

11 January 2024

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

Production Report for 4Q 2023

Ferrexpo plc (LSE: FXPO), producer of premium iron ore pellets for the transition to lower carbon and green steel, is pleased to report production results for the fourth quarter and full year to the end of December 2023 (“the quarter” or “4Q” or “4Q 2023” and “FY2023”).

Commenting on the results, Lucio Genovese, Interim Executive Chair, said: *“Throughout the year I have maintained that it is the resilience and commitment of our workforce that has ensured our assets remain operational. Once again, due to their steadfast determination that today we are reporting fourth quarter iron ore production of 677 thousand tonnes, and a total 4.1 million tonnes for the year.*

Even with winter setting in, we have been able to operate one, sometimes two, of our four pellet lines, to match the reduced export capacity available to us, and continue supplying premium products to our premium customers. Because our business is adaptive to change, during the quarter we were able to alter our production mix to match our customers’ needs and produce high grade pellets as well as pellet feed, whilst also treating material from a third party. In view of the hugely challenging situation that we faced during the past year, I believe that this is an exceptional performance and I am proud of our collective achievements.

Reflecting back on 2023, it is with great sadness that 14 of our employees serving in the Ukrainian Armed Forces have died, bringing the total to 34 since the Russian invasion began in 2022. At present, 754 of our colleagues are serving in the Ukrainian Armed Forces.

As the end of a second year of the war approaches the way we manage our business also continues to change. Since the full scale invasion we have continued to retain the majority of our workforce, despite being forced to significantly reduce our production. This has resulted in the business carrying significant fixed costs. Furthermore, a lack of access to Black Sea export routes meant that we have incurred higher logistics costs than in previous years and were also limited in our ability to service our MENA and Asian customers..

Ukraine’s recent success in opening up Black Sea export corridors has permitted some to recommence shipping out of certain ports. When the time is right, Ferrexpo plans to start up an additional pellet line and resume exports via this route, provided it is safe and cost effective. It is also encouraging to note that iron ore prices strengthened over 20% during the final quarter, driven by China’s support for the more steel-intensive sectors of its economy, and have continued to hold up well into the New Year. We also note the early signs of an uptick in pellet demand in Europe. These factors combined could be supportive of our large fixed cost base and higher logistics costs. In my opinion, improved demand and higher prices bode well for the year ahead for Ferrexpo.”

Highlights

- Ferrexpo is committed to the safety and wellbeing of the workforce and the Group continues to take extensive measures to protect all employees, their families, and local communities.
- Ferrexpo continues to produce, transport and sell its products despite a challenging environment in Ukraine.
- At the end of December 2023, the Group reported a rolling 12 month LTIFR of 0.39, below the historic five year trailing average of 0.69. For the third consecutive year zero fatalities were reported.
- The Group has successfully operated between one and two pelletising lines (out of four) during the quarter, alternating product quality depending on demand from customers and available logistics routes.
- With variable, yet stable production at different times from each of the two pelletiser lines in 4Q, total iron ore pellet production was 577,140 tonnes from own ore, 54% lower than 3Q due to logistic constraints and lower market demand in the early part of the quarter.
- Total pellet and commercial concentrate production for the full year was 4,151,703 tonnes, 33% lower than the previous year, primarily because the 2022 year included a period of full-production before the full scale invasion of Ukraine commenced on 24 February 2022.
- The focus on production of higher grade pellets continued during the period, all graded 65% Fe or above.
- Group net cash position, subject to minor final year-end adjustments, of approximately US\$109 million as of 31 December 2023 (31 December 2022: US\$106 million), with minimal lease obligations and no debt.

Summary production statistics Q4 2023 and FY2023 (kt)

	Grade	4Q 2023	3Q 2023	Change	FY 2023	FY 2022	Change
Total commercial production (pellets and commercial concentrate)		677	1,349	-50%	4,152	6,177	-33%
Total pellet production		627	1,251	-50%	3,845	6,053	-36%
Direct reduction pellets	67%	-	-	-	-	353	-
Ferrexpo premium pellets	65%	577	1,251	-54%	3,795	5,700	-37%
Ferrexpo basic pellets	62%	-	-	-	-	-	-
Third party pellets from concentrate	65%	50	-	-	50	-	-
Commercial concentrate production	67%	50	98	-49%	307	124	+147%

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About Ferrexpo:

Ferrexpo is a Swiss headquartered iron ore company with assets in Ukraine and a premium listing on the London Stock Exchange in the FTSE 250 index (ticker FXPO). The Group produces high grade iron ore pellets, which are a premium product for the global steel industry and enable reduced carbon emissions and increased productivity for steelmakers when converted into steel, compared to more commonly traded forms of iron ore. Ferrexpo's operations have been supplying the global steel industry for over 50 years. Before Russia's invasion of Ukraine in February 2022, the Group was the world's third largest exporter of pellets to the global steel industry. The Group has a 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.

Notes:

Please note that numbers may not add up due to rounding and all numbers contained herein may be subject to change. The Company will report Preliminary Financial Results for the year ended 2023 on 13 March 2024.