

APPENDIX 4D

Fortescue Ltd

ABN: 57 002 594 872



FOR THE HALF YEAR ENDED 31 DECEMBER 2023

This information should be read in conjunction with Fortescue's Financial Report for the half year ended 31 December 2023.

Results for announcement to the market

		US\$ million
Revenue from ordinary activities	increased 21% to	9,512
Profit from ordinary activities after tax attributable to members	increased 41% to	3,337
Net profit after tax for the half year attributable to members	increased 41% to	3,337

Dividends	Amount per security	Franked amount per security
Interim dividend declared for the half year ended 31 December 2023	A\$1.08	A\$1.08
Interim dividend declared for the previous corresponding period	A\$0.75	A\$0.75

Ex-dividend date of interim dividend	28 February 2024
Record date of interim dividend	29 February 2024
Payment date of interim dividend	27 March 2024

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan (the Plan) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with the ordinary shares of the Company. The allocation of price for shares under the Plan will be calculated as the average of the daily volume weighted average market price of all Fortescue shares traded on the Australian Securities Exchange during the period of 5 trading days commencing on 4 March 2024.

The last date for receipt of applications to participate in or to cease or vary participation in the Plan is by 5:00pm (AEST) on 1 March 2024. The Directors have determined that no discount shall apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be acquired on market and transferred to participants on 27 March 2024. A broker will be engaged to assist in this process.

A copy of the Plan Rules is available at www.fortescue.com/investors.

Net tangible asset backing

Net tangible asset backing per ordinary shares: US\$6.20 (previous corresponding period: US\$5.47).

Previous corresponding period

The previous corresponding period is the half year ended 31 December 2022.

Commentary on results for the period

A commentary on the results for the period is contained within the half year presentation and the financial statements that accompany this announcement.



**For the half year ended
31 December 2023**

HALF YEAR REPORT

Fortescue Ltd
ABN 57 002 594 872



Fortescue is a values-based business with a strong, differentiated culture.

We believe that by leveraging the unique culture of our greatest asset, our people, we will achieve our stretch targets.

Fortescue acknowledges the Traditional Custodians of the lands where we work. We acknowledge their rich culture and their continuing connection to land, waters and community. We are proud to work with, partner and engage with First Nations People. We pay our respects to the people, the cultures and the Elders, past, present and emerging.

Our Values

Family

Empowerment

Frugality

Stretch Targets

Integrity

Enthusiasm

Safety

Courage and
Determination

Generating Ideas

Humility

FINANCIAL RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2023



DIRECTORS' REPORT

GOVERNANCE

Your Directors present this report on Fortescue Ltd for the half year ended 31 December 2023.
The Directors of the Company in office during the half year and until the date of this report are as follows.

NON-EXECUTIVE

Mark Barnaba AM CitWA – Deputy Chair and Lead Independent Director

Lord Sebastian Coe CH, KBE

Dr Jean Baderschneider

Penny Bingham-Hall

Yifei Li

Dr Larry Marshall (appointed August 2023)

Usha Rao-Monari (appointed January 2024)

EXECUTIVE

Dr Andrew Forrest AO – Executive Chairman

Elizabeth Gaines – Executive Director and Global Ambassador

Directors were in office for the entire period unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 35, and forms part of this report.

Rounding of amounts

All amounts in this report have been rounded to the nearest million dollars, except as indicated, in accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191.

Subsequent events

On 22 February 2024, Fortescue declared a fully franked interim dividend of 108 Australian cents per share, payable in March 2024.

This report is made in accordance with a resolution of the Directors.

Dr Andrew Forrest AO

Executive Chairman

Dated in Perth on this 22nd day of February 2024.

KEY PERFORMANCE INDICATORS

ABOUT FORTESCUE

Fortescue is an integrated green technology, energy and metals company that is committed to eliminating emissions and developing the green solutions required for the world to step beyond fossil fuels.

Our iron ore operations include the Chichester and Western Hubs and our Iron Bridge magnetite mine in the Pilbara, Western Australia. As a major supplier of iron ore to the Chinese steel industry, we are now shipping at an annual rate of over 190 million tonnes with more than two billion tonnes of iron ore shipped since 2008.

The Chichester and Western Hubs are connected by 760 kilometres of rail to Herb Elliott Port in Port Hedland. Globally, we have an early-stage iron ore project underway in Gabon, Africa and we continue to conduct exploration into new fields.

By 2030, our aim is to have our Australian iron ore operations running on green energy and achieve real zero terrestrial emissions (Scope 1 and 2). Separately, we have a net zero Scope 3 emissions target by 2040, addressing emissions across our entire value chain.

Through our energy business, we are working on developing a pipeline of global green energy projects, including in the USA and Australia, where we have reached Final Investment Decisions on our first three projects. To support funding of our projects, we have established a green energy investment accelerator platform, Fortescue Capital, that is headquartered in New York.

Through Fortescue WAE, we are developing zero emissions battery systems that will enable us to decarbonise our mining fleet. Fortescue Hydrogen Systems is leading our work on hydrogen production systems, including electrolyzers, product development and supply chain, as well as manufacturing.

We always strive to empower the communities we operate in and deliver positive social and economic change through training, employment and business development opportunities. This is evident through initiatives such as our Billion Opportunities program, which has awarded more than A\$4.9 billion in contracts to Australian First Nations businesses since it was established in 2011.

SUSTAINABILITY

Over the half year, Fortescue was consistently recognised for its sustainability performance through independent environmental, social and governance (ESG) ratings, global index inclusions and awards.

Fortescue is a 2023 member of the Australian, Asia Pacific and World Dow Jones Sustainability Indices and the FTSE4Good Index. We also maintained our industry-leading AA rating in the Morgan Stanley Capital International ESG Ratings announced in December 2023. Fortescue is a member of the S&P Global Sustainability Yearbook 2023, achieving a top five per cent ESG score in our industry group and is an industry top rated company in Sustainalytics 2024 ESG ratings.

A summary of our key sustainability commitments and performance during the half year follows.

Climate Action

Fortescue is proceeding with swift actions to address the climate change challenge. We have commenced our transition from a heavy emitter to become an integrated green technology, energy and metals company. We have a costed plan to decarbonise our Australian terrestrial iron ore operations in the Pilbara by 2030. At the time of this report, Fortescue has identified the solutions it plans to adopt to eliminate approximately 90% of terrestrial Scope 1 and 2 emissions from its Australian iron ore operations. We are actively working to identify solutions for the final approximately 10%. We are also finalising our plan for how to eliminate Fortescue's remaining Scope 1 and 2 emissions from across our non-Pilbara operations, including Fortescue Energy. We have a separate target to achieve net zero Scope 3 emissions by 2040.

In October 2023, Fortescue submitted Scope 1, 2 and 3 targets for evaluation under the Science based Targets initiative (SBTi). We also released a Climate Transition Plan outlining our progress and actions on the road to real zero.

Stepping beyond fossil fuels and voluntary carbon offsets helps reduce our exposure to regulatory and supply chain risk, while potentially generating significant operating cost savings. Eliminating our emissions could also bring greater value to our shareholders, enabling us to enter the growing market for zero emissions power systems, commercialise our green technologies and enable access to sustainable finances.

Our progress on decarbonisation during H1 FY24 is detailed under the 'Decarbonisation' section of this report. Our FY23 Climate Change Report and our Climate Transition Plan are available on our website at www.fortescue.com.

DIRECTORS' REPORT CONTINUED

Health and Safety

Ensuring the health, safety and wellbeing of our employees, contractors and communities is our first priority. We believe that fostering a culture of wellness and ensuring a safe work environment for all our team members are fundamental to our success. Fortescue Metals' rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) is 1.8 at 31 December 2023.

Health and Safety excellence

As per our embodiment of the Fortescue Values, we are committed to continuing to improve health and safety performance in all areas (physical; psychosocial; process and technical), including delivery of actions across the following areas:

- leaders foster a culture of safety excellence, they understand risk and engage both hearts and minds to drive outcomes
- leveraging technology to support better decision making and proactive action on health and safety
- managing risk to inform decision making, controls are monitored and assured
- support for leaders and the business through a capable team of health, safety and risk professionals.

Workplace integrity and culture

Fortescue has a strong Values-based culture and we remain committed to ensuring we are providing a safe and inclusive work environment for all our team members. Inappropriate behaviour of any form has no place at Fortescue, in our industries, in the workplace or in society.

Fortescue's Workplace Integrity Review was launched in 2021. Since that time, we have heard directly from our Fortescue family on numerous occasions about what makes our team members feel safe or unsafe while working at a Fortescue workplace and/or living at a Fortescue village. This feedback has provided us with insight into any experiences of inappropriate behaviour and guidance on where we can continue to make improvements. We have implemented a number of initiatives as part of the Workplace Integrity Review, including those related to policies, training, leadership development, workplace culture and village life. This important work will continue in the future, with further initiatives planned to be launched this year.

Fortescue recently entered into an Enforceable Undertaking with WorkSafe as an alternative to prosecution related to the request for provision of information. This undertaking requires Fortescue to spend at least A\$1.47 million to deliver 10 activities which will enhance psychosocial safety across Fortescue and the mining industry.

These include:

- implement contractor and sub-contractor education sessions
- establish an engagement, vision and commitment program
- facilitate a security and duress application
- participate in a review of camp design and psychosocial risk assessments.

We will continue to work and collaborate with WorkSafe to ensure our people always feel safe to speak up.

Diversity

We are committed to diversity and inclusion in all its forms and commit to a year-on-year increase across our measurable categories of diversity representation. Our Board has the ultimate responsibility for diversity and inclusion matters through the Remuneration and People Committee.

The Fortescue Family Diversity Plan embodies our commitment to a workforce that reflects the communities in which we live, including the following key categories:

- females
- First Nations Australian people
- diversity of age
- LGBTQIA+
- cultural backgrounds
- differing abilities.

Increasing our female employment rates remains a key priority. As at 31 December 2023, we employed 3,324 women, an increase of seven per cent from 30 June 2023.

Our female employment rate remained steady at 23 per cent of total positions. Females also represented 29 per cent of leadership positions (manager roles and above) (30 June 2023: 26 per cent) and 35 per cent of senior leadership roles (GM roles and above) (30 June 2023: 30 per cent).

DIRECTORS' REPORT CONTINUED

First Nations engagement

From the outset, Fortescue has been focused on practical initiatives that drive economic and employment opportunities for First Nations people.

We are proud to be one of Australia's largest employers of First Nations Australians. As at 31 December 2023, we employed 1,369 First Nations people. Within our Australian workforce, First Nations people hold 10 per cent of total positions, two per cent of leadership positions (Manager and above) and 14 per cent of positions within our Pilbara operations.

Our Vocational Training and Employment Centre (VTEC) program has been providing sustainable career pathways for First Nations people for over 16 years. The program is a key part of our training and development strategy, and is built on the concept that following the completion of training, participants are guaranteed employment. Since its inception in 2006, the program has resulted in the successful employment of more than 1,400 First Nations people across our sites.

Our Billion Opportunities program forms a critical element of our approach to ensuring economic opportunity and growth for the Traditional Custodians of the regions in which we operate. Since its commencement in 2011, the program has awarded contracts and subcontracts worth more than A\$4.9 billion to over 190 First Nations businesses.

A major barrier for First Nations businesses is accessing capital. Since 2017, we have partnered with ANZ to offer a funding program that allows eligible First Nations businesses to access finance at a competitive rate. Fortescue acts as guarantor, which removes the need for the First Nations business to provide security. The First Nations business owns the assets during the term of the contract and is then able to use these assets as security in the future. This initiative has already guaranteed A\$137 million in funding to 23 First Nations businesses, of which more than A\$81 million including interest has been repaid. More than 180 mobile assets have been purchased using this funding, including excavators, water carts, graders, prime movers, buses and light vehicles.

Respecting heritage and culture

We are committed to building and maintaining strong and respectful relationships with the communities upon whose traditional lands our activities take place. We work in partnership with the First Nations people of the land where our projects are located to ensure sites of cultural significance are identified and managed.

We sustainably and strategically take meaningful measures to advance reconciliation through the following actions:

- established governance framework and dedicated teams focusing on First Nations people
- established training and employment programs for First Nations Australians
- our Billion Opportunities program and the Buriya Capital Funding program
- established stakeholder engagement processes
- established native title agreements with seven Pilbara native title holders
- ongoing development of co-management models for our Pilbara operations.

Human rights

We are committed to respecting and promoting the human rights of all people including our employees, the communities in which we operate, those within our supply chains and those who may be impacted by our activities. Our approach to sustainability is founded on a respect for human rights.

Our Human Rights Policy outlines our business conduct, which strives to be consistent with the International Bill of Human Rights, the United Nations Guiding Principles on Business and Human Rights and the principles concerning fundamental rights set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We are also a signatory to the United Nations Global Compact. Our Human Rights Policy is applicable to all Fortescue employees, directors, suppliers, contractors, consultants and other business partners.

As our global footprint expands, we will also continue to work with governments to drive awareness of modern slavery and the need for urgent and effective action. In December 2023, we released our sixth modern slavery statement, the fourth required under Australia's Modern Slavery Act 2018. Our FY23 Modern Slavery Statement is available on our website at www.fortescue.com.

DIRECTORS' REPORT CONTINUED

FORTESCUE METALS

Operations

Pilbara Hematite (Mt)	H1 FY24	H1 FY23	Movement %
Overburden removed	174	161	8
Ore mined	105	115	(8)
Ore processed	96	98	(2)
Shipments	95	97	(2)
Ore sold	95	97	(2)

Fortescue achieved shipments of 95Mt, the second highest first half in the Company's history. The reduction in shipments compared to H1 FY23 (97Mt) is a result of lower production and processing, combined with increased infrastructure maintenance activities in H1 FY24.

Hematite ore mined decreased in H1 FY24 to 105Mt (H1 FY23: 115Mt) while waste mining increased, reflecting an increase to strip ratio (H1 FY24: 1.7x, H1 FY23 1.4x). Mining volumes and strip ratio reflect the lifecycle of existing operations at the Chichester and Western Hub and are consistent with the requirements to support Fortescue's integration of its operations with its marketing strategy.

Hematite ore processed reduced marginally to 96Mt (H1 FY23: 98Mt), reflecting consistent performance and reliability through existing Ore Processing Facilities (OPFs). Fortescue's hematite operations have a combination of both wet and dry OPFs aligning with the characteristics of the ore bodies.

Iron Bridge transitioned to operational production in August 2023 and completed Fortescue's first shipment of high grade (67% Fe) magnetite product. Iron Bridge reflects the development of innovative and proven technology for the production of magnetite product and enables further diversification of Fortescue products. 6Mt of ore was mined at Iron Bridge in H1 FY24 with total ore shipped of 84kt for H1 FY24 (100 per cent basis). The Iron Bridge operation when operating at full capacity will deliver 22Mt per annum of high-grade, low-impurity concentrate. Iron Bridge is an unincorporated joint venture between Fortescue wholly owned subsidiary FMG Magnetite Pty Ltd (69 per cent), and Formosa Steel IB Pty Ltd (31 per cent).

Fortescue's Belinga project in Gabon, through its incorporated joint venture entity, Ivindo Iron SA, loaded its first shipment of iron ore in December 2023, representing the first time Fortescue has exported iron ore from outside of Australia.

Sales via Fortescue's wholly owned Chinese sales entity, FMG Trading Shanghai were 6.8Mt in H1 FY24 (H1 FY23: 9.3Mt sold). This entity allows Fortescue to improve iron ore sales channels through the direct supply of products to Chinese customers in smaller volumes, in Renminbi directly from regional ports.

Marketing and Product Strategy

Fortescue's integrated operations and customer-focused marketing strategy underpins the Company's ongoing strong market penetration, with a product portfolio that meets customer requirements and maximises value. While China remains Fortescue's core focus, representing more than 50 per cent of global steel production, the Company continues to explore sales to other important markets.

Innovation and Technology

Fortescue has led the way globally in embracing automation at its operations which both contributes to a safer working environment for our team members and underpins significant productivity and efficiency improvements.

The Company continues to look for other opportunities for automation and artificial intelligence to drive greater efficiency across the business, including the use of data to predict outcomes, optimise plans and schedules and improve overall performance, the expansion of autonomy to fixed plant and non-mining equipment and the application of relocatable conveyor technology.

Decarbonisation

Fortescue released its world leading decarbonisation roadmap in September 2022, which aims to reduce operating costs by eliminating expenditures in diesel, natural gas and carbon offsets. Fortescue is leading the market in terms of its response to customer, community and investor expectations to reduce and eliminate carbon emissions from its operations.

Our decarbonisation plan includes the deployment of an additional 2-3 gigawatt (GW) of renewable energy generation and battery storage, in addition to the deployment of a green mining fleet and locomotives.

DIRECTORS' REPORT CONTINUED

Key considerations for our pathway to decarbonise include development of technology, future equipment acquisitions and potential regulatory changes. Future changes to Fortescue's decarbonisation strategy may impact key estimates and changes to asset carrying values in the Group's financial statements.

Key milestones achieved during H1 FY24 include:

- commissioning of Australia's first operational electric excavator at Fortescue's Cloudbreak operation in partnership with Liebherr
- construction of a 100 megawatt (MW) solar farm at North Star Junction with commissioning due in mid-2024. North Star will complement the 60MW solar farm commissioned in 2021 as part of the Chichester Solar Gas Hybrid Project
- continued progress on our Pilbara Energy Connect project with the completion of 320 kilometres of transmission lines to connect Solomon to Iron Bridge and through to Port Hedland
- testing of our battery electric haul truck prototype, Roadrunner, at our Green Energy Hub at Christmas Creek
- commenced onsite commissioning of our prototype Offboard Power Unit which successfully powered a retrofitted Liebherr electric excavator utilising hydrogen
- completed onsite commissioning of our fast charger prototype and transferred at 3MW into our 240 tonne battery electric haul truck, Roadrunner
- completed vessel conversion works on the Green Pioneer, which we showcased at COP28 in Dubai, and are nearing the completion of testing, commissioning and class accreditation
- completed validation testing of the KTA50 Marine Engine Land Based Test Spread with DNV Class approval
- completed onsite commissioning of our ammonia powered locomotive. Mainline testing is now underway.

There are, and there will continue to be, technical challenges related to decarbonisation. As part of addressing these challenges, existing technology will need to be adapted and applied in new ways, and entirely new technology will also need to be developed. Technology availability (including supply chain availability of relevant goods and services) and technology maturity are therefore key issues. These are challenges the team at Fortescue are focused on overcoming, both to deliver on our own real zero ambitions, but also to facilitate the decarbonisation of heavy industry more broadly.

More information can be found in our FY23 Climate Change report.

Metals Projects

BELINGA IRON ORE PROJECT

The Belinga Iron Ore project is Fortescue's first iron ore project outside of Australia. The project is located in northeast Gabon. The deposit sits in the Archean aged rocks of the Congo Craton. The lithology and structure are typical of other greenstone belts that commonly host banded iron formations and itabirites found in other parts of West Africa.

Exploration remained the dominant activity for H1 FY24 with a focus on both diamond and reverse circulation drilling programs. The results have continued to show that this project has the potential to be of significant scale and high grade.

Early mine development continued including the development of the associated site infrastructure. More than 400 Gabonese (including contractors) have been employed to date with approximately 50 per cent from villages around the project area.

The Belinga project made Fortescue history in H1 FY24 with its first shipments through the Gabon Joint Venture Company, Ivindo Iron SA.

Ivindo Iron SA is the operating company for the Belinga project, with Fortescue holding a 72 per cent indirect interest in the company.

CHRISTMAS CREEK GREEN IRON TRIAL COMMERCIAL PLANT

Utilising existing green hydrogen and green electricity from solar generation, hematite ore production capacity and existing infrastructure and technical capacity, an investment of up to US\$50 million has been approved to construct a Green Iron Trial Commercial Plant at Christmas Creek. Annual production is expected to be more than 1,500 tonnes, with first production anticipated in 2025.

DIRECTORS' REPORT CONTINUED

Critical Minerals and Iron Ore Exploration

Fortescue started as an exploration company and we still firmly believe that early stage exploration is the key to unlocking significant value.

Fortescue holds the largest tenement portfolio in the Pilbara region of Western Australia. The resources in both the Western Hub and Eastern Hamersley include significant amounts of high iron content bedded iron ore, adding dry, low cost tonnes to Fortescue's product suite.

Iron ore exploration activity in the Pilbara during H1 FY24 included resource definition drilling in the Eastern Hamersley with a focus at Mindy South, along with regional exploration programs including Wyloo North in the Western Hub and White Knight which is located west of Cloudbreak. In addition, geometallurgical programs were conducted at Boolgeeda channel iron deposit and Lora in the Western Hub with diamond cores to be studied and processed to understand grade distribution and potential beneficiation of ores.

In the critical minerals portfolio, Fortescue is ramping up exploration activities with a key focus on copper, rare earths and lithium.

Exploration activity on the Australian copper portfolio included completion of a drilling program at the Canobie Joint Venture in North West Queensland, and works conducted across projects in Western Australia, South Australia and New South Wales in preparation for drilling in H2 FY24.

International exploration activities included drilling programs in Argentina, Chile, Brazil and Kazakhstan with another program commencing in Peru, as well as exploration activities over several other project areas in Latin America and the pegging of new tenure in Canada.

FORTESCUE ENERGY

Fortescue Energy is focused on producing commercial scale green energy and green hydrogen, including derivatives such as green ammonia, to accelerate the global decarbonisation of heavy industry, aviation, shipping and fertilisers. Presently we have numerous green energy and green hydrogen projects under investigation globally, with two green hydrogen projects achieving Final Investment Decision in H1 FY24.

Fortescue's Energy comprises the integrated segments of Green Energy, Fortescue WAE, Fortescue Hydrogen Systems and Fortescue Capital.

Green Energy

Fortescue Energy is committed to producing green electrons and green molecules (including green hydrogen, green ammonia and other green derivatives) from renewable sources, to support global decarbonisation efforts. This involves research and development of the technologies that will support decarbonisation efforts, plus the development of a pipeline of green energy projects.

In November 2023, the Fortescue Board approved the Final Investment Decision on the Phoenix Hydrogen Hub Project. This is an 80MW electrolyser and liquefaction facility in Arizona, USA, with production capacity of up to 11,000 tonnes per annum of liquid green hydrogen. Capital expenditure of up to US\$550 million was approved, with first production expected in 2026.

The Board also selected a number of other projects to be fast-tracked, including:

- **Pecem, Brazil:** A proposed green hydrogen and green ammonia facility at the Port of Pecem, Ceará, currently in the pre-feasibility stage
- **Holmaneset, Norway:** A proposed 300MW green ammonia facility, currently in the feasibility stage, with renewable energy secured via a long-term conditional Power Purchase Agreement with Statkraft. In December 2023, the project was awarded a grant of up to €204 million from the EU Innovation Fund
- **Project Chui, Kenya:** A proposed steam-to-fertiliser facility (up to 300MW) utilising geothermal steam from the Olkaria region in Nakuru county, currently in the pre-feasibility stage. The project is aimed at the production of green fertiliser for domestic use in Kenya, with the Government of Kenya as the proposed off-taker.

The proposed green hydrogen and green ammonia project located at Gibson Island, Australia, continues in the Front End Engineering Design stage. Fortescue Energy continues to have discussions with key stakeholders as it works to progress the project.

Fortescue Energy completed its development of a green ammonia-capable ship, the Green Pioneer, which sailed from its base in Singapore to Dubai for COP28 in December 2023. Together with leading maritime engineers and innovators, Fortescue has developed the systems, processes and technology needed to safely run the Green Pioneer as a green ammonia dual-fuel ship.

DIRECTORS' REPORT CONTINUED

Fortescue Hydrogen Systems

Fortescue Hydrogen Systems focuses on the development and manufacture of the products needed to produce green hydrogen at scale. The Green Energy Manufacturing facility in Gladstone, Australia, will manufacture Fortescue's own Proton Exchange Membrane (PEM) electrolyzers. The facility has an initial output capacity of 2GW.

In November 2023, the Fortescue Board approved the Final Investment Decision on the Gladstone PEM50 Project. This is a two-stage 50MW green hydrogen project, with total capital expenditure of up to US\$150 million across both phases. Phase one comprises the installation of a 30MW electrolyser plant, with construction expected to commence in 2024 and first production of green hydrogen anticipated in 2025. Phase two will see the remaining 20MW capacity installed and commissioned in 2028.

The plant will be constructed adjacent to the Green Energy Manufacturing facility in Gladstone. The 50MW plant has production capacity of up to 22 tonnes per day or 8,000 tonnes per annum of green hydrogen.

Fortescue WAE

Fortescue WAE is expanding its battery manufacturing capabilities by developing the technology needed to deliver high performance battery systems to power Fortescue's mining and rail fleet.

In the UK, Fortescue WAE is expanding its operations with two new facilities located in Kidlington and Banbury. The Kidlington facility is focused on prototype development of power systems for multiple green mobility applications. The Banbury facility is focused on manufacturing heavy industry, zero-emission battery modules and fully assembled power systems.

In November 2023, Fortescue announced its plans to expand its global manufacturing capabilities by investing US\$35 million to kickstart a US Advanced Manufacturing Centre in Michigan, USA. The facility is intended to become a major hub, initially focusing on the production of automotive and heavy industry batteries and fast chargers.

Fortescue Capital

Launched in November 2023, Fortescue Capital is a green energy investment accelerator platform, which is an integral next step in Fortescue's commitment to deliver green energy projects and decarbonisation investments.

Fortescue Capital is being developed as a fiduciary for third-party capital, seeking investors to support the global pipeline of green hydrogen and green ammonia projects and the decarbonisation projects for Fortescue's Pilbara operations.

FINANCIAL RESULTS

Financial performance

During the half year ended 31 December 2023, Fortescue delivered a net profit after tax of US\$3,337 million attributable to the equity holders of the Company and earnings per share of 108 US cents. The financial results reflects the performance of the Metals segment with hematite shipments of 95Mt, the second highest first half for Fortescue, combined with both an increase in the Platts 62% CFR index and a consistently high price realisation at 89%. Favourable Australian dollar to US dollar exchange rates have partially offset increasing costs associated with strip ratios and inflationary pressures. The solid operating performance and continued focus on productivity and efficiency have supported the underlying EBITDA margin strength.

Financial performance during the half year ended 31 December 2023:

Key metrics	H1 FY24	H1 FY23
Revenue, US\$ millions	9,512	7,835
Underlying EBITDA ¹ , US\$ millions	5,912	4,352
Net profit after tax, US\$ millions	3,334	2,368
Attributable to Equity holders of the Company	3,337	2,368
Attributable to Non-controlling interest	(3)	-
Earnings per share, US cents	108	77
Earnings per share, AUD cents²	166	115
Key ratios		
Underlying EBITDA margin, %	62	56
Return on equity ³ , %	35	35

¹ Refer to page 14 for the reconciliation of Underlying EBITDA to the financial metrics reported in the financial statements under Australian Accounting Standards.

² Australian dollar earnings per share is calculated by translating the US dollar earnings per share at the average exchange rate for the period of AUD:USD 0.65 (H1 FY23: AUD:USD 0.67).

³ Return on Equity has been calculated based on an underlying basis, removing the impact of the impairment expense of US\$1,037 million (pre tax) in FY23.

DIRECTORS' REPORT

FINANCIAL RESULTS

Segment reporting

Fortescue's operating segments are:

- **Metals:** Exploration, development, production, processing, sale and transportation of iron ore, and the exploration for other minerals
- **Energy:** Undertaking activities in the global development of green electricity, green hydrogen, green ammonia projects, as well as green technology development and manufacturing.

The composition of the operating segments has been modified following the changes in management responsibilities during the financial year ended 30 June 2023. The Energy segment now includes WAE Technologies Ltd (formerly Williams Advanced Engineering Ltd) which was previously included in the Metals segment. Accordingly, the comparative period 31 December 2022 below has been restated to reflect the change in segment structure.

Corporate includes cash, debt and tax balances which are managed at a group level, together with other corporate activities. Corporate is not considered an operating segment and includes activities that are not allocated to other operating segments.

The consolidated Metals and Energy results for the half year ended 31 December 2023 are provided below and further reported on page 26 in the financial report.

US\$m	Note ¹	Metals		Energy		Corporate		Consolidated	
		H1 FY24	H1 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23
Revenue	3	9,486	7,781	26	54	–	–	9,512	7,835
Underlying EBITDA		6,285	4,617	(320)	(302)	(53)	37	5,912	4,352

CONSOLIDATED PERFORMANCE

Revenue

	Note ¹	H1 FY24	H1 FY23
Total iron ore revenue, US\$ millions	3	8,710	7,022
Total shipping revenue, US\$ millions	3	730	715
Manufacturing and engineering services revenue, US\$ millions	3	26	53
Other revenue, US\$ millions	3	46	45
Operating sales revenue, US\$ millions		9,512	7,835
Hematite sales performance			
Shipments - Pilbara Hematite, million wmt		95	97
Ore sold - Pilbara Hematite, million wmt		95	97
Average Platts 62% CFR index, US\$/dmt		121	101
Average realised price Pilbara Hematite, US\$/dmt		108	87

¹ Notes to the accompanying financial statements.

DIRECTORS' REPORT

FINANCIAL RESULTS

Fortescue's shipments for the half year ended 31 December 2023 were 2Mt below H1 FY23 at 95Mt (H1 FY23: 97Mt), representing the second highest first half shipments for Fortescue. Operating sales revenue for H1 FY24 increased to US\$9,512 million (H1 FY23: US\$7,835 million) and predominantly reflects a 24 per cent increase in realised price to US\$108/dry metric tonne (dmt) (H1 FY23: US\$87/dmt). The Platts 62% CFR index averaged US\$121/dmt in H1 FY24, which is an increase of 20 per cent over the prior year (H1 FY23: US\$101/dmt).

Key factors influencing realised prices in H1 FY24 include:

- strong demand for Fortescue products with inventory levels at ports in China remaining low
- sustained low steel margins in China which supported demand for Fortescue products from steelmakers
- robust steel production in China despite weak real estate sector metrics, with relatively low visible steel inventory
- limited scrap availability in China which supported demand for iron ore
- actual and anticipated Government policy support in China intended to support economic growth in CY23 and CY24.

Manufacturing revenue reflects activities within Fortescue WAE which are external to the Group. Other revenue includes towage services provided by Fortescue.

Production costs

The reconciliation of C1 costs and total delivered costs to customers to the financial metrics reported in the financial statements under Australian Accounting Standards is set out below.

	Note ¹	H1 FY24	H1 FY23
Mining and processing costs, US\$ millions	3	1,459	1,428
Rail costs, US\$ millions	3	141	137
Port costs, US\$ millions	3	150	125
Production costs², US\$ million		1,750	1,690
Ore sold, million wmt		95	97
Hematite C1 costs, US\$/wmt		17.77	17.43
Shipping costs, US\$ millions	3	686	792
Government royalty ³ , US\$ millions	3	641	548
Shipping and royalty, US\$ millions		1,327	1,340
Ore sold, million wmt		95	97
Shipping and royalty, US\$/wmt		14	14
Total delivered cost, US\$/wmt		32	31
Total delivered cost, US\$/dmt		35	34

¹ Notes to the accompanying financial statements.

² Production costs include the operating costs for both Iron Bridge and the Belinga Iron Ore Project (US\$57 million), these costs are not included in the calculation of hematite C1 costs.

³ Fortescue pays 7.5 per cent government royalty for the majority of its iron ore products, with a concession rate of five per cent applicable to beneficiated fines.

Hematite C1 costs averaged US\$17.77/wmt for the half year, two per cent higher compared to the prior comparable period (H1 FY23: US\$17.43/wmt). The increase in C1 costs reflects market inflationary pressures, including labour cost pressures due to significant demand for skilled labour across the resources industry. The strip ratio increased to 1.7x in H1 FY24 from 1.4x in H1 FY23. These cost pressures were partially offset through favourable Australian dollar to US dollar exchange rates averaging 0.65 in H1 FY24 compared to 0.67 in H1 FY23.

Over the period, shipping costs were volatile seeing a 51 per cent range between the highest and lowest prices. Shipping costs have reduced from US\$792 million in H1 FY23 to US\$686 million in H1 FY24, reflecting a reduction in shipped volumes and timing impacts.

Fortescue has actively managed cost increases throughout the cycle whilst also utilising capacity in the value chain to generate consistent shipments. Cost management will continue to be a focus, however inflationary pressures remain a risk.

DIRECTORS' REPORT

FINANCIAL RESULTS

Research expenditure

Research expenditure decreased from US\$280 million in H1 FY23 to US\$224 million in H1 FY24. Research expenditure reflects research specific activities within Fortescue Energy in the development of green energy projects and technology. Total Fortescue Energy EBITDA was a US\$320 million loss in H1 FY24.

Underlying EBITDA

Underlying EBITDA, defined as earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses, is used as a key measure of the Company's financial performance. During H1 FY24, Fortescue's operations generated Underlying EBITDA of US\$5,912 million (H1 FY23: US\$4,352 million). The reconciliation of Underlying EBITDA to the financial metrics reported in the financial statements under Australian Accounting Standards is presented below.

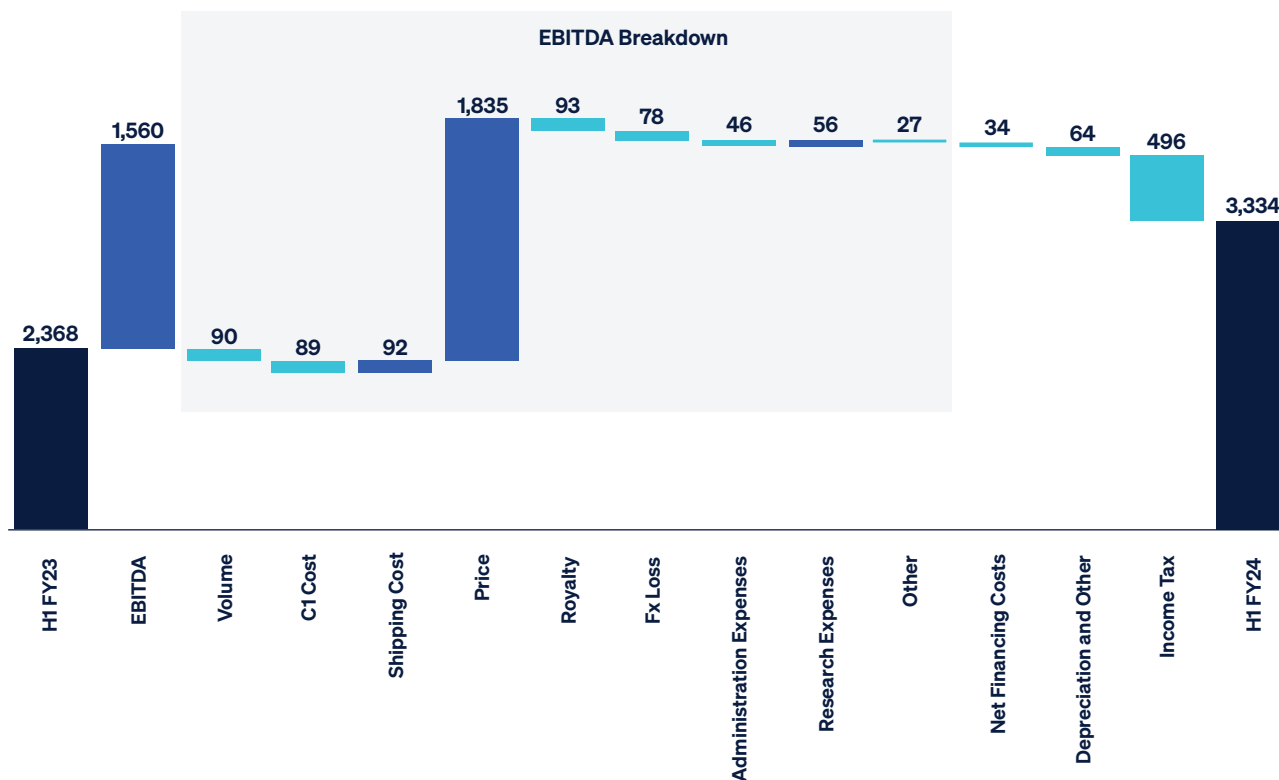
	Note ¹	H1 FY24 US\$m	H1 FY23 US\$m
Operating sales revenue	3	9,512	7,835
Cost of sales excluding depreciation and amortisation	3	(3,174)	(3,110)
Net foreign exchange (loss)/gain	3	(43)	35
Administration expenses	3	(186)	(140)
Research expenditure	3	(224)	(280)
Other income	3	36	16
Share of loss from equity accounted investments		(9)	(4)
Underlying EBITDA		5,912	4,352
Finance income	3	97	61
Finance expenses	3	(186)	(116)
Depreciation and amortisation	3	(922)	(859)
Exploration, development and other expenses	3	(41)	(40)
Income tax expense		(1,526)	(1,030)
Net profit after tax		3,334	2,368

¹ Notes to the accompanying financial statements.

The Underlying EBITDA of US\$5.9 billion for H1 FY24 represents a margin of 62 per cent (66 per cent for the Metals segment) and a 36 per cent increase from H1 FY23, reflecting higher revenue within the Metals segment as discussed above.

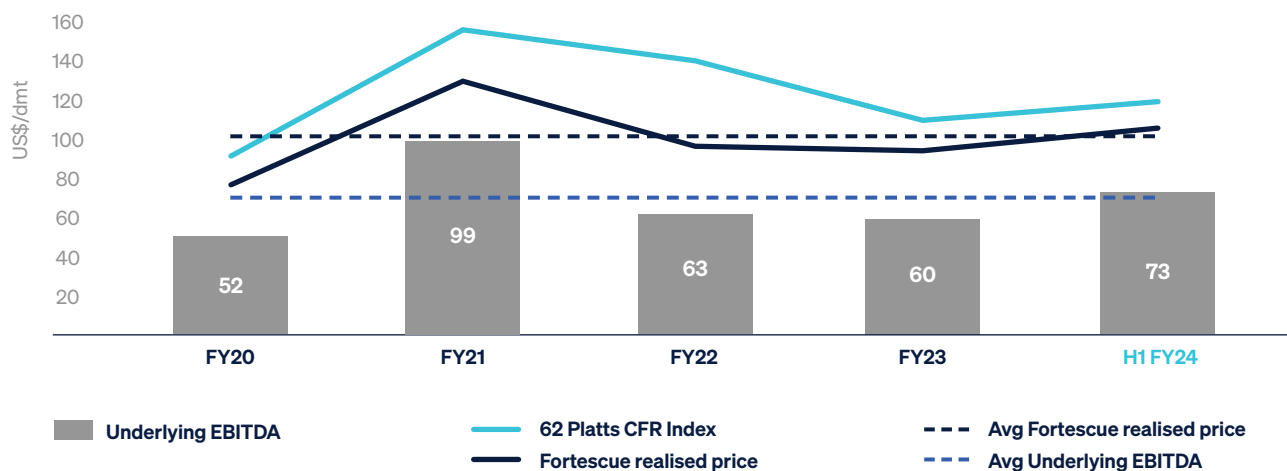
DIRECTORS' REPORT
FINANCIAL RESULTS

H1 FY24 vs H1 FY23 NPAT (US\$m)



As illustrated in the chart below, Fortescue has maintained strong Underlying EBITDA margins through market cycles, demonstrating the commitment to and focus on productivity, efficiency and innovation.

Metals Underlying EBITDA (US\$/dmt)



DIRECTORS' REPORT

FINANCIAL RESULTS

Depreciation, interest and tax

Key non-operating matters forming part of the financial result include:

- depreciation and amortisation of US\$922 million is seven per cent higher than the prior comparable period (H1 FY23: US\$859 million) reflecting the commissioning of assets including Iron Bridge in H1 FY24
- net interest expenses of US\$52 million for H1 FY24 (US\$40 million in H1 FY23)
- income tax expense for H1 FY24 of US\$1,526 million represents an effective tax rate of 31 per cent (H1 FY23: US\$1,030 million, effective tax rate of 30 per cent). The increase in income tax is in line with financial performance.

Financial Position and Capital Management

Debt and Liquidity

Key metrics	Note ¹	31 December 2023 US\$m	30 June 2023 US\$m
Borrowings	4	4,583	4,587
Lease liabilities	4	735	734
Total debt		5,318	5,321
Cash and cash equivalents		4,749	4,287
Net debt		569	1,034
Equity		19,403	17,998
Key ratios		%	%
Gearing		22	23
Net gearing		3	5

¹ Notes to the accompanying financial statements.

Debt

Fortescue's balance sheet is structured on low-cost debt which is at investment grade terms. The debt capital structure allows optionality and flexibility to fund future growth. Total debt at 31 December 2023 was US\$5,318 million, inclusive of US\$735 million of lease liabilities. Gross gearing at 31 December 2023 was 22 per cent (30 June 2023: 23 per cent).

Revolving credit facility

The US\$1,025 million revolving credit facility has a maturity date of July 2025, and remained undrawn at 31 December 2023 and 30 June 2023. If drawn, interest accrues based on a variable rate linked to Secured Overnight Financing Rate (SOFR) plus a fixed margin and is payable at the end of the interest period selected (either one, two, three or six months), with the principal due at maturity.

Syndicated term loans

The syndicated term loan matures in June 2026, and as at 31 December 2023 had a carrying value of US\$968 million (30 June 2023: US\$975 million) with a coupon rate linked to SOFR plus a fixed margin. The facility has principal repayment of one per cent per annum with early repayment of the facility at Fortescue's option without penalty.

An additional syndicated term loan facility was executed in December 2022 to the value of US\$500 million, being available to draw until December 2023. As at 31 December 2023, the additional syndicated term loan facility remained undrawn and has lapsed.

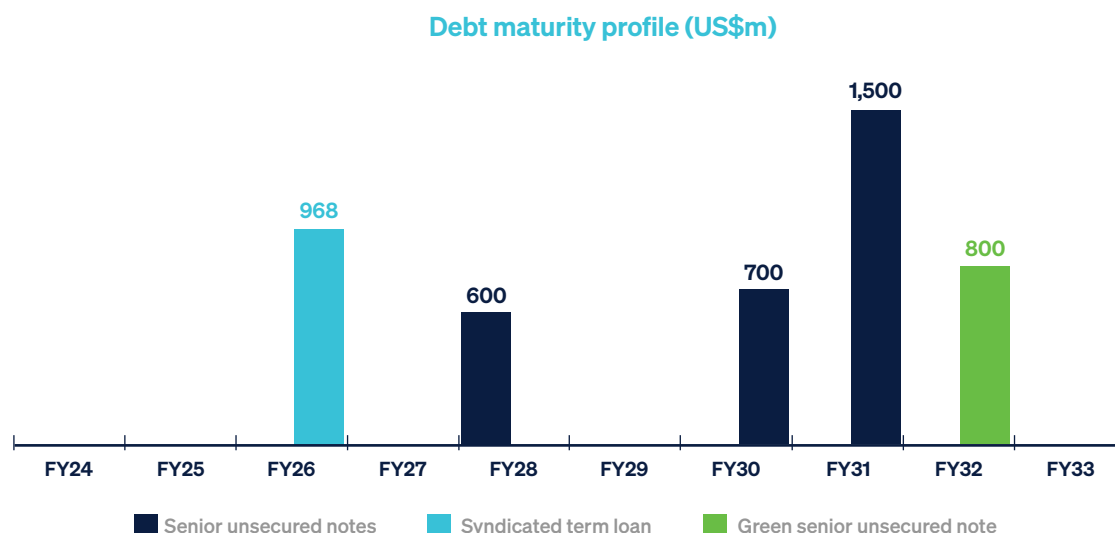
DIRECTORS' REPORT

FINANCIAL RESULTS

Senior Unsecured and Green Notes

Senior Unsecured Notes and Green notes had a carrying value of US\$3.6 billion at 31 December 2023. The US\$800 million Green notes are applied to Eligible Green Projects pursuant to Fortescue's Sustainability Financing Framework.

The Company's debt maturity profile at 31 December 2023 is set out in the table below. Fortescue has no financial maintenance covenants across all instruments.



Liquidity

At 31 December 2023, Fortescue had US\$5,774 million of liquidity available including US\$4,749 million of cash on hand and US\$1,025 million available under the revolving credit facility.

Cash flows	H1 FY24 US\$m	H1 FY23 US\$m
Cash generated from operations	5,585	4,065
Net cash flows from operating activities	4,170	2,948
Capital expenditure (including joint operations) ¹	(1,523)	(1,375)
Net cash flows from investing activities	(1,515)	(1,366)
Free cash flow²	2,655	1,582

¹ Capital expenditure comprises of payments for property, plant and equipment and purchases of financial assets offset by minority interest contributions.

² Free cash flow is calculated as net cash flows from operating activities less net cash flows from investing activities.

DIRECTORS' REPORT

FINANCIAL RESULTS

Cash generated from operations of US\$5,585 million was 37 per cent higher than the prior period, largely as a result of higher Underlying EBITDA.

Net cash flows from operations include net interest payments of US\$68 million (H1 FY23: US\$111 million) and income tax paid of US\$1,347 million (H1 FY23: US\$1,006 million).

Capital expenditure including joint operations and Fortescue Energy investments was US\$1,523 million for the half year (H1 FY23: US\$1,375 million). Capital expenditure throughout the period consisted of:

- sustaining capital expenditure, including maintenance on existing plant and acquisition of replacement Heavy Mobile Equipment (HME)
- growth, reflecting the residual expenditure on the Iron Bridge project and expenditure on Pilbara Energy Connect (PEC)
- domestic and international exploration, including exploration activities in Gabon
- acquisition of infrastructure and purchase of strategic investments within Fortescue Energy.

Dividends and shareholder returns

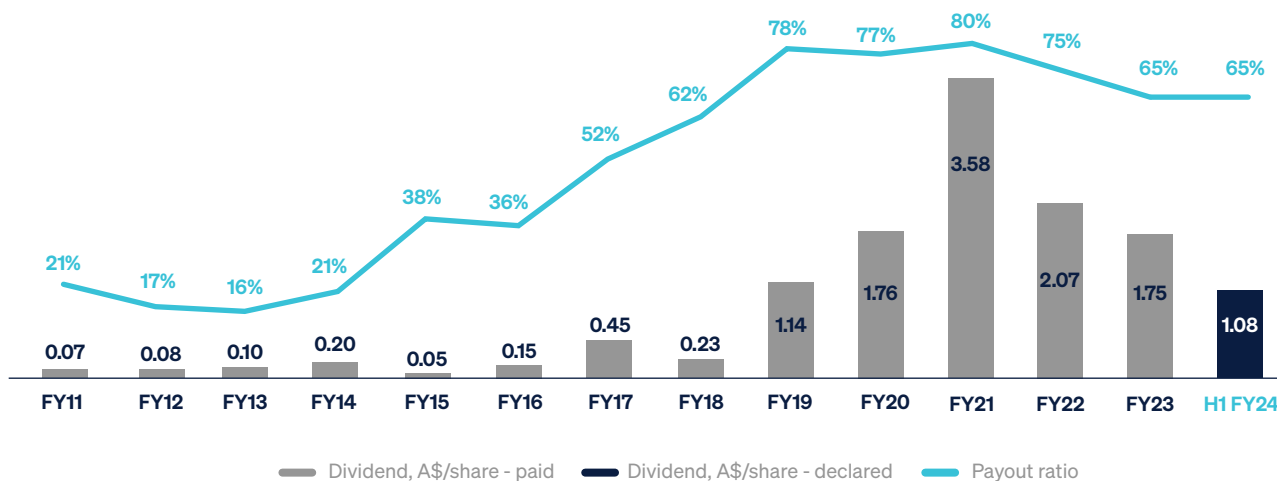
In September 2023, Fortescue paid a fully franked final dividend of 100 Australian cents per share for the financial year ended 30 June 2023.

For the half year ended 31 December 2023, Fortescue generated earnings of 108 US cents per share (H1 FY23: 77 US cents per share). On 22 February 2024, the Directors declared a fully franked final dividend of 108 Australian cents per share for the half year ended 31 December 2023 representing a payout ratio of 65 per cent of net profit after tax, in line with the Company's policy of maintaining a payout ratio of between 50 and 80 per cent.

	H1 FY24	H1 FY23
Attributable net profit after tax, US\$ millions	3,337	2,368
Basic earnings per share, US cents per share	108	77
Basic earnings per share, AUD cents per share ¹	166	115
Interim dividend, AUD cents per share	108	75
Dividend payout ratio, %	65	65

¹ Australian dollar earnings per share is calculated by translating the US dollar earnings per share at the average exchange rate for the period of AUD:USD 0.65 (H1 FY23: AUD:USD 0.67).

Dividends declared and payout ratios



Share buy-back scheme

In 2018, Fortescue announced the establishment of an on-market share buy-back program of up to A\$500 million which was extended in October 2020 for an unlimited duration. The maximum number of shares which can be bought back is determined periodically by the Company's 10/12 limit, being that a company cannot buy back more than 10 per cent of its voting shares within the span of any twelve-month period.

Fortescue retains the option to undertake an on-market share buyback. During H1 FY24, Fortescue acquired none of its own shares on market under the share buy-back program.



**For the half year ended
31 December 2023**

FINANCIAL STATEMENTS

Fortescue Ltd
ABN 57 002 594 872

CONSOLIDATED INCOME STATEMENT

For the half year ended 31 December 2023

	Note	31 December 2023 US\$m	31 December 2022 US\$m
Operating sales revenue	3	9,512	7,835
Cost of sales	3	(4,067)	(3,941)
Gross profit		5,445	3,894
Other income	3	36	51
Other expenses	3	(523)	(488)
Operating profit		4,958	3,457
Finance income	3	97	61
Finance expenses	3	(186)	(116)
Share of loss from equity accounted investments		(9)	(4)
Profit before tax		4,860	3,398
Income tax expense		(1,526)	(1,030)
Net profit after tax		3,334	2,368
Net profit is attributable to:			
Equity holders of the Company		3,337	2,368
Non-controlling interest		(3)	–
Net profit after tax		3,334	2,368
		Cents	Cents
Earnings per share for profit attributable to the equity holders of the Company:			
Basic earnings per share		108.5	77.0
Diluted earnings per share		108.3	76.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2023

	31 December 2023 US\$m	31 December 2022 US\$m
Net profit after tax	3,334	2,368
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Exchange differences on translation of foreign operations	12	32
<i>Items that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Gain on investments taken to equity	15	–
Other comprehensive income, net of tax	27	32
Total comprehensive income for the period, net of tax	3,361	2,400
Total comprehensive income for the period attributable to:		
Equity holders of the Company	3,364	2,400
Non-controlling interest	(3)	–
Total comprehensive income for the period, net of tax	3,361	2,400

The above consolidated income statement and consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	31 December 2023 US\$m	30 June 2023 US\$m
ASSETS			
Current assets			
Cash and cash equivalents		4,749	4,287
Trade and other receivables		863	520
Inventories		1,310	1,189
Other current assets		129	89
Total current assets		7,051	6,085
Non-current assets			
Trade and other receivables		15	16
Inventories		414	458
Property, plant and equipment		21,680	20,974
Intangible assets		311	299
Investments accounted for using the equity method		265	260
Financial assets at fair value through other comprehensive income		92	77
Other non-current assets		57	49
Total non-current assets		22,834	22,133
Total assets		29,885	28,218
LIABILITIES			
Current liabilities			
Trade and other payables		1,394	1,482
Borrowings and lease liabilities	4	164	165
Provisions		363	445
Deferred income		119	71
Current tax payable		443	304
Total current liabilities		2,483	2,467
Non-current liabilities			
Borrowings and lease liabilities	4	5,154	5,156
Provisions		1,200	1,063
Deferred income		64	28
Deferred tax liabilities		1,581	1,506
Total non-current liabilities		7,999	7,753
Total liabilities		10,482	10,220
Net assets		19,403	17,998
EQUITY			
Contributed equity	5	1,076	1,044
Reserves		160	170
Retained earnings		18,137	16,775
Equity attributable to equity holders of the Company		19,373	17,989
Non-controlling interest		30	9
Total equity		19,403	17,998

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2023

	31 December 2023 US\$m	31 December 2022 US\$m
Cash flows from operating activities		
Cash receipts from customers	9,221	7,663
Payments to suppliers and employees	(3,636)	(3,598)
Cash generated from operations	5,585	4,065
Interest received	100	54
Interest paid	(168)	(165)
Income tax paid	(1,347)	(1,006)
Net cash inflow from operating activities	4,170	2,948
Cash flows from investing activities		
Payments for property, plant and equipment - Fortescue	(1,315)	(827)
Payments for property, plant and equipment - joint operations	(194)	(538)
Proceeds from disposal of plant and equipment	8	9
Payments of deposits	(9)	–
Payment for acquisition of equity accounted investments	(15)	–
Receipt of contributions from non-controlling interest	10	3
Other investing activities	–	(13)
Net cash outflow from investing activities	(1,515)	(1,366)
Cash flows from financing activities		
Repayment of borrowings	(10)	(10)
Repayment of lease liabilities	(67)	(60)
Finance costs paid	(17)	(13)
Dividends paid	(1,965)	(2,378)
Purchase of shares by employee share trust	(142)	(151)
Net cash outflow from financing activities	(2,201)	(2,612)
Net increase/(decrease) in cash and cash equivalents	454	(1,030)
Cash and cash equivalents at the beginning of the period	4,287	5,224
Effects of exchange rate changes on cash and cash equivalents	8	(193)
Cash and cash equivalents at the end of the period	4,749	4,001

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2023

	Attributable to Equity Holders of the Company:				Non-controlling interest US\$m	Total equity US\$m
	Contributed equity US\$m	Reserves US\$m	Retained earnings US\$m	Total US\$m		
Balance at 1 July 2022	1,053	109	16,175	17,337	8	17,345
Net profit after tax	–	–	2,368	2,368	–	2,368
Other comprehensive income	–	32	–	32	–	32
Total comprehensive income for the period, net of tax	–	32	2,368	2,400	–	2,400
Transactions with owners:						
Purchase of shares under employee share plans	(151)	–	–	(151)	–	(151)
Employee share awards vested	142	(142)	–	–	–	–
Equity settled share-based payment transactions	–	131	–	131	–	131
Acquisition of non-controlling interest	–	–	–	–	(8)	(8)
Contributions from non-controlling interests	–	–	–	–	3	3
Dividends declared	–	–	(2,591)	(2,591)	–	(2,591)
Balance at 31 December 2022	1,044	130	15,952	17,126	3	17,129
Balance at 1 July 2023	1,044	170	16,775	17,989	9	17,998
Net profit after tax	–	–	3,337	3,337	(3)	3,334
Other comprehensive income	–	27	–	27	–	27
Total comprehensive income for the period, net of tax	–	27	3,337	3,364	(3)	3,361
Transactions with owners:						
Purchase of shares under employee share plans	(142)	–	–	(142)	–	(142)
Employee share awards vested	174	(174)	–	–	–	–
Equity settled share-based payment transactions	–	137	–	137	–	137
Contributions from non-controlling interests	–	–	–	–	24	24
Dividends declared	–	–	(1,975)	(1,975)	–	(1,975)
Balance at 31 December 2023	1,076	160	18,137	19,373	30	19,403

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

BASIS OF PREPARATION

1 Basis of preparation

The financial statements cover the consolidated group comprising Fortescue Ltd (formerly Fortescue Metals Group Ltd; the Company) and its subsidiaries, together referred to as Fortescue or the Group. The Company is a for-profit company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

(a) Statement of compliance

These general purpose consolidated interim financial statements have been prepared in accordance with AASB 134, *Interim Financial Reporting* and the *Corporations Act 2001*.

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial report for the year ended 30 June 2023, and any public announcements made by the Company during the half year ended 31 December 2023 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

The financial statements were approved by the Board of Directors on 22 February 2024.

The financial statements are presented in United States dollars. All amounts in the financial statements have been rounded to the nearest million dollars, except as indicated, in accordance with the ASIC Corporations Instrument 2016/191.

(b) Material accounting policies

The accounting policies applied in these financial statements are consistent with those applied by the Group in the 30 June 2023 consolidated financial statements, except for the estimation of income tax (see note 7) and the adoption of new and amended standards that became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for the 31 December 2023 interim reporting period and have not been applied in these financial statements. The Group is currently assessing the impact of these new standards and amendments on future financial statements.

FINANCIAL PERFORMANCE

2 Segment information

Fortescue's chief operating decision-makers are identified as the Chief Executive Officer of Fortescue Metals and the Chief Executive Officer of Fortescue Energy, and its segments are identified based on the internal reports that are reviewed and used by the Chief Executive Officers in assessing performance and determining the allocation of resources. The following operating segments have been identified:

- **Metals:** Exploration, development, production, processing, sale and transportation of iron ore, and the exploration for other minerals.
- **Energy:** Undertaking activities in the global development of green electricity, green hydrogen, green ammonia projects, as well as green technology development and manufacturing.

The composition of the operating segments has been modified following the changes in management responsibilities in the financial year ended 30 June 2023. The Energy segment now includes WAE Technologies Ltd which was previously included in the Metals segment. Accordingly, the comparative period 31 December 2022 in (a) below has been restated to reflect the change in segment structure.

Corporate includes cash, debt and tax balances which are managed at a Group level, together with other corporate activities. Corporate is not considered to be an operating segment and includes activities that are not allocated to other operating segments.

Transfer prices between segments are set on an arm's length basis in a manner similar to transactions with third parties. Where segment revenue, expenses and results include transfers between segments, those transfers are eliminated on consolidation.

(a) Underlying EBITDA

Fortescue uses Underlying EBITDA defined as earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses, as a key measure of its financial performance. The reconciliation of Underlying EBITDA to the net profit after tax is presented below. The segment information is prepared in conformity with the Group's accounting policies.

	Note	Metals		Energy		Corporate		Consolidated	
		December 2023 US\$m	December 2022 US\$m	December 2023 US\$m	December 2022 US\$m	December 2023 US\$m	December 2022 US\$m	December 2023 US\$m	December 2022 US\$m
Revenue from external customers	3	9,486	7,781	26	54	–	–	9,512	7,835
Underlying EBITDA		6,285	4,617	(320)	(302)	(53)	37	5,912	4,352
Depreciation and amortisation	3							(922)	(859)
Finance income	3							97	61
Finance expense	3							(186)	(116)
Exploration, development and other	3							(41)	(40)
Income tax expense								(1,526)	(1,030)
Net profit after tax								3,334	2,368

FINANCIAL PERFORMANCE (CONTINUED)

2 Segment information (continued)

(b) Segment assets

	Metals		Energy		Corporate		Consolidated	
	December 2023 US\$m	June 2023 US\$m	December 2023 US\$m	June 2023 US\$m	December 2023 US\$m	June 2023 US\$m	December 2023 US\$m	June 2023 US\$m
Segment assets	23,735	22,748	1,028	819	5,122	4,651	29,885	28,218

(c) Geographical information

Fortescue operates predominantly in the geographical location of Australia, and this is the location of the vast majority of the Group's assets. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	31 December 2023 US\$m	31 December 2022 US\$m
Revenue from external customers		
China	8,409	7,014
Other	1,103	821
	9,512	7,835

FINANCIAL PERFORMANCE (CONTINUED)

3 Revenue and expenses

	31 December 2023 US\$m	31 December 2022 US\$m
Iron ore revenue	8,477	7,109
Provisional pricing adjustments - iron ore	233	(87)
Total iron ore revenue¹	8,710	7,022
Shipping revenue	664	757
Provisional pricing adjustments - shipping revenue	66	(42)
Total shipping revenue¹	730	715
Manufacturing and engineering services revenue ²	26	53
Other revenue ³	46	45
Operating sales revenue	9,512	7,835
Mining and processing costs	(1,459)	(1,428)
Rail costs	(141)	(137)
Port costs	(150)	(125)
Shipping costs	(686)	(792)
Government royalty	(641)	(548)
Depreciation and amortisation	(893)	(831)
Manufacturing and engineering services costs	(38)	(56)
Other operating expenses	(59)	(24)
Cost of sales	(4,067)	(3,941)
Net foreign exchange gain	–	35
Fair value change in financial instruments	5	16
Other	31	–
Other income	36	51
Administration expenses	(186)	(140)
Research expenditure	(224)	(280)
Exploration, development and other	(41)	(40)
Depreciation and amortisation	(29)	(28)
Net foreign exchange loss	(43)	–
Other expenses	(523)	(488)
Interest income	97	61
Finance income	97	61
Interest expense on borrowings and lease liabilities	(149)	(101)
Other	(37)	(15)
Finance expenses	(186)	(116)

¹ Certain sales contracts are provisionally priced at the initial revenue recognition (bill of lading) date, with the final settlement price based on a pre-determined quotation period. Operating sales revenue from these contracts comprises two parts:

(i) Iron ore revenue and shipping revenue recognised at the bill of lading date at current prices; and
(ii) Provisional pricing adjustments which represent any difference between the revenue recognised at the bill of lading date and the final settlement price.
Shipping revenue and the provisional pricing adjustments to shipping revenue are recognised over the period during which the shipping service has been provided.

² Manufacturing and engineering services revenue are revenue earned from contracts with customers. Revenue is recognised when control of the goods or services are transferred to the customer (over time or at a point in time) at an amount that reflects the consideration to which the Group is entitled in exchange for those goods or services.

³ Other revenue includes towage services provided by Fortescue which is recognised as performed.

CAPITAL MANAGEMENT

4 Borrowings and lease liabilities

	31 December 2023 US\$m	30 June 2023 US\$m
Senior unsecured notes	36	36
Green senior unsecured notes	14	14
Syndicated term loan	10	9
Lease liabilities	104	106
Total current borrowings and lease liabilities	164	165
Senior unsecured notes	2,776	2,774
Green senior unsecured notes	789	788
Syndicated term loan	958	966
Lease liabilities	631	628
Total non-current borrowings and lease liabilities	5,154	5,156
Total borrowings and lease liabilities	5,318	5,321

Senior unsecured notes and Green senior unsecured notes

Fortescue's listed debt instruments are classified as level 1 financial instruments in the fair value hierarchy with their fair values based on quoted market prices at the end of the reporting period. The senior unsecured notes had a fair value of US\$2,630 million at 31 December 2023 (30 June 2023: US\$2,504 million) and the Green senior unsecured notes a value of US\$802 million (30 June 2023: US\$760 million). The carrying values of other financial assets and liabilities approximate their fair values.

Revolving credit facility

The US\$1,025 million revolving credit facility has a maturity date of 28 July 2025, which remained undrawn at 31 December 2023 and 30 June 2023. If drawn, interest accrues based on a variable rate linked to Secured Overnight Financing Rate (SOFR) plus a fixed margin and is payable at the end of the interest period selected (either one, two, three or six months), with the principal due at maturity.

Syndicated term loans

The syndicated term loan matures in June 2026, and as at 31 December 2023 had a carrying value of US\$968 million (30 June 2023: US\$975 million) with a coupon rate linked to SOFR plus a fixed margin. The facility has principal repayment of 1 per cent per annum with early repayment of the facility at Fortescue's option without penalty.

An additional syndicated term loan facility was executed in December 2022 to the value of US\$500 million, being available to draw until December 2023. As at 31 December 2023, the additional syndicated term loan facility remained undrawn and has lapsed.

CAPITAL MANAGEMENT (CONTINUED)

5 Contributed equity

(a) Share capital

	Issued shares	Treasury shares	Contributed equity	Issued shares	Treasury shares	Contributed equity
	Number	Number	Number	US\$m	US\$m	US\$m
At 1 July 2022	3,078,964,918	(2,425,286)	3,076,539,632	1,195	(142)	1,053
Purchase of shares under employee share plans	–	(12,941,756)	(12,941,756)	–	(151)	(151)
Employee share awards vested	–	12,288,513	12,288,513	–	142	142
At 30 June 2023	3,078,964,918	(3,078,529)	3,075,886,389	1,195	(151)	1,044
Purchase of shares under employee share plans	–	(10,854,167)	(10,854,167)	–	(142)	(142)
Employee share awards vested	–	10,940,152	10,940,152	–	174	174
At 31 December 2023	3,078,964,918	(2,992,544)	3,075,972,374	1,195	(119)	1,076

(b) Issued shares

Issued shares are fully paid and entitle the holders to one vote per share and the rights to participate in dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

(c) Treasury shares

Movements in treasury shares represent acquisition of the Company's shares on market and allocation of shares to the Company's employees from the vesting of awards and exercise of rights under the employee share-based payment plans.

(d) Share buy-back program

During the period, the Company acquired none of its own shares on market under the share buy-back program which was extended on 10 October 2020 for an unlimited duration. The maximum number of shares which can be bought back is determined periodically by the Company's 10/12 limit, being that a company cannot buy back more than 10 per cent of its voting shares within the span of any 12 month period.

CAPITAL MANAGEMENT (CONTINUED)

6 Dividends

(a) Dividends paid during the half year

	31 December 2023 US\$m	31 December 2022 US\$m
Final fully franked dividend for the year ended 30 June 2023: A\$1.00 per share (30 June 2022: A\$1.21 per share)	1,975	2,591

(b) Dividends declared and not recognised as a liability

	31 December 2023 US\$m	31 December 2022 US\$m
Interim fully franked dividend for the half year ended 31 December 2023: A\$1.08 per share (31 December 2022: A\$0.75 per share)	2,183	1,608

TAXATION

7 Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 31 December 2023 is 31.4%, compared to 30.3% for the six months ended 31 December 2022. The tax rate is higher in 2023 due to foreign tax losses in respect of which no deferred tax asset has been recognised. The Group recognises the benefit of tax losses only to the extent of foreseeable future taxable income or gains in relevant jurisdictions.

UNRECOGNISED ITEMS

8 Commitments and contingencies

(a) Capital commitments

At 31 December 2023, Fortescue had contractual commitments of US\$972 million in capital expenditures (30 June 2023: US\$1,101 million).

(b) Contingent assets and liabilities

On 26 August 2022, Fortescue joined the Native Title Compensation Claim proceedings brought by the Yindjibarndi Ngurra Aboriginal Corporation (YNAC) against the State of Western Australia in the Federal Court of Australia. At the date of this report, the total quantum of compensation sought in the proceedings remains unclear. The Court has issued a timetable for the proceedings which includes several hearings. The first hearing (for opening submissions and on-country evidence) was held in August 2023, the second hearing (for remaining expert and lay evidence) will be in April 2024 and the final hearing (for closing submission) will be in October and November 2024.

Fortescue remains open to negotiating a Land Access Agreement to the benefit of all Yindjibarndi people on similar terms to the agreements it has in place with other native title groups in the region.

Fortescue had no material contingent assets or contingent liabilities at 31 December 2023 or at the date of this report. Fortescue occasionally receives claims arising from its activities in the normal course of business. It is expected that any liabilities arising from such claims would not have a material effect on the Group's operating results or financial position.

9 Subsequent events

On 22 February 2024, the Directors declared an interim fully franked dividend of 108 Australian cents per ordinary share payable in March 2024.

DIRECTORS' DECLARATION

DR ANDREW FORREST AO

In the Directors' opinion:

- (a) the interim financial statements and notes of Fortescue Ltd set out on pages 20 to 31 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half year ended on that date;
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration by the Chief Executive Officers and the Acting Chief Financial Officer for the half year ended 31 December 2023 in accordance with the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of Directors.



Dr Andrew Forrest AO

Executive Chairman

Dated in Perth this 22nd day of February 2024.



Independent auditor's review report

To the members of Fortescue Ltd

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Fortescue Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement and statement of comprehensive income for the half-year ended on that date, material accounting policy information and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Fortescue Ltd does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date
 2. complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.
-

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Independent auditor's review report
For the half year ended 31 December 2023



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report 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 Australian Auditing Standards 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.

A stylized, cursive signature of PricewaterhouseCoopers in black ink.

PricewaterhouseCoopers

Perth
22 February 2024

A stylized, cursive signature of Chris Dodd in black ink.

Chris Dodd
Partner

Auditor's independence declaration
For the half year ended 31 December 2023



Auditor's independence declaration

As lead auditor for the review of Fortescue Ltd for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Fortescue Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Dodd', is written over a light blue circular stamp.

Chris Dodd
Partner
PricewaterhouseCoopers

Perth
22 February 2024

PricewaterhouseCoopers, ABN 52 780 433 757

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DISCLAIMER

Our report contains certain statements which may constitute “forward-looking statements”. Words that may indicate a forward-looking statement include words such as “intend”, “aim”, “ambition”, “commitment”, “aspiration”, “project”, “anticipate”, “likely”, “estimate”, “plan”, “believes”, “expects”, “may”, “should”, “could”, “will”, “forecast”, “target”, “set to” or similar expressions.

Examples of forward-looking statements include: our projected and expected production and performance levels; our plans for major projects including investment decisions; our expectations regarding future demand for certain commodities; the assumptions and conclusions in our climate change related statements and strategies; and our plan to achieve Real Zero as described in this report.

Any forward-looking statements in this report reflect the expectations held at the date of this document. Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual decisions, results, values, achievements or performance to differ materially from those expressed or implied in any forward-looking statement. Forward-looking statements are based on assumptions regarding Fortescue’s present and future business strategies and the future conditions in which Fortescue expects to operate. Forward-looking statements are also based on management’s current expectations and reflect judgments, assumptions and information available as at the date of this report. Actual and future events may vary materially from the forward-looking statements made (and the conclusions and assumptions on which the forward-looking statements were based) because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risks such as changes in market conditions and regulations.

Some of the various factors that could cause Fortescue’s actual results, achievements or performance to differ from those in forward-looking statements include: geopolitical and political uncertainty; trade tensions between major economies; the impacts of climate change; supply chain availability and shortages; the impacts of technological advancements including but not limited to the viability, availability, scalability and cost-effectiveness of technologies that can be used to

decarbonise our business; our ability to profitably produce and transport minerals and/or metals extracted to applicable markets; the availability of skilled personnel to help us decarbonise and grow our businesses; new ore resource levels, including the results of exploration programmes and/or acquisitions; inadequate estimates of ore resources and reserves; our ability to successfully execute and/or realise value from acquisitions and divestments; our ability to raise sufficient funds for capital investment; disruption to strategic partnerships; damage to Fortescue’s relationships with communities and governments; labour unrest; our ability to attract and retain requisite skilled people; declines in commodity prices; adverse exchange rate movements; delays or overruns in projects; change in tax and other regulations; cybersecurity breaches; the impacts of water scarcity; natural disasters; the ongoing impacts of the COVID-19 pandemic; safety incidents and major hazard events; and increasing societal and investor expectations, including those regarding environmental, social and governance considerations.

Accordingly, forward-looking statements must be considered in light of the above factors, and others, and Fortescue cautions against undue reliance on such statements. Recipients should rely on their own independent enquiries, investigations and advice regarding information contained in this report. Fortescue makes no representation, guarantee, warranty or assurance, express or implied, as to the accuracy or likelihood of the forward-looking statements or any outcomes expressed or implied in any forward-looking statements contained in this report being achieved or proved to be correct.

Except as required by applicable regulations or by law, Fortescue disclaims any obligation or undertaking to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance.

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Auditor

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Securities Exchange listings

Fortescue Limited
shares are listed on the Australian
Securities Exchange (ASX)
ASX Code: FMG

Fortescue Share Registry

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