



12:30 London, 14:30 Helsinki, 29 October 2024 - Afarak Group SE ("Afarak" or "the Company") (LSE: AFRK, NASDAQ: AFAGR)

Production report Q3 2024

Afarak Group total production during the third quarter of 2024 was higher when compared to same period of last year mainly due to higher mining activity as Chrome Ore prices remained stable during the quarter. The Ferrochrome market continued to weaken in terms of demand and pricing during Q3 2024 and shows no sign of recovery to date. The stainless market has been showing low activity. The weaker expectation from the US and China markets put pressure on the export-dependent European economies.

		Q3/2024	Q3/2023	Change	YTD 2024	YTD 2023	Change	FY 2023
Speciality Alloys	mt	18,669	22,305	-16.3%	65,051	69,303	-6.1%	86,834
Processing	mt	4,273	4,998	-14.5%	18,726	18,528	1.1%	21,179
Mining	mt	14,396	17,307	-16.8%	46,324	50,775	-8.8%	65,655
South African mines	mt	90,165	61,904	45.7%	246,193	191,407	28.6%	270,946
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Processing

- The processing volumes decreased by 14.5% during the third quarter of 2024 when compared to same period of last year.
- The processing plant in Germany was on shutdown during the month of July. Management plans to reduce production in the final quarter of the year to better manage inventory levels.

Mining

- A substantial increase of 32.0% in the overall mining activity within Afarak Group when compared to same period of prior year.
- Mining operations at the Turkish mines were 16.8% lower than same period last year as the maintenance shutdown at on of the mines was extended to the month of July.
- The decrease in the Turkish mines was offset by higher output in South Africa to meet demand and capitalise on favourable market conditions. Higher mining activity was also driven by the recommencement of Vlakpoort mine.

Outlook for Q4 2024

The outlook for the chrome market in the remainder of 2024 is shaped by a mix of production dynamics, demand drivers, and regional challenges.

1. **Supply and Production:** South Africa and China continue to dominate the global chrome ore market. South Africa, the largest producer, supplied about 82% of global output in 2023.
2. **Demand:** The demand outlook is driven primarily by the stainless-steel industry, with China leading the way. China's chrome ore consumption remains robust due to its expanding stainless-steel output, supporting ore prices. However, there are concerns about weaker demand for ferrochrome in regions like the EU and the U.S. due to inflationary pressures and geopolitical uncertainties. China, meanwhile, remains the top importer of chrome ore, absorbing around 92% of global imports.
3. **Price Trends:** Prices for chrome ore were gaining momentum, especially driven by Chinese demand. This trend has reversed recently. Ferrochrome prices continue to be under pressure due to oversupply and weaker global downstream markets, particularly for lower-carbon variants of ferrochrome where cheap imports from Russia, Kazakhstan and India weigh heavily on profitability.
4. **Challenges and Opportunities:** In summary, the chrome ore market is set to grow moderately through 2024, with strong demand from China balancing some of the challenges in supply and downstream markets. South Africa's ore production will play a critical role, while ferrochrome faces weaker demand outside Asia. The global push for lower carbon emissions and environmentally friendly materials should potentially increase demand for low-carbon ferrochrome, particularly in Europe and North America. Companies investing in cleaner production technologies may gain competitive advantages.

Helsinki, October 29, 2024

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Financial reports and other investor information are available on the Company's website: www.afarak.com.

Afarak Group is a specialist alloy producer focused on delivering sustainable growth with a Speciality Alloys business in southern Europe and a FerroAlloys business in South Africa. The Company is listed on NASDAQ Helsinki (AFAGR) and the Main Market of the London Stock Exchange (AFRK).

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