3 August 2022

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

Interim Results for the six months ended 30 June 2022

Supporting the people and communities of Ukraine

Lucio Genovese, Non-executive Chair, said:

“Twelve months ago, we spoke in our Interim Results announcement of an exciting future ahead for the Ferrexpo business, and whilst this positive growth story remains in the Group’s plans, today we are focused on supporting the people and communities of Ukraine following more than 150 days of Russia’s continued invasion. The results announced today reflect an unprecedented period in the history of Ukraine, and Ferrexpo, and should be viewed as a result derived through the strength and determination of Ferrexpo’s workforce in Ukraine and those involved in facilitating the export of the Group’s products.

“Having previously shown resilience during the global Covid-19 pandemic in 2020 and 2021, the Group’s operational teams managed to produce 4.8 million tonnes of iron ore pellets in 1H 2022, and a financial result that is in many ways comparable to historic periods, despite a deterioration in global iron ore markets. Through fifteen years of continual investment to strengthen the Ferrexpo business, we find ourselves in a position to deploy humanitarian support to the people of Ukraine through the Ferrexpo Humanitarian Fund, established in early 2022 and with total approved funding of US$15 million directed towards relevant humanitarian projects across Ukraine. This aid is provided alongside the direct community support provided through the Group’s Charity Fund, which has a long-established presence developing and supporting local communities.

“Despite the ongoing conflict in Ukraine, the Group continues to invest in the future – advancing both near-term projects to completion such as the Group’s newly completed Medium and Fine Crushing Plant, to the development of longer term projects such as development stripping activities at the Group’s third mine – Belanovo, which have continued despite the current environment. The Group’s major capital investment programme, the Wave 1 Expansion Project, which will add a further three million tonnes of annual pellet production, remains paused, but will recommence once the conflict risk facing the Group subsides.

“I would like to thank our workforce, suppliers, communities and customers for their continued efforts and support at the present time; it is only through the collective effort of all various stakeholders that we are able to present the results presented here today.”

Financial Highlights

- Revenues declined by 31% to US$936 million as a result of lower production and tighter market conditions.
- Profit after tax in the first half of 2022 (“1H 2022”) declined by 88% to US$82 million, reflecting the realisation of an impairment of US$254 million during the period.
- Underlying EBITDA[A] decreased by 44% to US$486 million, reflecting higher costs, principally driven by lower production volumes, rising global inflation and energy prices.
- The Group remains in a Net Cash[A] position (US$172 million), comprising US$177 million of cash and cash equivalents, and minimal debt as of 30 June 2022 (Net Cash[A] position as at 31 December 2021: US$117 million).
- Capital investment of US$102 million during the period, with the Group continuing to invest in projects delivering near term value.

US$ million (unless otherwise stated)	**6 months ended 30.06.22**	**6 months ended 30.06.21**	**Change**	**Year ended 31.12.21**
Total pellet production (kt)	4,797	5,563	(14%)	11,220
Sales volumes (kt)	4,374	5,567	(21%)	11,350
Average Platts 62% Fe iron ore fines price (US$/t)	140	184	(24%)	160
Average Platts 65% Fe iron ore fines price (US$/t)	165	212	(22%)	186
Average Platts Atlantic Pellet Premium (US$/t)	74	54	+36%	56
Revenue	936	1,353	(31%)	2,518
Average C1 cash cost of production[A] (US$/t)	85.3	46.6	+83%	55.8
Underlying EBITDA[A]	486	868	(44%)	1,439
Underlying EBITDA[A] margin	52%	64%	(12pp)	57%
Profit after tax for the period	82	661	(88%)	871
Diluted EPS (US cents)	13.9	112.3	(88%)	147.9
Dividends per share declared (US cents)	19.8	52.8	(63%)	52.8
Net cash flow from operating activities	233	661	(65%)	1,094
Capital investment[A]	102	142	(28%)	361
Closing Net Cash[A] / (net debt)	172	213	(19%)	117
Closing cash and cash equivalents	177	235	(25%)	167

Table 1: Summary of financial performance

FERREXPO PLC

Humanitarian Fund
- Further increase in the approved funding for the Ferrexpo Humanitarian Fund to US$15 million in June, to continue the Group's ability to respond effectively to those in need.
- Individual projects approved on a daily basis, ranging in scale and complexity, and assessed for their ability to serve the immediate need of communities within Ukraine.
- Support being offered to both the population located close to the Group's operations in central Ukraine, as well as locations more significantly affected.
- Each individual project is reviewed and approved by the Group's Health, Safety, Environment and Community ("HSEC") Committee, which is a subcommittee of the Board of Directors ("Board"), and is the committee responsible for the Group's community support activities and sustainability programme.
- To date, the Group has helped to provide accommodation and assistance to over 2,000 displaced people as a result of Russia's invasion of Ukraine, including the provision of training to allow for new opportunities for employment.

Health and Safety
- The Group's operations continue to prioritise the health and safety of our workforce, despite the ongoing conflict in Ukraine, with no fatalities at Ferrexpo's operations in 1H 2022 and the Group's key safety indicator – the lost time injury frequency rate – remaining at a low level (0.67) relative to the Group's historic average[1] (2017-2021: 0.83) and peers in Western Australia[2].
- The safety and wellbeing of the Group's workforce, their families and local communities remains the Group's key focus during this challenging period.
- The Group's facilities continue to operate with minimal impact on operations as a result of to Covid-19.

Operational Highlights
- Pellet production of 4.8 million tonnes in 1H 2022, representing a level 14% below the same period in 2021 due to the conflict in Ukraine and associated logistics constraints, with the Group matching production volumes with accessible pellet demand.
- Limited production of direct reduction pellets and commercial concentrate during the period due to logistics constraints following Russia's blockade of Ukraine's Black Sea ports in 2022. As a result, the Group has maximised production of premium products for sale into European markets.
- Sales volumes decreased by 21% to 4.4 million tonnes, due to the logistics constraints referenced above.
- Sales mix for the Group's products has been largely limited to European customers since the outbreak of Russia's invasion of Ukraine in February 2022, principally linked to Russia's ongoing blockade of Ukraine's Black Sea ports.
- C1 cash cost of production[A] of US$85 per tonne, with this 83% increase reflecting higher energy prices and lower production volumes, with the former being a key driver for both the Group's C1 cash cost of production[A] and logistics costs.
- Capital investment[A] of US$102 million in 1H 2022 (1H 2021: US$142 million), with the Group continuing to invest in the future and projects delivering near term value, despite the ongoing war in Ukraine.
- The Group continues to receive adequate supplies of key consumables, with Ukraine's reduced industrial output resulting in lower overall demand for inputs such as electricity, diesel and natural gas.

Market Environment
- High grade (65% Fe) iron ore prices as assessed by S&P Global Platts ("Platts") decreased by 22% in 1H 2022, reflecting tightening global markets, inflationary pressures lowering global economic output and Covid-19 restrictions in China.
- Fundamentals for iron ore pellets remain strong, particularly in European markets, with the Platts Atlantic Pellet Premium rising by 36% in 1H 2022, reflecting reduced supply of Russian iron ore pellets into the global market, steelmakers' continued efforts to reduce emissions and limited additional new pellet supply entering the market.
- C3 freight rates[3] rose by 20% to an average of US$26 per tonne in 1H 2022 as a result of higher global energy prices following Russia's invasion of Ukraine and restrictions in global oil supply.

Board of Directors and Corporate Governance
- Appointment of Jim North as permanent Group Chief Executive Officer.
- In February 2022, the position of Senior Independent Director was transitioned to Fiona MacAulay.
- Ann-Christin Andersen appointed to the role of Chair of the Health, Safety, Environment and Community ("HSEC") Committee.
- Natalie Polischuk appointed to the HSEC Committee

Environment, Social and Governance ("ESG")
- Release of annual Responsible Business Report on the Group's website today, covering ESG activities in 2021.
- Carbon emissions footprint decreased by a further 10% in 1H 2022 on a year on year basis.[4]

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[1] Historic LTIFR trailing average for the past five full year periods.
[2] Source: Government of Western Australia safety statistics, latest available data (link). Accessed July 2022.
[3] Source: Baltic Exchange.
[4] Relates to Scope 1 and Scope 2 emissions on a per tonne basis. 10% reduction against 1H 2021.

Alternative performance measures

Words with the symbol ^A^ are defined in the Alternative Performance Measures section on pages 41 and 42.

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Notes to Editors:

Ferrexpo is a Swiss headquartered iron ore company with assets in Ukraine and a premium listing on the London Stock Exchange in the FTSE 250 index (ticker FXPO). The Group produces high grade iron ore pellets, which are a premium product for the global steel industry and enable reduced carbon emissions and increased productivity for steelmakers when the Group's iron ore pellets are converted into steel, compared to more commonly traded forms of iron ore. Ferrexpo's operations have been supplying the global steel industry for over 50 years, and in 2021 the Group produced 11.2 million tonnes of iron ore pellets, placing Ferrexpo as the world's third largest exporter of pellets to the global steel industry with a market share of approximately 9%. The Group has a global customer base comprising of premium steel mills around the world, which includes steel mills in Austria, Germany, Japan, South Korea, Taiwan, China, Slovakia, the Czech Republic, Turkey, Vietnam and America. For further information, please visit www.ferrexpo.com.

Introduction

The Group continues to operate in Ukraine, despite the ongoing invasion by Russia. Whilst the business continues to remain under significant pressure due to logistics constraints in Ukraine, the Group's operational and management teams have consistently sought to resolve issues as they emerge, minimising their impact on production and sales. Through this resilience and flexibility, the Group has been able to continue to operate and support its workforce, their families, local communities and other stakeholders throughout the conflict in Ukraine. The Group understands its role in supporting the people of Ukraine at this time and will continue to fulfil this role going forward.

Through the Ferrexpo Humanitarian Fund, the Group has sought to support those in need of humanitarian support, with this fund having US$15 million of approved funding to date.

Safety remains a core focus of the Group and its operations. Safety performance in 1H 2022 has not declined as a result of the conflict in Ukraine, with operations continuing to remain fatality free in 2022 (2021: none), and the Group-wide lost time injury rate remaining materially below both Ferrexpo's historical five-year average and iron ore producing peers in Western Australia[1]. *For more information on the Group's safety performance in 1H 2022, please see section titled 'Health and Safety'.*

Following 15 years of consistent investment in the Group's operations, to develop the Ferrexpo business into the world's third largest exporter of iron ore pellets, the Ferrexpo business has delivered consistent financial performance. The results presented in this release are no exception, and whilst the Group's focus remains on generating stakeholder value, the Group understands that financial metrics are currently not the primary concern of Ferrexpo's stakeholders in Ukraine.

The Group produced 4.8 million tonnes of iron ore pellets in 1H 2022 and achieved a sales figure of 4.4 million tonnes during the same period. Through this result, which was delivered through the resilience and commitment of Ferrexpo's workforce in Ukraine, sales and marketing teams and global management team, the Group has been able to register an Underlying EBITDA[A] result of US$486 million (1H 2021: US$868 million). This financial performance has been made possible through the Group's continued focus on high grade, high quality forms of iron ore, with 100% of production grading more than 65% Fe in 1H 2022 (1H 2021: 100%). *For further details of the Group's financial performance, please see the section titled 'Financial Review'.*

Shareholder returns

The Group has long maintained a policy of investing for the future growth of its business alongside shareholder returns. In light of the ongoing conflict in Ukraine, and the associated reduction in logistics capacity for the Group to export its products, the Directors have elected not to announce an interim dividend associated with today's announcement.

In May 2022, the Board announced an interim dividend in respect of 2022 of 13.2 US cents per Ordinary Share, which reflected market conditions in 1H 2022 and continued availability of export logistics within Ukraine. In June 2022, the Group's shareholders approved a final dividend in respect of 2021 of 6.6 US cents per Ordinary Share (2020 final dividend: 13.2 US cents per Ordinary Share), which was paid in July 2022, after the close of the period.

Board membership and executive management

Ferrexpo continues to evolve its leadership team and Board to align itself towards the next phase of the Group's strategy and a low-carbon future. During the period, the Board confirmed Jim North as permanent Chief Executive Officer of the Group, having successfully led the Group on an acting basis for a period of time.

In early February 2022, the Group also announced that a number of roles at the Board level would be changed – including the appointment of Independent Non-executive Director Fiona MacAulay as Senior Independent Director ("SID"). This followed a successful period of workforce engagement by Independent Non-executive Director Vitalii Lisovenko during the global Covid-19 pandemic, and Mr Lisovenko will continue in the role of the Board's representative for workforce engagement. Following the appointment of Ms MacAulay as SID, Ann-Christin Andersen was appointed to the role of Chair of the Health, Safety, Environment and Community ("HSEC") Committee, who has been an Independent Non-executive Director of Ferrexpo since March 2021. Ms Andersen is joined on the HSEC Committee by another Independent Non-executive Director - Natalie Polischuk, who joined the Board in December 2021.

The above appointments have been made following processes that involved internal and external stakeholder consultation, including shareholder feedback received as part of the Group's regular engagement around financial results, corporate governance roadshow and Annual General Meeting. The Board will continue to engage with the Group's stakeholders to ensure the continued alignment of the Group's activities with its strategy and stakeholders.

[1] Source: Government of Western Australia safety statistics, latest available data (link). Accessed July 2022.

Iron ore market review

Iron ore pricing

The following market review focuses on the high grade fines index (65% Fe), as published by Platts, since this is the basis for the pricing of Ferrexpo's iron ore products, 100% of which were graded 65% Fe or higher in 1H 2022 (1H 2021: 100%).

High grade iron ore prices began the reporting period at US$140 per tonne and ended the period at US$135 per tonne[1], representing a closing price 46% below the same point in 2021, with 24% higher volatility during the reporting period[2]. Iron ore fines (65% Fe Index) prices averaged US$165 per tonne during 1H 2022, representing a level 22% below the average for 1H 2021. The key drivers for this increased volatility and lower average prices can be attributed to two key factors: (1) the conflict in Ukraine, driving short term instability in commodity pricing and the global economic outlook, and (2) declining stimulus by central banks and government policies in response to Covid-19 in 2022, despite continuing infections affecting productivity, with a particular focus on China for this second factor. In the comparable period in 2021, the global response to the Covid-19 pandemic resulted in significant financial assistance for economies worldwide, which drove up end-user demand and therefore lead to higher commodity pricing as a result. In 2022, this factor relating to Covid-19 has lessened, and is joined by global concerns relating to rising inflation and energy costs, both of which are linked in part to Russia's invasion of Ukraine. In addition, iron ore fines exports from Australia and Brazil, which collectively represented 83% of iron ore fines exports in 2021, are expected to increase by 11% in 2H 2022 due to seasonal supply patterns and major producers continuing to increase production through operational improvements[3] – *see section titled 'Iron Ore Fines Supply' below for more information.*

High grade premiums, which represent the amount paid for the additional iron in material grading 65% iron ("Fe"), or above, versus the benchmark medium grade (62% Fe) index rose to 18% in 1H 2022, up from 15% in the prior period. This represents a continuation of the trend seen throughout 2021, as steelmakers seek to utilise higher grade ores to reduce their emissions.

The pellet premium represents the additional price paid by steelmakers over the iron ore fines index, and this premium typically reflects the higher quality, high grade nature of iron ore pellets, which are a product that offers steelmakers the opportunity to reduce greenhouse gas emissions. The Atlantic Pellet Premium increased by 36% in 1H 2022, reflecting reduced iron ore pellet supply from Russia into the majority of export markets, following Russia's invasion of Ukraine, as well as steelmakers' increasing desire to lower emissions. As noted on page 12 of the Market Review of the Group's Annual Report and Accounts for 2021, the Group prices its pellets using a pellet premium based on the high grade index, whereas the Atlantic Pellet Premium is priced off the medium grade index. The Atlantic Pellet Premium is therefore not directly transferrable to the pricing of Ferrexpo's products and should be viewed as an indicator for Ferrexpo's pellet premiums, which are agreed individually with customers.

The near-term outlook for the supply of medium grade iron ore fines appears to be balanced, with minimal growth in the market for production of high grade forms of iron ore in particular. However, the market outlook for iron ore pricing appears to be primarily governed by expected fluctuations in the demand from China, which accounted for 71% of global iron ore imports in 2021[4], where end user demand is expected to moderate as high levels of inflation continue to affect the global economy. Recent movements in iron ore inventories in China saw a peak in early 1H 2022, and stockpile levels are now returning to levels that were previously seen in 1H 2021. Steel margins, often an indicator of the outlook for iron ore fines pricing in the medium-term, have recently turned negative for hot rolled coil and rebar in China[5] due to end-user demand remaining weak. This will eventually lead to more steelmakers curbing production, thus reducing demand for iron ore. It is management's expectation that this will apply downward pressure on iron ore pricing in 2H 2022. Iron ore futures contracts, however, indicate pricing of US$113 per tonne for delivery of medium grade material in December 2022, indicating an expected degree of market balance for the coming period[6].

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

Freight

The C3 freight rate, which is principally used as a freight reference in the pricing of the Group's sales contracts, averaged US$26 per tonne in 1H 2022 (1H 2021: US$22 per tonne), representing a 20% increase[7]. The same freight rate ended the half year period on US$31 per tonne (as at 30 June 2022), and this continued escalation reflects a global trend of rising energy prices, with the Brent crude oil price rising by 48% in 1H 2022 alone[8].

An expected decrease in iron ore exports from Brazil in the third quarter of 2022, due to lower production rates in response to steel

[1] Source: S&P Platts.
[2] Higher volatility on the basis of daily fluctuations in the S&P Platts iron ore price. Standard deviation increasing from 2% in 1H 2021 to 3% in 1H 2022.
[3] Source: CRU. Exports of sinter fines.
[4] Source: CRU.
[5] Source: CRU.
[6] Source: CME Group (link). Data as of 27 July 2022.
[7] Source: Baltic Exchange.
[8] Source: Bloomberg.

margins in China and resulting demand for iron ore, is expected to result in lower availability of Capesize vessels in the Atlantic Basin during this period, which will likely elevate C3 freight rates in the short term. Reduced steel margins in China, and an associated downward movement in demand for iron ore, has subsequently lowered iron ore production rates in Brazil, weakening the C3 freight rate seen in 3Q 2022. The current forward curve for the C3 freight rate in 3Q 2022 is marginally higher than the spot price, whereas historically this would have seen a 30% mark up against the spot C3 freight rate.

Iron ore fines supply

Published sales data for the major iron ore producers in 1H 2022 indicates that overall iron ore shipments from the Pilbara Region of Western Australia and Brazil remained in line in 1H 2022 relative to 1H 2021, implying a balanced level of iron ore supply into the global export market, and therefore indicating that the current global iron ore market is predominantly being influenced by fluctuations in demand for iron ore.

Iron ore fines consumption is expected to remain balanced in the second half of 2022 before contracting by 2% in 2023 and 3% in 2024, with a reduction in demand by Chinese steelmakers partially counterbalanced by growth in demand in ex-China regions[1]. Scrap supply in China is expected to improve in 2H 2022 with pandemic-related lockdowns being eased, thus re-opening up the domestic scrap supply chains. An expected 45% increase (versus 1H 2022) in scrap input into Chinese hot metal production has been estimated for 2H 2022[2]. However, this expected increase may be subdued due to the low, or negative, steel margins in China, which could shift mill preferences toward the lower-grade ore segment.

Iron ore pellet supply

Available data for global iron ore pellet export volumes indicate that the total export volume in the first five months of 2022 (“5M 2022”) was approximately 53 million tonnes, representing a result broadly in line with the same period in 2021[3]. Major movements within the global pellet supply market include a decrease of between 3.0 and 3.5 million tonnes of Russian iron ore pellet exports due to the conflict in Ukraine and associated trade restrictions. This has been counter-balanced by an overall increase in exports of Ukrainian pellets during the period, reflecting the partial closure of the domestic steel sector in Ukraine following Russia’s invasion, and a resulting increase in exports. The overall supply from other major centres of pellet production – such as Brazil, Canada and Sweden, have contributed a combined volume of material in line with the prior period.

The outlook for iron ore pellet supply remains balanced, with the ongoing conflict in Ukraine a key factor, alongside high energy costs, which may incentivise individual producers to produce iron ore concentrate over pellets. In addition, in May 2022, the Indian government introduced a 45% export duty on iron ore pellets, which has restricted the ability of local pellet producers to supply international markets[4], and there are reports of at least one export-oriented pellet plant in India suspending operations due to the unfavourable export economics.

Iron ore pellet demand

The key markets for global exports of blast furnace iron ore pellets are Europe, and markets in North East Asia such as Japan and Korea, with buying activity by steelmakers in these locations reflecting approximately 40% of total exports to locations typically associated with blast furnace pellets[5]. By contrast, in the same period, steelmakers located in China represented just 14% of total pellet exports to locations traditionally associated with blast furnace pellets, reflecting a year on year decline of approximately 3.0 million tonnes, or the equivalent of a 40% reduction. This decrease relates to the typical sourcing of pellets imported into China, which predominantly originate from locations that have all decreased export activity in 2022, as well as elevated exports to China in 1H 2021 (relating to China’s economic stimulus package in response to Covid-19). In addition, with steel margins remaining weak in China in the later part of 1H 2022, steelmakers have reduced their consumption of pellets, turning toward an increased proportion of low-grade iron ore in their feedstock instead to control costs.

The Middle East and North Africa (collectively “MENA”) region and North America are the main regions that have historically bought the majority of direct reduction pellets, with demand in these markets remaining balanced in 5M 2022. This balance in 2022 reflects the relative stability of the economies in these particular regions, a lower level of Covid-19 restrictions (relative to China) and a reduced reliance on Russia for energy imports.

Global steel production

According to the World Steel Association, global steel production fell by 5.5% to 949 million tonnes in 1H 2022[6], reflecting exceptionally high rates of steel production in 1H 2021 when governments around the world were providing financial stimulus packages in an effort to mitigate the impact of Covid-19 on the global economy. Global steel output has therefore declined in 2022

[1] Source: CRU.
[2] Source: MySteel.
[3] Management estimate.
[4] Source: Economic Times (link). Accessed July 2022.
[5] Source: management estimate. Figures exclude exports to major steel producers with integrated iron ore supply, which are monitored as a separate market by the Group.
[6] Top 64 producing countries, representing 98% of total world crude steel production in 2021.

following governments' tapering of this financial support in late 2021, in addition to inflationary pressures and the global uncertainty brought about by Russia's invasion of Ukraine in February 2022, which have contributed to falling steel margins in 2022. This decline in steel output is most pronounced in China, where production volumes decreased by 6.5% in 1H 2022, whereas the key centres of pellet consumption – Europe (EU-27), Japan and South Korea, have seen smaller declines in output than China (being 6.2%, 4.3% and 3.9% respectively).

Looking ahead, the World Steel Association forecasts that global steel demand will grow by 0.4% in 2022[1], following an increase of 2.7% in 2021, noting the World Steel Association's caveat for producing a forecast issued "*against the backdrop of the war in Ukraine and is subject to high uncertainty*". Furthermore, citing unknowns relating to the war in Ukraine and global inflation, the World Steel Association also notes the significant uncertainties with any forecast of steel production for 2023.

In the longer term, the Group expects that tighter emissions controls and government regulation, particularly in the EU, will result in additional demand for high grade, low impurity pellets in the future. Independent research by CRU has demonstrated the advantage of lower CO_2 emissions from using additional pellets in the blast furnace burden instead of sinter fines, primarily as a result of higher pellet rates having a lower requirement for coke (a product derived from coal), and also as a consequence of steel producers not needing to sinter material before it enters the blast furnace (which is a process that typically requires coal). This research estimates that steel mills produce approximately 40% less CO_2 for each tonne of Ferrexpo's high grade iron ore pellets used in place of sinter fines.

Financial review

Despite unprecedented operational and logistical pressures, the Group has registered a result in 1H 2022 that reflects the resilience of the Group's workforce in Ukraine, marketing teams, suppliers and customers, to maintain production and shipments at this difficult time. In summary of financial performance during the period, revenues fell by 31% in 1H 2022 due to 21% lower sales volumes and tightening market conditions resulting in lower realised pellet prices, with iron ore markets entering into a different phase of the commodities cycle when compared to 2021, which saw governments worldwide providing economic stimulus packages in response to the Covid-19 pandemic. The Group's Underlying EBITDA[A] decreased by 44% as a result of the factors described above and C1 cash cost of production[A] ("C1 costs[A]") rising by 83%, which were primarily impacted by rising global energy costs and associated cost inflation, in addition to the Group's lower production volumes resulting in reduced economies of scale. The Group continues to invest in the future, despite the conflict in Ukraine, with US$102 million of capital investment[A], reflecting work completed on sustaining capital investment and smaller growth projects expected to deliver near-term value.

Revenue

The Group recorded a 31% decline in revenues in 1H 2022 to US$936 million in 1H 2022, with this year on year movement coming as the result of a combination of the following key drivers: 21% lower sales volumes, 22% lower benchmark iron ore prices (65% Index), and higher freight rates as the Group has adapted its business following Russia's invasion of Ukraine in 2022.

US$ per tonne	1H 2022	1H 2021	Change
Average Platts 62% Fe iron ore fines price	140	184	(24%)
Average Platts 65% Fe iron ore fines price	165	212	(22%)
Average high grade premium (Platts)	25	28	(11%)
Average Platts Atlantic blast furnace pellet premium	74	54	+36%
Average Platts direct reduction pellet premium	81	70	+16%

Table 2: Headline pricing 1H 2022 vs. 1H 2021

Russia's invasion of Ukraine in 2022 has had a significant influence on the Group's operations and logistics network, with operating teams pivoting sales according to accessible markets following the closure of Ukraine's Black Sea ports in February 2022 and reacting to subsequent periodic downtime on the Ukrainian railway network as a result of Russia's aggression against the people of Ukraine.

The Group's sales mix for 1H 2022 is described in detail in the section titled '*Operational Review (Marketing)*', with sales predominantly to European customers from late February 2022. This shift in sales reflects the Group's logistics flexibility, which has in the past enabled the Group to pivot to the iron ore market in China during the global Covid-19 pandemic in 2020 and then quickly return to traditional market mix of European and Asian customers as the effects of the pandemic lessened in 2021. The Group is in advanced discussions to recommence material sales volumes to customers historically accessed via oceangoing freight, with small shipments made in June 2022 to such customers from Black Sea and Baltic Sea ports.

Freight rates rose in 1H 2022 as the conflict in Ukraine has pushed the Group to utilise new logistics corridors and establish new relationships with logistics providers and port operators. Since the Group's previous logistics configuration represented the lowest cost, most efficient pathway for delivering products to Ferrexpo's customers, any deviation from this setup is likely to result in

[1] World Steel Association, Short Range Outlook published April 2022 (link). Accessed July 2022.

additional costs to the Group. The Group's current logistics solutions predominantly involve either the railing of products direct to European customers, or the railing of material to the Group's barging subsidiary on the River Danube for delivery to specific customers in Europe. The Group expects to resume its previous logistics operations as soon as it is practical and safe to do so.

Costs

C1 cash cost of production[A]

The Group's average C1 cash cost of production[A] ("C1 cost") reflects the Group's operating costs in the production of iron ore pellets, with a breakdown of this shown in Table 3. The Group's C1 Cost[A] increased by 83% in 1H 2022 to US$85 per tonne, reflecting increased global energy costs and related inflationary pressures, in addition to the Group operating its assets below nameplate capacity due to the conflict in Ukraine and related logistics constraints. Key drivers in the Group's C1 Cost[A] are the cost of natural gas, diesel and electricity in Ukraine, which collectively represent 46% of the cost base as presented in Table 3. Global energy prices have risen significantly since the fourth quarter of 2021 and further increased following the outbreak of Russia's invasion of Ukraine in February 2022, resulting in the Brent price for oil increasing by 48% over the course of 1H 2022. Natural gas prices have also risen in 2022, with the price for this commodity rising by more than 50% between 2021 (average) and June 2022. Electricity prices in Ukraine rose in 1H 2022, but to a lesser extent than diesel and natural gas, peaking at US$103 per megawatt-hour ("MWh") in January 2022, before declining to US$83 per MWh in June 2022, against an average for 2021 of US$72 per MWh.

As referenced in the Financial Review of the Group's Annual Report and Accounts for 2021, Ukraine has introduced a new royalty regime for iron ore producers, which came into force in January 2022, whereby royalty payments are calculated based on the benchmark medium grade (62% Fe) iron ore fines price. This new system is structured as follows: (1) at monthly iron ore prices (62% Fe) less than or equal to US$100 per tonne, a royalty rate of 3.5% will apply to iron ore product sales, (2) at prices less than or equal to US$200 per tonne a royalty rate of 5% will apply and (3) at prices above US$200 per tonne a 10% royalty rate will apply. Royalties are not tiered and therefore the rate applied will apply to the full price of the iron ore product being sold. This compares to the previous iron ore royalty calculation whereby the Group paid a flat royalty rate of approximately US$3.5 per tonne of all tonnes sold. Since the monthly iron ore price remained between US$100 and US$200 a tonne during 1H 2022, the Group has applied a royalty rate of 5% for sales during the period.

The local currency in Ukraine, the Ukrainian hryvnia ("UAH"), was directly linked to approximately 67% of the Group's C1 Costs[A] in 1H 2022. In the first six months of 2022, the Ukrainian hryvnia depreciated by 7% to a rate of UAH 29.26 to the US dollar. *For more information on the Ukrainian hryvnia, please see the section titled 'Currency'.*

The Group expects that pricing for key commodities will remain largely in line in the near term, with potential upward pressure on natural gas prices in 2H 2022 if global supply continues to be restricted. In addition, the war in Ukraine continues to have a significant impact on the Group's C1 Costs and it is difficult to forecast any movements in the near term whilst this remains a major factor.

	% of C1 cost 1H 2022	% of C1 cost 1H 2021	Change (percentage points)
Electricity	**20%**	23%	(3pp)
Natural gas and sunflower husks	**19%**	10%	+9pp
Fuel (including diesel)	**7%**	7%	n/c
Materials	**6%**	10%	(4pp)
Personnel	**7%**	9%	(2pp)
Maintenance and repairs	**18%**	23%	(5pp)
Grinding media	**6%**	9%	(3pp)
Royalties	**16%**	7%	+9pp
Explosives	**2%**	2%	n/c

Table 3: Breakdown of C1 cash cost of production[A]

Please note: figures in table above may not add up to 100% due to rounding. The Group's C1 cash cost of production[A] represents the cash costs of production of iron pellets from own ore (to the mine gate), divided by production volume from own ore, and excludes non-cash costs such as depreciation, pension costs and inventory movements, also the costs of purchased ore, concentrate and gravel.

Selling and distribution costs

Total selling and distribution costs in 1H 2022 were US$147 million (1H 2021: US$152 million), with this 3% decrease reflecting the Group's lower sales volumes and reduced exposure to seaborne freight rates. These lower costs are partially counterbalanced by higher unit costs for alternative logistics access to European markets as a result of network congestion and disruption, which are the result of the conflict in Ukraine.

Following Russia's invasion of Ukraine, the railway infrastructure of Ukraine is under significant pressure to handle large volumes of goods that would otherwise have been exported through Ukraine's Black Sea ports, which remain closed due to the ongoing blockade by Russia. In addition, the national rail operator (Ukrzaliznytsia) is facing regular attacks on its network and is conducting regular repair work to maintain rail access for Ukraine's people and businesses. As a result, in June 2022, the Ministry of Infrastructure in

Ukraine has signed an order permitting the rail operator to increase rail tariffs from July 2022 by 70% for all 20 types of cargo[1], which will result in an additional US$7-9 per tonne being applied to the Group's distribution costs.

General and administrative expenses
General and administrative expenses increased by US$2 million to US$35 million primarily due to local inflation related higher personnel costs in Ukraine.

Other operating expenses
Other operating expenses increased from US$21 million to US$283 million, predominantly due to a recorded impairment loss of US$254 million on the Group's non-current operating assets, including property, plant and equipment, goodwill and intangible assets, and other non-current assets. The recorded impairment loss as of 30 June 2022 results from the Group's lower cash flow generation and higher discount rate to be applied, both caused by the ongoing war in Ukraine. The impairment will be re-assessed at the end of future reporting periods and might reverse, in case of an improvement of the situation in Ukraine.

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

Currency
Ferrexpo prepares its consolidated accounts in US dollars. The functional currency of the Group's Ukrainian operations is the hryvnia ("UAH") and, as noted in the previous section, over half of the Group's operating costs are in local currency. In 1H 2022, the Ukrainian hryvnia depreciated from UAH27.278 per US dollar on 1 January 2022 to UAH29.255 per US dollar as of 30 June 2022, whereas the local currency appreciated during the comparative period ended 30 June 2021. As a result of the Russian invasion into Ukraine, the Ukrainian government pegged the local currency to the US dollar in February 2022 in order to avoid a more severe devaluation. For further information, see section titled *Costs (C1 cash cost of production[A])*. The Group's total operating forex gain of US$85 million in 1H 2022 predominantly resulted from the conversion of US dollar denominated assets in Ukraine, compared to a loss of US$38 million in 1H 2021.

Source: National Bank of Ukraine	Spot 30.07.22	Opening rate 01.01.2022	Closing rate 30.06.2022	Average 1H 2022	Average 1H 2021
UAH per US$	36.569	27.278	29.255	28.902	27.779

Table 4: Ukrainian hryvnia vs. US dollar

Underlying EBITDA[A]
Underlying EBITDA[A] in 1H 2022 decreased by 44% to US$486 million compared to US$868 million in 1H 2021, with this decrease driven by lower iron ore prices, a reduction in sales volumes and higher C1 costs[A].

Interest
The Group's interest expense declined by 65% to US$2 million, compared to US$6 million in 1H 2021 due to a lower outstanding debt balance. *Further details on finance expense are disclosed in Note 7 Net finance expense of the accounts.*

Tax
The income tax expense for 1H 2022 of US$74 million represents a decrease of 46% driven by a lower realised profit during the period ended 30 June 2022. Whilst an expected weighted average tax rate for the full year 2022 of 16.0% is expected, the effective tax rate of 47.3% is due to the fact that the recorded impairment loss of US$254 million on the Group's non-current operating assets is not tax deductible in Ukraine. For reference, the effective tax rate of the financial year 2021 was 18.7%.

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.

Further details on taxation are disclosed in Note 8 Taxation of the accounts in respect of ongoing tax-related court proceedings.

Items excluded from underlying earnings
As referenced in Note 35 of the 2021 Annual Report and Accounts, the Russian invasion of Ukraine was considered as a non-adjusting post balance sheet event as at 31 December 2021 and is to be considered as an adjusting event as at 30 June 2022.

As a result of the ongoing war in Ukraine, certain logistics networks are not available and the Group had to adjust its long-term model to be used for the impairment test. Due to the currently lower expected cash flow generation, the carrying value of the Group's non-current operating assets exceeded its computed value in use by US$254 million and the Group has recognised an impairment loss corresponding to this amount.

For more information, please see Note 10 Property, plant and equipment and Note 11 Goodwill and intangible assets of the accounts.

[1] Source: Interfax (link). Accessed July 2022.

Profit for the period
Profit for the period was US$82 million, compared with US$661 million in 1H 2021, reflecting the net effect of the lower Underlying EBITDA[A] and recognition of an impairment loss.

Cash flows
The net cash flow from operating activities was US$233 million (1H 2021: US$661 million), with this decrease driven by reduced sales, lower prices for iron ore products and higher costs in the first half of 2022.

Movements in working capital in 1H 2022 reflect a net outflow of US$112 million (1H 2021: net outflow of US$126 million), which is primarily as a result of an increase in inventories and a decrease in trade receivables.

During 1H 2022, dividend payments totalled 19.8 US cents per Ordinary Share, compared to 52.8 US cents per Ordinary Share paid in 1H 2021, with payments in 1H 2022 comprising of: (1) the interim dividend of 6.6 US cents per share in respect of 2021 that was paid in January 2022, and (2) an interim dividend in respect of the 2022 financial year (13.2 US cents per Ordinary Share) that was paid in June 2022. The Group's shareholders also approved a final dividend at the Group's Annual General Meeting of 6.6 US cents per share in June 2022, which was paid in July 2022, after the close of the period.

The Group's Board has not proposed an interim dividend as part of today's announcement.

Capital investment[A]
Capital investment[A] in 1H 2022 was US$102 million, compared to US$142 million in 1H 2021, which includes US$35 million of sustaining and modernisation capital investment[A] across the Group. Given the operational and logistics constraints relating to Russia's invasion of Ukraine in 2022, the Group has maintained its levels of investment relating to sustaining capital investment[A] and has sought to reduce activities relating to expansion capital investment[A], particularly with projects that are expected to deliver returns in the medium to long term. As such, major projects advanced in 1H 2022 include US$17 million spent on stripping activities for future production growth, US$10 million spent on the completion of the Group's press filtration complex and US$2 million for completion of the medium and fine crushing ("MFC-2") project, which will help raise concentrator capacity in the near term once operations return to full capacity, and US$22 million spent on the Wave 1 Expansion, primarily relating to expenditures in 1Q 2022 and fulfilling prior commitments. The Group also spent US$7 million in the development and exploration of the Bilanivske (Belanovo mine) and Galeschynske and Northern Deposits, alongside a US$2 million investment in the planned hydrolysis plant and US$1 million on the procurement of new railcars.

Net Cash / Debt
Throughout the first half of 2022, and particularly from the start of the conflict in Ukraine, the primary focus of the Group has been the safety and wellbeing of its workforce, alongside the protection of the Group's Net Cash[A] position, balancing operational and financial targets. This prudent approach resulted in the Group's Net Cash[A] position improving from US$117 million as of 31 December 2021 to US$159 million as of 31 March 2022. Throughout the conflict in Ukraine, Ferrexpo has faced various challenges relating to logistics, which it has been able to manage thanks to the Group's constructive, long-term relationships with its customers. During the second quarter of 2022, as the war has progressed in Ukraine, the Group has witnessed increasing logistical constraints and management teams have continually sought to develop alternative plans to secure sales and ensure adequate liquidity. The Group's Net Cash[A] position as of 30 June 2022 was US$172 million, which was the result of the Group's commitment to maintain safe operations, whilst also maintaining adequate liquidity buffers and a balanced approach to shareholder returns.

The Group's uncommitted trade finance facilities totalling US$140 million have been maintained without disruption, despite the volatility seen in 2022. No line was in use as of 30 June 2022, while the Group's minor debt positions relate to finance lease arrangements. The Group's gross debt balance as of 30 June 2022 was US$5 million (31 December 2021: US$50 million).

It is the Group's intention to maintain strong balance sheet metrics whilst continuing to invest in the next phase of the Group's organic growth programme, in addition to maintaining a suitable level of shareholder returns.

Related party transactions
Related party transactions are disclosed in Note 19 *Related party disclosure* to the accounts.

Operational review

Health and safety

LTIFR	1H 2022 (6M)	1H 2021 (6M)	2021 (12M)
- FPM	**0.66**	0.48	0.43
- FYM	**0.48**	-	0.50
- FBM	**6.16**	-	-
Ukraine	**0.71**	0.39	0.43
- First-DDSG (inland waterway logistics)	**-**	-	-
Group	**0.67**	0.37	0.41

Table 5: lost time injury frequency rate by business unit

Despite the ongoing conflict in Ukraine, Ferrexpo continues to maintain its strong safety record, with no fatalities in 1H 2022 (FY 2021: none), and a lost time injury frequency rate ("LTIFR")[1] of 0.67 (FY 2021: 0.41). Ferrexpo records total injuries (being lost time injuries plus those requiring first aid care) at its operations in Ukraine and registered a total recordable injury frequency rate in Ukraine of 0.72 (1H 2021: 0.39) for the six months to June 2022. The relatively high LTIFR recorded at FBM reflects a single LTI occurring at a relatively small operation, with this subsidiary not recording a lost time injury in the previous seven years.

The Group's achievement of consistently maintaining a low incidence of safety incidents across the Group is the culmination of a multi-year project seeking to implement a strong safety culture at the Group's operations, including workforce engagement and training on safety topics and regular monitoring of leading and lagging indicators of safety. Through this approach, Ferrexpo continues to operate below its historic trailing average LTIFR of 0.83[2]. Ferrexpo's operations also continue to operate with a lower LTIFR than the Group's iron ore producing peers in Western Australia, where the LTIFR was 1.1 in the 12 months to June 2021 (latest available data)[3].

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

Impact of conflict in Ukraine

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

Pellet production and pellet quality

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

The Group announced its production for the first half of 2022 on 7 July 2022, with pellet production of 4.8 million tonnes, representing a 14% decline on a year on year basis. The decline in production in 1H 2022 relates to the logistics constraints that the Group is currently experiencing, with the Group's operations producing sufficient iron ore pellets to meet accessible demand. Throughout the period, the Group has operated with between one and all of its four pelletiser lines, each of which being capable of producing approximately 3.0-3.5 million tonnes of pellets a year (depending on pellet types being produced). As of the end of July, the Group is currently operating one pelletiser line, with additional sales to draw down on existing stockpiles of the Group's products.

Despite the ongoing war in Ukraine, the Group has continued its focus on high grade production, with 100% of production being high grade (2021: 100%). The Group also produced 90 kilotonnes ('kt') of higher grade direct reduction, which are used in lower emissions methods of steelmaking and therefore carry a materially lower Scope 3 footprint for Ferrexpo. *For more information on the different methods of steelmaking and their emissions footprint, please the case study provided on page 10 of the Group's 2021 Annual Report and Accounts.*

The Group's production facilities continue to operate with minimal impact from Covid-19 to date, and the Group continues to monitor

[1] Lost time injury frequency rate being the number of incidents that result in an individual (employees or contractor) not being able to perform their normal role for a full shift the following day, per million hours worked across the Group.
[2] Calculated as the average full year LTIFR across the Group between 2017 and 2021.
[3] Source: Government of Western Australia safety statistics, latest available data (link). Accessed July 2022.

its workforce. In addition, the infection rate in the local communities surrounding the Group's operations remains low, albeit the Group notes that testing rates have declined since the outset of Russia's invasion of Ukraine in February 2022.

As announced in the Group's full year results on 22 April 2022, Ferrexpo has taken the decision to temporarily suspend activities relating to growth projects that will deliver additional value over the medium to long-term, on the basis of preserving the Group's cash balance and retaining management's focus on maintaining production activities. Ferrexpo did, however, complete construction of its medium and fine crushing plant in 1H 2022, which is a project that has been underway for more than two years and delivers an immediate opportunity for volume growth and quality improvements, once the Group is able to increase production volumes again. *For more information on current progress made in relation to expansion projects, please see the section titled 'Capital investment[A]'.*

(Thousand tonnes, unless stated otherwise)	Product Grade Fe	1H 2022	1H 2021	Change
Total commercial production (pellets and commercial concentrate)		**4,816**	5,713	(16%)
Including: total pellet production		**4,797**	5,563	(14%)
Pellet production comprised of:				
o *Direct Reduction Pellets*	*67%*	***90***	*135*	*(33%)*
o *Ferrexpo Premium Pellets*	*65%*	***4,707***	*5,428*	*(13%)*
o *Ferrexpo Basic Pellets*	*62%*	**-**	-	-
Including: commercial concentrate production	**67%**	**19**	150*	(88%)

Table 6: iron ore production in 1H 2022 and 1H 2021.

** Note that as of 4Q 2021, the Group now defines commercial concentrate tonnes as tonnes sold, rather than shipments to the Group's berth, changing the figure in the above table from 149kt to 150kt.*

Technology and innovation

Part of the Group's strategy is to utilise modern technology to update and expand its operations, and this focus remains despite the ongoing war in Ukraine. In 1H 2022, the Group's Executive Committee met and approved the first stage of the electrification of the mining fleet, representing planning activities for the installation of a trolley-assist network up the haul ramp at its mines. Detailed engineering work is now underway for the conversion of 11 trucks to be electric-drive so that they could serve as a trial for this technology on a larger scale at Ferrexpo's operations. If successful, the Group intends to expand this project to include additional trucks and/or additional mines in the deployment of this technology, which is expected to have material benefits to the following aspects of the Group's operations:

- Cycle times and productivity: electric-drive trucks operating up-ramp on a trolley-assist network are able to fully utilise the power of the truck's engine and therefore are expected to travel 10-20% faster up the haul ramp. This will reduce cycle times, meaning each truck will be capable of transporting more rock during each shift.
- Diesel consumption rates and greenhouse gas emissions: during the fully-loaded, up-ramp part of a haul truck's cycle, each truck will consume approximately 50% of its diesel consumption. By operating using clean electricity, the Group expects to have a material saving on the mining department's greenhouse gas emissions ("CO_2e"), since diesel consumption represents the main source of emissions in mining activities, with diesel representing 40% of Scope 1 CO_2e emissions in 2021 (2020: 40%).

Elsewhere in the Group's operations, Ferrexpo continues to note positive results from the performance of its five megawatt ("5MW") solar power plant, which was completed and initiated in July 2021.

Exploration projects

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

Capital investment[A] during 1H 2022

A summary of capital investment[A] projects in 1H 2022 is shown in the table below. *For further information on capital investment[A] made during the period, please see the section titled 'Financial Review (Capital investment[A])'.*

	Description	Status	Expected completion	Total cost	Spend in 1H 2022	Remaining spend
Concentrate stockyard	Decoupling of concentrator & pellet plant by providing concentrate storage capacity	Complex in operation from February 2021. Remaining works include automation and minor completion tasks.	2H 2022	US$42M	US$1M	US$2M
Further Growth Projects						
Press filtration plant	Replacement of disc filtration to reduce moisture in balling plant.	Construction & assembly works underway.	Phase 1 is expected to complete in 2H 2022	US$129M	US$10M	US$17M
Medium-and Fine Crushing (MFC-2)	2 new tracts with average capacity of 800t/h each	Tie-in works underway.	2H 2022	US$40M	US$2M	US$1M
Wave 1 Expansion (pelletiser)	3 MTPA of additional pellets	Equipment procurement.	Reduced activity*	US$181M	US$13M	US$138M
Wave 1 Expansion (concentrator)	4.1 MTPA of additional concentrate (for delivery to pelletiser).	Equipment procurement.	Reduced activity*	US$240M	US$9M	US$185M
Logistics						
Rail cars	Continuation of programme to replace state rail cars. Number of rail cars ordered - 183	80 railcars supplied, further 103 expected to be supplied before September 2022	2H 2022	US$11M	US$1M	US$1M

Table 7: selected growth capital investment projects in 1H 2022

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

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

As announced in the Group's Annual Report and Accounts for 2021, as a result of Russia's invasion of Ukraine in 2022, the Group has reduced its activities on the Wave 1 Expansion, which represents the next major phase of growth for Ferrexpo. The Wave 1 Expansion is the combination of investment projects in mining, beneficiation and pelletisation that we collectively provide three million tonnes of additional pellet capacity.

In 1H 2022, the Group completed its construction of the Medium and Fine Crushing Plant ("MFC-2"), which will add capacity to the Group's beneficiation plant (concentrator), once operations return to full capacity. This project adds throughput capacity to the processing plant.

Marketing

As a consequence of Russia's invasion of Ukraine and the constraints on logistics within Ukraine, the Group's sales of its products fell by 21% to 4.4 million tonnes in 1H 2022. Further to this decrease, during the majority of 1H 2022, the Group has been largely restricted to sales to European customers following Russia's blockade of Ukrainian Black Sea ports, as demonstrated in Table 8 below by the 19 percentage point increase in sales to Europe. Remaining sales to destinations outside of Europe are a reflection of the Group's logistics prior to the conflict in Ukraine.

Market regions	1H 2022	1H 2021	Movement (percentage points)
Europe, including Turkey (BF pellet)	79%	60%	+19pp
North East Asia (BF pellet market)	5%	8%	(3pp)
China & South East Asia (BF pellet market)	16%	29%	(13pp)
Middle East & North Africa (DR pellet market)	--	2%	(2pp)
North America (DR pellet market)	--	2%	(2pp)
Total sales volume	**4,373**	**5,567**	**-**

Table 8: sales volume by market regions

Note for above table: geographic groupings of countries were aligned in the Group's Annual Report and Account for 2021 to the type of pellet typically served to each market. The above table maintains this new categorisation of the Group's sales mix and therefore the figures presented for 1H 2021 are restated as a result.

Responsible Business activities

Responsible Business Report 2021

The Group is proud to report the publication of its 7th annual Responsible Business Report, which is published in accordance with the Global Reporting Initiative framework and is available on the Group's website at:

www.ferrexpo.com/investors/results-reports-and-presentations/

Safety

The Group is pleased to report that there were no fatalities at its operations in 1H 2022, and the Group's operations continue to perform materially below the five-year trailing average for its lost time injury frequency rate. *For further information, please see the section titled 'Operational Review (Health and safety)'.*

Community Support

Since the early stages of Russia's invasion of Ukraine in 2022, the Group has sought to utilise its position as a business in Ukraine to help source and direct aid to those that need it most, throughout the country. In response to the humanitarian crisis in Ukraine, the Group has established the dedicated Ferrexpo Humanitarian Fund, which currently has approved funding of US$15 million. Through this fund, the Group has sought to respond to humanitarian requests and meeting needs of humanitarian projects through a rigorous review and approval process, and as of July 2022, over 70 individual memorandums have been approved by the Health, Safety, Environment and Community ("HSEC") Committee.

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

Pathway to low carbon production

Despite Russia's invasion of Ukraine, the Group continues to pursue its efforts to reduce its greenhouse gas ("GHG") emissions footprint and retain any gains made in previous years. In April 2022, the Group announced as part of its Full Year Results for 2021 that it had achieved a 30% reduction in GHG emissions since its baseline year of 2019.

As referenced in the Group's Annual Report and Accounts for 2021, to further build confidence around the reporting of sustainability topics, the Group has now completed an external assurance process on its reporting of GHG emissions, as well as key safety metrics. *For more information on this process, please see the section titled 'External Assurance Process'.*

In terms of progress made by Ferrexpo in reducing its GHG emissions footprint in 2022, the Group's Scope 1 and 2 emissions are provided in the table below.

	1H 2022	1H 2021	Change
Absolute emissions (tonnes CO_2e)			
Scope 1 (direct emissions, principally diesel and natural gas)	246	329	-25%
Scope 2 (indicate emissions, reflecting electricity consumption)	209	269	-22%
Group total	**455**	**598**	**-24%**
Unit emissions (kg CO_2e per tonne of production)			
Scope 1	51	58	-11%
Scope 2	43	47	-8%
Group total	**95**	**105**	**-10%**

Table 9 – Ferrexpo greenhouse gas emissions

As shown in Table 9 above, the Group has reduced its emissions in 2022. This progress has been achieved through a combination of factors, which includes the following:

- **Clean power purchasing.** In 1H 2022, the Group maintained its high level of clean power purchasing, with 48% of electricity consumption coming from clean sources (1H 2022: 41%), and includes a month whereby Ferrexpo's main operating entity (FPM) successfully purchased 100% of its electricity from clean sources, which represents a first for FPM. The Group intends to maintain a high level of clean power purchasing in 2H 2022.
- **Biofuel (sunflower husk) consumption.** The Group utilises sunflower husks in its pelletiser as a substitute for natural gas, with emissions associated with biofuels reported separate to Scope 1 emissions under the Global Reporting Initiative for sustainability reporting. In previous years, the Group has achieved more than 20% substitution of the Group's pelletiser

energy to be from sunflower husks, and in 1H 2022 the Group sourced the equivalent of 21% of pelletiser energy from sunflower husks (FY 2021: 18% sunflower husks). The increase seen in 2022 relates to the operational teams gaining an improved understanding of producing the Group's latest product - higher grade direct reduction pellets, production of which previously necessitated lower sunflower husk consumption rates to maintain the quality of this pellet type.

- **Reduced mining activities**. In response to the ongoing war in Ukraine, Ferrexpo has reduced its mining operations to preserve its balance sheet strength, and has therefore temporarily reduced the development mining of waste ("pre-stripping"). As such, whilst pellet production decreased by 27% in 1H 2022, the consumption of diesel fell by a greater amount (34%), reflecting a lower rate of pre-stripping activity at in mining operations. The Group intends to return to its previous level of waste movement once the conflict risks associated with Russia's invasion of Ukraine have subsided.

The Group's Scope 3 emissions are dominated by the emissions generated by steelmaker in the conversion of iron ore to steel, with this activity representing 96% of Scope 3 emissions in 1H 2022 (2021: 95%), and more than 85% of total emissions (Scopes 1, 2 and 3 combined). Ferrexpo's Scope 3 emissions footprint was 1.25 tonnes CO_2 per tonne of production in 1H 2022, which represents a figure in line with 2021 due to the comparable sales mix of direct reduction and blast furnace pellets (the former having a 49% lower emissions footprint – *see page 10 of the 2021 Annual Report and Accounts for more information)*. *For more information on the Group's Scope 3 emissions footprint and associated calculation, please see the Responsible Business Report for 2021, which was published today at www.ferrexpo.com.*

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

External Assurance Process

As announced on 25 July 2022, the Group has completed an external assurance process (ISAE3000) on key sustainability metrics in safety and greenhouse gas emissions for the data presented in the 2021 Annual Report and Accounts. For more information on the information reviewed as part of this process, please see the Group's press release dated 25 July 2022 and associated Reporting Criteria document that is presented alongside the 2021 Annual Report and Accounts at www.ferrexpo.com (link).

Update on Principal Risks

Principal Risks are those considered to have the greatest potential impact on the Ferrexpo business, assessed on the basis of impact and probability. The Group considers that the Principal Risks facing the business, as highlighted on pages 56 to 72 of the 2021 Annual Report and Accounts (published in April 2022), remain relevant. An update on material developments that relate to the Group's Principal Risks since their publication in April 2022 is provided below.

Update since publication of Full Year Results announcement (22 April 2022)

Conflict risk

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

Since the Group published its Principal Risks in mid-April 2022, there has been no material change in the nature of the war in Ukraine, as Russia is continuing to attack Ukraine from similar positions as at the start of the conflict (with the exception of Russian forces withdrawing from the regions surrounding Kyiv and northern parts of Ukraine). Ferrexpo's operations continue to operate, albeit with limitations based on the amount of iron ore products that the Group can export due to the conflict in Ukraine – principally either: (a) Russia's blockade of Ukraine's Black Sea ports, which is a situation that has not changed since the publication of the Group's Full Year Results in April, or (b) damage and destruction of the Ukrainian railway network due to the actions of the Russian military, which is a factor that has increased in its impact and significance since mid-April 2022, as referenced in the Group's press release dated 13 June 2022. The damage inflicted on the Ukrainian railway network has, to date, resulted in the temporary disruption to the Group's ability to ship its products through: (a) shipments having to be re-routed via alternative routes, (b) the general slow-down of wagons transiting the railway network and (c) a reduction in the available carrying capacity for bulk commodities.

Consideration of significant judgements and material uncertainties

In the course of preparing financial statements, the Group's management team has had to make estimates and judgements that have the potential to create a significant impact on the Group's consolidated financial statements. The most critical accounting estimates and judgements are disclosed in Note 2 *Summary of significant accounting policies* of the 2022 interim condensed consolidated financial statements. The critical estimates presented are predominantly related to the computation of: (a) the computation of the value in use of the Group's non-current assets following Russia's invasion of Ukraine in February 2022; and (b) the timing of the expected use of the stockpiled, and fully impaired, low-grade ore in future periods.

Critical judgements made predominantly relate to: (a) the basis of preparation of the Group's interim condensed consolidated financial statements for 1H 2022 in respect of going concern assumptions made); and (b) the application of tax legislation in the jurisdictions the Group operates.

Stress testing and going concern assessment
The armed conflict in Ukraine remains ongoing, and continues to pose a threat to the Group's mining, processing and logistics operations within Ukraine. This factor therefore represents a material uncertainty in terms of the Group's ability to continue as a going concern. As part of management's going concern assessment, the Group continuously adjusts its long-term model in order to reflect the latest developments in terms of currently possible sales volumes and productions costs. The latest base case of the long-term model shows that the Group has sufficient liquidity to continue its operations at a reduced level for the entire period of the management's going concern assessment. See Note 2 *Summary of significant accounting policies* for further information on Group's going concern assessment and stress testing.

Outlook
The conflict in Ukraine continues to represent a significant threat to Ferrexpo's operations in Ukraine, should the war continue in its current configuration, or even escalate further. The outlook for Ukraine at present remains inherently unpredictable in the short to medium term, with a range of military, financial and other factors all having a significant influence on the outcome for the people of Ukraine and businesses deriving their revenues from Ukraine. In the near term, it is expected that the conflict will continue to put increasing strain on the economy of Ukraine, which is reportedly experiencing a monthly budget deficit of US$5 billion per month[1], and therefore businesses in Ukraine are facing increasing costs of doing business as the Ukrainian authorities seek to generate additional revenue. An example of such is the 70% increase in railway tariffs announced in June 2022 for all types of cargo that will add approximately US$7-9 per tonne of logistics costs to the Group's cost base from July 2022[2].

For further information, please see the section titled 'Iron Ore Market Review' as well as the Going Concern Statement on pages 25 and 26.

Ukraine country risk
The Group's mining and processing operations are located in Ukraine, which is a country currently under invasion by Russia – *for more information, please see the section titled 'Conflict Risk', as well as the Principal Risks section of the 2021 Annual Report and Accounts*.

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

As referenced in the Group's 2021 Annual Report and Accounts, there are outstanding matters in Ukraine relating to the Group's controlling shareholder that remain unresolved, and there is a risk that assets owned or controlled (or alleged to be owned or controlled) by him may be subject to restrictions, in Ukraine or elsewhere, or that the Group may be impacted by or become involved in legal proceedings relating to these matters, in Ukraine or elsewhere.

As at the date of approval of these interim condensed consolidated financial statements, the share dispute lodged by four claimants to invalidate a share sale and purchase agreement concluded in 2002 remains ongoing. Following a statement of defence filed by Ferrexpo's Swiss subsidiary (Ferrexpo AG, "FAG") earlier in 2021, the relevant court in Ukraine ruled on 27 May 2021 in favour of FAG. The opposing parties filed their appeals in June 2021 and several hearings have been held at the court of appeal since then without a court decision made. The next hearing is expected to take place in August 2022.

Following the cancellation of the licence for Galeschynske deposit, which is a project in the exploration phase that is situated to the north of the Group's active mining operations, Ferrexpo Belanovo Mining has commenced a legal action in the Ukrainian courts system.

For further information on ongoing legal disputes, please see Note 17 Commitments, contingences and legal disputes of the accounts.

[1] Source: Washington Post (link). Accessed July 2022.
[2] Source: Interfax (link). Accessed July 2022.

Global steel demand and realised prices for iron ore pellets
As noted in the Market Review section, cost inflation is putting significant pressure on the commodities industry in 2022. Prices for hot rolled coil, which represents an indicator of steel pricing in general, has fallen in 2022 by approximately 14%[1], whilst prices for energy have risen substantially during 2022, as illustrated by crude oil's 30%[2] rise year to date. As a result, global steel margins have contracted in 2022[3], pushing steel producers begin to prioritise lower grade raw materials as inputs, instead of higher grade products that would raise the productivity of a blast furnace.

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

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

Market mix
The Group is currently predominantly constrained to supplying European steel producers and is therefore closely linked to this particular market at the present time, and for as long as the Group's access to seaborne markets remains largely closed. Whilst the Group is working towards a solution to resume access to seaborne markets, these new logistics solutions will likely result in increased costs when compared to the Group's previous logistics pathways, and therefore reduced profitability for the Group.

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

Freight rates
The Group's logistics costs, on a per tonne basis, have risen in 2022 as a result of the conflict in Ukraine and the disruption to logistics networks that this has caused. As a result of rising logistics costs, the Group faces the possibility of reduced profitability as well as reduced flexibility in its response to higher freight rates (whereby in previous years, the Group could adapt its logistics network to potentially lower logistics costs).

[1] European Hot rolled coil price, source: Bloomberg. As of 15 July 2022.
[2] Brent price for crude oil. Source: Bloomberg. As of 15 July 2022.
[3] Source: CRU Consulting.

Directors' Responsibility Statement

The Interim Report complies with the Disclosure and Transparency Rules ("DTR") of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report. The preparation of the Interim Report for the six months ended 30 June 2022 in accordance with applicable laws, regulations and accounting standards is the responsibility of, and has been approved by, the Directors.

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 as contained in UK adopted IFRS;
- the Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements, and description of the principal risks and uncertainties for the remaining six months of the financial year, as required by DTR4.2.7R; and
- the Interim Management Report includes a fair review of disclosures of material related party transactions that have occurred in the first six months of the financial year and of material changes in the related party transactions described in the 2021 Annual Report, as required by DTR 4.2.8R.

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

A list of current Directors is maintained on the Ferrexpo plc website, which can be found at www.ferrexpo.com.

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

For and on behalf of the Board

Lucio Genovese
Non-executive Chair

Jim North
Chief Executive Officer and Executive Director
2 August 2022

FERREXPO PLC

Independent Review Report to Ferrexpo Plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six-month period ended 30 June 2022 which comprises of the Interim Consolidated Income Statement, the Interim Consolidated Statement of Comprehensive Income, the Interim Consolidated Statement of Financial Position, the Interim Consolidated Statement of Cash Flows, the Interim Consolidated Statement of Changes in Equity and the related Notes 1 to 21.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with International Accounting Standard ('IAS') 34 "Interim Financial Reporting", as adopted for use in the United Kingdom and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

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

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

Material Uncertainty Relating to Going Concern

We draw your attention to Note 2 Basis of preparation on pages 25 and 26, which indicates that management has assessed the ongoing armed conflict in Ukraine to pose a threat to the Group's mining, processing and logistics operations within Ukraine and on the ability of the Group to continue as a going concern due to the unpredictable duration and severity of such events and circumstances, which are outside of the Group's control. This indicates that a material uncertainty exists that may cast significant doubt upon the Group's ability to continue as a going concern. Our opinion is not modified in respect of these matters.

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

Responsibilities of Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. In preparing the half-yearly financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

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

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

MHA MacIntyre Hudson
Statutory Auditor
London

Interim Consolidated Income Statement

US$000	Notes	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year-ended 31.12.21 (audited)
Revenue	3/4	**935,874**	1,352,656	2,518,230
Operating expenses	5	**(857,075)**	(513,850)	(1,411,911)
Other operating income		**5,563**	4,421	9,499
Operating foreign exchange gains/(losses)	6	**84,867**	(38,022)	(37,808)
Operating profit		**169,229**	805,205	1,078,010
Share of (loss)/profit from associates		**(195)**	1,368	4,468
Profit before tax and finance		**169,034**	806,573	1,082,478
Finance income	7	**209**	254	637
Finance expense	7	**(2,305)**	(6,497)	(8,940)
Non-operating foreign exchange losses	6	**(11,236)**	(3,431)	(3,200)
Profit before tax		**155,702**	796,899	1,070,975
Income tax expense	8	**(73,629)**	(135,473)	(199,982)
Profit for the period/year		**82,073**	661,426	870,993
Profit attributable to:				
Equity shareholders of Ferrexpo plc		**82,070**	661,417	870,987
Non-controlling interests		**3**	9	6
Profit for the period/year		**82,073**	661,426	870,993
Earnings per share:				
Basic (US cents)	9	**13.96**	112.54	148.20
Diluted (US cents)	9	**13.94**	112.34	147.94

Interim Consolidated Statement of Comprehensive Income

US$000	Notes	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Profit for the period/year		**82,073**	661,426	870,993
Items that may subsequently be reclassified to profit or loss:				
Exchange differences on translating foreign operations	6	**(184,076)**	95,770	82,196
Income tax effect		**4,106**	(3,688)	(3,313)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(179,970)**	92,082	78,883
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement gains on defined benefit pension liability		**12,729**	1,304	9,882
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**12,729**	1,304	9,882
Other comprehensive (loss)/income for the period/year, net of tax		**(167,241)**	93,386	88,765
Total comprehensive (loss)/income for the period/year, net of tax		**(85,168)**	754,812	959,758
Total comprehensive income attributable to:				
Equity shareholders of Ferrexpo plc		**(85,152)**	754,825	959,778
Non-controlling interests		**(16)**	(13)	(20)
		(85,168)	754,812	959,758

Interim Consolidated Statement of Financial Position

US$000	Notes	**As at 30.06.22 (unaudited)**	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Assets				
Property, plant and equipment	10	**933,106**	1,216,693	1,107,143
Right-of-use assets	11	**4,997**	7,776	6,319
Goodwill and other intangible assets	12	**10,875**	43,586	43,195
Investments in associates		**5,495**	7,034	5,712
Inventories	14	**7,846**	8,414	230,000
Other taxes recoverable and prepaid	13	**6,833**	–	–
Other non-current assets		**91,615**	96,484	41,005
Deferred tax assets	8	**27,285**	32,946	37,830
Total non-current assets		**1,088,052**	1,412,933	1,471,204
Inventories	14	**309,770**	202,399	192,600
Trade and other receivables		**104,897**	192,363	209,694
Prepayments and other current assets		**41,841**	68,162	31,114
Income taxes recoverable and prepaid	8	**456**	636	1,130
Other taxes recoverable and prepaid	13	**100,719**	48,040	39,226
Cash and cash equivalents	3/15	**176,766**	167,291	234,669
Total current assets		**734,449**	678,891	708,433
Total assets		**1,822,501**	2,091,824	2,179,637
Equity and liabilities				
Issued capital	19	**121,628**	121,628	121,628
Share premium		**185,112**	185,112	185,112
Other reserves	19	**(2,165,772)**	(1,986,131)	(1,973,463)
Retained earnings		**3,488,649**	3,510,793	3,525,374
Equity attributable to equity shareholders of Ferrexpo plc		**1,629,617**	1,831,402	1,858,651
Non-controlling interest		**59**	75	82
Total equity		**1,629,676**	1,831,477	1,858,733
Interest-bearing loans and borrowings	3/16	**1,754**	2,143	2,686
Defined benefit pension liability		**12,501**	26,074	33,279
Provision for site restoration		**3,849**	3,873	3,137
Deferred tax liabilities	8	**687**	141	262
Total non-current liabilities		**18,791**	32,231	39,364
Interest-bearing loans and borrowings	3/16	**3,360**	48,206	19,475
Trade and other payables		**72,469**	72,824	117,242
Accrued and contract liabilities		**21,476**	52,613	30,971
Income taxes payable	8	**41,332**	37,138	97,002
Other taxes payable		**35,397**	17,335	16,850
Total current liabilities		**174,034**	228,116	281,540
Total liabilities		**192,825**	260,347	320,904
Total equity and liabilities		**1,822,501**	2,091,824	2,179,637

The financial statements were approved by the Board of Directors on 2 August 2022.

Lucio Genovese
Non-executive Chair

Jim North
Chief Executive Officer and Executive Director

Interim Consolidated Statement of Cash Flows

US$000	Notes	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Profit before tax		**155,702**	796,899	1,070,975
Adjustments for:				
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	5	**61,283**	55,427	115,111
Finance expense	7	**960**	5,302	5,729
Finance income	7	**(209)**	(254)	(637)
Losses on disposal and liquidation of property, plant and equipment	5	**1,128**	2,975	4,695
Write-offs and impairments	5	**254,366**	3,060	235,618
Share of loss/(profit) from associates		**195**	(1,368)	(4,468)
Movement in allowance for doubtful receivables		**4,188**	410	690
Movement in site restoration provision		**240**	172	551
Employee benefits		**2,045**	2,229	4,936
Share-based payments		**310**	329	856
Operating foreign exchange (gains)/losses	6	**(84,867)**	38,022	37,808
Non-operating foreign exchange losses	6	**11,236**	3,431	3,200
Other adjustments		**–**	(5,508)	(4,914)
Operating cash flow before working capital changes		**406,577**	901,126	1,470,150
Changes in working capital:				
Decrease/(increase) in trade and other receivables		**102,499**	(67,352)	(102,827)
Increase in inventories		**(121,017)**	(44,119)	(65,170)
(Decrease)/increase in trade and other payables (incl. accrued and contract liabilities)		**(49,201)**	(10,855)	40,186
Increase in other taxes recoverable and payable (incl. VAT)		**(44,587)**	(3,791)	(11,073)
Cash generated from operating activities		**294,271**	775,009	1,331,266
Interest paid		**(591)**	(6,326)	(7,031)
Income tax paid		**(59,544)**	(106,872)	(227,930)
Post-employment benefits paid		**(1,171)**	(1,231)	(2,475)
Net cash flows from operating activities		**232,965**	660,580	1,093,830
Cash flows (used in)/from investing activities				
Purchase of property, plant and equipment and intangible assets		**(102,008)**	(142,451)	(360,869)
Proceeds from disposal of property, plant and equipment and intangible assets		**83**	328	1,030
Interest received		**203**	229	583
Dividends from associates		**711**	2,067	3,967
Net cash flows used in investing activities		**(101,011)**	(139,827)	(355,289)
Cash flows (used in)/from financing activities				
Proceeds from borrowings and finance	16	**–**	15,346	42,126
Repayment of borrowings and finance	16	**(42,146)**	(257,433)	(257,430)
Principal elements of lease payments	16	**(3,411)**	(2,612)	(5,517)
Dividends paid to equity shareholders of Ferrexpo plc	9	**(80,283)**	(310,476)	(619,377)
Net cash flows used in financing activities		**(125,840)**	(555,175)	(840,178)
Net increase/(decrease) in cash and cash equivalents		**6,114**	(34,422)	(101,637)
Cash and cash equivalents at the beginning of the period/year		**167,291**	270,006	270,006
Currency translation differences		**3,361**	(915)	(1,078)
Cash and cash equivalents at the end of the period/year	15	**176,766**	234,669	167,291

Interim Consolidated Statement of Changes in Equity

For the financial year 2021 and the six months ended 30 June 2022		Attributable to equity shareholders of Ferrexpo plc					
US$000	Issued capital	Share premium	Other reserves (Note 19)	Retained Earnings	Total capital and reserves	Non-controlling interests	Total equity
At 31 December 2020 (audited)	**121,628**	**185,112**	**(2,065,896)**	**3,250,534**	**1,491,378**	**95**	**1,491,473**
Profit for the year	–	–	–	870,987	870,987	6	870,993
Other comprehensive income/(loss)	–	–	78,909	9,882	88,791	(26)	88,765
Total comprehensive income/(loss) for the year	**–**	**–**	**78,909**	**880,869**	**959,778**	**(20)**	**959,758**
Equity dividends to the shareholders of Ferrexpo plc (Note 9)	–	–	–	(620,610)	(620,610)	–	(620,610)
Share-based payments	–	–	856	–	856	–	856
At 31 December 2021 (audited)	**121,628**	**185,112**	**(1,986,131)**	**3,510,793**	**1,831,402**	**75**	**1,831,477**
Profit for the period	–	–	–	82,070	82,070	3	82,073
Other comprehensive (loss)/income	–	–	(179,951)	12,729	(167,222)	(19)	(167,241)
Total comprehensive (loss)/income for the period	**–**	**–**	**(179,951)**	**94,799**	**(85,152)**	**(16)**	**(85,168)**
Equity dividends paid to shareholders of Ferrexpo plc (Note 9)	–	–	–	(116,943)	(116,943)	–	(116,943)
Share-based payments	–	–	310	–	310	–	310
At 30 June 2022 (unaudited)	**121,628**	**185,112**	**(2,165,772)**	**3,488,649**	**1,629,617**	**59**	**1,629,676**

For the six months ended 30 June 2021		Attributable to equity shareholders of Ferrexpo plc					
US$000	Issued capital	Share premium	Other reserves (Note 19)	Retained earnings	Total capital and reserves	Non-controlling interests	Total equity
At 31 December 2020 (audited)	**121,628**	**185,112**	**(2,065,896)**	**3,250,534**	**1,491,378**	**95**	**1,491,473**
Profit for the period	–	–	–	661,417	661,417	9	661,426
Other comprehensive income/(loss)	–	–	92,104	1,304	93,408	(22)	93,386
Total comprehensive income/(loss) for the period	**–**	**–**	**92,104**	**662,721**	**754,825**	**(13)**	**754,812**
Equity dividends paid to shareholders of Ferrexpo plc (Note 9)	–	–	–	(387,881)	(387,881)	–	(387,881)
Share-based payments	–	–	329	–	329	–	329
At 30 June 2021 (unaudited)	**121,628**	**185,112**	**(1,973,463)**	**3,525,374**	**1,858,651**	**82**	**1,858,733**

Notes to the Interim Condensed Consolidated Financial Statements

Note 1: Corporate information

Organisation and operation

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

The majority shareholder of the Group is Fevamotinico S.a.r.l. ("Fevamotinico"), a company incorporated in Luxembourg. Fevamotinico is ultimately wholly owned by The Minco Trust, of which Kostyantin Zhevago and two other members of his family are the beneficiaries. At the time this report was published, Fevamotinico held 50.3% (31 December 2021: 50.3%; 30 June 2021: 50.3%) of Ferrexpo plc's issued share capital.

The Group's interests in its subsidiaries are held indirectly by the Company, with the exception of Ferrexpo AG, which is directly held. The Group's consolidated subsidiaries are disclosed in the Additional Disclosures of the 2021 Annual Report and Accounts.

At 30 June 2022, the Group also holds through PJSC Ferrexpo Poltava Mining an interest of 49.9% (31 December 2021: 49.9%; 30 June 2021: 49.9%) in TIS Ruda LLC, a Ukrainian port located on the Black Sea. As this is an associate, it is accounted for using the equity method of accounting.

Note 2: Summary of significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six month period ended 30 June 2022 have been prepared in accordance with International Accounting Standard ('IAS') 34 *Interim Financial Reporting*, as adopted for use in the United Kingdom. The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial statements do not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2021. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards adopted for use in the United Kingdom ("UK adopted IFRS") and with the Companies Act 2006, as applicable to companies reporting under international accounting standards, have been delivered to the Registrar of Companies. The auditors' report under section 495 of the Companies Act 2006 in relation to those accounts was (i) unqualified, (ii) included a reference to a matter to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

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

Going concern

As at the date of the approval of these interim condensed consolidated financial statements, the armed conflict in Ukraine is still ongoing and continues to pose a threat to the Group's mining, processing and logistics operations within Ukraine and represents a material uncertainty in terms of the Group's ability to continue as a going concern.

As announced earlier in 2022, the Group's seaborne sales through the port of Pivdennyi have been suspended as Ukraine's Black Sea ports are closed due to the Russian invasion. Consequently, the Group has had to divert all of its iron ore pellet sales to the European market via Ukraine's diverse railway network, as well as via the Group's barging operations on the Danube. Historically, these sales have represented approximately half of the Group's sales. Infrastructure damage continues to result in periodic disruption to the railway network across the country and also has an adverse impact on the Group's ability to use its barging operations. As a result, the Group currently operates between one and three of its four pelletiser lines in order to align production to meet the volume of sales that are accessible to the Group.

As at 30 June 2022, the Group had produced 4,797 thousand tonnes of iron ore pellets, representing a decrease of 13.8 % compared to the comparative period in 2021, and sold 4,373 thousand tonnes of its products, compared to 5,567 thousand tonnes during the same period in 2021.

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, for the period of management's going concern assessment covering a period of 18 months from the date of the approval of these interim condensed consolidated financial statements; and
iii) the feasibility and effectiveness of all available mitigating actions within the Group management's control for identified uncertainties,

a material uncertainty still remains as some of the uncertainties are outside of the Group management's control, with the duration and the impact of the war unable to be predicted at this point of time.

As at the date of the approval of these interim condensed consolidated financial statements, the Group is in a net cash position of approximately US$126,100 thousand with an available cash balance of approximately US$130,300 thousand. In addition to the available cash balance, the Group has an outstanding trade receivable balance of approximately US$42,600 thousand from its pellet and concentrate sales in May and June 2022, which are expected to be collected in the next few weeks. In addition to the outstanding trade receivable balance as of 31 July 2022 and as a result of the congestions at the different border crossings relevant to the Group, pellet volumes at a value of approximately US$45,000 thousand loaded on rail cars are waiting for the border crossing. The revenue for these volumes will only be recognised upon the border crossing when control is passed to the customer. The Group's finished goods inventory, including the volumes subject to border crossing, increased due to the war in Ukraine from 568 thousand tonnes as of 31 December 2021 to 1,006 thousand tonnes as of 30 June 2022 and is expected to reduce over time once the logistics constraints within Ukraine ease.

As part of management's going concern assessment, the Group continuously adjusts its long-term model in order to reflect the latest developments in terms of currently possible sales volumes and productions costs. The latest base case of the long-term model shows that the Group has sufficient liquidity to continue its operations at a reduced level for the entire period of the management's going concern assessment, even allowing for reasonably possible or plausible adverse changes in respect of realised prices, lower production and sales volumes as well as higher production costs. However, a further interruption to the logistics network currently available to the Group may result in a significant decline in the Group's operating cash flows.

The Group also prepared reverse stress tests for more severe adverse changes, such as an immediate full ceasing of its production for up to six months, which could be caused by a disruption of the supplies for key consumables and equipment and/or a further interruption of the Group's currently available logistics network. Based on these stress tests performed, it is expected that the Group would have sufficient liquidity for up to twelve months before making use of any available mitigating actions within its control, such as further reductions of uncommitted development capital expenditures and operating costs, even if the operations were to be stopped immediately.

Considering the current situation of the war in Ukraine, all identified available mitigating actions addressing the uncertainties caused by the war, as outlined on pages 15 and 16, and the results of the management's going concern assessment, the Group continues to prepare its interim condensed consolidated financial statements on a going concern basis. However, many of the identified uncertainties are outside of the Group management's control and are of unpredictable duration and severity, which may cast significant doubt upon the Group's ability to continue as a going concern.

In addition, as at the date of the approval of these interim condensed consolidated financial statements, the Group's operations, located adjacent to the city of Horishni Plavni, have not been involved in the conflict, but this remains a risk. Should the area surrounding the Group's operations become a focal point of 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 the Group's Principal Risks section on pages 15 and 16 for further information.

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

Accounting policies adopted
The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021 except for the adoption of the new standards, interpretations and amendments to IFRSs that became effective as of 1 January 2022.

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

- Amendments to IAS 16 *Property, Plant and Equipment* prohibit the deduction from the cost of an item of property, plant and equipment of any proceeds from selling items produced while bringing that asset into operation and clarify that these proceeds (and the corresponding costs of production) are recognised in profit or loss.
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* clarify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These can either be incremental costs of fulfilling that contract or the allocation of other costs that relate directly to fulfilling contracts.

Use of critical estimates and judgements
In the course of preparing financial statements, management has to make estimates and judgements that can have a significant impact on the Group's consolidated financial statements. The most critical accounting estimates include those required in terms of the computation of the value in use of the Group's non-current assets as a result of the Russian invasion into Ukraine in February 2022 (Note 10 Property, plant and equipment and Note 12 Goodwill and other intangible assets) and the expected use of the stockpiled and fully impaired low-grade ore in future periods (Note 14 Inventories). Critical judgements predominantly relate to the basis of preparation of these interim condensed consolidated financial statements in respect of the going concern assumption (see previous page) and in terms of the application of tax legislation in the jurisdictions the Group operates (Note 8 Taxation).

The use of inaccurate assumptions in assessments made for any of these estimates and judgements could result in a significant impact on the Group's financial position and financial performance. The Russian invasion into Ukraine in February 2022 was considered as a non-adjusting post balance sheet event as at 31 December 2021, which however became an adjusting event as at 30 June 2022. Except for the implications caused by the Russian invasion, there are no significant changes to the afore-mentioned critical estimates and judgements compared to 31 December 2021. Detailed description of the critical estimates and judgements are disclosed in the above stated disclosure notes included in these interim condensed consolidated financial statements. The Covid-19 pandemic did not impact the use of any critical estimates and judgements applied when preparing these interim condensed consolidated financial statements.

Seasonality
The Group's operations are not affected by seasonality.

Note 3: Segment information

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

Underlying EBITDA and gross profit
The Group presents the Underlying EBITDA as it is a useful measure for evaluating its ability to generate cash and its operating performance. The Group's full definition of Underlying EBITDA is disclosed in the Glossary on page 41.

US$000	Notes	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Profit before tax and finance		**169,034**	806,573	1,082,478
Losses on disposal and liquidation of property, plant and equipment	5	**1,128**	2,975	4,695
Write-offs and impairments	5	**254,366**	3,060	235,618
Share based payments		**310**	329	856
Depreciation and amortisation	5	**61,283**	55,427	115,112
Underlying EBITDA		**486,121**	868,364	1,438,759

US$000	Notes	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Revenue	4	**935,874**	1,352,656	2,518,230
Cost of sales	5	**(392,053)**	(307,870)	(727,818)
Gross profit		**543,821**	1,044,786	1,790,412

Net cash

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

US$000	Notes	**As at 30.06.22 (unaudited)**	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Cash and cash equivalents	15	**176,766**	167,291	234,669
Interest-bearing loans and borrowings – current	16	**(3,360)**	(48,206)	(19,475)
Interest-bearing loans and borrowings – non-current	16	**(1,754)**	(2,143)	(2,686)
Net cash		**171,652**	116,942	212,508

Net cash is an Alternative Performance Measure (“APM”). Further information on the APMs used by the Group, including the definitions, is provided on pages 41 and 42.

Note 4: Revenue

Revenue for the six month period ended 30 June 2022 consisted of the following:

US$000	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Revenue from sales of iron ore pellets and concentrate	**864,921**	1,262,494	2,323,238
Freight revenue related to sales of iron ore pellets and concentrate	**35,526**	61,212	137,595
Total revenue from sale of iron ore pellets and concentrate	**900,447**	1,323,706	2,460,833
Revenue from logistics and bunker business	**31,849**	26,188	50,393
Revenue from other sales and services provided	**3,578**	2,762	7,004
Total revenue	**935,874**	1,352,656	2,518,230

Information on the commodity risk related to provisionally priced sales are provided in Note 17 Financial instruments.

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

US$'000	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Europe, including Turkey	**687,384**	759,295	1,354,048
North East Asia	**47,496**	85,453	223,409
China & South East Asia	**164,665**	434,669	770,584
Middle East & North Africa	**–**	23,927	23,928
North America	**902**	20,362	88,864
Total revenue from sale of iron ore pellets and concentrate	**900,447**	1,323,706	2,460,833

The Group markets its products across various regions and the presentation of the sales segmentation data shown in the table above reflects how the Group makes its business decisions and monitors its sales. Information about the composition of the regions is provided in the Glossary.

Note 5: Operating expenses

Operating expenses for the six month period ended 30 June 2022 consisted of the following:

US$000	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Cost of sales	**392,053**	307,870	727,818
Selling and distribution expenses	**147,212**	152,054	340,301
General and administrative expenses	**34,878**	32,905	72,163
Other operating expenses	**282,932**	21,021	271,629
Total operating expenses	**857,075**	513,850	1,411,911

Total operating expenses include:

Inventories recognised as an expense upon sale of goods		**371,364**	293,632	697,900
Employee costs (excl. logistics and bunker business)		**54,516**	49,417	104,018
Inventory movements		**(84,472)**	(29,847)	(51,603)
Depreciation of property, plant and equipment and right-of-use assets	3	**60,246**	54,704	113,429
Amortisation of intangible assets	3	**1,037**	723	1,682
Royalties		**62,804**	22,817	40,871
Costs of logistics and bunker business		**28,172**	23,011	47,254
Audit and non-audit services		**1,264**	716	1,694
Community support donations		**10,705**	2,835	6,449
Write-offs and impairments		**254,366**	3,060	235,618
Losses on disposal and liquidation of property, plant and equipment		**1,128**	2,975	4,695

US$000	Notes	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
(Write-back)/write-off of inventories		**(111)**	(210)	247
Write-off of property, plant and equipment		**–**	2,318	3,233
Write-off of intangible assets		**–**	931	931
Write-off of receivables and prepayments		**–**	21	96
Total (write-backs)/write-offs		**(111)**	3,060	4,507
Impairment of property, plant and equipment	10	**219,931**	–	–
Impairment of goodwill and other intangible assets	12	**29,103**		
Impairment of other non-current assets		**5,443**		
Impairment of inventories	14	**–**	–	231,111
Total impairments		**254,477**	–	231,111
Total write-offs and impairments		**254,366**	3,060	235,618

Impairment of property, plant and equipment, goodwill and other intangible assets as well as of other non-current assets are caused by the Russian invasion into Ukraine in February 2022, which was considered as a non-adjusting post balance sheet event as at 31 December 2021 and became an adjusting event during the six months ended 30 June 2022. See Note 10 Property, plant and equipment and Note 12 Goodwill and other intangible assets for further information.

Impairment of inventories for the comparative year ended 31 December 2021 is related to the stockpiled low-grade ore for which the start of the processing and the volume expected to be utilised could not be reliably estimated as at the date of the approval of these interim condensed consolidated financial statements as at 31 December 2021. Further information is provided in Note 14 Inventories.

Write-offs of property, plant and equipment and intangible assets for the comparative periods ended 31 December 2021 and 30 June 2021 is primarily related to the cancellation of the licence for the Galeschynske project, which is in the exploration phase. Whilst the Group is focused on returning this licence to its previous state, all capitalised costs associated with this licence have been written off as the outcome is currently uncertain. For further information see Note 18 Commitments, contingencies and legal disputes and the update on the Group's Principal Risks on page 16 in terms of the Ukraine country risk.

Note 6: Foreign exchange losses and gains

Foreign exchange losses and gains for the six month period ended 30 June 2022 consisted of the following:

US$000	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Operating foreign exchange gains/(losses)			
Conversion of trade receivables	**84,975**	(38,009)	(37,791)
Conversion of trade payables	**(78)**	3	38
Others	**(30)**	(16)	(55)
Total operating foreign exchange gains/(losses)	**84,867**	(38,022)	(37,808)
Non-operating foreign exchange (losses)/gains			
Conversion of interest-bearing loans	**(15,367)**	(1,371)	(3,229)
Conversion of cash and cash equivalents	**2,915**	(1,980)	(181)
Others	**1,216**	(80)	210
Total non-operating foreign exchange losses	**(11,236)**	(3,431)	(3,200)
Total foreign exchange gains/(losses)	**73,631**	(41,453)	(41,008)

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). 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. During the period ended 30 June 2022, the Ukrainian hryvnia depreciated from 27.278 as at the beginning of the year to 29.255 as at 30 June 2022 resulting in an operating foreign exchange gain (comparative period ended 30 June 2021: appreciation from 28.275 as at the beginning of the period to 27.176 as at 30 June 2021 resulting in an operating foreign exchange loss).

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

Against US$	**Average exchange rate**			**Closing exchange rate**		
	6 months ended 30.06.22	6 months ended 30.06.21	Year ended 31.12.21	**As at 30.06.22**	As at 31.12.21	As at 30.06.21
UAH	**28.902**	27.779	27.286	**29.255**	27.278	27.176
EUR	**0.915**	0.830	0.845	**0.957**	0.882	0.842

Exchange differences arising on translation of non-USD functional currency operations (mainly in Ukrainian Hryvnia) are included in the translation reserve. See Note 19 Share capital and reserves for further details.

Note 7: Net finance expense

Finance expense and income for the period ended 30 June 2022 consisted of the following:

US$000	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Finance expense			
Interest expense on loans and borrowings	**(355)**	(9,078)	(9,567)
Less capitalised borrowing costs	**355**	4,796	5,343
Net interest on defined benefit plans	**(1,345)**	(1,513)	(3,211)
Bank charges	**(405)**	(281)	(632)
Interest expense on lease liabilities	**(126)**	(271)	(474)
Other finance costs	**(429)**	(150)	(399)
Total finance expense	**(2,305)**	(6,497)	(8,940)
Finance income			
Interest income	**209**	238	609
Other finance income	**–**	16	28
Total finance income	**209**	254	637
Net finance expense	**(2,096)**	(6,243)	(8,303)

Note 8: Taxation

The Group pays corporate profit tax in a number of jurisdictions, Ukraine, Switzerland, the United Kingdom and Dubai, and its effective tax rate is subject to various factors outside of the Group's control. This includes the volatility in the global iron pellet market and foreign exchange rates, primarily between the Ukrainian Hryvnia and the US Dollar. For the period ended 30 June 2022, the income tax expense was recorded based on an expected weighted average statutory income tax rate of 16.0% for the financial year 2022. The expected tax rate for the financial year 2022 was computed based on the expected taxable profits in the Group's major jurisdictions taken from the latest forecast multiplied with the enacted statutory tax rates in these jurisdictions. However, the effective tax rate as of 30 June 2022 is 47.3% as a result of the recorded impairment loss totalling US$254,477 thousand on the Group's non-current operating assets which is not tax deductible in Ukraine (see Note 10 Property, plant and equipment for further information) and due to the fact that no deferred tax asset was recognised for the resulting temporary differences.

The effective tax rate of 18.7% for the financial year 2021, was affected by the impairment loss on the stockpiled low-grade ore, which was also not tax deductible in Ukraine, compared to the weighted average statutory corporate income tax rate of 15.3%.

The income tax expense for the period ended 30 June 2022 consisted of the following:

US$000	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Current income tax			
Current income tax charge	**61,531**	140,057	202,335
Amounts related to previous years	**7,999**	27	(1,010)
Total current income tax	**69,530**	140,084	201,325
Deferred income tax			
Origination and reversal of temporary differences	**4,099**	(4,611)	(1,343)
Total deferred income tax	**4,099**	(4,611)	(1,343)
Total income tax expense	**73,629**	135,473	199,982

The net income tax payable as at 30 June 2022 consisted of the following:

US$000	**6 months ended 30.06.22 (unaudited)**	Year ended 31.12.21 (audited)	6 months ended 30.06.21 (unaudited)
Income tax receivable balance	**456**	636	1,130
Income tax payable balance	**(41,332)**	(37,138)	(97,002)
Net income tax payable	**(40,876)**	(36,502)	(95,872)

The net deferred income tax assets as at 30 June 2022 consisted of the following:

US$000	**6 months ended 30.06.22 (unaudited)**	Year ended 31.12.21 (audited)	6 months ended 30.06.21 (unaudited)
Total deferred tax assets	**27,285**	32,946	37,830
Total deferred tax liabilities	**(687)**	(141)	(262)
Net deferred tax assets	**26,598**	32,805	37,568

Critical judgements

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

In August 2017, the State Fiscal Service of Ukraine ("SFS") commenced a tax audit for the period from 1 September 2013 to 31 December 2015 at the Group's major subsidiary in Ukraine with a focus on cross-border transactions in terms of its pellet sales to another subsidiary of the Group. Following the completion of this audit, the SFS issued its official tax audit report on 27 December 2018, claiming a tax adjustment totalling UAH448 million (US$15,314 thousand as at 30 June 2022) and issued the formal claim on 12 March 2019. The Group's subsidiary initiated legal proceedings and filed a claim to the first court instance in Poltava on 22 March 2019. The Poltava court of first instance confirmed on 4 September 2019 the position of the Group's major subsidiary. The SFS filed its appeal in November 2019 and the Second Administrative Court of Appeal confirmed on 21 December 2019 the decision of the first court instance and supported the position of the Group's subsidiary in full. The SFS subsequently filed an application of cassation to the Supreme Court of Ukraine. The cassation proceedings commenced in November 2021 and after several other hearings being held, a hearing scheduled for 28 February 2022 had to be cancelled due to the Russian invasion into Ukraine on 24 February 2022. On 27 June 2022, the Supreme Court of Ukraine ruled partially in favour of the SFS, despite two favourable verdicts received by the Group's subsidiary from lower court instances. As a result, an amount of UAH234 million (US$7,999 thousand as at 30 June 2022) became a legally binding obligation and the Group accrued for it as of 30 June 2022.

On 18 February 2020, the State Tax Service of Ukraine ("STS"), formerly known as SFS, commenced two new tax audits for cross-border transactions between the Group's major subsidiary in Ukraine and two subsidiaries of the Group outside of Ukraine in relation to the sale of iron ore products during the financial years 2015 to 2017. The audits were halted in March 2020 due to a Covid-19 related quarantine imposed in Ukraine and resumed on 10 February 2021. On 14 June 2021, the STS commenced another tax audit for the financial years 2015 to 2017 for cross-border transactions of another Ukrainian subsidiary with the same two subsidiaries of the Group outside of Ukraine. The above-mentioned tax audits are currently still on hold and it is unknown when these will resume again. Based on legislation in Ukraine, the results of these audits are to be provided by the STS within 18 months after commencement. However, this period for both audits has been interrupted first by the Covid-19 related quarantine imposed between March 2020 and February 2021 and then on 24 February 2022 due to the imposition of the martial law as a result of the Russian invasion into Ukraine. The deadline to provide the report for the audit commenced in February 2020 is therefore not expired as of 30 June 2022.

Despite the verdict received from the Supreme Court of Ukraine, the Group still considers that it has complied with applicable legislation for all cross-border transactions undertaken and continues to expect that it can successfully defend its methodology applied to determine the prices between its subsidiaries. This position was also confirmed by the verdicts from two lower court instances in Ukraine. As of the approval of these interim condensed consolidated financial statements, no claims have been made by the STS in respect of the audits commenced in 2020 and 2021. No provision has been recorded as at 30 June 2022 for transactions and years subject to the new audits commenced by the STS in Ukraine as it is impossible to reasonably quantify the potential exposure. However, the partially negative verdict of the Supreme Court of Ukraine might have an adverse impact on the halted tax audits once they resume again as the STS might use the court verdict as a precedent.

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 Investigators in Ukraine ("SBI") in relation to the sale of iron ore products to two subsidiaries of the Group outside of Ukraine during the years 2013 to 2019. The court ruling relates to pre-trial investigations carried out by the SBI in relation to potential tax evasion by the Group in Ukraine. At the time of the approval of these interim condensed consolidated financial statements, there is very little information provided in the court ruling in respect to the alleged offences. There is no quantified claim made by the SBI and the ruling is primarily seeking disclosure of information in order to allow the SBI to determine whether there have potentially been any offences. The Ukrainian subsidiaries cooperated with the SBI and provided the requested information as per the court ruling in order to support these pre-trial investigations. As of the date of approval of these interim condensed consolidated financial statements, there have been no actions or any new requests received from the SBI.

As required by IFRIC 23 *Uncertainty over income tax treatments*, the Group reviewed and reassessed its exposure in respect of all uncertain tax positions, including the halted audits of cross-border transactions in Ukraine under the provisions of this interpretation. The Ukrainian legislation and regulations on taxation are not always clearly written and are therefore subject to varying interpretations and inconsistent enforcement by local, regional and national tax authorities. In case of any claims made by the STS and considering the uncertainties of the legal and tax framework in Ukraine, the Group will defend its pricing methodology applied during these years in the courts in Ukraine. An unfavourable outcome of any future court proceedings would have an adverse impact on the Group's total income tax expense and effective tax rate in a future period. See also the Principal Risks section on pages 59 and 60 of the 2021 Annual Report and Accounts 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.

Within the net deferred tax asset balance is US$27,274 thousand related to temporary differences of the Group's two major subsidiaries in Ukraine. The recoverability of these deferred tax assets depends on the level of taxable profits realised by the two subsidiaries in future periods. Considering the material uncertainty in terms of the Group's going concern, the relevant period for the recovery is to be 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 rates, but also by the implications of the ongoing war in Ukraine on the availability of the logistics network. At the date of the approval of these interim condensed consolidated financial statements, it is expected that taxable profits will be realised at the level of the two Ukrainian subsidiaries and, as a consequence, the net deferred tax balance is still fully recognised as at 30 June 2022. However, the situation will have to be re-assessed when the Group is preparing its consolidated financial statements for the financial year 2022.

Future developments

Following an agreement reached by the Finance Ministers from the G7 in July 2021, backing the creation of a global minimum corporate tax rate of at least 15%, over 140 countries and jurisdictions have agreed to the OECD/G20 Inclusive Framework on BEPS, also referred to as BEPS 2.0, including Ukraine, United Arab Emirates and Switzerland. The new framework aims to ensure that large multinational enterprises pay a fair share of tax wherever they operate and to set a global minimum tax rate. Earliest possible implementation is in 2023 and it is expected that implementation in key countries will commence soon. Whilst some details are still unknown, the United Arab Emirates and Switzerland announced the adjustment of their local tax legislation by 1 June 2023 and 1 January 2024 respectively, resulting in an increase of the local corporate tax rate.

Based on the current understanding of the anticipated changes to the global tax landscape, the Group expects an increase of its future effective tax rate once adjustments are made to relevant local tax legislation. The Group's future effective tax rate is expected to be in a range of 15.0% to 19.0%. As mentioned above, this effective tax rate is also dependent on the volatility in the global iron ore pellet market and on foreign exchange rate movements, primarily between the Ukrainian hryvnia and the US dollar, and any one-off events, such as impairment losses that might not be tax deductible in some jurisdictions.

Note 9: Earnings per share and dividends paid and proposed

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

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

	6 months ended 30.06.22 (unaudited)	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Earnings for the period/year attributable to equity shareholders - per share in US cents			
Basic	**13.96**	112.54	148.20
Diluted	**13.94**	112.34	147.94
Profit for the period/year attributable to equity shareholders - US$000			
Basic and diluted earnings	**82,070**	661,417	870,993
Weighted average number of shares - thousands			
Basic number of ordinary shares outstanding	**587,987**	587,699	587,699
Effect of dilutive potential ordinary shares	**773**	1,047	1,028
Diluted number of ordinary shares outstanding	**588,760**	588,746	588,727

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

Dividends proposed and paid

After the dividend proposed below and taking into account the provisions of the Companies Act 2006 and the relevant thin capitalisation rules, the total available distributable reserves of Ferrexpo plc is US$115,697 thousand for the remainder of the financial year 2022.

US$000	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Dividends proposed			
Final dividend for 2021: 6.6 US cents per Ordinary Share [1)]	**38,811**	–	–
Interim dividend for 2021: 6.6 US cents per Ordinary Share	**–**	–	38,788
Interim dividend for 2021: 39.6 US cents per Ordinary Share	**–**	232,729	–
Final dividend for 2020: 13.2 US cents per Ordinary Share	**–**	77,576	–
Total dividends proposed	**38,811**	310,305	38,788

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

US$000	**6 months ended 30.06.22 (unaudited)**	6 months ended 30.06.21 (unaudited)	Year ended 31.12.21 (audited)
Dividends paid during the period			
Interim dividend for 2022: 13.2 US cents per Ordinary Share [1)]	**40,766**	–	–
Interim dividend for 2021: 6.6 US cents per Ordinary Share	**39,517**	–	–
Interim dividend for 2021: 39.6 US cents per Ordinary Share	**–**	–	231,011
Final dividend for 2020: 13.2 US cents per Ordinary Share	**–**	–	77,890
Special interim dividend for 2020: 39.6 US cents per Ordinary Share	**–**	233,097	233,097
Special interim dividend for 2020: 13.2 US cents per Ordinary Share	**–**	77,379	77,379
Total dividends paid during the period	**80,283**	310,476	619,377

1) Declared on 31 May 2022 and paid on 28 June 2022, net of Swiss withholding tax payable in July and dividend withheld (see Note 18 Commitments, contingencies and legal disputes and Note 20 Related party disclosures for further information).

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.

Companies Act requirements in respect of dividend payments

During the financial year 2021, the Directors became aware of a technical issue in respect of the interim dividend declared on 4 August 2021 and, following investigations of the issue, of technical issues in respect of dividend payments made by the Company in 2010 and 2011. The technical issues were ratified by a shareholders' resolution passed at the general meeting of the shareholders of Ferrexpo Plc on 15 June 2022. See the Directors' Report on page 128 of the 2021 Annual Report and Accounts for further information.

Note 10: Property, plant and equipment

During the six month period ended 30 June 2022, the additions to property, plant and equipment totalled US$97,159 thousand (30 June 2021: US$131,340 thousand; 31 December 2021: US$316,898 thousand) and the net book value of the disposals of property, plant and equipment totalled US$17,179 thousand (30 June 2021: US$5,371 thousand; 31 December 2021: US$7,765 thousand). The total depreciation charge for the period was US$60,035 thousand (30 June 2021: US$58,880 thousand; 31 December 2021: US$120,751 thousand).

The carrying value of property, plant and equipment includes capitalised borrowing costs on qualifying assets totaling US$53,147 thousand (31 December 2021: US$55,768 thousand; 30 June 2021: US$56,621 thousand).

Critical estimates

On 24 February 2022, Russia began its invasion into Ukraine using direct military force and this has led to an intense armed conflict in Ukraine, which was treated as a non-adjusting post balance sheet event in the consolidated financial statements for the year ended 31 December 2022. As disclosed in the Note 35 Events after the reporting period in the 2021 Annual Report and Accounts, this event becomes an adjusting event in the interim condensed consolidated financial statements for the period ended 30 June 2022. As a result of the Group's suspended seaborne sales through the port of Pivdennyi and continued infrastructure damage resulting in periodic disruption to the railway network across the country, the Group had to adjust its long-term model to mainly reflect the lower sales volume and higher production costs caused by the alignment of the production volume to the lower sales volume during the period covered by the long-term model.

Based on the base case of the Group's updated long-term model, the value in use of the Group's single cash generating unit's operating non-current assets, including property, plant and equipment, goodwill and other intangibles as well as other non-current assets, is US$254,477 thousand below the total carrying value of these assets, reflecting an impairment loss in this amount. US$219,931 thousand of the total impairment loss is allocated to various asset categories within property, plant and equipment. See also Note 12 Goodwill and other intangible in respect of the impairment loss allocated to this balance sheet position.

The impairment test performed is based on cash flow projections over the remaining estimated lives of the GPL and the Yerystivske deposits, which are expected to expire in 2058 and 2048, respectively, according to the current approved mine plans. The cash flow projection is based on a financial long-term model approved by senior management and the estimated production volumes do not take into account the effects of expected future mine life extension programmes. A number of significant judgements and estimates are used when preparing the financial long-term model of the Group, which are, together with the key assumptions used, reviewed by the Audit Committee with a specific consideration given to the price forecasts, production volumes and costs and the discount rate used.

An average iron ore price of US$93.5 per tonne of 65% Fe fines CFR North China was used in the assumptions for the cash flow projection for the next five years. In determining the future long-term selling price, the Group takes into account external and internal analysis of the longer-term and shorter-term supply and demand dynamics throughout the world and considers local supply and demand balances affecting its major customers and the effects this could have on the longer-term price. The production capacity used for the cash flow projections is expected to increase by approximately 24.9% over the next five years compared to the level in the financial year 2021. The increase of the available production capacity during the years covered by the long-term model has been adversely affected by the Russian invasion into Ukraine as the work on certain growth projects had to be halted or slowed down. There is no perpetual growth rate applied for the cash flow projections beyond the last year covered by the Group's long-term model. Cost of production and shipping is considered taking into account local inflationary pressures, major exchange rate developments between the Ukrainian hryvnia and the US dollar, the longer-term and shorter-term trends in energy supply and demand and the effect on costs along with the expected movements in steel-related commodity prices, which affect the cost of certain production inputs. An average devaluation of the hryvnia of 8.8% per year was assumed over the next 5 years in the Group's cash flow projection used for the impairment testing. For the purpose of the goodwill impairment test, the future cash flows were discounted using a pre-tax real discount rate of 20.4% (2021: 13.8%) per annum. Since the year-end 2021 interest rates increased and the discount rate to be applied was also adversely affected by the war in Ukraine resulting in a significant increase of Ukraine's country risk.

The recorded impairment loss as of 30 June 2022 results from the Group's lower cash flow generation and higher discount rate to be applied and will be re-assessed at the end of future reporting periods. In the case of positive developments of the Group's future cash flow generation and the relevant macro-economic data, a portion of the impairment loss might reverse in future periods. An adverse change in the above key assumptions would further reduce the value in use of the Group's operating non-current assets. A reduction of the realised price by US$5 per tonne and the production and increase of the pre-tax real discount rate by 3.0% would increase the impairment loss by approximately US$309,000 thousand and US$198,000 thousand respectively.

Note 11: Leases

During the six month period ended 30 June 2022, the additions to the right-of-use assets totalled US$733 thousand (30 June 2021: US$101 thousand; 31 December 2021: US$4,504 thousand). The total depreciation charge for the period was US$3,211 thousand (30 June 2021: US$2,173 thousand; 31 December 2021: US$5,196 thousand).

As at 30 June 2022, the carrying amount of the lease liabilities consisted of the following:

US$000	**As at 30.06.22 (unaudited)**	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Non-current	**1,754**	2,143	2,686
Current	**3,360**	6,060	4,129

The total cash outflow for leases falling under the scope of IFRS 16 *Leases* during the period ended 30 June 2022 was US$2,955 thousand (31 December 2021: US$5,904 thousand; 30 June 2021: US$2,815 thousand). During the period ended 30 June 2022 US$205 thousand was recognised as an expense in the consolidated income statement in respect of short-term leases with a corresponding impact on the net cash flows from operating activities (31 December 2021: US$746 thousand; 30 June 2021: US$522 thousand). Furthermore, interest expense on lease liabilities in the amount of US$126 thousand was recognised in the consolidated income statement during the period ended 30 June 2022 (31 December 2021: US$474 thousand; 30 June 2021: US$271 thousand).

Lease related commitments for future contingent rental payments were US$98,093 thousand during the period ended 30 June 2022 (31 December 2021: US$51,034 thousand; 30 June 2021: US$22,019 thousand). These commitments include future cash flows dependent on non-fixed rates related to the long-term portion of leases of land not used for the direct extraction of ore and accounted for under IFRS 16 whereas the short-term portion is recognised as lease liability in the statement of financial position.

Note 12: Goodwill and other intangible assets

During the six month period ended 30 June 2022, the additions to the intangible assets totalled US$298 thousand (30 June 2021: US$2,005 thousand; 31 December 2021: US$3,985 thousand). The total depreciation charge for the period was US$1,037 thousand (30 June 2021: US$723 thousand; 31 December 2021: US$1,681 thousand).

Critical estimates

The Russian invasion into Ukraine and the ongoing war resulted in a total impairment of the Group's operating non-current assets of US$254,477 thousand, of which US$27,340 thousand were allocated to goodwill, which is now fully impaired, and US$1,763 thousand to various asset categories within intangible assets. In accordance with the relevant accounting standard, the impairment on the goodwill will not reverse in future periods, in case of positive developments of the Group's future cash flow generation and the relevant macro-economic data. See Note 10 Property, plant and equipment for further information on the impairment test performed as at 30 June 2022.

Note 13: Other taxes recoverable and prepaid

As at 30 June 2022, taxes recoverable and prepaid comprised:

US$000	**As at 30.06.22 (unaudited)**	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
VAT receivable	**100,419**	47,954	38,828
Other taxes prepaid	**300**	86	398
Total other taxes recoverable and prepaid – current	**100,719**	**48,040**	**39,226**
VAT receivable	**6,833**	–	–
Total other taxes recoverable and prepaid – non-current	**6,833**	–	–
Total other taxes recoverable and prepaid	**107,552**	**48,040**	**39,226**

As at 30 June 2022, US$104,333 thousand of the VAT receivable relates to the Group's Ukrainian business operations (31 December 2021: US$45,602 thousand; 30 June 2021: US$37,040 thousand).

Following the Russian invasion into Ukraine in February 2022, the tax code of Ukraine amended and adopted by Ukrainian Parliament on 3 March 2022. As a result of this amendment, the VAT refunds were suspended and the Group's subsidiaries in Ukraine did not receive any VAT refunds during the months between March and June 2022. Due to the suspended VAT refunds, the VAT receivable balance increased as of 30 June 2022 and the Group expects that the VAT balances related to the previous months will be collected in full in the second half of 2022. On 12 May 2022 Ukrainian Parliament adopted another amendment to the tax code of Ukraine by which the procedure of VAT refunds was returned, albeit the period for the verification of VAT by the tax authorities was increased to 60 days with an extra potential extension of 60 days for tax audits, if needed. As a result, VAT refunds legally resumed again from July 2022 onwards, but the Group's subsidiaries did not receive any refunds as at the date of the approval of these interim condensed consolidated financial statements.

The total VAT receivable balance shown in the table above is net of an allowance of US$1,086 thousand (31 December 2021: US$1,361 thousand; 30 June 2021: US$1,203 thousand) to reflect the uncertainties in terms of the timing of the recovery of VAT receivable balances. The non-current portion of the VAT receivable balance relates to VAT incurred by a Ukrainian subsidiary with a mine still being developed. VAT refunds in Ukraine are generally only to be expected when corporates are fully operative.

Note 14: Inventories

As at 30 June 2022, inventories comprised:

US$000	As at 30.06.22 (unaudited)	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Raw materials and consumables	**72,769**	57,575	56,437
Spare parts	**94,662**	80,886	88,331
Finished ore pellets	**105,557**	48,058	33,806
Work in progress	**33,808**	13,496	11,811
Other	**2,974**	2,384	2,215
Total inventories – current	**309,770**	202,399	192,600
Weathered ore	**7,846**	8,414	230,000
Total inventories – non-current	**7,846**	8,414	230,000
Total inventories	**317,616**	210,813	422,600

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

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 twelve months. As at the date of the approval of the interim condensed consolidated financial statements as at 31 December 2021, it could not be reliably predicted when additional processing capabilities will be available to specifically process the stockpiled low-grade ore. Whilst the stockpiled low-grade ore is considered as an asset for the Group, the unknown timing of processing of the stockpiled low-grade ore had to be adequately considered in the net realisable value test performed and resulted in a full impairment of the stockpiled low-grade ore totalling US$231,111 thousand.

Following the impairment loss recorded during the financial year 2021, the low-grade ore extracted during the six month period ended 30 June 2022 with value of US$8,546 thousand was recognised in the consolidated income statement and included in the cost of sales.

Critical estimates
Some or all of this impairment loss might reverse in the future, once changed facts and circumstances can be considered in the net realisable value test of this asset. As at 30 June 2022, there are no changes in facts and circumstances to be considered that would result in a reversal of the impairment of the low-grade ore recorded as at the end of the comparative period ended 31 December 2021. Additionally, the ongoing war in Ukraine makes it currently difficult to accelerate the commenced engineering studies exploring the option of new processing capabilities for the specific purpose of processing low-grade ore.

The remaining balance of non-current inventories as at 30 June 2022 relates to weathered ore, which is expected to be processed after more than twelve months.

Note 15: Cash and cash equivalents

As at 30 June 2022, cash and cash equivalents comprised:

US$000	Notes	As at 30.06.22 (unaudited)	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Cash at bank and on hand		**176,766**	158,052	234,669
Cash equivalents		–	9,239	–
Total cash and cash equivalents	3	**176,766**	167,291	234,669

The debt repayments net of proceeds during the period ended 30 June 2022 totalled US$45,726 thousand (31 December 2021: US$221,188 thousand; 30 June 2021: US$244,899 thousand) affecting the balance of cash and cash equivalents.

Further information on the Group's gross debt is provided in Note 16 Interest-bearing loans and borrowings.

The balance of cash and cash equivalents held in Ukraine amounts to US$12,747 thousand as at 30 June 2022 (31 December 2021: US$52,326 thousand; 30 June 2021: US$33,731 thousand).

Cash equivalents as at the end of the comparative year ended 31 December 2021 relate to cash deposits for letters of credit available within three months from the date of inception of the letters of credit. Cash deposits available only after three months from the date of inception totalling US$13,026 thousand (31 December 2021: US$18,962 thousand; 30 June 2021: nil) are classified as other current assets.

Note 16: Interest-bearing loans and borrowings

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

US$000	Notes	As at 30.06.22 (unaudited)	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Current				
Lease liabilities		**3,360**	6,060	4,129
Trade finance facilities		**–**	42,146	15,346
Total current interest-bearing loans and borrowings	3	**3,360**	48,206	19,475
Non-current				
Lease liabilities		**1,754**	2,143	2,686
Total non-current interest-bearing loans and borrowings	3	**1,754**	2,143	2,686
Total interest-bearing loans and borrowings		**5,114**	50,349	22,161

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

US$000	**6 months ended 30.06.22 (unaudited)**	Year ended 31.12.21 (audited)	6 months ended 30.06.21 (unaudited)
Opening balance of interest-bearing loans and borrowings	**50,349**	266,478	266,478
Cash movements			
Repayments of syndicated bank loans – secured	**–**	(256,666)	(256,666)
Repayments of other bank loans – unsecured	**–**	(764)	(764)
Principal and interest elements of lease payments	**(3,537)**	(5,904)	(2,815)
Change of trade finance facilities, net	**(42,146)**	42,146	15,346
Total cash movements	**(45,683)**	(221,188)	(244,899)
Non-cash movements			
Amortisation of prepaid arrangement fees	**–**	4	4
Additions to lease liabilities	**1,099**	4,506	101
Others (incl. translation differences)	**(651)**	549	477
Total non-cash movements	**448**	5,059	582
Closing balance of interest-bearing loans and borrowings	**5,114**	50,349	22,161

The outstanding amount of the Group's syndicated revolving pre-export facility was fully repaid at the end of the comparative period ended 30 June 2021 and the facility was subsequently cancelled.

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

Further information on the Group's exposure to interest rate, foreign currency and liquidity risk is provided in Note 27 Financial instruments of the 2021 Annual Report and Accounts.

Note 17: Financial instruments

Fair values

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

US$000	**As at 30.06.22 (unaudited)**	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Financial assets			
Cash and cash equivalents	**176,766**	167,291	234,669
Trade and other receivables	**104,898**	192,363	209,694
Other financial assets	**18,284**	26,246	5,285
Total financial assets	**299,948**	385,900	449,648
Financial liabilities			
Trade and other payables	**72,469**	72,824	117,250
Accrued liabilities	**19,259**	30,031	25,413
Interest-bearing loans and borrowings	**5,114**	50,349	22,161
Total financial liabilities	**96,842**	153,204	164,824

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

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

Credit risk
Whilst the Covid-19 pandemic did not result in a significant increase in the Group's credit risk, the risks highlighted in the 2021 Annual Report and Accounts remain relevant. See page the Principal Risks section on page 72 of the 2021 Annual Report and Accounts for detailed information.

The change of the balance of impairment losses on trade receivables recognised in the interim consolidated income statement as of 30 June 2022 and during the comparative periods ended 31 December 2021 and 30 June 2021 was not material and therefore not disclosed separately in the interim consolidated income statement.

Commodity risk
Revenues related to provisionally priced sales are initially recognised at the estimated fair value of the consideration receivable based on the forward price at each reporting date for the relevant period outlined in the different contracts. As a consequence, the receivable balance may change in a future period when final invoices can be issued based on final iron ore prices to be applied according to the specific underlying contract terms. There were no provisionally priced sales as at 30 June 2022. The provisionally priced iron ore exposure as at the end of the comparative period 31 December 2021 was 342,916 tonnes and gave rise to a fair value gain of US$4,455 thousand as at 31 December 2021 (30 June 2021: 87,701 tonnes which gave rise to fair value loss of US$945 thousand). Final iron ore prices based on the relevant index are normally known within 60 days after the reporting period. The difference between the provisionally priced receivable balance recognised as at the end of the comparative period 31 December 2021 and the receivable balance taking into account known final and latest forward prices was US$13,550 thousand and would have increased the consolidated result and the shareholders' equity by this amount (30 June 2021: US$578 thousand which would have decreased the consolidated result and the shareholders' equity by this amount).

Where pricing terms deviate from the index-based pricing model, derivative commodity contracts may be used to swap the pricing terms to the iron ore index price.

Finished goods are held at cost without revaluation to a spot price for iron ore pellets at the end of the reporting period, as long as the recoverable amount exceeds the cost basis.

Note 18: Commitments, contingencies and legal disputes

Commitments

Commitments as at 30 June 2022 consisted of the following:

US$000	**As at 30.06.22 (unaudited)**	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Total commitments for the lease of mining land (out of the scope of IFRS 16)	**45,791**	57,665	42,531
Total capital commitments on purchase of property, plant and equipment	**166,992**	191,412	151,446
Commitments for investment in a joint venture	**6,064**	6,064	6,064

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

For further information on lease-related commitments see Note 11 Leases.

Contingencies

As disclosed in the 2021 Annual Report and Accounts, the Board, acting through the Committee of Independent Directors (the "CID"), conducted during the financial year 2020 a review in connection with the Group's sponsorship arrangements with FC Vorskla and concluded its enquiry in March 2021. See Note 30 Commitments, contingencies and legal disputes in the 2020 Annual Report and Accounts for detailed information. As of 30 June 2022, in accordance with arrangements concluded for the full repayment of a loan granted by FC Vorskla Cyprus Ltd. to Collaton Ltd., the Group had withheld US$9,000 thousand from the dividends paid on 28 June 2022. Subsequent to the end of the reporting period, an additional amount of US$9,424 million was withheld from the dividends paid on 4 July 2022. See also Note 20 Related party disclosures.

Legal

In the ordinary course of business, the Group is subject to various legal actions and ongoing court proceedings. There is a risk that the independence of the judicial system and its immunity from economic and political influences in Ukraine is not upheld, consequently Ukrainian legislation might be inconsistently applied to resolve the same or similar disputes. See also the Principal Risks section on pages 59 and 60 of the 2021 Annual Report and Accounts for further information on the Ukraine country risk.

Share dispute
On 23 November 2020, the Kyiv Commercial Court opened court proceedings in relation to an old shareholder litigation. In 2005, a former shareholder in PJSC Ferrexpo Poltava Mining ("FPM") brought proceedings in the Ukrainian courts seeking to invalidate the share sale and purchase agreement pursuant to which a 40.19% stake in FPM was sold to nominee companies that were previously ultimately controlled by Kostyantin Zhevago, amongst other parties. After a long period of litigations, all old claims were fully dismissed in 2015. In January 2021, Ferrexpo AG ("FAG") received a claim from a former shareholder in FPM to invalidate part of the share sale and purchase agreement concluded in 2002 related to the sale of a 9.32% shareholding in FPM. Following the receipt of the claim, FAG, as the parent company of FPM, filed on 27 January 2021 its statement of defence to the court in response.

In February 2021, after the first hearing of the Kyiv Commercial Court on this case, FAG became aware that three new claims had been filed by three other former shareholders in FPM. Taken together, four claimants seek to invalidate the share sale and purchase agreement concluded in 2002 pursuant to which a 40.19% stake in FPM was sold, similarly to the previous claims made back in 2005. FAG filed on 5 March 2021 its statements of defence to the court in response to these new claims. The Kyiv Commercial Court ruled on 27 May 2021 in favour of FAG. The opposing parties filed in June 2021 their appeals. The Northern Commercial Court of Appeal has opened the appeal proceedings and several hearings have been held since then without a court decision made. The next hearing is expected to take place on 4 August 2022.

Based on legal advice obtained and considering the dismissal of the claims made by a former shareholder in FPM back in 2015, it is management's view that FAG has compelling arguments to defend its position in the court.

Royalty-related investigation and claim
On 3 February 2022, PJSC Ferrexpo Poltava Mining ("FPM") and Ferrexpo Yeristovo Mining LLC ("FYM") received letters from the Office of Prosecutor General notifying about ongoing investigation on potential underpayment of iron ore royalty payments during the years 2018 to 2021. The amount of underpayment is not specified in the letters. As part of the investigation, the Office of Prosecutor General requested documents related to iron ore royalty payments and requested four representatives of the Group's subsidiaries to appear as witnesses for investigations. The Group's subsidiaries are collecting the necessary documents and intend to comply with all lawful requests in this investigation. However, due to the current situation in Ukraine, the status and further development of the initiated investigation is unknown.

On 8 February 2022, FPM received a tax audit report, which claims the underpayment of iron ore royalty payments during the period from April 2017 to June 2021 in the amount of approximately UAH1,042 million (approximately US$35,618 thousand as at 30 June 2022). The Group provided its objections to the claims made in the tax audit report and it is expected that this case will ultimately be heard by the courts in Ukraine in due course. Due to the current situation in Ukraine, it is unknown when a first hearing will take place in respect of the claim received and how the aforementioned investigation is going to further develop.

Based on legal advice obtained, it is management's view that FPM has compelling arguments to defend its position in the court and, as a consequence, no associated liabilities have been recognised in relation to the claim made in the consolidated statement of financial position as at 30 June 2022, similarly to the position as at 31 December 2021.

Ecological claims
In September 2021, the State Ecological Inspection carried out an inspection of Ferrexpo Yeristovo Mining LLC ("FYM") and on 1 October 2021 issued an order to remove a number of alleged violations of environmental rules. On 19 October 2021, FYM received two ecological claims from the State Ecological Inspection. One of the claims was related to an allegation of violation of rules regarding removal of soil on a particular land plot and the State Ecological Inspection requested payment for damages of approximately UAH768 million (US$26,252 thousand as at 30 June 2022). The other claim was related to an allegation of absence of documents for disposal of waste on a particular land plot and the State Ecological Inspection requested payment for damages in the amount of approximately UAH18 million (US$615 thousand as at 30 June 2022). Each claim states that if FYM does not voluntarily pay the damages, the State Ecological Inspection will start court proceedings. In November 2021, FYM sent written objections to these claims to the State Ecological Inspection. The State Ecological Inspection has neither responded to FYM's objections nor filed the claims to the court within a reasonable period by February 2022. In February 2022, FYM has therefore filed a lawsuit to the court. The Kremenchuk District Prosecutor's Office is conducting the investigation in connection with alleged violations of environmental rules. The hearing on 19 July 2022 ruled in favour of FYM and, as at the date of the approval of these interim condensed consolidated financial statements it is not known whether the State Ecological Inspection is going to file an appeal.

Based on legal advice obtained, it is management's view that FYM has compelling arguments to defend its position in the court and, as a consequence, no associated liabilities have been recognised in relation to these matters in the consolidated statement of financial position as at 30 June 2022, similarly to the position as at 31 December 2021.

Cancellation of licence for Galeschynske deposit
On 24 June 2021, an Order of the President of Ukraine was published on the official website of the President (the "Order"), which enacted the Decision of the National Security and Defence Council of Ukraine on the application of personal special economic and other restrictive measures and sanctions (the "Decision"). Ferrexpo Belanovo Mining ("FBM") is included in the list of legal entities which are subject to sanctions pursuant to the Decision. The Order and the Decision do not provide any legal ground for the application of sanctions. The sanction imposed on FBM is the cancellation of the mining licence for the Galeschynske deposit, which is one of two licences held by FBM. The Galeschynske deposit is a project in the exploration phase that is situated to the north of the Group's active mining operations.

Taxation

Tax legislation
As disclosed in Note 8 Taxation, the Group is involved in ongoing tax audits and a court proceeding in respect of its cross-border transactions and an unfavourable outcome would have an adverse impact on the Group's cash flow generation, profitability and liquidity. See Note 8 Taxation and also the update on the Group's Principal Risks on page 16 in terms of the Ukraine country risk.

Note 19: Share capital and reserves

The share capital of Ferrexpo plc at 30 June 2022 was 613,967,956 (31 December 2021: 613,967,956; 30 June 2021: 613,967,956) Ordinary Shares at par value of £0.10 paid for cash, resulting in share capital of US$121,628 thousand, which is unchanged since the Group's Initial Public Offering in June 2007. This balance includes 25,343,814 shares (31 December 2021: 25,343,814 shares; 30 June 2021: 25,343,814 shares), which are held in treasury, resulting from a share buyback that was undertaken in September 2008, and 577,370 shares held in the employee benefit trust reserve (31 December 2021: 924,899 shares; 30 June 2021: 924,899 shares).

The translation reserve includes the effect from the exchange differences arising on translation of non-US Dollar functional currency operations (mainly in Ukrainian Hryvnia). The exchange differences arising on translation of the Group's foreign operations are initially recognised in the other comprehensive income. See also the Interim Consolidated Statement of Comprehensive Income on page 21 of these financial statements for further details.

As at 30 June 2022 other reserves attributable to equity shareholders of Ferrexpo plc comprised:

For the financial year 2021 and the 6 months ended 30.06.22 US$000	**Uniting of interest reserve**	**Treasury share reserve**	**Employee benefit trust reserve**	**Translation reserve**	**Total other reserves**
At 1 January 2021	**31,780**	**(77,260)**	**(2,535)**	**(2,017,881)**	**(2,065,896)**
Foreign currency translation differences	–	–	–	82,222	82,222
Tax effect	–	–	–	(3,313)	(3,313)
Total comprehensive loss for the year	**–**	**–**	**–**	**78,909**	**78,909**
Share based payments	–	–	856	–	856
At 31 December 2021 (audited)	**31,780**	**(77,260)**	**(1,679)**	**(1,938,972)**	**(1,986,131)**
Foreign currency translation differences	–	–	–	(186,248)	(186,248)
Tax effect	–	–	–	6,297	6,297
Total comprehensive income for the period	**–**	**–**	**–**	**(179,951)**	**(179,951)**
Share based payments	–	–	310	–	310
At 30 June 2022 (unaudited)	**31,780**	**(77,260)**	**(1,369)**	**(2,118,923)**	**(2,165,772)**

For the 6 months ended 30.06.21 US$000	**Uniting of interest reserve**	**Treasury share reserve**	**Employee benefit trust reserve**	**Translation reserve**	**Total other reserves**
At 1 January 2021	**31,780**	**(77,260)**	**(2,535)**	**(2,017,881)**	**(2,065,896)**
Foreign currency translation differences	–	–	–	95,792	95,792
Tax effect	–	–	–	(3,688)	(3,688)
Total comprehensive income for the period	**–**	**–**	**–**	**92,104**	**92,104**
Share based payments	–	–	329	–	329
At 30 June 2021 (unaudited)	**31,780**	**(77,260)**	**(2,206)**	**(1,925,777)**	**(1,973,463)**

Note 20: Related party disclosures

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

Entities under common control are those under the control of Kostyantin Zhevago. Associated companies refer to TIS Ruda LLC, in which the Group holds an interest of 49.9% (31 December 2021: 49.9%; 30 June 2021; 49.9%). This is the only associated company of the Group.

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

The payments made to the Non-executive Directors and Executive Directors in the comparative period ended 31 December 2021 are disclosed in detail in the Remuneration Report included in the Group's 2021 Annual Report and Accounts.

Revenue, expenses, finance income and finance expenses

US$000	**6 months ended 30.06.22 (unaudited)**			6 months ended 30.06.21 (unaudited)			Year ended 31.12.21 (audited)		
	Entities under common control	**Asso-ciated compa-nies**	**Other related parties**	Entities under common control	Asso-ciated compa-nies	Other related parties	Entities under common control	Asso-ciated compa-nies	Other related parties
Other sales [a]	**423**	**–**	**2**	278	–	5	657	–	9
Total related party transactions within revenue	**423**	**–**	**2**	278	–	5	657	–	9
Materials [b]	**4,722**	**–**	**–**	3,604	–	–	8,334	–	–
Spare parts and consumables [c]	**3,523**	**–**	**–**	3,007	–	–	6,350	–	–
Other expenses [d]	**1,058**	**–**	**–**	627	–	–	2,172	–	–
Total related party transactions within cost of sales	**9,303**	**–**	**–**	7,238	–	–	16,856	–	–
Selling and distribution expenses [e]	**2,680**	**2,677**	**–**	2,354	8,860	–	4,876	18,139	–
General and administration expenses [f]	**982**	**–**	**316**	1,561	–	236	1,762	–	524
Finance expenses	**5**	**–**	**–**	11	–	–	20	–	–
Total related party transactions within expenses	**12,970**	**2,677**	**316**	11,164	8,860	236	23,514	18,139	524
Other income	**–**	**–**	**–**	1	–	–	2	–	–
Total related party transactions	**13,393**	**2,677**	**318**	11,443	8,860	241	24,173	18,139	533

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

Entities under common control

a Sales of scrap metal to OJSC Uzhgorodsky Turbogas totalling US$279 thousand (30 June 2021: US$174 thousand; 31 December 2021: US$437 thousand).

a Sales of electricity to Kislorod PCC for US$140 thousand (30 June 2021: US$101 thousand; 31 December 2021 US$209 thousand).

b Purchases of oxygen, scrap metal and services from Kislorod PCC for US$1,023 thousand (30 June 2021: US$993 thousand; 31 December 2021: US$1,533 thousand);

b Purchases of cast iron balls from OJSC Uzhgorodsky Turbogas for US$2,957 thousand (30 June 2021: US$2,285 thousand; 31 December 2021: US$5,700 thousand); and

b Purchase of maintenance and construction services from FZ Solutions LLC (formerly OJSC Berdichev Machine-Building Plant Progress) for US$714 thousand (30 June 2021: US$304 thousand; 31 December 2021: US$1,024 thousand).

c Purchases of spare parts from OJSC AvtoKraz Holding in the amount of US$1,143 thousand (30 June 2021: US$766; 31 December 2021: US$1,983 thousand);

c Purchases of spare parts from CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") in the amount of US$342 thousand (30 June 2021: US$233 thousand; 31 December 2021: US$837 thousand);

c Purchases of spare parts from FZ Solutions LLC (formerly OJSC Berdichev Machine-Building Plant Progress) in the amount of US$138 thousand (30 June 2021: US$701 thousand; 31 December 2021: US$719 thousand);

c Purchases of spare parts from Kislorod PCC in the amount of US$200 thousand (30 June 2021: nil; 31 December 2021: US$28 thousand);

c Purchases of spare parts from OJSC Uzhgorodsky Turbogas in the amount of US$826 thousand (30 June 2021: US$494 thousand; 31 December 2021: US$1,032 thousand); and

c Purchases of spare parts from Valsa GTV in the amount of US$799 thousand (30 June 2021: US$785 thousand; 31 December 2021: US$1,735 thousand).

d Insurance premiums of US$1,058 thousand (30 June 2021: US$627 thousand; 31 December 2021: US$2,172 thousand) paid to ASK Omega for insurance cover in respect of mining equipment and machinery.

e Purchases of advertisement, marketing and general public relations services from FC Vorskla of US$2,678 thousand (30 June 2021: US$2,354 thousand; 31 December 2021: US$4,875 thousand). See page 36 in respect of a loan relationship between FC Vorskla and another related party.

f Insurance premiums of US$635 thousand (30 June 2021: US$1,368 thousand; 31 December 2021: US$1,341 thousand) paid to ASK Omega for workmen's insurance and other insurances; and

f Purchase of marketing services from TV & Radio Company of US$147 thousand (30 June 2021: US$114 thousand; 31 December 2021: US$243 thousand).

Associated companies

e Purchases of logistics services in the amount of US$2,677 thousand (30 June 2021: US$8,860 thousand; 31 December 2021: US$18,139 thousand) relating to port operations, including port charges, handling costs, agent commissions and storage costs.

Other related parties

f Legal and administrative services in the amount of US$191 thousand (30 June 2021: US$218 thousand; 31 December 2021: US$506 thousand) provided by Kuoni Attorneys at law Ltd., which is controlled by a member of the Board of Directors of one of the subsidiaries of the Group and received Directors' fee of US$50 thousand (30 June 2021: US$50 thousand; 31 December 2021: US$100 thousand).

Purchases of property, plant, equipment and investments

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

US$000	**6 months ended 30.06.22 (unaudited)**			6 months ended 30.06.21 (unaudited)			Year ended 31.12.21 (audited)		
	Entities under common control	**Asso-ciated compa-nies**	**Other related parties**	Entities under common control	Asso-ciated compa-nies	Other related parties	Entities under common control	Asso-ciated compa-nies	Other related parties
Purchases in the ordinary course of business	**4,013**	**–**	**–**	135	–	–	552	–	–
Total purchases of property, plant and equipment	**4,013**	**–**	**–**	135	–	–	552	–	–

During the period ended 30 June 2022, the Group purchased major spare parts and equipment from FZ Solutions LLC (formerly OJSC Berdichev Machine-Building Plant Progress) totalling US$3,989 thousand (30 June 2021: US$86 thousand; 31 December 2021: US$283 thousand) in respect of the Wave 1 expansion project of its processing plant. The Group also procured equipment and materials from CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") totalling US$24 thousand (30 June 2021: US$32 thousand; 31 December 2021: US$234 thousand) for maintenance and repairs of its processing plant.

The FPM Charity Fund owns 75% of the Sport & Recreation Centre ("SRC") in Horishni Plavni and made contributions totalling US$109 thousand during the period ended 30 June 2022 (30 June 2021: US$65 thousand; 31 December 2021: US$120 thousand) for the construction and maintenance of the building, including costs related to electricity, gas and water consumption. The remaining stake of 25% is owned by JSC F&C Realty, which is under the control of Kostyantin Zhevago.

Balances with related parties

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

US$000	**6 months ended 30.06.22 (unaudited)**			Year ended 31.12.21 (audited)			6 months ended 30.06.22 (unaudited)		
	Entities under common control	**Asso-ciated compa-nies**	**Other related parties**	Entities under common control	Asso-ciated compa-nies	Other related parties	Entities under common control	Asso-ciated compa-nies	Other related parties
Prepayments for property, plant and equipment [g]	**10,533**	**–**	**–**	8,463	–	–	358	–	–
Total non-current assets	**10,533**	**–**	**–**	8,463	–	–	358	–	–
Trade and other receivables [h]	**148**	**4,057**	**1**	101	4,181	1	106	4,335	1
Prepayments and other current assets [i]	**1,731**	**–**	**–**	2,076	–	–	787	–	–
Total current assets	**1,879**	**4,057**	**1**	2,177	4,181	1	893	4,335	1
Trade and other payables [j]	**10,355**	**–**	**–**	732	489	–	766	294	–
Accrued and contract liabilities	**44**	**–**	**–**	–	–	–	66	–	–
Total current liabilities	**10,399**	**–**	**–**	732	489	–	832	294	–

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

Entities under common control

g Prepayments for property, plant and equipment totalling US$10,005 thousand (31 December 2021: US$8,422 thousand; 30 June 2021: US$345 thousand) were made to FZ Solutions LLC (formerly OJSC Berdichev Machine-Building Plant Progress) mainly in relation to the Wave 1 expansion project of the processing plant, and

g Prepayments for property, plant and equipment totalling US$528 thousand (31 December 2021: US$49 thousand; 30 June 2021: nil) were made to CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") in relation to procured spare parts for ongoing maintenance projects.

i Prepayments and other current assets totalling US$570 thousand to ASK Omega for insurance premiums (31 December 2021: US$1,123 thousand; 30 June 2021: US$264 thousand); and

i Prepayments and other current assets totalling US$16 thousand to CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") for purchase of spare parts (31 December 2021: US$143 thousand; 30 June 2021: US$281 thousand).

j Trade and other payables of US$236 thousand (31 December 2021: US$221 thousand; 30 June 2021: US$158 thousand) related to the purchase of oxygen, metal scrap and services from Kislorod PCC;

j Trade and other payables of US$797 thousand (31 December 2021: US$295 thousand; 30 June 2021: US$351 thousand) related to the purchase of spare parts and services from FZ Solutions LLC (formerly OJSC Berdichev Machine-Building Plant Progress), and

j Trade and other payables of US$9,000 thousand (31 December 2021: nil; 30 June 2021: nil) to Fevamotinico S.a.r.l in respect of dividends withheld under agreements concluded for the full repayment of a loan granted by FC Vorskla Cyprus Ltd. to Collaton Ltd. See Note 18 Commitments, contingencies and legal disputes for further information.

Associated companies

h Trade and other receivables of US$4,057 thousand (31 December 2021: US$4,181 thousand; 30 June 2021: US$4,335 thousand) related to dividend receivables from TIS Ruda LLC.

j No trade and other payables related to purchases of logistics services from TIS Ruda LLC as of 30 June 2022 (31 December 2021: US$489 thousand; 30 June 2021: US$294 thousand).

The Ferrexpo Humanitarian Fund

Following the Russian invasion into Ukraine in February 2022, the Group has established the Ferrexpo Humanitarian Fund with total approved funding of US$15,000 thousand in order to support local communities in Ukraine. As at 30 June 2022, the Group procured medicine totalling US$259 thousand from Arterium LLC and food totalling US$94 thousand from JSC Kremenchukmyaso, both under common control of Kostyantin Zhevago, a controlling shareholder of Ferrexpo plc. See page 2 for further information on the Ferrexpo Humanitarian Fund.

Note 21: Events after the reporting period

Following the Russian invasion into Ukraine on 24 February 2022, the National Bank of Ukraine pegged the Ukrainian hryvnia at 29.255 to the US dollar in order to mitigate the adverse impact from the war on the local financial system. On 21 July 2022, the National Bank of Ukraine devalued the local currency to 36.568 to the US dollar with immediate effect. Whilst this devaluation of the local currency is expected to have a positive effect on the Group's production costs, the currency deprecation of c. 25% will also reduce the Group's net assets as significant balances of assets and liabilities are denominated in the local currency of Ukraine.

Other than disclosed above, no material adjusting or non-adjusting items have occurred subsequent to the period-end.

Alternative Performance Measures ("APM")

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

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

Ferrexpo makes reference to the following APMs in the 2022 Half Year Results.

C1 cash cost of production

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

US$000	**As at 30.06.22 (unaudited)**	As at 30.06.21 (unaudited)	As at 31.12.21 (audited)
C1 cash costs	**409,382**	259,121	626,561
Non-C1 cost components	**(38,018)**	34,511	71,339
Inventories recognised as an expense upon sale of goods	**371,364**	293,632	697,900
Own ore produced (tonnes)	**4,797,079**	5,562,870	11,220,260
C1 cash cost per tonne (US$)	**85.3**	46.6	55.8

Underlying EBITDA

Definition: The Group calculates the underlying EBITDA as profit before tax and finance plus depreciation and amortisation, net gains and losses from disposal of investments and property, plant and equipment, share-based payments and write-offs and impairment losses. The underlying EBITDA is presented because it is a useful measure for evaluating the Group's ability to generate cash and its operating performance. See Note 3 Segment information for further details.

Closest equivalent IFRSs measure: Profit before tax and finance.

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

Reconciliation to closest IFRSs equivalent:

US$000	Notes	**As at 30.06.22 (unaudited)**	As at 30.06.21 (unaudited)	As at 31.12.21 (audited)
Underlying EBITDA		**486,121**	868,364	1,438,759
Losses on disposal and liquidation of property, plant and equipment	5	**(1,128)**	(2,975)	(4,695)
Share-based payments		**(310)**	(329)	(856)
Write-offs and impairments	5	**(254,366)**	(3,060)	(235,618)
Depreciation and amortisation		**(61,283)**	(55,427)	(115,112)
Profit before tax and finance		**169,034**	806,573	1,082,478

Diluted earnings per share

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

Closest equivalent IFRSs measure: Diluted earnings per share.

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

Reconciliation to closest IFRSs equivalent:

US$000	**6 months ended 30.06.2022 (unaudited)**	6 months ended 30.06.2021 (unaudited)	Year ended 31.12.21 (audited)
Earnings for the period/year attributable to equity shareholders – per share in US cents			
Basic	**13.96**	112.54	148.20
Diluted	**13.94**	112.34	147.94

Net cash/(debt)

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

Closest equivalent IFRSs measure: Cash and cash equivalents.

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

Reconciliation to closest IFRSs equivalent:

US$000	Notes	**As at 30.06.22 (unaudited)**	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Cash and cash equivalents	15	**176,766**	167,291	234,669
Interest-bearing loans and borrowings – current	16	**(3,360)**	(48,206)	(19,475)
Interest-bearing loans and borrowings – non-current	16	**(1,754)**	(2,143)	(2,686)
Net cash		**171,652**	116,942	212,508

Capital investment

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

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

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

Reconciliation to closest IFRSs equivalent:

US$000	Notes	**As at 30.06.22 (unaudited)**	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Purchase of property, plant and equipment and intangible assets (net cash flows used in investing activities)	10	**102,008**	360,869	142,451

Total liquidity

Definition: Sum of cash and cash equivalents and available committed facilities and uncommitted facilities. Uncommitted facilities include trade finance facilities secured against receivable balances related to these specific trades. See Note 16 Interest-bearing loans and borrowings for further information.

Closest equivalent IFRSs measure: Cash and cash equivalents.

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

Reconciliation to closest IFRSs equivalent:

US$000	Notes	**As at 30.06.22 (unaudited)**	As at 31.12.21 (audited)	As at 30.06.21 (unaudited)
Cash and cash equivalents	15	**176,766**	167,291	234,669
Uncommitted facilities		**140,000**	97,854	140,000
Total liquidity		**316,766**	265,145	374,669

Glossary

Act	The Companies Act 2006
AGM	The Annual General Meeting of the Company
Articles	Articles of Association of the Company
Audit Committee	The Audit Committee of the Company's Board
Bank F&C	Bank Finance & Credit
Belanovo or Bilanivske	An iron ore deposit located immediately to the north of Yeristovo
Benchmark Price	International seaborne traded iron ore pricing mechanism understood to be offered to the market by major iron ore producers under long-term contracts
Beneficiation Process	A number of processes whereby the mineral is extracted from the crude ore
BIP	Business Improvement Programme, a programme of projects to increase production output and efficiency at FPM
Blast furnace pellets	Used in Basic Oxygen Furnace "BOF" steelmaking and constitute about 70% of the traded pellet market
Board	The Board of Directors of the Company
Bt	Billion tonnes
C1 costs	Represents the cash costs of production of iron pellets from own ore, divided by production volume from own ore, and excludes non-cash costs such as depreciation, pension costs and inventory movements, costs of purchased ore, concentrate and production cost of gravel
Capesize	Capesize vessels are typically above 150,000 tonnes deadweight. Ships in this class include oil tankers, supertankers and bulk carriers transporting coal, ore, and other commodity raw materials. Standard capesize vessels are able to transit through the Suez Canal
Capex	Capital expenditure for the purchase of property, plant and equipment and intangible assets
Capital Employed	The aggregate of equity attributable to shareholders, non-controlling interests and borrowings
CFR	Delivery including cost and freight
CHF	Swiss Franc, the currency of Switzerland
China & South East Asia	This segmentation for the Group's sales includes China and Vietnam
CID	Committee of Independent Directors
CIF	Delivery including cost, insurance and freight
CIS	The Commonwealth of Independent States
CODM	The Executive Committee is considered to be the Group's Chief Operating Decision-Maker
Company	Ferrexpo plc, a public company incorporated in England and Wales with limited liability
Controlling Shareholder	50.3% of Ferrexpo plc shares are held by Fevamotinico S.a.r.l.; Fevamotinico is wholly owned by The Minco Trust. The Minco Trust is a discretionary trust that has three beneficiaries, consisting of Mr Zhevago and two other members of his family. Each of the beneficiaries of the Minco Trust is considered a controlling shareholder of Ferrexpo plc
CPI	Consumer Price Index

CRU	The CRU Group provides market analysis and consulting advice in the global mining industry (see www.crugroup.com)
CSR	Corporate Social Responsibility
DAP	Delivery at place
DFS	Detailed feasibility study
Directors	The Directors of the Company
Direct reduction	Used in Direct Reduction Iron ("DRI") production
Direct reduction "DR" pellets	In regions where natural gas is cheap and plentiful, such as the Middle East, DR pellets are mixed with natural gas to produce DRI, an alternative source of metallic to scrap in Electric Arc Furnace ("EAF") steelmaking. DR pellets are a niche, higher quality product with Fe content greater than 67% and a combined level of silica and alumina of <2%
EBT	Employee benefit trust
EPS	Earnings per share
Europe (including Turkey)	This segmentation for the Group's sales includes Austria, Czech Republic, Germany, Hungary, Romania, Serbia, Slovakia and Turkey
Executive Committee	The Executive Committee of management appointed by the Company's Board
Executive Directors	The Executive Directors of the Company
FBM	LLC Ferrexpo Belanovo Mining, a company incorporated under the laws of Ukraine
Fe	Iron
Ferrexpo	The Company and its subsidiaries
Ferrexpo AG Group	Ferrexpo AG and its subsidiaries including FPM
Fevamotinico	Fevamotinico S.a.r.l., a company incorporated with limited liability in Luxembourg
FOB	Delivered free on board, which means that the seller's obligation to deliver has been fulfilled when the goods have passed over the ship's rail at the named port of shipment, and all future obligations in terms of costs and risks of loss or damage transfer to the buyer from that point onwards
FPM	Ferrexpo Poltava Mining, also known as PJSC Ferrexpo Poltava Mining, a company incorporated under the laws of Ukraine
FRMCC	Finance, Risk Management and Compliance Committee, a sub-committee of the Executive Committee
FTSE 250	Financial Times Stock Exchange top 250 companies
FYM	LLC Ferrexpo Yeristovo Mining, a company incorporated under the laws of Ukraine
GPL	Gorishne-Plavninske-Lavrykivske, the iron ore deposit being mined by FPM
Group	The Company and its subsidiaries
HSE	Health, safety and environment
HSEC Committee	The Health, Safety, Environment and Community Committee
IAS	International Accounting Standards
IASB	International Accounting Standards Board

IFRIC interpretations	IFRS interpretations, as issued by the IFRS Interpretations Committee
IPO	Initial public offering
Iron ore concentrate	Product of the beneficiation process with enriched iron content
Iron ore pellets	Balled and fired agglomerate of iron ore concentrate, whose physical properties are well suited for transportation to and reduction within a blast furnace
Iron ore sinter fines	Fine iron ore screened to -6.3mm
IRR	Internal Rate of Return
JORC	Australasian Joint Ore Reserves Committee – the internationally accepted code for ore classification
K22	GPL ore has been classified as either K22 or K23 quality, of which K22 ore is of higher quality (richer)
KPI	Key Performance Indicator
Kt	Thousand tonnes
LIBOR	The London Inter Bank Offered Rate
LLC	Limited Liability Company (in Ukraine)
LSE	London Stock Exchange
LTI	Lost time injury
LTIFR	Lost-Time Injury Frequency Rate
LTIP	Long-Term Incentive Plan
m3	Cubic metre
Middle East & North Africa	This segmentation for the Group's sales includes Algeria and the United Arab Emirates.
Mm	Millimetre
Mt	Million tonnes
Mtpa	Million tonnes per annum
NBU	National Bank of Ukraine
Nominations Committee	The Nominations Committee of the Company's Board
Non-executive Directors	Non-executive Directors of the Company
NOPAT	Net operating profit after tax
North America	This segmentation for the Group's sales includes the United States
North East Asia	This segmentation for the Group's sales includes Japan and Korea
OHSAS 18001	International safety standard 'Occupational Health & Safety Management System Specification'
Ordinary Shares	Ordinary Shares of 10 pence each in the Company
Ore	A mineral or mineral aggregate containing precious or useful minerals in such quantities, grade and chemical combination as to make extraction economic

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

Underlying EBITDA	The Group calculates the Underlying EBITDA as profit before tax and finance plus depreciation and amortisation, net gains and losses from disposal of investments and property, plant and equipment, share based payments and write-offs and impairment losses
Underlying EBITDA margin	Underlying EBITDA (see definition above) as a percentage of revenue
US$/t	US Dollars per tonne
Value-in-use	The implied value of a material to an end user relative to other options, e.g. evaluating, in financial terms, the productivity in the steel making process of a particular quality of iron ore pellets versus the productivity of alternative qualities of iron ore pellets
VAT	Value Added Tax
WAFV	Weighted average fair value
WMS	Wet magnetic separation
Yeristovo or Yerystivske	The deposit being developed by FYM