

ASX Announcement

27 February 2024

2023 Full Year Result¹

Alumina Limited

- Net Loss After Tax (NLAT) \$(150)m, FY22 Net Profit After Tax (NPAT) \$104m
- No Final Dividend
- Net debt at 31 December 2023 of \$(294)m. Syndicated credit facility limit of \$500m

AWAC^{2,3}

- EBITDA⁴ of \$165m; 2022 \$817m
- Alumina Production 10.3Mt; 2022 11.8Mt
- Alumina realised price \$352/t, Cash Cost of Production \$308/t

Alumina Limited (ASX: AWC) (“Alumina”) today reported a statutory net loss after tax of US\$150m for the full year ended 31 December 2023 compared to a net profit after tax of \$104m in 2022. The Company did not declare a final dividend.

2023 was a difficult year for AWAC, with the business experiencing lower production volumes and higher production costs, combined with a lower realised price for alumina.

While these results are disappointing, AWAC has recently achieved a number of important milestones. Confirmation of the mine plan approvals in WA restores confidence in near-term operations while AWAC progresses approvals for the next mining areas at Myara North and Holyoake.

AWAC has also announced two significant actions to improve financial performance. Firstly, the decision was made to curtail AWAC’s oldest WA refinery at Kwinana from the second quarter of 2024. This will allow the business to focus on its two tier 1 refineries in Western Australia at Pinjarra and Wagerup.

Secondly, the decision was made to initiate further action at the partially curtailed San Ciprian refinery in Spain. Together with the ongoing focus on profitability improvement across all aspects

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of the portfolio, these initiatives provide AWAC with a strong foundation to create a significantly higher quality refinery portfolio.

The alumina price was down approximately 5% in 2023 compared with the prior year. However, the alumina market outside China continues to be tightly balanced. This was illustrated recently, with the alumina price increasing to \$372/t in mid-January 2024 driven by bauxite supply concerns in Guinea and refinery curtailments in China. This tight balance will be more pronounced following the curtailment of Kwinana during the second quarter of 2024.

Proposed transaction with Alcoa Corporation

On 26 February 2024, Alumina announced that it has received a non-binding, indicative and conditional proposal from Alcoa Corporation (“Alcoa”) to acquire 100% of the ordinary shares on issue in Alumina via a scheme of arrangement, for a scrip consideration of 0.02854 shares of Alcoa common stock for each Alumina share.

The proposed terms represent a 31.6% ownership for Alumina shareholders in the merged entity, on the basis of the current shares on issue. The proposed transaction unifies the ownership of AWAC and provides a number of strategic and financial benefits to Alumina shareholders.

The Proposal is subject to negotiation and execution of mutually satisfactory definitive transaction documentation, which is expected to be subject to customary conditions and regulatory approvals standard for a transaction of this kind, including Alumina and Alcoa shareholder approval.

The Proposal follows earlier indicative offers from Alcoa and a period of mutual due diligence.

Alumina has granted 20 days of exclusivity to Alcoa, to finalise satisfactory definitive transaction documentation.

The Alumina Board notes there is no certainty that the Proposal will result in binding offer for Alumina. Alumina shareholders do not need to take any action in relation the Proposal.

DEFINITIONS AND NOTES

1. All financial data is presented in USD unless otherwise specified.
2. AWAC is Alcoa World Alumina & Chemicals, which is 40% owned by Alumina Limited and 60% owned by Alcoa Corp.
3. 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 (US GAAP).
4. Earnings before interest, tax, depreciation and amortisation consistent with previous periods.

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



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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.

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ALUMINA
LIMITED

ASX full-year preliminary final report

ABN 85 004 820 419

31 DECEMBER 2023

Lodged with the ASX under Listing Rule 4.3A.
This information should be read in conjunction
with the 31 December 2022 Annual Report.

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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	US\$ MILLION
Revenue from continuing operations	Down	(28.6%)	0.5
Profit/(loss) from continuing operations after tax attributable to members of Alumina Limited	Down	(244.3%)	(150.1)
Net profit/(loss) for the year attributable to members of Alumina Limited	Down	(244.3%)	(150.1)

Details Relating to Dividends

There were no dividends paid, recommended or declared during the financial year ended 31 December 2023.

Dividend Reinvestment Plan (DRP)

The Dividend Reinvestment Plan remains suspended.

	A\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Franking Account Balance	493.4	474.2

Net Tangible Assets per Security

	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
	Net assets (US\$ million)	1,434.0
Less equity accounted intangible assets:		
Goodwill (US\$ million)	175.8	175.8
Mineral rights and bauxite assets net of deferred tax liabilities (US\$ million)	61.7	63.1
Net tangible assets (US\$ million)	1,196.5	1,310.5
Number of issued ordinary shares (including treasury shares)	2,901,681,417	2,901,681,417
Net tangible asset per ordinary security (US\$)	0.41	0.45

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 21.

Condensed Consolidated Financial Report

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Revenue from continuing operations	0.5	0.7
Share of net profit/(loss) of associates accounted for using the equity method	(119.4)	120.1
General and administrative expenses	(11.6)	(12.5)
Foreign exchange gains/(losses)	0.2	0.1
Finance costs	(19.8)	(4.4)
Profit/(loss) before income tax	(150.1)	104.0
Income tax expense	–	–
Profit/(loss) for the year attributable to the owners of Alumina Limited	(150.1)	104.0
Other comprehensive (loss)/ income		
<i>Items that may be reclassified to profit or loss</i>		
Share of reserve movements accounted for using the equity method	(0.8)	2.3
Foreign exchange translation difference	49.3	(56.0)
<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	(14.7)	15.8
Other comprehensive income/(loss) for the year, net of tax	33.8	(37.9)
Total comprehensive income/(loss) for the year attributable to the owners of Alumina Limited	(116.3)	66.1

Earnings per share (EPS)¹

	US CENTS	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Basic EPS	Negative 5.2	Positive 3.6
Diluted EPS	Negative 5.2	Positive 3.6

¹ For further details refer page 13.

Consolidated Balance Sheet

	US\$ MILLION	
	31 DEC 2023	31 DEC 2022
CURRENT ASSETS		
Cash and cash equivalents	1.7	3.8
Other assets	2.4	1.0
Total current assets	4.1	4.8
NON-CURRENT ASSETS		
Right of use asset	1.6	1.9
Investment in associates	1,729.5	1,656.0
Total non-current assets	1,731.1	1,657.9
TOTAL ASSETS	1,735.2	1,662.7
CURRENT LIABILITIES		
Payables	3.1	0.4
Provisions and other liabilities	0.5	0.9
Total current liabilities	3.6	1.3
NON-CURRENT LIABILITIES		
Borrowings	296.0	110.0
Lease liability	1.0	1.3
Provisions	0.6	0.7
Total non-current liabilities	297.6	112.0
TOTAL LIABILITIES	301.2	113.3
NET ASSETS	1,434.0	1,549.4
EQUITY		
Contributed equity	2,706.7	2,706.7
Treasury shares	(0.4)	(0.8)
Reserves	(1,401.1)	(1,450.1)
Retained earnings	128.8	293.6
TOTAL EQUITY	1,434.0	1,549.4

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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 for the year	–	–	104.0	104.0
Other comprehensive income/(loss) for the year	–	(53.7)	15.8	(37.9)
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	(203.1)	(203.1)
Movement in treasury shares	0.4	–	–	0.4
Movement in share-based payments reserve	–	0.4	–	0.4
Balance as at 31 December 2022	2,705.9	(1,450.1)	293.6	1,549.4
Balance as at 1 January 2023	2,705.9	(1,450.1)	293.6	1,549.4
Loss for the year	–	–	(150.1)	(150.1)
Other comprehensive income/(loss) for the year	–	48.5	(14.7)	33.8
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	–	–
Movement in treasury shares	0.4	–	–	0.4
Movement in share-based payments reserve	–	0.5	–	0.5
Balance as at 31 December 2023	2,706.3	(1,401.1)	128.8	1,434.0

¹ Comprises of contributed equity and treasury shares.

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Consolidated Statement of Cash Flows

	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(11.3)	(10.5)
GST refund received	0.4	0.5
Dividends received from associates	30.0	360.6
Finance costs paid	(18.7)	(4.1)
Tax paid	–	–
Other	0.3	0.5
Net cash inflow/(outflow) from operating activities	0.7	347.0
Cash flows from investing activities		
Payments for investments in associates	(189.1)	(212.1)
Proceeds from return of invested capital	–	18.0
Net cash inflow/(outflow) from investing activities	(189.1)	(194.1)
Cash flows from financing activities		
Proceeds from borrowings	204.0	164.0
Repayment of borrowings	(18.0)	(119.0)
Payment for shares acquired by the Alumina Employee Share Plan	–	–
Dividends paid	–	(203.1)
Net cash inflow/(outflow) from financing activities	186.0	(158.1)
Net increase/(decrease) in cash and cash equivalents	(2.4)	(5.2)
Cash and cash equivalents at the beginning of the financial year	3.8	9.1
Effects of exchange rate changes on cash and cash equivalents	0.3	(0.1)
Cash and cash equivalents at the end of the financial year	1.7	3.8

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Notes to the Consolidated Financial Statements

Basis of Preparation

This condensed consolidated financial report for the year ended 31 December 2023 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 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.

New and Amended Standards Adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- AASB 17 *Insurance Contracts*
- AASB 2023-2 *Amendments to Australian Accounting Standards – Definition of Accounting Estimates International Tax Reform – Pillar Two Model Rules [AASB 112]*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]*.

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 and Interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 31 December 2023 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 Group's interest in AWAC and the assets and liabilities of Alumina Limited are presented below by geographical location for information purposes.

YEAR ENDED 31 DECEMBER 2023	US\$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,038.1	452.0	93.6	145.8	1,729.5
Assets	5.5	0.2	–	–	5.7
Liabilities	(301.0)	–	–	(0.2)	(301.2)
Consolidated net assets	742.6	452.2	93.6	145.6	1,434.0

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	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
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	1.7	3.8
Total cash and cash equivalents at the end of the financial year	1.7	3.8

Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities during the year ended 31 December 2023.

Consolidated Retained Earnings

	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Retained earnings at the beginning of the financial year	293.6	376.9
Profit attributable to members of Alumina Limited	(150.1)	104.0
Dividends provided for or paid	–	(203.1)
Re-measurements of post-employment benefit obligations accounted for using the equity method	(14.7)	15.8
Total retained earnings at the end of the financial year	128.8	293.6

Dividends

	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Dividends paid during the year	–	203.1
Dividends not recognised at the year end	–	–

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 2023	YEAR ENDED 31 DEC 2022
Profit/(Loss) before income tax	(150.1)	104.0
Prima facie tax expense for the year at the rate 30%	45.0	(31.2)
The following items caused the total charge for income tax to vary from the above:		
Share of equity accounted profit not assessable for tax	119.4	(120.1)
Foreign income subject to accruals tax	1.8	4.8
Tax losses not recognised	28.0	10.7
Non-deductible expenses	0.9	0.6
Net movement	150.1	(104.0)
Tax Effect of the above adjustments at 30% (2022: 30%)	(45.0)	31.2
Under provision of tax in prior years	–	–
Consequent decrease in charge for income tax at the rate of 30%	(45.0)	31.2
Aggregate income tax expense	–	–

Equity Securities Issued

	NUMBER OF SHARES		US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
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 2023	YEAR ENDED 31 DEC 2022	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Balance brought forward	605,042	993,630	788,114	1,198,836
Shares acquired by Alumina Employee Share Plan Pty Ltd	–	–	–	–
Share based payment awards vested	(288,317)	(388,588)	(381,378)	(410,722)
Total treasury shares	316,725	605,042	406,736	788,114

Earnings Per Share

	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Profit/(Loss) attributable to the ordinary equity holders of the Company in the calculation of basic and diluted EPS (US\$ million)	(150.1)	104.0
Weighted average number of ordinary shares used as the denominator in the calculation of basic and diluted EPS	2,901,337,835	2,901,064,664
Basic EPS (US cents)	Negative 5.2	Positive 3.6
Diluted EPS (US cents)	Negative 5.2	Positive 3.6

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 2023 and 31 December 2022.

Material Interests in Entities Which Are Not Controlled Entities

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OWNERSHIP	
			31 DEC 2023	31 DEC 2022
Alcoa of Australia Limited	Bauxite, alumina & aluminium production	Australia	40	40
Alcoa World Alumina LLC	Bauxite and alumina trading	USA	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 2023	YEAR ENDED 31 DEC 2022
Revenues	5,396.3	5,714.5
Profit/(loss) from continuing operations	(294.8)	304.0
Profit/(loss) for the year¹	(294.8)	304.0
Other comprehensive income/(loss) for the year	84.6	(98.4)
Total comprehensive income/(loss) for the year	(210.2)	205.6
Reconciliation to share of net profit/(Loss) of associates		
Group share of profit/(Loss) for the year as a percentage	40%	40%
Group share of profit/(Loss) for the year in dollars	(117.9)	121.6
Mineral rights and bauxite amortisation	(2.1)	(2.1)
Movement in deferred tax liability on mineral rights and bauxite assets	0.6	0.6
Share of net profit of associates accounted for using the equity accounting method	(119.4)	120.1
Share of other comprehensive income/(loss) of associates	33.8	(39.4)
Dividends and distributions received from AWAC²	30.0	360.6

¹ The profit for the years ended 31 December 2023 and 31 December 2022 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 21.

² During 2022, in addition to dividends Alumina Limited received \$18.0 million being return of invested capital.

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 filed its evidence on 13 November 2023, after seeking and being granted a series of extensions. AoA must file reply evidence by 15 March 2024. The matter is listed for hearing before AAT from 3 to 28 June 2024.

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.

There are other potential obligations due to the various lawsuits and claims and proceedings which have been, or may be, instituted or asserted against entities within AWAC, including those pertaining to environmental, safety and health and tax matters. While the amounts claimed may be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that existed at balance date. Therefore, it is possible that the results of operations or liquidity in a particular period could be materially affected by certain contingencies.

Borrowings

	US\$ MILLION	
	31 DEC 2023	31 DEC 2022
Bank loans	296.0	110.0
Total borrowings	296.0	110.0

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 31 December 2023, there was US\$296 million drawn against the syndicated facility (2022: US\$110 million).

Events Occurring After the Balance Sheet Date

Curtailement of Kwinana Alumina Refinery

On 8 January 2024, Alcoa Corporation announced plans to fully curtail the Kwinana refinery in Western Australia ("WA"), beginning in the second quarter of 2024. The decision to curtail the refinery came in response to losses incurred at the refinery together with its age, scale, high costs of operation and current bauxite grades. Since the start of 2023, the refinery had been operating at approximately 80 per cent of its annual capacity.

The Kwinana refinery and associated residue storage areas will continue to be actively managed by Alcoa. Alcoa's facilities in the Port of Kwinana will also continue to operate to import raw materials and export alumina produced at the Pinjarra refinery. Production at the Pinjarra and Wagerup refineries is not expected to be impacted by the curtailment at Kwinana.

Provision for the restructuring costs as a result of the curtailment will be reflected in the AWAC's financial statements in the first quarter of 2024.

A non-binding indicative proposal from Alcoa Corporation

Alumina Limited ("Alumina") has received a non-binding, indicative and conditional proposal from Alcoa Corporation ("Alcoa") to acquire 100% of the ordinary shares on issue in Alumina via a scheme of arrangement, for scrip consideration of 0.02854 shares of Alcoa common stock for each Alumina share.

Following review of the Proposal, the Alumina Board has confirmed that its Independent Non-executive Directors and Managing Director and CEO intend, subject to entry into definitive transaction documentation, to recommend to Alumina Shareholders to vote in favour of the Proposal in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Proposal is in the best interests of Alumina shareholders.

Alumina has entered into a Transaction Process and Exclusivity Deed with Alcoa, which grants Alcoa a 20 business day period of exclusivity.

The Proposal is subject to negotiation and execution of mutually satisfactory definitive transaction documentation, which is expected to be subject to customary conditions and regulatory approvals standard for a transaction of this kind, including Alumina and Alcoa shareholder approval.

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
27 February 2024

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Supplementary Appendix 4E Information

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, 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.

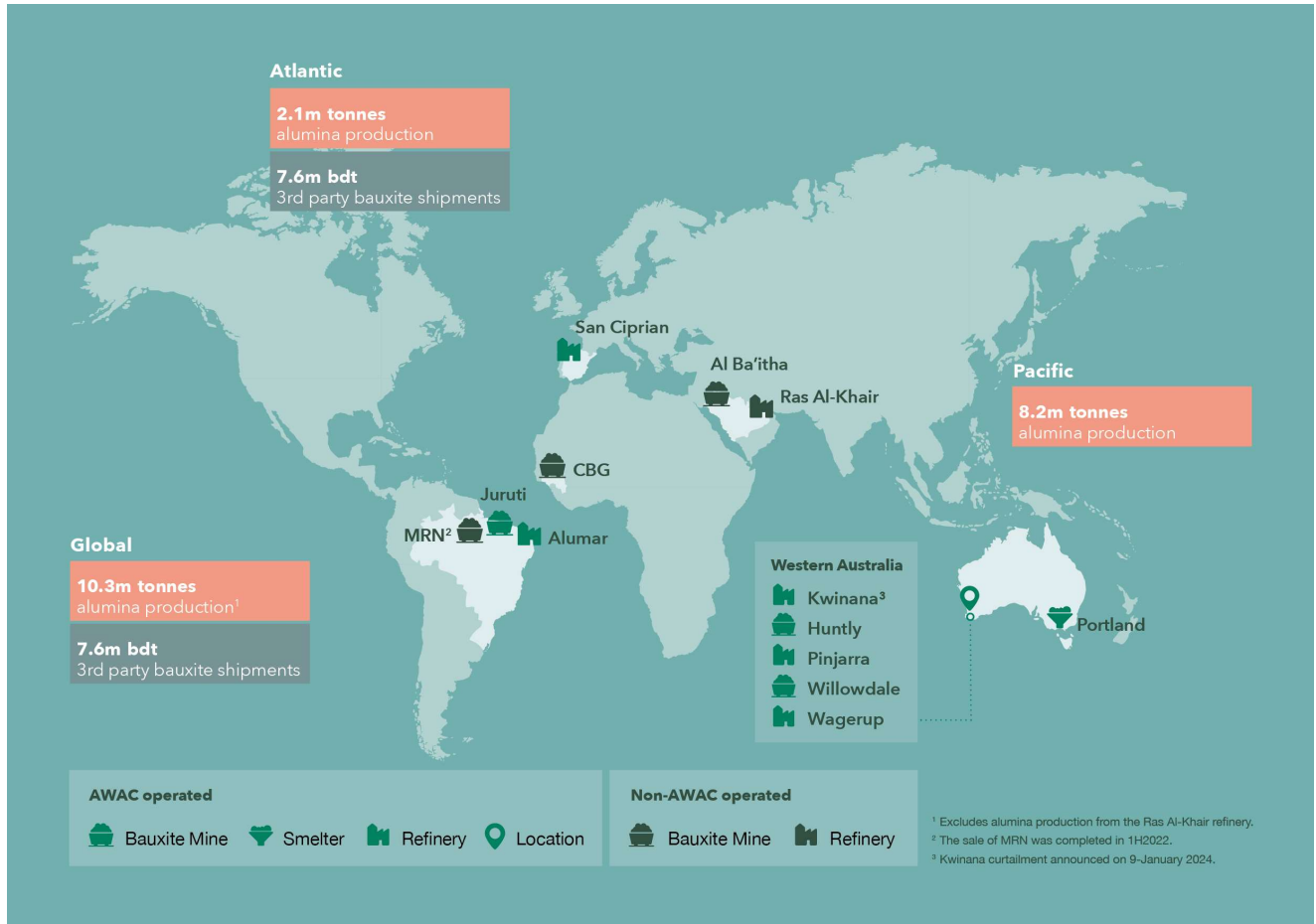
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Review of AWAC Operations

Alumina Limited is the 40% partner in the AWAC joint venture with a portfolio of assets in Australia, Brazil, Spain, Saudi Arabia and Guinea, including globally leading bauxite mines and alumina refineries.

AWAC also has a 55% interest in the Portland aluminium smelter in Victoria, Australia.

DIAGRAM OF AWAC GLOBAL OPERATIONS



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Alumina and Third Party Bauxite

	FULL-YEAR ENDED 31 DEC 2023	FULL-YEAR ENDED 31 DEC 2022	CHANGE	CHANG E (%)
AWAC OPERATED REFINERIES				
Shipments (million tonnes)	12.4	12.4	0	0
Production (million tonnes)	10.3	11.8	(1.5)	(12.7)
Average realised alumina price (\$/tonne)	352	371	(19)	(5.1)
Cash cost per tonne of alumina produced	308	304	4	1.3
Margin ¹ (\$/tonne)	44	67	(23)	(34.3)
Platts FOB Australia – one month lag (\$/tonne)	343	364	(21)	(5.8)
MA'ADEN JOINT VENTURE				
AWAC's share of alumina production (million tonnes)	0.442	0.444	(0.002)	(0.5)
THIRD PARTY BAUXITE SALES				
Shipments to third parties (million BDT) ²	7.6	3.5	4.1	117.1
Total third-party revenue, inclusive of freight ³ (\$ million)	464.3	164.9	299.4	181.6

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

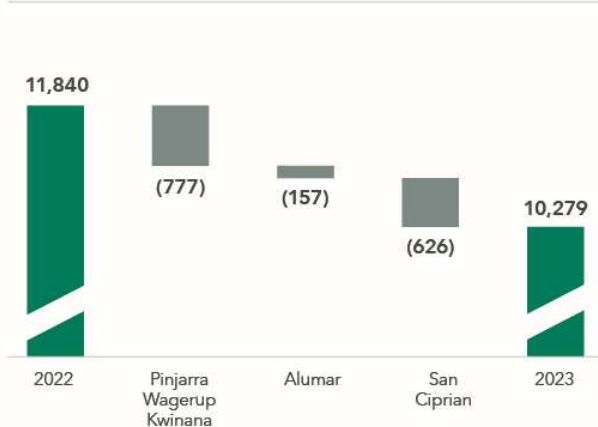
² Based on the terms of its bauxite supply contracts, AWAC's bauxite purchases from the Mineração Rio do Norte S.A. ("MRN") mine in Brazil, and Compagnie des Bauxites de Guinée (CBG) mine in Guinea, differ from their proportional equity in those mines. The sale of MRN was completed in 1H2022

³ Includes freight revenue of \$128.4 million for 2023 (2022: \$36.7 million)

AWAC operated refineries

Production from AWAC operated refineries in 2023 was 10.3 million tonnes, 1.5 million tonnes lower than 2022.

Alumina production: change by refinery (kt)



As a result of a prolonged annual mine plan approvals process, production at the Pinjarra and Kwinana refineries was impacted by mining lower bauxite grades at the Huntly mine, starting from April 2023. In December 2023, the Western Australia Government approved AWAC's latest five-year mine plan, known as the 2023-2027 Mining and Management Program ("MMP"), for its Huntly and Willowdale bauxite mines. In addition, the WA Government granted an exemption that allows AWAC to continue its mining operations whilst WA Environmental Protection Authority undertakes a separate environmental impact assessment of the MMP.

Whilst bauxite quality in WA is expected to remain similar to recent lower grades until bauxite can be accessed from new regions at Myara North and Holyoake (no earlier than 2027), the WA Government's announcements provided increased confidence for the AWAC business in WA.

The Kwinana refinery was partly curtailed with one of the five digestors remaining offline since January 2023. In January 2024, plans for refinery's full curtailment were announced.

During 2023 the San Ciprian refinery continued to operate at around 50% of capacity, after production was reduced in the second half of 2022. As announced in December 2023, discussions commenced on the future of San Ciprian refinery.

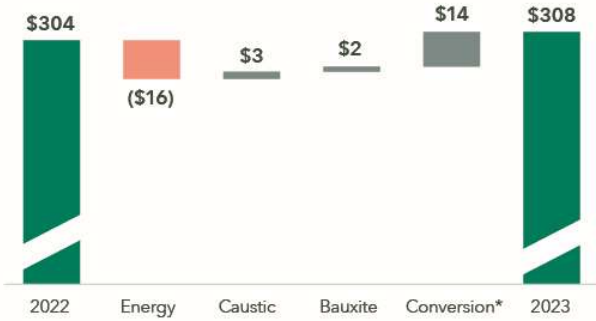
Production at the Alumar refinery was affected by a ship-to-shore conveyance system failure, alumina ship loader maintenance as well as country wide power outages.

Across the system there was increased planned and unplanned maintenance activity, carried out in line with the objective of improving system stability and operational performance.

AWAC's average realised price of \$352 per tonne, was \$19 per tonne or 5% lower compared to the previous year. The average alumina price in 2023 was 6% lower compared to the previous year, however has recently seen an increase in the spot price to around \$370/t.

The average cash cost per tonne of Alumina increased by 1% to \$308 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 continued to move favourably, with Spanish gas prices stabilising to an average of €39 per MWh, down from €99 per MWh average for 2022. However, the price remains elevated from where it was in 2020 before the war in Ukraine impacted European energy markets.

The San Ciprian refinery benefiting from lower prices is the main driver for lower energy costs. Energy costs were also lower in Brazil due to favourable oil prices. This was offset by slightly higher energy costs in WA, mostly as a result of higher usage due to the processing of the lower bauxite grades.

European gas prices: MIBGAS (EUR/MWh)



Source: Bloomberg, January 2024

Caustic costs were slightly higher in 2023 up \$3 per tonne of alumina. Caustic soda inventory flow of up to 6 months can delay the effect of market price movements. Costs improved in the second half of 2023 as the benefit of lower market prices were realised (with the benefit continuing into 2024), partly offset by higher usage in WA due the lower bauxite grades.

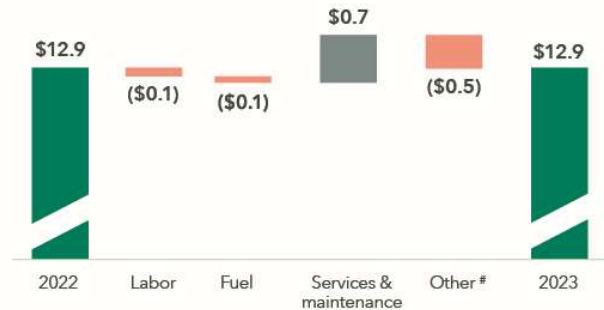
Caustic soda prices (US\$/t)



Source: S&P Global Commodity Insights, January 2024

The cash cost per bone dry tonne (BDT) of bauxite at AWAC operated mines remained stable at \$12.9 per tonne. Bauxite cost per tonne of alumina in 2023 was marginally higher compared with 2022. Bauxite usage per tonne of alumina was higher as a result of the lower bauxite grades in WA, partly offset by reduced San Ciprian production where delivered bauxite costs are higher.

Cash cost per BDT of bauxite produced[^]



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

Conversion costs which include employee costs, indirect costs and other raw materials were higher by \$14 per tonne due to higher maintenance and lower production.

The Australian dollar moved favourably year on year, while the Brazilian Real and Euro movements were unfavourable.

Ma'aden Joint Venture

Ma'aden refinery production attributable to AWAC decreased by 0.5% in 2023 to 0.442 million tonnes of alumina, operating at 98% of nameplate capacity.

The equity accounted loss was \$47.5 million during 2023 (2022: \$39.5 million equity loss). The result was predominantly driven by a lower realised alumina price.

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Third Party Bauxite Sales

AWAC's shipments to third party customers increased by 4.1 million BDT to 7.6 million BDT with the increase mainly from additional sales from CBG.

Third party revenue increased by 182% due to increased shipments and a higher average realised bauxite price.

Portland

	FULL-YEAR ENDED 31 DEC 2023	FULL-YEAR ENDED 31 DEC 2022	CHANGE		CHANGE (%)
AWAC'S 55% EQUITY SHARE					
Production (thousand tonnes)	156	159	(3)	▼	(1.9)
EBITDA excluding significant items (\$ million)	(9.5)	64.6	(74.1)	▼	(114.7)
Realised price	2,369	2,884	(515)	▼	(17.9)
LME aluminium cash – 15-day lag (\$/tonne)	2,258	2,719	(461)	▼	(17.0)

Portland's 2023 aluminium production was marginally lower compared to 2022. Production rates increased in the second half of 2022, running at about 95% of capacity following the restart of additional smelting pots. In March 2023 production rates were reduced to approximately 75% of capacity, due to operational instability and challenges related to production of rodded anodes.

EBITDA was lower in 2023 compared to 2022, primarily as a result of lower aluminium prices. This was partially offset by a decrease in cash costs year on year supported by lower alumina prices.

In August 2023, Portland entered into a nine -year power supply agreement which will secure approximately 50% of the energy required to meet smelter nameplate capacity. The agreement will take effect from 1 July 2026.

AWAC Financial Review

AWAC recorded a net loss in the financial year ended 31 December 2023, reflecting lower average alumina and aluminium prices and higher cash costs of production, impacted by processing of the lower quality of bauxite grades in WA and higher maintenance cost in Brazil.

Income tax charge decreased in line with the lower taxable income generated by Australian and Brazilian operations, partially offset by the valuation allowance on deferred tax assets in Brazil.

AWAC PROFIT AND LOSS (US GAAP)	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Net profit/(loss) after tax	(317.8)	301.1
Add back: Income tax charge	170.2	239.8
Add back: Depreciation and amortisation	317.5	295.3
Add back: Net interest expense/(income)	(5.4)	(19.1)
EBITDA	164.5	817.1
Add back: Significant items (pre-tax)	45.0	(2.5)
EBITDA excluding significant items	209.5	814.6

AWAC's net profit included the following significant items:

SIGNIFICANT ITEMS (US GAAP)	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Change in the fair value of Portland Energy contracts	(13.0)	39.0
Reversal of derecognised VAT credits in Brazil	–	60.3
Loss on MRN Sale ¹	–	(42.7)
Brazilian ARO refinery adjustment	–	(18.7)
Other ²	(32.0)	(35.4)
Total significant items (pre-tax)	(45.0)	2.5
Total significant items (after-tax)³	(145.5)	(13.4)

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

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

³ The most significant item, for year ended 31 December 2023, relates to valuation allowance on Brazilian deferred tax asset of \$104m

AWAC BALANCE SHEET (US GAAP)	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Cash and cash equivalents	353.7	236.1
Receivables	496.2	435.0
Inventories	735.3	868.9
Deferred income taxes	–	96.0
Property, plant & equipment	3,172.7	2,852.7
Other assets	1,685.5	1,695.9
Total Assets	6,443.4	6,184.6
Borrowings & capital lease obligations	79.1	79.6
Accounts payable	794.6	793.8
Taxes payable and deferred	181.7	321.0
Assets retirement obligations (non-current)	578.7	470.8
Other liabilities	891.4	798.6
Total Liabilities	2,525.5	2,463.8
Equity	3,917.9	3,720.8

The movement in the value of assets and liabilities includes the effect of the Australian dollar, Brazilian Real and Euro against the US dollar throughout 2023.

Receivables increased due to the higher alumina realised prices in December 2023 relative to December 2022.

Inventory decreased mainly as a result of lower volume of raw materials purchases due to decreased production levels and lower input prices, particularly for caustic soda.

Taxes payable and deferred decreased due to lower taxable income in Australia and the valuation allowance on deferred tax assets in Brazil.

Estimates for assets retirement obligations ("ARO") related primarily to mine reclamation and closure of bauxite residue

areas were increased with corresponding increase recorded in carrying amount of related long-lived assets (Property, plant and equipment).

Other liabilities increased due to higher accrued employee compensation and retirement costs as well as increase in current portion of AROs.

AWAC CASH FLOW (US GAAP)	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Cash from operations	(9.9)	481.5
Capital contributions from partners	471.1	535.4
Net movement in borrowings	(1.0)	3.6
Capital expenditure	(278.5)	(273.3)
Other financing and investing activities ¹	2.9	9.8
Effects of exchange rate changes on cash and cash equivalents	8.1	(17.6)
Cash flow before distributions	192.7	739.4
Distributions paid to partners	(75.1)	(947.1)
Net change in cash and cash equivalents	117.6	(207.7)

¹ Includes proceeds from sales of assets, and other.

Cash from operations in 2023 decreased mainly as a result of lower average realised alumina prices and higher cash costs of production.

Capital contributions from partners decreased by \$64.3 million to \$471.1 million in order to support working capital and capital expenditure requirements of AWAC entities.

Gross distributions paid to partners decreased to \$75.1 million.

Sustaining capital expenditure for the year was approximately \$243 million (2022: \$246 million) with the most significant expenditure relating to the construction of a residue storage area at Alumar and additional tailing ponds at Juruti.

Growth capital expenditure was approximately \$36 million (2022: \$28 million) with the most significant expenditure relating to refinery production debottlenecking at Alumar.

Alumina Limited Financial Review

ALUMINA LIMITED PROFIT AND LOSS	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Revenue from continuing operations	0.5	0.7
Share of net profit/(loss) of associates accounted for using the equity method	(119.4)	120.1
General and administrative expenses	(11.6)	(12.5)
Finance costs	(19.8)	(4.4)
Foreign exchange losses, tax and other	0.2	0.1
Profit/(loss) for the year after tax	(150.1)	104.0
Add back: Significant items (after tax)	58.2	5.3
Net profit/(loss) after tax excluding significant items	(91.9)	109.3

SIGNIFICANT ITEMS (IFRS, POST-TAX)	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Change in the fair value of Portland Energy contracts	(5.2)	15.6
Reversal of derecognised VAT credits in Brazil	–	15.9
Loss on MRN Sale	–	(16.1)
Brazilian ARO refinery adjustment	–	(7.5)
Valuation allowance on Brazil deferred tax asset	(41.6)	-
Other ¹	(11.4)	(13.2)
Total significant items	(58.2)	(5.3)

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 \$150.1 million (2022: net profit after tax of \$104.0 million).

Excluding significant items, net loss after tax would have been \$91.9 million (2022: net profit after tax of \$109.3 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 2023 relative to the previous year.

General and administrative expenses in 2023 decreased due to the weaker Australian dollar, however, expenses expressed in AUD remained consistent with the previous year.

The Company's finance costs in 2023 were higher than in the previous year, reflecting the higher debt level.

ALUMINA LIMITED BALANCE SHEET	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Cash and cash equivalents	1.7	3.8
Investment in associates	1,729.5	1,656.0
Other assets	4.0	2.9
Total Assets	1,735.2	1,662.7
Payables	3.1	0.4
Interest bearing liabilities	296.0	110.0
Provisions and other liabilities	2.1	2.9
Total Liabilities	301.2	113.3
Net Assets	1,434.0	1,549.4

The increase in investments in associates was principally due to the net capital contributions made by Alumina Limited during the year and foreign currency revaluations.

Alumina Limited's net debt as at 31 December 2023 was \$294.3 million (2022: \$106.2 million) and gearing was 17% (2022: 6.4%).

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 31 December 2023, there was US\$296 million drawn against the syndicated facility (2022: US\$110 million).

ALUMINA LIMITED CASH FLOW	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Dividends received	30.0	360.6
Net finance costs paid	(18.7)	(4.1)
Payments to suppliers and employees	(11.3)	(10.5)
GST refund, interest received & other	0.7	1.0
Cash from operations	0.7	347.0
Receipts – capital returns from associates	–	18.0
Payments – investment in associates	(189.1)	(212.1)
Payment for shares acquired by the Alumina Employee Share Plan	–	–
Effects of exchange rate changes on cash and cash equivalents	0.3	(0.1)
Amount included in the final 2021 dividend	–	(33.8)
Free cash flow available for dividends	(188.1)	119.0

Net contributions to AWAC totalled \$159.1 million (2022: net receipts \$166.5 million).

Additional capital contributions into AWAC were required to support working capital and capital expenditure needs of the AWAC entities. It is as a result of lower alumina realised prices and increased costs primarily due to the WA refineries operating with 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 a final dividend in respect of the year ended 31 December 2023.

Market, Outlook and Guidance

Aluminium

Global primary aluminium consumption in 2023 grew by 1.1%, mainly supported by China's 4.9% growth in consumption. This was primarily driven by strong demand from solar panels and electric vehicles which more than offset weakness in China's property sector. Demand in the rest of the world ("RoW") dropped by 4.2% as it was impacted by high interest rates and stubborn inflation. Looking ahead to 2024, demand is expected to be supported by an improving macroeconomy and a shift back towards the metal intensive manufacturing sectors. The industrial destocking process which depressed demand for aluminium in 2023 is also expected to end in 2024.

In the medium to longer term, global demand for aluminium is expected to be strong, underpinned by structural strength in China's green economy and marked growth in renewable energy and electric vehicles. Over the next decade, global primary aluminium consumption is expected to grow by 14% or about 10 million tonnes.

Primary aluminium production in the world excluding China was 29 million tonnes in 2023, representing an 1.6% increase from the previous year. Production in RoW is expected to increase by about 2% over 2024.

LME aluminium prices peaked at around \$2,600/t in January 2023 as improved sentiment from China's post-covid reopening along with US dollar weakness both contributed to the rally. However, poorer than market anticipated demand quickly caused a retracement in price and the fear of widespread recession after central banks increased interest rates resulted in prices trading sideways for most of 2023. Low carbon aluminium premiums are developing and as decarbonisation trends advance, these premiums are expected to rise.

At the end of 2023, China's primary aluminium capacity was estimated to be 44.8 million tonnes per annum, with a utilisation rate of 94%. New primary capacity rollout is forecast to be limited as China approaches the 45 million tonnes per annum cap.

Alumina

RoW metallurgical alumina production decreased by 1% in 2023, as supply disruptions in Australia, Europe and Brazil more than offset expansions in Indonesia and India. Non-metallurgical production of alumina in RoW contracted by 20% driven primarily by disruptions/curtailments in Europe and North America. The RoW metallurgical alumina market was tightly balanced in 2023, with a marginal deficit representing around 0.1% of the global supply. The Alumina Price Index spiked to a high of \$371/t in February following the news of supply disruptions in Australia. Prices averaged \$343/t for the year, a 5% decrease year on year and tracking with historical average.

No new RoW greenfield metallurgical alumina projects are expected in 2024. Brownfield expansions and production ramp-ups are likely to be somewhat offset by supply disruptions in Australia. With steady demand growth from

primary aluminium smelters, the RoW metallurgical alumina market in 2024 is forecast to be in further deficit compared to 2023.

In China, metallurgical alumina production grew by 5%, despite supply disruptions at inland refineries due to environmental audits and domestic bauxite supply concerns. This was driven by new projects and expansions at coastal refineries.

China's net alumina imports stood at 563 kt for 2023, down 44% from the year before. China is expected to produce alumina to only meet its internal demand and export excess tonnes to Russia.

RoW refining costs averaged \$288/t in 2023, down 8% compared with 2022. This was driven primarily by easing of fuel and caustic costs. In China, average production costs also fell by 8% in 2023 to reach \$320/t, driven by lower caustic soda and energy prices. Chinese refineries process lower quality domestic bauxite, and higher priced seaborne bauxite, which offset some of the cost savings.

In China, alumina futures were introduced to the Shanghai Futures Exchange in June 2023, adding both liquidity and volatility to the Chinese market.

In the Atlantic regions, notable transactions included Glencore's acquisition of 30% equity stake of Alunorte refinery and Century's acquisition of 55% share of Jamalco. Elsewhere, UC Rusal acquired 30% of Hebei Wenfeng New Materials in China, amounted to 1.4 Mt of alumina capacity per year.

Bauxite

The first half of 2023 saw the ban of Indonesian bauxite exports. Guinea more than compensated for Indonesia's ban as China imported 99 Mt of Guinean bauxite in 2023, up 41% y/y. In 2023, Guinea accounted for 70% of China's bauxite imports, compared with 56% in 2022. Total bauxite imports in China for 2023 stood at 142 Mt, representing a 13% increase y/y. This stems from both strict environmental policies and depleting bauxite reserve in China that necessitated the sourcing of seaborne bauxite.

The surge in demand for Guinean bauxite led to an uptick in prices, with Guinea bauxite trading at \$70.5/t on a CIF China basis at the end of 2023. This represents an increase of about \$30/t since the start of 2021. In the near to medium term, China's demand for imported bauxite is likely to grow as domestic bauxite reserves deplete further both in volume and grades. Guinea is expected to be the main supplier of bauxite to China, followed by Australia. Despite a few bauxite beneficiation technologies being trialled in China, they have proven to be uneconomic or limited to only a small scale.

In 2023, bauxite cost was around \$167 per tonne of alumina in China, representing over 50% of refining costs. In contrast, RoW bauxite cost was around \$76/t per tonne of alumina, or roughly 27% of refining costs.

AWAC Guidance

The following 2024 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.

Refer to Forward Looking Statements on page 17 for further information.

ITEM	2024 GUIDANCE
Production – alumina	Approximately 9.4 million tonnes
Shipments – alumina	Approximately 12.4-12.7 million tonnes
Production – aluminium	Approximately 161,000 tonnes
Third party bauxite shipments	Approximately 7.0 million BD tonnes
AWAC capital expenditure	Approximately \$360 million
AWAC Environmental, ARO & Other Restructuring Related Items ¹	Approximately \$160 million

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

SENSITIVITY	2024 GUIDANCE
Alumina Price Index ¹ : +\$10/t	Approximately +\$90 million EBITDA
Australian \$ ² : + 1¢ AUD/USD	Approximately -\$25 million EBITDA
Brazilian R\$: + 10 ¢ USD/BRL	Approximately +\$6 million EBITDA
Caustic price ³ : +\$10/dry metric tonne	Approximately -\$8-9 million EBITDA

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

² Upon full curtailment of the Kwinana refinery, sensitivity will be adjusted.

³ Caustic inventory flow is 5-6 months.

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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.

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AWAC Profit & Loss

	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Sales	3,904.1	4,093.6
Sales to related parties	1,492.2	1,620.9
Total revenue	5,396.3	5,714.5
Cost of goods sold	5,072.6	4,951.7
Selling, general administrative, and research and development expenses	118.0	92.8
Provision for depreciation, depletion and amortisation	317.5	295.3
Restructuring charges and other (income)/expenses	35.8	(166.2)
Total expenses	5,543.9	5,173.6
Net profit/(loss) before income taxes	(147.6)	540.9
Provision for taxes on income	(170.2)	(239.8)
Net profit/(loss) after taxes	(317.8)	301.1

AWAC Members Equity

	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Opening balance at start of year	3,720.8	3,968.6
Net profit/(loss)	(317.8)	301.1
Capital contribution	471.1	535.4
Dividends paid and return of capital to partners	(75.1)	(947.1)
Common stock issued for compensation plans	3.7	3.0
Other comprehensive income/(loss)	115.2	(140.2)
Closing balance at end of year	3,917.9	3,720.8

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AWAC Balance Sheet

	US\$ MILLION	
	YEAR ENDED 31 DECEMBER 2023	YEAR ENDED 31 DECEMBER 2022
Current assets		
Cash and cash equivalents	353.7	236.1
Receivables	496.2	435.0
Inventories	735.3	868.9
Prepaid expenses and other current assets	187.9	196.7
Total current assets	1,773.1	1,736.7
Non-current assets		
Property, plant and equipment	3,172.7	2,852.7
Investments	374.9	400.6
Deferred income taxes	-	96.0
Other non-current assets	1,122.7	1,098.6
Total non-current assets	4,670.3	4,447.9
Total assets	6,443.4	6,184.6
Current liabilities		
Short term borrowings	78.1	0.3
Accounts payable	794.6	793.8
Taxes payable	12.0	129.7
Accrued compensation and retirement costs	178.1	165.6
Other current liabilities	229.0	204.3
Total current liabilities	1,291.8	1,293.7
Non-current liabilities		
Capital lease obligations and long-term debt	1.0	79.3
Deferred income taxes	169.7	191.3
Accrued pension and other postretirement benefits	68.2	67.3
Assets retirement obligations	578.7	470.8
Other long-term liabilities and deferred credits	416.1	361.4
Total non-current liabilities	1,233.7	1,170.1
Total liabilities	2,525.5	2,463.8
Net assets	3,917.9	3,720.8
Equity		
Members' equity	6,524.2	6,442.3
Accumulated other comprehensive loss	(2,606.3)	(2,721.5)
Total members' equity	3,917.9	3,720.8

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AWAC Statement of Cash Flows

	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
Cash flows from operating activities		
Net profit/(loss)	(317.8)	301.1
<i>Adjustments to reconcile net income to cash from operations</i>		
Depreciation, depletion and amortisation	317.5	295.3
Other items ¹	(9.6)	(114.9)
Net cash inflow/(outflow) from operating activities	(9.9)	481.5
Cash flows from financing activities		
Dividends paid and return of capital to partners	(75.1)	(947.1)
Net change in debt	(1.0)	3.6
Capital contributions	471.1	535.4
Net cash inflow/(outflow) from financing activities	395.0	(408.1)
Cash flows from investing activities		
Capital expenditures	(278.5)	(273.3)
Other items	2.9	9.8
Net cash inflow/(outflow) from investing activities	(275.6)	(263.5)
Effect of exchange rate changes on cash and cash equivalents	8.1	(17.6)
Cash generated	117.6	(207.7)
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	236.1	443.8
Cash and cash equivalents at the end of the year	353.7	236.1
Net change in cash and cash equivalents	117.6	(207.7)

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

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

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Reconciliation of AWAC's US GAAP to IFRS Profit

	US\$ MILLION	
	YEAR ENDED 31 DEC 2023	YEAR ENDED 31 DEC 2022
AWAC profit/(loss) before tax (US GAAP)	(147.6)	540.9
<i>Adjustments made to align with IFRS</i>		
Asset Retirement Obligations and Defined Benefit Plan	1.2	(4.2)
Restructuring related charges	13.6	13.0
Other	15.0	(6.2)
AWAC profit/(loss) before tax (IFRS)	(117.8)	543.5
AWAC provision for taxes on income (USGAAP)	(170.2)	(239.8)
Adjustments made to align with IFRS	(6.8)	0.3
AWAC provision for taxes on income (IFRS)	(177.0)	(239.5)
AWAC profit/(loss) before tax (IFRS)	(117.8)	543.5
AWAC provision for taxes on income (IFRS)	(177.0)	(239.5)
AWAC profit/(loss) after tax (IFRS)	(294.8)	304.0

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