

2021 Full-Year Result

- Alumina NPAT US\$187.6 million
- Final dividend 2.8 US cents per share
- Alumina prices were constrained by higher freight costs but bounced following supply disruptions in second half

Alumina Limited (ASX:AWC) ("Alumina" or "Company") today reported a statutory net profit after tax of US\$187.6 million for the full-year to 31 December 2021 compared to \$146.6 million in 2020. The Company declared a final, fully franked dividend of 2.8 US cents per share.

Alumina's Chief Executive Officer, Mike Ferraro, said, "In 2021 AWAC demonstrated resilience in moderate markets of the first half, and took full advantage of opportunities once markets turned positive in the second half.

"As a result, Alumina Limited has been able to increase dividends to shareholders for 2021 by 9 percent.

"The realised alumina price for the year was higher but API was still constrained by higher freight costs attributed to global shipping disruptions. Distributions, whilst still above last year, were partially impacted by higher input costs and unplanned outages. AWAC's average cash cost in 2021 was once again in the lowest quartile of the global cost curve and our alumina refining portfolio has the lowest average CO₂ emissions intensity amongst major refiners.

"Primary aluminium prices are at record highs due to stronger demand, supply disruptions and higher energy costs. Alumina prices have also increased and are currently above \$420 per tonne.

"In particular, demand for aluminium for electric vehicles and the construction sector continues to grow. As a participant in the aluminium supply chain, Alumina Limited is well placed to support this growth."

AWAC¹ HIGHLIGHTS

- EBITDA of US\$1,146.2 million, an increase of US\$250.3 million from the previous corresponding period
- Margin for alumina refineries was US\$85 per tonne, an increase of US\$16 per tonne compared to the previous corresponding period
- Net cash inflow² of US\$488.1 million, an increase of US\$9.6 million

KEY FINANCIALS

ALUMINA LIMITED KEY FINANCIALS	US\$ MILLION			AWAC KEY FINANCIALS (US GAAP)	US\$ MILLION		
	FY2021	FY2020	Change		FY2021	FY2020	Change
Net profit after tax	187.6	146.6	Up 28%	Net profit after tax	443.8	401.6	Up 11%
Net profit after tax excluding significant items	226.0	146.5	Up 54%	EBITDA ³	1,146.2	895.9	Up 28%
Net receipts from AWAC	193.5	182.7	Up 6%	EBITDA excluding Significant Items	1,205.7	895.2	Up 35%
Free cash flow available for dividends	146.5	165.7	Down 12%	Net cash inflow ²	488.1	478.5	Up 2%
Closing net debt	55.9	49.6			US\$ / TONNE		
Interim dividend (US cps)	3.4	2.8	Up 21%	Average realised price of alumina	321	268	Up 20%
Final dividend (US cps)	2.8	2.9	Down 3%	Cash cost per tonne of alumina produced	236	199	Up 19%

DEFINITIONS AND NOTES

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

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

Forward-looking statements

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

Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alumina Limited and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Those risks, uncertainties and other factors include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina Limited's Annual Report 2020. 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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ASX full-year preliminary final report

ABN 85 004 820 419

31 DECEMBER 2021

Lodged with the ASX under Listing Rule 4.3A.
This information should be read in conjunction
with the 31 December 2020 Annual Report.

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

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

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

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Results for Announcement to the Market

Net Profit/(Loss)

		CHANGE	US\$ MILLION
Revenue from continuing operations	Down	100%	—
Profit from continuing operations after tax attributable to members of Alumina Limited	Up	28%	187.6
Net profit for the year attributable to members of Alumina Limited	Up	28%	187.6

Details Relating to Dividends

	AMOUNT PER SHARE ¹ US CENTS	TOTAL AMOUNT PAID/PAYABLE US\$ MILLION
2021 Interim dividend (paid 15 September 2021)	3.4	98.7
2021 Final dividend (declared on 22 February 2022)	2.8	81.2

¹ All dividends are fully franked at 30% tax rate. The final dividend amount was not recognised as a liability at year-end.

	FINAL DIVIDEND DATE
Record date	28 February 2022
Payment date	17 March 2022

Dividend Reinvestment Plan (DRP)

The Dividend Reinvestment Plan remains suspended.

	A\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Franking Account Balance	377.7	376.6

Net Tangible Assets per Security

	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Net assets (US\$ million)	1,685.6	1,734.6
Less equity accounted intangible assets:		
Goodwill (US\$ million)	175.8	175.8
Mineral rights and bauxite assets net of deferred tax liabilities (US\$ million)	64.6	66.1
Net tangible assets (US\$ million)	1,445.2	1,492.7
Number of issued ordinary shares (including treasury shares)	2,901,681,417	2,901,681,417
Net tangible asset per ordinary security (US\$)	0.50	0.51

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 negatively affected by its equity share of net charges relating to significant items contained within AWAC's results. For further details refer page 20.

Condensed Consolidated Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Revenue from continuing operations	-	0.1
Share of net profit of associates accounted for using the equity method	204.6	164.6
General and administrative expenses	(13.3)	(12.6)
Foreign exchange gains/(losses)	-	0.2
Finance costs	(3.7)	(5.2)
Profit before income tax	187.6	147.1
Income tax expense	-	(0.5)
Profit for the year attributable to the owners of Alumina Limited	187.6	146.6
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	4.5	(11.5)
Foreign exchange translation difference	(91.9)	(14.7)
<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	33.4	(7.5)
Other comprehensive (loss)/income for the year, net of tax	(54.0)	(33.7)
Total comprehensive income for the year attributable to the owners of Alumina Limited	133.6	112.9

Earnings per share (EPS)¹

	US CENTS	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Basic EPS	Positive 6.5	Positive 5.1
Diluted EPS	Positive 6.5	Positive 5.1

¹ For further details refer page 13.

Consolidated Balance Sheet

	US\$ MILLION	
	31 DEC 2021	31 DEC 2020
CURRENT ASSETS		
Cash and cash equivalents	9.1	10.4
Other assets	1.5	1.8
Total current assets	10.6	12.2
NON-CURRENT ASSETS		
Right of use asset	2.3	—
Investment in associates	1,741.8	1,784.5
Total non-current assets	1,744.1	1,784.5
TOTAL ASSETS	1,754.7	1,796.7
CURRENT LIABILITIES		
Payables	0.3	0.7
Provisions and other liabilities	1.2	0.6
Tax payable	—	0.1
Total current liabilities	1.5	1.4
NON-CURRENT LIABILITIES		
Borrowings	65.0	60.0
Lease liability	1.7	—
Provisions	0.9	0.7
Total non-current liabilities	67.6	60.7
TOTAL LIABILITIES	69.1	62.1
NET ASSETS	1,685.6	1,734.6
EQUITY		
Contributed equity	2,706.7	2,706.7
Treasury shares	(1.2)	(0.8)
Reserves	(1,396.8)	(1,310.0)
Retained earnings	376.9	338.7
TOTAL EQUITY	1,685.6	1,734.6

Consolidated Statement of Changes in Equity

	US\$ MILLION			
	CONTRIBUTED AND OTHER EQUITY ¹	RESERVES	RETAINED EARNINGS	TOTAL
Balance as at 1 January 2020	2,682.1	(1,283.9)	383.9	1,782.1
Profit for the year	–	–	146.6	146.6
Other comprehensive (loss)/income for the year	–	(26.2)	(7.5)	(33.7)
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	(184.3)	(184.3)
Movement in share capital	23.8	–	–	23.8
Movement in share-based payments reserve	–	0.1	–	0.1
Balance as at 31 December 2020	2,705.9	(1,310.0)	338.7	1,734.6
Balance as at 1 January 2021	2,705.9	(1,310.0)	338.7	1,734.6
Profit for the year	–	–	187.6	187.6
Other comprehensive (loss)/income for the year	–	(87.4)	33.4	(54.0)
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	(182.8)	(182.8)
Movement in treasury shares	(0.4)	–	–	(0.4)
Movement in share-based payments reserve	–	0.6	–	0.6
Balance as at 31 December 2021	2,705.5	(1,396.8)	376.9	1,685.6

¹ Comprises of contributed equity and treasury shares.

Consolidated Statement of Cash Flows

	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(13.0)	(12.3)
GST refund received	0.5	0.5
Dividends received from associates	191.1	171.4
Finance costs paid	(3.3)	(4.9)
Tax paid	(0.1)	(0.4)
Other	-	0.1
Net cash inflow/(outflow) from operating activities	175.2	154.4
Cash flows from investing activities		
Payments for investments in associates	(26.0)	(24.5)
Proceeds from return of invested capital	28.4	35.8
Net cash inflow/(outflow) from investing activities	2.4	11.3
Cash flows from financing activities		
Proceeds from borrowings	160.0	197.0
Repayment of borrowings	(155.0)	(207.0)
Payment for shares acquired by the Alumina Employee Share Plan	(0.8)	(0.9)
Dividends paid	(182.8)	(160.5)
Net cash inflow/(outflow) from financing activities	(178.6)	(171.4)
Net increase/(decrease) in cash and cash equivalents	(1.0)	(5.7)
Cash and cash equivalents at the beginning of the financial year	10.4	15.2
Effects of exchange rate changes on cash and cash equivalents	(0.3)	0.9
Cash and cash equivalents at the end of the financial year	9.1	10.4

Notes to the Consolidated Financial Statements

Basis of Preparation

This condensed consolidated financial report for the year ended 31 December 2021 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 2020 and any public announcements made by Alumina Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New and Amended Standards Adopted by the Group

A number of amendments to accounting standards, such as AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions* [AASB 16] and AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* [AASB 4, AASB 7, AASB 9, AASB 16 and AASB 139] became applicable for the current reporting period.

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

Impact of Standards Issued but not yet Adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Segment Information

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

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

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

YEAR ENDED 31 DECEMBER 2020	US\$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,188.0	448.0	133.5	15.0	1,784.5
Assets	11.6	0.3	–	0.3	12.2
Liabilities	(61.9)	–	–	(0.2)	(62.1)
Consolidated net assets	1,137.7	448.3	133.5	15.1	1,734.6

Reconciliation of Cash

	US\$ MILLION	
	31 DEC 2021	31 DEC 2020
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	9.1	9.1
Money market deposits (with maturities on investment three months or less)	-	1.3
Total cash and cash equivalents at the end of the financial year	9.1	10.4

Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities during the year ended 31 December 2021. In September 2020, 21,837,919 shares in Alumina Limited, valued at \$23.8 million were issued to shareholders, who elected to participate in the dividend reinvestment plan which was applicable to the interim dividend for 2020.

Consolidated Retained Earnings

	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Retained earnings at the beginning of the financial year	338.7	383.9
Profit attributable to members of Alumina Limited	187.6	146.6
Dividends provided for or paid	(182.8)	(184.3)
Re-measurements of post-employment benefit obligations accounted for using the equity method	33.4	(7.5)
Total retained earnings at the end of the financial year	376.9	338.7

Dividends

	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Dividends paid during the year	182.8	184.3
Dividends not recognised at the year end	81.2	84.1

In August 2020 the directors approved the recommencement of the Company's Dividend Reinvestment Plan. The Dividend Reinvestment Plan applied to the 2020 interim dividend. 21,837,919 DRP shares were issued to shareholders at a 1.5% discount. The Dividend Reinvestment Plan was suspended and did not apply to the 2020 final dividend.

The Dividend Reinvestment Plan remains suspended in 2021.

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 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 2021	YEAR ENDED 31 DEC 2020
Profit before income tax	187.6	147.1
Prima facie tax expense for the year at the rate 30%	(56.3)	(44.1)
The following items caused the total charge for income tax to vary from the above:		
Share of equity accounted profit not assessable for tax	(204.6)	(164.6)
Foreign income subject to accruals tax	7.0	7.6
Tax losses not recognised	9.4	9.8
Non-deductible expenses	0.6	0.6
Net movement	(187.6)	(146.6)
Tax Effect of the above adjustments at 30% (2020: 30%)	56.3	43.9
Under provision of tax in prior years	-	(0.3)
Consequent decrease in charge for income tax at the rate of 30%	56.3	43.6
Aggregate income tax expense	-	(0.5)

Equity Securities Issued

	NUMBER OF SHARES		US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Balance brought forward	2,901,681,417	2,879,843,498	2,706.7	2,682.9
Movement for the year ¹	-	21,837,919	-	23.8
	2,901,681,417	2,901,681,417	2,706.7	2,706.7

¹ Movement for the year represents shares issued under the Dividend Reinvestment Plan. Please refer to the Dividend note for further details.

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 2021	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Balance brought forward	788,702	435,368	781,180	786,253
Shares acquired by Alumina Employee Share Plan Pty Ltd	637,500	944,500	832,242	928,073
Employee performance rights vested	(432,572)	(591,166)	(414,586)	(933,146)
Total treasury shares	993,630	788,702	1,198,836	781,180

Earnings Per Share

	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Profit attributable to the ordinary equity holders of the Company in the calculation of basic and diluted EPS (US\$ million)	187.6	146.6
Weighted average number of ordinary shares used as the denominator in the calculation of basic and diluted EPS	2,900,802,609	2,884,845,133
Basic EPS (US cents)	Positive 6.5	Positive 5.1
Diluted EPS (US cents)	Positive 6.5	Positive 5.1

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 2021 and 31 December 2020.

Material Interests in Entities Which Are Not Controlled Entities

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OWNERSHIP	
			31 DEC 2021	31 DEC 2020
Alcoa of Australia Limited	Bauxite, alumina & aluminium production	Australia	40	40
Alcoa World Alumina LLC	Bauxite and alumina trading	America	40	40
Alumina Espanola S.A.	Alumina production	Spain	40	40
Alcoa World Alumina Brasil Ltda.	Bauxite and alumina production	Brazil	40	40
AWA Saudi Ltda.	Bauxite and alumina production	Hong Kong	40	40

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

	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Revenues	5,224.1	4,329.5
Profit from continuing operations	515.3	415.3
Profit for the year¹	515.3	415.3
Other comprehensive income/(loss) for the year	(135.2)	(85.6)
Total comprehensive income/(loss) for the year	380.1	329.7
Reconciliation to share of net profit of associates		
Group share of profit for the year as a percentage	40%	40%
Group share of profit for the year in dollars	206.1	166.1
Mineral rights and bauxite amortisation	(2.1)	(2.1)
Movement in deferred tax liability on mineral rights and bauxite assets	0.6	0.6
Share of net profit of associates accounted for using the equity accounting method	204.6	164.6
Dividends and distributions received from AWAC²	191.1	171.4

¹ The profit for the years ended 31 December 2021 and 31 December 2020 include net charges relating to significant items that have affected AWAC's net profit after tax. For further details refer to the reconciliation on page 20.

² In addition to dividends and distributions, Alumina Limited also received \$28.4 million being return of invested capital in 2021 (2020: \$35.8 million).

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

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

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

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

AoA disagreed with the Notices and with the ATO's proposed position on penalties. In September 2020, AoA

lodged formal objections to the Notices. In the fourth quarter of 2020, AoA provided a submission on the ATO's imposition of interest, and also submitted a response to the ATO's position paper on penalties. AoA submissions propose that the interest amount should be remitted (i.e. should not be fully payable) and no penalties should be payable. After the ATO completes its review of AoA's response to the penalties position paper, the ATO could issue a penalty assessment.

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

On 1 February 2022, AoA submitted statutory notices to the ATO requiring the ATO to make decisions on AoA's objections within a 60-day period.

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

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

Borrowings

	US\$ MILLION	
	31 DEC 2021	31 DEC 2020
Bank loans	65.0	60.0
Total borrowings	65.0	60.0

Alumina Limited has a US\$350 million syndicated bank facility with tranches maturing in October 2022 (US\$100 million), July 2023 (US\$150 million), and July 2024 (US\$100 million).

As at 31 December 2021 there was US\$65 million drawn against the syndicated facility.

Events Occurring After the Balance Sheet Date

Except as disclosed in the Note "Commitments and contingent liabilities for AWAC" listed above, there have been no significant events occurring since 31 December 2021.

Please refer to Note "Dividends" on page 11 for the final dividend recommended by the Directors.

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
22 February 2022

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 or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina Limited's Annual Report 2020. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina Limited disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

Review of AWAC Operations

Alumina Limited provides investors with a unique opportunity to share in the ownership of globally leading 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.

The current refining portfolio is comprised mostly of tier one assets that allows AWAC to generate strong returns throughout the commodity cycle. Having long life bauxite mines located close to the Australian and Brazilian refineries is a key competitive advantage in terms of driving a low position on the cost curve.

2021 has continued to be challenging for many people and companies with respect to the uncertainty and disruptions caused by the global health pandemic. Both Alumina Limited and AWAC have continued to remain focused on their employees' health and safety while being in the fortunate position of having a relatively low direct impact from the pandemic.

AWAC's alumina production of 12.6 million tonnes was slightly down on 2020 due to a number of unrelated events affecting several of the refineries. Cash costs of alumina production have increased year on year due to a combination of currency movements, new energy contracts, the planned Willowdale crusher move, some unplanned maintenance events as well as higher raw material and power costs.

The alumina price rebounded from the lows of 2020 to stabilise in the first half of 2021 averaging \$288/t. The second half saw a considerable increase in the price to average \$369/t with the full year average finishing more than 20% higher than 2020. The price rally continued into 2022 with the current spot price above \$420/t.

Despite alumina price challenges of the first half of 2021 and cost pressures in the second half, AWAC delivered a strong result and continued to deliver cash distributions to its joint venture partners.

DIAGRAM OF AWAC GLOBAL OPERATIONS



Bauxite Mining

	31 DEC 2021	31 DEC 2020	CHANGE		CHANGE (%)
AWAC OPERATED MINES					
Production (million bone dry tonnes ("BDT"))	40.5	41.0	(0.5)	▼	(1.2)
Cash cost (\$/BDT of bauxite produced)	11.4	9.6	1.8	▲	18.8
NON-AWAC OPERATED MINES					
AWAC equity share of production (million BDT) ¹	4.6	4.7	(0.1)	▼	(2.1)
THIRD PARTY SALES					
Shipments to third parties (million BDT)	5.7	6.5	(0.8)	▼	(12.3)
Total third-party revenue, inclusive of freight ² (\$ million)	204.9	240.8	(35.9)	▼	(14.9)

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 Compagnie des Bauxites de Guinée (CBG) mine in Guinea, differ from their proportional equity in those mines.

² Includes freight revenue of \$30.1 million for 2021 (2020: \$43.6 million).

AWAC Operated Mines

AWAC operated mines decreased production by 1%. This was mainly due to reduced production at Juruti as a result of lower production at the Alumar refinery related to damage to a bauxite unloader in the third quarter of 2021. Production at Huntly remained relatively stable, while Willowdale production was affected by the crusher move at Larego and lower than expected demand from Wagerup refinery in the second half of 2022.

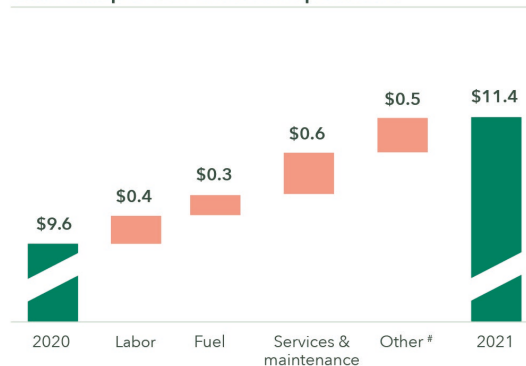
Bauxite production: change by mine (million bdt)



The relocation of the Willowdale crusher to a new reserve area has now been completed and the benefit of bauxite quality improvements flowed through to the Wagerup refinery in the second half.

AWAC's cash cost per BDT of bauxite produced increased by 19% to \$11.4 per tonne, mostly due to a stronger AUD dollar as well as increased indirect costs as a result of the Willowdale crusher move. Higher fuel prices and an increase in royalty payments also contributed to increased costs.

Cash cost per BDT of bauxite produced[^]



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

Non-AWAC Operated Mines

AWAC's equity share of production at MRN and CBG decreased by 0.1 million BDT (2%) in 2021.

CBG's production decreased by 0.1 million BDT to 3.5 million BDT, reflecting the lower demand and shipment constraints.

MRN's production was relatively stable, resulting in AWAC's equity share of production of 1.1 million BDT.

AWAC's equity accounted share of profit after tax from CBG and MRN was \$21.2 million (2020: \$23.0 million).

Third Party Bauxite Sales

AWAC's shipments to third party customers decreased by 0.8 million BDT to 5.7 million BDT with a decrease in shipments from Huntly and CBG caused by port congestion, lower demand and shipping delays, partially offset by an increase in shipments from Juruti.

Refining

	31 DEC 2021	31 DEC 2020	CHANGE		CHANGE (%)
AWAC OPERATED REFINERIES					
Shipments (million tonnes)	13.2	13.2	0.0	▲	0.0
Production (million tonnes)	12.6	12.8	(0.2)	▼	(1.6)
Average realised alumina price (\$/tonne)	321	268	53	▲	19.8
Cash cost per tonne of alumina produced	236	199	37	▲	18.6
Margin ¹ (\$/tonne)	85	69	16	▲	23.2
Platts FOB Australia – one month lag (\$/tonne)	324	270	54	▲	20.0
MA'ADEN JOINT VENTURE					
AWAC's share of production (million tonnes)	0.477	0.454	0.023	▲	5.1

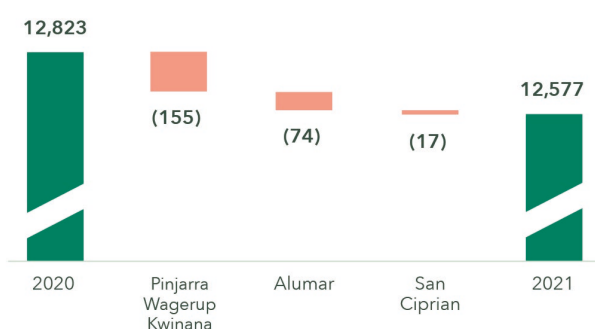
¹ Calculated as average realised price less cash cost of production.

AWAC operated refineries

Production from AWAC operated refineries was 12.6 million tonnes, a 1.6% decrease from 2020. After a record setting first half of the year, in the second half, all but one refinery decreased production levels due to unrelated events.

Industrial actions at the San Ciprian refinery and smelter had a negative impact on production at San Ciprian refinery. Alumar's production was negatively affected by the outage of a bauxite unloader in the third quarter. In Western Australia, Wagerup and Pinjarra's production decreased as a result of unplanned maintenance events. This was partially offset by a record annual production at the Kwinana refinery.

Alumina production: change by refinery (kt)

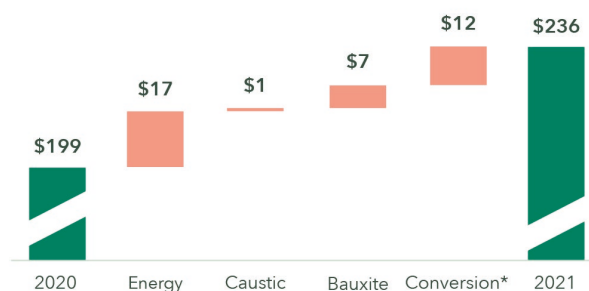


The first half of 2021 saw an overall increase in alumina prices as demand and consumer confidence were restored and the aluminium price continued to rise. At the end of the 1Q 2021 freight costs began to climb significantly impacting the Chinese import parity price, and in turn constraining the API. The alumina market changed significantly during the third quarter when production disruptions at Alumar, Gramercy and Jamalco reduced the rest of world supply. Alumina prices surged reaching a peak of \$484/t and averaged \$369 for the second half.

The vast majority of AWAC's alumina shipments were priced on a spot or index basis. AWAC's average realised price was \$321 per tonne, up \$53 per tonne compared to the previous year reflecting the average alumina price increase of 20%.

The average cash cost per tonne of alumina increased by 19% to \$236 per tonne. The main contributing factors were the higher energy prices, including the transition to the previously announced WA new gas contracts, higher gas/oil prices and higher European power prices. This was also compounded by a stronger Australian Dollar as well as higher bauxite costs during the Willowdale crusher move. Caustic prices were up in the second half, however the 2021 production cost only increased slightly in relation to caustic due the timing of inventory flow.

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

Ma'aden Joint Venture

The Ma'aden refinery increased production by 5% in 2021 to 1.9 million tonnes of alumina (AWAC's share was 0.5 million tonnes), operating at 106% of nameplate capacity.

The equity accounted profit relating to the Ma'aden joint venture for AWAC was \$4.2 million during 2021 (2020: \$22.6 million equity loss). The improvement was predominantly driven by higher realised alumina prices.

Portland

	31 DEC 2021	31 DEC 2020	CHANGE		CHANGE (%)
AWAC'S 55% EQUITY SHARE					
Production (thousand tonnes)	151	160	9	▼	5.6
EBITDA (\$ million)	72.8	3.7	69.1	▲	1,868
Realised price	2,557	1,721	836	▲	48.6
LME aluminium cash – 15-day lag (\$/tonne)	2,443	1,696	747	▲	44.0

Portland's aluminium 2021 production was slightly lower compared to 2020 mainly due to the re-lining of pots that occurred during the year.

The improvement in earnings was primarily as a result of a higher aluminium prices. It also includes approximately \$20 million of final revenue recognition relating to Government assistance arrangements established in 2017 for the Portland restart. This was partially offset by an increase in the cash cost of production year on year mainly due to the increase in alumina and power prices.

AWAC Financial Review

The increase in AWAC's 2021 net profit was largely as a result of higher realised alumina prices partially offset by a higher cash cost of production and higher charges for significant items.

The increase in the income tax charge was driven by a higher taxable income, particularly in AWAC's Australian operations as well as a charge relating to the valuation allowance on the deferred tax asset of approximately \$97 million.

AWAC PROFIT AND LOSS (US GAAP)	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Net profit after tax	443.8	401.6
Add back: Income tax charge	374.5	205.6
Add back: Depreciation and amortisation	326.7	288.4
Add back: Net interest expense/(income)	1.2	0.3
EBITDA	1,146.2	895.9
Add back: Significant items (pre-tax)	59.5	(0.7)
EBITDA excluding significant items	1,205.7	895.2

AWAC's net profit included the following significant items:

SIGNIFICANT ITEMS (US GAAP)	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Suralco restructuring related charges ^{1,2}	(68.8)	(9.9)
Point Comfort restructuring related charges ²	(3.4)	(11.3)
Other ³	12.7	21.9
Total significant items (pre-tax)	(59.5)	0.7
Total significant items (after-tax)⁴	(160.5)	(5.2)

¹ Includes \$63.2 million non-cash settlement charge for the pension action in Suriname in 2021.

² Includes holding costs

³ Other significant items include net credits related to Portland government facility forgiveness offset by severance and other charges in other locations.

⁴ Includes a non-cash charge relating to the valuation allowance on the deferred tax asset of approximately \$97 million.

AWAC BALANCE SHEET (US GAAP)	US\$ MILLION	
	31 DEC 2021	31 DEC 2020
Cash and cash equivalents	443.8	440.2
Receivables	542.0	307.0
Inventories	682.5	567.1
Deferred income taxes	73.7	190.3
Property, plant & equipment	2,889.5	3,151.7
Other assets	1,739.2	1,753.4
Total Assets	6,370.7	6,409.7
Borrowings & capital lease obligations	76.0	78.5
Accounts payable	711.1	590.0
Taxes payable and deferred	320.9	174.7
Assets retirement obligations	466.8	500.2
Other liabilities	827.3	951.9
Total Liabilities	2,402.1	2,295.3
Equity	3,968.6	4,114.4

Changes in the value of assets and liabilities includes the effect of the weaker Australian dollar and Brazilian Real against the US dollar as at 31 December 2021 compared to 31 December 2020.

The increase in accounts receivables and payables as well as inventories reflect the increase in API and raw material prices respectively.

The decline in property, plant and equipment was as a result of depreciation and amortisation and unfavourable exchange rate.

Deferred income taxes decreased primarily due to a valuation allowance recorded against the net deferred tax assets at Espanola. The increase in taxes payable is mainly attributable to an increase in the taxable income, particularly for Australian operations.

Other liabilities decreased mainly due to lower lease liability and accrued pension benefits.

AWAC CASH FLOW (US GAAP)	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Cash from operations	718.3	671.8
Capital contributions from partners	65.0	60.1
Net movement in borrowings	1.5	(0.4)
Capital expenditure	(240.7)	(211.3)
Other financing and investing activities ¹	29.9	2.0
Effects of exchange rate changes on cash and cash equivalents	(20.9)	16.4
Cash flow before distributions	553.1	538.6
Distributions paid to partners	(549.5)	(517.1)
Net change in cash and cash equivalents	3.6	21.5

¹ Includes proceeds from sales of assets, and other.

Cash from operations in 2021 increased primarily due to higher average realised alumina prices, which was partially offset by a higher cash cost of alumina production. Consequently, gross distributions paid to partners increased to \$549.5million (2020: \$517.1 million).

In 2021, sustaining capital expenditure was approximately \$227 million (2020: \$202 million) with the most significant expenditure relating to Willowdale's mine crusher move, the construction of a new tailings and residue storage areas at Alumar and Juruti.

Growth capital expenditure was approximately \$14 million (2020: \$10 million).

Alumina Limited Financial Review

ALUMINA LIMITED PROFIT AND LOSS	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Share of net profit of associates accounted for using the equity method	204.6	164.6
General and administrative expenses	(13.3)	(12.6)
Finance costs	(3.7)	(5.2)
Foreign exchange losses, tax and other	-	(0.2)
Profit for the year after tax	187.6	146.6
Add back: Significant items (after tax)	38.4	(0.1)
Net profit after tax excluding significant items	226.0	146.5

SIGNIFICANT ITEMS (IFRS, POST-TAX)	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Suralco restructuring charges ^{1,2}	(2.2)	(4.0)
Point Comfort restructure-related charges ²	(0.9)	(4.5)
Deferred tax assets valuation allowance	(38.8)	-
Other ³	3.5	8.6
Total significant items	(38.4)	0.1

¹ Due to GAAP differences above item does not include \$63.2 million non-cash settlement charge for the pension action in Suriname.

² Includes holding costs

³ Other significant items include net credits related to Portland government facility forgiveness offset by severance and other charges in other locations.

Alumina Limited recorded a net profit after tax of \$187.6 million (2020: \$146.6 million).

Excluding significant items, net profit would have been \$226.0 million (2020: \$146.5 million).

The increase in the Company's net profit was primarily due to an increased share of net profit of associates, which in turn reflects AWAC performance during 2021 as compared to the previous year.

General and administrative expenses in 2021 were higher than 2020 predominantly due to the stronger Australian dollar. General and administrative expenses expressed in AUD remained consistent with the previous year.

The Company's finance costs in 2021 are lower than 2020 as a result of the lower debt level during 2021.

ALUMINA LIMITED BALANCE SHEET	US\$ MILLION	
	31 DEC 2021	31 DEC 2020
Cash and cash equivalents	9.1	10.4
Investment in associates	1,741.8	1,784.5
Other assets	3.8	1.8
Total Assets	1,754.7	1,796.7
Payables	0.3	0.7
Interest bearing liabilities	65.0	60.0
Provisions and other liabilities	3.8	1.4
Total Liabilities	69.1	62.1
Net Assets	1,685.6	1,734.6

The decrease in investments in associates was principally due to foreign currency balance sheet valuations as well as net distributions from investments in associated entities.

Alumina Limited's net debt as at 31 December 2021 was \$55.9 million (2020: \$49.6 million) and gearing was 3.2% (2020: 2.8%).

Alumina Limited has a US\$350 million syndicated bank facility with tranches maturing in October 2022 (US\$100 million), July 2023 (US\$150 million), and July 2024 (US\$100 million).

As at 31 December 2021 there was US\$65 million drawn against the syndicated facility.

ALUMINA LIMITED CASH FLOW	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Dividends received	191.1	171.4
Net finance costs paid	(3.3)	(4.9)
Payments to suppliers and employees	(13.0)	(12.3)
GST refund, interest received & other	0.4	0.2
Cash from operations	175.2	154.4
Receipts – capital returns from associates	28.4	35.8
Payments – investment in associates	(26.0)	(24.5)
Payment for shares acquired by the Alumina Employee Share Plan	(0.8)	(0.9)
Effects of exchange rate changes on cash and cash equivalents	(0.3)	0.9
"One off" quarantine of approximate tax shield cash benefit ¹	(30.0)	-
Free cash flow available for dividends	146.5	165.7

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

Net receipts from AWAC totalled \$193.5 million (2020: \$182.7 million).

Contributions to AWAC in 2021 of \$26.0 million (2020: \$24.5 million) were to support working capital requirements in the Americas.

The increase in distributions received from AWAC resulted primarily from higher realised alumina prices, partially offset by a higher cash cost of production.

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 benefit of the higher AWAC margins as a result of the sharp alumina price increase in fourth quarter of 2021 was reflected in the AWAC distributions to Alumina Limited in the first quarter of 2022.

Alumina received net AWAC distributions of \$33.8 million in January 2022 and further distributions of approximately \$80.7 million are in February 2022.

The Board have taken these exceptional circumstances into account when declaring the 2021 final dividend for Alumina Limited and decided to bring forward part of the dividend that would otherwise be paid as a part of the interim dividend in 2022.

This resulted in an additional amount of \$31.9 million available for distribution to shareholders as a final dividend. Therefore, on 22 February 2022 Alumina Limited declared a final dividend of 2.8 US cents per share.

The Dividend Reinvestment Plan was applied to the 2020 interim dividend but was not in effect for the 2020 final dividend and remains suspended in 2021.

Market, Outlook and Guidance

Aluminium

The global production of primary aluminium in 2021 grew by 3% over 2020 to 67.34 million tonnes. Over 2021, the LME aluminium price ranged between \$1,952 per tonne and \$3,180 per tonne. The price mainly climbed throughout the year to peak in October, before falling sharply for a few weeks and then climb back up to \$2,806 by the end of December. Smelting cuts announced at some European smelters around the end of 2021, due to very high energy costs, will tighten regional supply. However, over the course of 2022, it is expected that restarts and new capacity at low carbon and lower cost smelters elsewhere will drive primary aluminium production globally above 2021 levels. Other factors which could impact on aluminium demand or production this year include COVID-related slowdowns, on-going shipping abnormality, risks that China's real estate sector may reduce construction demand, tightening of monetary policies reducing stimulus growth, geopolitical tensions, higher than expected recycling at higher aluminium prices and strong Chinese semi-finished product exports.

Total aluminium consumption is expected to grow by over 33 million tonnes in this decade, mainly for electric vehicles and other transport and in the electrical, construction and packaging sectors. Whilst the volume of recycled aluminium is forecast to grow by 2030, primary aluminium production is also expected to grow strongly over that period. By 2030, emissions from aluminium production are expected to reduce, largely through higher contributions from wind, solar, hydro and nuclear electricity and in the longer term through inert anodes, carbon capture and storage and potentially green hydrogen. Whilst emissions from alumina production are much smaller than from aluminium, alumina refining is also expected to decarbonise. The AWAC joint venture is already well-positioned, sitting in the first quartile of global refining emissions curve.

Carbon reduction and energy consumption control have been the themes of China's primary aluminium industry in 2021. Capacity curtailment, which started from Inner Mongolia in the north of China, spread to the southern provinces in the second half of the year. Coupled with energy shortages (from both coal and hydro) a total of 2.6 million tonnes of capacity was impacted throughout the year. In addition, there were delays in new capacity rollouts and so China produced 39 million tonnes of primary aluminium in 2021 (4.6% year-on-year increase), slightly lower than forecast. The lost production was made up by a record level of primary aluminium imports at 1.6 million tonnes, resulting in a broadly balanced primary aluminium market in China.

China's coal prices spiked in October, which fueled soaring electricity prices. Supply disruption and cost pressure saw aluminium prices in China continued to improve in the second half, reaching a near all-time high in October, at RMB 24,695 per tonne (includes 13% VAT). Coal prices softened after Chinese authorities intervened in late

October, and aluminium prices have returned to an RMB 19,000-20,000 per tonne level by the end of 2021. The Chinese aluminium price averaged RMB 18,940 per tonne in 2021, a 35% y-o-y increase.

Despite a subdued real estate sector, Chinese aluminium demand grew strongly in 2021, at 7.8%, as the Chinese economy recovered strongly from COVID 19. The chip shortage eased towards the last quarter of 2021. In the auto sector, electric vehicle production registered a 160% growth year-on-year. The Chinese energy sector is targeting the installation of 1,200 GW of renewable capacity by 2030. Packaging and construction sectors are aiming for more sustainable solutions.

Transportation, renewable energies and the packaging sector are forecast to be the driving forces for Chinese aluminium demand growth in 2022, albeit at a slower rate than in 2021.

Carbon policies are likely to remain in full force in 2022. Chinese smelters will continue to look for decarbonisation opportunities, such as moving capacity to the hydro-rich Southwest, developing more renewable energy, or installing more secondary aluminium capacity. At the end of 2021, China's primary aluminium capacity was estimated to be 43 million tonnes per annum. A moderate 1.6 million tonnes of additional annual primary aluminium capacity are expected to be installed in 2022, as China approaches the 45 million tonne per annum capacity ceiling, and production is forecast to increase marginally.

Alumina

The global growth in aluminium production in 2021 caused higher demand for smelter-grade alumina. There was a surplus of alumina over demand outside China of about 3.2 million tonnes, which was exported to China. It is expected over 2022 there will be a slightly smaller surplus of alumina outside China. Despite the surplus overall in 2021, alumina production disruptions in the second half of 2021 in Brazil, Jamaica and the USA caused regional shortages and the price to spike to \$484 per tonne. The price fell back to \$345 per tonne in late December after production was largely restored. The average alumina price index over 2021 was \$329 per tonne, an increase of 21% over the 2020 average price.

The alumina price was supported by cost increases over 2021, particularly energy and caustic soda costs, which increased globally by 64% and 8% respectively. COVID and other factors continued to distort the global shipping market in 2021. This had an impact on the alumina price outside China by increasing freight costs to China, which disincentivised alumina imports into China and reduced the Chinese import parity price.

Over 2021 the alumina price index as a percentage of the LME aluminium price averaged 13.3%. This is considerably lower than the 10-year historical average of 17.3%. However, in a pricing sense alumina is largely delinked from the aluminium price. In terms of a direct connection,

approximately 71% of third-party alumina sales outside China was priced off a spot or alumina index basis in 2021, compared with around 12% of sales being formally linked to the aluminium price. The alumina price index over 2021 has reflected the fundamentals of the alumina supply/demand balance and the costs of alumina production.

The second half of 2021 witnessed one of the largest volatility ranges in China's alumina prices in history. After a relatively stable first half, prices started to rally in July, as key producers in Shandong curtailed production to meet the energy consumption cap. Surging coal prices triggered a spike in caustic soda costs, a military coup in Guinea cast doubts on bauxite supply, and, together with production curtailments at the same time, average alumina price in China reached a multi-year high of nearly RMB 4,100 per tonne (includes 13% VAT) in October. Prices then dropped to around the RMB 2,800 per tonne level at the end of the year, as coal prices rationalised and production ramped back up.

Average production costs in China rose by 18% in 2021 to \$320 per tonne. This was caused by a cost escalation in all input materials - average costs rose for bauxite by 4%, for caustic soda by 32%, and for energy by 46%. The exchange rate between the US dollar and Chinese Yuan was stable in 2021. Chinese production costs are forecast to remain at elevated levels in 2022, as control measures on energy consumption and carbon emissions remain in force.

Similar to the primary aluminium industry, China's alumina production was disrupted by carbon policies, natural disasters, energy shortages and environmental inspections in 2021. However, unlike aluminium smelters, Chinese alumina refineries can switch back on quickly at low cost, making the overall disruption less significant. Metallurgical alumina production in China increased by 7.7% to 72.7 million tonnes, attributed to new capacity commissioned in the first half and production ramping up when prices were surging in the second half.

As China continues to import surplus alumina from outside China, and has limited primary aluminium production growth, a moderate alumina surplus is forecast in 2022.

There is the on-going potential for COVID-related disruptions to alumina or aluminium production.

84% of China's alumina capacity is based on coal. Over the medium to longer term, as China slowly phases down coal, and if China lacks mature technology to use renewable energy in alumina refining, together with strict environmental requirements (particular around red mud storage), new greenfields refining projects are unlikely to be approved in China. Instead, more Chinese-sponsored or encouraged alumina and primary aluminium projects are expected to emerge outside China in the long term.

Bauxite

A military coup in September 2021 in Guinea, the largest bauxite exporter to China, had minimal impact on bauxite production and exports from the country. However, higher ocean freight rates in 2021 drove up seaborne bauxite prices from all major bauxite mining regions to China, which incentivised Chinese alumina refineries to use more domestic bauxite. Average delivered bauxite prices from Guinea rose by 5.7%, from Indonesia by 4.0%, and from Australia by 0.7%.

Approximately 57% of China's alumina production was based on imported bauxite in 2021, as compared to 58% in 2020.

Chinese bauxite imports decreased by 3.7% year on year, to 107 million tonnes in 2021. Guinea, Australia and Indonesia remain the three major bauxite exporters, accounting for 99.4% of China's total imports.

In the fourth quarter of 2021, the Indonesian President reiterated his country's plan to halt bauxite exports to encourage domestic value-add activities. To date, the ban has not yet been enforced, but it has encouraged Chinese refineries to start looking for alternative sources of bauxite.

In the longer term, China's reliance on imported bauxite is expected to continue. However, China's aspiration to carbon neutrality by 2060 is likely to constrain additional alumina capacity in China. At the same time, a few bauxite beneficiation technologies have been trialled in recent years, including developing bauxite under coal (so far proven to be technically unviable, uneconomic or limited to small scale). These factors could reverse the expected growth in imported bauxite in the longer term.

AWAC Guidance

The following 2022 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	2022 GUIDANCE
Production – alumina	Approximately 12.8 million tonnes
Production – aluminium	Approximately 165,000 tonnes
Third party bauxite shipments	Approximately 5.3 million BD tonnes
SGA shipments expected to be based on alumina price indices or spot	Approximately 97% for the year
AWAC sustaining capital expenditure	Approximately \$300 million
AWAC growth capital expenditure	Approximately \$40 million
AWAC Point Comfort after tax restructuring ¹	
Charges (IFRS)	Approximately \$10 million
Cash Flows	Approximately \$30 million
AWAC Suralco after tax restructuring ¹	
Charges (IFRS)	Approximately \$10 million
Cash Flows	Approximately \$30 million
AWAC Point Henry and Anglesea after tax restructuring ¹	
Charges (IFRS)	Approximately \$5 million
Cash Flows	Approximately \$10 million

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

SENSITIVITY	2022 GUIDANCE
Alumina Price Index ¹ : +\$10/t	Approximately +\$115 million EBITDA
Australian \$: + 1¢ AUD/USD	Approximately -\$23 million EBITDA
Brazilian R\$: + 10¢ USD/BRL	Approximately +\$5-6 million EBITDA
Caustic price ² : +\$10/dry metric tonne	Approximately -\$10 million EBITDA
Brent: +\$1/barrel	Approximately -\$2-3 million EBITDA

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

² Caustic inventory flow is 5-6 month.

Extract from AWAC's Unaudited Combined Financial Statements

Note Regarding Non-IFRS Financial Information

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

AWAC Profit & Loss

	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Sales	3,711.4	3,118.0
Sales to related parties	1,512.7	1,211.5
Total revenue	5,224.1	4,329.5
Cost of goods sold	3,945.1	3,308.0
Selling, general administrative, and research and development expenses	96.6	90.0
Provision for depreciation, depletion and amortisation	326.7	288.4
Restructuring charges and other (income)/expenses	37.4	35.9
Total expenses	4,405.8	3,722.3
Net profit before income taxes	818.3	607.2
Provision for taxes on income	(374.5)	(205.6)
Net profit after taxes	443.8	401.6

AWAC Members Equity

	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Net profit	443.8	401.6
Capital contribution	65.0	60.1
Dividends paid and return of capital to partners	(549.5)	(517.1)
Common stock issued for compensation plans	2.3	1.9
Other comprehensive income/(loss)	(107.4)	(107.2)
Closing balance at end of year	3,968.6	4,114.4

AWAC Balance Sheet

	US\$ MILLION	
	31 DECEMBER 2021	31 DECEMBER 2020
Current assets		
Cash and cash equivalents	443.8	440.2
Receivables	542.0	307.0
Inventories	682.5	567.1
Prepaid expenses and other current assets	144.7	116.9
Total current assets	1,813.0	1,431.2
Non-current assets		
Property, plant and equipment	2,889.5	3,151.7
Investments	466.9	448.4
Deferred income taxes	73.7	190.3
Other non-current assets	1,127.6	1,188.1
Total non-current assets	4,557.7	4,978.5
Total assets	6,370.7	6,409.7
Current liabilities		
Short term borrowings	75.1	77.7
Accounts payable	711.1	590.0
Taxes payable	152.6	26.9
Accrued compensation and retirement costs	194.9	201.8
Other current liabilities	167.0	213.5
Total current liabilities	1,300.7	1,109.9
Non-current liabilities		
Capital lease obligations and long-term debt	0.9	0.8
Deferred income taxes	168.3	147.8
Accrued pension and other postretirement benefits	84.0	128.0
Assets retirement obligations	466.8	500.2
Other long-term liabilities and deferred credits	381.4	408.6
Total non-current liabilities	1,101.4	1,185.4
Total liabilities	2,402.1	2,295.3
Net assets	3,968.6	4,114.4
Equity		
Members' equity	6,549.9	6,588.3
Accumulated other comprehensive loss	(2,581.3)	(2,473.9)
Total members' equity	3,968.6	4,114.4

AWAC Statement of Cash Flows

	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
Cash flows from operating activities		
Net profit	443.8	401.6
<i>Adjustments to reconcile net income to cash from operations</i>		
Depreciation, depletion and amortisation	326.7	288.4
Other items ¹	(52.2)	(18.2)
Net cash inflow/(outflow) from operating activities	718.3	671.8
Cash flows from financing activities		
Dividends paid and return of capital to partners	(549.5)	(517.1)
Net change in debt	1.5	(0.4)
Capital contributions	65.0	60.1
Net cash inflow/(outflow) from financing activities	(483.0)	(457.4)
Cash flows from investing activities		
Capital expenditures	(240.7)	(211.3)
Other items	29.9	2.0
Net cash inflow/(outflow) from investing activities	(210.8)	(209.3)
Effect of exchange rate changes on cash and cash equivalents	(20.9)	16.4
Cash generated	3.6	21.5
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	440.2	418.7
Cash and cash equivalents at the end of the year	443.8	440.2
Net change in cash and cash equivalents	3.6	21.5

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

Reconciliation of AWAC's US GAAP to IFRS Profit

	US\$ MILLION	
	YEAR ENDED 31 DEC 2021	YEAR ENDED 31 DEC 2020
AWAC profit before tax (US GAAP)	818.3	607.2
<i>Adjustments made to align with IFRS</i>		
Asset Retirement Obligations and Defined Benefit Plan	(4.2)	0.8
Reversal of charge for the pension action in Suriname	63.2	-
Restructuring related charges	10.3	7.2
Other	3.2	10.0
AWAC profit before tax (IFRS)	890.8	625.2
AWAC provision for taxes on income (USGAAP) ¹	(374.5)	(205.6)
Adjustments made to align with IFRS	(1.0)	(4.3)
AWAC provision for taxes on income (IFRS) ¹	(375.5)	(209.9)
AWAC profit before tax (IFRS)	890.8	625.2
AWAC provision for taxes on income (IFRS)	(375.5)	(209.9)
AWAC profit after tax (IFRS)	515.3	415.3