	**(12,770)**	(15,890)
Charge in the consolidated income statement	**(21,158)**	(11,071)
Booked through other comprehensive (loss)/income	**3,972**	1,479
Tax paid	**23,278**	12,779
Translation differences	**143**	(67)
Closing balance	**(6,535)**	(12,770)

The net income tax payable as at 31 December 2024 consisted of the following:

US$000	**As at 31.12.24**	As at 31.12.23
Income tax receivable balance	**7,026**	2,432
Income tax payable balance	**(13,561)**	(15,202)
Closing balance	**(6,535)**	(12,770)

The weighted average statutory corporate income tax rate is calculated as the average of the statutory tax rates applicable in the countries in which the Group operates, weighted by the profits and losses before tax of the subsidiaries in the respective countries, as included in the consolidated financial information. The weighted average statutory corporate income tax rate for the financial year 2024 was 15.0% before the effect from the recognised impairment loss of US$71,635 thousand in the consolidated income statement (2023: 11.7% before the effect of the recognised provisions for legal disputes of US$131,177 thousand).

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 of the financial year 2024 and 2023 was 33.7% and 26.1%, respectively, after the elimination of exceptional items resulting in losses before tax in both financial years and distorting the effective tax rate. For the financial year 2024, the effects from the impairment loss of US$71,635 thousand and from the extracted low-grade ore of US$36,317 thousand are excluded in order to get a meaningful effective tax rate, compared to the effect of the recognised provisions for legal disputes in the amount of US$131,177 thousand for the comparative year ended 31 December 2023. The excluded items are not tax deductible in Ukraine and no associated deferred tax assets have been recognised. Without excluding these effects, the effective tax rate for the financial year 2024 would have been 145.0% and 23.9%, both negative due to the losses before tax.

The net deferred income tax assets as at 31 December 2024 consisted of the following:

US$000	**As at 31.12.24**	As at 31.12.23
Total deferred tax assets	**2,259**	10,150
Total deferred tax liabilities	**(4,347)**	(2,729)
Net deferred tax (liabilities)/ assets	**(2,088)**	7,421

The movement in the deferred income tax balance is as follows:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Opening balance	**7,421**	13,124
Charge in consolidated income statement	**(8,452)**	(5,281)
Translation differences	**(1,057)**	(422)
Closing balance	**(2,088)**	7,421

The net deferred tax liability balance of US$2,088 thousand (2023: net deferred tax asset of US$7,420 thousand) includes net deferred tax liabilities totalling US$3,804 thousand (2023: US$2,529 thousand) related to temporary differences of the Group's corporate entities and net deferred tax assets totalling US$1,799 thousand (2023: US$9,524 thousand) related to temporary differences of the Group's two major subsidiaries in Ukraine. The net deferred tax asset balances of the Ukrainian subsidiaries as at 31 December 2024 and 2023 are after allowances totalling US$22,956 thousand and US$20,577 thousand, respectively. The allowance increased by US$4,387 thousand as at 31 December 2024 and the allowances recorded in previous years was affected by the devaluation of the local currency in Ukraine. The recoverability of the 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. The level of taxable profits in Ukraine depends on many factors, such as the volatility in the global iron pellet market and foreign exchange rate changes, but also on the implications of the ongoing war in Ukraine, mainly in terms of a constant power supply and the logistics network available to the Group.

As at 31 December 2024, the Group had available tax loss carry forwards in the amount of US$83,912 thousand (2023: US$71,405 thousand) for which no deferred tax assets were recognised. Of this balance, US$41,266 thousand (2023: US$42,762 thousand) do not expire and US$40,004 thousand (2023: US$41,513 thousand) are related to losses incurred in Austria and US$1,261 thousand (2023: US$1,249 thousand) in Ukraine. US$27,981 thousand (2023: US$19,802 thousand) expire after seven years or more, of which US$27,979 thousand (2023: US$19,798 thousand) are related to losses incurred in Ukraine and US$2 thousand (2023: US$4 thousand) in Hungary. The remaining balance of US$14,665 thousand (2023: US$8,841 thousand) expires in less than seven years of which US$14,665 thousand (2023: US$8,418 thousand) are related to losses incurred in Hungary and US$423 thousand in the comparative year 2023 in Ukraine.

No deferred tax liabilities have been recognised on temporary differences in the amount of US$315,170 thousand (2023: US$517,838 thousand) arising from undistributed profits from subsidiaries as no distributions are planned.

Other temporary differences of US$491,909 thousand have not been recognised as at 31 December 2024 (2023: US$439,125 thousand). Of those temporary differences, US$67,699 thousand relate to impairments recorded as at the end of the financial year ended 31 December 2024, mainly in respect of the Group's non-current operating assets in Ukraine and US$115,694 thousand (2023: US$128,050 thousand) relate to provisions for legal disputes recorded in Ukraine during the comparative year ended 31 December 2023 and US$175,088 thousand (2023: US$ 186,575 thousand) related to impairments recorded mainly in Ukraine during the financial year ended 31 December 2022; The remaining balance of US$133,429 thousand (2023: US$124,500 thousand) relates to temporary differences for which allowances for recognised deferred tax assets have been recorded.

BEPS – PILLAR TWO

The Group is in the scope of the BEPS Pillar Two Model Rules as the consolidated revenues for the financial years 2024, 2022 and 2021 were above the threshold set by the OECD rules.

The Group makes use of the temporary exception issued by the IASB in May 2023 in respect of the accounting requirements for deferred taxes under IAS 12. As a result, the Group does neither recognise nor disclose any information on deferred tax assets and liabilities related to Pillar Two income taxes in its consolidated financial statements for the financial year 2024, which is consistent with the application during the comparative financial year 2023.

Based on the BEPS Pillar Two Global Anti-Base Erosion ("GloBE") Model Rules, the parent company of the Group, Ferrexpo plc with its tax domicile in Switzerland, is the Ultimate Parent Entity ("UPE") and, as a result, the enacted legislation in Switzerland is most relevant for the Group. On 22 December 2023, the Swiss government enacted the Pillar Two income taxes legislation effective from 1 January 2024. The legislation in Switzerland currently only provides for the Qualifying Domestic Minimum Top-up Tax ("QDMTT"). On 4 September 2024, the Swiss government decided to implement the Income Inclusion Rule ("IIR") as of 1 January 2025 and the implementation of the Undertaxed Profits Rule ("UTPR") is still postponed.

Although the Group's effective tax rate for the financial year 2024 is well above the minimum tax rate of 15.0%, there are two jurisdictions where the Group is operating with enacted statutory tax rates below the minimum tax rate of 15.0% set under the BEPS Pillar Two Model Rules. As a result of the legislation enacted in Switzerland, the Group's subsidiaries in Switzerland are potentially subject to the QDMTT for taxable profits from the financial year 2024, whereas those of the Group's subsidiary in the U.A.E. (Dubai) are neither subject to IIR in any jurisdiction or QDMTT in the U.A.E., as not implemented by the relevant tax jurisdictions. The profits of this subsidiary will potentially become subject to taxation under the IIR in Switzerland as of 1 January 2025, depending on the GloBE Effective Tax Rate ('GloBE ETR').

There was no impact from the QDMTT, the IIR and the UTPR under the BEPS Pillar Two GloBE Model Rules on the Group's income tax expense and did therefore not have an impact on the Group's effective tax rate.

Taking also into account the implementation of the IIR in Switzerland and the QDMTT in the U.A.E., the Group's future effective tax rate, before any special items included in the profit before tax for the period and the income tax expense, is expected to be in a range of 18.0% to 20.0%. The Group's effective tax rate is also dependent on the volatility in the global iron ore pellet market and on foreign exchange rate movements, primarily between the Ukrainian hryvnia and the US dollar, and any one-off events, such as impairment losses that might not be tax deductible in some jurisdictions.

NOTE 9: EARNINGS PER SHARE AND DIVIDENDS PAID AND PROPOSED

DISTRIBUTABLE RESERVES

Ferrexpo plc (the "Company") is the Group's holding company, with no direct operating business, so its ability to make distributions to its shareholders is dependent on its ability to access profits held in the subsidiaries. The Group's consolidated retained earnings shown in the consolidated statement of changes in equity do not reflect the profits available for distribution in the Group as at 31 December 2024.

	Year ended 31.12.24	Year ended 31.12.23
Loss for the year attributable to equity shareholders - per share in US cents		
Basic	**(8.51)**	(14.41)
Diluted	**(8.51)**	(14.41)
Loss for the year attributable to equity shareholders - US$000		
Basic and diluted loss	**(50,046)**	(84,775)
Weighted average number of shares - thousands		
Basic number of ordinary shares outstanding	**588,363**	588,274
Effect of dilutive potential ordinary shares	**11,061**	8,847
Diluted number of ordinary shares outstanding	**599,424**	597,121

DIVIDENDS PROPOSED AND PAID

Taking into account the provisions of the Companies Act 2006 and relevant thin capitalisation rules, the total available distributable reserves of Ferrexpo plc is US$77,500 thousand as at 31 December 2024 (2023: US$119,520 thousand). During the comparative year ended 31 December 2023, the Group announced on 18 January 2024 an interim dividend of 3.3 US cents, which was due for payment to the shareholders on 23 February 2024. Following subsequent and unexpected events in Ukraine relating to a claim against one of the Group's Ukrainian subsidiaries (see Note 14 Commitments, contingencies and legal disputes for further information), the Group announced on 20 February 2024 the decision to withdraw the interim dividend.

Future distributable reserves at the Ferrexpo plc level are also dependent on the payment of dividends by the subsidiaries to the respective parent companies within the Group. Distributable profits at subsidiaries' level are also subject to potential impairment losses to be or already recorded in the respective stand-alone statutory financial statements as a result of war-related uncertainties. Certain Group companies are currently restricted from paying dividends outside of Ukraine as a result of Ukrainian currency control measures imposed under Martial Law. Furthermore, the uncertainties related to the political environment and the independence of the legal system and other circumstances facing the Group (see Note 14 Commitments, contingencies and legal disputes) could also have a negative impact on Ferrexpo plc's ability and potential for future dividend payments. As at the comparative year ended 31 December 2023, one of the Group's subsidiaries in Ukraine recognised provisions for legal disputes totalling US$128,050 thousand, reducing the distributable profits of this subsidiary by this amount. The provisions in Ukrainian hryvnia remained unchanged as at 31 December 2024, but the amount in US dollars decreased to US$115,694 thousand as a result of the devaluation of the local currency in Ukraine. Although this subsidiary still has a considerable amount of distributable profits, an outflow of funds in this amount would have an adverse impact on the Group's available liquidity for potential future dividend payments. As disclosed in Note 2 Basis of preparation, a nationalisation of 49.5% of shares in Ferrexpo Poltava Mining ("FPM") or a transfer of 49.5% of the corporate rights in FPM to Ukraine's Asset Recovery and Management Agency ("ARMA") for management of these corporate rights will have an impact on the equity attributable to the shareholders of Ferrexpo plc and its future distributable reserves.

US$000	**Year ended 31.12.24**
Dividends paid during the year	
Dividends on vested awards	**46**
Total dividends paid during the year	**46**

US$000	Year ended 31.12.23
Dividends paid during the year	
Dividends on vested awards	456
Total dividends paid during the year	456

Dividends paid during the financial years 2024 and 2023 related to the Group's share-based scheme. Further information is provided in the remuneration report.

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 year ended 31 December 2024, the additions to property, plant and equipment totalled US$121,776 thousand (31 December 2023: US$112,093 thousand) and the net book value of the disposals of property, plant and equipment totalled US$12,136 thousand (31 December 2023: US$4,216 thousand). The total depreciation charge for the year was US$59,257 thousand (31 December 2023: US$58,888 thousand).

Assets under construction consist of ongoing capital projects amounting to US$232,773 thousand (2023: US$227,206 thousand) and capitalised pre-production stripping costs of US$38,420 thousand (2023: US$36,231 thousand) for components of ore bodies expected to be put into operation in future periods only. Once the extraction of ore commences in relation to these ore bodies, the capitalised stripping costs are transferred to mining assets and the depreciation commences.

Deferred pre-production stripping costs in the amount of US$214,682 thousand relate to components of the ore bodies put into operation and are included in mining assets (2023: US$243,767 thousand). No production stripping costs are capitalised as of this point in time.

The carrying value of property, plant and equipment includes capitalised borrowing costs on qualifying assets totalling US$25,073 thousand (31 December 2022: US$32,110 thousand).

See Note 2 Basis of preparation in respect of the impact of climate change on the Group’s financial statements.

CRITICAL ESTIMATES

As at the date of the approval of these consolidated financial statements, the war in Ukraine is still ongoing and the duration is difficult to predict.

During the financial year 2024, the Group continued to demonstrate resilience and flexibility from an operating perspective, although the ongoing war continues to affect its financial results.

The situation in Ukraine is unpredictable and continues to require the Group to be extremely flexible, as mining operations and production have to be adapted to the prevailing conditions. The regained access to Ukrainian Black Sea ports enabled the Group to expand its sales activities and increase its production by 66% to the highest level since the full-scale invasion of Ukraine in February 2022. While the Group’s cash flow generation benefited from the higher production and sales volumes in 2024, the pressure on prices for iron ore products and higher prices for input material as a result of the ongoing war are expected to adversely affect the Group’s cash flow generation in the near future.

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 effects of expected future mine life extension programmes are take into account the estimated future production volumes. Several 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 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.

The financial long-term model was updated in January 2025 using management’s best estimate of reasonably conservative key assumptions, taking also into account the current circumstances the Group has to operate in. In terms of the key assumptions used, an average iron ore price of US$107 per tonne of 65% Fe fines CFR North China was used in the assumptions for the cash flow projection for the next five years. When assessing its expected future long-term selling price, the Group considers external and internal analysis of the short-term and longer-term supply and demand dynamics on the international market for iron ore products as well as more specific local supply and demand balances affecting its major customers. The level of the Group’s production remains predominantly dependent on a constant power supply and the logistics network available to the Group as well as other potential adverse effects on the Group’s operation due to the ongoing war. As a result, the production capacity used for the base-case cash flow projection is expected to be approximately 55% of the pre-war level for the financial year 2025, before an increase to approximately 90% in 2026 and an expected recovery to pre-war levels in 2027. There is no perpetual growth rate applied for the cash flow projections beyond the last year covered by the Group’s long-term model. The Group’s expected major cost components, such as production and shipping costs, are determined taking into account local inflationary pressure, major exchange rate developments between the Ukrainian hryvnia and the US dollar, the short-term and longer-term trends in energy supply and demand and the expected movements in steel-related commodity prices, which could have a material effect on the cost of certain production input materials.

An average devaluation of the hryvnia of 4.3% per year was assumed over the next five years in the Group’s cash flow projection, with the expected local inflation having an offsetting effect.

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

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

The outcome of the Group’s impairment test is predominantly dependent on the forecasted cash flow generation and the nominal pre-tax discount rate to be applied. The WACC of 23.1% (31 December 2023: 23.0%) is still significantly higher than the pre-war WACC of 13.8% as at 31 December 2021 and reflects the current situation in the country as underlying macro-economic data is still adversely affected by the war in Ukraine.

According to the base case of the Group’s impairment test prepared for the 2024 year end accounts, the value in use of the Group’s single cash-generating unit’s operating non-current assets, including property, plant and equipment as well as other intangibles assets and other non-current assets, was US$71,170 thousand below the carrying value of these assets, reflecting the impairment loss recorded in this amount as at 31 December 2024 and allocated to various asset categories within property, plant and equipment. The key assumptions in respect of production and sales volumes, and of production costs, are largely dependent on the easing of the war-related risks facing the Group’s business in Ukraine, and therefore a wide range of alternative outcomes are possible, reflecting a high level of uncertainty.

A delay of the recovery of the production and sales volumes to a pre-war level by another year, with all other assumptions remaining unchanged, would reduce the value in use of the Group’s non-current operating assets by approximately US$339,200 thousand. A reduction of the realised price by 10% in 2025 and 5% for each year until 2048 would reduce the value in use by approximately US$227,600 thousand and a decrease of the production and sales volume by 10%, combined with an increase of the production costs by 5%, again for the entire period of the assessment, would reduce the value in use by approximately US$270,900 thousand whereas every 1.0% increase of the nominal pre-tax discount rate would impact the value in use by approximately US$43,100 thousand, with all other assumptions remaining unchanged.

The impairment loss of US$71,170 thousand is in addition to the impairment loss of US$254,477 thousand recorded during the financial year 2022, of which an amount of US$219,931 thousand was allocated to various asset categories within property, plant and equipment. The impairment losses recorded 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.

As disclosed in Note 2 Basis of preparation and Note 14 Commitments, contingencies and legal disputes, the Group announced on 29 January 2024 that a Ukrainian court of appeal has confirmed a claim against Ferrexpo Poltava Mining (“FPM”) in the amount of UAH4,727 million (US$112,457 thousand as at 31

December 2024), in respect of contested sureties. FPM appealed this decision to the Supreme Court of Ukraine and the court proceedings were continued during the financial year 2024 and the first months of 2025. Despite the fact that it was management's view that FPM has compelling arguments to defend its position in the Supreme Court of Ukraine, given the magnitude of this specific claim and the underdeveloped and fragile judicial system in Ukraine, the Group recorded a full provision for this claim as at the end of the comparative year ended 31 December 2023 in accordance with IAS 37 Provisions, contingent liabilities and contingent assets. If the ruling of the Supreme Court is not in favour of FPM, there is a risk that some of the Group's property, plant and equipment will be seized or subject to a forced sales process as part of the enforcement proceedings. Although the Group has recognised a provision for the full amount of the contested sureties claim, there is a risk that any assets subject to seizure or a forced sales process are valued at an amount which is different than their current carrying values as at 31 December 2024. Note 2 Basis of preparation provides further information in terms of the possible implications on the Group's ability to continue as a going concern.

Non-adjusting post balance sheet events
As disclosed in Note 16 Events after the reporting period, the sanctions imposed on Mr Zhevago are personal in nature and have not been imposed on any member of the Ferrexpo Group. However, a tax authority may apply an adverse interpretation of sanctions rules and no longer make VAT refunds to any the Group's subsidiaries in Ukraine. It is likely that the Group's subsidiaries in Ukraine will not receive any VAT refunds until these sanctions against Mr Zhevago are lifted. As a consequence, the Group adjusted its long-term model to reflect the lower cash flow generation caused by potential absence of VAT refunds in Ukraine, which would in turn negatively impact the carrying value of the Group's assets in future periods. This event is treated as a non-adjusting post balance sheet event and Note 16 Events after the reporting period provides further information on the possible financial impact.

In addition, as disclosed in Note 16 Events after the reporting period, there is a risk of nationalisation of 49.5% of shares in FPM and certain of its assets, which could potentially affect the availability of FPM's property, plant and equipment and, as a consequence, the carrying value of these assets included in the Group's consolidated financial statements. This event is treated as a non-adjusting post balance sheet event and was not considered in the Group's impairment test as at 31 December 2024. Due to the lack of information available at the date of the approval of these consolidated financial statements, it is impossible to estimate the possible financial impact in future periods.

NOTE 11: INVENTORIES

At 31 December 2024, inventories comprised:

US$000	**As at 31.12.24**	As at 31.12.23
Raw materials and consumables	**43,540**	47,302
Spare parts	**85,076**	88,000
Finished ore pellets	**49,740**	45,040
Work in progress	**12,115**	18,844
Other	**2,037**	2,243
Total inventories – current	**192,508**	201,429
Weathered ore	**5,185**	5,883
Total inventories – non-current	**5,185**	5,883
Total inventories	**197,693**	207,312

Historically, 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$5,185 thousand as at 31 December 2024 is net of impairment losses of US$231,111 thousand recorded as of 31 December 2021, as it was not possible to reliably predict when required additional processing capabilities will be available to specifically process the stockpiled low-grade and weathered ore. The stockpiled low-grade ore is still considered as an asset for the Group and a portion of or all of the impairment losses might reverse in the future, once changed facts and circumstances can be considered in the net realisable value test of this asset. Due to the ongoing war in Ukraine, it is currently impossible to accelerate the commenced engineering studies for the exploration of possible options for new processing capabilities required to specifically process low-grade ore, so that there are still no changes in facts and circumstances to be considered as at 31 December 2024.

During the financial year ended 31 December 2024, 3,684 thousand tons of low-grade ore in the amount of US$36,317 thousand was extracted and stockpiled, but directly recognised in the consolidated financial statements, included in cost of sales, due to the uncertainties in respect of the expected time of processing. No such ore was extracted during the comparative period ended 31 December 2023 as a result of the lower mining activity due to the ongoing war and the reduced operating activity.

As disclosed in Note 2 Basis of preparation and Note 14 Commitments, contingencies and legal disputes, there is a risk that some of the Group's inventories are seized or subject to a forced sales process, if enforcement procedures in respect of an ongoing legal dispute commence. Although the Group has recognised a provision for the full amount of the contested sureties claim during the comparative year ended 31 December 2023, there is a risk that the future net realisable value of potentially seized finished goods subject to a potential seizure or forced sales process is different than the value recognised at cost in the consolidated financial statements as at 31 December 2024.

NOTE 12: CASH AND CASH EQUIVALENTS

As at 31 December 2024, cash and cash equivalents comprised:

US$000	**As at 31.12.24**	As at 31.12.23
Cash at bank and on hand	**105,919**	115,241
Total cash and cash equivalents	**105,919**	115,241

The debt repayments net of proceeds during the period ended 31 December 2024 totalled US$5,755 thousand (31 December 2023: US$5,562 thousand) affecting the balance of cash and cash equivalents.

Further information on the Group's gross debt is provided in Note 13 Lease liabilities.

The balance of cash and cash equivalents held in Ukraine amounts to US$4,041 thousand as at 31 December 2024 (31 December 2023: US$11,175 thousand). Despite the foreign exchange control measures imposed under Martial Law in Ukraine (see Note 14 Commitments, contingencies and legal disputes), this balance is fully available to the Group for its operations in Ukraine and is therefore not considered restricted.

NOTE 13: LEASE LIABILITIES

This note provides information about the contractual terms of the Group's major finance facilities.

US$000	Notes	**As at 31.12.24**	As at 31.12.23
Current			
Lease liabilities	14	**4,665**	5,939
Total current lease liabilities		**4,665**	5,939
Non-current			
Lease liabilities	14	**419**	1,009
Total non-current lease liabilities		**419**	1,009
Total lease liabilities	27	**5,084**	6,948

The table below shows the movements in the lease liabilities:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Opening balance of lease liabilities	**6,948**	6,548
Cash movements:		
Principal and interest elements of lease payments	**(5,755)**	(5,562)
Total cash movements	**(5,755)**	(5,562)
Non-cash movements:		
Additions to lease liabilities	**4,161**	5,812
Others (incl. translation differences)	**(270)**	150
Total non-cash movements	**3,891**	5,962
Closing balance of lease liabilities	**5,084**	6,948

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.

NOTE 14: COMMITMENTS, CONTINGENCIES AND LEGAL DISPUTES

COMMITMENTS

Commitments as at 31 December 2024 consisted of the following:

US$000	**Year ended 31.12.24**	Year ended 31.12.23
Total commitments for the lease of mining land (out of the scope of IFRS 16)	**54,948**	52,739
Total capital commitments on purchase of property, plant and equipment	**115,190**	128,934
Commitments for investment in a joint venture	**6,064**	6,064

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, and consequently Ukrainian legislation might be inconsistently applied to resolve the same or similar disputes. See also the Principal Risks section on page 30 for further information on the Ukraine country risk and Note 16 Events after the reporting period in terms of another court order received.

CRITICAL JUDGEMENTS

The Group is exposed to the risks associated with operating in a dynamic and adverse political landscape in Ukraine, which may or may not be exacerbated by the war and/or the current circumstances facing Mr Zhevago (see Ukraine country risk on page 30). As a result, the Group is exposed to a number of risk areas that are heightened compared to those expected in a stable economy, such as an environment of political, fiscal and legal uncertainties, which require a significant number of critical judgements to be made by the management team, mainly in respect of the contested sureties claim, for which the provision recorded as at the end of the comparative year ended 31 December 2023 still exists as at 31 December 2024, and the other matters listed under critical judgements below.

See Note 16 Events after reporting period relating to an event that could lead to litigation and contingencies in a future period.

CRITICAL JUDGEMENTS FOR ONGOING LEGAL PROCEEDINGS AND DISPUTES WITH CORRESPONDING PROVISIONS

Contested sureties claim

On 7 December 2022, Ferrexpo Poltava Mining ("FPM") received a claim in the amount of UAH4,727 million (31 December 2024: US$112,443 thousand; 31 December 2023: US$124,450 thousand) in respect of contested sureties.

The claimant alleges that it acquired rights under certain loan agreements originally concluded between Bank F&C and various borrowers by entering into an assignment agreement with the State Guarantee Fund on 6 November 2020. The claimant further claims that FPM provided sureties to Bank F&C to secure performance under these loan agreements.

The court of first instance in Ukraine made an award in favour of the claimant on 9 August 2023, which was upheld by the court of appeal on 26 January 2024. As at the date of the approval of these consolidated financial statements, the case is under review by the Supreme Court of Ukraine. Whilst several hearings have already been held no substantive decision on the merits of the case has yet been made by the Supreme Court. The next hearing is scheduled for 21 March 2025.

On 1 April 2024, the Supreme Court suspended the possible enforcement of the decision of the court of appeal against FPM. No enforcement procedures have commenced and cannot be initiated by the claimant until a final decision is made by the Supreme Court, or the suspension order is lifted.

Notwithstanding the two negative court decisions of the lower courts, based on independent legal advice obtained management remains of the view that the claim is without merit and FPM has compelling arguments to continue to defend its position in the Supreme Court. However, considering the magnitude of this claim and the risks associated with the judicial system in Ukraine as further described above, the full provision in the amount of UAH4,727 million (US$112,457 thousand as at 31 December 2024), which was recorded as at the end of the previous year, was not released as at 31 December 2024.

If the final ruling of the Supreme Court is not in favour of FPM, the claimant may start the enforcement proceedings, which could have a material negative impact on the Group's business activities and its ability to continue as a going concern, as the assets of FPM could be seized or subject to a forced sale. The potential seizure or forced sale of FPM's assets, including moveable, immovable and financial assets, may have a material adverse impact on the Group's cash flow generation, profitability and available liquidity in future periods.

As at the date of the approval of these consolidated financial statements, it is not possible to reasonably assess the implications of a potential seizure or forced sale of assets on the Group's business activities, as the timing, scope and impact are unknown and outside of the Group's control. However, the Group is considering and has prepared a number of mitigating actions and responses within its control in order to seek to ensure continuation of production and generation of revenue streams. Beyond that, in case of an enforcement, FPM will challenge orders and enforcement actions in the court where possible, in order to seek to allow the Group to continue to trade and generate resources to meet its other liabilities as they fall due. See Note 2 Basis of preparation, Note 10 Property, plant and equipment and Note 11 Inventories for further information.

CRITICAL JUDGEMENTS FOR ONGOING LEGAL PROCEEDINGS AND DISPUTES WITHOUT CORRESPONDING PROVISIONS

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

In February 2024, a supplier and related party to the Group filed an application to open bankruptcy proceedings ("creditor protection proceedings") against FPM, which was accepted by the relevant court in Ukraine for further consideration. The amount of debt claimed by the supplier was initially UAH2.2 million (US$52 thousand as at 31 December 2024) and subsequently increased to UAH4.6 million (c. US$109 thousand as at 31 December 2024).

On 18 July 2024, FPM settled the outstanding debt to the supplier. On 24 September 2024, the court rejected the supplier's application. The supplier appealed and the court of appeal refused to open the appeal proceedings on 16 January 2025. This means that the proceedings are now over.

Legal proceedings relating to Bank F&C

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

On 3 March 2023, the court of first instance in Ukraine while hearing the dispute between the DGF and Mr Zhevago in relation to the liquidation of Bank F&C in 2015 ("the main dispute"), ordered the arrest (freeze) of 50.3% of the shareholding of Ferrexpo AG ("FAG") in each of Ferrexpo Poltava Mining ("FPM"), Ferrexpo Yeristovo Mining ("FYM") and Ferrexpo Belanovo Mining ("FBM"). 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 Fevamotinico S.a.r.l. disposing of its shares in Ferrexpo plc and Ferrexpo plc disposing of any of its shares in FAG. As at the date of the approval of these consolidated financial statements, the Group has no intention, and never has had any intention, of disposing of its shares in FPM, FYM, FBM or FAG. The Group does not expect an impact on its operations because of this court order.

The Group's subsidiaries affected by this court order, including FAG, filed appeals to remove the restrictions. The court of appeal dismissed the appeals and the decision of the court of appeal was upheld by the Supreme Court of Ukraine on 10 January 2024. Therefore, the restrictions remain effective.

On 31 July 2024, the court of first instance agreed to commence economic examination to be performed by an independent expert institution to assess the amount of damages of Bank F&C in the main dispute. The proceedings in the main dispute are suspended until an expert opinion is received.

Based on advice from Ukrainian legal counsel, management considers that the court order dated 3 March 2023 to arrest (freeze) 50.3% of FAG's shareholding in each of FPM, FYM and FBM contravened 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.

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

In addition to the case initiated by the Ukrainian Deposit Guarantee Fund ("DGF") as described above, there is a commercial litigation in Ukraine between the NBU and Mr Zhevago in relation to a personal surety given by Mr Zhevago for a loan provided by the NBU to Bank F&C prior to Bank F&C's insolvency.

In the context of this commercial litigation, in September 2023 the Chief State Bailiff of the Ministry of Justice of Ukraine ("State Bailiff") issued a resolution to arrest (freeze) property of Mr Zhevago. This was stated to include 50.3% of the issued share capital of Ferrexpo Yeristovo Mining ("FYM") and of Ferrexpo Bellanovo Mining ("FBM"), which are owned by Ferrexpo AG ("FAG"). Such decision was made based on the incorrect assumption that these corporate rights are owned by Mr Zhevago.

In October 2023, FAG filed a civil claim seeking to cancel the arrest order in relation to FAG's shares in FYM and FBM and the motion to block the enforcement procedure initiated by the State Bailiff in relation to potential sale of shares.

On 30 November 2023, the court of first instance in Ukraine granted FAG's motion and suspended the enforcement procedure, prohibiting the State Bailiff from taking any further actions to forcefully sell FAG's corporate rights in FYM and FBM (the "interim measures"). On 1 July 2024, the court of appeal lifted the interim measures. As a result, the State Bailiff may proceed with the sale. FAG subsequently filed an appeal to the Supreme Court and on 8 August 2024, the Supreme Court opened the review of the case. In parallel, the court of first instance is considering FAG's claim. The next hearing of the court of first instance is scheduled for 1 April 2025.

In addition, in August 2024 the Group became aware that the Department of State Enforcement Service of the Ministry of Justice of Ukraine (the "State Enforcement Service") had issued a resolution arresting certain corporate rights relating to 49.3% of shares in Ferrexpo Poltava Mining ("FPM") held by FAG. On 15 August 2024, FAG filed a claim to remove this arrest. Initially, the court of first instance refused to open the case, but this decision was overturned on 5 February 2025 following a successful appeal by FAG to the court of appeal. The case has therefore been returned to the court of first instance which shall decide again on the issue of opening proceedings.

On 17 September 2024, a new arrest of the same 49.3% of shares in FPM was imposed by the State Enforcement Service. On 16 October 2024, FAG filed a claim to lift the arrest. On 23 October 2024, the court of first instance refused to open the case, but this decision was also overturned on 16 January 2025 following a successful appeal by FAG to the court of appeal. The case has been returned to the court of first instance which shall again decide on the issue of opening proceedings.

If the above enforcement processes are not interrupted, this could ultimately lead to a potential sale of shares representing 50.3% of the issued shares in each of FYM and FBM and 49.3% of the issued shares in FPM.

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

On 25 March 2024, the Group became aware of a court order dated 18 January 2024 regarding further restrictions on certain corporate rights concerning all of the Group's Ukrainian subsidiaries. According to the January 2024 court order these restrictions were imposed in September 2023 on 49.5% of the shares in all of the Group's Ukrainian subsidiaries, except for Nova Logistics LLC and TIS-Ruda LLC, an associated company of the Group, where the relevant percentages restricted are 25.2% and 24.7%, respectively. The Group understands the restrictions have been imposed in connection with ongoing court actions relating to Bank F&C.

The restrictions do not affect ownership of the relevant shares, but prohibit their transfer and restrict the right to exercise corporate rights otherwise attaching to such shares, including the right to vote. On 21 May 2024, FAG filed an appeal against the court order. On 30 January 2025, the court of appeal rejected FAG's appeal. FAG plans to file another claim to the court of first instance.

On 4 March 2025, the State Bureau of Investigation in Ukraine ("SBI") made a media statement that the Pecherskyi District Court of Kyiv has granted a request of the Prosecutor General's Office of Ukraine to transfer 49.5% of the corporate rights in Ferrexpo Poltava Mining ("FPM") held by Ferrexpo AG ("FAG") to Ukraine's Asset Recovery and Management Agency ("ARMA"). The statement also makes reference to the transfer to ARMA of corporate rights in a further 15 undisclosed legal entities.

The SBI statement notes that the transfer of the corporate rights in FPM is in connection with on-going legal cases in Ukraine relating to the alleged embezzlement of funds from Bank F&C, a Ukrainian bank previously owned by Mr Zhevago which was declared insolvent in 2015. Bank F&C has never been part of the Ferrexpo Group.

As at the date of the approval of these consolidated financial statements, no member of the Ferrexpo Group has received any official documents or requests from the Ukrainian authorities with regards to the decision of the Pecherskyi District Court of Kyiv and have not seen a copy of the court decision. The details of the court decision are therefore unclear at this stage and the Group is working with its independent legal advisors to further understand the situation.

Based on independent legal advice from Ukrainian counsel, management understands that FAG remains the 100% owner of FPM. Further to that, ARMA may enter into an agreement with a third party manager who might manage 49.5% of the corporate rights in FPM, but according to the current Ukrainian legislation such manager will need to obtain consent from FAG for any corporate actions. Based on article 21 of the Law on ARMA, the manager is obliged to coordinate the exercise of assumed powers at the shareholders meeting with the owner of the shares. This rule suggests that the manager cannot vote at the shareholders meeting on its own, but only with the consent of the owner, Ferrexpo AG.

Currency control measures imposed in Ukraine
With the start of the Russian invasion of Ukraine on 24 February 2022, the Ukrainian government introduced Martial Law affecting, among other things, matters relating to lending agreements, foreign exchange and currency controls and banking activities.

As a result, 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, which are restricted and may be made only in exceptional cases. The maximum period for settlement of invoices under export and import contracts was decreased as of 1 April 2022 from what was previously 360 days to 180 days.

Despite the partial relaxation of Ukrainian hryvnia controls in May 2024 around the regulatory framework specific to foreign currency transactions, intercompany settlements and transfers offshore for international Groups, the NBU maintains tight capital controls in Ukraine. These measures put additional pressure on the Group's liquidity management as the Ukrainian subsidiaries are currently not in a position to make significant cash transfers outside of Ukraine. As it is essential to the Group that sufficient liquidity is held outside of Ukraine to ensure that the Group's liabilities can be settled when falling due, intercompany receivable balances due to the Ukrainian subsidiaries have historically only been paid when falling due and after considering the local cash requirements for operating activities and capital expenditure programmes.

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

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

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

Share dispute
In 2020, the Kyiv Commercial Court reopened court proceedings in relation to an old shareholder litigation.

This old shareholder litigation started in 2005, when a former shareholder in Ferrexpo Poltava Mining ("FPM") brought proceedings in the Ukrainian courts seeking to invalidate a share sale and purchase agreement concluded in 2002 pursuant to which a 40.19% stake in FPM was sold to nominee companies that were previously ultimately controlled by Mr Zhevago, amongst other parties (the "2002 SPA"). After a long period of litigation, all old claims were fully dismissed in 2015 by the Higher Commercial Court of Ukraine.

In January and February 2021, claims were filed by former shareholders in FPM seeking to invalidate the 2002 SPA. Those claims were similar to the previous claims made back in 2005. In May 2021, the Kyiv Commercial Court ruled in favour of FAG but this decision was subsequently overturned by the court of appeal which ruled in favour of the claimants. On 19 April 2023, the Grand Chamber of the Supreme Court ruled in favour of FAG.

In May 2023, the National-Anti-Corruption Bureau of Ukraine ("NABU") and the Specialised Anti-Corruption Prosecutor's Office ("SAPO") accused the Head of the Supreme Court of bribery. These allegations made reference to the ruling made by the Supreme Court on 19 April 2023 and Mr Zhevago. Investigations by NABU and SAPO are underway into the conduct of the former Head of the Supreme Court and a lawyer who allegedly acted as the intermediary in the alleged bribery. On 3 August 2023, NABU announced that Mr Zhevago had been issued with a notice of suspicion in NABU's and SAPO's investigation. If the Ukrainian Anti-Corruption Court concludes that a judge received a bribe for the favourable decision in the share dispute case, and such verdict of the Anti-Corruption Court remains valid after any potential appeal, then the claimants in the share dispute case may apply to the Supreme Court to review the ruling made by the Supreme Court on 19 April 2023. In February 2024, all four claimants were dissolved according to the records at the UK Companies House. As at the date of the approval of these consolidated financial statements, no allegations have been made against the Group in connection with the alleged bribery and it is currently not possible to anticipate future developments in this case with any certainty.

If the share dispute case were to be reviewed by the Grand Chamber of the Supreme Court once again, based on advice from Ukrainian legal counsel, management remains of the view that FAG has compelling legal arguments to defend its position. However, more general concerns surrounding the independence of the judicial system and its immunity from economic and political influences in Ukraine means there remains a residual risk of a negative outcome. A hypothetical reversal of the 19 April 2023 decision by the Grand Chamber of the Supreme Court would result in the loss of a significant proportion of the shareholding in the Group's main operating subsidiary in Ukraine, which holds approximately 65% of the Group's non-current operating assets, and would have a material adverse impact on the shareholders' equity attributable to the shareholders of Ferrexpo plc. Due to the various uncertainties, it is currently not possible to reliably 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 31 December 2024 because FPM remains wholly owned by FAG as at the date of the approval of these consolidated financial statements. It is management's view that a hypothetical reversal of the decision by the Grand Chamber of the Supreme Court will not cast significant doubt on the Group's ability to continue as a going concern. However, such a decision might complicate the daily business of the Group's major subsidiary in Ukraine.

OTHER ONGOING LEGAL PROCEEDINGS AND DISPUTES

OTHER ONGOING LEGAL PROCEEDINGS AND DISPUTES WITH CORRESPONDING PROVISIONS

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

On 19 September 2023, a court of first instance ruled in favour of the two former minority shareholders and decided that FPM should pay UAH136 million (31 December 2024: US$3,235 thousand; 31 December 2023: US$3,720 thousand) in aggregate to the claimants. The court of appeal upheld the decision of the court of first instance. The Supreme Court cancelled both decisions and referred the case back to the court of first instance for a new hearing.

As at the date of the approval of these consolidated financial statements, the claim is therefore before the court of first instance. On 15 November 2024 the court of first instance suspended proceedings. After FPM's initial appeal of this decision to suspend was rejected, FPM appealed to the Supreme Court on a point of law (a "cassation" appeal). On 27 January 2025, the Supreme Court commenced its review of this matter.

In accordance with the requirements of IAS 37 Provisions, contingent liabilities and contingent assets, the Group recorded a full provision for the claimed compensations as at the end the comparative year ended 31 December 2023. No additional provision has been recorded as at 31 December 2024 as the court did not accept the motions of the two former minority shareholders to increase the amount of the claims.

Other ongoing legal proceedings and disputes without corresponding provisions

Royalty-related investigation and claim
On 8 February 2022, FPM received a tax audit report, which claims the underpayment of iron ore royalty payments during the period April 2017 to June 2021 in the amount of approximately UAH1,042 million (US$24,787 thousand as at 31 December 2024), excluding fines and penalties. The Group objected to the claims made in the tax audit report. On 11 August 2023, FPM received a tax notification decision, which claims the underpayment of royalty payments in the amount of UAH1,233 million (US$29,330 thousand as at 31 December 2024), which is higher than the amount initially stated in the tax audit report due to imposed fines and penalties. FPM challenged this notification decision as part of administrative procedures with the tax authorities. On 20 October 2023, the tax authorities decided that the amount in the notification decision is final and not subject to change. In November 2023, FPM filed a lawsuit to challenge the tax authorities' decision. On 15 April 2024, the court suspended proceedings until the review of another case on challenge of individual tax consultation issued by the tax authority in another matter which is connected with royalty proceedings.

The Bureau of Economic Security of Ukraine started a royalty-related investigation and on 16 November 2022 conducted searches at FPM and FYM. On 3 February 2023, a notice of suspicion was delivered to a senior manager of FPM, which claimed underpayment of royalty payments in the amount of approximately UAH2,000 million (US$47,575 thousand as at 31 December 2024). Bail of UAH20 million (US$547 thousand as at date of the payment) was approved by the court on 9 February 2023. Although the Group had no obligation to do so the bail amount was 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 arrest 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. FPM's appeal to cancel the arrest of bank accounts was not granted.

On 31 October 2023, a notice of suspicion was delivered to another senior manager of FPM. On 13 November 2023, a court of first instance approved the bail in the amount of approximately UAH800 million (US$21,993 thousand as at that date) which was reduced by the court of appeal to UAH650 million (US$15,462 thousand as at 31 December 2024). Although the Group had no obligation to do so, the Group subsequently made a partial payment of the bail in the amount of UAH50 million (US$1,259 thousand as at date of the payment) and the case was transferred to a local court.

On 26 November 2024, the court cancelled the arrest of FPM's bank accounts at one of its Ukrainian banks. The next court hearing is scheduled for 2 April 2025.

Based on independent legal advice obtained, it is management's view that FPM and FYM have compelling arguments to defend their positions in court and, as a consequence, no associated liabilities have been recognised in relation to the royalty claims in the consolidated statement of financial position as at 31 December 2024. However, as with other ongoing legal proceedings, more general concerns surrounding the independence of the judicial system and its immunity from economic and political influences in Ukraine means there remains a residual risk of a negative outcome.

Investigations on use of waste product and asset freeze
On 10 January 2023, the State Bureau of Investigations ("SBI") in Ukraine conducted 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 searched and collected samples of the rubble on 17 January 2023 at Ferrexpo Poltava Mining ("FPM").

FPM's position is that it has complied with the relevant legislation in respect of its mining license. The minerals in question were not a separate mineral resource, but rather a waste product resulting from the crushing of iron ore during the technical process for the production of iron ore pellets. Sales of the rubble by FPM were subject to inspection by the State Service for Geology and Subsoil of Ukraine for many years and in any event, sales were suspended by the Group in September 2021 when the State Service for Geology and Subsoil of Ukraine requested to suspend the sales.

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

On 22 September 2023, the National Police of Ukraine searched the private residence of a senior manager of FPM and issued a further notice of suspicion. The senior manager was detained by the National Police of Ukraine and released following payment of bail by the Group in the amount of UAH400 million (US$11,063 thousand as at date of the payment).

In the pre-trial investigation of the rubble case and following an application from the prosecutor to arrest ("freeze") all rail cars and railway access tracks owned by FPM, a court of first instance in Ukraine issued an order to freeze the rail cars and the railway access tracks. FPM filed an appeal and at a hearing of the court of appeal on 30 October 2023 the arrest of assets was upheld. However, the court of appeal refused to clarify the exact scope of the order which was interpreted as a restriction on the use of one type of FPM's rail cars. On 22 April 2024, the court of first instance cancelled the prohibition to use rail cars and the railway access tracks, thereby permitting FPM to continue using rail cars (of any type) and railway access tracks.

In the same pre-trial investigation, some of the real estate assets and transport vehicles of FPM were also arrested, but this arrest does not restrict the use of these assets in FPM's operations.

On 5 March 2024, FPM's bank accounts were arrested by the National Police of Ukraine with exemptions allowing FPM to pay salaries, local taxes, social security charges, payments for utilities as well as payments to state and municipal companies. FPM's appeal against the arrest of the bank accounts was rejected by the court of appeal.

On 29 April 2024, a court placed a restriction on the sale of the mining license of FPM. This restriction does not affect the use of the mining license and FPM continues its mining operations as planned. FPM's appeal against the restriction on the sale of the mining license was rejected by the court of appeal.

On 15 January 2025, the Office of the Prosecutor General announced that the National Police of Ukraine had completed the pre-trial investigation and the case was sent to a court of the first instance. On 4 February 2025, FPM received information that a civil claim was filed seeking joint liability of FPM and its General Director for damages amounting to UAH 157 billion (approximately US$3.8 billion as at 14 March 2025) in favour of the Ukrainian state. This claim was initially based on an allegation that FPM and the General Director participated in the illegal sale of waste products. This has since transformed into allegations that FPM is illegally mining and selling subsoil (minerals other than iron ore), which is said to have caused damage to the environment. FPM rejects these allegations in their entirety on the basis that there was no illegal extraction of the subsoil. FPM mines and extracts iron ore according to its mining license and provides for the removal of rock and its storage as waste.

In terms of the case initiated by the National Police of Ukraine, the next hearing is scheduled for 19 March 2025 and it is expected that the proceedings in this case will be a lengthy process. In terms of the criminal case initiated by the SBI, a preparatory court hearing was rescheduled from 4 February 2025 to 5 March 2025. This hearing took place and the next hearing is scheduled for 15 May 2025. Based on independent legal advice from Ukrainian counsel, the trial in the court of first instance may last several years.

As at the date of approval of these consolidated financial statements, the claim received does not constitute a legal obligation according to the local legislation. Further to that, even if a court in Ukraine would conclude that there was a damage to the environment, the magnitude of this claim is in no way comprehensible and it is management's position that no reliable estimate of the potential future outflow and assessment of the merits can be made as at the date of approval of these consolidated financial statements. As a consequence, no provision was recorded as at 31 December 2024 in accordance with IAS 37 Provisions, contingent liabilities and contingent assets. See Note 2 Basis of preparation for potential impacts on the Group's ability to continue as going concern.

Ecological claims

As described in detail in the 2023 Annual Report & Accounts, the State Ecological Inspection carried out an inspection of Ferrexpo Yeristovo Mining ("FYM") and on 1 October 2021 issued an order to remove a number of alleged violations of environmental rules. After the court of first instance ruled in favour of FYM on 19 July 2022, the State Ecological Inspection filed an appeal. The court of appeal returned the appeal claim to the State Ecological Inspection on 20 March 2023 due to procedural errors when filing the claim and the State Ecological Inspection subsequently requested an extension of the deadline for the filing of their next appeal. The State Ecological Inspection subsequently filed another appeal and on 20 July 2023 the court of appeal returned the appeal claim back to the State Ecological Inspection. There had been no actions in respect of this dispute until 5 October 2023, when the National Police of Ukraine reviewed land plots of FYM. On 5 November 2024, a court authorised a review of FYM's land plots and new investigations.

There have been no further developments since then and it is not possible at present to anticipate future developments in this case.

Based on independent 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 consolidated statement of financial position as at 31 December 2024.

Cancellation of licence for Galeschynske deposit

On 24 June 2021, an Order of the President of Ukraine was published on the official website of the President (the "Order"), which enacted the Decision of the National Security and Defence Council of Ukraine on the application of personal special economic and other restrictive measures and sanctions (the "Decision"). Ferrexpo Belanovo Mining ("FBM") is included in the list of legal entities which are subject to sanctions pursuant to the Decision. The Order and the Decision do not provide any legal ground for the application of sanctions. The sanction imposed on FBM is the cancellation of the mining license for the Galeschynske deposit, which is one of two licenses held by FBM. On 15 November 2021, FBM filed a lawsuit with the Supreme Court of Ukraine partially to annul the Order. On 28 November 2024, the appeal was filed and the Grand Chamber of the Supreme Court subsequently opened the proceedings. Based on information available on the website of the Supreme Court, the Grand Chamber of the Supreme Court rejected FBM's appeal on 28 January 2025.

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, all capitalised costs associated with this license totalling US$3,439 thousand, were written off in the financial year 2021.

TAXATION

Tax legislation

As disclosed in Note 8 Taxation, following the completion of tax audits in respect of its cross-border transactions, the Group's major subsidiaries, Ferrexpo Poltava Mining ("FPM") and Ferrexpo Yeristovo Mining ("FYM"), received tax claims in the amount of UAH2,162 million (US$51,428 thousand as at 31 December 2024), including fines and penalties, and UAH259 million (US$6,161 thousand as at 31 December 2024). The Group's subsidiaries filed objections to be considered by the tax authorities, although these were rejected. Subsequently, the Group's subsidiaries filed claims with the courts. As at the date of the approval of these consolidated financial statements, the hearings on the merits before the court of first instance are still ongoing. As a consequence, no provisions have been recorded as at 31 December 2024, either for the claims received or for any subsequent years. If FPM and FBM are ultimately unsuccessful, the tax claims may be material, although it is not possible at present to reliably quantify the potential exposure. 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 Principal Risks section on page 30 in terms of the Ukraine country risk.

NOTE 15: RELATED PARTY DISCLOSURES

During the years presented, the Group entered into arm's length transactions with entities under the common control of Mr Zhevago, 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 Mr Zhevago. Associated companies refer to TIS Ruda LLC, in which the Group holds an interest of 49.9% (2023: 49.9%). This is the only associated company of the Group.

The Group entered into a settlement agreement with Mr Zhevago on 23 July 2024 relating to amounts potentially owing to Mr Zhevago under his CEO contract. Mr Zhevago stepped down from his role as CEO of the Group in October 2019, and subsequently entered into contractual arrangements with the Group in December 2020 (as more particularly detailed in the 2020 Annual Report & Accounts). At the time of entering into these new contractual arrangements, the Group did not make any payments to Mr Zhevago for amounts outstanding under the CEO contract, including accrued vacation leave and payments in connection with the notice period. The total amount potentially owed to Mr Zhevago was US$714 thousand and was settled on 17 July 2024 with an amount owed by Mr Zhevago to the Group. As a benefit under the CEO contract, Mr Zhevago was entitled to receive fully furnished accommodation at the Group's expense and this arrangement continued until December 2023. Mr Zhevago has agreed to fully set-off the cost of the accommodation paid for by the Group against the sum potentially owed by the Group to him under the settlement agreement for the CEO contract.

Related party transactions entered into by the Group during the years presented are summarised in the following tables:

REVENUE, EXPENSES, FINANCE INCOME AND EXPENSE

US$000	Year ended 31.12.24 Entities under common control	Associated companies	Other related parties	Year ended 31.12.23 Entities under common control	Associated companies	Other related parties
Other sales	**302**	**–**	**–**	271	–	1
Total related party transactions within revenue	**302**	**–**	**–**	271	–	1
Materials and services[a]	**7,943**	**–**	**–**	6,473	–	–
Spare parts and consumables[b]	**3,151**	**–**	**–**	1,730	–	–
Other expenses[c]	**–**	**–**	**–**	1,289	–	–
Total related party transactions within cost of sales	**11,094**	**–**	**–**	9,492	–	–
Selling and distribution expenses[d]	**5,683**	**11,950**	**–**	5,825	20	–
General and administration expenses[e]	**121**	**–**	**844**	200	–	691
Other operating expenses[f]	**203**	**11**	**–**	1,019	–	–
Finance expense	**1**	**–**	**–**	3	–	–
Total related party transactions within expenses	**17,102**	**11,961**	**844**	16,539	20	691
Total related party transactions	**17,404**	**11,961**	**844**	16,810	20	692

A description of the most material transactions, which are in aggregate over US$200 thousand in the current or comparative year, is given below.

Entities under common control
The Group entered into various related party transactions with entities under common control. All transactions were carried out on an arm's length basis in the normal course of business.
a Purchases of oxygen, scrap metal and services from Kislorod PCC for US$1,048 thousand (2023: US$1,020 thousand);
a Purchases of cast iron balls from OJSC Uzhgorodsky Turbogas for US$5,506 thousand (2023: US$4,552 thousand); and
a Purchase of maintenance and construction services from FZ Solutions LLC for US$1,257 thousand (2023: US$779 thousand).
b Purchases of spare parts from CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") in the amount of US$210 thousand (2023: US$218 thousand);
b Purchases of spare parts from OJSC Uzhgorodsky Turbogas in the amount of US$1,153 thousand (2023: US$746 thousand);
b Purchases of spare parts from FZ Solutions LLC of US$469 thousand (2023: US$372 thousand);
b Purchases of spare parts from Kislorod PCC in the amount of US$329 thousand (2023: US$256 thousand); and
b Purchases of spare parts from Valsa GTV of US$982 thousand (2023: US$137 thousand).
c Insurance premiums paid to ASK Omega for insurance cover in respect of mining equipment and machinery in the amount of US$1,289 thousand during the comparative period ended 31 December 2023. No such insurance premiums paid during the period ended 31 December 2024.
d Purchases of advertising, marketing and general public relations services from FC Vorskla of US$5,681 thousand (2023: US$5,823 thousand).
f Insurance premiums paid to ASK Omega for workmen's insurance and other insurances of US$804 thousand during the comparative period ended 31 December 2023. No such insurance premiums paid during the period ended 31 December 2024;
f Purchase of marketing services from TV & Radio Company of US$201 thousand (2023: US$210 thousand).

Associated companies
The Group entered into related party transactions with its associated company, TIS Ruda LLC, which were carried out on an arm's length basis in the normal course of business for the members of the Group.
d Purchases of logistics services in the amount of US$11,950 thousand (2023: US$20 thousand) relating to port operations, including port charges, handling costs, agent commissions and storage costs. The scope of the services procured from TIS Ruda is heavily affected by the ongoing war in Ukraine as the Group's seaborne sales through the port of Pivdennyi were suspended since the beginning of the war and resumed again in January 2024.

Other related parties
The Group entered into various transactions with related parties other than those under the control of Mr Zhevago. All transactions were carried out on an arm's length basis in the normal course of business.
e Legal and administrative services in the amount of US$657 thousand (2023: US$510 thousand) provided by Kuoni Attorneys at Law Ltd., which is controlled by a member of the Board of Directors of one of the subsidiaries of the Group. The Directors' fees paid totalled US$214 thousand for the financial year 2024 (2023: US$100 thousand).

PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

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 years presented.

US$000	Year ended 31.12.24 Entities under common control	Associated companies	Other related parties	Year ended 31.12.23 Entities under common control	Associated companies	Other related parties
Purchases in the ordinary course of business	**3,109**	**–**	**–**	3,499	–	–
Total purchases of property, plant and equipment	**3,109**	**–**	**–**	3,499	–	–

During the year ended 31 December 2024, the Group purchased major spare parts and equipment from FZ Solutions LLC totalling US$3,109 thousand (2023: US$3,499 thousand) in respect of the continuation of the Wave 1 pellet plant expansion and hydrogen projects.

The FPM Charity Fund owns 75% of the Sport & Recreation Centre ("SRC") in Goryshnye Plavnye/Horishni Plavni and made contributions totalling US$100 thousand during the year ended 31 December 2024 (2023: US$69 thousand) for the construction and maintenance of the building, including costs related to electricity, gas and water consumption.

BALANCES WITH RELATED PARTIES

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

	Year ended 31.12.24			Year ended 31.12.23		
US$000	**Entities under common control**	**Associated companies**	**Other related parties**	Entities under common control	Associated companies	Other related parties
Other non-current assets[g]	**517**	**–**	**–**	3,001	–	–
Total non-current assets	**517**	**–**	**–**	3,001	–	–
Trade and other receivables[h]	**155**	**2,416**	**–**	71	3,125	–
Prepayments and other current assets[i]	**93**	**–**	**–**	124	389	–
Total current assets	**248**	**2,416**	**–**	195	3,514	–
Trade and other payables[j]	**1,085**	**–**	**–**	1,219	–	–
Total current liabilities	**1,085**	**–**	**–**	1,219	–	–

A description of the balances over US$200 thousand in the current or comparative year is given below.

Entities under common control

g Other non-current assets include prepayments for property, plant and equipment totalling US$517 thousand (2023: US$2,990 thousand) made to FZ Solutions LLC mainly in relation to the Wave 1 expansion project of the processing plant.

j Trade and other payables of US$549 thousand (2023: US$703 thousand) relate to the purchase of spare parts and services from FZ Solutions LLC; and

j Trade and other payables of US$316 thousand (2023: US$317 thousand) relate to the purchase of spare parts from Uzhgorodsky Turbogas, OJSC.

Associated companies

h Trade and other receivables of US$2,416 thousand (2023: US$3,125 thousand) relate to dividends declared by TIS Ruda LLC prior to the beginning of the war in Ukraine. The outstanding balance is net of an allowance of US$278 thousand (2023: nil).

i Prepayments and other current assets relate to cargo storage services from TIS Ruda LLC in the amount of US$389 thousand in the comparative year ended 31 December 2023. No such prepayments as at 31 December 2024.

PAYMENTS ON BEHALF OF A KEY MANAGEMENT MEMBER

As disclosed in Note 14 Commitments, contingencies and legal disputes, the Group is subject to various legal actions and ongoing court proceedings initiated by certain governmental bodies in Ukraine. It is current practice of these governmental bodies to issue notices of suspicion to members of the senior management of the Group's subsidiaries in Ukraine, requesting significant bail payments.

During the financial years ended 31 December 2024, the Group made additional bail payments totalling UAH53 million (US$1,325 thousand at the applicable exchange rates) on behalf of three members of the senior management of one of the Group's subsidiaries in Ukraine, compared to UAH540 million (US$14,901 thousand at the applicable exchange rates) for four members during the comparative year ended 31 December 2023.

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

One bail payment made during the comparative year ended 31 December 2023 in the amount of UAH400 million (US$11,062 thousand at the applicable exchange rate on date of payment) was a smaller related party transaction for the purposes of UK Listing Rules and, in accordance with the prevailing UK Listing Rules, the Group has obtained written confirmation from its sponsor that the terms of the transaction are fair and reasonable as far as the shareholders of Ferrexpo plc are concerned. Further to that, the Group made an announcement in accordance with UK Listing Rules on 2 November 2023.

NOTE 16: EVENTS AFTER THE REPORTING PERIOD

As announced on 4 February 2025, the Group's subsidiary Ferrexpo Poltava Mining ("FPM") has received a civil claim seeking joint liability of FPM and its General Director for damages amounting to UAH157 billion (approximately US$3.8 billion as at 14 March 2025) in favour of the Ukrainian state. This claim is in respect of investigations that commenced already in 2023 and resulted in a criminal claim. Further information on the criminal and civil claims received is provided on page 60 of Note 14 Commitments, contingencies and legal disputes, including the critical judgement made in respect of a potential recognition of a provision under IAS 37 Provisions, contingent liabilities and contingent assets

On 12 February 2025, the National Security and Defence Council of Ukraine (the "NSDC") adopted the decision later enacted by the Presidential Decree No. 81/2025, to impose personal special economic and other restrictive measures ("sanctions") on certain individuals, including Mr Zhevago. These sanctions imposed on Mr Zhevago are personal in nature and have not been imposed on Ferrexpo plc, Ferrexpo AG ("FAG"), Ferrexpo Poltava Mining ("FPM") or any other member of the Ferrexpo Group.

The sanctions regime in Ukraine is primarily governed by the Law of Ukraine 'On Sanctions' ("Sanctions Law"), which strictly requires that the application of sanctions be based on the principles of legality, transparency, objectivity, proportionality to the intended purpose, and effectiveness.

As interpreted by the Ukrainian Supreme Court, the NSDC's decision on personal sanctions, along with the enacting presidential decree, constitutes an act of individual application. In other words, personal sanctions have an inherently individual character and apply strictly to the persons named in the NSDC's decision (i.e., the sanctioned individual). Under the Sanctions Law, a sanctioned person may be subject to an asset confiscation sanction, provided certain conditions are met. The law states that a sanctioned person may only be subject to asset confiscation if one of the following conditions are met:

- the assets being confiscated are directly owned by the sanctioned person; or
- the sanctioned person can directly or indirectly perform actions equivalent in substance to the right of disposal (i.e. the person can control the disposal of the assets).

In the case of Mr Zhevago, none of these conditions are met with respect to the assets of FPM. In particular, Mr Zhevago:

- has no ownership over any of the assets or corporate rights in FPM; and
- does not have any right of disposal or similar over any of Ferrexpo plc's subsidiaries (including FPM) or their assets.

Therefore, based on independent legal advice received by the Group, there is no legal basis under Ukrainian law to confiscate the assets or corporate rights in FPM. However, due to the lack of established clear rules on application of personalized sanctions, the Group remains exposed to the risks described below. See the section below on the critical judgement of this event.

On 20 February 2025, the State Bureau of Investigation (the "SBI") made a media announcement regarding a potential claim to the High Anti-Corruption Court of Ukraine (the "HACC") to nationalise 49.5% of shares in FPM and certain of its assets. The SBI stated that it is working with the Ministry of Justice of Ukraine to prepare the claim. As at the date of the approval of these consolidated financial statements, FPM has not received a formal notification of such claim. Under Ukrainian laws, the SBI has no authority to petition, bring claims or make proposals (both on nationalisation or on application of any asset-confiscation sanctions) to the HACC. The proper authority should be the Ministry of Justice of Ukraine. The Group together with its legal advisors are assessing any potential implications. Such potential implications might include, but are not limited to:

- a claim by the Ministry of Justice of Ukraine to the HACC to apply for the asset-confiscation sanctions;
- enhanced checks on the Ferrexpo Group's Ukrainian entities by Ukrainian banks and potentially other commercial counterparties;
- challenges with taxes, including but not limited to complete refusal of VAT refunds; and/or
- restrictions on dividend distributions.

See the section below on the critical judgement of this event

As announced on 5 March 2025, the SBI also made a media statement that the Pecherskyi District Court of Kyiv has granted a request of the Prosecutor General's Office of Ukraine to transfer 49.5% of the corporate rights in FPM to Ukraine's Asset Recovery and Management Agency ("ARMA"), together with corporate rights in another 15 undisclosed legal entities. This transfer of corporate rights is in connection with on-going proceedings relating to Bank F&C. Based on independent legal advice, the only purpose for which management of property may be transferred to the ARMA is for preservation of real evidence relevant to a criminal proceeding. FAG's corporate rights, which, as it has been announced, have been transferred to the ARMA pursuant to the Transfer Order, cannot constitute real evidence and therefore cannot be legally transferred to the ARMA. See page 57 of Note 14 Commitments, contingencies and legal disputes for further details on the ongoing case regarding the Shares freeze in connection with Bank F&C. See the section below on the critical judgement of this event.

Critical judgements

The events after the reporting period described above require critical judgement from the Group's management when preparing the consolidated financial statements for the year ended 31 December 2024 as certain information is unavailable to the Group.

With regard to the sanctions imposed against Mr Zhevago, these sanctions are personal in nature and have not been imposed on any member of the Ferrexpo Group. However, a tax authority may apply an adverse interpretation of sanctions rules and no longer make VAT refunds to any the Group's subsidiaries in Ukraine. It is likely that the Group's subsidiaries in Ukraine will not receive any VAT refunds until these sanctions against Mr Zhevago are lifted. As a consequence, the Group adjusted its long-term model to reflect the lower expected cash flow generation caused by the potential absence of VAT refunds in Ukraine, which would in turn negatively impact the carrying value of the Group's assets in future periods. This event is treated as a non-adjusting post balance sheet event. Based on the Group's updated long-term model, an additional impairment of approximately US$122,900 thousand, in addition to the US$71,170 thousand recorded as at 31 December 2024, would have to be recorded on the Group's assets to be tested for impairment. However, the actual impairment to be recorded in the Group's consolidated financial statements as at 30 June 2025 will also depend on the successful implementation of the initiatives planned in the Group's latest long-term model. See Note 10 Property, plant and equipment for further information on the Group's impairment test performed. In addition to the expected impact on the value in use of the Group's assets in future periods, the lower expected cash flow generation during the going concern period is expected to lead to lower available cash balances during this period. See Note 2 Basis of preparation for potential impacts on the Group's ability to continue as going concern.

With regard to the risk of nationalisation of 49.5% of shares in FPM and certain of its assets, which could potentially affect the availability of FPM's property, plant and equipment and, as a consequence, the carrying value of these assets included in the Group's consolidated financial statements, the event is treated as a non-adjusting post balance sheet event. Based on the information available at the date of approval of these consolidated financial statements, it is impossible to estimate the possible financial impact in future periods. As at the date of the approval of these consolidated financial statements, no legal actions have been initiated by the Ministry of Justice of Ukraine. See Note 2 Basis of preparation for potential impacts on the Group's ability to continue as going concern.

With regard to possible transfer of 49.5% in the corporate rights of FPM to ARMA, as at the date of the approval of these consolidated financial statements, no member of the Ferrexpo Group has received any official documents or requests from the Ukrainian authorities with regards to the possible transfer of corporate rights of FPM. Based on independent legal advice from Ukrainian counsel, the management understands that FAG remains the 100% owner of FPM, and the management does not expect that the transfer of 49.5% of the corporate rights in FPM to ARMA will affect FPM's operations or affect the Group's ability to continue as a going concern.

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

Alternative Performance Measures

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 ("IFRS").

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 IFRS.

Ferrexpo makes reference to the following APMs in the 2024 Annual Report.

C1 CASH COST OF PRODUCTION

Definition: Non-financial measure, which represents the cash cost 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$000	Notes	**Year ended 31.12.24**	Year ended 31.12.23
C1 cash costs		**509,146**	294,213
Non-C1 cost components		**57,380**	45,136
Inventories recognised as an expense upon sale of goods	5	**566,526**	339,349
Own ore produced (tonnes)		**6,070,541**	3,845,325
C1 cash cost per tonne (US$)		**83.9**	76.5

UNDERLYING EBITDA

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

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

See Note 3 Segment information to the consolidated financial statements for further details.

Closest equivalent IFRS 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 IFRS equivalent:

US$000	Notes	**Year ended 31.12.24**	Restated Year ended 31.12.23
Underlying EBITDA		**69,310**	98,871
Losses on disposal and liquidation of property, plant and equipment	5	**(231)**	(11)
Share-based payments		**(320)**	(830)
Write-offs and impairments	5	**(71,871)**	(978)
Recognition of provisions for legal disputes	14	**–**	(131,117)
Depreciation and amortisation		**(60,281)**	(57,669)
Operating foreign exchange losses		**83,321**	31,371
Profit/(loss) before tax and finance		**19,928**	(60,363)

NET CASH/(DEBT)

Definition: Cash and cash equivalents net of lease liabilities.

Closest equivalent IFRS 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 IFRS equivalent:

US$000	Notes	**As at 31.12.24**	As at 31.12.23
Cash and cash equivalents	12	**105,919**	115,241
Lease liabilities – current	13	**(4,665)**	(5,939)
Lease liabilities – non-current	13	**(419)**	(1,009)
Net cash		**100,835**	108,293

CAPITAL INVESTMENT

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

Closest equivalent IFRS 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 IFRS equivalent:

US$000	Notes	**As at 31.12.24**	As at 31.12.23
Purchase of property, plant and equipment and intangible assets (net cash flows used in investing activities)	10	**101,688**	101,247

TOTAL LIQUIDITY

Definition: Sum of cash and cash equivalents, available committed facilities and undrawn uncommitted facilities. No committed facilities are outstanding as at 31 December 2024, or at the end of the comparative year ended 31 December 2023. Uncommitted facilities include trade finance facilities secured against receivable balances related to these specific trades.

Closest equivalent IFRS 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 IFRS equivalent:

US$000	Notes	**As at 31.12.24**	As at 31.12.23
Cash and cash equivalents	12	**105,919**	115,241