4 August 2021

Ferrexpo plc
(“Ferrexpo”, the “Group” or the “Company”)
Interim Results for the six months ended 30 June 2021

Investment in high grade pellets enables strong financial performance, with further growth ahead

Financial Highlights

- Revenues rise by 74% to US$1,353 million, reflecting market conditions and investments in increasing pellet quality.
- Underlying EBITDA[A] increases by 147% to US$868 million (1H 2020: US$352 million).
- Profit after tax of US$661 million, representing an increase of 165% (1H 2020: US$250 million).
- Net cash[A] position of US$213 million (31 December 2020: US$4 million).
- Capital investment increases to US$142 million (1H 2020: US$96 million).
- Interim dividend of 39.6 US cents per share (1H 2020: 13.2 US cents per share) in respect of strong performance in 1H 2021.

Lucio Genovese, Non-executive Chair, said:

“Today’s strong interim financial results reflect our multi-year investment programme in our assets, which has enabled us to not only take full advantage of the current strength of the iron ore market through our high grade iron ore products, but also deliver these results alongside excellent safety performance and continued progress in cutting carbon emissions.

The Group has shown resilience throughout the global COVID-19 pandemic, and we remain vigilant in our approach to protect our workforce and local communities from the spread of this virus. We continue to deliver growth, in terms of our operations, marketing and financial results, culminating in underlying EBITDA[A] of US$868 million for the first half of 2021, an increase of 147%. This strong all-round performance has enabled the Group to repay its pre-export finance facility early, whilst also investing for the future, as the Group grows from one phase of growth to another. We are also pleased to announce today an interim dividend of 39.6 US cents per share, reflecting the Group’s healthy balance sheet and strong performance to date in 2021.

Looking ahead, we are at an exciting time in the Group’s development. We are currently undertaking expansion work that will deliver growth in the near-term, having invested US$93 million in growth capex in the first half, and we are already looking ahead to our next phase of growth. On product quality, we have secured our first long-term contract for our latest product offering, high-grade (67% Fe) direct reduction pellets, which represent the future of global steel production as economies worldwide seek to decarbonise, and we also continue to cut our own carbon emissions. Finally, on corporate governance, we welcomed Ann-Christin Andersen as a further Independent Non-executive Director during the period.

I would like to conclude by thanking our workforce for delivering the interim results presented here, and to all stakeholders for their continued support in our business going forward.”

Financial Summary:

US$ million (unless otherwise stated)	**6 months ended 30.06.21**	**6 months ended 30.06.20**	**Change**	**Year ended 31.12.20**
Total pellet production (kt)	5,563	5,598	(1%)	11,218
Sales volumes (kt)	5,567	6,107	(9%)	12,062
Average Platts 62% Fe iron ore fines price (US$/t)	184	91	+102%	109
Average Platts 65% Fe iron ore fines price (US$/t)	212	106	+100%	122
Revenue	1,353	776	+74%	1,700
Average C1 cash cost of production[A] (US$/t)	46.6	40.9	+14%	41.5
Underlying EBITDA[A]	868	352	+147%	859
Profit after tax for the period	661	250	+165%	635
Diluted EPS (US cents)	112.3	42.4	+165%	107.9
Dividends per share declared (US cents)	39.6	13.2	+200%	85.8
Net cash flow from operating activities	661	258	+156%	687
Capital investment[A]	142	96	+48%	206
Closing net cash / (net debt)	213	(174)	+387	4
Closing cash and cash equivalents	235	169	+39%	270

Health and Safety

- Solid safety performance continues, with no work related fatalities in 1H 2021 (FY2020: one), and a lost time injury frequency rate ("LTIFR") of 0.37, which continues to remain below the Group's five-year trailing full-year average LTIFR[1]. This also compares favourably against LTIFR for iron ore miners in Western Australia, which was 1.60 for 2019-20 (most recent data available)[2].
- COVID-19 update: The Group's facilities continue to operate with minimal impact on operations to date, and the Group continues to closely monitor its workforce. The infection rate in the local communities surrounding the Group's operations remains low.

Operational Highlights

- Pellet production of 5.6 million tonnes in 1H 2021, representing a level in line with 1H 2020, despite pelletiser upgrade work during the period.
- An additional 149 kilotonnes of commercial high grade (67% Fe) concentrate was shipped in the period (1H 2020: none), correlating to periods of pelletiser upgrade work.
- Sales volumes decreased by 9% compared to 1H 2020, relating to stockpile drawdown process completed in the prior period.
- Market balance for pellet sales returning to historic levels, following temporary shift in sales to China in 2020.
- C1 cash cost of production[A] of US$46.6 per tonne, increasing by US$5.7 compared to 1H 2020, reflecting higher commodity prices and plant maintenance costs.
- Capital investment[A] of US$142 million in 1H 2021 (1H 2020: US$96 million), reflecting pellet line upgrade work and increased waste stripping activities ahead of further growth phase.
- Pelletiser upgrade work completed on three out of four lines, with final line to be completed in 3Q 2021. Once complete, this project will add a 0.5-1.0 million tonnes per annum of pelletiser capacity.
- First long-term contract signed for Group's high grade (67% Fe) direct reduction ("DR") pellets.

Market Environment

- High grade (65% Fe) iron ore prices as assessed by S&P Global Platts increased significantly during 1H 2021 compared to 1H 2020.
- Tight market conditions for global iron ore pellet supply, combined with increasing demand for pellets as steelmakers seek to increase productivity and lower emissions, resulted in the S&P Global Platts Atlantic pellet premium rising to US$54 per tonne in 1H 2021 (compared to US$30 per tonne in 1H 2020).
- C3 freight rates[3] rose by 72%, or the equivalent of US$9, to an average of US$22 per tonne in 1H 2021 as a result of higher oil prices and an increase in demand for vessels.

Board of Directors and Corporate Governance

- Ann-Christin Andersen appointed as an Independent Non-executive Director of the Board of Directors in March 2021.
- Appointment of Nikolay Kladiev as Group Chief Financial Officer with effect from today.

Environment, Social and Governance ("ESG")

- Release of annual Responsible Business Report on the Group's website today, covering ESG activities in 2020.
- Carbon emissions footprint decreases 6% in 1H 2021 against FY2020, on a per tonne basis.[4]

[1] Five-year trailing full-year average LTIFR for 2016-2020 is 0.98.

[2] Source: Government of Western Australia, http://www.dmp.wa.gov.au/, accessed July 2021.

[3] Source: Baltic Exchange.

[4] Relates to Scope 1 and Scope 2 emissions only. 6% reduction against FY2020 level of 113kg CO_2e per tonne production.

Alternative performance measures
Words with the symbol ᴬ are defined in the Alternative Performance Measures section on pages 38 and 39.

Conference call and webcast

Ferrexpo will host a presentation today (4 August 2021) via a video webcast that will start at 9:00am (UK).

To join the webcast, and view the live presentation, please use the following link:

https://webcasting.brrmedia.co.uk/broadcast/60eef3c20166921ec8acea58

You will be able to ask questions via the link above. If, however, you wish to join this conference call via telephone, please see following dial in details and instructions:

10 minutes prior to the start of the call, dial the dial in shown below and provide the confirmation code when prompted.

Note: due to regional restrictions some participants may receive operator assistance when joining this conference call and may not be automatically connected.

Event Title:	Ferrexpo PLC - Interim Results
Participant dial in numbers:	
• United Kingdom (local):	+44 (0)330 336 9126
• Switzerland (Geneva):	+41 (0)22 567 5729
• Switzerland (Zurich):	+41 (0)44 580 7206
• Ukraine:	0800 503 441
• United States of America:	+1 929-477-0324
Confirmation Code:	1881856

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Notes to Editors:

Ferrexpo is a Swiss headquartered iron ore company with assets in Ukraine. It has been mining, processing and selling high quality iron ore pellets to the global steel industry for over 40 years. In 2020, the Group produced 11.2 Mt of iron ore pellets, a 7% increase on the prior year. The Company is ranked as the world's 3rd largest exporter of pellets to the global steel industry with a market share of approximately 9%. Ferrexpo has a diversified customer base supplying steel mills in Austria, Germany, Japan, South Korea, Taiwan, China, Slovakia, the Czech Republic, Turkey, Vietnam and America. Ferrexpo has a premium listing on the main market of the London Stock Exchange under the ticker FXPO. For further information, please visit www.ferrexpo.com.

Introduction

The Group continues to make good progress on embedding a strong culture of safety at both its operations in Ukraine and logistics business in central Europe ("First-DDSG"), with three out of the Group's four main operating entities registering no lost time injuries during the period. As a result, the Group's LTIFR fell to 0.37 in 1H 2021 (FY2020: 0.79) and the Group had no fatalities at its operations (FY2020: one).

The Group remains vigilant with safeguards to protect both its workforce and local communities from the global COVID-19 pandemic, and to date operations have experienced minimal disruption as a result of this virus. Infection rates in local communities remain low, and to date the Group has approved US$3.5 million of direct funding through its COVID-19 Response Fund to help fight the spread of the virus locally.

The financial performance of the Group remained strong in 1H 2021, reflecting strong market conditions and recent investments that have enabled the Group to take full advantage of the increased demand for high grade iron ore products, particularly those that offer steelmakers the opportunity to lower carbon emissions, such as iron ore pellets. Pellet production volumes remained in line in 1H 2021, with high grade products (65% Fe and above) representing 100% of output (1H 2020: 99%). The Group's underlying EBITDA[A] result of US$868 million for the period reflects strong market conditions, the Group's production of high grade (65% Fe and above) iron ore pellets, combined with rigorous cost control measures. *For further details of the Group's financial performance, please see the Financial Review Section on page 6.*

The Group continues to invest and develop its assets, with a focus on growth in product volume and quality, whilst also seeking to lower carbon emissions through early adoption of modern technology in its production processes. During the period, the Group signed agreements for the supply of equipment for its crushing and beneficiation plant, which will form the foundation for delivering the Group's next milestone in growing output by a further three million tonnes per annum. *Further details of this latest phase of investment in growth are provided in the Operational Review Section (Capital investment for future growth) on page 11.*

Shareholder returns

Through strong cash generation, the Group is now in a net cash position, with the Group's net cash increasing to US$213 million as of 30 June 2021 (31 December 2020: US$4 million), including a cash position of US$235 million. In light of the current strength of the Group's balance sheet, the Board of Directors (the "Board") is pleased to announce an interim dividend of 39.6 US cents per Ordinary Share payable on 26 August 2021 to shareholders on the register at the close of business on 13 August 2021. The ex-dividend date will be 12 August 2021. All dividends are paid in UK Pounds Sterling, with an election to receive in US Dollars.

Board membership and executive management

The Board of Ferrexpo remains committed to maintaining strong levels of corporate governance practices and transparency throughout the Group.

In March 2021, Ann-Christin Andersen was announced as an Independent Non-executive Director of the Group, taking the total number of independent directors of the Group to four out of six directors, in addition to the Group's Chair.

As previously communicated in the Group's Annual Report and Accounts for 2020, the Nominations Committee is looking to make a further appointment of an Independent Non-executive Director to strengthen the Board.

With effect from today, and as announced on 7 July 2021, the Group has appointed Nikolay Kladiev as Group Chief Financial Officer ("CFO"). Nikolay has been the CFO of the Group's main operating entity in Ukraine – Ferrexpo Poltava Mining, since 2007, whilst also serving on the Group's Executive Committee during this time, and has been directly responsible for maintaining the Group's position as a low cost pellet producer.

Iron ore market review

Iron ore pricing

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

Demand for high grade iron ore increased significantly during the period, rising from an average of US$106 per tonne during 1H 2020 to an average of US$212 per tonne in 1H 2021, as assessed by Platts. The key driver for this increase in demand in iron ore in 1H 2021 relates to governments around the world providing economic stimulus packages in response to the global COVID-19 pandemic, which in turn has driven end-user demand for a range of steel products. The supply-side response to this increase in demand has seen a 10% increase in apparent iron ore production in 1H 2021 on a global basis[1] (versus 1H 2020), the equivalent of approximately

[1] CRU Iron Ore Market Outlook, July 2021

110 million tonnes of additional iron ore. Approximately 90% of this additional supply in 1H 2021 has come from three geographic locations – China, Australia and Brazil[1], representing the three main centres of global iron ore production.

Further to the increase seen in the iron ore fines price in 1H 2021, increased demand for high grade iron ore has driven the premium paid for high grade 65% Fe material higher, rising 91% to an average of US$28 per tonne in 1H 2021 (1H 2020: US$15 per tonne). Through the Group's growth programme of investments in its operations, which have enabled a pivot to 100% high grade production in recent years, the Group is able to take full advantage of this shift. The principal drivers for this increase in demand of high grade products relate to both short term and longer term factors. In the short term, steelmakers have been seeking to utilise high grade ores to increase blast furnace productivity at a time when steel margins remain at the present elevated levels. In the longer term, a structural shift is underway towards higher grade iron ores, as increasing environmental controls drive steelmakers towards input materials that reduce carbon emissions. High grade ores contain fewer impurities and therefore require less heat to convert to steel, with this heat typically generated through the combustion of coal in the blast furnace method of steelmaking.

In tandem with increasing demand for higher grade iron ores, the demand for iron ore pellets has also increased, reflecting the additional blast furnace productivity that is provided for by steelmakers utilising iron ore pellets over sinter fines. In addition, pellets generate lower emissions in the steelmaking process compared to sinter fines, as the latter need to be sintered, which is a process requiring additional coal before prior to the addition of material to the blast furnace. By contrast, pellets are a direct charge material and therefore do not require sintering. As a result of this increased demand, the Platts Atlantic pellet premium rose to average US$54 for 1H 2021 (1H 2020: US$30 per tonne). During the course of 1H 2021, the S&P Global Platts China pellet premium tracked the Atlantic pellet premium, and averaged US$57 per tonne for the period (1H 2020: US$27 per tonne).

Freight

The C3 freight rate[2], which is principally used as a freight reference in the pricing of the Group's sales contracts, averaged US$22 per tonne in 1H 2021 (1H 2020: US$13 per tonne), with this 72% increase reflecting higher oil prices and reduced shipping activity in the Atlantic basin.

Iron ore fines supply

Published sales data for the major iron ore producers in 1H 2021 indicates that iron ore shipments from the Pilbara Region of Western Australia remained in line in 1H 2021 relative to 1H 2020, whereas published sales data for a major iron ore fines producer in Brazil shows an increase of approximately 15%, or the equivalent of approximately 20 million tonnes. This limited supply-side response to rising demand from steelmakers, particularly for high-grade iron ore, is a key factor in the recent strength of iron ore prices.

Expectations for the remainder of 2021 are that additional iron ore fines supply will enter the market, with projects in India and Australia expected to add approximately 40 million tonnes of material into the global market[3]. Expectations are that scrap supply in China will also increase in 2H 2021, with steelmakers currently showing a heightened preference for scrap substitution during the current period of elevated iron ore prices.

Iron ore pellet supply

Global pellet export volumes have remained in line in 1H 2021 on a year on year basis[3], reflecting reduced pellet supply from pellet producers in Brazil and Canada, which have been counterbalanced by increasing supply from producers in the CIS region and India. Whilst overall pellet volumes have remained in line, the above shift in supply balance in 1H 2021 has resulted in an overall shortage of high quality iron ore pellets. The return of a major iron ore pellet producer in Brazil in late 2020, following a tailings dam breach in 2015, has resulted in partial reduction in the overall shortfall of Brazilian pellet supply.

It is expected that the current global shortage of iron ore pellets will ease during the remainder of the year, with pellet supply recovering and global steel demand easing.

1 CRU Iron Ore Market Outlook, July 2021.

2 Source: Baltic Exchange.

3 Management estimate.

Iron ore pellet demand

The Group exports its iron ore pellets to steelmakers throughout the world, with Europe and North East Asia being the traditional destinations for exported blast furnace iron ore pellets, and China has become an increasingly active buyer in more recent years. In 2020, overall iron ore pellet trade volumes shifted to Chinese steelmakers, owing to this country's rapid response to the global COVID-19 pandemic. The timing of each country's response to the pandemic has varied between locations, and as such, the subsequent timing and speed of recovery in demand for iron ore pellets has varied between regions.

The Group has seen a strong recovery in demand for pellets in Europe in 1H 2021, with demand in North East Asia flat year-on-year. Demand for iron ore pellets from steelmakers in China remains strong, despite the global market balance reverting to its historic sales patterns. In 1H 2021, global pellet exports to China have averaged approximately 2.1 million tonnes a month, which represents a level in line with 2019 (2019 average: 2.4 million tonnes a month) and significantly ahead of the average of 1.1 million tonnes a month seen during 2018[1]. This longer term increase in Chinese demand for iron ore pellet imports reflects a shift towards stronger environmental controls and efforts to reduce steelmakers' emissions. With China representing approximately 73% of the global consumption of iron ore fines in 2021 (equivalent to 999 million tonnes)[2], any increase in pellet demand from this destination will likely have a material impact on global iron ore pellet export trade, which is much smaller than the global export trade in iron ore fines[3].

The Group has recently commenced production and sales of commercial volumes of DR pellets, which are typically utilised by steelmakers in the Middle East and North America. These two geographic regions collectively represent approximately a third of global pellet exports and therefore represent significant new markets for the Group to develop new customer relationships. Overall demand for iron ore pellets has remained strong in these two regions in 1H 2021, with exports up 9% and 7% to the Middle East and Americas respectively[1].

Global steel production

In April 2021, the World Steel Association reported that global crude steel production had risen to 1,878 million tonnes in 2020, up from 1,874 million tonnes a year earlier, with this growth coming despite the global COVID-19 pandemic restricting economies around the world. This growth in production in 2020 is symptomatic to the robust global response to the pandemic, which has stimulated demand throughout the steel value chain.

Further to the increase seen in 2020, global steel production has seen a further increase in 2021, rising by 14% for the first six months of 2021, including a 14% and 18% increase in steel output from Asia/Oceania and Europe (EU-27) respectively, which are regions typically associated with customers buying blast furnace iron ore pellets[4]. Regions that are typically associated with purchasing DR pellets, such as the Middle East and North America, have also seen growth in steel output in 1H 2021.

Looking further ahead, the World Steel Association expects that the growth in global steel demand will slow during the remainder of the year, with demand increasing by 6% for the full year 2021[5]. Global steel demand is forecast to increase by a further 3% in 2022[5].

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

Through its investments to grow production and product quality, the Group has been able to deliver strong financial performance in 1H 2021, translating strong spot pricing through to the Group's profitability. Iron ore pellet quality was 100% high grade pellets in 1H 2021 (grading 65% Fe and above). Despite iron ore sales volumes decreasing 9% in 1H 2021, as a result of the stockpile drawdown process completed in the comparative period, revenues increased by 74% in 1H 2021 due to an increase in high grade iron ore prices and an increase in the Platts Atlantic pellet premium, offset by lower sales volumes, in addition to higher C1 cash costs and freight costs. Through this increase in market indices, strong operational performance and robust cost control of C1 cash costs in 1H 2021, profit after tax rose to US$661 million (1H 2020: US$250 million). In turn, this profitability enabled funding early repayment of the Group's pre-export finance ('PXF') facility, shareholder returns and increased levels of capital investment during the period.

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[1] Management estimates.

[2] CRU Iron Ore Market Outlook, July 2021.

[3] By comparison, the global pellet export trade amounted to 129 million tonnes in 2020 (management estimate).

[4] Source: World Steel Association, release: June 2021 crude steel production

[5] World Steel Association, Short Range Outlook (April 2021)

Revenue

Revenues in 1H 2021 benefited from higher iron ore pricing and pellet premiums, offset by higher international freight costs, and as a result, increased significantly to US$1,353 million in 1H 2021 (1H 2020: US$776 million). This positive movement was partially offset by a 9% reduction in sales volumes to 5.6 million tonnes (1H 2020: 6.1 million tonnes), after a destocking process was completed in 2020.

Headline pricing 1H 2021 vs. 1H 2020

US$ per tonne	**1H 2021**	**1H 2020**	**Change**
Average Platts 62% Fe iron ore fines price	184	91	+102%
Average Platts 65% Fe iron ore fines price	212	106	+100%
Average high grade premium (Platts)	28	15	+91%
Average Platts Atlantic blast furnace pellet premium	54	30	+82%
Average Platts direct reduction pellet premium	70	41	+69%

In 1H 2020, the Group noted a considerable shift in sales towards China, which was a shift in demand related to the global COVID-19 pandemic. Since this time, iron ore markets have shown a gradual return to the historic balance of demand, and in 1H 2021, the Group's sales distribution was in line with previous years. In 1H 2021, the Group has seen 13 and 10 percentage-point increases in sales to Central Europe and Western Europe respectively, reflecting the recovery of these markets following the disruption seen in 2020. The Group has also seen a significant increase in demand from Turkey, along with shipments to new customers in the Middle East and North Africa, with sales to these markets collectively accounting for 13% of exports in 1H 2021, compared to 2% in the prior period. *For further information, see sections Iron Ore Market Review Section (Iron ore pricing),* and *Operational Review Section (Marketing)*.

Higher freight rates during 1H 2021, as the Baltic Dry C3 Index averaged US$22 per tonne (1H 2020: US$13 per tonne), negatively impacted the Group's revenue net of freight. *For further information, see section titled Iron Ore Market Review Section (Iron ore pricing)*.

Costs

C1 cash cost of production[A]

The Group's average C1 cash cost of production[A] increased to US$46.6 per tonne in 1H 2021 compared with US$40.9 per tonne in 1H 2020, with this movement in costs reflecting a recovery in input costs with industrial activity resuming as the global COVID-19 pandemic eases in 2021. The Group's production costs increased in 1H 2021 as a result of higher energy prices, including the cost of fuel (including diesel), natural gas and electricity, which collectively account for approximately 40% of the Group's C1 cash costs of production[A]. The prices for fuel (including diesel) and natural gas were affected by the increase of prices on the global market during the first half of 2021 whereas costs for electricity were affected by an increase of the tariffs in Ukraine. Higher prices for fuel (including diesel) and natural gas negatively impacted the Group's C1 cash cost of production[A] by US$0.5 per tonne and US$2.2 per tonne respectively, compared to 1H 2020. The impact of higher tariffs for electricity was US$0.9 per tonne.

It is expected that the Group's production costs in 2H 2021 remain subject to fluctuations in the local currency (Ukrainian Hryvnia) exchange rate, and further inflationary pressure on commodity input prices.

The table below shows the composition of the Group's C1 cash cost of production[A]:

US$ per tonne	**% of C1 cost 1H 2021**	% of C1 cost 1H 2020	% Change
Electricity	**23%**	23%	0%
Natural gas and sunflower husks	**10%**	7%	+43%
Fuel (including diesel)	**7%**	7%	0%
Materials	**10%**	13%	(23%)
Spare parts	**11%**	11%	0%
Personnel	**9%**	12%	(25%)
Maintenance and repairs	**12%**	10%	+20%
Grinding media	**9%**	8%	+13%
Royalties	**7%**	7%	0%
Explosives	**2%**	2%	0%

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 were US$152 million (1H 2020: US$162 million). This decrease was primarily driven by a decreased proportion of sales to China under CFR terms, counterbalanced by higher international freight costs, with the C3 freight rate[1] rising by 72% to US$22 per tonne in 1H 2021.

General, administrative and other operating expenses

General and administrative and other operating expenses increased by US$4 million to US$54 million. The increase is caused by higher losses on the disposal and liquidation of property, plant and equipment, and write-offs of property, plant and equipment and intangible assets in relation to a mining licence, totalling US$6 million as of 30 June 2021 (1H 2020: US$1 million). *For further details, please see the Operational Review Section (Exploration projects) on page 11.*

Currency

Ferrexpo prepares its consolidated accounts in US Dollars. The functional currency of the Group's Ukrainian operations is the Hryvnia ("UAH") and approximately half of the Group's operating costs are in local currency. In 1H 2021, the Hryvnia appreciated from UAH28.275 per US Dollar on 1 January to UAH27.176 per US Dollar as of 30 June 2021, whereas the local currency depreciated during the comparative period ended 30 June 2020. For further information, see section titled Costs (C1 cash cost of production[A]). The total operating forex losses of US$38 million in 1H 2021 predominantly resulted from the conversion of US Dollar denominated assets in Ukraine, compared to a gain of US$36 million in 1H 2020.

Ukrainian Hryvnia vs. US Dollar

	Spot 30.07.2021	**Opening rate 01.01.2021**	**Closing rate 30.06.2021**	**Average 1H 2021**	**Average 1H 2020**
UAH per US$	26.887	28.275	27.176	27.779	25.979

Source: National Bank of Ukraine

Underlying EBITDA[A]

Underlying EBITDA[A] in 1H 2021 increased to US$868 million compared to US$352 million in 1H 2020, with this increase driven by higher iron ore prices and pellet premiums, offset by lower sales volumes and a higher C1 cash cost of production[A].

Interest

The Group's interest expense declined by 25% to US$6 million compared to US$8 million in 1H 2020 due to a lower outstanding debt balance. The average cost of debt for the period ended 30 June 2021 was 4.7% (average 1H 2020: 5.6%).

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

[1] Source: Baltic Exchange.

Tax
The income tax expense for 1H 2021 of US$135 million increased by 207% compared to US$44 million in 1H 2020, based on an expected weighted average tax rate for the full year 2021 of 17.0%. The increase of the expected tax rate is primarily due to the change of the profit split between the Group's major subsidiaries. The Group operates across a number of jurisdictions and its effective tax rate is subject to various factors outside of the Group's control. This includes the volatility in the global iron ore pellet market and foreign exchange rate movements, primarily between the Ukrainian Hryvnia and the US Dollar. The effective tax rate of the financial year 2020 was 15.1%.

Further details on taxation are disclosed in Note 8 Taxation and Note 17 Commitments, contingencies and legal disputes of the accounts in respect of ongoing tax-related court proceedings.

Profit for the period
Profit for the period was US$661 million, compared with US$250 million in 1H 2020, reflecting the net effect of the higher underlying EBITDA[A].

Cash flows
The net cash flow from operating activities was US$661 million (1H 2020: US$258 million), with this increase driven by higher prices for iron ore products in the first half of 2021. Working capital reflected a net outflow of US$126 million (1H 2020: US$25 million), which is as a result of higher trade receivables due to the high prices, and an increase of inventories due to inflation of purchase prices, including raw materials, spare parts and finished goods.

During 1H 2021, dividend payments totalled US$310 million, compared to US$58 million in 1H 2020. A further dividend payment of US$78 million, the equivalent of 13.2 US cents per share, was made on 1 July 2021, following approval of the final dividend for 2020 at the Group's AGM in May 2021. In addition, in respect of the robust performance of the Group in 2021 and continue strong balance sheet metrics, the Group's Board has approved an interim dividend for 2021 of 39.6 US cents per share on 3 August 2021.

Capital investment[A]
Capital investment[A] in 1H 2021 was US$142 million, compared to US$96 million in 1H 2020. During 1H 2021, US$49 million was spent on sustaining and US$93 million spent on development capital investments. In terms of the major development projects, the Group spent US$29 million on stripping activities for future production growth, US$21 million on the new press filtration plant and US$20 million on the pelletiser upgrade project. Further expenditure was made during the period in relation to the Group's concentrate expansion programme, including the concentrate stockyard (US$6 million), further development of the Bilanivske pit (US$6 million), solar power pilot project (US$3 million) and fleet automation (US$2 million) in addition to smaller business improvement projects.

Debt
At the end of 2020, the Group announced that it had entered into a net cash position of US$4 million, and following continued strong operational and financial performance during 1H 2021, the Group elected to repay its pre-export finance facility ("PXF facility") on 30 June 2021 in full. The Group's PXF facility was previously scheduled to be repayable in quarterly installments between 2020 and 2022, and had a total amount outstanding as of the end of 2020 of US$257 million. Following repayment of the PXF facility in 1H 2021, the Group has low levels of overall debt, with remaining debt primarily relating to trade financing arrangements, amounting to a gross debt balance of US$22 million as of 30 June 2021 (30 June 2020: US$343 million). As at 30 June 2021, the Group had a cash balance of US$235 million, following the repayment of the Group's PXF facility, compared to a cash balance of US$270 million as of 31 December 2020. The Group's net cash position as of 30 June 2021 was therefore US$213 million (31 December 2020: net cash positon of US$4 million).

Following a period of deleveraging of the Group's balance sheet, 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

The Group recorded strong safety performance in 1H 2021, with no fatalities during the period (FY2020: one), and a lost time injury frequency of 0.37, which continues to track materially below the Group's five-year trailing full-year average LTIFR of 0.98.

LTIFR	1H 2021	1H 2020[1]	2020
- FPM	0.48	0.94	0.95
- FYM	-	0.82	0.39
- FBM	-	-	-
Ukraine	**0.39**	**0.92**	**0.83**
- Barging	-	-	-
Group	**0.37**	**0.87**	**0.79**

Pellet production and pellet quality

The Group's production facilities continue to operate with minimal impact from COVID-19 to date, and the Group continues to closely monitor its workforce. In addition, the infection rate in the local communities surrounding the Group's operations remains low.

The Group's pellet production was 5.6 million tonnes in 1H 2021, with pellet production falling by just 0.8% despite pelletiser upgrade work being completed on two out of four pelletiser lines during the period. In addition, the Group is now able to ship additional high grade (67% Fe) commercial concentrate during times of pelletiser downtime, with 149 kilotonnes of this product shipped during the period. Work has now been completed on three out of the Group's four pelletiser lines as of the end of June 2021, with work on one final pelletiser line planned for 3Q 2021. Once fully completed, this work will collectively provide an additional 0.5 to 1.0 million tonnes of pelletiser capacity on an annual basis. Furthermore, as a result of this work nearing completion, pellet production in 2H 2021 is expected to be higher than 1H 2021.

Overall pellet quality continues to increase as investments throughout the Group's operations are completed, with high grade pellets, grading 65% Fe and above, representing 100% of 1H 2021 production (1H 2020: 99%). The Group continues to develop its DR pellet offering, which are higher grade (67% Fe), lower impurity pellets, and the Group produced 135 kilotonnes of this product in 1H 2021 (1H 2020: 187 kilotonnes) for trial cargoes with potential long-term customers. The Group has also secured its first long-term contract for its DR pellets, marking a key milestone in developing new relationships within this segment of the global pellet export market. DR pellets represent approximately a third of the global pellet export market, and are therefore a key growth market for the Group to market its products into.

For more information on DR pellets, and how this product type will lower the Group's future Scope 3 emissions, please see Responsible Business activities section on pages 12 and 13.

Iron ore production

000' tonnes *(Note: all production from own ore)*	Product Grade	1H 2021	1H 2020	Change
Total commercial production (comprising pellets and concentrate)		**5,712**	**5,598**	**+2%**
Total pellet production		**5,563**	**5,598**	**(0.6%)**
Pellet production comprised of:				
- *Direct Reduction pellets*	*67% Fe*	*135*	*187*	*(28%)*
- *Ferrexpo Premium Pellets*	*65% Fe*	*5,428*	*5,313*	*+2%*
- *Ferrexpo Basic Pellets*	*62% Fe*	*-*	*98*	*(100%)*
Total concentrate production	**67% Fe**	**149**	**-**	**N/A**

[1] Please note that the LTIFR of 0.77 as reported in the 2020 Interim Results reflected the 12 month trailing average rate, whereas the report should have reported a rate of 0.87, reflecting the safety rate for the 6-month period to June 2020.

The Group is currently undertaking an investment programme to upgrade capacity on each of its four pelletiser lines, with this work set to increase the overall nameplate capacity of the Group's pelletiser by 0.5 to 1.0 million tonnes per annum once completed. As of the end of the period, upgrade work on three out of four pelletiser lines was completed, with work on the fourth and final line to be undertaken in 3Q 2021.

Technology and innovation

The Group continues to progress its project to deploy autonomous haul trucks at Yeristovo, which were the first large scale haul trucks to be deployed in Europe when they were introduced in 2020. The Group is pleased to report that it now has five CAT 793D operating in production areas in autonomous mode, with the conversion of the Group's remaining CAT 793D trucks planned as this project advances. Fleet automation represents a significant advancement in modern mining techniques, removing individuals from potentially hazardous production areas, whilst also providing benefits in terms of productivity and maintenance.

Exploration projects

During the period, the Group was made aware of a formal notice on the President of Ukraine's website, whereby one of the Group's licences for a project in the exploration phase, Galeschynske, had been revoked. The Galeschynske deposit lies to the north of the Group's existing mining operations, has a JORC-Compliant Mineral Resource of 326 million tonnes, representing 5% of the Group's JORC-compliant Mineral Resources, and does not yet have an Ore Reserve estimate. It is a hematite deposit at depth that has the potential for exploitation via underground mining methods, but owing to the early stage nature of this project, and difference in mineralogy of this deposit to the Group's active mines, it does not currently feature in any of the Group's long-term mine plans. The Group's mining and pellet production activities remain unaffected by this decision, and the Group is currently reviewing its options for appealing this decision.

Capital investment[A] during 1H 2021

A summary of current projects under execution in 1H 2021 is shown in the table below. *For further information on capital investment made during the period, please see Financial Review Section (Capital investment[A]) on page 9.*

Projects to reach 12MTPA	Description	Status	Expected completion	Total cost	Spend in 1H 2021	Remaining spend
Concentrate stockyard	Decoupling of concentrator & pellet plant by providing concentrate storage capacity	Produces concentrate since February 2021. Works on the improvement of loading complex are underway	2H 2021	US$42.2M	US$2.7M	US$4.1M
Further Growth Projects						
Press filtration plant	Replacement of disc filtration to reduce moisture in balling plant	Construction & assembly works underway	To be completed in 3 phases of 6MTPA in 2024. Partial ramp up end of 2021, phase 1 to complete in 1H 2022.	US$115M	US$21.1M	US$26.3M
Medium-and Fine Crushing (MFC-2)	2 new tracts with average capacity of 800t/h each	Construction & assembly works underway	4Q 2021	US$40M	US$2.8M	US$7.1M
Wave 1 Expansion (pelletiser)	3 MTPA of additional pellets	Utilities relocation & equipment procurement	2024	US$181M	US$1.8M	US$178.2M
Wave 1 Expansion (concentrator)	4.1 MTPA of additional concentrate for delivery to pelletiser	Design & main equipment procurement	2024	US$240M	US$0.6M	US$235.9M
Logistics						
Rail cars	Increasing number of Ferrexpo-owned railcars, minimising reliance on state railcars.	No wagons were purchased in 1H 2021.	N/A	-	-	-

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

The Group successfully added concentrator capacity in 2020, and is now undertaking a pelletiser expansion project to ensure that the Group has sufficient pelletiser capacity to pelletise all of the concentrate that it produces.

Beyond this current phase of growth, the Group is undertaking further investments to grow overall production volumes and provide operational flexibility to produce a greater proportion of higher grade (67% Fe) DR pellets. In order to achieve this growth, the Group has begun signing preliminary agreements with equipment suppliers for increasing concentrator capacity from the existing run rate of 30-35 million tonnes of raw ore processing per annum to over 50 million tonnes per annum. This will facilitate the next module of incremental growth, which will ultimately deliver an additional three million tonnes of pellet production per annum once completed, and is the first of several waves providing incremental growth.

Marketing
Ferrexpo's sales volumes for 1H 2021 decreased by 9% to 5.6 million tonnes (1H 2020: 6.1 million tonnes), with this decrease reflecting the destocking process undertaken in 1H 2020, following a build up of inventories in late 2019.

Ferrexpo benefits from a diversified sales portfolio with leading steel mills throughout the world, with a central geographic location and logistics capacity that enabled the Group to pivot sales between markets to match global demand. This flexibility proved to be crucial in 2020, with the Group matching a shift in demand in the face of the global COVID-19 pandemic, and in 2021 the Group has noted that global pellet export markets are reverting back to the overall balance seen prior to the pandemic. This overall shift in sales in 1H 2021 can be seen in the table below, which shows a strong recovery in demand from Ferrexpo's traditional customer base in Europe, in addition to a recovery being seen in the North East Asia region.

As shown in the table below, sales to customers in Western and Central Europe increased by 10 and 13 percentage points respectively in 1H 2021. Sales to customers in Europe collectively accounted for 48% of sales in 1H 2021, which represents a return to the level seen in FY2019, when sales to these regions collectively amounted to 49%. Additionally, strong demand for pellets has been seen from longstanding customers in Turkey, alongside new demand for Ferrexpo pellets in the Middle East and North Africa, with these regions collectively seeing its proportion of sales rise from 2% in 1H 2020 to 13% in 1H 2021. The Middle East and North Africa are key growth areas for Ferrexpo as the Group develops its offering of DR pellets, which is the primary type of pellet used in these two regions. Turkey represents a long and valued destination for the Group's sales, which is located in close proximity to the Group's operations across the Black Sea.

The table below shows the breakdown of sales by key market regions. Sales to China and South East Asia include sales to Vietnam and Taiwan.

Table: sales volume by market regions

	1H 2021	**1H 2020**	**Movement (percentage points)**
Central Europe	34%	21%	+13pp
Western Europe	14%	4%	+10pp
North East Asia	8%	3%	+5pp
China and South East Asia	29%	68%[1]	(39pp)
Turkey, Middle East and North Africa	13%	2%	+12pp
North America	2%	3%	(1pp)
Total sales volume (thousand tonnes)	**5,567**	**6,107**	**-**

For further information on iron ore prices and freight see Iron Ore Market Review Section.

Responsible Business activities

Responsible Business Report 2020
The Group is proud to report the publication of its 6th annual Responsible Business Report, which is published in accordance with the Global Reporting Initiative framework and is available on the Group's website at the following address:

https://www.ferrexpo.com/investor-relations/news/results-reports-presentations

Safety
The Group is pleased to report that there were no fatalities at its operations in 1H 2021, and operations continue to perform materially below the Group's five-year trailing average for its lost time injury frequency rate. *For further information, please see page 10 (Operational Review Section, Health and safety)*.

[1] Please note figure corrected from 67% as shown in 1H 2020 Interim Results release.

Pathway to low carbon production

Scope 1 and 2 emissions continue to fall on a per tonne basis across the Group's operations in Ukraine and logistics business in central Europe, as the Group implements a range of initiatives across its business to improve productivity, modernise equipment and reduce consumption rates. In 1H 2021, the Group achieved a 6% reduction year to date in Scope 1 and 2 emissions combined. Following upgrade work on the pelletiser in 1H 2021, the Group expects production volumes to increase in 2H 2021 and as a result the Group expects a further reduction in the Group's CO_2e footprint on a per tonne basis as a result.

The Group has a number of key initiatives that are being implemented, which will have a positive impact in helping to further lower the Group's carbon footprint:

- 5MW solar power project: during 1H 2021, the Group has constructed a 5MW solar power project at its operations in Ukraine, to trial the effectiveness of this form of power generation at its geographic location, ahead of potentially utilising solar power on a larger scale. Commissioning of this facility took place in July 2021.
- Mining electrification: the Group expects to make a decision in 2H 2021 regarding the selection of a provider for the installation of pantograph network in the Group's mines, which represents a network an overhead power cables that will enable haul trucks to ascend from the Group's open pit mines using electricity rather than diesel fuel. This technology is expected to provide a significant reduction in each truck's diesel consumption whilst driving up haul ramps, which will directly reduce the Group's Scope 1 emissions footprint per tonne.
- Clean electricity purchasing: in 1H 2021 the Group continued to selectively purchase clean forms of electricity, comprising electricity from hydroelectric and nuclear sources, directly from producers located in Ukraine. This move follows changes to Ukrainian legislation in 2019 that has enabled selective purchasing to take place. Clean electricity purchasing represented 41% of total electricity consumption in 1H 2021 (FY2020: 22%).
- Biofuel (sunflower husk) consumption: the Group continues to utilise sunflower husks in its pelletiser as a substitute for natural gas, with sunflower husks an abundant byproduct of Ukraine's sizeable sunflower oil industry. In 1H 2021, the Group's consumption of sunflower husks fell to 16% (FY2020: 25%) as a result of test work around the Group increasing its output of high grade, direct reduction ("DR") pellets. The Group is currently trialing production of this pellet type and therefore utilises less sunflower husk whilst trials are being conducted, to ensure pellet quality is not negatively impacted. Longer term, the Group intends to increase consumption of sunflower husks above the level seen in 1H 2021.

As part of the steel value chain, the Group understands the importance of the shift in thinking towards Green Steel, which is the carbon-free production of steel. 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 either electricity or natural gas in the conversion process, and therefore have a materially lower carbon footprint.

Update on principal risks

The Group considers that the principal risks facing the business, as highlighted on pages 48 to 60 of the 2020 Annual Report and Accounts (published in April 2021), remain relevant. An update on material developments that relate to the Group's principal risks during the first half of 2021 is provided below.

COVID-19 pandemic update and going concern

Update on 1H 2021

The safety and wellbeing of our employees is paramount and the Group took appropriate precautions to mitigate the risk of infection from the COVID-19 virus at its mining and processing operations in Ukraine, and also at its other jurisdictions where employees are based. Ferrexpo has followed, and will continue to follow, the advice from health authorities in its different jurisdictions.

The Group continues to monitor developments both locally within Ukraine, where its main operating base is located, and on a broader global perspective in locations where corporate, marketing and logistics employees, as well as customers, are situated. The Group responded quickly to the global COVID-19 pandemic in all locations where it is located and a number of these measures continue to remain in place, with the Group exercising vigilance around further waves of infection in individual locations. Through these measures, and the continued cooperation of the Group's workforce, the Group is able to continue to operate with minimal impact from COVID-19 on production volumes, C1 cash costs of production[A] and the Group's ability to distribute its pellets globally.

The Group notes that variants of the original COVID-19 virus continue to appear and therefore the situation with regards to the global COVID-19 pandemic continues to evolve. As such, the Group continues to review its policies and procedures with regards to protecting its workforce and continuing to operate, and has the ability to re-introduce measures previously implemented during the course of the pandemic.

Regional demand for iron ore pellets was impacted in 2020 by the COVID-19 pandemic, with the Group able to effectively reschedule its sales portfolio to meet rising demand for its products in China, whilst economies in Europe and Asia (excluding China) contracted. In 1H 2021, the Group has seen a gradual unwinding of this impact, with a strong recovery in demand seen in Europe in particular. The Group continues to monitor regional outbreaks of COVID-19 and how this may potentially affect customers and demand for iron ore pellets.

Consideration of significant judgements and material uncertainties

The key judgements for the Group's going concern assessment are still related to the expected prices for iron ore pellets and their demand in the Group's key markets. The Group has successfully navigated through the COVID-19 outbreak in 2020 and remained highly cash generative in 2020 as well as in the first half of 2021. However, the Board appreciates that the continued spread of COVID-19 and the appearances of new variants in some countries could pose a significant threat to the recovery of the global economy seen earlier this year.

As of the date of the approval of these interim condensed consolidated financial statements, the Board considers the risk of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern to be low, but will continue to monitor future developments. Following repayment of the PXF facility in 1H 2021, the Group has a very low level of overall debt, which was taken into consideration by the Board when forming its conclusion. This conclusion is further based on the Group's successful immediate response to the COVID-19 outbreak and later throughout the pandemic, its continued high cash generation and the forecasted available balance of cash and cash equivalents. The mitigating factors identified in the past, such as working capital measures, the timing of development capital expenditures and shareholder distributions, remain available to the Group and are considered to be sufficient to address any significant adverse changes.

The Group's Board has concluded that the COVID-19 pandemic does not represent an indicator of impairment for any of the Group's assets, as of the date of the approval of the interim condensed consolidated financial statements for the half year period ended 30 June 2021. This conclusion is supported by the very strong cash generation in 1H 2021, strong production performance since the beginning of the pandemic, and the Group's continued ability to deliver high quality pellets and the expected realisation of firm cash flows in 2H 2021 and beyond. Consequently, no significant judgement has been applied in this respect.

Stress testing and going concern assessment

Considering the fact that the Group operates in an industry with a history of a high price volatility and the currently very high prices for iron ore products, the risk in respect of the Group's future price realisations has been thoroughly addressed in its going concern assessment. The Group's current going concern assessment is based on its latest long-term model covering the years 2021 to 2025, which was updated in June 2021 in order to reflect latest price and cost assumptions. As in the past, various sensitivity scenarios for lower realised prices, higher production costs and lower production and sales volumes have been performed in addition to the base case scenario. Additionally, in light of the uncertainties in terms of recovery of the global economy due to the ongoing COVID-19 pandemic, the Group performed reverse stress tests addressing more severe demand disruptions in the Group's key markets and adverse price changes for the period to be covered by the going concern assessment.

The spike of the prices for iron ore products in the second half of 2020 and the first half of 2021 is seen as an indication that the Group produces and markets a product that is high in demand with a positive effect on Group's long-term viability. In addition to the demand and prospects of the Group's products on the global market, the projected cash flow generation for the period of the going concern assessment, the debt repayment profile and the balance of cash and cash equivalents available as well as any mitigating factors available to react to possible adverse developments was considered to assess the Group's resilience to adverse changes.

The Group's going concern assessment did also cover a period of 5 months beyond the 12 months from the approval of these interim condensed consolidated financial statements. As of 30 June 2021, the Group had available cash and cash equivalents totalling US$235 million and was in a Net Cash position of US$213 million with no significant debt repayments within the next 12 months. The Group does further have access to uncommitted trade finance facilities of US$140 million, of which US$15 million were used as of 30 June 2021. Although the Group does currently not have any committed undrawn bank debt facilities available, the Directors concluded that the Group has sufficient liquidity to meet its present obligations and cover working capital needs for the period to be covered by the going concern assessment. Consequently, it is the Directors' view that the Group is resilient to the current uncertainties in the global economy, and as a result, the Group continues to adopt the going concern basis of accounting for the preparation of these interim condensed consolidated financial statements.

Following the repayment of the Group's major debt facility as of 30 June 2021, there are no debt covenants, such as Net Debt to EBITDA or covenants that relate to distributable reserves, which are relevant to the Group going forward.

Outlook

Even with the experience of having successfully navigated through the COVID-19 pandemic, it is still extremely difficult to predict its future development and its impact on the global economy. It is the Group's view the associated uncertainties will persist for a prolonged period, resulting in a certain volatility in the global market that might require swift reactions and decisions. The Group expects to be able to rely on the experience gained since the beginning of the pandemic when it was able to redirect its pellet sales in order to benefit from favourable demand dynamics in the respective markets.

To date, iron ore fines prices have remained strong throughout the majority of the global COVID-19 pandemic, which relates to a direct response by sovereign governments to stimulate economies and counter the financial effects of measures taken to stem the spread of COVID-19. The Group expects the influence of these fiscal policies to ease in the second half of the year, with demand for iron ore declining from the record levels being seen at present. As of July 2021, the consensus forecast for iron ore prices (62% Fe) in 2021, based on a grouping of 11 investment banks, was US$170 per tonne for the full year, implying a decrease in the average iron ore price by approximately US$15 per tonne in 2H 2021 from the level seen in 1H 2021. Iron ore futures contracts also indicate a fall in iron ore pricing in the second half of 2021, with contracts for delivery of iron ore (62% Fe) December 2021 priced at US$180 per tonne as of 28 July 2021[1], compared to a spot iron ore price of US$201 per tonne as of the same date[2].

For further information, please see Iron Ore Market Review Section on page 4 as well as the Going Concern Statement on page 24.

Ukraine country risk

The Group's mining and processing operations are located in Ukraine, which is a country exposed to regional geopolitical risks, with an ongoing territorial dispute with a neighbouring country. During 1H 2021, the Group notes that there have been periods of heightened tension between sovereign states in the region in which the Group operates and the Group continues to monitor the situation closely.

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 2020 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 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 the next hearing is expected to take place in September 2021.

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

The Group is currently also engaged in discussions with the Government of Ukraine following the cancellation of the licence for Galeschynske in July 2021, which is a project in the exploration phase that is situated to the north of the Group's active mining operations. The legal reason for this decision remains unclear, as the government had only recently confirmed the validity and good standing of this licence, and the Group is seeking to engage with the Government of Ukraine to determine the next steps that the Group will take in respect of restoring this project's licence. Whilst the Group is focused on returning this licence to its previous state, there can be no guarantees as to a successful outcome to this process. *For further details of the Galeschynske deposit, please see the Operational Review Section (Exploration projects) on page 11.*

Global steel demand and realised prices for iron ore pellets

The Group's realised price is principally impacted by demand for iron ore which is highly correlated to global demand for steel and steel mill profitability. Steel prices have risen in 1H 2021, with hot rolled coil pricing increases of 61%, 99% and 201% seen in China, Europe and ASEAN markets respectively, protecting margins for steelmakers. As mentioned in the section titled '*COVID-19 pandemic update and going concern*', the Group expects a gradual unwinding of fiscal measures implemented by sovereign governments in

[1] www.CMEGroup.com, accessed 28 July 2021.
[2] Source: Platts.

2H 2021, and as a result, a gradual lowering of demand for iron ore and steel products. With this reduction in demand, prices are expected to decrease, with lower iron ore fines prices reducing the Group's realised price for iron ore pellets and the Group's overall profitability. *For further information, see Iron ore market review on page 4.*

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.

Market mix

In 1H 2021, the Platts China pellet premium averaged US$57 per tonne compared with the average Platts Atlantic blast furnace pellet premium of US$54 per tonne, with the pellet premium to China typically reflective of spot sales rather than sales under long-term contract. A temporary change in sales mix with more volume sold under short-term spot contracts and less under long-term contracts could have an impact on the average realised price and the Group profitability.

Freight rates

The Group's received price is subject to freight market volatility with higher freight rates reducing the Group's realised price returns. In 1H 2021, the Baltic Exchange C3 freight index[1] increased by 72%, or the equivalent of US$9 per tonne, to an average of US$22 per tonne compared to 1H 2020. Freight rates are largely influenced by the price of oil and demand for seagoing vessels from bulk commodity producers. As of 27 July 2021, C3 freight rates have risen to US$28 per tonne, representing a level that is a further US$6 above the average for 1H 2021. An increase in freight rates will reduce the Group's received price and its profitability.

[1] Seaborne freight rates, such as C3, are published by the Baltic Exchange and represent the cost for ocean transportation of iron ore from the Brazilian port of Tubarão (where the largest seaborne suppliers of pellets are based) to Qingdao, China (the largest steel producing country in the world). As Ferrexpo sells to international customers, the price it receives includes reference to C3 or other global benchmarks.

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 2021 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 2020 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
Interim Chief Executive Officer and Executive Director
3 August 2021

Independent Review Report to Ferrexpo Plc

Introduction

We have been engaged by Ferrexpo plc (the 'Company) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the Interim Consolidated Income Statement, the Interim Consolidated Statement of Comprehensive Income, the Interim Consolidated Statement of Financial Position, the Interim Consolidated Statement of Cash Flows, the Interim Consolidated Statement of Changes in Equity, and the related notes 1 to 20. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely for the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. 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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the 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.

As disclosed in note 2, the financial statements for the year ended 31 December 2020 were prepared in accordance with International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standard Board ('IASB'), as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and with the Companies Act 2006.

The financial statements for the year ended 31 December 2021 will be prepared in accordance with UK-adopted International Financial Reporting Standards.

The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted for use in the United Kingdom.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board 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.

Conclusion

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 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted for use in the United Kingdom and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

MHA MacIntyre Hudson
Statutory Auditor
London

Interim Consolidated Income Statement

US$000	Notes	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year-ended 31.12.20 (audited)
Revenue	3/4	**1,352,656**	775,831	1,700,321
Operating expenses	5	**(513,850)**	(516,236)	(1,018,109)
Other operating income		**4,421**	2,019	5,432
Operating foreign exchange (losses)/gains	6	**(38,022)**	35,773	61,023
Operating profit		**805,205**	297,387	748,667
Share of profit from associates		**1,368**	2,476	5,624
Profit before tax and finance		**806,573**	299,863	754,291
Net finance expense	7	**(6,243)**	(7,504)	(11,733)
Non-operating foreign exchange (losses)/gains	6	**(3,431)**	1,635	5,302
Profit before tax		**796,899**	293,994	747,860
Income tax expense	8	**(135,473)**	(44,086)	(112,568)
Profit for the period/year		**661,426**	249,908	635,292
Profit attributable to:				
Equity shareholders of Ferrexpo plc		**661,417**	249,904	635,292
Non-controlling interests		**9**	4	–
Profit for the period/year		**661,426**	249,908	635,292
Earnings per share:				
Basic (US cents)	9	**112.5**	42.6	108.1
Diluted (US cents)	9	**112.3**	42.4	107.9

FERREXPO PLC

Interim Consolidated Statement of Comprehensive Income

US$000	Notes	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Profit for the period/year		**661,426**	249,908	635,292
Items that may subsequently be reclassified to profit or loss:				
Exchange differences on translating foreign operations	6	**95,770**	(213,632)	(317,674)
Income tax effect		**(3,688)**	10,977	16,278
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**92,082**	(202,655)	(301,396)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement gains/(losses) on defined benefit pension liability		**1,304**	71	(1,057)
Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent periods		**1,304**	71	(1,057)
Other comprehensive income/(loss) for the period/year, net of tax		**93,386**	(202,584)	(302,453)
Total comprehensive income for the period/year, net of tax		**754,812**	47,324	332,839
Total comprehensive income attributable to:				
Equity shareholders of Ferrexpo plc		**754,825**	47,315	332,822
Non-controlling interests		**(13)**	9	17
		754,812	47,324	332,839

Interim Consolidated Statement of Financial Position

US$000	Notes	**As at 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Assets				
Property, plant and equipment	10	**1,107,143**	1,004,385	989,894
Right-of-use assets	11	**6,319**	8,313	7,893
Goodwill and other intangible assets		**43,195**	40,734	41,711
Investments in associates		**5,712**	5,873	6,462
Inventories	13	**230,000**	213,685	218,414
Other non-current assets		**41,005**	25,480	18,510
Deferred tax assets		**37,830**	30,574	34,268
Total non-current assets		**1,471,204**	1,329,044	1,317,152
Inventories	13	**192,600**	144,605	167,260
Trade and other receivables		**209,694**	152,750	108,970
Prepayments and other current assets		**31,114**	25,884	37,315
Income taxes recoverable and prepaid	8	**1,130**	1,351	174
Other taxes recoverable and prepaid	12	**39,226**	31,323	28,993
Cash and cash equivalents	3/14	**234,669**	270,006	169,226
Total current assets		**708,433**	625,919	511,938
Total assets		**2,179,637**	1,954,963	1,829,090
Equity and liabilities				
Issued capital	18	**121,628**	121,628	121,628
Share premium		**185,112**	185,112	185,112
Other reserves	18	**(1,973,463)**	(2,065,896)	(1,967,035)
Retained earnings		**3,525,374**	3,250,534	2,982,638
Equity attributable to equity shareholders of Ferrexpo plc		**1,858,651**	1,491,378	1,322,343
Non-controlling interest		**82**	95	87
Total equity		**1,858,733**	1,491,473	1,322,430
Interest-bearing loans and borrowings	3/15	**2,686**	132,129	204,950
Defined benefit pension liability		**33,279**	32,475	31,492
Provision for site restoration		**3,137**	2,846	2,840
Deferred tax liabilities		**262**	101	102
Total non-current liabilities		**39,364**	167,551	239,384
Interest-bearing loans and borrowings	3/15	**19,475**	134,349	138,538
Trade and other payables		**117,242**	43,749	54,382
Accrued and contract liabilities		**30,971**	45,542	28,284
Income taxes payable	8	**97,002**	58,483	34,768
Other taxes payable		**16,850**	13,816	11,304
Total current liabilities		**281,540**	295,939	267,276
Total liabilities		**320,904**	463,490	506,660
Total equity and liabilities		**2,179,637**	1,954,963	1,829,090

The financial statements were approved by the Board of Directors on 3 August 2021.

Lucio Genovese
Non-executive Chair

Jim North
Interim Chief Executive Officer and Executive Director

Interim Consolidated Statement of Cash Flows

US$000	Notes	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Profit before tax		**796,899**	293,994	747,860
Adjustments for:				
Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets	5	**55,427**	51,374	102,475
Finance expense	7	**5,302**	6,248	9,113
Finance income	7	**(254)**	(372)	(553)
Losses on disposal and liquidation of property, plant and equipment	5	**2,975**	877	1,303
Write-offs/(write-backs)	5	**3,060**	(71)	192
Share of profit from associates		**(1,368)**	(2,476)	(5,624)
Movement in allowance for doubtful receivables		**410**	1,385	724
Movement in site restoration provision		**172**	167	18
Employee benefits		**2,229**	2,450	4,779
Share-based payments		**329**	399	291
Operating foreign exchange losses/(gains)	6	**38,022**	(35,773)	(61,023)
Non-operating foreign exchange losses/(gains)	6	**3,431**	(1,635)	(5,302)
Other adjustments		**(5,508)**	(1,018)	(2,546)
Operating cash flow before working capital changes		**901,126**	315,549	791,707
Changes in working capital:				
Increase in trade and other receivables		**(67,352)**	(8,378)	(49,538)
(Increase)/decrease in inventories		**(44,119)**	18,270	27,034
Decrease in trade and other payables (incl. accrued and contract liabilities)		**(10,855)**	(38,947)	(4,798)
(Increase)/decrease in other taxes recoverable and payable (incl. VAT)		**(3,791)**	4,153	3,214
Cash generated from operating activities		**775,009**	290,647	767,619
Interest paid		**(6,326)**	(12,949)	(21,439)
Income tax paid		**(106,872)**	(18,758)	(56,571)
Post-employment benefits paid		**(1,231)**	(968)	(2,391)
Net cash flows from operating activities		**660,580**	257,972	687,218
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets		**(142,451)**	(95,989)	(205,779)
Proceeds from disposal of property, plant and equipment and intangible assets		**328**	469	836
Interest received		**229**	289	442
Dividends from associates		**2,067**	1,987	4,027
Advance payment for investment in joint venture		**–**	–	(5,000)
Net cash flows used in investing activities		**(139,827)**	(93,244)	(205,474)
Cash flows from financing activities				
Proceeds from borrowings and finance	15	**15,346**	–	–
Repayment of borrowings and finance	15	**(257,433)**	(67,459)	(144,904)
Principal elements of lease payments	15	**(2,612)**	(1,111)	(3,082)
Dividends paid to equity shareholders of Ferrexpo plc	9	**(310,476)**	(58,419)	(195,446)
Net cash flows used in financing activities		**(555,175)**	(126,989)	(343,432)
Net (decrease)/increase in cash and cash equivalents		**(34,422)**	37,739	138,312
Cash and cash equivalents at the beginning of the period/year		**270,006**	131,020	131,020
Currency translation differences		**(915)**	467	674
Cash and cash equivalents at the end of the period/year	14	**234,669**	169,226	270,006

Interim Consolidated Statement of Changes in Equity

For the financial year 2020 and the six months ended 30 June 2021		Attributable to equity shareholders of Ferrexpo plc					
US$000	Issued capital	Share premium	Other reserves (Note 18)	Retained Earnings	Total capital and reserves	Non-controlling interests	Total equity
At 31 December 2019 (audited)	**121,628**	**185,112**	**(1,764,774)**	**2,810,588**	**1,352,554**	**78**	**1,352,632**
Profit for the period	–	–	–	635,292	635,292	–	635,292
Other comprehensive (loss)/income	–	–	(301,413)	(1,057)	(302,470)	17	(302,453)
Total comprehensive (loss)/income for the year	**–**	**–**	**(301,413)**	**634,235**	**332,822**	**17**	**332,839**
Equity dividends to the shareholders of Ferrexpo plc (Note 9)	–	–	–	(194,289)	(194,289)	–	(194,289)
Share-based payments	–	–	291	–	291	–	291
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**

For the six months ended 30 June 2020		Attributable to equity shareholders of Ferrexpo plc					
US$000	Issued capital	Share premium	Other reserves (Note 18)	Retained earnings	Total capital and reserves	Non-controlling interests	Total equity
At 31 December 2019 (audited)	**121,628**	**185,112**	**(1,764,774)**	**2,810,588**	**1,352,554**	**78**	**1,352,632**
Profit for the period	–	–	–	249,904	249,904	4	249,908
Other comprehensive (loss)/income	–	–	(202,660)	71	(202,589)	5	(202,584)
Total comprehensive (loss)/income for the period	**–**	**–**	**(202,660)**	**249,975**	**47,315**	**9**	**47,324**
Equity dividends paid to shareholders of Ferrexpo plc (Note 9)	–	–	–	(77,925)	(77,925)	–	(77,925)
Share-based payments	–	–	399	–	399	–	399
At 30 June 2020 (unaudited)	**121,628**	**185,112**	**(1,967,035)**	**2,982,638**	**1,322,343**	**87**	**1,322,430**

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 Kremenchug 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 Kremenchug 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, the Group's previous Chief Executive Officer, and two other members of his family are the beneficiaries. At the time this report was published, Fevamotinico held 50.3% (31 December 2020: 50.3%; 30 June 2020: 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 2020 Annual Report & Accounts.

At 30 June 2021, the Group also holds through PJSC Ferrexpo Poltava Mining an interest of 49.9% (31 December 2020: 49.9%; 30 June 2020: 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 months period ended 30 June 2021 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 2020.

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 2020. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standard Board ('IASB'), as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union 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 unqualified and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The financial statements have been reviewed, not audited.

Going concern
The Group has assessed that, taking into account: i) its available cash and cash equivalents available at the date of authorisation of the interim condensed consolidated financial statements; ii) its cash flow projections for the period of management's going concern assessment; and iii) events and conditions beyond the period of management's going concern assessment, it has sufficient liquidity to meet its present obligations and cover working capital needs for the aforementioned period and will remain in compliance with its financial covenants throughout this period. Therefore, the Group continues to adopt the going concern basis of accounting for the preparation of this set of financial statements. The update on risks, including COVID-19 related considerations relevant to the Group, is disclosed on page 13.

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 2020 except for the adoption of the new standards, interpretations and amendments to IFRSs that became effective as of 1 January 2021.

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and corresponding disclosure requirements. Modifications of financial assets and financial liabilities required as a direct consequence of the Interbank offered rates ("IBOR") reform and made on an economically equivalent basis are accounted for by updating the effective interest rate and a similar practical expedient is proposed for lessee accounting applying IFRS 16. All other modifications are accounted for using the current IFRS requirements. Additional disclosure requirements are introduced in order to allow users to understand the nature of the exposure and extent of risks arising from the IBOR reform and how those risks are assessed as well as the progress in transitioning from IBORs to alternative benchmark rates, and how this transition is managed. The Group has no floating rate finance facilities outstanding as at 30 June 2021 (see Note 15 Interest-bearing loans and borrowings for further information) and is therefore not immediately exposed to this reform, but will continue to monitor the developments when entering into new finance facilities in the future.

New standards, interpretations and amendments not yet adopted

- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* were issued in January 2020 and are effective for the financial year beginning on 1 January 2023 subject to endorsement of the UK Endorsement Board. The amendments clarify that the classification of liabilities as current or non-current should be based on the rights, in existence at the end of the reporting period, to defer settlement by at least twelve months and not on expectations about whether these rights will be exercised. Furthermore, the amendments clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not expect a material impact on its consolidated financial statements from these amendments.
- Amendments to IAS 16 *Property, Plant and Equipment* were issued in May 2020 and are effective for the financial year beginning on 1 January 2022 subject to endorsement of the UK Endorsement Board. The amendments 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. The Group does not expect a material impact on its consolidated financial statements from these amendments.
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* were issued in May 2020 and are effective for the financial year beginning on 1 January 2022 subject to endorsement of the UK Endorsement Board. The amendments 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. The Group does not expect a material impact on its consolidated financial statements from these amendments.

- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting policies* were issued in February 2021 and are effective for the financial year beginning on 1 January 2023 subject to endorsement of the UK Endorsement Board. They require the disclosures of material accounting policies rather than significant accounting policies. The amendments to IAS 1 clarify that accounting policy information may be material because of its nature, even if it relates to immaterial amounts, that accounting policy information is material when it is needed by users of financial statements to understand other material information in the financial statements and that the disclosure of immaterial accounting policy information shall not obscure material accounting policy information. The amendments to IFRS Practice Statement 2 include guidance and examples to the amendments to IAS 1 and illustrate, in particular, the 'four-step materiality process' to accounting policy information. The Group does not expect a material impact on its consolidated financial statements from these amendments.
- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* were issued in February 2021 and are effective for the financial year beginning on 1 January 2023 subject to endorsement of the UK Endorsement Board. The amendments replace the definition of change in accounting estimates with the definition of accounting estimates as monetary amounts subject to measurement uncertainty following accounting policies requirements. A change in accounting estimate resulting from new information or developments is not the correction of an error and changes in an input or a measurement technique of an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The effect of the change relating to the current period is recognised as income or expense in the current period while the effect, if any, on future periods is recognised as income or expense in those future periods. The Group does not expect a material impact on its consolidated financial statements from these amendments.
- Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* were issued in May 2021 and are effective for the financial year beginning on 1 January 2023 subject to endorsement of the UK Endorsement Board. The amendments clarify that the recognition exemption in paragraphs 15 and 24 of IAS 12 does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. For these transactions, such as leases or decommissioning obligations, deferred tax has to be recognised upon accounting of both an asset and a liability.

The Group does not expect a material impact on its consolidated financial statements from all other standards, interpretations and amendments issued at the reporting date, but not yet to be adopted for these financial statements.

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 the recoverability of stockpiled lean and weathered ore (Note 13 Inventories) while significant judgements relate to taxation in terms of the application of tax legislation in the jurisdictions the Group operates (Note 8 Taxation) and the loan relationship between related parties of the Group entered into in previous years (Note 17 Commitments, contingencies and legal disputes).

The use of inaccurate assumptions in assessments made for any of these estimates and judgements could result in a significant impact on the Group's financial position and/or financial performance. There are no significant changes to the afore-mentioned critical estimates and judgements compared to 31 December 2020 and the detailed description of the critical estimates and judgements is disclosed in the Group's 2020 Annual Report & Accounts. The ongoing COVID-19 pandemic did not impact the use of 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 debt.

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 44.

US$000	Notes	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Profit before tax and finance		**806,573**	299,863	754,291
Losses on disposal and liquidation of property, plant and equipment	5	**2,975**	877	1,303
Share based payments		**329**	399	291
Write-offs/(write-backs)	5	**3,060**	(71)	192
Depreciation and amortisation	5	**55,427**	51,374	102,475
Underlying EBITDA		**868,364**	352,442	858,552

US$000	Notes	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Revenue	4	**1,352,656**	775,831	1,700,321
Cost of sales	5	**(307,870)**	(304,974)	(608,641)
Gross profit		**1,044,786**	470,857	1,091,680

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

US$000	Notes	**As at 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Cash and cash equivalents	14	**234,669**	270,006	169,226
Interest-bearing loans and borrowings – current	15	**(19,475)**	(134,349)	(138,538)
Interest-bearing loans and borrowings – non-current	15	**(2,686)**	(132,129)	(204,950)
Net cash/(debt)		**212,508**	3,528	(174,262)

The Group's balance of cash and cash equivalents decreased by US$35,337 thousand after debt repayments net of proceeds of US$244,899 thousand during the period ended 30 June 2021 (31 December 2020: US$148,328 thousand; 30 June 2020: US$68,790 thousand). Net cash/(debt) is an Alternative Performance Measure ("APM"). Further information on the APMs used by the Group, including the definitions, is provided on pages 38 and 39.

Note 4: Revenue

Revenue for the six months period ended 30 June 2021 consisted of the following:

US$000	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Revenue from sales of iron ore pellets and concentrate	**1,262,494**	686,415	1,523,772
Freight revenue related to sales of iron ore pellets and concentrate	**61,212**	64,139	125,254
Total revenue from sale of iron ore pellets and concentrate	**1,323,706**	750,554	1,649,026
Revenue from logistics and bunker business	**26,188**	22,513	46,002
Revenue from other sales and services provided	**2,762**	2,764	5,293
Total revenue	**1,352,656**	775,831	1,700,321

Information on the commodity risk related to provisionally priced sales are provided in Note 16 Financial instruments.

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

US$'000	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Central Europe	**428,431**	144,836	356,461
Western Europe	**174,698**	30,809	145,311
North East Asia	**85,453**	23,707	78,786
China and South East Asia	**434,669**	516,243	951,718
Turkey, Middle East and North Africa	**180,093**	12,482	82,514
North America	**20,362**	22,477	34,236
Total revenue from sale of iron ore pellets and concentrate	**1,323,706**	750,554	1,649,026

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

Note 5: Operating expenses

Operating expenses for the six months period ended 30 June 2021 consisted of the following:

US$000	Notes	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Cost of sales		**307,870**	304,974	608,641
Selling and distribution expenses		**152,054**	161,634	309,276
General and administrative expenses		**32,905**	30,499	61,788
Other operating expenses		**21,021**	19,129	38,404
Total operating expenses		**513,850**	516,236	1,018,109

Operating expenses include:

Inventories recognised as an expense upon sale of goods		**293,632**	291,374	582,796
Employee costs (excl. logistics and bunker business)		**49,417**	53,832	106,782
Inventory movements		**(29,847)**	29,608	41,471
Depreciation of property, plant and equipment and right-of-use assets	3	**54,704**	50,734	101,278
Amortisation of intangible assets	3	**723**	640	1,197
Royalties and levies		**22,817**	15,823	34,596
Costs of logistics and bunker business		**23,011**	19,245	39,993
Audit and non-audit services		**716**	919	1,719
Community support donations		**2,835**	2,506	5,800
Write-offs/(write-backs)		**3,060**	(71)	192
Losses on disposal and liquidation of property, plant and equipment		**2,975**	877	1,303

Write-offs of property, plant and equipment and intangible assets for the six months period ended 30 June 2021 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 to this licence have been written-off as of 30 June 2021, as the outcome is currently uncertain. See also the update on the Group's Principal Risks on page 15 in terms of the Ukraine country risk.

US$000	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
(Write-back)/write-off of inventories	**(210)**	101	466
Write-off/(write-back) of property, plant and equipment	**2,318**	(176)	(288)
Write-off of intangible assets	**931**	–	–
Write-off/(write-back) of receivables and prepayments	**21**	4	14
Total write-offs/(write-backs)	**3,060**	(71)	192

Note 6: Foreign exchange losses and gains

Foreign exchange losses and gains for the six months period ended 30 June 2021 consisted of the following:

US$000	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Operating foreign exchange (losses)/gains			
Revaluation of trade receivables	**(38,009)**	35,906	61,948
Revaluation of trade payables	**3**	(92)	(538)
Others	**(16)**	(41)	(387)
Total operating foreign exchange (losses)/gains	**(38,022)**	35,773	61,023
Non-operating foreign exchange (losses)/gains			
Revaluation of interest-bearing loans	**(1,371)**	(110)	3,378
Conversion of cash and cash equivalents	**(1,980)**	675	2,506
Others	**(80)**	1,070	(582)
Total non-operating foreign exchange (losses)/gains	**(3,431)**	1,635	5,302
Total foreign exchange (losses)/gains	**(41,453)**	37,408	66,325

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. 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 30.06.21	6 months ended 30.06.20	Year ended 31.12.20	**As at 30.06.21**	As at 31.12.20	As at 30.06.20
UAH	**27.779**	25.979	26.958	**27.176**	26.692	28.275
EUR	**0.830**	0.907	0.877	**0.842**	0.890	0.815

Exchange differences arising on translation of non-USD functional currency operations (mainly in Ukrainian Hryvnia) are included in the translation reserve. See Note 18 Share capital and reserves for further details.

Note 7: Net finance expense

Net finance expense for the period ended 30 June 2021 consisted of the following:

US$000	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Finance expense			
Interest expense on loans and borrowings	**(9,078)**	(12,879)	(22,381)
Less capitalised borrowing costs	**4,796**	7,563	14,871
Interest on defined benefit plans	**(1,513)**	(1,628)	(3,170)
Bank charges	**(281)**	(413)	(829)
Interest expense on lease liabilities	**(271)**	(310)	(443)
Other finance costs	**(150)**	(209)	(334)
Total finance expense	**(6,497)**	(7,876)	(12,286)
Finance income			
Interest income	**238**	335	497
Other finance income	**16**	37	56
Total finance income	**254**	372	553
Net finance expense	**(6,243)**	(7,504)	(11,733)

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 2021, the income tax expense was based on an expected weighted average tax rate of 17.0% for the financial year 2021, compared to an effective tax rate of 15.1% for the financial year 2020. The expected tax rate for the financial year 2021 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. The increase of the applied tax rate as at 30 June 2021 is primarily due to the higher taxable profits expected in Ukraine.

The income tax expense for the period ended 30 June 2021 consisted of the following:

US$000	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Current income tax			
Current income tax charge	**140,057**	43,509	111,160
Amounts related to previous years	**27**	(14)	(1,203)
Total current income tax	**140,084**	43,495	109,957
Deferred income tax			
Origination and reversal of temporary differences	**(4,611)**	591	2,611
Total deferred income tax	**(4,611)**	591	2,611
Total income tax expense	**135,473**	44,086	112,568

As disclosed in Note 17 Commitments, contingencies and legal disputes, the Group is involved in ongoing tax audits and a court proceeding in respect of its cross-border transactions and an unexpected adverse outcome would have an adverse impact on the Group's total income tax expense and its effective tax rate. In addition to the afore-mentioned ongoing tax audits and court proceeding, the Group's future effective tax rate could be further impacted by legislative changes, changes in the statutory tax rates or different interpretations of the legislation in any of its key jurisdictions. See also the update on the Group's Principal Risks on page 15 in terms of the Ukraine country risk.

The net income tax payable as at 30 June 2021 consisted of the following:

US$000	**6 months ended 30.06.21 (unaudited)**	Year ended 31.12.20 (audited)	6 months ended 30.06.20 (unaudited)
Income tax receivable balance	**1,130**	1,351	174
Income tax payable balance	**(97,002)**	(58,483)	(34,768)
Net income tax payable	**(95,872)**	(57,132)	(34,594)

The net deferred income tax assets as at 30 June 2021 consisted of the following:

US$000	**6 months ended 30.06.21 (unaudited)**	Year ended 31.12.20 (audited)	6 months ended 30.06.20 (unaudited)
Total deferred tax assets	**37,830**	30,574	34,268
Total deferred tax liabilities	**(262)**	(101)	(102)
Net deferred tax assets	**37,568**	30,473	34,166

The increase of the deferred tax assets as at 30 June 2021 is primarily related to the recognition of available tax losses for a Ukrainian subsidiary that started to trade and generate taxable profits in 2021. At current prices for iron ore pellets, it is expected that the entire balance of available tax losses from previous years will be utilised during the financial year 2022. Other movements, which impacted the net deferred tax assets though not necessarily the income tax expense related to foreign exchange movements and a reclass from current to deferred taxes.

The afore-mentioned recognition of the available tax losses will reduce the balance of US$116,076 thousand of available tax loss carry forwards for which no deferred tax assets were recognised that was available at the beginning of the financial year 2021. The total available tax loss carry forwards of the Group will be reassessed again at year-end.

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 30.06.21 (unaudited)	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Earnings for the period/year attributable to equity shareholders - per share in US cents			
Basic	**112.5**	42.6	108.1
Diluted	**112.3**	42.4	107.9
Profit for the period/year attributable to equity shareholders - US$000			
Basic and diluted earnings	**661,417**	249,904	635,292
Weighted average number of shares - thousands			
Basic number of ordinary shares outstanding	**587,699**	587,294	587,496
Effect of dilutive potential ordinary shares	**1,047**	1,581	1,510
Diluted number of ordinary shares outstanding	**588,746**	588,875	589,006

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

Prior to the dividend proposed below and taking into account relevant thin capitalisation rules and dividend-related covenants for the Group's major bank debt facility, the total available distributable reserves of Ferrexpo plc is US$508,928 thousand for the remainder of the financial year 2021.

US$000	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Dividends proposed			
Interim dividend for 2021: 39.6 US cents per Ordinary Share	**232,729**	–	–
Final dividend for 2020: 13.2 US cents per Ordinary Share [1)]	**77,576**	–	–
Special interim dividend for 2020: 39.6 US cents per Ordinary Share	–	–	232,729
Special interim dividend for 2020: 13.2 US cents per Ordinary Share	–	–	77,576
Interim dividend for 2020: 6.6 US cents per Ordinary Share	–	38,788	–
Interim dividend for 2020: 6.6 US cents per Ordinary Share	–	38,788	–
Final dividend for 2019: 3.3 US cents per Ordinary Share	–	19,394	–
Total dividends proposed	**310,305**	96,970	310,305

1) Declared on 16 April 2021 and paid on 1 July 2021

US$000	**6 months ended 30.06.21 (unaudited)**	6 months ended 30.06.20 (unaudited)	Year ended 31.12.20 (audited)
Dividends paid during the period			
Special interim dividend for 2020: 39.6 US cents per Ordinary Share	**233,097**		
Special interim dividend for 2020: 13.2 US cents per Ordinary Share	**77,379**	–	–
Special interim dividend for 2020: 6.6 US cents per Ordinary Share	–	–	39,004
Interim dividend for 2020: 6.6 US cents per Ordinary Share	–	–	38,796
Interim dividend for 2020: 6.6 US cents per Ordinary Share	–	–	39,177
Final dividend for 2019: 3.3 US cents per Ordinary Share	–	–	20,050
Final special dividend for 2019: 3.3 US cents per Ordinary Share	–	19,458	19,458
Special interim dividend for 2019: 6.6 US cents per Ordinary Share	–	38,961	38,961
Total dividends paid during the period	**310,476**	58,419	195,446

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

Note 10: Property, plant and equipment

During the six months period ended 30 June 2021, the additions to property, plant and equipment totalled US$131,340 thousand (30 June 2020: US$109,766 thousand; 31 December 2020: US$230,315 thousand) and the net book value of the disposals of property, plant and equipment totalled US$5,371 thousand (30 June 2020: US$1,023 thousand; 31 December 2020: US$5,489 thousand). The total depreciation charge for the period was US$58,880 thousand (30 June 2020: US$51,971 thousand; 31 December 2020: US$105,223 thousand).

The carrying value of property, plant and equipment includes capitalised borrowing costs on qualifying assets of US$56,621 thousand (31 December 2020: US$50,474 thousand; 30 June 2020: US$46,399 thousand).

Note 11: Leases

During the six months period ended 30 June 2021, the additions to the right-of-use assets totalled US$101 thousand (30 June 2020: US$85 thousand; 31 December 2020: US$2,599 thousand). The total depreciation charge for the period was US$2,173 thousand (30 June 2020: US$2,321 thousand; 31 December 2020: US$4,384 thousand).

As at 30 June 2021, the carrying amount of the lease liabilities consisted of the following:

US$000	**As at 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Non-current	**2,686**	3,796	4,950
Current	**4,129**	5,252	3,694

The total cash outflow for leases falling under the scope of IFRS 16 *Leases* during the period ended 30 June 2021 was US$2,815 thousand (31 December 2020: US$3,425 thousand; 30 June 2020: US$1,330 thousand). During the period ended 30 June 2021 US$522 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 2020: US$424 thousand; 30 June 2020: US$156 thousand). Furthermore, interest expense on lease liabilities in the amount of US$271 thousand was recognised in the consolidated income statement during the period ended 30 June 2021 (31 December 2020: US$443 thousand; 30 June 2020: US$310 thousand).

Note 12: Other taxes recoverable and prepaid

As at 30 June 2021, taxes recoverable and prepaid comprised:

US$000	**As at 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
VAT receivable	**38,828**	31,226	28,743
Other taxes prepaid	**398**	97	250
Total other taxes recoverable and prepaid	**39,226**	31,323	28,993

As at 30 June 2021, US$37,040 thousand of the VAT receivable relates to the Group's Ukrainian business operations (31 December 2020: US$29,863 thousand; 30 June 2020: US$27,499 thousand). There is no material VAT receivable balance overdue in Ukraine as at 30 June 2021 and the end of the comparative periods 31 December 2020 and 30 June 2020.

The total VAT receivable balance shown in the table above is net of an allowance of US$1,203 thousand (31 December 2020: US$1,739 thousand; 30 June 2020: US$1,836 thousand) to reflect the uncertainties in terms of the timing of the recovery of VAT receivable balances.

Note 13: Inventories

As at 30 June 2021, inventories comprised:

US$000	**As at 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Lean and weathered ore	**–**	–	9,867
Raw materials and consumables	**56,437**	38,286	43,824
Spare parts	**88,331**	76,565	78,815
Finished ore pellets	**33,806**	17,699	27,212
Work in progress	**11,811**	9,679	5,038
Other	**2,215**	2,376	2,504
Total inventories – current	**192,600**	144,605	167,260
Lean and weathered ore	**230,000**	213,685	218,414
Total inventories – non-current	**230,000**	213,685	218,414
Total inventories	**422,600**	358,290	385,674

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

Inventories classified as non-current comprise lean and weathered ore that are, based on the Group's current processing plans, not planned to be processed within the next twelve months. After having processed some of these volumes in the second half of the financial year 2020, it was planned to ramp up the processing during the financial year 2021. As disclosed in the 2020 Annual Report & Accounts, it was decided to postpone the processing of the lean ore in order to realise the maximum financial benefits in the continued high price environment for iron ore pellets. The processing of this stockpile will take more than 12 months. The beginning and duration of the processing depend on the Group's future mining activities, processing capabilities and anticipated market conditions.

The net realisable value of lean and weathered ore is most sensitive to changes in long-term iron ore prices and delays in the commencement of utilising the ore in the production process. The net realisable value test has been updated as of 30 June 2021 based on latest available price expectations for iron ore products. Two separate sensitivities assuming a further one-year delay and a US$5 per tonne lower forecast long-term iron ore price would result in a reduction in the net realisable value by US$45,900 thousand and US$36,900 thousand, respectively. The lower net realisable values under both sensitivities still exceed cost as at 30 June 2021.

Note 14: Cash and cash equivalents

As at 30 June 2021, cash and cash equivalents comprised:

US$000	Notes	**As at 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Cash at bank and on hand		**234,669**	270,006	169,226
Total cash and cash equivalents	3	**234,669**	270,006	169,226

The debt repayments net of proceeds during the period ended 30 June 2021 totalled US$244,899 thousand (31 December 2020: US$148,328 thousand; 30 June 2020: US$68,790 thousand) affecting the balance of cash and cash equivalents.

Further information on the Group's gross debt is provided in Note 15 Interest-bearing loans and borrowings.

The balance of cash and cash equivalents held in Ukraine amounts to US$33,731 thousand as at 30 June 2021 (31 December 2020: US$33,058 thousand; 30 June 2020: US$32,140 thousand).

Note 17 Commitments, contingencies and legal disputes provides details on the Group's balance of restricted cash and deposits, which has been fully provided for during the financial years 2015 and 2016 as not available to the Group.

Note 15: 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 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Current				
Syndicated bank loans – secured		**–**	128,333	133,333
Other bank loans – unsecured		**–**	764	1,511
Lease liabilities		**4,129**	5,252	3,694
Trade finance facilities		**15,346**	–	–
Total current interest-bearing loans and borrowings	3	**19,475**	134,349	138,538
Non-current				
Syndicated bank loans – secured		**–**	128,333	200,000
Lease liabilities		**2,686**	3,796	4,950
Total non-current interest-bearing loans and borrowings	3	**2,686**	132,129	204,950
Total interest-bearing loans and borrowings		**22,161**	266,478	343,488

Following two further quarterly amortisations and the cancellation of advance prepayments of US$60,000 thousand of the Group's syndicated revolving pre-export facility (the "facility") earlier in 2021, the remaining outstanding amount of US$140,000 thousand was fully repaid on 30 June 2021 and the facility was subsequently cancelled. The facility agreement was signed in 2018 and repayment was scheduled to take place quarterly between 2020 and 2022.

As at the end of the comparative periods ended 31 December 2020 and 30 June 2020, the outstanding amount of the facility was US$256,666 thousand and US$333,333 thousand, respectively.

The aforementioned bank debt facility was guaranteed and secured as follows:

- Ferrexpo AG and Ferrexpo Middle East FZE, which were also joint borrowers, assigned the rights to revenue from certain sales contracts;
- PJSC Ferrexpo Poltava Mining assigned all of its rights of certain export contracts for the sale of pellets to Ferrexpo AG and Ferrexpo Middle East FZE; and
- the Group pledged bank accounts of Ferrexpo AG and Ferrexpo Middle East FZE into which sales proceeds from certain assigned sales contracts are exclusively received.

Arrangement fees for the aforementioned facility were presented in prepayments and current assets and other non-current assets based on the maturity of the underlying facility and were amortised on a straight-line basis over the term of the facility and fully amortised as of 30 June 2021 following the repayment.

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

US$000	**6 months ended 30.06.21 (unaudited)**	Year ended 31.12.20 (audited)	6 months ended 30.06.20 (unaudited)
Opening balance of interest-bearing loans and borrowings	**266,478**	412,378	412,378
Cash movements			
Repayments of syndicated bank loans – secured	**(256,666)**	(143,333)	(66,667)
Repayments of other bank loans – unsecured	**(764)**	(1,570)	(793)
Principal and interest elements of lease payments	**(2,815)**	(3,425)	(1,330)
Change of trade finance facilities, net	**15,346**	–	–
Total cash movements	**(244,899)**	(148,328)	(68,790)
Non-cash movements			
Amortisation of prepaid arrangement fees	**4**	39	20
Additions to lease liabilities	**101**	2,589	78
Others (incl. translation differences)	**477**	(200)	(198)
Total non-cash movements	**582**	2,428	(100)
Closing balance of interest-bearing loans and borrowings	**22,161**	266,478	343,488

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 2020 Annual Report & Accounts.

Note 16: 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 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Financial assets			
Cash and cash equivalents	**234,669**	270,006	169,226
Trade and other receivables	**209,694**	152,750	108,970
Other financial assets	**5,285**	5,328	583
Total financial assets	**449,648**	428,084	278,779
Financial liabilities			
Trade and other payables	**117,250**	43,749	54,382
Accrued liabilities	**25,413**	24,407	22,316
Interest-bearing loans and borrowings	**22,161**	266,478	343,488
Total financial liabilities	**164,824**	334,634	420,186

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. The fair values of interest-bearing loans and borrowings totalled US$22,161 thousand (31 December 2020: US$257,441 thousand; 30 June 2020: US$340,115 thousand).

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 2020 Annual Report & Accounts remain relevant. See pages 166 and 167 of the 2020 Annual Report & 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 2021 and during the comparative periods ended 31 December 2020 and 30 June 2020 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. The provisionally priced iron ore exposure as at 30 June 2021 was 87,701 tonnes (31 December 2020: 622,705 tonnes; 30 June 2020: 1,215,000 tonnes) and gave rise to a fair value loss relating to the embedded provisional pricing mechanism of US$945 thousand as at 30 June 2021 (31 December 2020: gain of US$28,921 thousand; 30 June 2020: gain of US$909 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 30 June 2021 and the receivable balance taking into account known final and latest forward prices is US$578 thousand and would have decreased the consolidated result and the shareholders' equity by this amount (31 December 2020: increased by US$3,968 thousand; 30 June 2020: increased by US$12,391 thousand).

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 17: Commitments, contingencies and legal disputes

Commitments

Commitments as at 30 June 2021 consisted of the following:

US$000	**As at 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Total commitments for the lease of mining land (out of the scope of IFRS 16)	**42,531**	30,874	26,120
Total future contingent rental payments (IFRS 16)	**22,019**	16,217	16,479
Total capital commitments on purchase of property, plant and equipment	**151,446**	57,526	52,913

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*.

Future minimum rental payments
These commitments relate to leases under the scope of IFRS 16 to which the lessee is committed, but the leases did not commence.

Future commitments for contingent rental payments
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. See Note 11 Leases for further details.

Contingencies

As disclosed in the 2020 Annual Report & Accounts, the Board, acting through the Committee of Independent Directors (the "CID"), has been conducting during the financial year 2020 a review in connection with the Group's sponsorship arrangements with FC Vorskla following the identification of a loan made by FC Vorskla to Collaton Limited, another related party of the Group. The CID has concluded its enquiry in March 2021. In the event that any of the payments made by the Group to FC Vorskla or the loan provided by FC Vorskla to Collaton Limited were not fully used for the benefit of the football club, or there was any non-compliance with legal, regulatory or other requirements, liabilities (including fines and penalties) may accrue to the Group. At the current time, the existence, timing or quantum of potential future liabilities, if any, cannot be determined and measured reliably and, as a consequence, no associated liabilities have been recognised in relation to these matters in the consolidated statement of financial position as of 30 June 2021. See Note 30 Commitments, contingencies and legal disputes in the 2020 Annual Report & Accounts for detailed information.

Further to the disclosure made in Note 30 Commitments, contingencies and legal disputes in the 2020 Annual Report & Accounts in respect of the Group's former relationship with Blooming Land, a Charity, there have been no further developments during the period ended 30 June 2021 and the likelihood of any claims is considered to be more remote due to the passing of time.

Legal

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Deposit Guarantee Fund and liquidator of Bank F&C
The Group's former transactional bank in Ukraine, Bank F&C ("BFC"), is still going through the liquidation process after having been declared insolvent by the National Bank of Ukraine and put under temporary administration on 18 September 2015. The Group, through its major subsidiaries in Ukraine, is engaged in various court proceedings with the aim to maximise its recovery in the liquidation process of BFC as disclosed below.

Following the commencement of the liquidation process of BFC and in accordance with the applicable local legislation, PJSC Ferrexpo Poltava Mining ("FPM"), LLC Ferrexpo Yeristovo Mining ("FYM") and LLC Ferrexpo Belanovo Mining ("FBM"), collectively referred to as "Ukrainian subsidiaries", submitted on 21 January 2016 their claims for cash and deposit balances held with BFC on the date of introduction of temporary administration totalling UAH4,262 million (US$156,628 thousand as of 30 June 2021).

On 22 April 2016, the liquidator of BFC issued certificates recognising UAH540 million (US$19,870 thousand as of 30 June 2021) of these claims and recognised these claims in the ninth rank. The afore-mentioned Ukrainian subsidiaries are still involved in legal proceedings in respect of the under-recognition of the claims amounting to UAH3,722 million (US$136,958 thousand as of 30 June 2021) and the ranking of the claims in the liquidation process.

The court proceedings commenced in October 2016 and, following various hearings during the financial year 2017, the relevant court instance dismissed in October 2017 FPM's claim in full. FPM filed an appeal in November 2017. In July 2018, the court ruled in favour of FPM and the counterparty subsequently filed its cassation appeal against this decision. On 11 December 2018, the Supreme Court of Ukraine upheld the cassation appeal and the case was directed for new consideration to the Northern Commercial Court of Appeal. On 19 June 2019, the Northern Commercial Court of Appeal satisfied the claim of FPM and the opposing party filed a cassation appeal. On 31 October 2019, the Supreme Court cancelled the decision of the Northern Commercial Court of Appeal and directed the case to this court instance for new consideration. The date of the hearing by the Northern Commercial Court of Appeal is scheduled for 30 September 2021.

In terms of FYM's claim on the same matter, the Northern Commercial Court of Appeal dismissed on 16 February 2021 the claim of the opposing party and satisfied FYM's claim in full. Following a cassation claim lodged by the opposing party, the Supreme Court of Ukraine commenced the cassation proceedings in June 2021 and the next court hearing is scheduled for 17 August 2021.

The outcomes of the aforementioned legal proceedings will not have an adverse impact on the Group's financial result in future periods as a full allowance was recorded for the claimed amounts during the financial year 2015.

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 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 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 to this claim. In February 2021 after the first hearing of the Kyiv Commercial Court on this case, FAG became aware that three new claims have been filed by other three 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 defense 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 the next hearing is scheduled for 9 September 2021.

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.

Taxation

Tax legislation

The Group operates across a number of jurisdictions through its value chain and prices its sales between its subsidiaries using international benchmark prices for comparable products covering product quality and applicable freight costs. The Group judges these to be on terms, which comply with applicable legislation in the jurisdictions 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$16,485 thousand as of 30 June 2021) 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 court 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 and, as of the date of approval of these interim condensed consolidated financial statements, the date of the hearing is unknown.

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 have been halted in March 2020 due to a COVID-19 related quarantine imposed in Ukraine and resumed on 10 February 2021 following a decision of the Cabinet of Ministers that tax audits in the country will resume again. On 14 June 2021, the STS commenced another tax audit for cross-border transactions of another Ukrainian subsidiary with the same two subsidiaries of the Group outside of Ukraine and for the same period as for the aforementioned audit at the Group's major subsidiary. Based on legislation in Ukraine, the results of these audits are to be provided by STS within 18 months after commencement.

The Group 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. Consequently, no provision has been recorded as at 30 June 2021, neither for the years subject to the aforementioned court proceedings nor for transactions and years subject to the newly commenced audits by the SFS in Ukraine. As of the approval of these interim condensed consolidated financial statements, no claim has been made by the SFS in respect of the newly commenced audits.

As required by IFRIC 23 *Uncertainty over income tax treatments*, the Group reviewed and reassessed its exposure in respect of all uncertain tax positions, including the ongoing court proceedings and the newly commenced audits of cross-border transactions in Ukraine under the provisions of this interpretation. Considering the two favourable court decisions and third party advice obtained for the year ended 31 December 2020 and 2019, the management of the Group concluded that it is probable that the Supreme Court of Ukraine will confirm the decisions from the two lower court instances. In case of any new claims made by the STS, the Group will continue to successfully defend its pricing methodology applied during these years. An unexpected outcome of the ongoing court proceeding would have an adverse impact on the Group's total income tax expense and effective tax rate in a future period.

Detached from the cases mentioned above, FPM received on 23 June 2020 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 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 for disclosure of information in order to allow 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 were neither any actions nor any new requests received from SBI.

The Ukrainian legislation and regulations on taxation continued to evolve over the last couple of years, which are however not always clearly written and are therefore subject to varying interpretations and inconsistent enforcement by local, regional and national tax authorities. As a result, instances of inconsistent interpretations and enforcements to resolve the same or similar cases are not unusual. See also the update on the Group's Principal Risks on page 15 in terms of 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 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.

Note 18: Share capital and reserves

The share capital of Ferrexpo plc at 30 June 2021 was 613,967,956 (31 December 2020: 613,967,956; 30 June 2020: 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 2020: 25,343,814 shares; 30 June 2020: 25,343,814 shares), which are held in treasury, resulting from a share buyback that was undertaken in September 2008, and 924,899 shares held in the employee benefit trust reserve (31 December 2020: 924,899 shares; 30 June 2020: 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 20 of these financial statements for further details.

As at 30 June 2021 other reserves attributable to equity shareholders of Ferrexpo plc comprised:

For the financial year 2020 and 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 2020	**31,780**	**(77,260)**	**(2,826)**	**(1,716,468)**	**(1,764,774)**
Foreign currency translation differences	–	–	–	(317,691)	(317,691)
Tax effect	–	–	–	16,278	16,278
Total comprehensive loss for the year	**–**	**–**	**–**	**(301,413)**	**(301,413)**
Share based payments	–	–	291	–	291
At 31 December 2020 (audited)	**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)**

For the 6 months ended 30.06.20 US$000	**Uniting of interest reserve**	**Treasury share reserve**	**Employee benefit trust reserve**	**Translation reserve**	**Total other reserves**
At 1 January 2020	**31,780**	**(77,260)**	**(2,826)**	**(1,716,468)**	**(1,764,774)**
Foreign currency translation differences	–	–	–	(213,637)	(213,637)
Tax effect	–	–	–	10,977	10,977
Total comprehensive income for the period	**–**	**–**	**–**	**(202,660)**	**(202,660)**
Share based payments	–	–	399	–	399
At 30 June 2020 (unaudited)	**31,780**	**(77,260)**	**(2,427)**	**(1,919,128)**	**(1,967,035)**

Note 19: 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 2020: 49.9%; 30 June 2020; 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 2020 are disclosed in detail in the Remuneration Report included in the Group's 2020 Annual Report & Accounts.

Revenue, expenses, finance income and finance expenses

US$000	**6 months ended 30.06.21 (unaudited)**			6 months ended 30.06.20 (unaudited)			Year ended 31.12.20 (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]	**278**	**–**	**5**	151	–	3	323	–	7
Total related party transactions within revenue	**278**	**–**	**5**	151	–	3	323	–	7
Materials [b]	**3,604**	**–**	**–**	3,216	–	–	6,299	–	–
Spare parts and consumables [c]	**3,007**	**–**	**–**	1,236	–	–	3,063	–	–
Other expenses [d]	**627**	**–**	**–**	232	–	–	524	–	–
Total related party transactions within cost of sales	**7,238**	**–**	**–**	4,684	–	–	9,886	–	–
Selling and distribution expenses [e]	**2,354**	**8,860**	**–**	2,151	9,435	–	4,552	19,073	–
General and administration expenses [f]	**1,561**	**–**	**236**	909	–	195	1,747	–	482
Finance expenses	**11**	**–**	**–**	12	–	–	25	–	–
Total related party transactions within expenses	**11,164**	**8,860**	**236**	7,756	9,435	195	16,210	19,073	482
Other income [g]	**1**	**–**	**–**	6	–	–	21	–	–
Total related party transactions	**11,443**	**8,860**	**241**	7,913	9,435	198	16,554	19,073	489

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$174 thousand (30 June 2020: US$72 thousand; 31 December 2020: US$157 thousand).

b Purchases of compressed air, oxygen and metal scrap from Kislorod PCC for US$993 thousand (30 June 2020: US$1,098 thousand; 31 December 2020: US$2,060 thousand);

b Purchases of cast iron balls from OJSC Uzhgorodsky Turbogas for US$2,285 thousand (30 June 2020: US$2,118 thousand; 31 December 2020: US$4,191 thousand); and

b Purchase of services from OJSC Berdichev Machine-Building Plant Progress for US$304 thousand (30 June 2020: nil; 31 December 2020: nil).

c Purchases of spare parts from Holding company AvtoKraz, OJSC in the amount of US$766 thousand (30 June 2020: nil; 31 December 2020: US$446 thousand);

c Purchases of spare parts from CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") in the amount of US$233 thousand (30 June 2020: US$347 thousand; 31 December 2020: US$656 thousand);

c Purchases of spare parts from OJSC Berdichev Machine-Building Plant Progress in the amount of US$701 thousand (30 June 2020: US$146 thousand; 31 December 2020: US$353 thousand);

c Purchases of spare parts from OJSC Uzhgorodsky Turbogas in the amount of US$494 thousand (30 June 2020: US$280 thousand; 31 December 2020: US$675 thousand); and

c Purchases of spare parts from Valsa GTV of US$785 thousand (30 June 2020: US$437 thousand; 31 December 2020: US$878 thousand).

d Insurance premiums of US$627 thousand (30 June 2020: US$232 thousand; 31 December 2020: US$524 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$2,354 thousand (30 June 2020: US$2,152 thousand; 31 December 2020: US$4,552 thousand). See page 33 in respect of a loan relationship between FC Vorskla and another related party.

f Insurance premiums of US$1,368 thousand (30 June 2020: US$716 thousand; 31 December 2020: US$1,365 thousand) paid to ASK Omega for workmen's insurance and other insurances; and

f Purchase of marketing services from TV & Radio Company of US$114 thousand (30 June 2020: US$115 thousand; 31 December 2020: US$237 thousand).

Associated companies

e Purchases of logistics services in the amount of US$8,860 thousand (30 June 2020: US$9,435 thousand; 31 December 2020: US$19,073 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$218 thousand (30 June 2020: US$187 thousand; 31 December 2020: US$471 thousand) provided by Kuoni Attorneys at law Ltd., which is controlled by a former member of the Board of Directors of Ferrexpo plc who resigned in November 2016, but still acts as member of the Board of Directors of one of the subsidiaries of the Group and received Directors' fee of US$50 thousand (30 June 2020: US$50 thousand; 31 December 2020: 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.

	6 months ended 30.06.21 (unaudited)			6 months ended 30.06.20 (unaudited)			Year ended 31.12.20 (audited)		
US$000	**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	**135**	**–**	**–**	270	–	–	2,247	–	–
Total purchases of property, plant and equipment	**135**	**–**	**–**	270	–	–	2,247	–	–

During the period ended 30 June 2021, the Group purchased major spare parts and equipment from OJSC Berdichev Machine-Building Plant Progress totalling US$86 thousand (30 June 2020: US$195 thousand; 31 December 2020: US$1,719 thousand) in respect of its regular sustaining capital expenditure programme and construction supervision services in respect of the construction of the concentrate stockyard. The Group also procured equipment from CJSC Kyiv Shipbuilding and Ship Repair Plant ("KSRSSZ") totalling US$32 thousand (31 December 2020: US$510 thousand; 30 June 2020: US$62 thousand) for several ongoing major projects, including the construction of the concentrate stockyard, the upgrade of beneficiation sections and the refurbishment of the pellet loading area.

The FPM Charity Fund owns 75% of the Sport & Recreation Centre ("SRC") in Horishni Plavni and made contributions totalling US$65 thousand during the period ended 30 June 2021 (30 June 2020: US$56 thousand; 31 December 2020: US$115 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:

	6 months ended 30.06.21 (unaudited)			Year ended 31.12.20 (audited)			6 months ended 30.06.20 (unaudited)		
US$000	**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 [f]	**358**	**–**	**–**	133	–	–	1,187	–	–
Total non-current assets	**358**	**–**	**–**	133	–	–	1,187	–	–
Trade and other receivables [g]	**106**	**4,335**	**1**	96	4,473	1	70	3,322	1
Prepayments and other current assets [h]	**787**	**–**	**–**	1,390	–	–	1,104	–	–
Total current assets	**893**	**4,335**	**1**	1,486	2,472	1	1,174	3,322	1
Trade and other payables [i]	**766**	**294**	**–**	462	2	86	594	662	–
Accrued and contract liabilities	**66**	**–**	**–**	71	–	–	83	–	–
Total current liabilities	**832**	**294**	**–**	533	2	86	677	662	–

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

f Prepayments for property, plant and equipment totalling US$345 thousand (31 December 2020: nil; 30 June 2020: US$1,187 thousand) were made to OJSC Berdichev Machine-Building Plant Progress.

h Prepayments and other current assets totaling US$264 thousand to ASK Omega for insurance premiums (31 December 2020: US$1,053 thousand; 30 June 2020: US$451 thousand);

h Prepayments and other current assets totaling US$281 thousand to KSRSSZ for purchase of materials and spare parts (31 December 2020: US$162 thousand; 30 June 2020: US$44 thousand).

h No prepayments and other current assets made to FC Vorskla for advertisement, marketing and general public relations services (31 December 2020: nil; 30 June 2020: US$213 thousand); and

i Trade and other payables of US$158 thousand (31 December 2020: US$195 thousand; 30 June 2020: US$200 thousand) related to the purchase of compressed air, oxygen and metal scrap from Kislorod PCC; and

i Trade and other payables of US$351 thousand (31 December 2020: US$191 thousand; 30 June 2020: US$282 thousand) related to the purchase of spare parts from OJSC Berdichev Machine-Building Plant Progress.

Associated companies

g Trade and other receivables of US$4,335 thousand (31 December 2020: US$4,473 thousand; 30 June 2020: US$3,322 thousand) related to dividend receivables from TIS Ruda LLC.

i Trade and other payables included US$294 thousand (31 December 2020: US$2 thousand; 30 June 2020: US$662 thousand) related to purchases of logistics services from TIS Ruda LLC.

Note 20: Events after the reporting period

No material adjusting or non-adjusting items have occurred subsequent to the period-end other than the proposed dividend disclosed in Note 9 Earnings per share and dividends paid and proposed.

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 2021 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$000	**As at 30.06.21 (unaudited)**	As at 30.06.20 (unaudited)	As at 31.12.20 (audited)
C1 cash costs	**259,121**	228,755	466,013
Non-C1 cost components	**34,511**	62,619	116,783
Inventories recognised as an expense upon sale of goods	**293,632**	291,374	582,796
Own ore produced (tonnes)	**5,562,870**	5,598,000	11,217,926
C1 cash cost per tonne (US$)	**46.6**	40.9	41.5

Underlying EBITDA

Definition: The Group calculates the underlying EBITDA as profit before tax and finance plus depreciation and amortisation, net gains and losses from disposal of investments and property, plant and equipment, 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 30.06.21 (unaudited)**	As at 30.06.20 (unaudited)	As at 31.12.20 (audited)
Underlying EBITDA		**868,364**	352,442	858,552
Losses on disposal and liquidation of property, plant and equipment	5	**(2,975)**	(877)	(1,303)
Share-based payments		**(329)**	(399)	(291)
Write-backs/(write-offs)	5	**(3,060)**	71	(192)
Depreciation and amortisation	5	**(55,427)**	(51,374)	(102,475)
Profit before tax and finance		**806,573**	299,863	754,291

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 30.06.2021 (unaudited)**	6 months ended 30.06.2020 (unaudited)	Year ended 31.12.20 (audited)
Earnings for the period/year attributable to equity shareholders – per share in US cents			
Basic	**112.5**	42.6	108.1
Diluted	**112.3**	42.4	107.9

Net cash/(debt) to underlying EBITDA

Definition: Net cash/(debt) divided by the underlying EBITDA (for the last 12 months):

	As at 30.06.21 (unaudited)	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Net cash/(debt) (US$000)	**212,508**	3,528	(174,262)
Underlying EBITDA (US$000) for the last 12 months	**1,374,474**	858,552	566,212
Net cash/(debt) to underlying EBITDA	**N/A**	N/A	0.31x

Rationale for adjustment: The ratio is a measurement of the underlying EBITDA Group's leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its underlying EBITDA.

Reconciliation to net cash/(debt):

US$000	Notes	**As at 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Cash and cash equivalents	14	**234,669**	270,006	169,226
Interest-bearing loans and borrowings – current	15	**(19,475)**	(134,349)	(138,538)
Interest-bearing loans and borrowings – non-current	15	**(2,686)**	(132,129)	(204,950)
Net cash/(debt)		**212,508**	3,528	(174,262)

For a reconciliation of underlying EBITDA to profit before tax and finance see the previous page.

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 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Purchase of property, plant and equipment and intangible assets (net cash flows used in investing activities)	10	**142,451**	205,779	95,989

Total liquidity

Definition: Sum of cash and cash equivalents and available committed facilities and uncommitted facilities. Committed facilities include the Group's syndicated revolving pre-export finance facility while uncommitted facilities include trade finance facilities secured against receivable balances related to these specific trades. See Note 15 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 30.06.21 (unaudited)**	As at 31.12.20 (audited)	As at 30.06.20 (unaudited)
Cash and cash equivalents	14	**234,669**	270,006	169,226
Available committed facilities		**–**	10,000	–
Uncommitted facilities		**140,000**	80,000	40,000
Total liquidity		**374,669**	360,006	209,226

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
Capital Employed	The aggregate of equity attributable to shareholders, non-controlling interests and borrowings
Capex	Capital expenditure for the purchase of property, plant and equipment and intangible assets
Central Europe	This segmentation for the Group's sales includes Austria, Czech Republic, Hungary, Romania, Serbia and Slovakia
CFR	Delivery including cost and freight
Charity	Donations made to a charity called Blooming Land which operates through three sub-funds
CHF	Swiss Franc, the currency of Switzerland
China and 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
Code	The UK Corporate Governance Code
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. Mr Zhevago 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 "DR" pellets	Used in Direct Reduction Iron ("DRI") production. 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
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 Relations Committee
IAS	International Accounting Standards, as adopted for use in the United Kingdom
IASB	International Accounting Standards Board

IFRS	International Financial Reporting Standards, as adopted for use in the United Kingdom
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
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
PXF	Pre-export finance
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 Company’s 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
Sub-funds	Three funds that operate under the Blooming Land charity
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
Turkey, Middle East a. North Africa	This segmentation for the Group’s sales includes Algeria, the United Arab Emirates and Turkey
UAH	Ukrainian Hryvnia, the currency of Ukraine
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
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
Western Europe	This segmentation for the Group’s sales includes Germany and Italy
WMS	Wet magnetic separation
Yeristovo or Yerystivske	The deposit being developed by FYM