

ASX Announcement

21 February 2023

## 2022 Full-Year Result

- Alumina NPAT US\$104.0 million
- Total Dividends for year 4.2 US cents per share. No Final Dividend declared

Alumina Limited (ASX:AWC) (“Alumina” or “Company”) today reported a statutory net profit after tax of US\$104.0 million for the full-year to 31 December 2022 compared to \$187.6 million in 2021. The Company paid total dividends for the year of 4.2 US cents per share.

Alumina’s Chief Executive Officer, Mike Ferraro, said “After spiking early in the first half of 2022 alumina prices quickly fell following the ban by the Australian Government of alumina exports to Russia.

“The second half of 2022 saw higher input costs across the whole industry, particularly for energy in Europe and persistently higher pricing for caustic soda.

“Looking ahead, short and medium term market fundamentals are clearly positive. The alumina market outside China is now in deficit and the outlook for this year is for the deficit to widen. API prices have already strengthened this year. More broadly, new refining capacity outside China is not keeping pace with smelting. The pace of refinery construction has slowed everywhere, while smelting re-starts and construction are continuing.

“In the longer term, we remain confident that the demand for aluminium will continue to grow to support global decarbonisation, which will result in greater demand for alumina.

### AWAC<sup>1</sup> PERFORMANCE

- EBITDA of US\$817.1 million compared with US\$1,146.2 million in the previous corresponding period
- Margin for alumina refineries was US\$67 per tonne compared with US\$85 per tonne in the previous corresponding period
- Net cash inflow<sup>2</sup> of US\$204.0 million compared with US\$488.1 million in the previous corresponding period

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ABN 85 004 820 419

## KEY FINANCIALS

ALUMINA LIMITED KEY FINANCIALS	US\$ MILLION			AWAC KEY FINANCIALS (US GAAP)	US\$ MILLION		
	FY2022	FY2021	Change		FY2022	FY2021	Change
Net profit after tax	104.0	187.6	Down 45%	Net profit after tax	301.1	443.8	Down 32%
Net profit after tax excluding significant items	109.3	226.0	Down 52%	EBITDA <sup>3</sup>	817.1	1,146.2	Down 29%
Net receipts from AWAC	166.5	193.5	Down 14%	EBITDA excluding Significant Items	814.6	1,205.7	Down 32%
Free cash flow available for dividends	119.0	146.5	Down 19%	Net cash inflow <sup>2</sup>	204.0	488.1	Down 58%
Closing net debt	106.2	55.9	Up 90%		US\$ / TONNE		
Interim dividend (US cps)	4.2	3.4	Up 24%	Average realised price of alumina	371	321	Up 16%
Final dividend (US cps)	-	2.8	Down 100%	Cash cost per tonne of alumina produced	304	236	Up 29%

## DEFINITIONS AND NOTES

1. AWAC is Alcoa World Alumina & Chemicals, which is 40% owned by Alumina Limited and 60% owned by Alcoa Corp.
2. AWAC net cash inflow is defined as cash flow before distributions less capital contributions from partners
3. Earnings before interest, tax, depreciation and amortisation consistent with previous periods

This ASX announcement was approved and authorised for release by Mike Ferraro, Chief Executive Officer.



STEPHEN FOSTER  
COMPANY SECRETARY

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### *Forward-looking statements*

*Neither Alumina Limited nor any other person warrants or guarantees the future performance of Alumina Limited or any return on any investment made in Alumina Limited securities. This document may contain certain forward-looking statements, including forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. The words "anticipate", "aim", "believe", "expect", "project", "estimate", "forecast", "intend", "likely", "should", "could", "will", "may", "target", "plan" and other similar expressions (including indications of "objectives") are intended to identify forward-looking statements. Indications of, and guidance on, future financial position and performance and distributions, and statements regarding Alumina Limited's future developments and the market outlook, are also forward-looking statements.*

*Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alumina Limited and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Those risks, uncertainties and other factors include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina Limited's Annual Report 2021. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina Limited disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.*



# ASX full-year preliminary final report

ABN 85 004 820 419

31 DECEMBER 2022

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Lodged with the ASX under Listing Rule 4.3A.  
This information should be read in conjunction  
with the 31 December 2021 Annual Report.

Alumina Limited (the Company) is a leading Australian company listed on the Australian Securities Exchange (ASX).

The Company invests worldwide in bauxite mining, alumina refining and an aluminium smelter through its 40% ownership of Alcoa World Alumina and Chemicals (AWAC). Alcoa Corporation (Alcoa) owns the remaining 60% of AWAC, and is the manager.

The ASX full-year preliminary final report covers the consolidated entity consisting of Alumina Limited and its subsidiaries. All financial data is presented in US dollars, unless otherwise specified.

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# Results for Announcement to the Market

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## Net Profit/(Loss)

		CHANGE		YEAR ENDED 31 DEC 2022 US\$ MILLION
		%	US\$ MILLION	
Revenue from continuing operations	Up	n/a	0.7	0.7
Profit from continuing operations after tax attributable to members of Alumina Limited	Down	44.6%	83.6	104.0
Net profit for the year attributable to members of Alumina Limited	Down	44.6%	83.6	104.0

## Details Relating to Dividends

	AMOUNT PER SHARE <sup>1</sup> US CENTS	TOTAL AMOUNT PAID/PAYABLE US\$ MILLION
2022 Interim dividend (paid 15 September 2022)	4.2	121.9

<sup>1</sup> All dividends are fully franked at 30% tax rate.

The Board had determined not to declare a final dividend in respect of the 2022 financial year.

### Dividend Reinvestment Plan (DRP)

The Dividend Reinvestment Plan remains suspended.

	A\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Franking Account Balance	474.2	377.7

## Net Tangible Assets per Security

	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Net assets (US\$ million)	1,549.4	1,685.6
Less equity accounted intangible assets:		
Goodwill (US\$ million)	175.8	175.8
Mineral rights and bauxite assets net of deferred tax liabilities (US\$ million)	63.1	64.6
Net tangible assets (US\$ million)	1,310.5	1,445.2
Number of issued ordinary shares (including treasury shares)	2,901,681,417	2,901,681,417
<b>Net tangible asset per ordinary security (US\$)</b>	<b>0.45</b>	<b>0.50</b>

## Significant Items Affecting Net Profit or Loss

The net profit/(loss) of Alumina Limited includes the Company's equity share of the full-year results of AWAC. The Company's net profit/(loss) was affected by its equity share of net charges relating to significant items contained within AWAC's results. For further details refer page 20.

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# Condensed Consolidated Financial Report

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Revenue from continuing operations	0.7	–
Share of net profit of associates accounted for using the equity method	120.1	204.6
General and administrative expenses	(12.5)	(13.3)
Foreign exchange gains/(losses)	0.1	–
Finance costs	(4.4)	(3.7)
<b>Profit before income tax</b>	<b>104.0</b>	<b>187.6</b>
Income tax expense	–	–
<b>Profit for the year attributable to the owners of Alumina Limited</b>	<b>104.0</b>	<b>187.6</b>
<b>Other comprehensive (loss)/ income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Share of reserve movements accounted for using the equity method	2.3	4.5
Foreign exchange translation difference	(56.0)	(91.9)
<i>Items that will not be reclassified to profit or loss</i>		
Re-measurements of post-employment benefit obligations accounted for using the equity method	15.8	33.4
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(37.9)</b>	<b>(54.0)</b>
<b>Total comprehensive income for the year attributable to the owners of Alumina Limited</b>	<b>66.1</b>	<b>133.6</b>

## Earnings per share (EPS)<sup>1</sup>

	US CENTS	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Basic EPS	Positive 3.6	Positive 6.5
Diluted EPS	Positive 3.6	Positive 6.5

<sup>1</sup> For further details refer page 13.

## Consolidated Balance Sheet

	US\$ MILLION	
	31 DEC 2022	31 DEC 2021
CURRENT ASSETS		
Cash and cash equivalents	3.8	9.1
Other assets	1.0	1.5
<b>Total current assets</b>	<b>4.8</b>	<b>10.6</b>
NON-CURRENT ASSETS		
Right of use asset	1.9	2.3
Investment in associates	1,656.0	1,741.8
<b>Total non-current assets</b>	<b>1,657.9</b>	<b>1,744.1</b>
<b>TOTAL ASSETS</b>	<b>1,662.7</b>	<b>1,754.7</b>
CURRENT LIABILITIES		
Payables	0.4	0.3
Provisions and other liabilities	0.9	1.2
<b>Total current liabilities</b>	<b>1.3</b>	<b>1.5</b>
NON-CURRENT LIABILITIES		
Borrowings	110.0	65.0
Lease liability	1.3	1.7
Provisions	0.7	0.9
<b>Total non-current liabilities</b>	<b>112.0</b>	<b>67.6</b>
<b>TOTAL LIABILITIES</b>	<b>113.3</b>	<b>69.1</b>
<b>NET ASSETS</b>	<b>1,549.4</b>	<b>1,685.6</b>
EQUITY		
Contributed equity	2,706.7	2,706.7
Treasury shares	(0.8)	(1.2)
Reserves	(1,450.1)	(1,396.8)
Retained earnings	293.6	376.9
<b>TOTAL EQUITY</b>	<b>1,549.4</b>	<b>1,685.6</b>

## Consolidated Statement of Changes in Equity

	US\$ MILLION			
	CONTRIBUTED AND OTHER EQUITY <sup>1</sup>	RESERVES	RETAINED EARNINGS	TOTAL
<b>Balance as at 1 January 2021</b>	<b>2,705.9</b>	<b>(1,310.0)</b>	<b>338.7</b>	<b>1,734.6</b>
Profit for the year	–	–	187.6	187.6
Other comprehensive (loss)/income for the year	–	(87.4)	33.4	(54.0)
<b>Transactions with owners in their capacity as owners:</b>				
Dividends paid	–	–	(182.8)	(182.8)
Movement in treasury shares	(0.4)	–	–	(0.4)
Movement in share-based payments reserve	–	0.6	–	0.6
<b>Balance as at 31 December 2021</b>	<b>2,705.5</b>	<b>(1,396.8)</b>	<b>376.9</b>	<b>1,685.6</b>
<b>Balance as at 1 January 2022</b>	<b>2,705.5</b>	<b>(1,396.8)</b>	<b>376.9</b>	<b>1,685.6</b>
Profit for the year	–	–	104.0	104.0
Other comprehensive (loss)/income for the year	–	(53.7)	15.8	(37.9)
<b>Transactions with owners in their capacity as owners:</b>				
Dividends paid	–	–	(203.1)	(203.1)
Movement in treasury shares	0.4	–	–	0.4
Movement in share-based payments reserve	–	0.4	–	0.4
<b>Balance as at 31 December 2022</b>	<b>2,705.9</b>	<b>(1,450.1)</b>	<b>293.6</b>	<b>1,549.4</b>

<sup>1</sup> Comprises of contributed equity and treasury shares.

## Consolidated Statement of Cash Flows

	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of goods and services tax)	(10.5)	(13.0)
GST refund received	0.5	0.5
Dividends received from associates	360.6	191.1
Finance costs paid	(4.1)	(3.3)
Tax paid	–	(0.1)
Other	0.5	–
<b>Net cash inflow/(outflow) from operating activities</b>	<b>347.0</b>	<b>175.2</b>
<b>Cash flows from investing activities</b>		
Payments for investments in associates	(212.1)	(26.0)
Proceeds from return of invested capital	18.0	28.4
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(194.1)</b>	<b>2.4</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	164.0	160.0
Repayment of borrowings	(119.0)	(155.0)
Payment for shares acquired by the Alumina Employee Share Plan	–	(0.8)
Dividends paid	(203.1)	(182.8)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(158.1)</b>	<b>(178.6)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5.2)</b>	<b>(1.0)</b>
Cash and cash equivalents at the beginning of the financial year	9.1	10.4
Effects of exchange rate changes on cash and cash equivalents	(0.1)	(0.3)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>3.8</b>	<b>9.1</b>

## Notes to the Consolidated Financial Statements

### Basis of Preparation

This condensed consolidated financial report for the year ended 31 December 2022 has been prepared in accordance with the Australian Stock Exchange Listing Rules as they relate to Appendix 4E and in accordance with Australian Accounting Standards ("AAS") and Interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001*.

This condensed consolidated financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by Alumina Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year.

### New and Amended Standards Adopted by the Group

A number of amendments to accounting standards, such as AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments* [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141] became applicable for the current reporting period. The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### Impact of Standards Issued but not yet Adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 31 December 2022 reporting period and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### Segment Information

Alumina Limited's sole business undertaking is in the global bauxite, alumina and aluminium industry, which it conducts primarily through bauxite mining and alumina refining. All of those business activities are conducted through its 40% investments in AWAC. Alumina Limited's equity interest in AWAC forms one reportable segment.

The equity interest in AWAC is represented by investments in a number of entities in different geographical locations.

YEAR ENDED 31 DECEMBER 2022	US\$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,000.8	468.6	102.1	84.5	1,656.0
Assets	6.5	0.2	–	–	6.7
Liabilities	(113.3)	–	–	–	(113.3)
<b>Consolidated net assets</b>	<b>894.0</b>	<b>468.8</b>	<b>102.1</b>	<b>84.5</b>	<b>1,549.4</b>

YEAR ENDED 31 DECEMBER 2021	US\$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,204.8	429.9	69.1	38.0	1,741.8
Assets	12.4	0.2	–	0.3	12.9
Liabilities	(69.0)	–	–	(0.1)	(69.1)
<b>Consolidated net assets</b>	<b>1,148.2</b>	<b>430.1</b>	<b>69.1</b>	<b>38.2</b>	<b>1,685.6</b>

### Reconciliation of Cash

	US\$ MILLION	
	31 DEC 2022	31 DEC 2021
Reconciliation of cash at the end of the financial year (as shown in the consolidated statement of cash flows) as follows:		
Cash on hand and at bank	3.8	9.1
<b>Total cash and cash equivalents at the end of the financial year</b>	<b>3.8</b>	<b>9.1</b>

### Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities during the year ended 31 December 2022.

### Consolidated Retained Earnings

	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
<b>Retained earnings at the beginning of the financial year</b>	<b>376.9</b>	<b>338.7</b>
Profit attributable to members of Alumina Limited	104.0	187.6
Dividends provided for or paid	(203.1)	(182.8)
Re-measurements of post-employment benefit obligations accounted for using the equity method	15.8	33.4
<b>Total retained earnings at the end of the financial year</b>	<b>293.6</b>	<b>376.9</b>

### Dividends

	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Dividends paid during the year	203.1	182.8
Dividends not recognised at the year end	—	81.2

### Income Tax

The income tax expense/benefit for the period is the tax payable/receivable on the current year end's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The significant majority of the Company's taxable income reported for the reporting period relates to Australian dividend income from the Company's investments in AWAC. Under Australian income tax law, the Company is entitled to reduce its tax payable by claiming credits (franking credits) in relation to Australian dividend income. This is to prevent double taxation, as Australian tax has already been paid by Alcoa of Australia Limited (an AWAC entity) on its operating income.

NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Profit before income tax	104.0	187.6
Prima facie tax expense for the year at the rate 30%	(31.2)	(56.3)
The following items caused the total charge for income tax to vary from the above:		
Share of equity accounted profit not assessable for tax	(120.1)	(204.6)
Foreign income subject to accruals tax	4.8	7.0
Tax losses not recognised	10.7	9.4
Non-deductible expenses	0.6	0.6
Net movement	(104.0)	(187.6)
Tax Effect of the above adjustments at 30% (2021: 30%)	31.2	56.3
Under provision of tax in prior years	–	–
Consequent decrease in charge for income tax at the rate of 30%	31.2	56.3
Aggregate income tax expense	–	–

#### Equity Securities Issued

	NUMBER OF SHARES		US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Balance brought forward	2,901,681,417	2,901,681,417	2,706.7	2,706.7
	2,901,681,417	2,901,681,417	2,706.7	2,706.7

#### Movement in Treasury Shares

Treasury shares are Alumina Limited shares held by the Alumina Employee Share Plan Trust for the purposes of issuing shares under the Alumina Employee Share Plan.

	NUMBER OF SHARES		US\$	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Balance brought forward	993,630	788,702	1,198,836	781,180
Shares acquired by Alumina Employee Share Plan Pty Ltd	–	637,500	–	832,242
Share based payment awards vested	(388,588)	(432,572)	(410,722)	(414,586)
Total treasury shares	605,042	993,630	788,114	1,198,836

### Earnings Per Share

	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Profit attributable to the ordinary equity holders of the Company in the calculation of basic and diluted EPS (US\$ million)	104.0	187.6
Weighted average number of ordinary shares used as the denominator in the calculation of basic and diluted EPS	2,901,064,664	2,900,802,609
<b>Basic EPS (US cents)</b>	<b>Positive 3.6</b>	<b>Positive 6.5</b>
<b>Diluted EPS (US cents)</b>	<b>Positive 3.6</b>	<b>Positive 6.5</b>

### Details of Entities Over Which Control Has Been Lost or Gained

There was no loss or gain of control for the years ended 31 December 2022 and 31 December 2021.

### Material Interests in Entities Which Are Not Controlled Entities

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OWNERSHIP	
			31 DEC 2022	31 DEC 2021
Alcoa of Australia Limited	Bauxite, alumina & aluminium production	Australia	40	40
Alcoa World Alumina LLC	Bauxite and alumina trading	America	40	40
Alumina Espanola S.A.	Alumina production	Spain	40	40
Alcoa World Alumina Brasil Ltda.	Bauxite and alumina production	Brazil	40	40
AWA Saudi Ltda.	Bauxite and alumina production	Hong Kong	40	40

### AWAC Contribution to Net Profit/(Loss) of Alumina Limited and Controlled Entities

	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Revenues	5,714.5	5,224.1
Profit from continuing operations	304.0	515.3
<b>Profit for the year<sup>1</sup></b>	<b>304.0</b>	<b>515.3</b>
Other comprehensive income/(loss) for the year	(98.4)	(134.5)
<b>Total comprehensive income/(loss) for the year</b>	<b>205.6</b>	<b>380.8</b>
<b>Reconciliation to share of net profit of associates</b>		
Group share of profit for the year as a percentage	40%	40%
Group share of profit for the year in dollars	121.6	206.1
Mineral rights and bauxite amortisation	(2.1)	(2.1)
Movement in deferred tax liability on mineral rights and bauxite assets	0.6	0.6
<b>Share of net profit of associates accounted for using the equity accounting method</b>	<b>120.1</b>	<b>204.6</b>
<b>Dividends received from AWAC<sup>2</sup></b>	<b>360.6</b>	<b>191.1</b>

<sup>1</sup> The profit for the years ended 31 December 2022 and 31 December 2021 include net charges relating to significant items that have affected AWAC's net profit after tax. For further details refer to the reconciliation on page 20.

<sup>2</sup> In addition to dividends, Alumina Limited also received \$18.0 million being return of invested capital in 2022 (2021: \$28.4 million).



Notes to the Consolidated Financial Statements (continued)

Commitments and Contingent Liabilities for AWAC (100% JV level)

As previously reported, the Australian Taxation Office (ATO) has undertaken a transfer pricing examination in respect of certain historical third-party alumina sales made by Alcoa of Australia Limited (AoA) over a 20-year period. As a result of that examination, the ATO had issued a statement of audit position (SOAP) to AoA. The SOAP was the subject of an internal review process within the ATO. The ATO completed that process, and on 7 July 2020 issued AoA with Notices of Assessment (the Notices) in respect of this matter. The Notices assert claims for additional income tax payable by AoA of approximately A\$214 million. The Notices also include claims for compounded interest on the primary tax amount totalling approximately A\$707 million.

In accordance with the ATO's dispute resolution practices, on 30 July 2020, AoA paid 50% of the assessed primary income tax amount (exclusive of interest and any penalties), being approximately A\$107 million, out of cash flows. In exchange, the ATO will not seek further payment prior to final resolution of the matter.

On 17 September 2020, the ATO issued a position paper with its preliminary view on the imposition of administrative penalties related to the tax assessment issued to AoA. This paper proposed penalties of approximately A\$128 million.

AoA disagreed with the Notices and with the ATO's proposed position on penalties. In September 2020, AoA lodged formal objections to the Notices. In the fourth quarter of 2020, AoA provided a submission on the ATO's imposition of interest, and also submitted a response to the ATO's position paper on penalties. AoA submissions

propose that the interest amount should be remitted (i.e. should not be fully payable) and no penalties should be payable. After the ATO completes its review of AoA's response to the penalties position paper, the ATO could issue a penalty assessment.

To date, AoA has not received a determination from the objections team on the Notices, nor has it received a response to its position paper on interest or its response to the ATO's position paper on penalties.

On 1 February 2022, AoA submitted statutory notices to the ATO requiring the ATO to make decisions on AoA's objections within a 60-day period. On 1 April 2022, the ATO issued its decision disallowing the Company's objections related to the income tax assessment, while the position on penalties and interest remains outstanding.

On 29 April 2022, AoA filed proceedings in the Australian Administrative Appeals Tribunal against the ATO to contest the Notices, a process which could last several years.

AoA's obligation to make any further payment of the primary tax amount, or payment of any penalty or interest amount, will be determined through the objection and court processes available to AoA. If AoA is ultimately fully successful, the 50% part-payment to the ATO would be refunded. Further interest on the unpaid amounts will continue to accrue during the dispute.

The Company understands that AoA will defend its position in respect of the ATO's Notices and any penalties imposed.

Borrowings

	US\$ MILLION	
	31 DEC 2022	31 DEC 2021
Bank loans	110.0	65.0
<b>Total borrowings</b>	<b>110.0</b>	<b>65.0</b>

Alumina Limited has a US\$350 million syndicated bank facility with tranches maturing in July 2024 (US\$100 million), October 2025 (US\$100 million) and July 2026 (US\$150 million).

As at 31 December 2022 there was US\$110 million drawn against the syndicated facility.

Events Occurring After the Balance Sheet Date

There have been no significant events occurring since 31 December 2022.

## Compliance Statement

1. This financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001*.
2. This report gives a true and fair view of the matters discussed.
3. This report is based on accounts which are in the process of being audited.
4. Alumina Limited has a formally constituted Audit and Risk Management Committee.
5. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



MICHAEL FERRARO  
Managing Director and Chief Executive Officer  
Melbourne  
21 February 2023

# Supplementary Appendix 4E Information

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## Note Regarding Non-IFRS Financial Information

Consolidated Financial statements of the Group prepared in accordance with Australian Accounting Standards ("AAS") also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This supplementary information contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with the prior corresponding period and to assess the operating performance of the business. Where non-IFRS measures are used, definition of the measure, calculation method and/or reconciliation to IFRS financial information is provided as appropriate.

The AWAC financial information presented has been extracted from unaudited combined financial statements prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

## Forward Looking Statements

Neither Alumina Limited nor any other person warrants or guarantees the future performance of Alumina Limited or any return on any investment made in Alumina Limited securities. This supplementary information may contain certain forward-looking statements, including forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. The words "anticipate", "aim", "believe", "expect", "project", "estimate", "forecast", "intend", "likely", "should", "could", "will", "may", "target", "plan" and other similar expressions (including indications of "objectives") are intended to identify forward-looking statements. Indications of, and guidance on, the future financial position, performance, distributions, and statements regarding Alumina Limited's future developments and the market outlook, are also forward-looking statements.

Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alumina Limited and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Those risks, uncertainties and other factors include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, raw materials and energy prices, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina Limited's Annual Report 2021. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina Limited disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

## Review of AWAC Operations

Alumina Limited provides investors with a unique opportunity to share in the ownership of a global system of bauxite mines and alumina refineries in Australia, Brazil, Spain, Saudi Arabia and Guinea through its 40% investment in the AWAC joint venture. AWAC also has a 55% interest in the Portland aluminium smelter in Victoria, Australia. Having long life bauxite mines located in close proximity to most AWAC refineries is a key competitive advantage in terms of driving a low position on the cost curve.

The Russia-Ukraine conflict created uncertainty over established supply channels and triggered a significant energy crisis, which has global impact, with the most acute price spikes in Europe. Caustic soda prices increased significantly, influenced by higher energy costs.

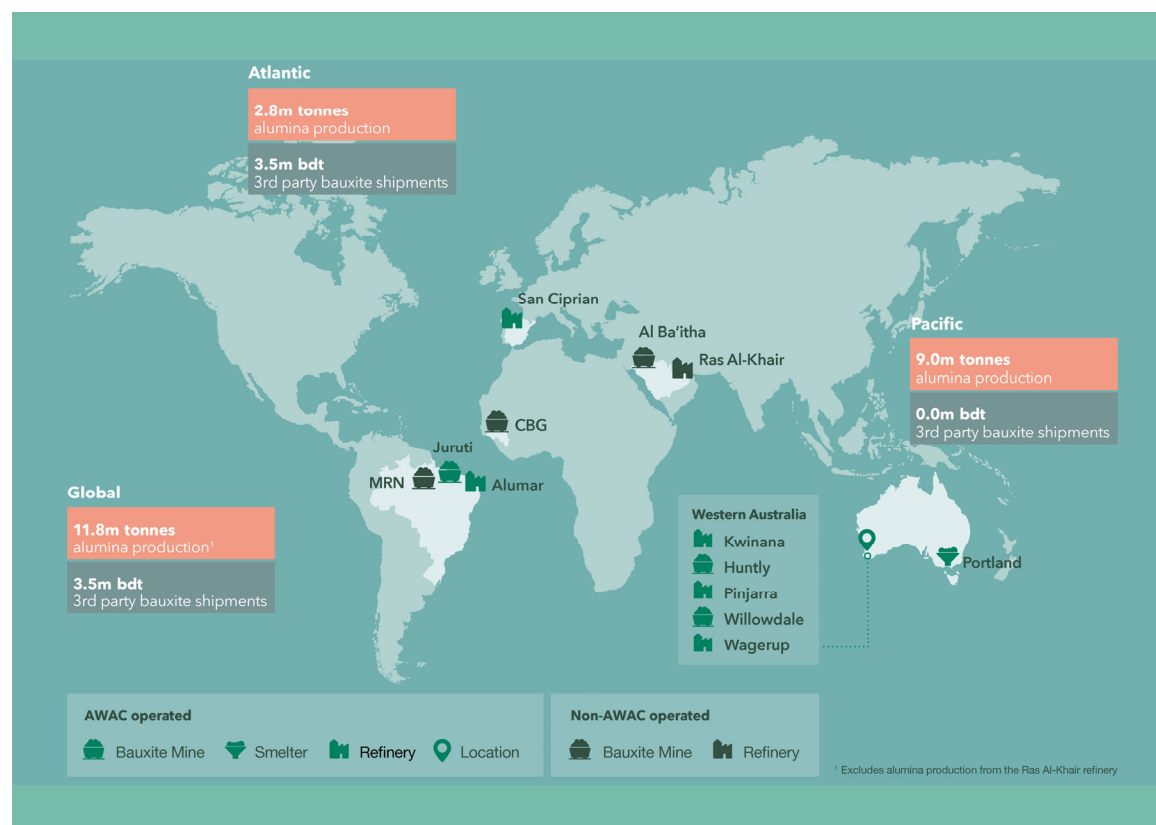
As a response to the European energy crisis, production at San Ciprian was curtailed to approximately 50% of site capacity in second half of 2022.

AWAC's cash costs of alumina production increased year on year by 29% mostly as a result of higher energy and caustic soda prices.

Alumina refineries outside of China also experienced input material price pressures resulting in similar increases in cost of production.

With European gas prices and caustic prices easing in early 2023, the focus for AWAC is to consolidate system stability, improve operational performance and strengthen the foundation of our assets.

DIAGRAM OF AWAC GLOBAL OPERATIONS



## Bauxite Mining

	31 DEC 2022	31 DEC 2021	CHANGE		CHANGE (%)
<b>AWAC OPERATED MINES</b>					
Production (million bone dry tonnes ("BDT"))	36.3	40.5	(4.2)	▼	(10.4)
Cash cost (\$/BDT of bauxite produced)	12.9	11.4	1.5	▲	13.2
<b>NON-AWAC OPERATED MINES</b>					
AWAC equity share of production (million BDT) <sup>1</sup>	3.8	4.6	(0.8)	▼	(17.4)
<b>THIRD PARTY SALES</b>					
Shipments to third parties (million BDT)	3.5	5.7	(2.2)	▼	(38.6)
Total third-party revenue, inclusive of freight <sup>2</sup> (\$ million)	164.9	204.9	(40.0)	▼	(19.5)

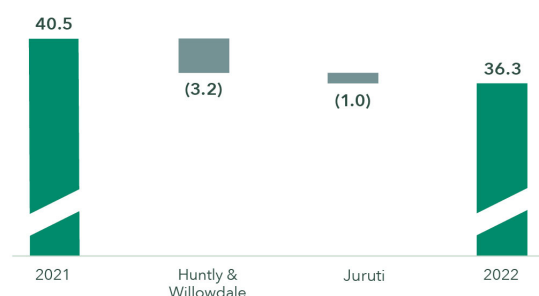
<sup>1</sup> Based on the terms of its bauxite supply contracts, AWAC's bauxite purchases from the Mineração Rio do Norte S.A. ("MRN") mine in Brazil, and Compagnie des Bauxites de Guinée (CBG) mine in Guinea, differ from their proportional equity in those mines. The sale of MRN was completed in 1H2022.

<sup>2</sup> Includes freight revenue of \$36.7 million for 2022 (2021: \$30.1 million).

### AWAC Operated Mines

AWAC operated mines decreased production by 10.4%.

#### Bauxite production: change by mine (million bdt)

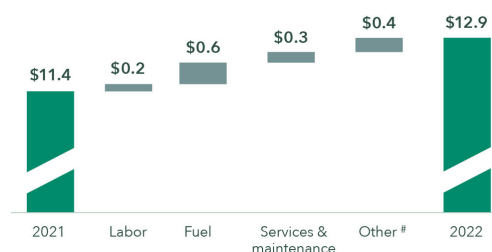


Production at Huntly and Willowdale decreased as a result of lower demand from the Western Australian refineries. Juruti's production also decreased due partly to the suspension of sales to Rusal.

The Willowdale crusher move is now complete and a focus for WA in 2023 now shifts to the planning of the Myara mine move. The main mining capital expenditure projects in 2022 relate to the Juruti plateau move and the expansion of Juruti's tailings dams.

AWAC's cash cost per BDT of bauxite produced increased by approximately 13% to \$12.9 per tonne, due to the negative impact of lower production, particularly at Juruti, energy costs and royalties associated with higher alumina prices. These increases were partially offset by the effect of the completion of the Willowdale move and a weaker AUD.

#### Cash cost per BDT of bauxite produced<sup>^</sup>



# Other includes energy, supplies, PAE, royalties and other  
^ AWAC operated mines

### Non-AWAC Operated Mines

CBG's production of 3.6 million BDT was in line with 2021 production. As a result of the sale of the AWAC interest in MRN completed in 1H 2022, its share of production dropped to 0.2 million BDT, 0.8 million BDT lower than 2021.

AWAC's equity accounted share of profit after tax from CBG and MRN was \$34.3 million (2021: \$21.2 million).

#### Third Party Bauxite Sales

AWAC's shipments to third party customers decreased by 2.2 million BDT to 3.5 million BDT with a discontinuation of bauxite exports from Huntly and a reduction in shipments from Juruti as a result of the Russian sanctions.

Third party revenue decreased by 40% due to lower shipments partially offset by higher average realised bauxite price.

## Refining

	31 DEC 2022	31 DEC 2021	CHANGE		CHANGE (%)
<b>AWAC OPERATED REFINERIES</b>					
Shipments (million tonnes)	12.4	13.2	(0.8)	▼	(6.1)
Production (million tonnes)	11.8	12.6	(0.8)	▼	(6.3)
Average realised alumina price (\$/tonne)	371	321	50	▲	15.6
Cash cost per tonne of alumina produced	304	236	68	▲	28.8
Margin <sup>1</sup> (\$/tonne)	67	85	(18)	▼	(21.2)
Platts FOB Australia – one month lag (\$/tonne)	364	324	40	▲	12.3
<b>MA'ADEN JOINT VENTURE</b>					
AWAC's share of production (million tonnes)	0.444	0.477	(0.033)	▼	(6.9)

<sup>1</sup> Calculated as average realised price less cash cost of production.

### AWAC operated refineries

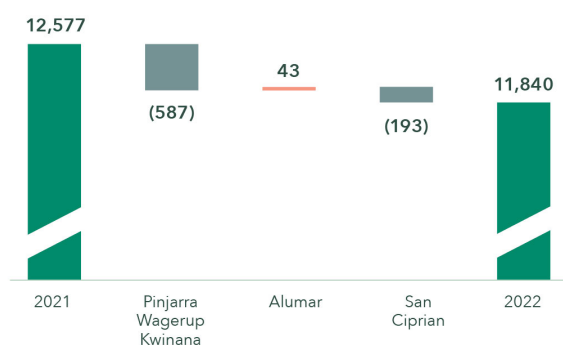
Production from AWAC operated refineries in 2022 was 11.8 million tonnes, 6.3% lower than 2021.

In response to higher gas prices in Europe, AWAC reduced production at the San Ciprian refinery during the second half to operate at around 50% of capacity.

In Western Australia production decreased as a result of lower grade bauxite, unplanned outages and maintenance events.

Alumar production was slightly higher than 2021 despite record rainfall levels in Brazil impacting first half production.

#### Alumina production: change by refinery (kt)



Alumina prices increased in 2022, particularly in the first half, reaching over \$530/t in response to a number of supply disruptions, as well as increased demand and consumer confidence. The alumina price eased in the second half as increased supply of alumina entered the market and uncertainty around the global economic outlook impacted near term market balance expectations.

AWAC's average realised price of \$371 per tonne, up \$50 per tonne compared to the previous year, reflected an increase in the alumina price compounded by increased

Chemical Grade Alumina ("CGA") prices and Atlantic premiums.

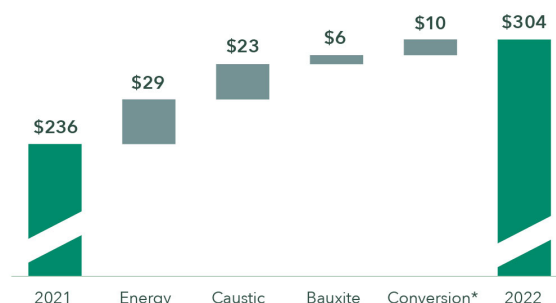
The average cash cost of production per tonne of alumina increased by 29% to \$304 per tonne. The largest contributing factor to higher costs were the increased global market prices for energy and caustic.

Energy cost increases were particularly felt at the San Ciprian refinery, where AWAC has an exposure to European gas prices, and to a lesser extent Alumar, which has exposure to oil and coal prices.

Reduced production volume at AWAC's WA refineries contributed to higher cost per tonne.

The Australian dollar and Euro moved favourably year on year offset by a negative movement in the Brazilian Real.

#### Cash cost per tonne of alumina produced<sup>^</sup>



<sup>^</sup> Includes the mining business unit at cost

\* Conversion includes: employee costs, indirect costs and other raw materials costs

### Ma'aden Joint Venture

Ma'aden refinery production attributable to AWAC decreased by 6.9% in 2022 to 0.444 million tonnes of alumina, operating at 98% of nameplate capacity.

The equity accounted loss relating to the Ma'aden joint venture for AWAC was \$39.5 million during 2022 (2021: \$4.2 million equity profit). The result was predominantly driven by a higher cost of production.

### Portland

	31 DEC 2022	31 DEC 2021	CHANGE		CHANGE (%)
<b>AWAC'S 55% EQUITY SHARE</b>					
Production (thousand tonnes)	159	151	8	▲	5.3
EBITDA (\$ million)	64.6	72.8	(8.2)	▼	(11.3)
Realised price	2,884	2,557	327	▲	12.8
LME aluminium cash – 15-day lag (\$/tonne)	2,719	2,443	276	▲	11.3

Portland's aluminium 2022 production was higher compared to 2021 following the restart of additional smelting pots.

EBITDA was lower as a result of increased cash costs due to increased alumina price and additional costs relating to the restarts. This was partly offset by a higher aluminium price.

The revenue recognition relating to Government assistance arrangements established in 2017 for Portland restart ended in 2021. Approximately \$20 million related to these arrangements was included in 2021 EBITDA.

## AWAC Financial Review

The decrease in AWAC's 2022 net profit is principally attributable to reduced alumina production and higher cash costs of production as a result of increased energy and caustic prices. This was partially offset by a higher realised alumina price and lower charges for significant items.

The decrease in the income tax charge was driven by lower taxable income.

AWAC PROFIT AND LOSS (US GAAP)	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Net profit after tax	301.1	443.8
Add back: Income tax charge	239.8	374.5
Add back: Depreciation and amortisation	295.3	326.7
Add back: Net interest expense/(income)	(19.1)	1.2
<b>EBITDA</b>	<b>817.1</b>	<b>1,146.2</b>
Add back: Significant items (pre-tax)	(2.5)	59.5
<b>EBITDA excluding significant items</b>	<b>814.6</b>	<b>1,205.7</b>

AWAC's net profit included the following significant items:

SIGNIFICANT ITEMS (US GAAP)	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Change in the fair value of Portland Energy contracts	39.0	-
Reversal of derecognised VAT credits in Brazil	60.3	-
Loss on MRN Sale <sup>1</sup>	(42.7)	-
Brazilian ARO refinery adjustment	(18.7)	-
Other <sup>2</sup>	(35.4)	(59.5)
<b>Total significant items (pre-tax)</b>	<b>2.5</b>	<b>(59.5)</b>
<b>Total significant items (after-tax)<sup>3</sup></b>	<b>(13.4)</b>	<b>(160.5)</b>

<sup>1</sup> AWAC's interest in the MRN mine was sold to South32 during 1H 2022.

<sup>2</sup> Other significant items include the charges related to restructuring and holding costs, severance and other payments. In 2021 other items also included 63.2 million a non-cash settlement charge for pension action in Suriname offset by credits related to Portland government facility forgiveness.

<sup>3</sup> In 2021, includes a non-cash charge relating to the valuation allowance on the deferred tax asset of approximately \$97 million.

AWAC BALANCE SHEET (US GAAP)	US\$ MILLION	
	31 DEC 2022	31 DEC 2021
Cash and cash equivalents	236.1	443.8
Receivables	435.0	542.0
Inventories	868.9	682.5
Deferred income taxes	96.0	73.7
Property, plant & equipment	2,852.7	2,889.5
Other assets	1,695.9	1,739.2
<b>Total Assets</b>	<b>6,184.6</b>	<b>6,370.7</b>
Borrowings & capital lease obligations	79.6	76.0
Accounts payable	793.8	711.1
Taxes payable and deferred	321.0	320.9
Assets retirement obligations	470.8	466.8
Other liabilities	798.6	827.3
<b>Total Liabilities</b>	<b>2,463.8</b>	<b>2,402.1</b>
<b>Equity</b>	<b>3,720.8</b>	<b>3,968.6</b>

Changes in the value of assets and liabilities include the effect of the weaker Australian dollar and Euro against the US dollar as at 31 December 2022 compared to 31 December 2021 offset by a stronger Brazilian Real.

The decrease in accounts receivable primarily reflects the lower December sales in 2022 relative to December 2021 as well as the impact of the weaker Australian dollar against the US dollar at year end.

The increase in inventory primarily reflects the impact of higher prices of raw materials as well as the higher level of alumina held as finished goods inventory at year end.

Accounts payable increased mainly due to the timing of payments and higher costs of raw materials and energy.

Other liabilities decreased due to lower accrued employee compensation and incentives and include the effect of actuarial valuations of pension benefits.



AWAC CASH FLOW (US GAAP)	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Cash from operations	481.5	718.3
Capital contributions from partners	535.4	65.0
Net movement in borrowings	3.6	1.5
Capital expenditure	(273.3)	(240.7)
Other financing and investing activities <sup>1</sup>	9.8	29.9
Effects of exchange rate changes on cash and cash equivalents	(17.6)	(20.9)
<b>Cash flow before distributions</b>	<b>739.4</b>	<b>553.1</b>
Distributions paid to partners	(947.1)	(549.5)
<b>Net change in cash and cash equivalents</b>	<b>(207.7)</b>	<b>3.6</b>

<sup>1</sup> Includes proceeds from sales of assets, and other.

Cash from operations in 2022 decreased mainly as a result of a higher cash cost of production, partially offset by higher average realised alumina price, including the effect of increased CGA prices and Atlantic premiums. Consequently, net distributions paid to partners decreased to \$411.7 million (2021: \$484.5 million).

Sustaining capital expenditure for the year was approximately \$246 million (2021: \$227 million) with the most significant expenditure relating to the construction of a residue storage area at Alumar and additional tailing ponds at Juruti as well as the move of the mining plateau location in Juruti. Growth capital expenditure was approximately \$28 million (2021: \$14 million).

## Alumina Limited Financial Review

ALUMINA LIMITED PROFIT AND LOSS	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Revenue from continuing operations	0.7	–
Share of net profit of associates accounted for using the equity method	120.1	204.6
General and administrative expenses	(12.5)	(13.3)
Finance costs	(4.4)	(3.7)
Foreign exchange losses, tax and other	0.1	–
<b>Profit for the year after tax</b>	<b>104.0</b>	<b>187.6</b>
Add back: Significant items (after tax)	5.3	38.4
<b>Net profit after tax excluding significant items</b>	<b>109.3</b>	<b>226.0</b>

SIGNIFICANT ITEMS (IFRS, POST-TAX)	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Change in the fair value of Portland Energy contracts	15.6	-
Reversal of derecognised VAT credits in Brazil	15.9	-
Loss on MRN Sale	(16.1)	-
Brazilian ARO refinery adjustment	(7.5)	-
Other <sup>1</sup>	(13.2)	(38.4)
<b>Total significant items</b>	<b>(5.3)</b>	<b>(38.4)</b>

<sup>1</sup> Other significant items include the charges related to restructuring and holding costs, severance and other payments. In 2021 other items also included credits related to Portland government facility forgiveness, but due to GAAP differences, excluded \$63.2 million non-cash settlement charge for pension action in Suriname.

Alumina Limited recorded a net profit after tax of \$104.0 million (2021: \$187.6 million).

Excluding significant items, net profit would have been \$109.3 million (2021: \$226.0 million).

The decline in the Company's net profit is due to the decrease in the share of net profit of associates, reflecting AWAC performance during 2022 relative to the previous year.

General and administrative expenses in 2022 decreased due to the weaker Australian dollar, however, expenses expressed in AUD remained consistent with the previous year.

The Company's finance costs in 2022 were higher than in the previous year, reflecting the higher debt level drawn at year end.

ALUMINA LIMITED BALANCE SHEET	US\$ MILLION	
	31 DEC 2022	31 DEC 2021
Cash and cash equivalents	3.8	9.1
Investment in associates	1,656.0	1,741.8
Other assets	2.9	3.8
<b>Total Assets</b>	<b>1,662.7</b>	<b>1,754.7</b>
Payables	0.4	0.3
Interest bearing liabilities	110.0	65.0
Provisions and other liabilities	2.9	3.8
<b>Total Liabilities</b>	<b>113.3</b>	<b>69.1</b>
<b>Net Assets</b>	<b>1,549.4</b>	<b>1,685.6</b>

The decrease in investments in associates was principally due to the foreign currency revaluations and the net distributions from investments in associated entities.

Alumina Limited's net debt as at 31 December 2022 was \$106.2 million (2021: \$55.9 million) and gearing was 6.4% (2021: 3.2%).

Alumina Limited has a US\$350 million syndicated bank facility with tranches maturing in July 2024 (US\$100 million), October 2025 (US\$100 million) and July 2026 (US\$150 million).

As at 31 December 2022 there was US\$110 million drawn against the syndicated facility.

ALUMINA LIMITED CASH FLOW	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Dividends received	360.6	191.1
Net finance costs paid	(4.1)	(3.3)
Payments to suppliers and employees	(10.5)	(13.0)
GST refund, interest received & other	1.0	0.4
<b>Cash from operations</b>	<b>347.0</b>	<b>175.2</b>
Receipts – capital returns from associates	18.0	28.4
Payments – investment in associates	(212.1)	(26.0)
Payment for shares acquired by the Alumina Employee Share Plan	–	(0.8)
Effects of exchange rate changes on cash and cash equivalents	(0.1)	(0.3)
Amount included in the final 2021 dividend	(33.8)	–
"One off" quarantine of approximate tax shield cash benefit <sup>1</sup>	–	(30.0)
<b>Free cash flow available for dividends</b>	<b>119.0</b>	<b>146.5</b>

<sup>1</sup> Tax shield cash benefit is Alumina Limited's share of the net estimated amount of tax benefit in relation to the compounded interest on the primary tax amount partially offset by the payment of 50% of the primary tax amount arising from the Notices of Assessment issued by the ATO in relation to the transfer pricing matter (please refer page 14 for further details). This amount is being retained by Alumina Limited until the matter is fully resolved.

Net receipts from AWAC totalled \$166.5 million (2021: \$193.5 million).

The decrease in net distributions received from AWAC resulted primarily from the increase capital contribution to support working capital requirements of AWAC entities, the higher cash cost of production, partially offset by higher realised alumina prices.

Alumina Limited's dividend policy is to distribute free cash flow derived from net AWAC distributions less the Company's corporate and finance costs, whilst taking into consideration its capital structure, any capital requirements for AWAC and market conditions.

The Board had considered the above factors and determined not to declare a final dividend in respect of the 2022 financial year.

## Market, Outlook and Guidance

### Alumina

RoW metallurgical alumina production decreased by around 4% in 2022, reflecting supply disruptions, particularly in Europe, while non-metallurgical alumina production increased by around 11%. Expansion of refineries in Indonesia and India were offset by reduced production at Nikolaev in Ukraine and refineries in Western Australia and Queensland. The metallurgical alumina market was finely balanced in 2022, with a marginal surplus representing less than 1% of the global supply. The Alumina Price Index spiked in March to \$533/t, and averaged \$362/t for the year, a 10% increase year on year.

No new RoW greenfield alumina project is expected in 2023. Refinery restarts and ramp-ups are likely to be offset by ongoing supply disruptions in Europe and Australia. Metallurgical alumina production is forecast to increase marginally by around 2% in 2023 compared to 2022.

In China, a COVID-relapse during the Chinese New Year in Guangxi province, and the Winter Olympic, caused production disruptions across the country and temporarily boosted Chinese alumina prices.

Alumina production in China started recovering in the second quarter. Restarts, as well as new capacity rollouts, has seen production in 2022 increasing by 4% year on year, to 79.6 million tonnes (Metallurgical + Chemical). At the end of December, around 82% of China's total installed refining capacity was operating.

Around 5 million tonnes per annum of new Chinese alumina capacity is expected in 2023, but will largely replace existing high-cost capacity. China is expected to only produce alumina to meet its internal demand and export demand to Russia. China's alumina production in 2023 is forecast to increase by 4% from 2022 to 82.5 million tonnes.

China is expected in the medium term to produce sufficient alumina to meet its internal demand, while importing alumina from rest of world when the arbitrage window is open.

RoW refining costs averaged \$324 per tonne in 2022, a 29% increase compared with 2021. The increase was largely due to higher energy (up 43%) and caustic soda costs (up 80%).

Going in to 2023, although oil, natural gas and coal prices have seemingly passed the peak seen in 2022, energy prices are expected to remain at high levels. Elevated costs provide some support to alumina prices. Supply disruptions are possible, particularly amongst high-cost producers in Europe.

Constraints such as the ability to secure low-cost, good-quality bauxite, high capital costs, and particularly the availability of low-cost, reliable green energy, are limiting the number of committed RoW alumina growth projects. In the next 3 years, only 1.5 million tonnes of additional alumina capacity outside China is committed.

### Aluminium

Global aluminium demand grew by 1.2% in 2022, mainly driven by growth in the transportation and electrical sectors. Energy crisis in Europe and China's zero-covid policy has impacted industrial activity. Going into 2023, China's post covid economic recovery is likely to drive aluminium demand growth. Electrical and transport sectors are the key drivers, offset a subdued real estate sector. Overall aluminium demand is expected to grow by 3.4% in China. Outside China, ongoing power grid investments, and growth in the auto sector is expected to drive a demand growth of around 1%.

In the longer term, aluminium demand is projected to increase further in a decarbonising world, largely due to its lightweight properties and infinite recyclability. In the next decade, global aluminium consumption is forecast to grow by 30%, or 29 million tonnes. Substantial growth in primary aluminium production outside China is expected to meet the growing demand for aluminium.

RoW primary aluminium production totaled 28 million tonnes in 2022, slightly down (1%) compared to 2021, largely due to curtailment in Europe caused by high energy costs. Primary production is expected to increase in 2023, with planned restarts in the Americas and Europe.

In March 2022, the LME aluminium price reached a record high since the GFC of \$3,878/t based on supply tightness, strong demand and particularly as the market feared a shortage of metal after the Russia-Ukraine conflict commenced. LME prices have since dropped, affected by retracting demand, less government stimulus, strong USD, inventories buildup, and higher Chinese semi exports. 2022 average LME aluminium price was \$2,703/t, 9% higher than 2021. Low carbon aluminium premiums are developing, at this stage mainly for value-added-products under term contracts for aluminium with no more than 4kg of CO<sub>2</sub> per kg of aluminium.

Chinese primary aluminium production increased by 3% year on year, to 40 million tonnes. Primary aluminium producers are facing less pressure on emission and energy consumption, and new capacity is being put into hydro-power rich Yunnan province.

At the end of 2022, China's primary aluminium capacity was estimated to be 44 million tonnes per annum, with a utilisation rate of 91%. New primary capacity rollout is forecast to be limited as China approaches the 45 million tonnes per annum cap. However, production in 2023 is forecast to grow by 4% to 41.5 million tonnes.

### Bauxite

Elevated ocean freight rates underpinned sea-borne bauxite prices in 2022. Coupled with increasing demand, the weighted average bauxite price landed in China

increased by 23% to \$59 per tonne in 2022, putting cost pressure on Chinese alumina producers using imported bauxite.

China imported a record breaking 126 million tonnes of bauxite in 2022, 17% more than 2021, as more alumina refining capacity start using imported bauxite. 56% of the imports was from Guinea, 27% from Australia and 15% from Indonesia.

In December 2022, Indonesia confirmed the official ban on bauxite exports will be enforced in June 2023. Market concerns are likely to put further upward pressure on bauxite prices.

In the medium to longer term, China's demand for imported bauxite is expected to grow steadily, as domestic bauxite depletes, both in volume and quality. By the end of 2022, around 60% of China's alumina production was based on imported bauxite. Guinea is forecast to continue being the main bauxite supplier to China, followed by Australia and some emerging bauxite exporting regions. A few bauxite beneficiation technologies have been trialled in China in recent years but have been found so far to be technically unviable, uneconomic or limited to small scale.

### AWAC Guidance

The following 2023 guidance is provided to assist the understanding of the sensitivity of AWAC results to key external factors. The guidance cannot be expected to be predictive of exact results; rather it provides direction and approximate quantum of the impact on AWAC results. Sensitivity of each element of the guidance has been considered in isolation and no correlation with movements in other elements within the guidance has been made.

ITEM	2023 GUIDANCE
Production – alumina	Approximately 10.5-10.7 million tonnes
Production – aluminium	Approximately 180,000 tonnes
Third party bauxite shipments	Approximately 8.0 million BD tonnes
SGA shipments expected to be based on alumina price indices or spot	Approximately 97% for the year
AWAC sustaining capital expenditure	Approximately \$280 million
AWAC growth capital expenditure	Approximately \$60 million
AWAC after tax restructuring <sup>1</sup>	
Charges (IFRS)	Approximately \$35 million
Cash Flows	Approximately \$80 million

<sup>1</sup> Ongoing costs will be recognised in future financial years relating to the curtailments and closures.

SENSITIVITY	2023 GUIDANCE
Alumina Price Index <sup>1</sup> : +\$10/t	Approximately +\$95 million EBITDA
Australian \$: + 1¢ AUD/USD	Approximately -\$26 million EBITDA
Brazilian R\$: + 10¢ USD/BRL	Approximately +\$6-7 million EBITDA
Caustic price <sup>2</sup> : +\$10/dry metric tonne	Approximately -\$8-9 million EBITDA
Brent: +\$1/barrel	Approximately -\$2 million EBITDA

<sup>1</sup> Excludes equity accounted income/losses for the Ma'aden joint venture.

<sup>2</sup> Caustic inventory flow is 5-6 month.

# Extract from AWAC's Unaudited Combined Financial Statements

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## Note Regarding Non-IFRS Financial Information

AWAC financial information has been extracted from unaudited combined financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

## AWAC Profit & Loss

	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
Sales	4,093.6	3,711.4
Sales to related parties	1,620.9	1,512.7
<b>Total revenue</b>	<b>5,714.5</b>	<b>5,224.1</b>
Cost of goods sold	4,951.7	3,945.1
Selling, general administrative, and research and development expenses	92.8	96.6
Provision for depreciation, depletion and amortisation	295.3	326.7
Restructuring charges and other (income)/expenses	(166.2)	37.4
<b>Total expenses</b>	<b>5,173.6</b>	<b>4,405.8</b>
<b>Net profit before income taxes</b>	<b>540.9</b>	<b>818.3</b>
Provision for taxes on income	(239.8)	(374.5)
<b>Net profit after taxes</b>	<b>301.1</b>	<b>443.8</b>

## AWAC Members Equity

	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
<b>Opening balance at start of year</b>	<b>3,968.6</b>	<b>4,114.4</b>
Net profit	301.1	443.8
Capital contribution	535.4	65.0
Dividends paid and return of capital to partners	(947.1)	(549.5)
Common stock issued for compensation plans	3.0	2.3
Other comprehensive income/(loss)	(140.2)	(107.4)
<b>Closing balance at end of year</b>	<b>3,720.8</b>	<b>3,968.6</b>

## AWAC Balance Sheet

	US\$ MILLION	
	31 DECEMBER 2022	31 DECEMBER 2021
<b>Current assets</b>		
Cash and cash equivalents	236.1	443.8
Receivables	435.0	542.0
Inventories	868.9	682.5
Prepaid expenses and other current assets	196.7	144.7
<b>Total current assets</b>	<b>1,736.7</b>	<b>1,813.0</b>
<b>Non-current assets</b>		
Property, plant and equipment	2,852.7	2,889.5
Investments	400.6	466.9
Deferred income taxes	96.0	73.7
Other non-current assets	1,098.6	1,127.6
<b>Total non-current assets</b>	<b>4,447.9</b>	<b>4,557.7</b>
<b>Total assets</b>	<b>6,184.6</b>	<b>6,370.7</b>
<b>Current liabilities</b>		
Short term borrowings	0.3	75.1
Accounts payable	793.8	711.1
Taxes payable	129.7	152.6
Accrued compensation and retirement costs	165.6	194.9
Other current liabilities	204.3	167.0
<b>Total current liabilities</b>	<b>1,293.7</b>	<b>1,300.7</b>
<b>Non-current liabilities</b>		
Capital lease obligations and long-term debt	79.3	0.9
Deferred income taxes	191.3	168.3
Accrued pension and other postretirement benefits	67.3	84.0
Assets retirement obligations	470.8	466.8
Other long-term liabilities and deferred credits	361.4	381.4
<b>Total non-current liabilities</b>	<b>1,170.1</b>	<b>1,101.4</b>
<b>Total liabilities</b>	<b>2,463.8</b>	<b>2,402.1</b>
<b>Net assets</b>	<b>3,720.8</b>	<b>3,968.6</b>
<b>Equity</b>		
Members' equity	6,442.3	6,549.9
Accumulated other comprehensive loss	(2,721.5)	(2,581.3)
<b>Total members' equity</b>	<b>3,720.8</b>	<b>3,968.6</b>



## AWAC Statement of Cash Flows

	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
<b>Cash flows from operating activities</b>		
Net profit	301.1	443.8
<i>Adjustments to reconcile net income to cash from operations</i>		
Depreciation, depletion and amortisation	295.3	326.7
Other items <sup>1</sup>	(114.9)	(52.2)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>481.5</b>	<b>718.3</b>
<b>Cash flows from financing activities</b>		
Dividends paid and return of capital to partners	(947.1)	(549.5)
Net change in debt	3.6	1.5
Capital contributions	535.4	65.0
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(408.1)</b>	<b>(483.0)</b>
<b>Cash flows from investing activities</b>		
Capital expenditures	(273.3)	(240.7)
Other items	9.8	29.9
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(263.5)</b>	<b>(210.8)</b>
Effect of exchange rate changes on cash and cash equivalents	(17.6)	(20.9)
<b>Cash generated</b>	<b>(207.7)</b>	<b>3.6</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the year	443.8	440.2
Cash and cash equivalents at the end of the year	236.1	443.8
<b>Net change in cash and cash equivalents</b>	<b>(207.7)</b>	<b>3.6</b>

<sup>1</sup> Other items consists of net movement in working capital and other non-current assets and liabilities.

## Reconciliation of AWAC's US GAAP to IFRS Profit

	US\$ MILLION	
	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2021
<b>AWAC profit before tax (US GAAP)</b>	<b>540.9</b>	<b>818.3</b>
<i>Adjustments made to align with IFRS</i>		
Asset Retirement Obligations and Defined Benefit Plan	(4.2)	(4.2)
Reversal of charge for the pension action in Suriname	—	63.2
Restructuring related charges	13.0	10.3
Other	(6.2)	3.2
<b>AWAC profit before tax (IFRS)</b>	<b>543.5</b>	<b>890.8</b>
<b>AWAC provision for taxes on income (USGAAP)</b>	<b>(239.8)</b>	<b>(374.5)</b>
Adjustments made to align with IFRS	0.3	(1.0)
<b>AWAC provision for taxes on income (IFRS)</b>	<b>(239.5)</b>	<b>(375.5)</b>
AWAC profit before tax (IFRS)	543.5	890.8
AWAC provision for taxes on income (IFRS)	(239.5)	(375.5)
<b>AWAC profit after tax (IFRS)</b>	<b>304.0</b>	<b>515.3</b>