

2023 Half-Year Result¹

1H23 Key Highlights – Alumina Limited

- Net Loss After Tax (NLAT) \$43m, 1H22 Net Profit After Tax (NPAT) \$168m
- No Interim Dividend
- Syndicated credit facility increased to \$500m, with the first maturity in October 2025

1H23 Key Highlights – AWAC²

- EBITDA of \$102m, 1H22 \$836m
- NLAT of \$67m, 1H22 NPAT \$439m
- Alumina Production 5.0Mt, 1H22 6.1Mt
- Alumina realised price \$361/t, Cash Cost of Production \$319/t

Alumina Limited (ASX: AWC) (“Alumina”) today reported a statutory net loss after tax of US\$43m for the half-year to 30 June 2023 compared to a net profit after tax of \$168m for the first half of 2022. The Company did not declare an interim dividend.

Alumina Limited’s CEO, Mike Ferraro, said “Alumina had a difficult first half and continues to face significant uncertainty due to ongoing delays with mining permits in WA. While AWAC did see lower costs in parts of our portfolio during the first half through softening energy prices, the impact of lower grade bauxite in WA meant our overall cash cost per tonne increased compared to the second half of 2022.”

“The alumina price had strong support at the start of 2023, increasing to \$371/t in February, before declining at the end of the half on the back of weak aluminium demand outside China and lower industry costs of production. Prices have risen again in the last 3 weeks, reflecting the tight global balance for alumina and a recovery in aluminium production in China.”

“Alcoa is continuing to work with a range of WA Government agencies on the approvals required for it to operate our WA mines which in turn supply bauxite to our WA alumina refineries. We are operating in a complex regulatory environment where there is no certainty as to timeframes or outcomes and the potential impacts on the business are unclear. AWAC is currently processing

lower grade bauxite within areas already permitted under Mine Management Plans at the Huntly Mine in WA, resulting in both higher costs and lower production.”

“Despite the current impacts of this unresolved permitting process in WA, the longer-term outlook for the alumina market remains positive, with the anticipated growth in aluminium metal consumption driven by de-carbonisation.”

DEFINITIONS AND NOTES

1. All financials are USD unless otherwise shown
2. AWAC is Alcoa World Alumina & Chemicals, which is 40% owned by Alumina Limited and 60% owned by Alcoa Corp. Refer to Alumina Limited ASX Half Year Report at 30 June 2023

This ASX announcement was approved and authorised for release by the Board of Directors.



KATHERINE KLOEDEN
COMPANY SECRETARY

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About AWAC & Alcoa's Earnings Release

Alumina Limited owns 40% of each of the AWAC entities, which form a part of the Alcoa bauxite & alumina business segments. The Alcoa aluminium business segment includes the AWAC Portland smelting operations. Any closed operations are included in Transformation & legacy pension/OPEB. Therefore, the AWAC results cannot be directly inferred from the Alcoa earnings release. 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"). All figures displayed are in US dollars unless otherwise shown.

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, policies or regulatory decision making; (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 2022. 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 Half-Year Report

Alumina Limited ABN 85 004 820 419

30 JUNE 2023

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction
with the 31 December 2022 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 half-year report covers the consolidated entity consisting of Alumina Limited and its subsidiaries (the Group). All financial data is presented in US dollars, unless otherwise specified.

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Results for Announcement to the Market

Net Profit/(Loss)

		CHANGE	US\$ MILLION
Revenue from continuing operations	Up	200.0%	0.3
Profit/(loss) from continuing operations after tax attributable to members of Alumina Limited	Down	(125.6%)	(42.9)
Net profit/(loss) for the half-year attributable to members of Alumina Limited	Down	(125.6%)	(42.9)

Details Relating to Dividends

There were no dividends paid, recommended or declared during the half year ended 30 June 2023.

Dividend Reinvestment Plan (DRP)

The Dividend Reinvestment Plan remains suspended in 2023.

	A\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	YEAR ENDED 31 DEC 2022
Franking Account Balance	487.9	474.2

Net Tangible Assets per Security

	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Net assets (US\$ million)	1,524.0	1,754.5
Less equity accounted intangible assets:		
Goodwill (US\$ million)	175.8	175.8
Mineral rights and bauxite assets net of deferred tax liabilities (US\$ million)	62.4	63.9
Net tangible assets (US\$ million)	1,285.8	1,514.8
Number of issued ordinary shares (including treasury shares)	2,901,681,417	2,901,681,417
Net tangible assets per ordinary security (US\$)	0.44	0.52

Significant Items Affecting Net Profit or Loss

The net profit/(loss) of Alumina Limited includes the Company's equity share of the half-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 23.

Condensed Interim Consolidated Financial Report

Directors' Report

The Directors of Alumina Limited present their report on the consolidated entity consisting of Alumina Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2023.

Directors

The following persons were directors of Alumina Limited during the whole of the half-year and up to the date of this report, unless otherwise indicated:

Non-Executive

W P Day (Chairman)
C Zeng
D O'Toole
J A Bevan
S E In't Veld

Executive

M P Ferraro

Principal Activities

The principal activity of the Group is its 40 per cent interest in the series of operating entities forming the AWAC joint venture. AWAC has interests in bauxite mining, alumina refining, and aluminium smelting. There have been no significant changes in the nature of this activity.

Review Of Operations

The half-year financial results of Alumina Limited include the half-year results of AWAC and associated corporate activities.

The Group's half-year loss after tax attributable to members of Alumina Limited was US\$42.9 million (1H 2022: profit after tax of US\$167.9 million).

For further information on the operations of the Group during the half-year ended 30 June 2023 and the results of these operations, refer to pages 19-26.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 7.

Rounding Of Amounts

The Company is of a kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. Amounts in this Directors' Report and Financial Report have been rounded off to the nearest hundred thousand dollars in accordance with the instrument, except where otherwise required.

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



Mike Ferraro
Managing Director and
Chief Executive Officer
Melbourne
22 August 2023



Auditor's Independence Declaration

As lead auditor for the review of Alumina Limited for the half year ended 30 June 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 Alumina Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Amanda Campbell'.

Amanda Campbell
Partner
PricewaterhouseCoopers
22 August 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Revenue from continuing operations	0.3	0.1
Share of net profit/(loss) of associates accounted for using the equity method	(29.1)	175.7
General and administrative expenses	(5.9)	(6.2)
Finance costs	(8.2)	(1.7)
Profit/(loss) before income tax	(42.9)	167.9
Income tax expense	–	–
Profit/(loss) for the half-year attributable to the owners of Alumina Limited	(42.9)	167.9
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss</i>		
Share of reserve movements accounted for using the equity method	(0.3)	1.7
Foreign exchange translation difference	22.8	(30.4)
<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	(5.5)	10.5
Other comprehensive income/(loss) for the half-year, net of tax	17.0	(18.2)
Total comprehensive income/(loss) for the half-year attributable to the owners of Alumina Limited	(25.9)	149.7

Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company¹

	US CENTS	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Basic earnings per share	(1.5)	5.8
Diluted earnings per share	(1.5)	5.8

¹ For further details refer page 14.

Consolidated Balance Sheet

	US\$ MILLION	
	30 JUNE 2023	31 DEC 2022
CURRENT ASSETS		
Cash and cash equivalents	2.7	3.8
Other assets	2.0	1.0
Total current assets	4.7	4.8
NON-CURRENT ASSETS		
Right of use asset	1.8	1.9
Investment in associates	1,744.7	1,656.0
Total non-current assets	1,746.5	1,657.9
TOTAL ASSETS	1,751.2	1,662.7
CURRENT LIABILITIES		
Payables	0.3	0.4
Provisions and other liabilities	1.0	0.9
Total current liabilities	1.3	1.3
NON-CURRENT LIABILITIES		
Borrowings	224.0	110.0
Lease liability	1.1	1.3
Provisions	0.8	0.7
Total non-current liabilities	225.9	112.0
TOTAL LIABILITIES	227.2	113.3
NET ASSETS	1,524.0	1,549.4
EQUITY		
Contributed equity	2,706.7	2,706.7
Treasury shares	(0.4)	(0.8)
Reserves	(1,427.5)	(1,450.1)
Retained earnings	245.2	293.6
TOTAL EQUITY	1,524.0	1,549.4

Consolidated Statement of Changes in Equity

	US\$ MILLION			
	CONTRIBUTED AND OTHER EQUITY ¹	RESERVES	RETAINED EARNINGS	TOTAL
Balance as at 1 January 2022	2,705.5	(1,396.8)	376.9	1,685.6
Profit/(loss) for the half-year	–	–	167.9	167.9
Other comprehensive income/(loss) for the half-year	–	(28.7)	10.5	(18.2)
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	(81.2)	(81.2)
Movement in treasury shares	0.4	–	–	0.4
Movement in share-based payments reserve	–	–	–	–
Balance as at 30 June 2022	2,705.9	(1,425.5)	474.1	1,754.5
Balance as at 1 January 2023	2,705.9	(1,450.1)	293.6	1,549.4
Profit/(loss) for the half-year	–	–	(42.9)	(42.9)
Other comprehensive income/(loss) for the half-year	–	22.5	(5.5)	17.0
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	–	–
Movement in treasury shares	0.4	–	–	0.4
Movement in share-based payments reserve	–	0.1	–	0.1
Balance as at 30 June 2023	2,706.3	(1,427.5)	245.2	1, 524.0

¹ Comprises contributed equity and treasury shares.

Consolidated Statement of Cash Flows

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(5.5)	(5.4)
GST refund received	0.2	0.3
Dividends received from associates	21.7	227.1
Finance costs paid	(9.3)	(1.5)
Other	0.3	(0.1)
Net cash inflow/(outflow) from operating activities	7.4	220.4
Cash flows from investing activities		
Payments for investments in associates	(122.4)	(83.1)
Proceeds from return of invested capital	–	18.0
Net cash inflow/(outflow) from investing activities	(122.4)	(65.1)
Cash flows from financing activities		
Proceeds from borrowings	129.0	28.0
Repayment of borrowings	(15.0)	(93.0)
Dividends paid	–	(81.2)
Net cash inflow/(outflow) from financing activities	114.0	(146.2)
Net increase/(decrease) in cash and cash equivalents	(1.0)	9.1
Cash and cash equivalents at the beginning of the half-year	3.8	9.1
Effects of exchange rate changes on cash and cash equivalents	(0.1)	1.1
Cash and cash equivalents at the end of the half-year	2.7	19.3

Notes to the Consolidated Financial Statements

Basis of Preparation

This condensed consolidated interim financial report for the half-year ended 30 June 2023 has been prepared in accordance with the Australian Stock Exchange Listing Rules as they relate to Appendix 4D and in accordance with Australian Accounting Standard ("AASB") 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Interim 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 2022 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 and corresponding interim period.

New and Amended Standards Adopted by the Group

A number of amended standards became applicable for the current reporting period.

The amendments did not have any material impact on the Group's accounting policies and did not require current period or retrospective adjustments.

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 Group's interest in AWAC and the assets and liabilities of Alumina Limited are presented below by geographical location for information purposes.

HALF-YEAR ENDED 30 JUNE 2023	US\$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,003.4	489.1	106.2	146.0	1,744.7
Assets	6.3	0.2	–	–	6.5
Liabilities	(227.0)	–	–	(0.2)	(227.2)
Consolidated net assets	782.7	489.3	106.2	145.8	1,524.0

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)
Consolidated net assets	894.0	468.8	102.1	84.5	1,549.4

Reconciliation of Cash

	US\$ MILLION	
	30 JUNE 2023	31 DEC 2022
Reconciliation of cash at the end of the half-year (as shown in the consolidated statement of cash flows) as follows:		
Cash on hand and at bank	2.7	3.8
Total cash and cash equivalents at the end of the half-year	2.7	3.8

Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities during the half-year ended 30 June 2023.

Dividends

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Dividends provided for or paid during half-year	-	81.2
Dividends not recognised at the end of the half-year	-	121.9

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 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 been paid by Alcoa of Australia Limited (an AWAC entity) on its operating income.

Based on the above, the estimated average annual tax rate used for the half-year to 30 June 2023 is 0% (for the half-year to 30 June 2022: 0%).

Equity Securities Issued

There were no issues of ordinary shares during the half-years ended 30 June 2023 and 30 June 2022.

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\$	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Balance brought forward	605,042	993,630	788,113	1,198,836
Shares acquired by Alumina Employee Share Plan Pty Ltd	-	-	-	-
Employee performance rights vested	(288,317)	(388,588)	(381,377)	(410,723)
Total treasury shares	316,725	605,042	406,736	788,113

Earnings Per Share

	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Profit/(Loss) attributable to the ordinary equity holders of the Company in the calculation of basic and diluted earnings per share (US\$ million)	(42.9)	167.9
Weighted average number of ordinary shares used as the denominator in the calculation of basic and diluted earnings per share	2,901,310,533	2,901,052,759
Basic earnings per share (US cents)	Negative 1.5	Positive 5.8
Diluted earnings per share (US cents)	Negative 1.5	Positive 5.8

Details of Entities Over Which Control Has Been Lost or Gained

There was no loss or gain of control for the half-years ended 30 June 2023 and 30 June 2022.

Material Interests in Entities Which Are Not Controlled Entities

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OWNERSHIP	
			30 JUNE 2023	30 JUNE 2022
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) and Other Comprehensive Income/(Loss) of Alumina Limited and Controlled Entities

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Revenues	2,633.0	3,081.7
Profit/(loss) from continuing operations	(70.8)	441.2
Profit/(loss) for the half-year¹	(70.8)	441.2
Other comprehensive income/(loss) for the half-year	42.7	(49.0)
Total comprehensive income/(loss) for the half-year	(28.1)	392.2
Reconciliation to share of net profit/(loss) of associates		
Group share of profit/(loss) for the half-year as a percentage	40	40
Group share of profit/(loss) for the half-year in dollars	(28.4)	176.4
Mineral rights and bauxite amortisation	(1.1)	(1.1)
Movement in deferred tax liability on mineral rights and bauxite assets	0.4	0.4
Share of net profit/(loss) of associates accounted for using the equity accounting method	(29.1)	175.7
Share of other comprehensive income/(loss) of associates for the half-year	17.1	(19.6)
Dividends and distributions received from AWAC²	21.7	227.1

¹ The profit/(loss) for the half-years ended 30 June 2023 and 30 June 2022 include net charges relating to significant items that have affected AWAC's net profit/(loss) after tax. For further details refer to the reconciliation on page 23.

² In 1H 2023, Alumina Limited received \$nil returns of invested capital (1H 2022: \$18 million, in addition to dividends and distributions).

Commitments and Contingent Liabilities for AWAC

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.

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 (AAT) against the ATO to contest the Notices, a process which could last several years. The AAT held the first directions hearing on 25 July 2022 ordering AoA to file its evidence and related materials by 4 November 2022, ATO to file its materials by 14 April 2023 and AoA to file reply materials by 26 May 2023. AoA filed its evidence and related materials on 4 November 2022. The ATO did not file its materials by 14 April 2023. At a directions hearing on 17 May 2023, the ATO was granted an extension to file its evidence by 18 August 2023. The ATO has requested further documents from entities. On 17 August 2023, the AAT ordered that within 14 days of the relevant entities responding to the summonses the ATO is to communicate with AoA with its proposal for what additional time the ATO's expert witnesses will need to complete their evidence. There will be a subsequent directions hearing on 26 September 2023 to determine the next steps.

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	
	30 JUNE 2023	31 DEC 2022
Bank loans	224.0	110.0
Total borrowings	224.0	110.0

In June 2023, Alumina Limited renegotiated the existing syndicated bank facility. The total facility limit was increased from US\$350 million to US\$500 million with tranches maturing in October 2025 (US\$100 million), January 2026 (US\$150 million), July 2026 (US\$150 million) and June 2027 (US\$100 million). As at 30 June 2023, there was US\$224 million drawn against the syndicated facility (2022: US\$110 million).

Events Occurring After the Balance Sheet Date

On 7 August 2023, the Western Australian State's Environmental Protection Authority (EPA) opened a public comment period (which ended on 15 August 2023) on whether it should conduct an environmental impact assessment into parts of Alcoa's current and next rolling five-year plans for its mines in the south-west of WA. The plans were referred to the EPA for assessment by a third party in February.

Following public consultation, the EPA will decide whether to conduct an assessment into parts of these mine plans – known as the 2022-2026 and 2023-2027 Mining and Management Programs (MMPs) – and, if so, at what level. There is no set timeframe for the EPA's determination.

Given the uncertainty of an EPA assessment decision, if any, and the potential impacts on its mining and refining operations, the Company is currently unable to estimate the financial impact of a potential EPA assessment.

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Alumina Limited will be able to pay its debts as and when they become due and payable.

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

	<p>Mike Ferraro Managing Director and Chief Executive Officer Melbourne 22 August 2023</p>
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Independent auditor's review report to the members of Alumina Limited

Report on the condensed interim consolidated financial report

Conclusion

We have reviewed the condensed interim consolidated financial report of Alumina Limited (the Company) and the entities it controlled during the half year (together the Group), which comprises the consolidated balance sheet as at 30 June 2023, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other 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 condensed interim consolidated financial report of Alumina Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 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 condensed interim consolidated 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 condensed interim consolidated financial report

The directors of the Company are responsible for the preparation of the condensed interim consolidated 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 condensed interim consolidated financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the condensed interim consolidated financial report

Our responsibility is to express a conclusion on the condensed interim consolidated 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 condensed interim consolidated 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 30 June 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 condensed interim consolidated 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.


PRICEWATERHOUSECOOPERS



Amanda Campbell
Partner
Melbourne
22 August 2023

PricewaterhouseCoopers, ABN 52 780 433 757

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Liability limited by a scheme approved under Professional Standards Legislation.

Supplementary Appendix 4D Information

Basis of Preparation and 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, production levels or sales agreements; (c) changes in laws, regulations, policies or regulatory decision making; (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 2022. 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. Past performance is no guarantee or indication of future performance.

AWAC is currently facing increased risks and uncertainty in relation to its regulatory permit and approval processes in Western Australia. The permitting and approval rules are complex, may change over time, and are impacted by heightened levels of regulatory oversight and stakeholder focus on addressing environmental and social impacts of mining activities. Failure to obtain, maintain, or renew permits; restrictions or conditions imposed through the process or on approvals and permits obtained; and/or ongoing delays in approval or permitting processes may: delay, impede or prevent commencing, continuing or expanding mining and/or refining operations and further impact the quality and/or availability of the bauxite AWAC is able to mine, potentially having a materially adverse impact on AWAC.

Review of AWAC Operations

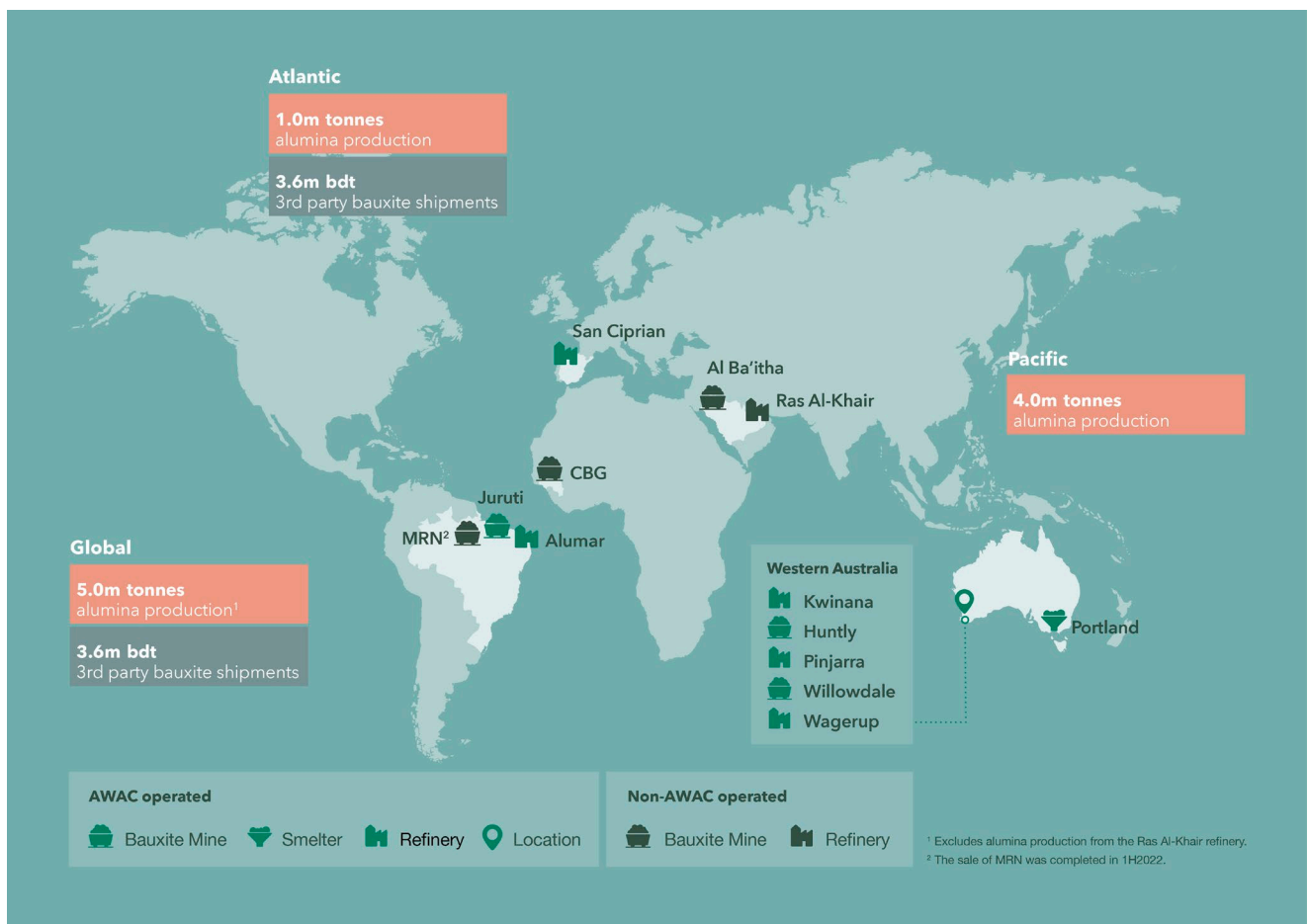
Alumina Limited provides investors with a unique opportunity to share in the ownership of a global system of bauxite mines and alumina refineries in Australia, Brazil, Spain, Saudi Arabia and Guinea through its 40% investment in the AWAC joint venture. AWAC also has a 55% interest in the Portland aluminium smelter in Victoria, Australia.

In 2023 AWAC's main focus is the improvement of the operational performance across all assets and securing

approvals for bauxite mining in Western Australia. It has also been investing to improve stability of operations in order to reduce outages and breakdowns and minimise unscheduled maintenance events and associated costs.

Improved resilience of our assets will ensure those assets are well positioned to benefit through cyclical of market conditions.

DIAGRAM OF AWAC GLOBAL OPERATIONS



Alumina and Bauxite

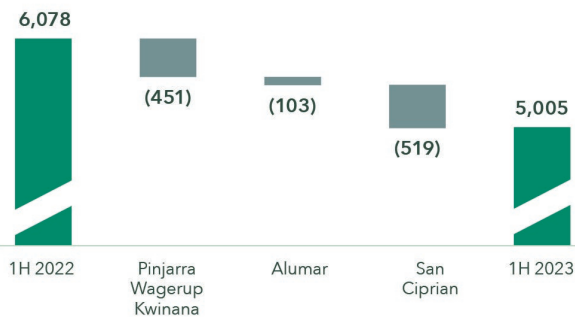
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022	CHANGE		CHANGE (%)
AWAC OPERATED REFINERIES					
Shipments (million tonnes)	5.8	6.3	(0.5)	▼	(7.9)
Production (million tonnes)	5.0	6.1	(1.1)	▼	(17.7)
Average realised alumina price (\$/tonne)	361	398	(37)	▼	(9.3)
Cash cost per tonne of alumina produced	319	304	15	▲	4.9
Margin ¹ (\$/tonne)	41	94	(53)	▼	(56.4)
Platts FOB Australia – one month lag (\$/tonne)	350	394	(44)	▼	(11.2)
MA'ADEN JOINT VENTURE					
AWAC's share of alumina production (million tonnes)	0.204	0.220	(0.016)	▼	(7.3)

¹ Calculated as average realised price less cash cost of production.

AWAC operated refineries

Production from AWAC operated refineries in the first half of 2023 was 5.0 million tonnes, 17.7% lower than first half 2022. Production decreased across all facilities.

Alumina production: change by refinery (kt)



In Western Australia, as a result of a prolonged annual mine plan approvals process, from April 2023 AWAC began mining lower bauxite grades at the Huntly Mine, which supplies the Pinjarra and Kwinana alumina refineries. The reduction in bauxite grade lowered alumina production output.

Furthermore, in January 2023, in response to a state-wide shortage of natural gas from key suppliers in Western Australia, the Kwinana refinery reduced its production by taking offline one of five production units. The digester remains offline due to the prolonged annual mine plan approvals process.

During the first half of 2023 the San Ciprian refinery continued to operate at around 50% of capacity, partial curtailment was initiated in the third quarter 2022 to offset high natural gas prices.

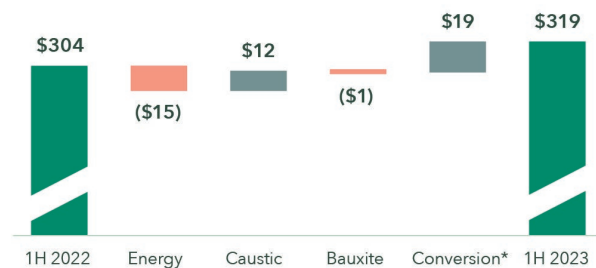
Production at the Alumar refinery was affected by a ship-to-shore conveyance system failure and alumina ship loader maintenance.

Across the system there was increased maintenance activity in line with the objective of improving system stability and operational performance.

The average alumina price through the first half of 2023 was down 11% compared to the previous corresponding period. However, AWAC's average realised price of \$361 per tonne was 9% down, as higher Chemical Grade Alumina ("CGA") prices partly offset the overall decrease.

The average cash cost per tonne of alumina produced increased by 5% to \$319 per tonne.

Cash cost per tonne of alumina produced[^]



[^] Includes the mining business unit at cost

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

Energy cost moved favourably, with Spanish gas prices well below the volatile prices observed throughout 2022. However, the pricing remains elevated from where it was in 2020 before the war in Ukraine impacted European energy markets.

European gas prices: MIBGAS (EUR/MWh)



Source: Bloomberg, July 2023

Energy costs were also slightly lower in Brazil due to lower oil prices, and slightly higher in WA mainly as a result of the lower bauxite grade which contributed to an increase in energy usage, along with inflationary price increases.

Caustic costs were higher in the first half of 2023 by \$12 per tonne of alumina due to the inventory flow of up to 6 months and therefore delayed effect of market price movements. An improvement in market price of caustic soda in the first half of 2023 is expected to flow through to the cost of production in the second half of 2023.

Caustic soda prices (US\$/t)



Source: S&P Global Commodity Insights, July 2023

Bauxite cost per tonne of alumina in the first half of 2023 was marginally lower than the first half of 2022, as the cash cost per bone dry tonne (BDT) of bauxite at AWAC operated mines remained relatively consistent at \$12.9 per tonne.

Cash cost per BDT of bauxite produced[^]



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

Conversion cost which includes employee costs, indirect cost and other raw materials was higher by \$19 per tonne due to higher maintenance costs and lower production rates, slightly offset by favourable exchange rate movement.

Ma'aden Joint Venture

Ma'aden refinery production attributable to AWAC decreased by 7.3% in 1H2023 to 0.204 million tonnes of alumina.

The equity accounted loss relating to the Ma'aden joint venture for AWAC was \$27.9 million during 1H2023 (1H2022: \$3.7 million equity loss). The result was predominantly driven by a higher cost of production and lower realised alumina price.

Third Party Bauxite Sales

AWAC's shipments to third party customers increased by 2.2 million BDT to 3.6 million BDT with the increase mainly from Compagnie des Bauxites de Guinée (CBG) mine.

Third party bauxite revenue increased by 334% due to increased shipments and a higher average realised bauxite price.

	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022	CHANGE		CHANGE (%)
THIRD PARTY SALES					
Shipments to third parties (million BDT) ¹	3.6	1.4	2.2	▲	157.1
Total third-party revenue, inclusive of freight ² (\$ million)	235.3	54.2	181.1	▲	334.1

¹ 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 CBG mine in Guinea, differ from their proportional equity in those mines. The sale of MRN was completed in 1H2022

² Includes freight revenue of \$67.4 million for 1H2023 (1H2022: \$nil).

Portland

	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022	CHANGE		CHANGE (%)
AWAC'S 55% EQUITY SHARE					
Production (thousand tonnes)	78	75	3	▲	4.0
EBITDA excluding significant items (\$ million)	(9.0)	59.8	(68.8)	▼	(115.1)
Realised price	2,453	3,280	(827)	▼	(25.2)
LME aluminium cash – 15-day lag (\$/tonne)	2,348	3,090	(742)	▼	(24.0)

Following the restart of additional smelting pots in 2H2022 Portland operated at about 95% of capacity, however in March 2023 production was reduced to approximately 75% due to challenges related to the production of rodded anodes. This resulted in only a marginally higher 1H2023 production compared to 1H2022.

EBITDA was lower primarily as a result of lower aluminium prices. This was partially offset by a decrease in cash costs mainly due to the decrease in alumina prices.

AWAC Financial Review

AWAC recorded a net loss in the half-year ended 30 June 2023, primarily reflecting higher alumina production costs at WA refineries as a consequence of operating with lower bauxite grade and the lower average realised alumina prices.

The decrease in income tax charge was driven by the lower taxable income generated by AWAC entities, particularly by Australian and Brazilian operations.

AWAC PROFIT AND LOSS (US GAAP)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Net profit/(loss) after tax	(66.7)	438.9
Add back: Income tax charge	21.5	246.9
Add back: Depreciation and amortisation	149.9	159.7
Add back: Net interest expense/(income)	(2.3)	(9.4)
EBITDA	102.4	836.1
Add back/(Less): Significant items (pre-tax)	11.5	(129.3)
EBITDA excluding significant items	113.9	706.8

AWAC's net profit/(loss) included the following significant items:

SIGNIFICANT ITEMS (US GAAP)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Change in the fair value of Portland Energy contracts	1.0	119.0
Reversal of derecognised VAT credits in Brazil	-	60.3.0
Loss on MRN Sale ¹	-	(42.7)
Other ²	(12.5)	(7.3)
Total significant items (pre-tax)	(11.5)	129.3
Total significant items (after-tax)	(10.5)	120.9

¹ AWAC's interest in the MRN mine was sold to South32 during 1Q 2022.

² Other significant items include charges related to restructuring and holding costs, severance and other payments

ALUMINA LIMITED
HALF-YEAR ENDED 30 JUNE 2023

AWAC BALANCE SHEET (US GAAP)	US\$ MILLION	
	30 JUNE 2023	31 DEC 2022
Cash and cash equivalents	227.7	236.1
Receivables	432.0	435.0
Inventories	821.2	868.9
Deferred income taxes	124.0	96.0
Property, plant & equipment	2,891.7	2,852.7
Other assets	1,669.3	1,695.9
Total Assets	6,165.9	6,184.6
Borrowings & capital lease obligations	79.4	79.6
Accounts payable	670.0	793.8
Taxes payable and deferred	197.1	321.0
Assets retirement obligations	454.5	470.8
Other liabilities	799.6	798.6
Total Liabilities	2,200.6	2,463.8
Equity	3,965.3	3,720.8

The movement in the value of assets and liabilities includes the effect of the weaker Australian dollar against the US dollar, offset by a stronger Euro and Brazilian Real, as at 30 June 2023.

Receivables slightly declined due to the lower shipments and timing of sales in the last month of the half-year period.

Inventory decreased mainly due to lower volume of raw materials on hand and lower market prices for caustic soda.

Other assets decreased primarily due to changes in the fair value of derivative assets due to lower forward electricity prices.

Payables declined mainly due to the lower costs of raw materials, particularly for caustic soda, the decrease in capital expenditure and the timing of payments.

The reduction in income tax payable was driven by the lower taxable income in Australia and the operating losses recorded in other jurisdictions.

AWAC CASH FLOW (US GAAP)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Cash from operations	(155.4)	494.8
Capital contributions from partners	304.6	210.0
Net movement in borrowings	(1.0)	0.1
Capital expenditure	(106.4)	(110.3)
Other financing and investing activities ¹	1.6	8.7
Effects of exchange rate changes on cash and cash equivalents	2.5	(14.8)
Cash flow before distributions	45.9	588.5
Distributions paid to partners	(54.3)	(614.9)
Net change in cash and cash equivalents	(8.4)	(26.4)

¹ Includes of proceeds from sales of assets, and other.

Cash from operations in 1H 2023 decreased compared to 1H 2022 mainly as a result of reduced alumina shipments, lower realised alumina prices and higher cost of production due to the WA refineries operating on the lower bauxite grade.

Capital contributions from partners increased by \$94.6 million to the total \$304.6 million in order to support working capital and capital expenditure requirements of AWAC entities.

Gross distributions paid to partners decreased to \$54.3 million (1H 2022: \$614.9 million).

In 1H 2023 sustaining capital expenditure was \$94.9 million (1H 2022: \$101.0 million) with the most significant expenditure relating to the construction of a new residue storage area at Alumar and additional tailing ponds at Juruti.

Growth capital expenditure was \$11.4 million (1H 2022: \$9.3 million).

Alumina Limited Financial Review

ALUMINA LIMITED PROFIT AND LOSS	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Share of net profit/(loss) of associates accounted for using the equity method	(29.1)	175.7
General and administrative expenses	(5.9)	(6.2)
Net finance costs	(7.9)	(1.6)
Profit/(loss) for the year after tax	(42.9)	167.9
Total significant items after tax	4.2	(48.3)
Net profit/(loss) after tax excluding significant items	(38.7)	119.6

SIGNIFICANT ITEMS (IFRS, POST-TAX)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Change in the fair value of Portland Energy contracts	0.4	47.6
Reversal of derecognised VAT credits in Brazil	-	15.9
Loss on MRN Sale	-	(16.1)
Other ¹	(4.6)	0.9
Total significant items	(4.2)	48.3

¹ Other significant items include charges related to restructuring and holding costs, severance and other payments

Alumina Limited recorded a net loss after tax of \$42.9 million (1H 2022: net profit of \$167.9 million).

Excluding significant items, net loss would have been \$38.7 million (1H 2022: net profit of \$119.6 million).

The decline in profit and loss of the Company was mainly due to its share of net losses of associates, which in turn reflects AWAC's performance for 1H 2023 compared to 1H 2022.

1H 2023 general and administrative expenses were lower compared to 1H 2022 due to the weaker Australian dollar. General administration expenses expressed in AUD remained consistent to the comparative period.

The Company's finance costs in 1H 2023 are higher than 1H 2022 as a result of the higher level of debt drawn throughout the period.

ALUMINA LIMITED BALANCE SHEET	US\$ MILLION	
	30 JUNE 2023	31 DEC 2022
Cash and cash equivalents	2.7	3.8
Investment in associates	1,744.7	1,656.0
Other assets	3.8	2.9
Total Assets	1,751.2	1,662.7
Payables	0.3	0.4
Interest bearing liabilities	224.0	110.0
Provisions and other liabilities	2.9	2.9
Total Liabilities	227.2	113.3
Net Assets	1,524.0	1,549.4

The increase in investments in associates was principally due to the additional funding provided to AWAC in the first half of 2023 and foreign currency balance sheet revaluations.

Alumina Limited's net debt as at 30 June 2023 was \$221.3 with gearing of 12.7% (2022: \$106.2 million and 6.4% respectively).

Alumina Limited has a US\$500 million syndicated bank facility with tranches maturing in October 2025 (US\$100 million), January 2026 (US\$150 million), July 2026 (US\$150 million) and June 2027 (US\$100 million).

As at 30 June 2023, there was US\$224 million drawn against the syndicated facility (2023: US\$110 million).

ALUMINA LIMITED CASH FLOW	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Dividends received	21.7	227.1
Net finance costs paid	(9.3)	(1.5)
Payments to suppliers and employees	(5.5)	(5.5)
GST refund, interest received & other	0.5	0.3
Cash from operations	7.4	220.4
Receipts – capital returns from associates	–	18.0
Payments – investment in associates	(122.4)	(83.1)
Effects of exchange rate changes on cash and cash equivalents	(0.1)	1.1
Amount included in the final 2021 dividend	–	(33.8)
Free cash flow available for dividends	(115.1)	122.6

Net payments to AWAC totalled \$100.7 million (1H 2022: net receipts from AWAC of \$162.0 million).

The change in contributions/distributions from AWAC was due to increased capital contributions required to support working capital and capital expenditure requirements of AWAC entities. It is as a result of reduced alumina shipments, lower alumina realised prices and increased costs due to the WA refineries operating on the lower grade bauxite.

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 an interim dividend in respect of the half-year ended 30 June 2023.

Market, Outlook and Guidance

Aluminium

Global aluminium demand is forecast to grow marginally at 0.4% in 2023. This is expected to be driven primarily by the electrical and transportation sectors. The auto sector has remained resilient to macroeconomic headwinds thus far with continued growth in production numbers. In contrast, aluminium semi consumption in the construction sector is expected to fall by about 2%. In China, demand growth is expected to be fuelled by growth in the electrical and auto sectors. China's auto production in 1H 2023 registered a 9% YoY growth. Similar to the rest of the world, China's property sector failed to gain momentum, with property sales by floor area dropping by 5% in 1H 2023.

LME cash price peaked at around \$2,600/t in January and continued in a downtrend to \$2,100 levels by the end of June. Despite a significant decline in global aluminium inventories and an uncertain macroeconomic backdrop, average aluminium prices for the 1H 2023 remained broadly unchanged from 2H 2022 levels, although regional premiums reduced considerably during the same period. Low-carbon aluminium premiums continue to develop, at this stage mainly for value-add products.

Primary aluminium production outside China was 14 million tonnes in the first half of 2023, or a 0.4% y/y growth. New capacity in Indonesia, Russia and restarts in Brazil and Canada is expected to offset the production losses in Europe caused by high energy prices. Production is expected to grow by 2% over 2023.

China primary aluminium production was up 3% y/y in the 1H of 2023, despite being impacted by a hydropower shortage in the Southwest province of Yunnan, which led to some curtailments. Since June, power shortage has eased in Yunnan and this is projected to result in Chinese aluminium production increasing by 4% in for 2023.

At the end of 1H 2023, installed primary aluminium capacity in China is estimated to be close to 45 million tonnes, which is the ceiling set by the Chinese government, with a utilization rate of 93%. China's demand recovery is expected to continue but hinges on macroeconomic policies.

In the longer term, demand for a sustainable future in a decarbonised world is projected to drive a significant increase in aluminium demand.

Alumina

Metallurgical alumina production outside China dropped 6% YoY in 1H 2023, due to supply disruptions in Australia, Europe, India and Brazil. These disruptions more than offset the expansions in Indonesia and India. Combined with the optimism of China's post Covid reopening, alumina price spiked in February to \$371/t and averaged \$352/t for the first half of 2023. This is a 7.5% increase compared to the previous half.

In the Atlantic region, notable acquisitions occurred with Glencore acquiring a 30% stake in the 6.3 million tonnes

per annum Alunorte refinery from Norsk Hydro, while Century Aluminum acquired a 55% stake in Jamalco alumina refinery.

In China, alumina production (metallurgical and chemical) increased by 7% YoY driven by new capacity coming online, particularly those on the coast using imported bauxite. China's alumina net imports totalled 195 kt in 1H 2023, representing a 39% drop compared to the same period last year.

Ex-China average alumina production cost in 1H 2023 was down 8% compared with 2H 2022. The reduction was driven primarily by the easing of energy costs, down 27% from the previous half. China average production cost was down approximately 6% primarily due to the reduction in energy and caustic costs.

In China, domestic prices experienced a rally early in 2023 off the back of winter stockpiling and refinery cuts amidst environmental audits. This price rally fizzled out as new refining capacity was brought online and smelter volumes curtailed. Following the cuts at Yunnan smelters caused by power shortage, alumina prices in Southern China saw a downtrend from subdued demand. Since June, inland refineries curtailments caused by the worsening domestic bauxite availability, and recovery of demand from aluminium production saw a rebound in China domestic prices. China's imports arbitrage window opened for the first time in 6 months in July 2023.

Over 2023, the market outside China is expected to be in a slight deficit due to alumina supply disruptions and smelter expansions. In China, approximately 5 million tonnes of capacity is forecast to come online in 2023. However, China is only expected to produce alumina to meet its internal demand with small volumes being exported to Russia.

Bauxite

China imported 72 Mt of bauxite in the first six months of 2023. This represents a 11% surge compared to the same period last year. Guinea continues to dominate, accounting for 73% of China's imports, followed by Australia (21%). The first half of 2023 saw the implementation of a ban of bauxite exports from Indonesia, which ceased exporting in April. Guinea has stepped up to increase its production and consequently, is expected to surpass Australia this year to become the largest bauxite producer in the world.

Growing demand in China has supported bauxite prices. Weighted average bauxite price landed in China went up by 9% YoY in 1H 2023 to \$62/t, despite easing ocean freight rates. By the end of the first half, 62% of China alumina production is based on imported bauxite. Deteriorating bauxite quality and availability in China is not only driving a higher domestic price but also likely to result in a steady growth in imported bauxite demand.

China is forecast to import 133 Mt of bauxite in 2023, a 6% increase compared to 2022.

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 10.3 million tonnes
Production – aluminium	Approximately 155,000 tonnes
Third party bauxite shipments	Approximately 7.6 million BD tonnes
SGA shipments expected to be based on alumina price indices or spot	Approximately 96% for the year
AWAC sustaining capital expenditure	Approximately \$275 million
AWAC growth capital expenditure	Approximately \$40 million
AWAC after tax restructuring ¹ Charges (IFRS)	Approximately \$30 million
Cash Flows	Approximately \$65 million

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

SENSITIVITY	2023 GUIDANCE
Alumina Price Index ¹ : +\$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 ² : +\$10/dry metric tonne	Approximately -\$8-9 million EBITDA

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

² Caustic inventory flow is 5-6 months.

Extract from AWAC's Unaudited Combined Financial Statements (US GAAP)

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	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Sales	1,895.5	2,216.6
Sales to related parties	737.5	865.1
Total revenue	2,633.0	3,081.7
Cost of goods sold	2,482.5	2,426.6
Selling, general administrative, and research and development expenses	44.1	27.4
Provision for depreciation, depletion and amortisation	149.9	159.7
Restructuring charges and other (income)/expenses	1.7	(217.8)
Total expenses	2,678.2	2,395.9
Net profit/(loss) before income taxes	(45.2)	685.8
Provision for taxes on income	(21.5)	(246.9)
Net profit/(loss) after taxes	(66.7)	438.9

AWAC Members' Equity

	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
	Opening balance at start of period	3,720.8
Net profit/(loss)	(66.7)	438.9
Capital contribution	304.6	210.0
Dividends paid and return of capital to partners	(54.3)	(614.9)
Common stock issued for compensation plans	2.3	1.6
Other comprehensive income/(loss)	58.6	(77.0)
Closing balance at end of period	3,965.3	3,927.2

AWAC Balance Sheet

	US\$ MILLION	
	30 JUNE 2023	31 DECEMBER 2022
Current assets		
Cash and cash equivalents	227.7	236.1
Receivables	432.0	435.0
Inventories	821.2	868.9
Prepaid expenses and other current assets	178.5	196.7
Total current assets	1,659.4	1,736.7
Non-current assets		
Property, plant and equipment	2,891.7	2,852.7
Investments	390.4	400.6
Deferred income taxes	124.0	96.0
Other non-current assets	1,100.4	1,098.6
Total non-current assets	4,506.5	4,447.9
Total assets	6,165.9	6,184.6
Current liabilities		
Short term borrowings	0.5	0.3
Accounts payable	670.0	793.8
Taxes payable	27.0	129.7
Accrued compensation and retirement costs	170.8	165.6
Other current liabilities	200.4	204.3
Total current liabilities	1,068.7	1,293.7
Non-current liabilities		
Capital lease obligations and long-term debt	78.9	79.3
Deferred income taxes	170.1	191.3
Accrued pension and other postretirement benefits	71.5	67.3
Assets retirement obligations	454.5	470.8
Other long-term liabilities and deferred credits	356.9	361.4
Total non-current liabilities	1,131.9	1,170.1
Total liabilities	2,200.6	2,463.8
Net assets	3,965.3	3,720.8
Equity		
Members' equity	6,628.2	6,442.3
Accumulated other comprehensive loss	(2,662.9)	(2,721.5)
Total members' equity	3,965.3	3,720.8

AWAC Statement of Cash Flows

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
Cash flows from operating activities		
Net profit/(loss)	(66.7)	438.9
<i>Adjustments to reconcile net income to cash from operations</i>		
Depreciation, depletion and amortisation	149.9	159.7
Other items ¹	(238.6)	(103.8)
Net cash inflow from operating activities	(155.4)	494.8
Cash flows from financing activities		
Dividends paid and return of capital to partners	(54.3)	(614.9)
Net change in debt	(1.0)	0.1
Capital contributions	304.6	210.0
Net cash inflow/(outflow) from financing activities	249.3	(404.8)
Cash flows from investing activities		
Capital expenditures	(106.4)	(110.3)
Other items	1.6	8.7
Net cash inflow/(outflow) from investing activities	(104.8)	(101.6)
Effect of exchange rate changes on cash and cash equivalents	2.5	(14.8)
Cash generated/(used)	(8.4)	(26.4)
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	236.1	443.8
Cash and cash equivalents at the end of the period	227.7	417.4
Net change in cash and cash equivalents	(8.4)	(26.4)

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

Reconciliation of AWAC's US GAAP Profit/(Loss) to IFRS

Reconciliation of AWAC's US GAAP Profit/(Loss) to IFRS

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2023	HALF-YEAR ENDED 30 JUNE 2022
AWAC profit/(loss) before tax (US GAAP)	(45.2)	685.8
<i>Adjustments made to align with IFRS</i>		
Asset Retirement Obligations and Defined Benefit Plan	(10.3)	(3.9)
Restructuring related charges	6.8	7.1
Other	(4.0)	(1.1)
AWAC profit/(loss) before tax (IFRS)	(52.7)	687.9
AWAC provision for taxes on income (USGAAP)	(21.5)	(246.9)
Adjustments made to align with IFRS	3.4	0.2
AWAC provision for taxes on income (IFRS)	(18.1)	(246.7)
AWAC profit/(loss) before tax (IFRS)	(52.7)	687.9
AWAC provision for taxes on income (IFRS)	(18.1)	(246.7)
AWAC profit/(loss) after tax (IFRS)	(70.8)	441.2