THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **CITIC Resources Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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中信資源控股有限公司
CITIC Resources Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1205)

POSSIBLE VERY SUBSTANTIAL DISPOSAL
MANDATE FOR DISPOSAL OF EQUITY INTERESTS IN ALCOA
AND
NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on page 4 to 16 of this circular.

A notice convening the Special General Meeting of CITIC Resources Holdings Limited to be held at Suites 6701-02 & 08B, 67/F., International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Wednesday, 15 July 2026 at 11:00 a.m. is set out in Appendix V of this circular. Whether or not you are able to attend the Special General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon, as soon as possible and in any event not less than 48 hours before the time appointed for holding the Special General Meeting (or any adjournment or postponement thereof). Completion and return of the form of proxy will not preclude you from attending and voting at the Special General Meeting (or any adjournment or postponement thereof) should you so wish and, in such event, the instrument appointing the proxy shall be deemed to be revoked.

Please note that no refreshments will be served and there will be no distribution of corporate gifts at the Special General Meeting.

If any Shareholder has any questions on the arrangements of the Special General Meeting, please contact Tricor Investor Services Limited, the Company's branch share registrar in Hong Kong, at the following:

Address:	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email:	is-enquiries@vistra.com
Telephone:	(852) 2980-1333
Facsimile:	(852) 2810-8185

This circular is being despatched to the Shareholders for information only.

This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

Hong Kong, 24 June 2026

CONTENTS

Page

Definitions 1

Letter from the Board 4

Appendix I – Financial Information of the Group 17

Appendix II – Financial Information of Alcoa 20

Appendix III – Management Discussion and Analysis 410

Appendix IV – Unaudited Pro Forma Financial Information of the Group 463

Appendix V – General information 484

Notice of the Special General Meeting 493

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Alcoa CDI"	a unit of beneficial ownership in an Alcoa Share registered in the name of CDN, a wholly-owned subsidiary of the ASX, or held by CDN in the form of beneficial ownership
"Alcoa Share"	one share of common stock of Alcoa
"Alcoa"	Alcoa Corporation, a company incorporated in Delaware and whose shares are listed on the NYSE
"Announcement"	announcement of the Company dated 6 May 2026 in relation to, among others, the Disposal(s)
"ASX"	Australian Securities Exchange
"Board"	the board of Directors
"CDN"	CHESS Depositary Nominees Pty Ltd, a wholly-owned subsidiary of ASX
"Company"	CITIC Resources Holdings Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Main Board of the SEHK (stock code: 1205)
"connected person"	has the meaning ascribed to it under the Listing Rules
"CRA"	CITIC Resources Australia Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability and a wholly-owned subsidiary of the Company
"Director"	the directors of the Company
"Disposal Mandate"	a specific mandate proposed by the Board in order to seek Shareholders' approval to authorise and empower the Board to carry out the Disposal(s) during the Mandate Period
"Disposal(s)"	the proposed disposal(s) of up to (i) 1,691,918 Alcoa CDIs and (ii) 551,306 Alcoa Shares in aggregate by CRA under the Disposal Mandate
"Group"	the Company and its subsidiaries from time to time

"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS Accounting Standards"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person(s) or company(ies) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
"Last Trading Day"	5 May 2026 (New York time), being the last full trading day of the Alcoa Shares on NYSE prior to the release of the Announcement
"Latest Practicable Date"	16 June 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the SEHK, as amended from time to time
"Mandate Period"	the period of 12-month from the date of passing of the relevant resolution(s) approving the Disposal Mandate and the Disposal(s) at the SGM
"Minimum Selling Price"	US$50 per Alcoa Share
"NYSE"	New York Stock Exchange
"PRC"	People's Republic of China, which, for the purpose of this circular only, excludes Taiwan, the Hong Kong Special Administrative Region of the People's Republic of China and the Macau Special Administrative Region of the People's Republic of China

"Previous Disposals"	the disposal of (i) 3,816,582 Alcoa Shares transmuted from 3,816,582 Alcoa CDIs in aggregate by CRA, at an average price of US$64.75 per Alcoa Share and the aggregate transactional amount of approximately US$247 million (equivalent to approximately HK$1.927 billion) (exclusive of transaction costs) on 14 January 2026 and 15 January 2026 (New York time), and (ii) 1,900,000 Alcoa Shares in aggregate by CRA, at an average price of US$62.451 per Alcoa Share for an aggregate consideration of approximately US$118.66 million (equivalent to approximately HK$925.52 million) (exclusive of transaction costs) on 4 March 2026 (New York time) in a number of on-market transactions on NYSE
"SEHK"	The Stock Exchange of Hong Kong Limited
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve, amongst other things, the Disposal(s)
"Shareholders"	holders of the Shares
"Shares"	ordinary shares of HK$0.05 each in the share capital of the Company
"U.S. GAAP"	generally accepted accounting principles in the US
"United States" or "US" or "U.S."	the United States of America
"US$" or "USD"	United States dollars, the lawful currency of the United States
"%"	Per cent

Unless otherwise specified, the conversion of US$ into HK$ was based on the approximate exchange rate of US$1.00 to HK$7.8. The exchange rate was adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

中信資源控股有限公司
CITIC Resources Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1205)

Executive Directors:
Mr. Hao Weibao *(Chairman and Chief Executive Officer)*
Mr. Wang Xinli

Non-executive Director:
Mr. Chan Kin

Independent non-executive Directors:
Mr. Lu Dequan
Dr. Cai Jin
Prof. Lin Chen

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business:
Suites 6701-02 & 08B, 67/F
International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

24 June 2026

To the Shareholders

Dear Sir/Madame,

POSSIBLE VERY SUBSTANTIAL DISPOSAL
MANDATE FOR DISPOSAL OF EQUITY INTEREST IN ALCOA
AND
NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 1 August 2024 and 6 May 2026 in respect of the Group's interest in Alcoa and the announcements of the Company dated 16 January 2026 and 5 March 2026, and the circular of the Company dated 5 February 2026 in respect of the Previous Disposals.

Prior to the date of this circular, the Group has disposed of 3,816,582 Alcoa Shares on 14 January 2026 and 15 January 2026 (New York time) and 1,900,000 Alcoa Shares on 4 March 2026 (New York time) through on-market transactions on NYSE. Each Alcoa Share disposed of previously by the Group were transmuted from one Alcoa CDI held by the Group. For further information on the above Previous Disposals, please refer to the Company's announcement dated 16 January 2026 and 5 February 2026, respectively. Following the Previous Disposals, CRA continues to hold (i) 1,691,918 Alcoa CDIs and (ii) 551,306 Alcoa Shares (representing approximately 0.86% of the total issued shares in Alcoa).

The purpose of this circular is to provide you with, among other things, further details about the Disposal(s), a notice of SGM and other information as required under the Listing Rules.

THE DISPOSAL(S)

Given the volatility of the stock market, disposing shares at the best possible prices requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each disposal of Alcoa Shares and/or Alcoa CDIs. To allow flexibility in effecting the Disposal(s) at appropriate time(s) and price(s), the Company proposes to seek approval for the Disposal Mandate from the Shareholders at the SGM in advance to allow the Directors to dispose of up to (i) 1,691,918 Alcoa CDIs and (ii) 551,306 Alcoa Shares, representing approximately 0.86% of the total issued shares in Alcoa, during the Mandate Period. The Disposal Mandate shall be conditional upon the approval by the Shareholders at the SGM.

Details of the Disposal Mandate

The Disposal Mandate to be sought from the Shareholders at the SGM will be on the following terms:

Mandate Period

The Disposal Mandate is for the Mandate Period, i.e. a period of 12 months from the date of passing of the relevant ordinary resolution at the SGM.

Maximum number of Alcoa CDIs and/or Alcoa Shares to be disposed

The Disposal Mandate shall authorise and empower the Board to sell up to (i) 1,691,918 Alcoa CDIs and (ii) 551,306 Alcoa Shares, representing approximately 0.86% of the total issued shares in Alcoa as at the date of the Announcement.

Scope of Authority

The relevant designated Directors shall be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Disposal(s), including but not limited to the number of batches of Disposal(s), the number of Alcoa CDIs to be transmuted into Alcoa Shares, the number of Alcoa Shares to be sold in each Disposal and the timing of each Disposal.

Manner of Disposal(s)

The Disposal(s) shall be conducted through the sale of Alcoa Shares, either held by the Group or transmuted from the Alcoa CDIs held by the Group. Each Alcoa CDI can be transmuted into one (1) Alcoa Share, such transmutation can be carried out by contacting the Alcoa share registry (i.e. the register of Alcoa stockholders maintained by Alcoa or its agent) or Alcoa CDI registry (i.e. Computershare Investor Services Pty Limited), as applicable. The Disposal(s) shall be executed through on-market transactions on the NYSE to Independent Third Party(ies) during the Mandate Period. As at the Latest Practicable Date, there is no potential purchaser who has indicated its intention to make the purchase Alcoa Shares from the Group. To the best knowledge of the Directors, there are no restrictions which apply to the subsequent sale of such securities.

The selling price(s) of the Alcoa Shares shall be at the then market price(s) of Alcoa Shares at the relevant material time, provided that the minimum selling price of each Disposal shall be no less than the Minimum Selling Price, being US$50 (equivalent to approximately HK$390) per Alcoa Share.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the potential purchaser(s) and the ultimate beneficial owner(s) of the potential purchaser(s) in the Disposal(s) executed through on-market transactions on the NYSE are expected to be Independent Third Party(ies).

The Minimum Selling Price

The Minimum Selling Price of US$50 (equivalent to approximately HK$390) per Alcoa Share represents:

(a) a discount of approximately 21% to the closing price of US$63.06 (equivalent to approximately HK$491.87) per share of Alcoa Shares as quoted on the NYSE on the Last Trading Day;

(b) a discount of approximately 20% to the average closing price of US$62.88 (equivalent to approximately HK$490.46) per Alcoa Share as quoted on the NYSE over the five (5) consecutive trading days immediately preceding the date of the Announcement (including the Last Trading Day); and

(c) a discount of approximately 7% to the net asset value of US$53.95 (equivalent to approximately HK$420.81) per Alcoa Share as at 31 December 2025.

The Minimum Selling Price was determined with reference to the following factors:

(i) the average closing price of Alcoa Shares as quoted on the NYSE over the five (5) consecutive trading days immediately preceding the date of the Announcement (including the Last Trading Day), being US$62.88 (equivalent to approximately HK$490.46) per Alcoa Share (the "**Five-day Average Closing Price**");

(ii) the value of each Alcoa Share accounted for as financial assets at fair value through other comprehensive income as at 31 March 2026, which was US$56.59 (equivalent to approximately HK$441.40) per Alcoa Share (the "**Fair Value**");

(iii) the original acquisition cost of the Alcoa CDIs, which was US$36.81 (equivalent to approximately HK$287.12) per Alcoa CDI (the "**Original Acquisition Cost**");

(iv) the net asset value per Alcoa Share of US$53.95 (equivalent to approximately HK$420.81) as at 31 December 2025, based on the consolidated financial information of Alcoa for the year ended 31 December 2025, prepared in accordance with U.S. GAAP;

(v) the long-term market performance of Alcoa Shares as quoted on the NYSE over the twelve months preceding the date of the Announcement, which ranged from US$24.15 (equivalent to approximately HK$188.37) to US$75.70 (equivalent to approximately HK$590.46) per Alcoa Share; and

(vi) the prevailing market conditions, including heightened uncertainty in the global economy, particularly in relation to the US-Iran conflict and a broader shift toward stagflation, which has exacerbated supply chain fragmentation and commodity price volatility.

In determining the Minimum Selling Price, the Directors considered the above factors, and the average of the Five-day Average Closing Price, the Fair Value, and the Original Acquisition Cost, being US$52.09 (equivalent to approximately HK$406.33). The Directors noted that this figure is generally in line with the net asset value per Alcoa Share as at 31 December 2025, as noted in (iv) above, and falls within the range of the long-term market performance as stated in (v) above. Taking into account the prevailing market conditions described in (vi) above, the Directors applied a risk premium discount of approximately 5% and further rounded up to arrive at the Minimum Selling Price of US$50 (equivalent to approximately HK$390) per Alcoa Share.

The Directors consider that the Minimum Selling Price strikes a balance between providing the Company with flexibility to respond to market fluctuations in effecting the Disposal(s) and safeguarding the Company's and Shareholders' interests by reflecting the lowest acceptable price for the disposal of the Alcoa Shares. Accordingly, the Directors are of the view that the Minimum Selling Price is fair and reasonable as far as the Company and the Shareholders are concerned.

Assuming that all (i) 1,691,918 Alcoa CDIs and (ii) 551,306 Alcoa Shares are disposed of at the Minimum Selling Price, the aggregate consideration for the Disposal(s) shall be approximately US$112.16 million (equivalent to approximately HK$874.86 million) (exclusive of transaction costs).

Compliance

The Disposal(s) shall comply with relevant applicable laws and regulations, including any applicable trading regulations in New York. The Group will also report on the progress of the Disposal(s) in the relevant interim report as well as the annual report of the Company in compliance with the Listing Rules, and shall also announce the progress of the Disposal(s) by way of announcement(s) as soon as practicable in accordance with the Listing Rules.

REASONS FOR AND BENEFITS OF THE DISPOSAL(S)

As at the date of the circular, the Group holds approximately 0.86% equity interest in Alcoa through its holding of Alcoa Shares which are traded on the NYSE, and Alcoa CDIs which are traded on ASX and can be transmuted into Alcoa Shares traded on the NYSE. Such equity interest in Alcoa has been classified as a financial asset through other comprehensive income of the Group. In view of current market conditions, the Board believes that the Disposal(s) will enable the Group to realise its investment in Alcoa, thereby enhancing overall liquidity and balancing the Group's investment portfolio. In addition, the Disposal(s) will provide the Group with greater flexibility to reallocate its resources.

FINANCIAL EFFECTS OF THE DISPOSAL(S)

As at the date of this circular, the Group's investment in Alcoa is accounted for as financial assets at fair value through other comprehensive income. According to the requirements of the prevailing accounting standards, any gains or losses arising from changes in fair value of such financial assets are recognised in other comprehensive income instead of in profit or loss.

For illustrating the financial impact of the Disposal(s), on the assumption that (i) all the 1,691,918 Alcoa CDIs are transmuted into Alcoa Shares and disposed of, and (ii) all the 551,306 Alcoa Shares are disposed of, within the Mandate Period and each at the Minimum Selling Price, then upon completion of the Disposal(s), cumulative gain with respect to the Alcoa Shares disposed of is expected to amount to approximately US$20.71 million (equivalent to approximately HK$161.55 million). When considered in conjunction with the Previous Disposals, cumulative gain with respective to the Alcoa Shares disposed of is expected to amount to approximately US$129.45 million (equivalent to approximately HK$1.01 billion). The cumulative gain, as shall be calculated based on the difference between the actual disposal price and the original acquisition price, will be transferred directly to retained earnings and therefore the Disposal(s) is not expected to have a material impact to the Group's profit or loss. The actual amounts described above will be subject to the audit of the Group's consolidated financial statements by the Company's auditors. The Group will exercise its endeavours to achieve best available terms at the time of execution of each Disposal but the disposal price shall be subject to market fluctuations and economic environment.

The financial effects of the Disposal(s) and the Previous Disposals on the Group's assets and liabilities are summarised as follows.

Upon completion of the Disposal(s), the Group's total assets decreased by approximately US$0.07 million (equivalent to approximately HK$0.53 million), reflecting the net effect of (i) a decrease in financial assets at fair value through other comprehensive income ("**FVOCI**") by US$112.16 million (equivalent to approximately HK$874.86 million); and (ii) an increase in cash and cash equivalents by US$112.09 million (equivalent to approximately HK$874.33 million), representing the proceeds from the Disposal(s) of US$112.16 million (equivalent to approximately HK$874.86 million) net of associated transaction costs of US$0.07 million (equivalent to approximately HK$0.53 million).

The Group's total liabilities decreased by approximately US$0.02 million (equivalent to approximately HK$0.16 million), being the net result of (i) an increase in income tax payable by US$8.86 million (equivalent to approximately HK$69.08 million); and (ii) a decrease in deferred tax liabilities previously recognised in connection with the unrealised gain on the Alcoa Shares to be disposed of by US$8.88 million (equivalent to approximately HK$69.24 million).

When taken together with the Previous Disposals, the Group's total assets decreased by approximately US$0.24 million (equivalent to approximately HK$1.87 million), comprising (i) a decrease in financial assets at FVOCI by US$477.93 million (equivalent to approximately HK$3,727.82 million); and (ii) an increase in cash and cash equivalents by US$477.69 million (equivalent to approximately HK$3,725.95 million), representing the aggregate proceeds from the Disposal(s) and Previous Disposals, net of total transaction costs of US$0.24 million (equivalent to approximately HK$1.87 million).

The Group's total liabilities decreased by approximately US$0.07 million (equivalent to approximately HK$0.57 million), being the net result of (i) an increase in income tax payable by US$38.42 million (equivalent to approximately HK$299.64 million); and (ii) a decrease in deferred tax liabilities previously recognised in connection with the unrealised gain on the Alcoa Shares to be disposed of by US$38.49 million (equivalent to approximately HK$300.21 million).

USE OF PROCEEDS

The Group currently intends that approximately 10% to 25% of the proceeds are expected to be applied as general working capital of the Group, ensuring robust financial support for its trading operations and maintaining the high-volume cycle of commodity transactions. Approximately 65% to 75% of the proceeds will be allocated as reserve funds for potential future investment opportunities as may be identified from time to time. In this respect, the Company is actively reviewing oil and gas acquisition prospects in regions including Kazakhstan, the Middle East, and Southeast Asia. The possibility of applying up to approximately 25% of the proceeds towards dividend distribution will also be evaluated as appropriate.

It should however be noted that, due to various uncertainties, including but not limited to prevailing market conditions at the time of execution of the Disposal(s), the Group's operational and investment needs when the proceeds are received, and other factors such as changes in the operating environment or the emergence of new strategic opportunities, the above allocation represents only a tentative plan. The actual allocation of proceeds may be subject to further adjustments, and the Group will determine the final allocation based on what is in the best interests of the Shareholders.

INFORMATION ON ALCOA

General Information on Alcoa

Alcoa is a Delaware corporation listed on the NYSE from 1 November 2016 following its separation from its former parent company, Alcoa Inc. (which then became known as "Arconic Inc.", now known as "Howmet Aerospace Inc."). Alcoa is active in all aspects of the upstream alumina industry with bauxite mining, alumina refining, and alumina smelting and casting. Alcoa has direct and indirect ownership of assets in 27 locations across nine countries on six continents.

Alcoa's operations comprise two reportable business segments: alumina and aluminum. The alumina segment primarily consists of Alcoa's worldwide refining system, including the mining of bauxite, which is then refined into alumina, a compound of aluminum and oxygen that is the raw material used by smelters to produce aluminum metal. The aluminum segment currently consists of Alcoa's worldwide smelting and casthouse system and a portfolio of energy assets in Brazil, Canada and the U.S.

Financial Information on Alcoa

Set out below is a summary of the consolidated financial information of Alcoa for the three years ended 31 December 2025 and three months ended 31 March 2026, prepared in accordance with the U.S. GAAP, extracted from the annual reports of Alcoa for the three years ended 31 December 2023, 2024 and 2025, and the quarterly report of Alcoa for the three months ended 31 March 2026:

	For the year ended 31 December			For the three months ended 31 March
	2023	**2024**	**2025**	**2026**
	US$ (million) (audited)	*US$ (million)* (audited)	*US$ (million)* (audited)	*US$ (million)* (unaudited)
Revenue	10,551	11,895	12,831	3,193
Net (Loss)/Profit before tax	(584)	289	1,064	499
Net (Loss)/Profit after tax	(773)	24	1,119	417

	As at 31 December			As at 31 March
	2023	**2024**	**2025**	**2026**
	US$ (million) (audited)	*US$ (million)* (audited)	*US$ (million)* (audited)	*US$ (million)* (unaudited)
Net assets	5,845	5,157	6,118	6,826

The net assets of Alcoa as at 31 March 2026 as disclosed in the quarterly report of Alcoa for the quarterly period ended 31 March 2026 was approximately US$6,826 million (equivalent to approximately HK$53.48 billion). On the assumption that (i) all the 1,691,918 Alcoa CDIs are transmuted into Alcoa Shares and disposed of, and (ii) all the 551,306 Alcoa Shares are disposed of, within the Mandate Period and each at the Minimum Selling Price, the consideration in respect of the Disposal(s) represents an excess of approximately US$53.48 million (equivalent to approximately HK$417.12 million) over the book value of the interests of the Group in the Alcoa Shares disposed recorded as at 31 March 2026.

Please refer to Appendix II of this circular and Alcoa's website at https://www.alcoa.com/global/en/home/ for further financial information of Alcoa.

INFORMATION ON THE COMPANY AND CRA

CRA is a wholly-owned subsidiary of the Company whose principal activity is investment holding. The Company is an investment holding company mainly engaged in the exploration and sale of natural resources. Along with its subsidiaries, the Company operates its business through four segments. The aluminium smelting segment is engaged in the operation of the Portland aluminium smelter which sources alumina and produces aluminium ingots in Australia. The crude oil segment is engaged in the operation of oilfields and the sale of crude oil in Indonesia and the PRC. The import and export of commodities segment is engaged in the trading of crude oil and oil products around the world. The coal segment is engaged in the operation of coal mines and the sale of coal in Australia.

LISTING RULES IMPLICATIONS

Assuming that (i) all the 1,691,918 Alcoa CDIs are transmuted into Alcoa Shares and disposed of, and (ii) all the 551,306 Alcoa Shares are disposed of, within the Mandate Period and each at the Minimum Selling Price, the highest applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal(s), on an aggregated basis and considering in conjunction with the Previous Disposals, will exceed 75%, the Disposal(s) will constitute a very substantial disposal of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH RULE 14.68(2)(A)(I) OF THE LISTING RULES

Pursuant to Rule 14.68(2)(a)(i) of the Listing Rules, for a circular issued in relation to a very substantial disposal, it is required that financial information of either (a) Alcoa; or (b) the group with Alcoa being shown separately, to be included in the circular in relation to the Disposal(s), where such financial information must be reviewed by the Company's auditors or reporting accountants according to the relevant accounting standards as specified under Rule 14.68(2)(a)(i) of the Listing Rules (the "**Rules Requirements**").

The Company applied for a waiver from strict compliance with the requirement of Rule 14.68(2)(a)(i) based on the following grounds:

(a) As at the Latest Practicable Date, CRA continues to hold (i) 1,691,918 Alcoa CDIs and (ii) 551,306 Alcoa Shares (representing approximately 0.86% of the total issued shares in Alcoa); Neither the Company nor the Group has any control over Alcoa, nor does it have specific rights over, or access to, the management or board of directors of Alcoa or the financial information of Alcoa other than those disclosed to the public by Alcoa. The Company is simply one of the many public investors of Alcoa;

(b) Alcoa's shares are listed on the NYSE, and Alcoa publishes its financial information in accordance with U.S. GAAP on a quarterly basis under the relevant regulatory requirements. Such financial information can be easily obtained by the Shareholders and will enable them and the investing public to make a properly informed assessment of Alcoa's historical financial performance;

(c) The consolidated balance sheets of Alcoa and its subsidiaries as of 31 December 2025 and 2024, and the related consolidated statements of operations, of comprehensive income, of changes in mezzanine equity and equity and of cash flows for each of the three years in the period ended 31 December 2025, including the related notes (collectively referred to as the "**Published Financial Statements**") were prepared in conformity with U.S. GAAP. Further, they are audited by PricewaterhouseCoopers ("**PWC LLP**") in accordance with the Public Company Accounting Oversight Board (United States) (PCAOB). PWC LLP opined that the Published Financial Statements present fairly, in all material respects, the financial position of Alcoa and its subsidiaries as of 31 December 2025 and 2024, and the results of its operation and cash flows for each of the three years in the period ended 31 December 2025 in conformity with U.S. GAAP;

(d) The financial condition of Alcoa is most appropriately and reliably assessed by reference to its published financial information prepared in conformity with U.S. GAAP as the Alcoa Shares are listed on NYSE. If financial information of Alcoa is to be prepared in accordance with the relevant requirements under the Rules Requirements, it is the view of the Directors that the Shareholders are unlikely to meaningfully benefit from such information on Alcoa, considering that the Published Financial Statements and quarterly published financial information are readily accessible by the public, and the reasons set out in sub-paragraphs (e) and (f) below;

(e) Alcoa's financial statements are prepared in accordance with U.S. GAAP while the Company's financial statements are prepared in accordance with HKFRS Accounting Standards. Given that Alcoa and the Company have adopted different financial reporting standards, it is not only very unlikely but also unduly burdensome, if possible at all, for the Company to engage internal and external resources to prepare an accountants' report on Alcoa as required under Rules Requirements in light of the substantial time and costs required; and

(f) Given the financial information of Alcoa is publicly available, it would be unduly costly and time-consuming to prepare separate financial information of Alcoa in accordance with HKFRS Accounting Standards as required under the Rules Requirements.

(g) In replacement of disclosure required under the Rules Requirements and in order to facilitate the evaluation of the Disposal(s) by the Shareholders and potential investors, the following alternative disclosures are included in Appendix III of the Circular:

a. the unaudited consolidated financial statements of Alcoa for the three months ended 31 March 2026, which were prepared in accordance with U.S. GAAP, from the 2026 Quarterly Report on Form 10-Q of Alcoa issued on 30 April 2026;

b. the audited consolidated financial statements of Alcoa for the year ended 31 December 2025, which were prepared in accordance with U.S. GAAP, from the 2025 Annual Report on Form 10-K of Alcoa issued on 26 February 2026;

c. the audited consolidated financial statements of Alcoa for the year ended 31 December 2024, which were prepared in accordance with U.S. GAAP, from the 2024 Annual Report on Form 10-K of Alcoa issued on 20 February 2025; and

d. the audited consolidated financial statements of Alcoa for the year ended 31 December 2023, which were prepared in accordance with U.S. GAAP, from the 2023 Annual Report on Form 10-K of Alcoa issued on 21 February 2024.

Furthermore, notwithstanding the differences between U.S. GAAP, being the accounting standard adopted by Alcoa, and HKFRS Accounting Standards, being the accounting standard adopted by the Company, based on the reasons set out below, a reconciliation statement (the "**Reconciliation Statement**") needs not be included in this circular:

(a) Prior to and upon completion of the Disposal, Alcoa was not a subsidiary or associate of the Company. The financial results of Alcoa have not been consolidated into the financial statements of the Company. Further, unlike the case set out in the HKEX Listing Decision (HKEX-LD74-2), the Company's interest in Alcoa has not been treated as an investment in an associate and has not been (and will not be) accounted for using the equity method of accounting.

The Company's interest in Alcoa, prior to the Disposal(s), has been and shall continue to be classified as a financial asset and measured at fair value through other comprehensive income. Any gains or losses recognised by the Company in relation to its interest in Alcoa are solely based on movements in the share price of Alcoa and are presented in other comprehensive income.

As such, the financial information of Alcoa does not and shall not have any direct bearing on the financial information of the Company following the Disposal(s), and therefore it is submitted that the Reconciliation Statement would not be necessary for the Shareholders on their assessment of the impact of the Disposal on the Group.

(b) Given that Alcoa is a company listed on the NYSE that publishes its financial information in accordance with U.S. GAAP, and that the Company has no control over Alcoa's financial reporting processes or timetable. Furthermore, the Company does not have access to Alcoa's books and records which are pre-requisites to properly identifying possible U.S. GAAP adjustments and quantifying the amounts. In light of these limitations, the Company submits that it would be unduly burdensome and impracticable for the Company to coordinate with Alcoa to prepare the Reconciliation Statement solely for inclusion in this circular.

Based on the above, the Stock Exchange has granted a waiver from strict compliance with the Rules Requirements such that the Company is not required to include an accountants' report on Alcoa in accordance with HKFRS Accounting Standards in this circular.

SGM

The Disposal(s) constitute a very substantial disposal for the Company under the Listing Rules, for which Shareholders' approval is required. A notice of the SGM is enclosed with this circular. In accordance with the requirements of the Listing Rules, all votes to be taken at the SGM will be by way of poll. An announcement on the poll vote results will be published by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for the SGM is enclosed herewith. Shareholders who intend to appoint a proxy to attend and vote the SGM shall complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no shareholder has a material interest in the Disposal(s) and hence no Shareholder is required to abstain from voting on the approval of the Disposal(s).

RECOMMENDATION

The Board (including the independent non-executive Directors) considers the Disposal(s) fair and reasonable and in the interests of the Company and the Shareholders as a whole, therefore the Board would recommend the Shareholders to vote in favour of the granting of the Disposal Mandate and the Disposal(s) if a general meeting is to be convened.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
CITIC Resources Holdings Limited
Hao Weibao
Chairman

1. FINANCIAL INFORMATION

Details of the financial information of the Group for each of the three financial years ended 31 December 2025, 2024 and 2023 are disclosed in the following documents which have been published on the websites of the SEHK (https://www.hkexnews.hk/) and the Company (https://resources.citic/):

(a) **Annual report of the Company for the year ended 31 December 2025 published on 29 April 2026 (pages 62 to 152)**
https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0429/2026042900718.pdf

(b) **Annual report of the Company for the year ended 31 December 2024 published on 24 April 2025 (pages 60 to 153)**
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0424/2025042400568.pdf

(c) **Annual report of the Company for the year ended 31 December 2023 published on 25 April 2024 (pages 62 to 156)**
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042500518.pdf

2. INDEBTEDNESS STATEMENT

As at 30 April 2026, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the bank and other borrowings and lease liabilities of the Group are as follows:

	HK$'000
Bank borrowings	
– unsecured and unguaranteed	2,425,271
Other borrowings	
– unsecured and unguaranteed	1,419,729
Lease liabilities	40,814
	3,885,814

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at 30 April 2026, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, loans or term loans (secured, unsecured, guaranteed or otherwise), other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Board was not aware of any material adverse change in the financial and trading position of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Group was made up.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing available financial resources, including the internally generated funds, the available borrowing facilities and the net proceeds from the Disposal, the Group has sufficient working capital for its businesses for at least the next 12 months from the date of this circular in the absence of unforeseen material circumstances.

5. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in the exploration, development, production, and trading of oil, gas, and related commodities, as well as investments in the aluminium industry chain and other resource sectors. Against the backdrop of a complex and volatile international commodity market, the Group has demonstrated resilience by advancing its dual-engine development model of "investment + trading," stabilising operations and cultivating new growth drivers. The Disposal(s) is expected to further strengthen the Group's financial position and enhance its flexibility to pursue business development and expansion, including the financing of new projects and strategic investments.

Looking ahead, the Directors expect that the Group's financial position will remain robust, supported by healthy cash flows and available credit facilities. The Group will continue to deepen lean management and operational efficiency across its oil and gas assets, leveraging technological innovation to improve production, increase reserves, and optimise cost structures. Trading operations will remain a core focus, serving as a market barometer to inform investment decisions and asset optimisation, while expanding the scale and scope of commodity transactions.

The Group is actively reviewing investment opportunities in high-quality oil and gas projects in regions such as Kazakhstan, the Middle East, and Southeast Asia, as well as further investments in the aluminium industry chain. By integrating trading, investment, and production management, the Group aims to create synergies that secure upstream resources and convert value through market-driven sales. The Group will also continue to monitor market conditions and adapt its strategies to capture emerging opportunities, with the goal of delivering sustainable growth and maximising returns for its shareholders.

The following is an extract of the unaudited consolidated financial statements of Alcoa for the three months ended 31 March 2026, which were prepared in accordance with U.S. GAAP, from the 2026 Quarterly Report on Form 10-Q of Alcoa issued on 30 April 2026.

The 2026 Quarterly Report on Form 10-Q have been published on the website of the NYSE (https://www.nyse.com/index) and on Alcoa's websites (https://investors.alcoa.com/financials). It can be accessed at the website address below: https://d18rn0p25nwr6d.cloudfront.net/CIK-0001675149/7d701cf4-56d2-4b0f-a6d2-754bf642986d.pdf

Unless the context requires otherwise, the capitalised terms used in this extract shall have the same meanings as the 2026 Quarterly Report on Form 10-Q of Alcoa issued on 30 April 2026.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED OPERATIONS (UNAUDITED)
(in millions, except per-share amounts)

	First quarter ended March 31,	
	2026	**2025**
Sales (E)	$ 3,193	$ 3,369
Cost of goods sold (exclusive of expenses below)	2,512	2,438
Selling, general administrative, and other expenses	83	71
Research and development expenses	10	12
Provision for depreciation, depletion, and amortization	162	148
Restructuring and other charges, net (D)	18	5
Interest expense	35	53
Other income, net (O)	(126)	(26)
Total costs and expenses	2,694	2,701
Income before income taxes	499	668
Provision for income taxes	82	120
Net income	417	548
Less: Net loss attributable to noncontrolling interest	(8)	—
NET INCOME ATTRIBUTABLE TO ALCOA CORPORATION	$ 425	$ 548
EARNINGS PER SHARE ATTRIBUTABLE TO ALCOA CORPORATION COMMON SHAREHOLDERS (F):		
Basic	$ 1.61	$ 2.08
Diluted	$ 1.60	$ 2.07

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME (UNAUDITED)
(in millions)

	Alcoa Corporation First quarter ended March 31,		Noncontrolling interest First quarter ended March 31,		Total First quarter ended March 31,	
	2026	2025	2026	2025	2026	2025
Net income (loss)	$ 425	$ 548	$ (8)	$ —	$ 417	$ 548
Other comprehensive income (loss), net of tax (G):						
Change in unrecognized net actuarial gain/loss and prior service cost/ benefit related to pension and other postretirement benefits	11	5	—	—	11	5
Foreign currency translation adjustments	141	185	(3)	—	138	185
Net change in unrecognized gains/losses on cash flow hedges	156	16	—	—	156	16
Total Other comprehensive income (loss), net of tax	308	206	(3)	—	305	206
Comprehensive income (loss)	$ 733	$ 754	$ (11)	$ —	$ 722	$ 754

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (UNAUDITED)
(in millions)

	March 31, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents (L)	$ 1,353	$ 1,597
Receivables from customers (H)	1,192	1,064
Other receivables	209	204
Inventories (I)	2,297	2,177
Fair value of derivative instruments (L)	122	49
Prepaid expenses and other current assets	505	378
Total current assets	5,678	5,469
Properties, plants, and equipment	21,045	20,537
Less: accumulated depreciation, depletion, and amortization	14,184	13,837
Properties, plants, and equipment, net	6,861	6,700
Investments	491	477
Noncurrent marketable securities (C & L)	1,485	1,397
Deferred income taxes	663	687
Fair value of derivative instruments (L)	42	34
Other noncurrent assets (O)	1,420	1,365
Total assets	$ 16,640	$ 16,129
LIABILITIES		
Current liabilities:		
Accounts payable, trade	$ 1,771	$ 1,938
Accrued compensation and retirement costs	349	383
Taxes, including income taxes	310	294
Fair value of derivative instruments (L)	567	467
Other current liabilities	828	718
Long-term debt due within one year (J & L)	1	1
Total current liabilities	3,826	3,801

	March 31, 2026	December 31, 2025
Long-term debt, less amount due within one year (J & L)	2,441	2,438
Accrued pension benefits (K)	248	257
Accrued other postretirement benefits (K)	421	427
Asset retirement obligations	1,094	1,120
Environmental remediation (N)	203	206
Fair value of derivative instruments (L)	916	1,134
Noncurrent income taxes	87	65
Other noncurrent liabilities and deferred credits	513	487
Total liabilities	9,749	9,935
CONTINGENCIES AND COMMITMENTS (N)		
MEZZANINE EQUITY		
Noncontrolling interest (C)	65	76
EQUITY		
Common stock	3	3
Additional capital	11,577	11,575
Retained earnings (deficit)	127	(271)
Accumulated other comprehensive loss (G)	(4,881)	(5,189)
Total equity	6,826	6,118
Total liabilities, mezzanine equity, and equity	$ 16,640	$ 16,129

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS (UNAUDITED)
(in millions)

	Three months ended March 31,	
	2026	**2025**
CASH FROM OPERATIONS		
Net income	$ 417	$ 548
Adjustments to reconcile net income to cash from operations:		
Depreciation, depletion, and amortization	162	148
Deferred income taxes	76	50
Equity loss (income), net of dividends	6	(9)
Restructuring and other charges, net (D)	18	5
Net (gain) loss from investing activities – asset sales (O)	(1)	3
Mark-to-market gain on noncurrent marketable securities (O)	(88)	—
Net periodic pension benefit cost (K)	6	5
Stock-based compensation	13	11
Gain on mark-to-market derivative financial contracts	(2)	(5)
Other	9	35
Changes in assets and liabilities, excluding effects of divestitures and foreign currency translation adjustments:		
Increase in receivables	(117)	(85)
Increase in inventories	(183)	(155)
(Increase) decrease in prepaid expenses and other current assets	(7)	87
Decrease in accounts payable, trade	(195)	(206)
Decrease in accrued expenses	(94)	(206)
Decrease in taxes, including income taxes	(26)	(27)
Pension contributions (K)	(3)	(12)
Increase in noncurrent assets	(68)	(47)
Decrease in noncurrent liabilities	(102)	(65)
CASH (USED FOR) PROVIDED FROM OPERATIONS	(179)	75

	Three months ended March 31,	
	2026	**2025**
FINANCING ACTIVITIES		
Additions to debt (J)	104	1,033
Payments on debt (J)	(4)	(946)
Dividends paid on Alcoa preferred stock	—	—
Dividends paid on Alcoa common stock	(27)	(26)
Payments related to tax withholding on stock-based compensation awards	(11)	(5)
Financial contributions for the divestiture of businesses	—	(2)
Contributions from noncontrolling interest (C)	—	27
Other	(2)	(4)
CASH PROVIDED FROM FINANCING ACTIVITIES	60	77
INVESTING ACTIVITIES		
Capital expenditures	(119)	(93)
Proceeds from the sale of assets	4	—
Additions to investments	(15)	(15)
Other	1	—
CASH USED FOR INVESTING ACTIVITIES	(129)	(108)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	3	12
Net change in cash and cash equivalents and restricted cash	(245)	56
Cash and cash equivalents and restricted cash at beginning of year	1,692	1,234
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	$ 1,447	$ 1,290

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CHANGES IN CONSOLIDATED MEZZANINE EQUITY AND EQUITY
(UNAUDITED)
(in millions)

	Mezzanine equity	Alcoa Corporation shareholders					
	Non-controlling interest	Preferred stock	Common stock	Additional capital	Retained (deficit) earnings	Accumulated other comprehensive (loss) income	Total equity
Balance at January 1, 2025	$ –	$ –	$ 3	$ 11,587	$ (1,323)	$ (5,110)	$ 5,157
Net income	–	–	–	–	548	–	548
Other comprehensive income (G)	–	–	–	–	–	206	206
Stock-based compensation	–	–	–	11	–	–	11
Net effect of tax withholding for compensation plans and exercise of stock options	–	–	–	(5)	–	–	(5)
Dividends paid on Alcoa preferred stock ($0.10 per share)	–	–	–	–	–	–	–
Dividends paid on Alcoa common stock ($0.10 per share)	–	–	–	–	(26)	–	(26)
Joint venture formation (C)	103	–	–	(45)	–	(31)	(76)
Balance at March 31, 2025	$ 103	$ –	$ 3	$ 11,548	$ (801)	$ (4,935)	$ 5,815
Balance at January 1, 2026	$ 76	$ –	$ 3	$ 11,575	$ (271)	$ (5,189)	$ 6,118
Net (loss) income	(8)	–	–	–	425	–	425
Other comprehensive (loss) income (G)	(3)	–	–	–	–	308	308
Stock-based compensation	–	–	–	13	–	–	13
Net effect of tax withholding for compensation plans and exercise of stock options	–	–	–	(11)	–	–	(11)
Dividends paid on Alcoa common stock ($0.10 per share)	–	–	–	–	(27)	–	(27)
Balance at March 31, 2026	$ 65	$ –	$ 3	$ 11,577	$ 127	$ (4,881)	$ 6,826

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(dollars in millions, except per-share amounts; metric tons in thousands (kmt))

A. BASIS OF PRESENTATION – The interim Consolidated Financial Statements of Alcoa Corporation and its subsidiaries (Alcoa Corporation, Alcoa, or the Company) are unaudited. These Consolidated Financial Statements include all adjustments, consisting only of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position, and cash flows. The results reported in these Consolidated Financial Statements are not necessarily indicative of the results that may be expected for the entire year. The 2025 year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP). This Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2025, which includes disclosures required by GAAP.

In accordance with GAAP, certain situations require management to make estimates based on judgments and assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Management uses historical experience and all available information to make these estimates. Management regularly evaluates the judgments and assumptions used in its estimates, and results could differ from those estimates upon future events and their effects or new information.

Principles of Consolidation. The Consolidated Financial Statements of the Company include the accounts of Alcoa Corporation and companies in which Alcoa Corporation has a controlling interest, including those that comprise the San Ciprián (Spain) joint venture (see Note C). Intercompany transactions have been eliminated. The equity method of accounting is used for investments in affiliates and other joint ventures over which the Company has significant influence but does not have effective control. Investments in affiliates in which Alcoa Corporation cannot exercise significant influence are accounted for at cost less any impairment, a measurement alternative in accordance with GAAP.

B. RECENTLY ADOPTED AND RECENTLY ISSUED ACCOUNTING GUIDANCE

In December 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2025-10 which establishes authoritative guidance on the accounting for government grants received by business entities. The guidance is effective for annual periods beginning after December 15, 2028, and interim periods within those annual periods. Early adoption is permitted. Management does not expect the adoption of this guidance to have a material impact on the Company's financial position or results of operations.

In November 2024, the FASB issued ASU No. 2024-03 which requires detailed disclosures about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) included within commonly presented expense captions (including cost of goods sold; selling, general administrative, and other expense; and research and development expenses). The guidance is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The adoption of this guidance will not have a material impact on the Company's financial position or results of operations and will provide enhanced disclosures regarding expenses beginning in the Company's Annual Report on Form 10-K for the year ended December 31, 2027.

C. ACQUISITIONS AND DIVESTITURES

Saudi Arabia Joint Venture

On July 1, 2025, Alcoa completed the sale of its 25.1% ownership interest in the Saudi Arabia joint venture, comprised of the Ma'aden Bauxite and Alumina Company (MBAC) and the Ma'aden Aluminium Company (MAC), to Saudi Arabian Mining Company (Ma'aden) in exchange for total consideration of $1,350, comprised of 85,977,547 shares of Ma'aden (valued at SAR 52.35 per share at closing, or $1,200) and $150 in cash (related to taxes and transaction costs).

The shares of Ma'aden are presented as Noncurrent marketable securities on the Consolidated Balance Sheet, as they are subject to transfer and sale restrictions, including a restriction requiring Alcoa to hold the shares for a minimum of three years, with one-third of the shares becoming transferable after each of the third, fourth, and fifth anniversaries of the closing of the transaction (the Holding Period). During the Holding Period, Alcoa is permitted, under certain conditions, to hedge and borrow against its Ma'aden shares. Under certain circumstances, such minimum Holding Period may be reduced.

Subsequent to July 1, 2025, the fair value of the shares is based on the unadjusted quoted price on the Saudi Exchange (Tadawul). For the quarter ended March 31, 2026, the Company recorded a mark-to-market gain of $88 in Other income, net (see Note O) on the Statement of Consolidated Operations related to changes in fair value of the shares. At March 31, 2026 and December 31, 2025, the shares of Ma'aden were valued at SAR 64.80 per share, or $1,485, and SAR 60.95 per share, or $1,397, respectively.

San Ciprián Joint Venture

On March 31, 2025, Alcoa and Trento Equity Holdings, S.L.U. (Trento EQT), formerly known as IGNIS Equity Holdings, SL, entered into a joint venture agreement (the Agreement) with respect to the San Ciprián operations, whereby Alcoa holds a 75% ownership interest and continues as the managing operator and Trento EQT holds the remaining 25% interest.

Under the terms of the Agreement, Alcoa and Trento EQT contributed $81 (€75) and $27 (€25), respectively, to form the joint venture. The formation of the joint venture was accounted for as an equity transaction where Trento EQT's noncontrolling interest was reflected as a decrease to Additional capital on the accompanying Consolidated Balance Sheet. Noncontrolling interest was measured at 25 percent of the net assets included in the joint venture at formation ($103), which included the initial contributions described above ($108). Additionally, certain amounts related to foreign currency translation adjustments previously included within Accumulated other comprehensive loss ($31) were reclassified to Additional capital.

The Agreement also provides Trento EQT a put option, pursuant to which Trento EQT may require the Company to purchase its 25% interest at the then fair market value upon certain change in control provisions. Noncontrolling interest is classified within Mezzanine equity on the Consolidated Balance Sheet, as Trento EQT's redemption of the put option is not solely within the Company's control. Subsequent to the formation of the joint venture, changes in the carrying value of Noncontrolling interest on the Consolidated Balance Sheet were solely comprised of the comprehensive loss attributable to Trento EQT's 25% interest, as a change in control of the San Ciprián operations was not deemed probable.

D. RESTRUCTURING AND OTHER CHARGES, NET

In the first quarter of 2026, Alcoa Corporation recorded Restructuring and other charges, net, of $18 which were primarily comprised of take-or-pay power contract costs at previously closed sites.

In the first quarter of 2025, Alcoa Corporation recorded Restructuring and other charges, net, of $5 which were primarily comprised of:

- A charge of $3 for certain employee obligations related to the February 2023 updated viability agreement reached with the workers' representatives of the San Ciprián aluminum smelter related to the restart of the smelter; and,

- A charge of $2 for take-or-pay power contract costs at a previously closed site.

Alcoa Corporation does not include Restructuring and other charges, net in the results of its reportable segments. The impact of allocating such charges to segment results would have been as follows:

	First quarter ended March 31,	
	2026	**2025**
Alumina	$ —	$ —
Aluminum	—	3
Segment total	—	3
Corporate	18	2
Total Restructuring and other charges, net	$ 18	$ 5

Activity and reserve balances for Restructuring and other charges, net related to Severance and employee termination costs and Other costs were as follows:

	Severance and employee termination costs	Other costs	Total
Balance at December 31, 2024	$ 13	$ 168	$ 181
Restructuring and other charges, net	2	107	109
Cash payments	(4)	(208)	(212)
Reversals and other	—	7	7
Balance at December 31, 2025	11	74	85
Restructuring and other charges, net	—	18	18
Cash payments	(6)	(11)	(17)
Reversals and other	—	1	1
Balance at March 31, 2026	$ 5	$ 82	$ 87

Restructuring and other charges, net related to Accrued pension benefits, Accrued other postretirement benefits, Asset retirement obligations, Environmental remediation, and Other noncurrent assets are excluded from the above activity and balances. Reversals and other includes reversals of previously recorded liabilities and foreign currency translation impacts.

The noncurrent portion of the reserve was $37 and $34 at March 31, 2026 and December 31, 2025, respectively.

E. SEGMENT INFORMATION – Alcoa Corporation is a producer of bauxite, alumina, and aluminum products. The Company has two operating and reportable segments: (i) Alumina and (ii) Aluminum. The primary measure of performance reported to Alcoa Corporation's President and Chief Executive Officer, identified as the Company's chief operating decision maker (CODM), is Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) for each segment.

The Company calculates Segment Adjusted EBITDA as Total sales (third-party and intersegment) minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; and Research and development expenses. Alcoa Corporation's Segment Adjusted EBITDA may not be comparable to similarly titled measures of other companies. The CODM regularly reviews Segment Adjusted EBITDA to assess performance and allocate resources (including employees, property, and financial or capital resources) in the planning and strategic review process. The CODM evaluates actual results versus the annual plan, most recent forecast, and prior period results when making decisions about allocating resources.

The operating results, capital expenditures, and assets of Alcoa Corporation's reportable segments were as follows (differences between segment totals and consolidated amounts are in Corporate):

	Alumina	Aluminum	Total
First quarter ended March 31, 2026			
Sales:			
Third-party sales	$ 657	$ 2,536	$ 3,193
Intersegment sales	445	5	450
Total sales	$ 1,102	$ 2,541	$ 3,643
Adjusted operating costs[(1)]	737	1,430	2,167
Other segment items[(2)]	405	417	822
Segment Adjusted EBITDA	$ (40)	$ 694	$ 654
Supplemental information:			
Depreciation, depletion, and amortization	$ 86	$ 71	$ 157
Equity income	—	—	—
Capital expenditures	64	46	110
First quarter ended March 31, 2025			
Sales:			
Third-party sales	$ 1,463	$ 1,901	$ 3,364
Intersegment sales	712	4	716
Total sales	$ 2,175	$ 1,905	$ 4,080
Adjusted operating costs[(1)]	723	1,574	2,297
Other segment items[(2)]	788	197	985
Segment Adjusted EBITDA	$ 664	$ 134	$ 798
Supplemental information:			
Depreciation, depletion, and amortization	$ 76	$ 67	$ 143
Equity income (loss)	15	(6)	9
Capital expenditures	53	37	90

	Alumina	Aluminum	Total
March 31, 2026			
Assets:			
Equity investments	$ 247	$ 240	$ 487
Segment assets	5,806	6,704	12,510
December 31, 2025			
Assets:			
Equity investments	$ 243	$ 230	$ 473
Segment assets	5,671	6,151	11,822

(1) Adjusted operating costs include all production related costs for alumina or aluminum produced and shipped: raw materials consumed; conversion costs, such as labor, materials, and utilities; and plant administrative expenses.

(2) Other segment items include costs associated with trading activity, the Alumina segment's purchase of bauxite from offtake or other supply agreements, the Alumina segment's commercial shipping services, and the Aluminum segment's energy assets; other direct and non-production related charges, including tariff costs; Selling, general administrative, and other expenses; and Research and development expenses.

The following table reconciles Total Segment Adjusted EBITDA to Consolidated net income attributable to Alcoa Corporation:

	First quarter ended March 31,	
	2026	**2025**
Total Segment Adjusted EBITDA	$ 654	$ 798
Unallocated amounts:		
Transformation[(1)]	(27)	(12)
Intersegment eliminations	7	103
Corporate expenses[(2)]	(39)	(37)
Provision for depreciation, depletion, and amortization	(162)	(148)
Restructuring and other charges, net (D)	(18)	(5)
Interest expense	(35)	(53)
Other income, net (O)	126	26
Other[(3)]	(7)	(4)
Consolidated income before income taxes	499	668
Provision for income taxes	(82)	(120)
Net loss attributable to noncontrolling interest	8	—
Consolidated net income attributable to Alcoa Corporation	$ 425	$ 548

(1) Transformation includes, among other items, the Adjusted EBITDA of previously closed operations.

(2) Corporate expenses are composed of general administrative and other expenses of operating the corporate headquarters and other global administrative facilities, as well as research and development expenses of the corporate technical center.

(3) Other includes certain items that are not included in the Adjusted EBITDA of the reportable segments.

The following table details Alcoa Corporation's Sales by product division:

	First quarter ended March 31,	
	2026	2025
Aluminum	$ 2,582	$ 1,955
Alumina	521	1,211
Bauxite	118	242
Energy	77	33
Other[1]	(105)	(72)
	$ 3,193	$ 3,369

(1) Other includes realized gains and losses related to embedded derivative instruments designated as cash flow hedges of forward sales of aluminum (see Note L).

F. EARNINGS PER SHARE

For the first quarter of 2026, basic earnings per share (EPS) amounts were computed by dividing earnings by the average number of common shares outstanding. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive share equivalents outstanding.

For the first quarter of 2025, basic EPS was calculated using the two-class method and earnings were allocated to Alcoa common stock and preferred stock based on the pro-rata share of each class outstanding and resulted in undistributed earnings of $9 allocated to preferred stock. Diluted EPS assumes the issuance of common stock for all potentially dilutive share equivalents outstanding. Diluted EPS was calculated under both the two-class and if-converted methods, and the more dilutive amount is reported.

In the fourth quarter of 2025, all issued and outstanding shares of preferred stock were converted into common stock, and no preferred stock remained issued and outstanding at December 31, 2025.

The share information used to compute basic and diluted EPS attributable to Alcoa Corporation common shareholders was as follows (shares in millions):

	First quarter ended March 31,	
	2026	**2025**
Average shares outstanding – basic	264	259
Effect of dilutive securities:		
Stock options	—	—
Stock units	2	1
Average shares outstanding – diluted	266	260

G. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table details the activity of the three components that comprise Accumulated other comprehensive loss for Alcoa Corporation's shareholders and Noncontrolling interest:

	Alcoa Corporation First quarter ended March 31,		Noncontrolling interest First quarter ended March 31,	
	2026	2025	2026	2025
Pension and other postretirement benefits (K)				
Balance at beginning of period	$ (74)	$ (11)	$ —	$ —
Other comprehensive income:				
Unrecognized net actuarial gain/loss and prior service cost/benefit	1	(1)	—	—
Tax expense[2]	—	(1)	—	—
Total Other comprehensive income (loss) before reclassifications, net of tax	1	(2)	—	—
Amortization of net actuarial gain/loss and prior service cost/benefit[1]	10	7	—	—
Total amount reclassified from Accumulated other comprehensive loss, net of tax[5]	10	7	—	—
Total Other comprehensive income	11	5	—	—

	Alcoa Corporation First quarter ended March 31,		Noncontrolling interest First quarter ended March 31,	
	2026	2025	2026	2025
Balance at end of period	$ (63)	$ (6)	$ —	$ —
Foreign currency translation				
Balance at beginning of period	$ (3,780)	$ (4,194)	$ 11	$ —
Other comprehensive income (loss)	141	185	(3)	—
Joint venture formation (C)	—	(31)	—	—
Balance at end of period	$ (3,639)	$ (4,040)	$ 8	$ —
Cash flow hedges (L)				
Balance at beginning of period	$ (1,335)	$ (905)	$ —	$ —
Other comprehensive income:				
Net change from periodic revaluations	42	(85)	—	—
Tax (expense) benefit[2]	(2)	23	—	—
Total Other comprehensive income (loss) before reclassifications, net of tax	40	(62)	—	—
Net amount reclassified to earnings:				
Aluminum contracts	131	93	—	—
Financial contracts[4]	11	—	—	—
Foreign exchange contracts	(1)	2	—	—
Sub-total	141	95	—	—
Tax expense[2]	(25)	(17)	—	—
Total amount reclassified from Accumulated other comprehensive loss, net of tax[5]	116	78	—	—
Total Other comprehensive income	156	16	—	—
Balance at end of period	$ (1,179)	$ (889)	$ —	$ —
Total Accumulated other comprehensive (loss) income	$ (4,881)	$ (4,935)	$ 8	$ —

(1) These amounts were included in the computation of net periodic benefit cost for pension and other postretirement benefits (see Note K).

(2) These amounts were reported in Provision for income taxes on the accompanying Statement of Consolidated Operations.

(3) These amounts were reported in Sales on the accompanying Statement of Consolidated Operations.

(4) These amounts were reported in Cost of goods sold on the accompanying Statement of Consolidated Operations.

(5) A positive amount indicates a corresponding charge to earnings and a negative amount indicates a corresponding benefit to earnings.

H. RECEIVABLES

A wholly-owned special purpose entity (SPE) of the Company has an agreement with a financial institution to transfer up to $175 of certain customer receivables without recourse on a revolving basis. The agreement was entered into in 2023, most recently amended in November 2025, and matures on November 13, 2026. Company subsidiaries sell customer receivables to the SPE, which then transfers the receivables to the financial institution. The Company does not maintain effective control over the transferred receivables and accounts for the transfers as sales of receivables.

Alcoa Corporation guarantees the performance obligations of the Company subsidiaries, and unsold customer receivables are pledged as collateral to secure the sold receivables. The SPE held unsold customer receivables of $616 and $486 pledged as collateral against the sold receivables as of March 31, 2026 and December 31, 2025, respectively.

The Company continues to service the customer receivables and as customer payments are collected by the Company, the SPE transfers additional receivables to the financial institution rather than remitting cash.

In the first quarter of 2026, the Company sold gross customer receivables of $211 and reinvested collections of $211 from previously sold receivables. In the first quarter of 2025, the Company sold gross customer receivables of $199 and reinvested collections of $199 from previously sold receivables. There were no cash remittances to or from the financial institution in either period.

Cash collections from previously sold receivables yet to be reinvested of $42 and $69 were included in Accounts payable, trade on the Consolidated Balance Sheet as of March 31, 2026 and December 31, 2025, respectively. Cash received from sold receivables under the agreement are presented within operating activities in the Statement of Consolidated Cash Flows.

I. INVENTORIES

	March 31, 2026	December 31, 2025
Finished goods	$ 442	$ 394
Work-in-process	332	282
Bauxite and alumina	604	580
Purchased raw materials	608	633
Operating supplies	311	288
	$ 2,297	$ 2,177

J. DEBT

Short-term Borrowings

Inventory Repurchase Agreements

The Company periodically enters into inventory repurchase agreements whereby the Company sells aluminum to a third party and agrees to subsequently repurchase substantially similar inventory. Upon shipment of inventory, the Company does not record the sale and reflects cash received in Short-term borrowings within Other current liabilities on the Consolidated Balance Sheet. The cash received and subsequently paid under these agreements is included in Cash provided from financing activities on the Statement of Consolidated Cash Flows.

During the first quarter of 2026, the Company recorded borrowings of $104 and repurchased $4 of inventory related to these agreements. During the first quarter of 2025, the Company recorded borrowings of $44 and repurchased $49 of inventory related to these agreements.

The net borrowings from inventory repurchase agreements was $109 and $9 as of March 31, 2026 and December 31, 2025, respectively. The associated inventory sold and not yet repurchased was reflected in Prepaid expenses and other current assets on the accompanying Consolidated Balance Sheet.

144A Debt

Redemption

On April 14, 2026, the Company announced that its wholly-owned subsidiary Alcoa Nederland Holding B.V. (ANHBV), issued a notice to redeem the remaining $219 aggregate principal amount of its outstanding 6.125% notes due in 2028. The notes will be redeemed on May 15, 2026 at a price equal to 100 percent of the principal amount, plus accrued and unpaid interest, using cash on hand.

Credit Facilities

Revolving Credit Facility

The Company and ANHBV, a wholly-owned subsidiary of Alcoa Corporation and the borrower, have a $1,250 revolving credit and letter of credit facility in place for working capital and/or other general corporate purposes (the Revolving Credit Facility). The Revolving Credit Facility, established in September 2016, most recently amended and restated in June 2022 and amended in August 2025, is scheduled to mature in June 2027. Subject to the terms and conditions under the Revolving Credit Facility, the Company or ANHBV may borrow funds or issue letters of credit. Under the terms of the January 2024 amendment (Amendment No. 1), the Company agreed to provide collateral for its obligations under the Revolving Credit Facility. In August 2025, Alcoa Corporation, ANHBV, and certain subsidiaries of the Company entered into Amendment No. 2 to the Revolving Credit Facility to allow for certain changes in the Company's legal structure and update certain exceptions to collateral requirements. See Part II Item 8 of Alcoa Corporation's Annual Report on Form 10-K in Note M to the Consolidated Financial Statements for the year ended December 31, 2025 for more information on the Revolving Credit Facility.

As of March 31, 2026, the Company was in compliance with all financial covenants. The Company may access the entire amount of commitments under the Revolving Credit Facility. There were no borrowings outstanding at March 31, 2026 and December 31, 2025, and no amounts were borrowed during the first quarters ended March 31, 2026 and March 31, 2025 under the Revolving Credit Facility.

Japanese Yen Revolving Credit Facility

At March 31, 2026, the Company and ANHBV had a $200 revolving credit facility available to be drawn in Japanese yen (the Japanese Yen Revolving Credit Facility). See Part II Item 8 of Alcoa Corporation's Annual Report on Form 10-K in Note M to the Consolidated Financial Statements for the year ended December 31, 2025 for more information on the Japanese Yen Revolving Credit Facility.

As of March 31, 2026, the Company was in compliance with all financial covenants. There were no borrowings outstanding at March 31, 2026 and December 31, 2025, and no amounts were borrowed during the first quarters ended March 31, 2026 and March 31, 2025 under the Japanese Yen Revolving Credit Facility.

On April 24, 2026, the Japanese Yen Revolving Credit Facility matured with no amounts outstanding at expiration.

K. PENSION AND OTHER POSTRETIREMENT BENEFITS

The components of net periodic benefit cost were as follows:

	Pension benefits		Other postretirement benefits	
First quarter ended March 31,	**2026**	**2025**	**2026**	**2025**
Service cost	$ 2	$ 2	$ —	$ —
Interest cost[1]	23	25	5	5
Expected return on plan assets[1]	(30)	(31)	—	—
Recognized net actuarial loss[1]	11	9	1	1
Amortization of prior service benefit[1]	—	—	(2)	(3)
Net periodic benefit cost	$ 6	$ 5	$ 4	$ 3

(1) These amounts were reported in Other income, net on the accompanying Statement of Consolidated Operations (see Note O).

Funding and Cash Flows. It is Alcoa's policy to fund amounts for defined benefit pension plans sufficient to meet the minimum requirements set forth in each applicable country's benefits laws and tax laws, including the Employee Retirement Income Security Act of 1974 (ERISA) for U.S. plans. From time to time, the Company contributes additional amounts as deemed appropriate.

Under ERISA regulations, a plan sponsor that establishes a pre-funding balance by making discretionary contributions to a U.S. defined benefit pension plan may elect to apply all or a portion of this balance toward its minimum required contribution obligations to the related plan in future years.

In the first quarter of 2026, management made such elections related to the Company's U.S. plans and intends to do so for the remainder of 2026. As a result, Alcoa's minimum required contribution to defined benefit pension plans in 2026 is estimated to be approximately $12, of which $3 was contributed to non-U.S. plans during the first quarter of 2026.

In the first quarter of 2025, $12 was contributed to non-U.S. plans.

L. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (i) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (ii) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and,

- Level 3 – Inputs that are both significant to the fair value measurement and unobservable.

Derivatives

Alcoa Corporation is exposed to certain risks relating to its ongoing business operations, including the risks of changing commodity prices, foreign currency exchange rates, and interest rates. Alcoa Corporation's commodity and derivative activities include aluminum, alumina, energy, foreign exchange, and interest rate contracts, which are held for purposes other than trading. They are used to mitigate uncertainty and volatility, and to cover underlying exposures. While Alcoa does not generally enter into derivative contracts to mitigate the risk associated with changes in aluminum or alumina prices, the Company may do so in isolated cases to address discrete commercial or operational conditions. Alcoa is not involved in trading activities for energy, weather derivatives, or other nonexchange commodities.

Alcoa Corporation's commodity and derivative activities are subject to the management, direction, and control of the Strategic Risk Management Committee (SRMC), which consists of at least three members, including the chief executive officer, the chief financial officer, and the chief commercial officer. The remaining member(s) are other officers and/or employees of the Company as the chief executive officer may designate from time to time. The SRMC meets on a periodic basis to review derivative positions and strategy and reports to the Audit Committee of Alcoa Corporation's Board of Directors on the scope of its activities.

Alcoa Corporation's aluminum, alumina, foreign exchange, natural gas, and electricity contracts are predominantly classified as Level 1 or Level 2 under the fair value hierarchy, and are predominantly designated as either fair value or cash flow hedging instruments. Alcoa Corporation also has several derivative instruments classified as Level 3 under the fair value hierarchy, which are either designated as cash flow hedges or undesignated.

The following tables present the detail for Level 1, 2, and 3 derivatives (see additional Level 3 information in further tables below):

	March 31, 2026		December 31, 2025	
	Assets	Liabilities	Assets	Liabilities
Level 1 and 2 derivative instruments	$ 94	$ 233	$ 15	$ 246
Level 1 derivative instruments (undesignated)	30	2	48	1
Level 3 derivative instruments	40	1,248	20	1,354
Total	$ 164	$ 1,483	$ 83	$ 1,601
Less: Current	122	567	49	467
Noncurrent	$ 42	$ 916	$ 34	$ 1,134

	2026		2025	
First quarter ended March 31,	Unrealized gain (loss) recognized in Other comprehensive income (loss)	Realized loss reclassified from Accumulated other comprehensive loss to earnings	Unrealized gain (loss) recognized in Other comprehensive income (loss)	Realized loss reclassified from Accumulated other comprehensive loss to earnings
Level 1 and 2 derivative instruments	$ 50	$ (25)	$ 24	$ (2)
Level 3 derivative instruments	(8)	(116)	(109)	(93)
Total	$ 42	$ (141)	$ (85)	$ (95)

For the first quarter of 2026, the realized loss of $25 on Level 1 and 2 cash flow hedges was comprised of a $14 loss recognized in Sales and a $11 loss recognized in Cost of goods sold. For the first quarter of 2025, the realized loss of $2 on Level 1 and 2 cash flow hedges was recognized in Sales.

The following table presents the outstanding quantities of derivative instruments classified as Level 1 or Level 2:

	Classification	March 31, 2026	March 31, 2025
Aluminum (in kmt)	Commodity buy forwards	219	173
Aluminum (in kmt)	Commodity sell forwards	449	458
Alumina (in kmt)	Commodity sell forwards	97	—
Foreign currency (in millions of euro)	Foreign exchange buy forwards	265	163
Foreign currency (in millions of euro)	Foreign exchange sell forwards	5	11
Foreign currency (in millions of euro) (undesignated)	Foreign exchange buy forwards	616	852
Foreign currency (in millions of Norwegian krone)	Foreign exchange buy forwards	—	20
Foreign currency (in millions of Brazilian real)	Foreign exchange buy forwards	29	160
Foreign currency (in millions of Australian dollar)	Foreign exchange buy forwards	768	41
Foreign currency (in millions of Saudi riyal) (undesignated)	Foreign exchange swap	273	—
Natural gas (in millions of megawatt hours)	Commodity buy forwards	4	2
Electricity (in millions of megawatt hours)	Commodity buy forwards	5	—

Alcoa Corporation routinely uses Level 1 aluminum derivative instruments to manage exposures to changes in the fair value of firm commitments for the purchases or sales of aluminum. Additionally, Alcoa uses alumina derivative instruments to manage exposures to changes in the fair value of certain firm commitments for the purchases or sales of alumina (expires December 2026) and aluminum derivative instruments to manage LME exposures related to the San Ciprián smelter (expires December 2027). Alcoa used aluminum derivative instruments to manage LME exposures related to profitability improvement actions (expired December 2025).

Alcoa Corporation uses Level 1 foreign exchange forward and swap contracts to mitigate the risk of foreign exchange exposure related to euro power purchases in Norway (expires December 2028), euro expenses (primarily energy and labor) (expires December 2027), U.S. dollar alumina and aluminum sales in Brazil (expires October 2026), U.S. dollar alumina sales in Australia (expires December 2032), and Saudi riyal expenses (expires May 2026). Additionally, Alcoa used Level 1 foreign exchange forward contracts to mitigate the risk of foreign exchange exposure related to U.S. dollar aluminum sales in Norway (expired June 2025).

Alcoa Corporation uses Level 1 and 2 natural gas and electricity forward contracts to mitigate the risk of price fluctuations on associated purchases in Spain (expires December 2027).

Additional Level 3 Disclosures

The following table presents quantitative information related to the significant unobservable inputs described above for Level 3 derivative instruments (megawatt hours in MWh; megawatts in MW):

	March 31, 2026	Unobservable Input	Unobservable Input Range	
Asset Derivatives				
Financial contracts (undesignated)	$ 19	Interrelationship of forward energy price, LME forward price and the Consumer Price Index	Electricity (per MWh)	2026: $31.47 2026: $94.95 2026: $66.34
			LME (per mt)	2026: $3,521 2026: $3,482 2026: $3,371
Financial contract (undesignated)	21	Interrelationship of forward energy price and the contract price, and the	Electricity (per MWh)	2026: $17.15 2028: $44.75
		estimated MW of renewable energy produced (per month)	Electricity	2026: 56 MW 2028: 84 MW
Power contract[(1)]	—	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2026: $3,521 2026: $3,504
			Electricity	Rate of 2 million MWh per year
Total Asset Derivatives	$ 40			
Liability Derivatives				
Power contract	$ 130	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2026: $3,521 2027: $3,034
			Electricity	Rate of 4 million MWh per year
Power contracts	1,116	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2026: $3,521 2029: $2,778 2036: $2,933
			Midwest premium (per pound)	2026: $1.1600 2029: $1.0600 2036: $1.0600
			Electricity	Rate of 18 million MWh per year
Power contract (undesignated)	2	Estimated spread between the 30-year debt yield of Alcoa and the counterparty	Credit spread	1.09%: 30-year debt yield spread 6.78%: Alcoa (estimated) 5.69%: counterparty
Total Liability Derivatives	$ 1,248			

(1) In the first quarter of 2026, the embedded derivative associated with the existing power contract expired and a new embedded derivative was recognized for the new power contract effective April 1, 2026 (entered into in October 2025).

The fair values of Level 3 derivative instruments recorded in the accompanying Consolidated Balance Sheet were as follows:

Asset Derivatives	March 31, 2026	December 31, 2025
Derivatives not designated as hedging instruments:		
Current—financial contract	$ 35	$ 15
Noncurrent—financial contract	5	5
Total derivatives not designated as hedging instruments	$ 40	$ 20
Total Asset Derivatives	$ 40	$ 20
Liability Derivatives		
Derivatives designated as hedging instruments:		
Current – power contracts	$ 421	$ 353
Noncurrent – power contracts	825	1,001
Total derivatives designated as hedging instruments	$ 1,246	$ 1,354
Derivatives not designated as hedging instruments:		
Current—embedded credit derivative	$ 1	$ —
Noncurrent—embedded credit derivative	1	—
Total derivatives not designated as hedging instruments	$ 2	$ —
Total Liability Derivatives	$ 1,248	$ 1,354

Assuming market rates remain constant with the rates at March 31, 2026, a realized loss of $421 related to power contracts is expected to be recognized in Sales over the next 12 months.

At March 31, 2026 and December 31, 2025, the embedded derivatives in power contracts designated as cash flow hedges of forward sales of aluminum hedge 949 kmt and 1,005 kmt of aluminum, respectively.

The following tables present a reconciliation of activity for Level 3 derivative instruments:

First quarter ended March 31, 2026		Assets Financial contracts
January 1, 2026	$	20
Total gains or losses included in:		
Other income, net (unrealized/realized)		11
Settlements and other		9
March 31, 2026	$	40
Change in unrealized gains or losses included in earnings for derivative instruments held at March 31, 2026:		
Other income, net	$	11

First quarter ended March 31, 2026	Liabilities	
	Power contracts	Embedded credit derivative
January 1, 2026	$ 1,354	$ —
Total gains or losses included in:		
Sales (realized)	(116)	—
Other expenses, net (unrealized/realized)	—	2
Other comprehensive loss (unrealized)	8	—
March 31, 2026	$ 1,246	$ 2
Change in unrealized gains or losses included in earnings for derivative instruments held at March 31, 2026:		
Other expenses, net	$ —	$ 2

There were no purchases, sales, or settlements of Level 3 derivative instruments in the periods presented.

Other Financial Instruments

The carrying values and fair values of Alcoa Corporation's other financial instruments were as follows:

	March 31, 2026		December 31, 2025	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	$ 1,353	$ 1,353	$ 1,597	$ 1,597
Restricted cash	94	94	95	95
Noncurrent marketable securities	1,485	1,485	1,397	1,397
Short-term borrowings	109	109	9	9
Long-term debt due within one year	1	1	1	1
Long-term debt, less amount due within one year	2,441	2,515	2,438	2,545

The following methods were used to estimate the fair values of other financial instruments:

Cash and cash equivalents and Restricted cash. The carrying amounts approximate fair value because of the short maturity of the instruments. The fair value amounts for Cash and cash equivalents and Restricted cash were classified in Level 1 of the fair value hierarchy.

Noncurrent marketable securities. Noncurrent marketable securities represent shares of Ma'aden acquired by Alcoa in July 2025 (see Note C). The fair value of the shares is based on the unadjusted quoted price on the Saudi Exchange (Tadawul). The fair value amounts for Noncurrent marketable securities were classified in Level 1 of the fair value hierarchy.

Short-term borrowings and Long-term debt, including amount due within one year. The fair value of Long-term debt, less amount due within one year was based on quoted market prices for public debt and on interest rates that are currently available to Alcoa Corporation for issuance of debt with similar terms and maturities for non-public debt. The fair value amounts for all Short-term borrowings and Long-term debt were classified in Level 2 of the fair value hierarchy.

M. INCOME TAXES – Alcoa Corporation's estimated annualized effective tax rate (AETR) for 2026 as of March 31, 2026 differs from the U.S. federal statutory rate of 21 percent primarily due to losses in foreign jurisdictions with higher statutory tax rates as well as income in certain jurisdictions with full valuation allowances resulting in no incremental tax expense.

	First quarter ended March 31,	
	2026	**2025**
Income before income taxes	$ 499	$ 668
Estimated annualized effective tax rate	14.4%	19.3%
Income tax expense	$ 72	$ 129
Favorable tax impact related to losses in jurisdictions with no tax benefit	(3)	(11)
Discrete tax expense	13	2
Provision for income taxes	$ 82	$ 120

The Company benefits from certain income tax credits available under Section 45X of the Advanced Manufacturing Tax Credit, enacted as part of the U.S. Inflation Reduction Act of 2022 (IRA). On October 24, 2024, the U.S. Treasury finalized the Proposed Regulations under Section 45X with important modifications including the ability to include the cost of certain direct and indirect materials in the cost base of the credit. The Proposed Regulation on the definition of aluminum was not finalized; however, management believes that commercial grade aluminum continues to qualify for the Section 45X credit. The One Big Beautiful Bill Act ("OBBBA"), enacted on July 4, 2025, provides for a progressive phase-out of Section 45X credits beginning in 2031 and fully eliminates such credits beginning in 2034.

In the first quarters of 2026 and 2025, the Company recorded total benefits of $13 and $14, respectively, in Cost of goods sold related to its Massena West (New York) smelter and its Warrick smelter (Indiana). As of March 31, 2026, benefits (including accrued interest income) of $90 and $96 were included in Other receivables and Other noncurrent assets, respectively, on the Consolidated Balance Sheet. As of December 31, 2025, benefits (including accrued interest income) of $90 and $83 were included in Other receivables and Other noncurrent assets, respectively, on the Consolidated Balance Sheet.

In March 2026, the Company recorded a valuation allowance of $22 against certain net deferred tax assets of a wholly-owned subsidiary in Canada related to the outside basis difference in the Manicouagan Power Limited Partnership equity investment. Due to the amendment to the partnership agreement executed during the first quarter of 2026, management concluded that it was more likely than not that tax benefits associated with a capital loss upon a future disposition of the investment would not be realized.

N. CONTINGENCIES

Environmental Matters

Alcoa Corporation participates in environmental assessments and cleanups at several locations. These include currently or previously owned or operated facilities and adjoining properties, and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)) sites.

Alcoa Corporation's environmental remediation reserve balance reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. The following table details the changes in the carrying value of recorded environmental remediation reserves:

Balance at December 31, 2024	$ 220
Liabilities incurred	85
Cash payments	(25)
Reversals of previously recorded liabilities	(2)
Foreign currency translation and other	4
Balance at December 31, 2025	282
Liabilities incurred	4
Cash payments	(6)
Foreign currency translation and other	3
Balance at March 31, 2026	$ 283

At March 31, 2026 and December 31, 2025, the current portion of the remediation reserve balance was $80 and $76, respectively.

During the first quarter of 2026, the Company incurred liabilities of $4 for increases in estimated scope and costs associated with ongoing remediation work at various sites which was recorded in Cost of goods sold.

Payments related to remediation expenses applied against the reserve were $6 and $8 in the first quarters of 2026 and 2025, respectively. These amounts include mandated expenditures as well as those not required by any regulatory authority or third party.

The estimated timing of cash outflows from the environmental remediation reserve at March 31, 2026 was as follows:

2026 (excluding the three months ended March 31, 2026)	$	76
2027-2031		134
Thereafter		73
Total	$	283

Reserve balances at March 31, 2026 and December 31, 2025, associated with significant sites with active remediation underway or for future remediation were $208 and $202, respectively. In management's judgment, the Company's reserves are sufficient to satisfy the provisions of the respective action plans. Upon changes in facts or circumstances, a change to the reserve may be required. The Company's significant sites include:

Huntly, Australia – The reserve associated with enforceable undertakings with the Department of Climate Change, Energy, the Environment and Water (DCCEEW) relates to mining activities for the period from 2019 to 2025 at the Huntly mine. Under the terms of the enforceable undertakings, Alcoa is required to provide $38 (A$55) for investments in environmental offsets to counterbalance impacts caused by mine development and the funding of various conservation programs. Associated cash outlays are expected in 2026.

Kwinana, Australia – The reserve associated with the 2025 closure of the Kwinana refinery is for subsurface remediation, investigation of potential site contamination, transportation of refinery waste, and ground water monitoring. Remediation work is expected in 2026. The final remediation plan is currently being developed, which may result in a change to the existing reserve.

Suriname – The reserve associated with the 2017 closure of the Suralco refinery and bauxite mine is for treatment and disposal of refinery waste and soil remediation. The work began in 2017 and is expected to be completed by the end of 2030.

Massena, New York – The reserve associated with the 2015 closure of the Massena East smelter by the Company's subsidiary, Reynolds Metals Company, is for subsurface soil remediation to be performed after demolition of the structures. Remediation work commenced in 2021 and will take up to eight years to complete.

Point Comfort, Texas – The reserve associated with the 2019 closure of the Point Comfort alumina refinery is for disposal of industrial wastes contained at the site, subsurface remediation, and post-closure monitoring and maintenance. The final remediation plan is currently being developed, which may result in a change to the existing reserve.

Addy, Washington – The reserve associated with the 2022 closure of the Addy magnesium smelter facility is for site-wide remediation and investigation and post-closure monitoring and maintenance. Remediation work is not expected to begin until 2027 and will take three to five years to complete. The final remediation plan is currently being developed, which may result in a change to the existing reserve.

Ferndale, Washington – The reserve associated with the 2023 closure of the Intalco aluminum smelter in Ferndale, Washington is for subsurface remediation and post-closure maintenance and monitoring. The final remediation plan is under review.

Other Sites – The Company is in the process of decommissioning various other plants and remediating sites in several countries for potential redevelopment or to return the land to a natural state. In aggregate, there are remediation projects at 28 other sites that are planned or underway. These activities will be completed at various times in the future over the next two to four years, after which ongoing monitoring and other activities may be required. At March 31, 2026 and December 31, 2025, the reserve balance associated with these activities was $75 and $80, respectively.

Tax

Brazil (AWAB) – In 2012, Alcoa World Alumina Brasil Ltda. (AWAB) requested monetization of value added tax credits of $136 (R$273) related to fixed assets and export sales associated with the Juruti bauxite mine and Alumar refinery expansion for tax years 2009 through 2011. In 2013, the Brazilian Federal Revenue Office (RFB) disallowed credits of $110 (R$220) asserting that certain credits should have been claimed by the Alumar consortium rather than AWAB and raising challenges related to apportionment methods, use of credits, and documentation. AWAB received $41 (R$82) of cash in 2013 related to the disallowed amounts, and the remainder related to disallowed amounts was offset against other federal taxes.

Separately, during 2022 through 2024, the RFB completed inspections of credits claimed for 2012 through 2014, allowing certain credits which were similar to those disallowed for 2009 through 2011. The decisions on the 2012 through 2014 credits provide support for management's view that there is no basis for the disallowance of the credits for tax years 2009 through 2011. Additionally, in connection with these inspections, the RFB disallowed credits of $19 (R$92) related to the 2012 through 2014 tax years. AWAB continues to dispute the credits disallowed through an administrative process and may pursue judicial remedies if necessary.

The Company is unable to reasonably predict the outcome for these matters. The estimated range of reasonably possible loss is $0 to $59 (R$312).

General

In addition to the matters discussed above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against Alcoa Corporation, including those pertaining to environmental, safety and health, commercial, tax, product liability, intellectual property infringement, governance, employment, and employee and retiree benefit matters, and other actions and claims arising out of the normal course of business. While the amounts claimed in these other matters may be substantial, the ultimate liability is not readily determinable because of the considerable uncertainties that exist. Accordingly, it is possible that the Company's liquidity or results of operations in a particular period could be materially affected by one or more of these other matters. However, based on facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the financial position of the Company.

O. OTHER FINANCIAL INFORMATION OTHER INCOME, NET

Other Income, Net

	First quarter ended March 31,	
	2026	**2025**
Equity loss	$ 15	$ 6
Foreign currency gains, net	(30)	(17)
Net (gain) loss from asset sales	(1)	3
Mark-to-market gain on noncurrent marketable securities	(88)	—
Net loss (gain) on mark-to-market derivative instruments	3	(7)
Non-service costs – pension and other postretirement benefits	8	6
Other, net	(33)	(17)
	$ (126)	$ (26)

In the first quarter of 2026, Other, net primarily related to an insurance settlement reached during the quarter for property damage incurred in 2024 and interest income on interest bearing accounts. Proceeds from the insurance settlement are expected to be received in the second quarter of 2026 and were included in Prepaid expenses and other current assets on the Consolidated Balance Sheet at March 31, 2026.

In the first quarter of 2025, Other, net primarily related to interest income on interest bearing accounts.

Other Noncurrent Assets

	March 31, 2026	December 31, 2025
Value added tax credits	$ 269	$ 251
Deferred mining costs, net	257	240
Prepaid gas transmission contract	243	234
Gas supply prepayment	204	207
Prepaid pension benefit	134	131
IRA Section 45X credit	96	83
Noncurrent restricted cash	70	70
Intangibles, net	34	34
Other	113	115
	$ 1,420	$ 1,365

Cash and Cash Equivalents and Restricted Cash

	March 31, 2026	December 31, 2025
Cash and cash equivalents	$ 1,353	$ 1,597
Current restricted cash	24	25
Noncurrent restricted cash	70	70
	$ 1,447	$ 1,692

Restricted cash primarily relates to commitments included in the viability agreement reached with the workers' representatives of the San Ciprián smelter in December 2021 and updated in February 2023. At March 31, 2026, the Company had restricted cash of $75 available for capital improvement commitments and smelter restart costs incurred (which is subject to review by the workers' representatives prior to release) at the site.

Supplier Finance Programs

At March 31, 2026 and December 31, 2025, qualifying supplier invoices outstanding under supplier finance programs were $115 and $157, respectively, and have payment terms ranging from 50 to 110 days. These obligations are included in Accounts payable, trade on the accompanying Consolidated Balance Sheet.

The following is an extract of audited consolidated financial statements of Alcoa for the year ended 31 December 2025, which were prepared in accordance with U.S. GAAP, from the 2025 Annual Report on Form 10-K of Alcoa issued on 26 February 2026.

The 2025 Annual Report of Alcoa has been published on the website of the NYSE (https://www.nyse.com/index) and on Alcoa's websites (https://investors.alcoa.com/financials). It can be accessed at the website address below: https://s29.q4cdn.com/945634774/files/doc_financials/2025/ar/2025_Alcoa_Corp_Annual_Report_Bookmarked.pdf

Unless the context requires otherwise, the capitalised terms used in this extract shall have the same meanings as the the 2025 Annual Report on Form 10-K of Alcoa issued on 26 February 2026.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED OPERATIONS
(in millions, except per-share amounts)

For the year ended December 31,	2025	2024	2023
Sales (E)	$ 12,831	$ 11,895	$ 10,551
Cost of goods sold (exclusive of expenses below)	10,658	10,044	9,813
Selling, general administrative, and other expenses	299	275	226
Research and development expenses	24	57	39
Provision for depreciation, depletion, and amortization	623	642	632
Impairment of goodwill (B & L)	144	—	—
Restructuring and other charges, net (D)	918	341	184
Interest expense (U)	158	156	107
Other (income) expenses, net (U)	(1,057)	91	134
Total costs and expenses	11,767	11,606	11,135
Income (loss) before income taxes	1,064	289	(584)
(Benefit from) provision for income taxes (Q)	(55)	265	189
Net income (loss)	1,119	24	(773)
Less: Net loss attributable to noncontrolling interest	(38)	(36)	(122)
Net income (loss) attributable to Alcoa Corporation	$ 1,157	$ 60	$ (651)
Earnings per share attributable to Alcoa Corporation common shareholders (F):			
Basic	$ 4.40	$ 0.26	$ (3.65)
Diluted	$ 4.37	$ 0.26	$ (3.65)

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
(in millions)

	Alcoa Corporation			Noncontrolling interest			Total		
For the year ended December 31,	**2025**	**2024**	**2023**	**2025**	**2024**	**2023**	**2025**	**2024**	**2023**
Net income (loss)	$ 1,157	$ 60	$ (651)	$ (38)	$ (36)	$ (122)	$ 1,119	$ 24	$ (773)
Other comprehensive (loss) income, net of tax (G):									
Change in unrecognized net actuarial gain/loss and prior service cost/ benefit related to pension and other postretirement benefits	(63)	–	(62)	–	4	(10)	(63)	4	(72)
Foreign currency translation adjustments	445	(513)	92	11	(105)	57	456	(618)	149
Net change in unrecognized gains/ losses on cash flow hedges	(430)	147	(136)	–	–	(1)	(430)	147	(137)
Total Other comprehensive (loss) income, net of tax	(48)	(366)	(106)	11	(101)	46	(37)	(467)	(60)
Comprehensive income (loss)	$ 1,109	$ (306)	$ (757)	$ (27)	$ (137)	$ (76)	$1,082	$ (443)	$ (833)

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in millions)

December 31,	**2025**	**2024**
Assets		
Current assets:		
Cash and cash equivalents (P)	$ 1,597	$ 1,138
Receivables from customers (I)	1,064	1,096
Other receivables	204	143
Inventories (J)	2,177	1,998
Fair value of derivative instruments (P)	49	25
Prepaid expenses and other current assets	378	514
Total current assets	5,469	4,914
Properties, plants, and equipment, net (K)	6,700	6,389
Investments (H)	477	980
Noncurrent marketable securities (C & P)	1,397	—
Deferred income taxes (Q)	687	284
Fair value of derivative instruments (P)	34	—
Other noncurrent assets (U)	1,365	1,497
Total Assets	$ 16,129	$ 14,064
Liabilities		
Current liabilities:		
Accounts payable, trade	$ 1,938	$ 1,805
Accrued compensation and retirement costs	383	362
Taxes, including income taxes	294	102
Fair value of derivative instruments (P)	467	263
Other current liabilities	718	788
Long-term debt due within one year (M & P)	1	75
Total current liabilities	3,801	3,395

December 31,	2025	2024
Long-term debt, less amount due within one year (M & P)	2,438	2,470
Accrued pension benefits (O)	257	256
Accrued other postretirement benefits (O)	427	412
Asset retirement obligations (R)	1,120	691
Environmental remediation (S)	206	182
Fair value of derivative instruments (P)	1,134	836
Noncurrent income taxes (Q)	65	9
Other noncurrent liabilities and deferred credits (U)	487	656
Total liabilities	9,935	8,907
Contingencies and commitments (S)		
Mezzanine equity		
Noncontrolling interest (C)	76	—
Equity		
Preferred stock (N)	—	—
Common stock (N)	3	3
Additional capital	11,575	11,587
Accumulated deficit	(271)	(1,323)
Accumulated other comprehensive loss (G)	(5,189)	(5,110)
Total equity	6,118	5,157
Total liabilities, mezzanine equity, and equity	$ 16,129	$ 14,064

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS
(in millions)

For the year ended December 31,	2025	2024	2023
Cash from Operations			
Net income (loss)	$ 1,119	$ 24	$ (773)
Adjustments to reconcile net income (loss) to cash from operations:			
Depreciation, depletion, and amortization	623	642	632
Deferred income taxes (Q)	(275)	23	(22)
Equity loss (income), net of dividends (H)	10	(2)	201
Impairment of goodwill (B & L)	144	—	—
Restructuring and other charges, net (D)	918	341	184
Net (gain) loss from investing activities – asset and investment sales (U)	(784)	37	18
Mark-to-market gain on noncurrent marketable securities (U)	(197)	—	—
Net periodic pension benefit cost (O)	18	10	6
Stock-based compensation (N)	41	36	35
(Gain) loss on mark-to-market derivative financial contracts	(35)	(8)	26
Other	79	34	78
Changes in assets and liabilities, excluding effects of divestitures and foreign currency translation adjustments:			
Decrease (increase) in receivables	71	(493)	104
(Increase) decrease in inventories	(57)	51	243
Decrease (increase) in prepaid expenses and other current assets	113	(68)	39
Increase (decrease) in accounts payable, trade	63	190	(74)
Decrease in accrued expenses	(203)	(108)	(133)
(Decrease) increase in taxes, including income taxes	(42)	95	(146)
Pension contributions (O)	(20)	(16)	(24)
Increase in noncurrent assets	(107)	(4)	(210)
Decrease in noncurrent liabilities	(294)	(162)	(93)
Cash provided from operations	1,185	622	91

For the year ended December 31,	2025	2024	2023
Financing Activities			
Additions to debt (M)	1,049	1,032	127
Payments on debt (M)	(1,213)	(679)	(72)
Proceeds from the exercise of employee stock options (N)	—	—	1
Dividends paid on Alcoa preferred stock (N)	(1)	(1)	—
Dividends paid on Alcoa common stock (N)	(104)	(89)	(72)
Payments related to tax withholding on stock-based compensation awards	(8)	(15)	(34)
Financial contributions for the divestiture of businesses (C)	(8)	(35)	(52)
Contributions from noncontrolling interest (A)	27	65	188
Distributions to noncontrolling interest (A)	—	(49)	(30)
Acquisition of noncontrolling interest (C)	—	(23)	—
Other	(3)	(5)	1
Cash (used for) provided from financing activities	(261)	201	57
Investing Activities			
Capital expenditures	(618)	(580)	(531)
Proceeds from the sale of assets (C)	5	3	4
Additions to investments (H)	(59)	(37)	(70)
Sale of investments (H)	161	—	—
Other	9	6	12
Cash used for investing activities	(502)	(608)	(585)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	36	(28)	10
Net change in cash and cash equivalents and restricted cash	458	187	(427)
Cash and cash equivalents and restricted cash at beginning of year	1,234	1,047	1,474
Cash and cash equivalents and restricted cash at end of year	$ 1,692	$ 1,234	$ 1,047

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CHANGES IN CONSOLIDATED MEZZANINE EQUITY AND EQUITY
(in millions)

	Mezzanine equity	Alcoa Corporation shareholders						
	Non-controlling interest	Preferred stock	Common stock	Additional capital	Accumulated deficit	Accumulated other comprehensive (loss) income	Non-controlling interest	Total equity
Balance at December 31, 2022	$ –	$ –	$ 2	$ 9,183	$ (570)	$ (3,539)	$ 1,513	$ 6,589
Net loss	–	–	–	–	(651)	–	(122)	(773)
Other comprehensive (loss) income (G)	–	–	–	–	–	(106)	46	(60)
Stock-based compensation (N)	–	–	–	35	–	–	–	35
Net effect of tax withholding for compensation plans and exercise of stock options (N)	–	–	–	(33)	–	–	–	(33)
Dividends paid on Alcoa common stock ($0.10 per share) (N)	–	–	–	–	(72)	–	–	(72)
Contributions	–	–	–	–	–	–	188	188
Distributions	–	–	–	–	–	–	(30)	(30)
Other	–	–	–	2	–	–	(1)	1
Balance at December 31, 2023	–	–	2	9,187	(1,293)	(3,645)	1,594	5,845
Net income (loss)	–	–	–	–	60	–	(36)	24
Other comprehensive loss (G)	–	–	–	–	–	(366)	(101)	(467)
Stock-based compensation (N)	–	–	–	36	–	–	–	36
Net effect of tax withholding for compensation plans and exercise of stock options (N)	–	–	–	(15)	–	–	–	(15)
Dividends paid on Alcoa preferred stock ($0.10 per share) (N)	–	–	–	–	(1)	–	–	(1)
Dividends paid on Alcoa common stock ($0.10 per share) (N)	–	–	–	–	(89)	–	–	(89)
Contributions	–	–	–	–	–	–	65	65
Distributions	–	–	–	–	–	–	(49)	(49)
Acquisition of noncontrolling interest (C)	–	–	1	2,377	–	(1,099)	(1,472)	(193)
Other	–	–	–	2	–	–	(1)	1
Balance at December 31, 2024	–	–	3	11,587	(1,323)	(5,110)	–	5,157
Net (loss) income	(38)	–	–	–	1,157	–	–	1,157
Other comprehensive income (loss) (G)	11	–	–	–	–	(48)	–	(48)
Stock-based compensation (N)	–	–	–	41	–	–	–	41
Net effect of tax withholding for compensation plans and exercise of stock options (N)	–	–	–	(8)	–	–	–	(8)
Dividends paid on Alcoa preferred stock ($0.10 per share) (N)	–	–	–	–	(1)	–	–	(1)
Dividends paid on Alcoa common stock ($0.10 per share) (N)	–	–	–	–	(104)	–	–	(104)
Joint venture formation (C)	103	–	–	(45)	–	(31)	–	(76)
Balance at December 31, 2025	$ 76	$ –	$ 3	$ 11,575	$ (271)	$ (5,189)	$ –	$ 6,118

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per-share amounts; metric tons in thousands (kmt))

A. BASIS OF PRESENTATION

Alcoa Corporation (Alcoa or the Company), which became an independent, publicly traded company on November 1, 2016, is a vertically integrated aluminum company comprised of bauxite mining, alumina refining, aluminum production (smelting and casting), and energy generation. Through direct and indirect ownership, the Company has 25 operating locations in eight countries around the world, situated primarily in Australia, Brazil, Canada, Iceland, Norway, Spain, and the United States.

Basis of Presentation. The Consolidated Financial Statements of Alcoa Corporation are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). In accordance with GAAP, certain situations require management to make estimates based on judgments and assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Management uses historical experience and all available information to make these estimates. Management regularly evaluates the judgments and assumptions used in its estimates, and results could differ from those estimates upon future events and their effects or new information.

Principles of Consolidation. The Consolidated Financial Statements of the Company include the accounts of Alcoa Corporation and companies in which Alcoa Corporation has a controlling interest, including those that comprise the San Ciprián (Spain) joint venture (see Note C). Intercompany transactions have been eliminated. The equity method of accounting is used for investments in affiliates and other joint ventures over which the Company has significant influence but does not have effective control. Investments in affiliates in which Alcoa Corporation cannot exercise significant influence are accounted for at cost less any impairment, a measurement alternative in accordance with GAAP.

Prior to Alcoa's acquisition of Alumina Limited on August 1, 2024 (see Note C), Alcoa consolidated its 60% ownership in the entities comprising the Alcoa World Alumina & Chemicals (AWAC) joint venture and Alumina Limited's interest in the equity of such entities was reflected as Noncontrolling interest within Equity on the accompanying Consolidated Balance Sheet.

Management evaluates whether an Alcoa Corporation entity or interest is a variable interest entity and whether the Company is the primary beneficiary. Consolidation is required if both of these criteria are met. Alcoa Corporation does not have any variable interest entities requiring consolidation.

Related Party Transactions. Alcoa Corporation buys products from and sells products to various related companies, consisting of entities in which the Company retains a 50 percent or less equity interest, at negotiated prices between the two parties. These transactions were not material to the financial position or results of operations of Alcoa Corporation for all periods presented.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents. Cash equivalents are highly liquid investments purchased with an original maturity of three months or less.

Restricted Cash. Restricted cash is included with Cash and cash equivalents when reconciling the Cash and cash equivalents and restricted cash at beginning of year and Cash and cash equivalents and restricted cash at end of year on the accompanying Statement of Consolidated Cash Flows. Current restricted cash amounts are reported in Prepaid expenses and other current assets on the accompanying Consolidated Balance Sheet. Noncurrent restricted cash amounts are reported in Other noncurrent assets on the accompanying Consolidated Balance Sheet (see Note U for a reconciliation of Cash and cash equivalents and restricted cash).

Inventory Valuation. Inventories are carried at the lower of cost or net realizable value, with the cost of inventories principally determined under the average cost method.

Properties, Plants, and Equipment. Properties, plants, and equipment are recorded at cost. Interest related to the construction of qualifying assets is capitalized as part of the construction costs. Depreciation is recorded principally on the straight-line method over the estimated useful lives of the assets. Depreciation is recorded on temporarily idled facilities until such time management approves a permanent closure. The following table details the weighted average useful lives of structures and machinery and equipment by type of operation (numbers in years):

	Structures	Machinery and equipment
Alumina	25	24
Aluminum smelting and casting	37	21
Energy generation	33	25

Repairs and maintenance are charged to expense as incurred while costs for significant improvements that add productive capacity or that extend the useful life are capitalized. Gains or losses from the sale of assets are generally recorded in Other (income) expenses, net.

Properties, plants, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (asset group) may not be recoverable. Recoverability of assets is determined by comparing the estimated undiscounted net cash flows of the operations related to the assets (asset group) to their carrying amount. An impairment loss would be recognized when the carrying amount of the assets (asset group) exceeds the fair value. The amount of the impairment loss to be recorded is calculated as the excess of the carrying value of the assets (asset group) over their fair value, with fair value determined using the best information available, which generally is a discounted cash flow (DCF) model. The determination of what constitutes an asset group, the associated estimated undiscounted net cash flows, and the estimated useful lives of assets also require significant judgments.

Leases. The Company determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset which the Company has the right to control. Lease right-of-use (ROU) assets are included in Properties, plants, and equipment, net with the corresponding operating lease liabilities included within Other current liabilities and Other noncurrent liabilities and deferred credits on the accompanying Consolidated Balance Sheet.

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate at the commencement date in determining the present value of lease payments unless a rate is implicit in the lease. Lease terms include options to extend the lease when it is reasonably certain that those options will be exercised. Leases with an initial term of 12 months or less, including anticipated renewals, are not recorded on the Consolidated Balance Sheet.

The Company made a policy election not to record any non-lease components of a lease agreement in the lease liability. Variable lease payments are not presented as part of the ROU asset or liability recorded at the inception of a contract. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Equity Investments. Alcoa invests in a number of privately-held companies, primarily through joint ventures and consortia, which are accounted for using the equity method. The equity method is applied in situations where the Company has the ability to exercise significant influence, but not control, over the investee. Management reviews equity investments for impairment whenever certain indicators are present suggesting that the carrying value of an investment is not recoverable.

Marketable Securities. Marketable securities consist of shares of Saudi Arabian Mining Company (Ma'aden) acquired by Alcoa during the third quarter of 2025 (see Note C). Marketable securities are measured at fair value using quoted prices in active markets (Level 1). Accordingly, gains and losses in fair value are recognized in Other (income) expenses, net in the Statement of Consolidated Operations. The shares of Ma'aden are presented as Noncurrent marketable securities on the Consolidated Balance Sheet, as they are subject to transfer and sale restrictions, including a restriction requiring Alcoa to hold its Ma'aden shares for a minimum of three years, with one-third of the shares becoming transferable after each of the third, fourth, and fifth anniversaries of the closing of the transaction (the Holding Period). During the Holding Period, Alcoa is permitted, under certain conditions, to hedge and borrow against its Ma'aden shares. Under certain circumstances, such minimum Holding Period may be reduced.

Deferred Mining Costs. Alcoa incurs deferred mining costs during the development stage of a mine life cycle. Such costs include the construction of access and haul roads, detailed drilling and geological analysis to further define the grade and quality of the known bauxite, and overburden removal costs. These costs relate to sections of the related mines where the Company is currently extracting bauxite or preparing for production in the near term. These sections are outlined and planned incrementally and generally are mined over periods ranging from one to five years, depending on specific mine plans. The amount of geological drilling and testing necessary to determine the economic viability of the bauxite deposit being mined is such that the reserves are considered to be proven. Deferred mining costs are amortized on a units-of-production basis and included in Other noncurrent assets on the accompanying Consolidated Balance Sheet.

Goodwill and Other Intangible Assets. Goodwill is not amortized but is reviewed for impairment annually (in the fourth quarter) or more frequently if indicators of impairment exist or if a decision is made to sell or exit a business.

Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment.

The Company has three reporting units, of which two are included in the Aluminum segment (smelting/casting and energy generation). The remaining reporting unit is the Alumina segment. Prior to the impairment charge recorded in the fourth quarter of 2025, only the Alumina reporting unit contained goodwill (see Note L).

Goodwill is tested for impairment by assessing qualitative factors to determine whether it is more likely than not (greater than 50 percent) that the fair value of the reporting unit is less than its carrying amount or performing a quantitative assessment using a DCF model. If the qualitative assessment indicates a possible impairment, then a quantitative assessment is performed to determine the fair value of the reporting unit using a DCF model. Otherwise, no further analysis is required.

Under the quantitative assessment, the estimated fair value of the reporting unit is compared to its carrying value, including goodwill. A number of significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including production costs, production capability, tax rates, capital expenditures, discount rate, markets and market share, sales volumes and prices, and working capital changes. The model used for the goodwill impairment test leverages the model, including related inputs and assumptions, that management uses for planning and strategic review of the entire business. In the event the estimated fair value of a reporting unit is less than the carrying value, an impairment loss equal to the excess of the reporting unit's carrying value over its fair value not to exceed the total amount of goodwill applicable to that reporting unit would be recognized.

Alcoa's policy for its annual review of goodwill is to perform the quantitative assessment for its reporting unit containing goodwill at least once during every three-year period.

Intangible assets with finite useful lives are amortized generally on a straight-line basis over the periods benefited. The following table details the weighted average useful lives of software and other intangible assets by type of operation (numbers in years):

	Software	Other intangible assets
Alumina	3	25
Aluminum smelting and casting	3	40
Energy generation	3	29

Asset Retirement Obligations. Alcoa recognizes asset retirement obligations (AROs) related to legal obligations associated with the standard operation of bauxite mines, alumina refineries, and aluminum smelters. These AROs consist primarily of costs associated with mine reclamation, closure of bauxite residue areas, spent pot lining and regulated waste materials disposal, and landfill closure. Additionally, costs are recorded as AROs upon management's decision to permanently close and demolish certain structures and for significant lease restoration obligations. The fair values of these AROs are recorded on a discounted basis at the time the obligation is incurred and accreted over time for the change in present value; related accretion is recorded as a component of Cost of goods sold. Additionally, the Company capitalizes asset retirement costs by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful life.

The fair values for AROs are determined using significant assumptions, including engineering designs for construction or closure, materials and services costs, regulatory requirements, volume of regulated material to be removed, disposition of demolition materials, and timing to complete construction or closure.

Subsequent adjustments to estimates of previously established AROs for current operations are capitalized by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful life. Adjustments to estimates of AROs for closed locations are charged to Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note R).

Certain conditional asset retirement obligations related to alumina refineries, aluminum smelters, and energy generation facilities have not been recorded in the Consolidated Financial Statements due to uncertainties surrounding the ultimate settlement date. The fair value of these asset retirement obligations will be recorded when a reasonable estimate of the ultimate settlement date can be made.

Environmental Matters. Environmental related expenditures for current operations are expensed as a component of Cost of goods sold or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, generally for closed locations which will not contribute to future revenues, are charged to Restructuring and other charges, net. Liabilities are recorded when remediation costs are probable and can be reasonably estimated. In instances where the Company has ongoing monitoring and maintenance responsibilities, Alcoa maintains a reserve for expected costs that are probable and can be reasonably estimated, which has historically averaged five years of spend. The liability is continuously reviewed and adjusted to reflect current remediation progress, rate and pricing changes, actual volumes of material requiring management, changes to the original assumptions regarding how the site was to be remediated, and other factors that may be relevant, including changes in technology or regulations. The estimates may also include costs related to other potentially responsible parties to the extent that Alcoa has reason to believe such parties will not fully pay their proportionate share.

Litigation Matters. For asserted claims and assessments, liabilities are recorded when an unfavorable outcome of a matter is deemed to be probable and the loss is reasonably estimable. With respect to unasserted claims or assessments, liabilities are recorded when the probability that an assertion will be made is likely, an unfavorable outcome of the matter is deemed to be probable, and the loss is reasonably estimable. Legal matters are reviewed on a continuous basis to determine if there has been a change in management's judgment regarding the likelihood of an unfavorable outcome or the estimate of a potential loss. Legal costs, which are primarily for general litigation, environmental compliance, tax disputes, and general corporate matters, are expensed as incurred.

Revenue Recognition. The Company recognizes revenue when it satisfies a performance obligation(s) in accordance with the provisions of a customer order or contract. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, and risk of loss pass to the customer, all of which occurs upon shipment or delivery of the product. Shipping terms vary across all businesses and depend on the product, the country of origin, and the type of transportation. Accordingly, the sale of Alcoa's products to its customers represent single performance obligations for which revenue is recognized at a point in time, except for the Company's Energy product division in which the customer simultaneously receives and consumes electricity (see Note E). Revenue is based on the consideration the Company expects to receive in exchange for its products. Returns and other adjustments have not been material. Based on the foregoing, no significant judgment is required to determine when control of a product has been transferred to a customer.

The Company considers shipping and handling activities as costs to fulfill the promise to transfer the related products. As a result, customer payments of shipping and handling costs are recorded as a component of revenue. Taxes collected (e.g., sales, use, value added, excise) from its customers related to the sale of its products are remitted to governmental authorities and excluded from Sales.

Cost of Goods Sold. The Company includes the following in Cost of goods sold: operating costs of its two segments, excluding depreciation, depletion, and amortization, but including all production related costs: raw materials consumed; purchases of metal for consumption; conversion costs, such as labor, materials, and utilities; equity earnings of certain investments integral to the Company's supply chain; and plant administrative expenses. Also included in Cost of goods sold are: costs related to the Transformation function, which focuses on the management of expenses and obligations of previously closed operations; purchases of bauxite from offtake or other supply agreements, alumina to satisfy customer commitments, and metal for trade; and other costs not included in the operating costs of the segments (see Note E).

Selling, General Administrative, and Other Expenses. The Company includes the costs of corporate-wide functional support in Selling, general administrative, and other expenses. Such costs include: executive; sales; marketing; strategy; operations administration; finance; information technology; legal; human resources; and government affairs and communications.

Stock-Based Compensation. Compensation expense for employee equity grants is recognized using the non-substantive vesting period approach, in which the expense is recognized ratably over the requisite service period based on the grant date fair value. Forfeitures are accounted for as they occur. The fair value of performance stock units containing a market condition is valued using a Monte Carlo valuation model. Determining the fair value at the grant date requires judgment, including estimates for the average risk-free interest rate, and volatility. These assumptions may differ significantly between grant dates because of changes in the actual results of these inputs that occur over time. As of January 1, 2021, the Company no longer grants stock options.

See Note N for more information regarding stock-based compensation.

Pension and Other Postretirement Benefits. Alcoa sponsors several defined benefit pension plans and health care postretirement benefit plans. The Company recognizes on a plan-by-plan basis the net funded status of these pension and postretirement benefit plans as either an asset or a liability on its Consolidated Balance Sheet. The net funded status represents the difference between the fair value of each plan's assets and the benefit obligation of the respective plan. The benefit obligation represents the present value of the estimated future benefits the Company currently expects to pay to plan participants based on past service. Unrecognized gains and losses related to the plans are deferred in Accumulated other comprehensive loss on the Consolidated Balance Sheet until amortized into earnings.

The plan assets and benefit obligations are measured at the end of each year or more frequently, upon the occurrence of certain events such as a significant plan amendment, settlement, or curtailment. For interim plan remeasurements, it is the Company's policy to record the related accounting impacts within the same quarter as the triggering event.

Liabilities and expenses for pension and other postretirement benefits are determined using actuarial methodologies and incorporate significant assumptions, including the interest rate used to discount the future estimated liability, the expected long-term rate of return on plan assets, and several assumptions relating to the employee workforce (salary increases, health care cost trend rates, retirement age, and mortality).

The yield curve model used to develop the discount rate is based on high-quality corporate bonds, parallels the plans' projected cash flows and has a weighted average duration of 10 years. If a deep market of high-quality corporate bonds does not exist in a country, then the yield on government bonds plus a corporate bond yield spread is used.

The expected long-term rate of return on plan assets is generally applied to a five-year market-related value of plan assets (a four-year average or the fair value at the plan measurement date is used for certain non-U.S. plans). The process used by management to develop this assumption is one that relies on forward-looking investment returns by asset class. Management incorporates expected future investment returns on current and planned asset allocations using information from various external investment managers and consultants, as well as management's own judgment.

Mortality rate assumptions are based on mortality tables and future improvement scales published by third parties, such as the Society of Actuaries, and consider other available information including historical data as well as studies and publications from reputable sources.

A change in one or a combination of these assumptions, or the effects of actual results differing from assumptions, could have a material impact on Alcoa's projected benefit obligation. These changes or differences are recorded in Accumulated other comprehensive loss and are amortized into earnings as a component of the net periodic benefit cost (income) over the average future working lifetime or average remaining life expectancy, as appropriate, of the plan's participants.

One-time accounting impacts, such as curtailment and settlement losses (gains), are recognized immediately and are reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net on the accompanying Statement of Consolidated Operations.

See Note O for more information regarding pension and other postretirement benefits including accounting impacts of current year actions.

Derivatives and Hedging. Derivatives are held for purposes other than trading and are part of a formally documented risk management program.

Alcoa accounts for hedges of firm customer commitments for aluminum and alumina as fair value hedges. The fair values of the derivatives and changes in the fair values of the underlying hedged items are reported as assets and liabilities in the Consolidated Balance Sheet. Changes in the fair values of these derivatives and underlying hedged items generally offset and are recorded each period in Sales, consistent with the underlying hedged item.

The Company accounts for certain hedges of foreign currency exposures and certain forecasted transactions as cash flow hedges. The fair values of the derivatives are recorded as assets and liabilities in the Consolidated Balance Sheet. The changes in the fair values of these derivatives are recorded in Accumulated other comprehensive loss and are reclassified to Sales, Cost of goods sold, or Other (income) expenses, net in the period in which earnings are impacted by the hedged items or in the period that the transaction no longer qualifies as a cash flow hedge. These contracts cover the same periods as known or expected exposures, generally not exceeding five years.

If no hedging relationship is designated, the derivative is marked to market through Other (income) expenses, net.

Cash flows from derivatives are recognized in the Statement of Consolidated Cash Flows in a manner consistent with the underlying transactions.

Income Taxes. The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, the provision for income taxes represents income taxes paid or payable (or received or receivable) for the current year plus the change in deferred taxes during the year. Deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid, resulting from differences between the financial and tax bases of Alcoa's assets and liabilities, and are adjusted for changes in tax rates and tax laws when enacted.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not (greater than 50 percent) that a tax benefit will not be realized. In evaluating the need for a valuation allowance, management applies judgment in assessing all available positive and negative evidence and considers all potential sources of taxable income. Deferred tax assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances, resulting in a future charge to establish a valuation allowance. Existing valuation allowances are re-examined under the same standards of positive and negative evidence. If it is determined that it is more likely than not that a deferred tax asset will be realized, the appropriate amount of the valuation allowance, if any, is released. Deferred tax assets and liabilities are also re-measured to reflect changes in underlying tax rates due to law changes and the granting and lapse of tax holidays.

Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the statute of limitations has expired or the appropriate taxing authority has completed their examination even though the statute of limitations remains open. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized.

Foreign Currency. The local currency is the functional currency for Alcoa's significant operations outside the United States, except for certain operations in Canada and Iceland, and certain trading and holding companies outside the United States, where the U.S. dollar is the functional currency. The determination of the functional currency for Alcoa's operations is made based on the appropriate economic and management indicators. Where local currency is the functional currency, assets and liabilities are translated into U.S. dollars using period end exchange rates and income and expenses are translated using the average exchange rates for the reporting period. Unrealized foreign currency translation gains and losses are deferred in Accumulated other comprehensive loss on the Consolidated Balance Sheet.

Recently Adopted Accounting Guidance. In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2023-09 which includes changes to income tax disclosures, including greater disaggregation of information in the rate reconciliation and disclosure of taxes paid by jurisdiction. The Company adopted this guidance retrospectively for the year ended December 31, 2025, which resulted in enhanced disclosures regarding income taxes for each of the periods presented (see Note Q) and did not have a material impact on the Company's financial position or results of operations.

Recently Issued Accounting Guidance. In December 2025, the FASB issued ASU No. 2025-10 which establishes authoritative guidance on the accounting for government grants received by business entities. The guidance is effective for annual periods beginning after December 15, 2028, and interim periods within those annual periods. Early adoption is permitted. Management does not expect the adoption of this guidance to have a material impact on the Company's financial position or results of operations.

In November 2024, the FASB issued ASU No. 2024-03 which requires detailed disclosures about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) included within commonly presented expense captions (including cost of goods sold; selling, general administrative, and other expense; and research and development expenses). The guidance is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The adoption of this guidance will not have a material impact on the Company's financial position or results of operations and will provide enhanced disclosures regarding expenses beginning in the Company's Annual Report on Form 10-K for the year ended December 31, 2027.

C. ACQUISITIONS AND DIVESTITURES

Saudi Arabia Joint Venture

On July 1, 2025, Alcoa completed the sale of its full ownership interest of 25.1% in the Saudi Arabia joint venture, comprised of the Ma'aden Bauxite and Alumina Company (MBAC) and the Ma'aden Aluminium Company (MAC), to Ma'aden in exchange for total consideration of $1,350, comprised of 85,977,547 shares of Ma'aden (valued at SAR 52.35 per share at closing, or $1,200) and $150 in cash (related to taxes and transaction costs). The Company recorded a gain of $786, net of $18 in transaction costs, in Other (income) expenses, net on the Statement of Consolidated Operations for the year ended December 31, 2025 (see Note U). The receipt of shares is a non-cash investing activity and cash received is presented within investing activities in the Statement of Consolidated Cash Flows.

The shares of Ma'aden are presented as Noncurrent marketable securities on the Consolidated Balance Sheet, as they are subject to transfer and sale restrictions, including a restriction requiring Alcoa to hold its Ma'aden shares for a minimum of three years, with one-third of the shares becoming transferable after each of the third, fourth, and fifth anniversaries of the closing of the transaction (the Holding Period). During the Holding Period, Alcoa is permitted, under certain conditions, to hedge and borrow against its Ma'aden shares. Under certain circumstances, such minimum Holding Period may be reduced.

Subsequent to July 1, 2025, the fair value of the shares is based on the unadjusted quoted price on the Saudi Exchange (Tadawul). For the year ended December 31, 2025, the Company recorded a mark-to-market gain of $197 in Other (income) expenses, net (see Note U) on the Statement of Consolidated Operations related to changes in fair value of the shares. At December 31, 2025, the shares of Ma'aden were valued at SAR 60.95 per share, or $1,397.

San Ciprián Joint Venture

On March 31, 2025, Alcoa and Trento Equity Holdings, S.L.U. (Trento EQT), formerly known as IGNIS Equity Holdings, SL, entered into a joint venture agreement (the Agreement) whereby Alcoa owns 75% and continues as the managing operator and Trento EQT owns 25% of the San Ciprián operations.

Under the terms of the Agreement, Alcoa and Trento EQT contributed $81 (€75) and $27 (€25), respectively, to form the joint venture. Subsequent to formation of the joint venture on March 31, 2025, an additional $89 (€76) was funded for operations by Alcoa with a priority position in future cash returns. Further funding requires agreement by both partners, and to maintain their respective ownership in the joint venture, equity funding would be shared 75% by Alcoa and 25% by Trento EQT. In December 2025, Alcoa provided a mandatory convertible note of $153 (€130) to the joint venture that will convert to equity on or before September 1, 2026.

The formation of the joint venture was accounted for as an equity transaction where Trento EQT's noncontrolling interest was reflected as a decrease to Additional capital on the accompanying Consolidated Balance Sheet. Noncontrolling interest was measured at 25 percent of the net assets included in the joint venture at formation ($103), which includes the initial contributions described above ($108). Additionally, certain amounts related to foreign currency translation adjustments previously included within Accumulated other comprehensive loss ($31) were reclassified to Additional capital.

The Agreement also provides Trento EQT a put option whereby Trento EQT can require Alcoa Corporation to purchase from Trento EQT its 25% interest at the then fair market value upon certain change in control provisions. Alcoa classified the Noncontrolling interest within Mezzanine equity on the Consolidated Balance Sheet, as Trento EQT's redemption of the put option is not solely within the Company's control. Subsequent to formation of the joint venture on March 31, 2025, changes in the carrying value of Noncontrolling interest on the Consolidated Balance Sheet were solely comprised of the comprehensive loss attributable to Trento EQT's 25% interest, as a change in control of the San Ciprián operations was not deemed probable.

Alumina Limited Acquisition

On August 1, 2024, Alcoa completed the acquisition of all of the ordinary shares of Alumina Limited (Alumina Shares) through a wholly-owned subsidiary, AAC Investments Australia 2 Pty Ltd. At acquisition, Alumina Limited held a 40% ownership interest in the AWAC joint venture, consisting of several affiliated operating entities, which own, have an interest in, or operate the bauxite mines and alumina refineries within Alcoa Corporation's Alumina segment (except for the Poços de Caldas mine and refinery and portions of the São Luís refinery, all in Brazil) and a portion (55%) of the Portland (Australia) smelter within Alcoa Corporation's Aluminum segment. Upon completion of the Alumina Limited acquisition, Alumina Limited and, as a result, the operations held by the AWAC joint venture, became wholly-owned subsidiaries of Alcoa Corporation.

Under the Scheme Implementation Deed (the Agreement) entered into in March 2024, as amended in May 2024, holders of Alumina Shares received 0.02854 Alcoa CHESS Depositary Interests (CDIs) for each Alumina Share (the Agreed Ratio), except that i) holders of Alumina Shares represented by American Depositary Shares, each of which represented 4 Alumina Shares, received 0.02854 shares of Alcoa common stock and ii) a certain shareholder received, for certain of their Alumina Shares, 0.02854 shares of Alcoa non-voting convertible preferred stock. The Alcoa CDIs are quoted on the Australian Stock Exchange.

At closing, Alumina Shares outstanding of 2,760,056,014 and 141,625,403 were exchanged for 78,772,422 and 4,041,989 shares of Alcoa common stock and Alcoa preferred stock, respectively (see Note N). Based on Alcoa's closing share price as of July 31, 2024, the Agreed Ratio implied a value of A$1.45 per Alumina Share and aggregate purchase consideration of approximately $2,700 for Alumina Limited.

The transaction consisted in substance of the acquisition of Alumina Limited's noncontrolling interest in AWAC ($1,472), the assumption of Alumina Limited's indebtedness ($385, see Note M), the recognition of deferred tax assets ($121, see Note Q), and the acquisition of cash ($9) and other current liabilities ($1). The transaction was accounted for as an equity transaction where net assets acquired ($1,216) and transaction costs ($32) were reflected as an increase to Additional capital. Amounts related to Accumulated other comprehensive loss previously attributable to and included within Noncontrolling interest ($1,099) were reclassified to Accumulated other comprehensive loss. In the fourth quarter of 2024, the Company recognized an additional deferred tax asset (and a corresponding increase to Additional capital) of $95 (see Note Q).

Earnings attributable to Alumina Limited's ownership interest were recognized within Noncontrolling interest within Equity through July 31, 2024.

Warrick Rolling Mill

In March 2021, Alcoa completed the sale of its rolling mill located at Warrick Operations (Warrick Rolling Mill), an integrated aluminum manufacturing site near Evansville, Indiana (Warrick Operations), to Kaiser Aluminum Corporation (Kaiser) and recorded estimated liabilities for site separation commitments.

In 2025, 2024, and 2023 the Company recorded charges of $2, $32, and $17, respectively, in Other (income) expenses, net on the accompanying Statement of Consolidated Operations related to these commitments. During 2025, 2024, and 2023, the Company spent $8, $35, and $52, respectively, against the reserve. As of December 31, 2025, the obligation related to these commitments was substantially complete.

The cash spent against the reserve was included in Cash (used for) provided from financing activities on the Statement of Consolidated Cash Flows.

D. RESTRUCTURING AND OTHER CHARGES, NET

Restructuring and other charges, net were comprised of the following:

	2025	2024	2023
Asset retirement obligations (R)	$ 431	$ 44	$ 41
Asset impairments	340	5	50
Other costs	110	264	36
Environmental remediation (S)	38	5	27
Severance and employee termination costs	2	44	11
Settlements and/or curtailments related to retirement benefits (O)	(1)	(1)	21
Reversals of previously recorded charges	(2)	(20)	(2)
Restructuring and other charges, net	$ 918	$ 341	$ 184

Severance and employee termination costs were recorded based on approved detailed action plans that specified positions to be eliminated, benefits to be paid under existing severance plans, union contracts or statutory requirements, and the expected timetable for completion of the plans.

2025 Actions. In 2025, Alcoa Corporation recorded Restructuring and other charges, net, of $918 which were primarily comprised of the following components:

- Charges:
  - $856 for the closure of the Kwinana (Australia) refinery (see below);
  - $39 to record additional asset requirement obligations (see Note R) and environmental remediation (see Note S) at previously closed sites;
  - $11 for certain employee obligations related to the February 2023 updated viability agreement reached with the workers' representatives of the San Ciprián aluminum smelter; and,
  - $10 for take-or-pay contract costs at previously closed sites;
- Reversals:
  - $2 due to lower costs for environmental remediation at a previously closed site (see Note S).

In September 2025, Alcoa announced the permanent closure of the Kwinana refinery, which had been fully curtailed since June 2024. The Company recorded charges of $856 in Restructuring and other charges, net on the Statement of Consolidated Operations, including $430 to establish reserves for asset retirement obligations (see Note R) and environmental remediation (see Note S), $265 to impair fixed assets, $75 to write-off the remaining net book value of other assets (see Note U), and $86 to accrue for other costs. Additionally, a charge of $39 was recorded in Cost of goods sold on the Statement of Consolidated Operations to write down remaining inventories to net realizable value.

Cash outlays for other costs and severance and employee termination costs related to the full curtailment (see 2024 actions below) and closure of the Kwinana refinery were $179 and $136 in 2025 and 2024, respectively. Additional cash outlays for other costs and severance and employee termination costs of approximately $50 are expected through 2031 with approximately $25 to be spent in 2026.

The Kwinana refinery had approximately 220 employees at the time of the closure announcement and this number was reduced to approximately 190 employees as of December 31, 2025, including approximately 10 employees that were redeployed to other Alcoa operations. The number of employees will be further reduced during 2026 as the closure progresses, and certain employees will remain beyond 2026 to prepare the site for future redevelopment. Associated severance costs were previously recorded in the first quarter of 2024.

2024 Actions. In 2024, Alcoa Corporation recorded Restructuring and other charges, net, of $341 which were primarily comprised of the following components:

- Charges:
  - $287 for the curtailment of the Kwinana refinery (see below);
  - $40 to record additional asset retirement obligations (see Note R) and environmental remediation (see Note S) at previously closed sites;
  - $22 for take-or-pay contract costs at a previously closed site; and,
  - $12 for contract termination costs at the closed Intalco (Washington) smelter;
- Reversals:
  - $20 due to lower costs for environmental remediation (see Note S) and asset retirement obligations (see Note R) at the Intalco smelter and a previously closed site.

In June 2024, Alcoa completed the full curtailment of the Kwinana refinery, as planned, which was announced in January 2024. As of March 2024, the refinery had approximately 780 employees and this number was reduced to approximately 250 through the fourth quarter of 2024. In addition to the employees separating as a result of the curtailment, approximately 290 employees have terminated through the productivity program announced in the third quarter of 2023 or redeployed to other Alcoa operations. The Company recorded net charges of $287 in Restructuring and other charges, net on the Statement of Consolidated Operations comprised of other costs of $232 for water management costs ($220) and take-or-pay contracts ($12), severance and employee termination costs of $41, asset retirement obligations of $9 (see Note R), and asset impairments of $5.

2023 Actions. In 2023, Alcoa Corporation recorded Restructuring and other charges, net, of $184 which were primarily comprised of the following components:

- Non-cash settlement charges related to pension benefits (see Note O):
  - $21 related to the purchase of group annuity contracts to transfer approximately $235 of pension obligations and assets associated with defined benefit pension plans for approximately 530 Canadian retirees and beneficiaries;
- Charges:
  - $101 for the permanent closure of the previously curtailed Intalco smelter (see below);
  - $53 for the updated viability agreement for the San Ciprián smelter;
  - $19 benefit for the sale of unused carbon credits at a previously closed site;
  - $17 to record additional environmental remediation and asset retirement obligations at previously closed sites (see Note R and Note S);
  - $11 for employee termination and severance costs, primarily related to the Kwinana refinery productivity program (see below);
  - $1 to record additional asset retirement obligations at Warrick Operations (Indiana) (see Note R); and,
  - $1 for additional take-or-pay contract costs at a previously closed site and the Intalco smelter;
- Reversals:
  - $2 due to lower costs for demolition obligations at previously closed sites (see Note R).

In December 2023, Alcoa began the closure of a line at its Warrick Operations site that had not operated since 2016 to allow for future capital investments to improve casting capabilities. The Company recorded a charge of $1 in Restructuring and other charges, net on the Statement of Consolidated Operations to establish reserves related to demolition obligations. Additionally, Alcoa recorded $1 in Cost of goods sold on the Statement of Consolidated Operations to write-off the remaining net book value of related inventory.

In September 2023, the Company initiated productivity programs across its operations in Australia to mitigate the financial impacts of lower grade bauxite and to optimize operating levels. In connection with this program, the Company recorded Restructuring and other charges, net of $6 for employee termination and severance costs for approximately 90 employees at the Kwinana refinery. This program was completed in September 2024.

In March 2023, Alcoa Corporation announced the closure of the Intalco aluminum smelter, which had been fully curtailed since 2020. The Company recorded charges of $117 related to the closure, including a charge of $16 in Cost of goods sold on the Statement of Consolidated Operations to write-down remaining inventories to net realizable value and a charge of $101 in Restructuring and other charges, net on the Statement of Consolidated Operations. The restructuring charges were comprised of asset impairments of $50, environmental remediation and demolition obligations of $50, and severance and employee termination costs of $1 for the separation of approximately 12 employees.

In February 2023, the Company reached an updated viability agreement with the workers' representatives of the San Ciprián smelter to commence the restart process in phases beginning in January 2024. The smelter was curtailed in January 2022 as a result of an agreement reached with the workers' representatives in December 2021. Under the terms of the updated viability agreement, the Company is responsible for certain employee obligations during 2023 through 2025 and capital improvements. In 2025, 2024, and 2023, the Company recorded charges of $11, $0, and $53, respectively, in Restructuring and other charges, net on the Statement of Consolidated Operations related to reserves for these employee obligations. During 2025, 2024, and 2023, cash outlays related to these obligations were $21, $34, and $7, respectively, with $2 expected in 2026. At December 31, 2025, the Company had restricted cash of $75 to be made available for remaining capital improvement commitments and smelter restart costs, under the terms of the December 2021 and February 2023 viability agreements. Restricted cash is included in Prepaid expenses and other current assets and Other noncurrent assets on the Consolidated Balance Sheet (see Note U). Cash payments in 2023 also included $31 related to certain employee obligations under the December 2021 agreement; cash payments related to these obligations were complete as of December 31, 2023.

Alcoa Corporation does not include Restructuring and other charges, net in the results of its reportable segments. The impact of allocating such charges to segment results would have been as follows:

	2025	2024	2023
Alumina	$ 847	$ 287	$ 8
Aluminum	11	—	169
Segment total	858	287	177
Corporate	60	54	7
Total Restructuring and other charges, net	$ 918	$ 341	$ 184

Activity and reserve balances for restructuring charges were as follows:

	Severance and employee termination costs	Other costs	Total
Balances at December 31, 2022	$ 1	$ 116	$ 117
Restructuring charges, net	11	55	66
Cash payments[(1)]	(6)	(118)	(124)
Reversals and other	—	4	4
Balances at December 31, 2023	6	57	63
Restructuring charges, net	44	264	308
Cash payments	(38)	(145)	(183)
Reversals and other	1	(8)	(7)
Balances at December 31, 2024	13	168	181
Restructuring charges, net	2	107	109
Cash payments	(4)	(208)	(212)
Reversals and other	—	7	7
Balances at December 31, 2025	$ 11	$ 74	$ 85

(1) Cash payments in 2023 also include $76 to the former employees of the divested Avilés and La Coruña (Spain) facilities to settle various legal disputes related to the 2019 divesture, in accordance with the Global Settlement Agreement.

The activity and reserve balances include only Restructuring and other charges, net that impacted the reserves for Severance and employee termination costs and Other costs. Restructuring and other charges, net that affected other accounts such as Accrued pension benefits and Accrued other postretirement benefits (see Note O), Asset retirement obligations (see Note R), Environmental remediation (see Note S), and Other noncurrent assets (see Note U) are excluded from the above activity and balances. Reversals and other includes reversals of previously recorded liabilities and foreign currency translation impacts.

The current portion of the reserve balance is reflected in Other current liabilities on the Consolidated Balance Sheet and the noncurrent portion of the reserve balance is reflected in Other noncurrent liabilities and deferred credits on the Consolidated Balance Sheet. The noncurrent portion of the reserve was $34 and $8 at December 31, 2025 and 2024, respectively.

E. SEGMENT AND RELATED INFORMATION

Segment Information

Alcoa Corporation is a producer of bauxite, alumina, and aluminum products. The Company has two operating and reportable segments: (i) Alumina and (ii) Aluminum. The primary measure of performance reported to Alcoa Corporation's President and Chief Executive Officer, identified as the Company's chief operating decision maker (CODM), is Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) for each segment.

The Company calculates Segment Adjusted EBITDA as Total sales (third-party and intersegment) minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; and Research and development expenses. Alcoa Corporation's Segment Adjusted EBITDA may not be comparable to similarly titled measures of other companies. The CODM regularly reviews Segment Adjusted EBITDA to assess performance and allocate resources (including employees, property, and financial or capital resources) in the planning and strategic review process. The CODM evaluates actual results versus the annual plan, most recent forecast, and prior period results when making decisions about allocating resources.

Segment assets include, among others, customer receivables (third-party and intersegment), inventories, properties, plants, and equipment, and equity investments. The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies (see Note B). Transactions between segments are established based on negotiation between the parties. Differences between segment totals and Alcoa Corporation's consolidated totals for line items not reconciled are in Corporate.

The following are detailed descriptions of Alcoa Corporation's reportable segments:

Alumina. This segment represents the Company's global bauxite mining operations and worldwide refining system, which processes bauxite into alumina.

A portion of this segment's bauxite production represents the offtake from an equity method investment in Guinea, as well as Alcoa's share of bauxite production related to an equity investment in Saudi Arabia (prior to the sale of Alcoa's interest in the Saudi Arabia joint venture in July 2025). Bauxite mined is primarily used internally within the Alumina segment; a portion of the bauxite is sold to external customers. Bauxite sales to third-parties are conducted on a contract basis.

The alumina produced by this segment is sold primarily to internal and external aluminum smelter customers; a portion of the alumina is sold to external customers who process it into industrial chemical products. Approximately two-thirds of Alumina's production is sold under supply contracts to third parties worldwide, while the remainder is used internally by the Aluminum segment. Alumina produced by this segment and used internally is transferred to the Aluminum segment at prevailing market prices. A portion of this segment's third-party sales are completed through alumina traders.

Generally, this segment's sales are transacted in U.S. dollars while costs and expenses are transacted in the local currency of the respective operations, which are the Australian dollar, the Brazilian real, and the euro.

This segment also included Alcoa's 25.1% ownership interest in a mining and refining joint venture company in Saudi Arabia prior to the sale of Alcoa's interest on July 1, 2025 (see Note C and Note H).

Aluminum. This segment consists of the Company's (i) worldwide smelting and casthouse system, which processes alumina into primary aluminum, and (ii) portfolio of energy assets in Brazil, Canada, and the United States.

Aluminum's combined smelting and casting operations produce primary aluminum products, nearly all of which are sold to external customers and traders. The smelting operations produce molten primary aluminum, which is then formed by the casting operations into either commodity grade ingot (e.g., t-bar, sow, standard ingot) or into value-add ingot products (e.g., foundry, billet, rod, and slab). A variety of external customers purchase the primary aluminum products for use in fabrication operations, which produce products primarily for the transportation, building and construction, packaging, wire, and other industrial markets. Results from the sale of aluminum powder and scrap are also included in this segment, as well as the impacts of embedded aluminum derivatives (see Note P) related to power contracts.

The energy assets supply power to external customers in Brazil and the United States, as well as internal customers in the Aluminum segment (Warrick (Indiana) smelter and Baie-Comeau (Canada) smelter) and, to a lesser extent, the Alumina segment (Brazilian refineries).

Generally, this segment's aluminum sales are transacted in U.S. dollars while costs and expenses of this segment are transacted in the local currency of the respective operations, which are the Canadian dollar, the U.S. dollar, the Icelandic króna, the Brazilian real, the Norwegian krone, the Australian dollar, and the euro.

This segment also included Alcoa Corporation's 25.1% ownership interest in a smelting joint venture company in Saudi Arabia prior to the sale of Alcoa's interest on July 1, 2025 (see Note C and Note H).

The operating results, capital expenditures, and assets of Alcoa Corporation's reportable segments were as follows:

	Alumina	Aluminum	Total
2025			
Sales:			
Third-party sales	$ 4,447	$ 8,359	$ 12,806
Intersegment sales	2,110	20	2,130
Total sales	$ 6,557	$ 8,379	$ 14,936
Adjusted operating costs[(1)]	3,061	6,107	9,168
Other segment items[(2)]	2,614	1,214	3,828
Segment Adjusted EBITDA	$ 882	$ 1,058	$ 1,940
Supplemental information:			
Depreciation, depletion, and amortization	$ 330	$ 270	$ 600
Equity income (loss)	6	(3)	3
Capital expenditures	320	255	575

	Alumina	Aluminum	Total
2024			
Sales:			
Third-party sales	$ 4,662	$ 7,230	$ 11,892
Intersegment sales	2,263	16	2,279
Total sales	$ 6,925	$ 7,246	$ 14,171
Adjusted operating costs[1]	3,110	5,488	8,598
Other segment items[2]	2,407	1,101	3,508
Segment Adjusted EBITDA	$ 1,408	$ 657	$ 2,065
Supplemental information:			
Depreciation, depletion, and amortization	$ 348	$ 272	$ 620
Equity income (loss)	22	(5)	17
Capital expenditures	367	197	564
2023			
Sales:			
Third-party sales	$ 3,613	$ 6,925	$ 10,538
Intersegment sales	1,648	15	1,663
Total sales	$ 5,261	$ 6,940	$ 12,201
Adjusted operating costs[1]	3,487	5,281	8,768
Other segment items[2]	1,501	1,198	2,699
Segment Adjusted EBITDA	$ 273	$ 461	$ 734
Supplemental information:			
Depreciation, depletion, and amortization	$ 333	$ 277	$ 610
Equity loss	(48)	(106)	(154)
Capital expenditures	323	198	521

	Alumina	Aluminum	Total
2025			
Assets:			
Equity investments	$ 243	$ 230	$ 473
Total assets	5,671	6,151	11,822
2024			
Assets:			
Equity investments	$ 420	$ 546	$ 966
Total assets	6,138	6,129	12,267

(1) Adjusted operating costs include all production related costs for alumina or aluminum produced and shipped: raw materials consumed; conversion costs, such as labor, materials, and utilities; and plant administrative expenses.

(2) Other segment items include costs associated with trading activity, the Alumina segment's purchase of bauxite from offtake or other supply agreements, the Alumina segment's commercial shipping services, and the Aluminum segment's energy assets; other direct and non-production related charges including tariff costs; Selling, general administrative, and other expenses; and Research and development expenses.

The following tables reconcile certain segment information to consolidated totals:

	2025	2024	2023
Sales:			
Total segment sales	$ 14,936	$ 14,171	$ 12,201
Elimination of intersegment sales	(2,130)	(2,279)	(1,663)
Other	25	3	13
Consolidated sales	$ 12,831	$ 11,895	$ 10,551

	2025	2024	2023
Net income (loss) attributable to Alcoa Corporation:			
Total Segment Adjusted EBITDA	$ 1,940	$ 2,065	$ 734
Unallocated amounts:			
Transformation[1]	(80)	(62)	(80)
Intersegment eliminations	252	(231)	7
Corporate expenses[2]	(150)	(160)	(133)
Provision for depreciation, depletion, and amortization	(623)	(642)	(632)
Impairment of goodwill (B & L)	(144)	—	—
Restructuring and other charges, net (D)	(918)	(341)	(184)
Interest expense (U)	(158)	(156)	(107)
Other income (expenses), net (U)	1,057	(91)	(134)
Other[3]	(112)	(93)	(55)
Consolidated income (loss) before income taxes	1,064	289	(584)
Benefit from (provision for) income taxes (Q)	55	(265)	(189)
Net loss attributable to noncontrolling interest	38	36	122
Consolidated net income (loss) attributable to Alcoa Corporation	$ 1,157	$ 60	$ (651)

(1) Transformation includes, among other items, the Adjusted EBITDA of previously closed operations.

(2) Corporate expenses are composed of general administrative and other expenses of operating the corporate headquarters and other global administrative facilities, as well as research and development expenses of the corporate technical center.

(3) Other includes certain items that are not included in the Adjusted EBITDA of the reportable segments.

December 31,	2025	2024
Assets:		
Total segment assets	$ 11,822	$ 12,267
Elimination of intersegment receivables	(162)	(364)
Unallocated amounts:		
Cash and cash equivalents	1,597	1,138
Noncurrent marketable securities	1,397	—
Deferred income taxes	687	284
Corporate fixed assets, net	414	366
Pension assets	131	128
Corporate goodwill	—	139
Other	243	106
Consolidated assets	$ 16,129	$ 14,064

Product Information

Alcoa Corporation has four product divisions as follows:

Bauxite—Bauxite is a reddish clay rock that is mined from the surface of the earth's terrain. This ore is the basic raw material used to produce alumina and is the primary source of aluminum.

Alumina—Alumina is an oxide that is extracted from bauxite and is the basic raw material used to produce primary aluminum. This product can also be consumed for non-metallurgical purposes, such as industrial chemical products.

Primary aluminum—Primary aluminum is metal in the form of a commodity grade ingot or a value-add ingot (e.g., foundry, billet, rod, and slab). These products are sold primarily to customers that produce products for the transportation, building and construction, packaging, wire, and other industrial markets, and traders.

Energy—Energy is the generation of electricity, which is sold in the wholesale market to traders, large industrial consumers, distribution companies, and other generation companies.

The following table represents the general commercial profile of the Company's Bauxite, Alumina, and Primary aluminum product divisions (see text below table for Energy):

Product division	Pricing components	Shipping terms[3]	Payment terms[4]
Bauxite	Negotiated	FOB/CIF	LC Sight
Alumina:			
Smelter grade	API[1]/spot/fixed	FOB/CIF	LC Sight/CAD/Net 30 days
Non-metallurgical	Negotiated	FOB/CIF	Net 30 days
Primary aluminum:			
Commodity grade ingot	LME + Regional premium[2]	DAP/CIF/DDP	Net 30 to 45 days
Value add ingot	LME + Regional premium + Product premium[2]	DAP/CIF/DDP	Net 30 to 45 days

(1) API (Alumina Price Index) is a pricing mechanism that is calculated by the Company based on the weighted average of a prior month's daily spot prices published by the following three indices: CRU Metallurgical Grade Alumina Price, Platts Metals Daily Alumina PAX Price, and FastMarkets Metal Bulletin Non-Ferrous Metals Alumina Index.

(2) LME (London Metal Exchange) is a globally recognized exchange for commodity trading, including aluminum. The LME pricing component represents the underlying base metal component, based on quoted prices for aluminum on the exchange. The regional premium represents the incremental price over the base LME component that is associated with the physical delivery of metal to a particular region (e.g., the Midwest premium for metal sold in the United States). The product premium represents the incremental price for receiving physical metal in a particular shape or alloy.

(3) CIF (cost, insurance, and freight) means that the Company pays for these items until the product reaches the buyer's designated destination point related to transportation by vessel. DAP (delivered at place) means the same as CIF related to all methods of transportation. FOB (free on board) means that the Company pays for costs, insurance, and freight until the product reaches the seller's designated shipping point. DDP (delivered duty paid) means that the Company pays for all costs and risks, including export and import clearance, transport costs, and customs formalities, until the product reaches the buyer's designated destination point.

(4) The net number of days means that the customer is required to remit payment to the Company for the invoice amount within the designated number of days. LC Sight is a letter of credit that is payable immediately (usually within five to ten business days) after a seller meets the requirements of the letter of credit (i.e. shipping documents that evidence the seller performed its obligations as agreed to with a buyer). CAD (cash against documents) is a payment arrangement in which a seller instructs a bank to provide shipping and title documents to the buyer at the time the buyer pays in full the accompanying bill of exchange.

For the Company's Energy product division, sales of electricity are based on current market prices. Electricity is provided to customers on demand through a national or regional power grid; the customer simultaneously receives and consumes the electricity. Payment terms are generally within 10 days related to the previous 30 days of electricity consumption.

The following table details Alcoa Corporation's Sales by product division:

	2025	2024	2023
Sales:			
Aluminum	$ 8,515	$ 7,359	$ 7,045
Alumina	3,662	4,246	3,103
Bauxite	727	376	466
Energy	190	147	118
Other[1]	(263)	(233)	(181)
	$ 12,831	$ 11,895	$ 10,551

(1) Other includes realized gains and losses related to embedded derivative instruments designated as cash flow hedges of forward sales of aluminum (see Note P).

Geographic Area Information

Geographic information for Third-party sales was as follows (based upon the country where the point of sale originated):

	2025	2024	2023
Sales:			
United States[1]	$ 6,115	$ 5,365	$ 4,993
Australia	3,011	3,128	2,240
Netherlands[2]	2,342	2,193	2,261
Brazil	1,020	878	735
Spain	318	293	289
Other	25	38	33
	$ 12,831	$ 11,895	$ 10,551

(1) Sales of a portion of the alumina from refineries in Australia and Brazil, most of the aluminum from smelters in Canada, and aluminum off-take related to an interest in the Saudi Arabia joint venture (prior to Alcoa's sale of its 25.1% interest in the Saudi Arabia joint venture on July 1, 2025) (see Note C and Note H), occurred in the United States.

(2) Sales of aluminum from smelters in Iceland and Norway occurred in the Netherlands.

Geographic information for long-lived assets was as follows (based upon the physical location of the assets):

December 31,	**2025**	**2024**
Long-lived assets:		
Australia	$ 2,027	$ 1,947
Brazil	1,467	1,354
Canada	931	903
Iceland	846	901
United States	773	749
Norway	342	288
Spain	311	244
Other	3	3
	$ 6,700	$ 6,389

F. EARNINGS PER SHARE

Following the issuance of preferred stock on August 1, 2024 (see Note N), basic earnings per share (EPS) was calculated using the two-class method. Under the two-class method, earnings are allocated to Alcoa common stock and preferred stock based on the pro-rata share of each class outstanding. Diluted EPS assumes the issuance of common stock for all potentially dilutive share equivalents outstanding. Diluted EPS is calculated under both the two-class and if-converted methods, and the more dilutive amount is reported.

In 2025 and 2024, dividends paid on preferred stock were $1 and $1, respectively, and undistributed earnings of $15 and $3, respectively, were allocated to preferred stock under the two-class method.

In the fourth quarter 2025, all issued and outstanding shares of preferred stock were converted into common stock, and no preferred stock remained issued and outstanding at December 31, 2025 (see Note N).

The share information used to compute basic and diluted EPS attributable to Alcoa Corporation common shareholders was as follows (shares in millions):

	2025	2024	2023
Average shares outstanding – basic	259	212	178
Effect of dilutive securities:			
Stock options	—	—	—
Stock units	2	2	—
Average shares outstanding – diluted	261	214	178

In 2023, basic average shares outstanding and diluted average shares outstanding were the same because the effect of potential shares of common stock was anti-dilutive. Had Alcoa generated net income in 2023, three million common share equivalents related to three million outstanding stock units and stock options combined would have been included in diluted average shares outstanding for the period.

G. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table details the activity of the three components that comprise Accumulated other comprehensive loss for Alcoa Corporation's shareholders and Noncontrolling interest:

	Alcoa Corporation			Noncontrolling interest		
	2025	2024	2023	2025	2024	2023
Pension and other postretirement benefits (O)						
Balance at beginning of period	$ (11)	$ —	$ 62	$ —	$ (15)	$ (5)
Other comprehensive (loss) income:						
Unrecognized net actuarial gain/loss and prior service cost/benefit	(92)	(17)	(112)	—	5	(13)
Tax benefit (expense)[2]	3	(4)	17	—	(2)	2
Total Other comprehensive (loss) income before reclassifications, net of tax	(89)	(21)	(95)	—	3	(11)
Amortization of net actuarial gain/loss and prior service cost/benefit[1]	26	21	39	—	1	1
Tax expense[2]	—	—	(6)	—	—	—
Total amount reclassified from Accumulated other comprehensive loss, net of tax[7]	26	21	33	—	1	1
Total Other comprehensive (loss) income	(63)	—	(62)	—	4	(10)
Acquisition of noncontrolling interest (C)	—	(11)	—	—	11	—
Balance at end of period	$ (74)	$ (11)	$ —	$ —	$ —	$ (15)
Foreign currency translation						
Balance at beginning of period	$ (4,194)	$ (2,593)	$ (2,685)	$ —	$ (983)	$ (1,040)
Other comprehensive income (loss)	445	(513)	92	11	(105)	57
Acquisition of noncontrolling interest (C)	—	(1,088)	—	—	1,088	—
Joint venture formation (C)	(31)	—	—	—	—	—
Balance at end of period	$ (3,780)	$ (4,194)	$ (2,593)	$ 11	$ —	$ (983)

	Alcoa Corporation			Noncontrolling interest		
	2025	2024	2023	2025	2024	2023
Cash flow hedges (P)						
Balance at beginning of period	$ (905)	$ (1,052)	$ (916)	$ —	$ —	$ 1
Other comprehensive (loss) income:						
Net change from periodic revaluations	(870)	(93)	(295)	—	—	—
Tax benefit[2]	137	7	70	—	—	—
Total Other comprehensive loss before reclassifications, net of tax	(733)	(86)	(225)	—	—	—
Net amount reclassified to earnings:						
Aluminum contracts[3]	357	290	181	—	—	—
Financial contracts[4]	16	—	(20)	—	—	—
Interest rate contracts[5]	—	(1)	(5)	—	—	(1)
Foreign exchange contracts[6]	1	(1)	(26)	—	—	—
Sub-total	374	288	130	—	—	(1)
Tax expense[2]	(71)	(55)	(41)	—	—	—
Total amount reclassified from Accumulated other comprehensive loss, net of tax[7]	303	233	89	—	—	(1)
Total Other comprehensive (loss) income	(430)	147	(136)	—	—	(1)
Balance at end of period	$ (1,335)	$ (905)	$ (1,052)	$ —	$ —	$ —
Total Accumulated other comprehensive (loss) income	$ (5,189)	$ (5,110)	$ (3,645)	$ 11	$ —	$ (998)

(1) These amounts were included in the computation of net periodic benefit cost for pension and other postretirement benefits. The amounts related to settlements and/or curtailments of certain pension benefits for Alcoa Corporation include ($1), ($1), and $21 for the years ended December 31, 2025, 2024, and 2023, respectively (see Note O). The amounts related to settlements and/or curtailments of certain pension benefits for Noncontrolling interest were immaterial for the years ended December 31, 2025, 2024, and 2023.

(2) These amounts were reported in (Benefit from) provision for income taxes on the accompanying Statement of Consolidated Operations.

(3) These amounts were reported in Sales on the accompanying Statement of Consolidated Operations.

(4) These amounts were reported in Cost of goods sold on the accompanying Statement of Consolidated Operations.

(5) These amounts were included in Other (income) expenses, net on the accompanying Statement of Consolidated Operations.

(6) In 2025, $1 was reported in Sales on the accompanying Statement of Consolidated Operations. In 2024, $1 was reported in Cost of goods sold and ($2) was reported in Sales on the accompanying Statement of Consolidated Operations. In 2023, $5 was reported in Cost of goods sold and ($31) was reported in Sales on the accompanying Statement of Consolidated Operations.

(7) A positive amount indicates a corresponding charge to earnings and a negative amount indicates a corresponding benefit to earnings.

H. INVESTMENTS

December 31,	2025	2024
Equity investments	$ 477	$ 970
Other investments[(1)]	—	10
	$ 477	$ 980

(1) In May 2025, Alcoa sold a non-core investment for total cash consideration of $13, resulting in a gain of $3 within Other (income) expenses, net. Cash received of $11 is presented within investing activities in the Statement of Consolidated Cash Flows. The remaining $2 is expected to be received in May 2026 and was included in Other receivables on the Consolidated Balance Sheet at December 31, 2025.

Equity Investments. The following table summarizes information of Alcoa Corporation's equity investments as of December 31, 2025 and 2024. In 2025, 2024, and 2023, Alcoa Corporation received $34, $37, and $51, respectively, in dividends from these equity investments. Each of the investees either owns the facility listed or has an ownership interest in an entity that owns the facility listed:

Investee	Country	Nature of investment	Income Statement Location of Equity Earnings	Ownership interest
Ma'aden Aluminium Company[(1)]	Saudi Arabia	Aluminum smelter and casthouse	Other (income) expenses, net	25.1%
Ma'aden Bauxite and Alumina Company[(1)]	Saudi Arabia	Bauxite mine and alumina refinery	Other (income) expenses, net	25.1%
Halco Mining, Inc.	Guinea	Bauxite mine	Cost of goods sold	45%
Energética Barra Grande S.A.	Brazil	Hydroelectric generation facility	Cost of goods sold	42.18%
Pechiney Reynolds Quebec, Inc.	Canada	Aluminum smelter	Cost of goods sold	50%
Serra do Facão Energia S/A	Brazil	Hydroelectric generation facility	Cost of goods sold	34.97%
Manicouagan Power Limited Partnership	Canada	Hydroelectric generation facility	Cost of goods sold	40%
Elysis® Limited Partnership	Canada	Aluminum smelting technology	Other (income) expenses, net	48.235%

(1) On July 1, 2025, Alcoa completed the sale of its full ownership interest of 25.1% in the Saudi Arabia joint venture, comprised of MBAC and MAC, to Ma'aden (see Note C).

Saudi Arabia Joint Venture—Alcoa Corporation and Ma'aden had a 30-year (from December 2009) joint venture shareholders agreement that set forth the terms for development, construction, ownership, and operation of an integrated aluminum complex in Saudi Arabia. The complex includes a bauxite mine from the Al Ba'itha bauxite deposit in the northern part of Saudi Arabia, an alumina refinery, and a primary aluminum smelter.

On July 1, 2025, Alcoa completed the sale of its full ownership interest of 25.1% in the Saudi Arabia joint venture, comprised of MBAC and MAC, to Ma'aden in exchange for issuance by Ma'aden of 85,977,547 shares (valued at SAR 52.35 per share at closing, or $1,200) and $150 in cash (related to taxes and transaction costs) (see Note C). Upon completion of the sale, MBAC and MAC became wholly-owned by Ma'aden.

The results for the Saudi Arabia joint venture for the year ended December 31, 2023 include a charge related to the settlement of a dispute with an industrial utility for periods in 2021 and 2022. Alcoa's share of this charge was $41 which is included in Other (income) expenses, net on the Statement of Consolidated Operations for the year ended December 31, 2023.

As of December 31, 2024, the carrying value of Alcoa's investment in this joint venture was $544.

ELYSIS Limited Partnership—In June 2018, Alcoa Corporation, Rio Tinto Alcan Inc. (Rio Tinto), and Investissement Québec, a company wholly-owned by the Government of Québec, Canada, launched the ELYSIS Limited Partnership (ELYSIS). The purpose of ELYSIS is to advance larger scale development and commercialization of its patent-protected technology that eliminates direct greenhouse gas emissions from the traditional aluminum smelting process and, instead, emits oxygen. Alcoa and Rio Tinto, as general partners, each own a 48.235% stake in ELYSIS, and Investissement Québec, as a limited partner, owns a 3.53% stake.

Through December 31, 2025, the Company has contributed $207 (C$279) toward its investment commitment in ELYSIS. The Company's basis in the investment has been reduced to zero for its share of losses incurred to date. In addition to cash contributions, Alcoa is contributing approximately $3 annually to cover overhead expenses incurred by Alcoa and charged to the joint venture. As a result, the Company has $62 in unrecognized losses as of December 31, 2025 that will be recognized upon additional contributions into the partnership.

The following table summarizes the profit and loss data for the respective periods ended December 31, as it relates to Alcoa Corporation's equity investments. Information shown for the Saudi Arabia Joint Venture for all periods presented includes the combined balances for MAC and MBAC. The investments are grouped based on the nature of the investment. The Mining investments are part of the Alumina segment, while the Energy and Other investments are primarily part of the Aluminum segment.

	Saudi Arabia Joint Venture[1]	Mining	Energy	Other
2025				
Sales	$ 1,780	$ 660	$ 240	$ 468
Cost of goods sold	1,462	449	115	425
Net income (loss)	5	58	109	(83)
Equity in net income (loss) of affiliated companies, before reconciling adjustments	1	26	42	(39)
Other	—	(2)	2	(6)
Alcoa Corporation's equity in net income (loss) of affiliated companies	1	24	44	(45)
2024				
Sales	$ 3,328	$ 573	$ 240	$ 463
Cost of goods sold	2,681	432	107	419
Net income (loss)	134	26	112	(68)
Equity in net income (loss) of affiliated companies, before reconciling adjustments	34	12	44	(32)
Other	(21)	—	(6)	9
Alcoa Corporation's equity in net income (loss) of affiliated companies	13	12	38	(23)
2023				
Sales	$ 2,726	$ 670	$ 236	$ 464
Cost of goods sold	2,550	446	118	425
Net (loss) income	(457)	50	100	(97)
Equity in net (loss) income of affiliated companies, before reconciling adjustments	(115)	23	39	(46)
Other	(43)	—	1	(9)
Alcoa Corporation's equity in net (loss) income of affiliated companies	(158)	23	40	(55)

(1) These amounts do not include the financial information of the Saudi Arabia joint venture after July 1, 2025, due to the sale of Alcoa's ownership interest (see Note C).

The following table summarizes the balance sheet data for the respective periods ended December 31, as it relates to Alcoa Corporation's equity investments.

	Saudi Arabia Joint Venture[1]	Mining	Energy	Other
2025				
Current assets	$ —	$ 3	$ 138	$ 203
Noncurrent assets	—	508	244	785
Current liabilities	—	2	15	80
Noncurrent liabilities	—	35	44	121
2024				
Current assets	$ 1,456	$ 4	$ 99	$ 177
Noncurrent assets	7,035	454	240	777
Current liabilities	1,227	4	16	85
Noncurrent liabilities	4,534	35	35	120

(1) On July 1, 2025, Alcoa completed the sale of its full ownership interest of 25.1% in the Saudi Arabia joint venture, comprised of MBAC and MAC, to Ma'aden (see Note C).

I. RECEIVABLES

In November 2025, a wholly-owned special purpose entity (SPE) of the Company amended an agreement with a financial institution to increase the amount of certain customer receivables that can be transferred without recourse on a revolving basis from $150 to $175 and to extend the maturity to November 13, 2026. The agreement was initially entered into in 2023. Company subsidiaries sell customer receivables to the SPE, which then transfers the receivables to the financial institution. The Company does not maintain effective control over the transferred receivables and therefore accounts for the transfers as sales of receivables.

Alcoa Corporation guarantees the performance obligations of the Company subsidiaries, and unsold customer receivables are pledged as collateral to the financial institution to secure the sold receivables. The SPE held unsold customer receivables of $486 and $247 pledged as collateral against the sold receivables as of December 31, 2025 and 2024, respectively.

The Company continues to service the customer receivables that were transferred to the financial institution. As Alcoa collects customer payments, the SPE transfers additional receivables to the financial institution rather than remitting cash.

In 2025, the Company sold gross customer receivables of $910, and reinvested collections of $910 from previously sold receivables, resulting in no net cash remittance to or proceeds from the financial institution.

In 2024, the Company sold gross customer receivables of $1,186, and reinvested collections of $1,170 from previously sold receivables, resulting in net cash proceeds from the financial institution of $16.

In 2023, the Company sold gross customer receivables of $591, and reinvested collections of $477 from previously sold receivables, resulting in net cash proceeds from the financial institution of $114.

Cash collections from previously sold receivables yet to be reinvested of $69 and $50 were included in Accounts payable, trade on the Consolidated Balance Sheet as of December 31, 2025 and 2024, respectively. Cash received from sold receivables under the agreement are presented within operating activities in the Statement of Consolidated Cash Flows.

J. INVENTORIES

December 31,	2025	2024
Finished goods	$ 394	$ 406
Work-in-process	282	251
Bauxite and alumina	580	551
Purchased raw materials	633	546
Operating supplies	288	244
	$ 2,177	$ 1,998

K. PROPERTIES, PLANTS, AND EQUIPMENT, NET

December 31,	2025	2024
Land and land rights, including mines	$ 247	$ 233
Structures (by type of operation):		
Bauxite mining and alumina refining	4,046	3,736
Aluminum smelting and casting	3,264	3,214
Energy generation	341	334
Other	357	344
	8,008	7,628
Machinery and equipment (by type of operation):		
Bauxite mining and alumina refining	4,386	4,218
Aluminum smelting and casting	5,840	5,551
Energy generation	872	855
Other	276	453
	11,374	11,077
	19,629	18,938
Less: accumulated depreciation, depletion, and amortization	13,837	13,161
	5,792	5,777
Construction work-in-progress	908	612
	$ 6,700	$ 6,389

L. GOODWILL AND OTHER INTANGIBLE ASSETS

Management performed a quantitative assessment for the Alumina reporting unit in the fourth quarter of 2025. As a result of the assessment, the Company recorded a charge of $144 in Impairment of goodwill on the Statement of Consolidated Operations for the year ended December 31, 2025, reducing the amount of goodwill for the Alumina reporting unit to zero.

The goodwill impairment was primarily a result of declining alumina prices, increased capital expenditures primarily related to mine moves and mine reclamation in Australia, and an increase in the discount rate. Following a peak in the fourth quarter of 2024 primarily due to supply disruptions, alumina prices decreased in the first quarter of 2025 and declined further in the fourth quarter of 2025 driven by a global supply surplus, largely due to refinery expansions in China and Indonesia.

Changes in the carrying amount of goodwill in 2025 prior to impairment were attributable to foreign currency translation.

Goodwill, which is included in Other noncurrent assets on the accompanying Consolidated Balance Sheet, was as follows:

December 31,	2025	2024
Alumina	$ —	$ 3
Aluminum	—	—
Corporate[(1)]	—	139
	$ —	$ 142

(1) Goodwill is reflected in Corporate for segment reporting because it is not included in management's assessment of performance by the reportable segment, and it is allocated to the Alumina reporting unit for purposes of impairment testing (see Goodwill and Other Intangible Assets in Note B).

The carrying value of Corporate's goodwill is net of accumulated impairment losses of $882 and $742 as of December 31, 2025 and December 31, 2024, respectively.

Other intangible assets, which are included in Other noncurrent assets on the accompanying Consolidated Balance Sheet, were as follows:

	2025			2024		
December 31,	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Computer software	$ 210	$ (198)	$ 12	$ 203	$ (190)	$ 13
Patents and licenses	25	(11)	14	25	(11)	14
Other intangibles	21	(13)	8	20	(11)	9
Total other intangible assets	$ 256	$ (222)	$ 34	$ 248	$ (212)	$ 36

Computer software consists primarily of software costs associated with the enterprise business solution within Alcoa to drive common systems among all businesses.

Amortization expense related to the intangible assets in the table above for the years ended December 31, 2025, 2024, and 2023 was $6, $5, and $5, respectively, and is expected to be approximately $5 annually from 2026 to 2030.

M. DEBT

Short-term Borrowings.

December 31,	2025	2024
Short-term borrowings	$ 9	$ 50

Short-term borrowings are reported in Other current liabilities on the accompanying Consolidated Balance Sheet.

Inventory Repurchase Agreements

The Company entered into inventory repurchase agreements whereby the Company sold aluminum to a third party and agreed to subsequently repurchase substantially similar inventory. The Company did not record sales upon each shipment of inventory and the net cash received of $9 and $50 related to these agreements was recorded in Short-term borrowings within Other current liabilities on the Consolidated Balance Sheet as of December 31, 2025 and December 31, 2024, respectively. The associated inventory sold was reflected in Prepaid expenses and other current assets on the Consolidated Balance Sheet as of December 31, 2025 and December 31, 2024, respectively.

For the year ended December 31, 2025, the Company recorded borrowings of $60 and repurchased $101 of inventory related to these agreements. For the year ended December 31, 2024, the Company recorded borrowings of $88 and repurchased $94 of inventory related to these agreements. For the year ended December 31, 2023, the Company recorded borrowings of $117 and repurchased $61 of inventory related to these agreements.

The cash received and subsequently paid under the inventory repurchase agreements is included in Cash (used for) provided from financing activities on the Statement of Consolidated Cash Flows.

Long-term Debt.

December 31,	**2025**	**2024**
5.500% Notes, due 2027	$ —	$ 750
6.125% Notes, due 2028	219	500
4.125% Notes, due 2029	500	500
6.125% Notes, due 2030	500	—
7.125% Notes, due 2031	750	750
6.375% Notes, due 2032	500	—
Other	1	76
Unamortized discounts and deferred financing costs	(31)	(31)
Total	2,439	2,545
Less: amount due within one year	1	75
Long-term debt, less amount due within one year	$ 2,438	$ 2,470

The principal amount of long-term debt maturing in each of the next five years is: $1 in 2026, $0 in 2027, $219 in 2028, $500 in 2029, and $500 in 2030.

In April 2025, the Company amended a $74 term loan, included within Other at December 31, 2024, extending the maturity from May 2025 to November 2025. In September 2025, the Company fully repaid $74 drawn under the term loan and cancelled the agreement.

144A Debt.

2030 and 2032 Notes. In March 2025, Alumina Pty Ltd, a wholly-owned subsidiary of Alcoa Corporation, completed Rule 144A (U.S. Securities Act of 1933, as amended) debt issuances of $500 aggregate principal amount of 6.125% Senior Notes due 2030 (the 2030 Notes) and $500 aggregate principal amount of 6.375% Senior Notes due 2032 (the 2032 Notes) with the following terms:

- Net proceeds were approximately $985, reflecting a discount to the initial purchasers on each series of notes as well as issuance costs. The discounts, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the respective terms;

- Interest is paid semi-annually in March and September, which commenced September 15, 2025;

- Indenture contains customary affirmative and negative covenants, see below;

- Option to redeem on at least 10 days, but not more than 60 days, notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time on and after March 15, 2027 and March 15, 2028 for the 2030 Notes and 2032 Notes, respectively, at a redemption price up to 103.063 percent and 103.188 percent of the principal amount plus any accrued and unpaid interest in each case for the 2030 Notes and 2032 Notes, respectively; and,

- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101 percent of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company utilized certain proceeds of these transactions to fund contributions to Alcoa Nederland Holding B.V. (ANHBV), a wholly-owned subsidiary of Alcoa Corporation and the issuer of the $750 aggregate principal amount of 5.500% Notes due 2027 (the 2027 Notes) and $500 aggregate principal amount of 6.125% Notes due 2028 (the 2028 Notes). These contributions were funded through a series of intercompany transactions, including the repayment of intercompany indebtedness and the issuance of intercompany dividends. ANHBV used such funds, along with cash on hand, to fund the purchase price pursuant to the cash tender offers announced and settled in March 2025, including premiums and transaction costs (see Tender Offers). The net proceeds also supported Alcoa's general corporate purposes.

2031 Notes. In March 2024, ANHBV completed a Rule 144A debt issuance for $750 aggregate principal amount of 7.125% Senior Notes due 2031 (the 2031 Notes), which carry a green bond designation, with the following terms:

- Net proceeds were approximately $737, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the term;

- Interest is paid semi-annually in March and September, which commenced September 15, 2024;

- Indenture contains customary affirmative and negative covenants, see below;

- Option to redeem on at least 10 days, but not more than 60 days, notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time on and after March 15, 2027, at a redemption price up to 103.563 percent of the principal amount, plus any accrued and unpaid interest; and,

- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101 percent of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company utilized the net proceeds to finance and/or refinance, in whole or in part, new and/or existing qualifying projects on a two-year look back and three-year look forward that meet certain eligibility criteria within its Green Finance Framework.

2029 Notes. In March 2021, ANHBV, a wholly-owned subsidiary of Alcoa Corporation, completed a Rule 144A debt issuance for $500 aggregate principal amount of 4.125% Senior Notes due 2029 (the 2029 Notes) with the following terms:

- Net proceeds were approximately $493, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the term;

- Interest is paid semi-annually in March and September, which commenced September 30, 2021;

- Indenture contains customary affirmative and negative covenants, see below;

- Option to redeem on at least 10 days, but not more than 60 days, notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after March 31, 2024, at a redemption price up to 102.063 percent of the principal amount, plus any accrued and unpaid interest; and,

- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101 percent of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company used the net proceeds of the 2029 Notes, together with cash on hand, to contribute $500 to its U.S. defined benefit pension plans, to redeem in full $750 aggregate principal amount of the Company's outstanding 6.75% Senior Notes due 2024, and to pay transaction-related fees and expenses.

2028 Notes. In May 2018, ANHBV completed a Rule 144A debt issuance for $500 aggregate principal amount of 6.125% Senior Notes due 2028 with the following terms:

- Net proceeds were approximately $492, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the term;

- Interest is paid semi-annually in November and May, which commenced November 15, 2018;

- Indenture contains customary affirmative and negative covenants, see below;

- Option to redeem on at least 30 days, but not more than 60 days, notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after May 2023, at a redemption price up to 103.063 percent of the principal amount, plus any accrued and unpaid interest; and,

- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101 percent of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company used the net proceeds of the 2028 Notes, together with cash on hand, to make discretionary contributions to certain U.S. defined benefit pension plans.

The indentures governing the 2028 Notes, the 2029 Notes, the 2030 Notes, the 2031 Notes, and the 2032 Notes contain customary affirmative and negative covenants, such as limitations on liens, limitations on sale and leaseback transactions, and specific to the 2028 Notes, the 2029 Notes, and the 2031 Notes, a prohibition on a reduction in the ownership of AWAC entities below an agreed level. The negative covenants in the indentures are less extensive than those in the Revolving Credit Facility (see below). For example, the indentures do not include a limitation on restricted payments, such as repurchases of common stock and dividends to stockholders.

The 2028 Notes, the 2029 Notes, and the 2031 Notes are senior unsecured obligations of ANHBV and do not entitle the holders to any registration rights pursuant to a registration rights agreement. ANHBV does not intend to file a registration statement with respect to resales of or an exchange offer for the notes. The notes are guaranteed on a senior unsecured basis by Alcoa Corporation and its subsidiaries that are guarantors under the Revolving Credit Facility (the "subsidiary guarantors" and, together with Alcoa Corporation, the "guarantors"). Each of the subsidiary guarantors will be released from their guarantees upon the occurrence of certain events, including the release of such guarantor from its obligations as a guarantor under the Revolving Credit Facility.

The 2028 Notes, the 2029 Notes, and the 2031 Notes rank equally in right of payment with each other and with all of ANHBV's existing and future senior unsecured indebtedness; rank senior in right of payment to any future subordinated obligations of ANHBV; and are effectively subordinated to ANHBV's existing and future secured indebtedness, including under the Revolving Credit Facility, to the extent of the value of property and assets securing such indebtedness. The guarantees of the notes rank equally in right of payment with each other and with all the guarantors' existing and future senior unsecured indebtedness; rank senior in right of payment to any future subordinated obligations of the guarantors; and are effectively subordinated to the guarantors' existing and future secured indebtedness, including under the Revolving Credit Facility, to the extent of the value of property and assets securing such indebtedness.

The 2030 Notes and the 2032 Notes are senior unsecured obligations of Alumina Pty Ltd and do not entitle the holders to any registration rights pursuant to a registration rights agreement. Alumina Pty Ltd does not intend to file a registration statement with respect to resales of or an exchange offer for the notes. The notes are guaranteed on a senior unsecured basis by the Company and its subsidiaries that are party to the indenture.

The 2030 Notes and the 2032 Notes rank equally in right of payment with each other and with all existing and future senior unsecured indebtedness of Alumina Pty Ltd, the Company, and its subsidiaries that are party to the indenture; rank senior in right of payment to any future subordinated obligations of Alumina Pty Ltd, the Company, and such subsidiaries; and are effectively subordinated to the existing and future secured indebtedness of Alumina Pty Ltd, the Company, and such subsidiaries, including under the Revolving Credit Agreement, to the extent of the value of property and assets securing such indebtedness. The guarantees of the notes rank equally in right of payment with each other and with all the guarantors' existing and future senior unsecured indebtedness; rank senior in right of payment to any future subordinated obligations of the guarantors; and are effectively subordinated to the guarantors' existing and future secured indebtedness, including under the Revolving Credit Facility, to the extent of the value of property and assets securing such indebtedness.

Redemption. On December 15, 2025, ANHBV redeemed the remaining $141 aggregate principal amount of the 2027 Notes at a redemption price equal to 100 percent of the principal amount, plus accrued and unpaid interest. As a result, the Company recorded a loss of $1 on the extinguishment of debt in the fourth quarter of 2025 in Interest expense, which was comprised of the write-off of unamortized discounts and deferred financing costs. The redemption was funded using cash on hand. The cash flows related to the transaction were included in Cash (used for) provided from financing activities on the Statement of Consolidated Cash Flows.

Tender Offers. In March 2025, ANHBV announced and settled cash tender offers which resulted in the tender and acceptance of $609 of the $750 aggregate principal amount of the 2027 Notes and $281 of the $500 aggregate principal amount of the 2028 Notes for purchase. The issuance of the 2030 Notes and 2032 Notes and the cash tender of the 2027 Notes and 2028 Notes were determined to be issuances of new debt and extinguishments of existing debt. As a result, the Company incurred $12 of debt settlement expenses in the first quarter of 2025 in Interest expense, which was comprised of the settlement premiums, transaction costs, and the write-off of unamortized discounts and deferred financing costs. The cash flows related to the transaction were included in Cash (used for) provided from financing activities on the Statement of Consolidated Cash Flows.

Credit Facilities.

Revolving Credit Facility

The Company and ANHBV, a wholly-owned subsidiary of Alcoa Corporation and the borrower, have a $1,250 revolving credit and letter of credit facility in place for working capital and/or other general corporate purposes (the Revolving Credit Facility). The Revolving Credit Facility, established in September 2016, most recently amended and restated in June 2022 and amended in August 2025, is scheduled to mature in June 2027. Subject to the terms and conditions under the Revolving Credit Facility, the Company or ANHBV may borrow funds or issue letters of credit. Further, the Revolving Credit Facility contains financial covenants and customary affirmative and negative covenants (applicable to Alcoa Corporation and certain subsidiaries described as restricted), that, subject to certain exceptions, include limitations on (among other things): indebtedness, liens, investments, sales of assets, restricted payments, entering into restrictive agreements, a covenant prohibiting reductions in the ownership of AWAC entities, and certain other specified restricted subsidiaries of Alcoa Corporation, below an agreed level. The Revolving Credit Facility also contains customary events of default, including failure to make payments under the Revolving Credit Facility, cross-default and cross-judgment default, and certain bankruptcy and insolvency events.

On January 17, 2024, Alcoa Corporation, ANHBV, and certain subsidiaries of the Company entered into Amendment No. 1 (Amendment No. 1) to the Revolving Credit Facility (Amended Revolving Credit Facility). The Amended Revolving Credit Facility provided additional flexibility to the Company and the Borrower by temporarily (i) reducing the minimum interest coverage ratio required thereunder from 4.00 to 1.00 to 3.00 to 1.00 and (ii) providing for a maximum addback for cash restructuring charges in Consolidated EBITDA (as defined in the Revolving Credit Facility) of $450, in each case for the 2024 fiscal year. As of January 1, 2025, the minimum interest coverage ratio requirement reverted to 4.00 to 1.00 and the maximum addback for cash restructuring charges in Consolidated EBITDA reverted to 15 percent of Consolidated EBITDA. The requirement that the Company maintain a debt to capitalization ratio not to exceed.60 to 1.00 was not changed by Amendment No. 1.

In connection with Amendment No. 1, the Company also agreed to provide collateral for its obligations under the Amended Revolving Credit Facility, which required it to execute all security documents to re-secure collateral under the Amended Revolving Credit Facility by, subject to certain exceptions, a first priority security interest in substantially all assets of the Company, the Borrower, the material domestic wholly-owned subsidiaries of the Company, and the material foreign wholly-owned subsidiaries of the Company located in Australia, Brazil, Canada, Luxembourg, the Netherlands, Norway, and Switzerland including equity interests of certain subsidiaries that directly hold equity interests in AWAC entities.

After January 1, 2025, the Company may obtain a release of the collateral if the Company or the Borrower (as applicable) (i) has at least two of the following three designated ratings: (x) Baa3 from Moody's Investor Service (Moody's), (y) BBB- from Standard and Poor's (S&P) Global Ratings and (z) BBB- from Fitch Ratings and (ii) does not have any designated rating lower than: (x) Ba1 from Moody's, (y) BB+ from S&P Global Ratings and (z) BB+ from Fitch Ratings.

The Amended Revolving Credit Facility contains customary affirmative covenants, negative covenants, and events of default substantially comparable to the Revolving Credit Facility (other than those that are described above and other minor changes). The representations, warranties and covenants contained in the Amended Revolving Credit Facility were made only for purposes of Amendment No. 1 and as of specific dates and were solely for the benefit of the parties to the Amended Revolving Credit Facility.

In August 2025, Alcoa Corporation, ANHBV, and certain subsidiaries of the Company entered into Amendment No. 2 to the Revolving Credit Facility to allow for certain changes in the Company's legal structure and update certain exceptions to collateral requirements.

As of December 31, 2025, the Company was in compliance with all financial covenants. The Company may access the entire amount of commitments under the Revolving Credit Facility. There were no borrowings outstanding at December 31, 2025 and 2024, and no amounts were borrowed during 2025, 2024, and 2023 under the Revolving Credit Facility.

Japanese Yen Revolving Credit Facility

The Company and ANHBV have a revolving credit facility available to be drawn in Japanese yen (the Japanese Yen Revolving Credit Facility).

In April 2025, the Company and ANHBV entered into an amendment to the Japanese Yen Revolving Credit Facility, reducing the aggregate commitments from $250 to $200 and extending maturity from April 2025 to April 2026. Subject to the terms and conditions under the facility, the Company or ANHBV may borrow funds.

The Japanese Yen Revolving Credit Facility, established in April 2023 and amended in January 2024, April 2024, and April 2025, includes covenants that are substantially the same as those included in the Amended Revolving Credit Facility. Under the terms of the January 2024 amendment, the Company agreed to provide collateral for its obligations under the Japanese Yen Revolving Credit Facility with the same conditions as the Amended Revolving Credit Facility.

As of December 31, 2025, the Company was in compliance with all financial covenants. The Company may access the entire amount of commitments under the facility. There were no borrowings outstanding at December 31, 2025 and 2024. During 2025, no amounts were borrowed. During 2024, $201 (JPY 29,686) was borrowed and $196 (JPY 29,686) was repaid. During 2023, $10 (JPY 1,495) was borrowed and repaid.

Alumina Limited Revolving Credit Facility

In connection with the acquisition of Alumina Limited (see Note C), the Company assumed $385 of indebtedness as of August 1, 2024, representing the amount drawn on the Alumina Limited revolving credit facility.

At acquisition, the Alumina Limited revolving credit facility had tranches maturing in October 2025 ($100), January 2026 ($150), July 2026 ($150), and June 2027 ($100). In August 2024, Alcoa cancelled the undrawn portions of the revolving credit facility maturing in July 2026 ($15) and June 2027 ($100). In November 2024, pursuant to the terms of the Alumina Limited revolving credit facility, Alcoa voluntarily repaid all accrued and unpaid amounts outstanding under the revolving credit facility, totaling $385 and, as of the same date, cancelled the outstanding lender tranche commitments ($385). As a result of the repayment and cancellation of undrawn amounts, the Alumina Limited revolving credit facility agreement was effectively terminated. No early termination penalties or prepayment premiums were incurred by Alcoa in connection with the termination of the Alumina Limited revolving credit facility.

N. PREFERRED AND COMMON STOCK

Preferred Stock. Alcoa Corporation is authorized to issue 100,000,000 shares of preferred stock at a par value of $0.01 per share. In connection with the acquisition of Alumina Limited (see Note C), on July 31, 2024, the Company's Board of Directors created and authorized 10,000,000 shares of non-voting preferred stock designated as "SeriesA convertible preferred stock" with a par value of $0.01 per share. At the transaction closing on August 1, 2024, Alumina Shares outstanding were exchanged for 4,041,989 shares of Alcoa Series A convertible preferred stock.

In the fourth quarter 2025, all 4,041,989 issued and outstanding shares of Alcoa Series A convertible preferred stock were converted into 4,041,989 shares of common stock, and the associated preferred shares were retired and cancelled. On February 25, 2026, the Company filed a certificate of cancellation with the Secretary of State of the State of Delaware, thereby eliminating the Series A convertible preferred stock as a designated series and restoring the 10,000,000 previously designated shares to the status of authorized but unissued.

As of December 31, 2025, the Company had no issued preferred stock. As of December 31, 2024, the Company had 4,041,989 issued and outstanding shares of Series A convertible preferred stock.

Common Stock. Alcoa Corporation is authorized to issue 750,000,000 shares of common stock at a par value of $0.01 per share. In connection with the acquisition of Alumina Limited (see Note C), Alumina Shares outstanding were exchanged for 78,772,422 shares of Alcoa common stock. As of December 31, 2025 and 2024, Alcoa Corporation had 263,102,406 and 258,360,908, respectively, issued and outstanding shares of common stock.

Under its employee stock-based compensation plan, the Company issued shares of 699,509 in 2025, 1,116,022 in 2024, and 1,503,373 in 2023. The Company issues new shares to satisfy the exercise of stock options and the conversion of stock units. As of December 31, 2025, 18,709,900 shares of common stock were available for issuance.

Common Stock Repurchase Program

In July 2022, Alcoa Corporation's Board of Directors approved a common stock repurchase program under which the Company may purchase shares of its outstanding common stock up to an aggregate transactional value of $500, depending on the Company's continuing analysis of market, financial, and other factors (the July 2022 authorization).

No shares were repurchased in 2025, 2024, or 2023.

As of the date of this report, the Company is currently authorized to repurchase up to a total of $500, in the aggregate, of its outstanding shares of common stock under the July 2022 authorization. Repurchases under this program may be made using a variety of methods, which may include open market purchases, privately negotiated transactions, or pursuant to a Rule 10b5-1 plan. This program may be suspended or discontinued at any time and does not have a predetermined expiration date. Alcoa Corporation intends to retire repurchased shares of common stock.

Dividend

Dividends on common and preferred stock are subject to authorization by Alcoa Corporation's Board of Directors.

Quarterly dividends paid on common stock were $0.10 per share in 2025, 2024, and 2023, totaling $104, $89, and $72, respectively. After the acquisition of Alumina Limited (see Note C), quarterly dividends of $0.10 per share were paid on Series A convertible preferred stock, totaling $1 in both 2025 and 2024.

The details of any future cash dividend declaration, including the amount of such dividend and the timing and establishment of the record and payment dates, will be determined by the Board of Directors. The decision of whether to pay future cash dividends and the amount of any such dividends will be based on the Company's financial position, results of operations, cash flows, capital requirements, business conditions, the requirements of applicable law, and any other factors the Board of Directors may deem relevant.

Stock-based Compensation

Restricted stock units are generally granted in January and/or February of each calendar year to eligible employees. The Company's Board of Directors also receive certain stock units; however, these amounts are not material. Time-based restricted stock units (RSUs) either cliff vest on the third anniversary of the award grant date or vest incrementally over a three-year period (one third each year) on each anniversary of the award grant date. The Company also grants performance restricted stock units (PRSUs), which are subject to performance conditions and earned after the end of the three-year measurement period. As of January 1, 2021, the Company no longer grants stock options.

The final number of PRSUs earned is dependent on Alcoa Corporation's achievement of certain targets over a three-year measurement period for grants. For PRSUs granted in 2023, the award will be earned after the end of the measurement period of January 1, 2023 through December 31, 2025 based on performance against three measures: (1) the Company's total shareholder return measured against the ranked total shareholder return of the S&P Metals and Mining Select Industry Index components; (2) a pre-established average return-on-equity target; and (3) a reduction in carbon intensity in both refining (through reduced carbon dioxide emissions) and smelting (through increased production from renewable energy) operations. For PRSUs granted in 2024, the award will be earned after the end of the measurement period of January 1, 2024 through December 31, 2026 based on performance against three measures: (1) the Company's total shareholder return measured against the ranked total shareholder return of the S&P Metals and Mining Select Industry Index components; (2) a pre-established average return-on-equity target; and (3) a reduction in carbon intensity in both refining (through reduced carbon dioxide emissions) and smelting (through increased production from renewable energy) operations. For PRSUs granted in 2025, the award will be earned after the end of the measurement period of January 1, 2025 through December 31, 2027 based on performance against three measures: (1) the Company's total shareholder return measured against the ranked total shareholder return of the S&P Metals and Mining Select Industry Index components; (2) a pre-established average return-on-equity target; and (3) a pre-established strategic initiatives target focused on portfolio optimization and capital allocation activities.

In 2025, 2024, and 2023, Alcoa Corporation recognized stock-based compensation expense of $41, $36, and $35, respectively, related to stock units in each period. There was no stock-based compensation expense capitalized in 2025, 2024, and 2023.

Stock-based compensation expense is based on the grant date fair value of the applicable equity grant. For both RSUs and PRSUs, the fair value was equivalent to the closing market price per share of Alcoa Corporation's common stock on the date of grant in the respective periods. For stock units with a market condition, the fair value was estimated on the date of grant using a Monte Carlo simulation model, which generated a result of $52.74, $40.27, and $71.12 per unit in 2025, 2024, and 2023, respectively. The Monte Carlo simulation model uses certain assumptions to estimate the fair value of a market-based stock unit, including volatility and a risk-free interest rate, to estimate the probability of satisfying market conditions. Volatility (55.03 percent, 59.40 percent, and 64.88 percent in 2025, 2024, and 2023, respectively) was estimated using the historical volatility of the Company calculated from daily stock price returns. The risk-free interest rate (4.18 percent, 4.35 percent, and 4.26 percent in 2025, 2024, and 2023, respectively) was based on the U.S. Treasury yield curve at the time of the grant based on the remaining performance period.

The activity for stock units and stock options during 2025 was as follows:

	Stock units		Stock options	
	Number of units	Weighted average FMV per unit	Number of options	Weighted average exercise price
Outstanding, January 1, 2025	2,912,221	$ 38.71	133,446	$ 27.66
Granted	1,380,551	36.70	—	—
Exercised	—	—	(38,801)	20.17
Converted	(875,006)	45.96	—	—
Expired or forfeited	(89,318)	35.97	(4,738)	32.61
Performance share adjustment	(91,556)	56.04	—	—
Outstanding, December 31, 2025	3,236,892	$ 38.71	89,907	$ 30.64

The number of Converted units includes 214,298 shares withheld to meet the Company's statutory tax withholding requirements related to the income earned by the employees as a result of vesting in the units.

As of December 31, 2025, the 89,907 outstanding stock options were fully vested and exercisable, had a weighted average remaining contractual life of 2.86 years, a total intrinsic value of $2 and a weighted average exercise price of $30.64. Cash received from stock option exercises was immaterial in 2025, 2024, and 2023. The total intrinsic value of stock options exercised was immaterial during 2025, 2024, and 2023. The total fair value of stock units converted during 2025, 2024, and 2023 was $40, $37 and $35, respectively.

At December 31, 2025, there was $37 of combined unrecognized compensation expense (pretax) related to non-vested grants of stock units. This expense is expected to be recognized over a weighted average period of 1.40 years.

O. PENSION AND OTHER POSTRETIREMENT BENEFITS

Defined Benefit Plans

Alcoa sponsors several defined benefit pension plans covering certain employees in the U.S. and foreign locations. Pension benefits generally depend on length of service, job grade, and remuneration. Substantially all benefits are paid through pension trusts that are sufficiently funded to ensure that all plans can pay benefits to retirees as they become due. Most salaried and non-bargaining hourly U.S. employees hired after March 1, 2006 and most bargaining hourly U.S. employees hired after January 1, 2020 participate in a defined contribution plan instead of a defined benefit plan.

The Company also maintains health care postretirement benefit plans covering certain eligible U.S. retired employees and certain retirees from foreign locations. Generally, the medical plans are unfunded and pay a percentage of medical expenses, reduced by deductibles and other coverage. The Company retains the right, subject to existing agreements, to change or eliminate these benefits. All salaried and certain non-bargaining hourly U.S. employees hired after January 1, 2002 and certain bargaining hourly U.S. employees hired after July 1, 2010 are not eligible for postretirement health care benefits.

As of January 1, 2025, the pension benefit plans and the other postretirement benefit plans covered an aggregate of approximately 15,000 and approximately 18,000 participants, respectively.

2025 Actions. In 2025, the following actions impacted certain pension and other postretirement benefit plans:

Action #1 – In the third quarter of 2025, settlement accounting and a related plan remeasurement was triggered within Alcoa's Australian pension plan as a result of lump sum payments to participants. Alcoa recorded a $2 decrease to Other noncurrent assets and recognized a settlement gain of $1 ($0 after-tax) in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations.

Action #2 – In the fourth quarter of 2025, the Company recorded a $29 increase to Accrued other postretirement benefits as a result of the reinstatement of Company-sponsored retiree health coverage for certain U.S. retirees effective January 1, 2026. The reinstatement is pursuant to an injunction entered by the U.S. District Court for the Southern District of Indiana, which remains under appeal. The Company will continue to assess the impact to Accrued other postretirement benefits as the related legal proceedings progress.

The following table presents certain information and the financial impacts of these actions on the accompanying Consolidated Financial Statements:

Action #	Number of affected plan participants	Weighted average discount rate as of prior plan remeasurement date	Plan remeasurement date	Weighted average discount rate as of plan remeasurement date	Decrease to other noncurrent assets[1]	Increase to accrued other postretirement benefits liability	Settlement gain[2]
1	~25	4.87%	September 30, 2025	4.49%	$ (2)	$ –	$ (1)
2	~1,080	N/A	December 31, 2025	N/A	–	29	–
					$ (2)	$ 29	$ (1)

(1) Action 1 caused an interim plan remeasurement, including an update to the discount rate used to determine the benefit obligation of the affected plan. This amount includes the impact due to the interim plan remeasurement.

(2) This amount represents the net actuarial gain and was reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

2024 Actions. In 2024, the following actions impacted a certain pension plan:

Action #1 – In the first quarter of 2024, Alcoa announced the full curtailment of the Kwinana refinery. As a result, curtailment accounting was triggered within Alcoa's Australian pension plan. The Company recorded a $1 decrease to Other noncurrent assets and recognized a curtailment loss of $1 ($0 after-tax) in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations.

Action #2 – In the second quarter of 2024, settlement accounting and a related plan remeasurement was triggered within Alcoa's Australian pension plan as a result of lump sum payments to participants. Alcoa recorded a $19 increase to Other noncurrent assets and recognized a non-cash settlement gain of $1 ($0 after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

Action #3 – In the fourth quarter of 2024, settlement accounting was triggered within Alcoa's Australian pension plan as a result of lump sum payments to participants. Alcoa recognized a non-cash settlement gain of $1 ($1 after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

The following table presents certain information and the financial impacts of these actions on the accompanying Consolidated Financial Statements:

Action #	Number of affected plan participants	Weighted average discount rate as of prior plan remeasurement date	Plan remeasurement date	Weighted average discount rate as of plan remeasurement date	(Decrease) increase to other noncurrent assets[1]	Curtailment loss[2]	Settlement gain[3]
1	~110	N/A	N/A	N/A	$ (1)	$ 1	$ –
2	~10	4.81%	June 30, 2024	5.23%	19	–	(1)
3	~140	N/A	December 31, 2024	N/A	–	–	(1)
					$ 18	$ 1	$ (2)

(1) Actions 1-2 caused interim plan remeasurements, including an update to the discount rates used to determine the benefit obligations of the affected plans. These amounts include impacts due to interim plan remeasurements.

(2) This amount represents the net actuarial loss arising from the curtailment and was recognized immediately in Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

(3) These amounts represent the net actuarial gain and were reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

2023 Actions. In 2023, the following actions impacted certain pension and other postretirement benefit plans:

Action #1 – In the second quarter of 2023, plan amendment accounting and related plan remeasurements were triggered within the Surinamese pension and other postretirement plans as a result of participants electing to prospectively convert their Surinamese dollar pension and Company-provided retiree medical to a U.S. dollar pension with no Company-provided retiree medical. As a result, Alcoa recorded a $15 increase to Accrued pension benefits and a $9 decrease to Accrued other postretirement benefits.

Action #2 – In the second quarter of 2023, settlement accounting and related plan remeasurements were triggered within certain Canadian pension plans as a result of the Company's purchase of group annuity contracts to transfer the obligation to pay the remaining retirement benefits of approximately 530 retirees and beneficiaries from its Canadian defined benefit pension plans. The transfer of approximately $235 in both plan obligations and plan assets was completed in April 2023. As a result, Alcoa recorded a $22 increase to Accrued pension benefits and a $5 decrease to Other noncurrent assets and recognized a non-cash settlement loss of $21 ($16 after-tax) in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations.

Action #3 – In the third quarter of 2023, settlement accounting and a related plan remeasurement was triggered within Alcoa's Australian pension plan as a result of lump sum payments to participants. As a result, Alcoa recorded a $2 decrease to Other noncurrent assets.

The following table presents certain information and the financial impacts of these actions on the accompanying Consolidated Financial Statements:

Action #	Number of affected plan participants	Weighted average discount rate as of prior plan remeasurement date	Plan remeasurement date	Weighted average discount rate as of plan remeasurement date	Increase to accrued pension benefits liability	Decrease to other noncurrent assets	Decrease to accrued other postretirement benefits liability	Settlement loss[1]
1	~370	5.58%	March 31, 2023	5.20%	$ 15	$ –	$ (9)	$ –
2	~530	5.20%	April 30, 2023	4.80%	22	(5)	–	21
3	~50	5.08%	September 30, 2023	5.03%	–	(2)	–	–
					$ 37	$ (7)	$ (9)	$ 21

(1) This amount represents the net actuarial loss and was reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

Obligations and Funded Status

December 31,	Pension benefits 2025	Pension benefits 2024	Other postretirement benefits 2025	Other postretirement benefits 2024
Change in benefit obligation				
Benefit obligation at beginning of year	$ 2,145	$ 2,393	$ 462	$ 494
Service cost	6	9	1	3
Interest cost	104	113	23	24
Amendments	—	—	29	—
Actuarial losses (gains)	18	(78)	10	(8)
Settlements	(32)	(81)	—	—
Benefits paid, net of participants' contributions	(130)	(122)	(48)	(51)
Foreign currency translation impact	52	(89)	—	—
Benefit obligation at end of year	$ 2,163	$ 2,145	$ 477	$ 462
Change in plan assets				
Fair value of plan assets at beginning of year	$ 2,000	$ 2,219	$ —	$ —
Actual return on plan assets	103	49	—	—
Employer contributions	21	17	—	—
Participant contributions	2	3	—	—
Benefits paid	(122)	(115)	—	—
Administrative expenses	(5)	(7)	—	—
Settlements	(32)	(81)	—	—
Foreign currency translation impact	52	(85)	—	—
Fair value of plan assets at end of year	$ 2,019	$ 2,000	$ —	$ —
Funded status	$ (144)	$ (145)	$ (477)	$ (462)
Less: Amounts attributed to joint venture partners	(8)	(7)	—	—
Net funded status	$ (136)	$ (138)	$ (477)	$ (462)

December 31,	Pension benefits 2025	Pension benefits 2024	Other postretirement benefits 2025	Other postretirement benefits 2024
Amounts recognized in the Consolidated Balance Sheet consist of:				
Noncurrent assets	$ 131	$ 128	$ —	$ —
Current liabilities	(10)	(10)	(50)	(50)
Noncurrent liabilities	(257)	(256)	(427)	(412)
Net amount recognized	$ (136)	$ (138)	$ (477)	$ (462)
Amounts recognized in Accumulated Other Comprehensive Loss consist of:				
Net actuarial loss	$ 1,098	$ 1,076	$ 80	$ 75
Prior service cost (benefit)	3	4	(41)	(83)
Total, before tax effect	1,101	1,080	39	(8)
Less: Amounts attributed to joint venture partners	31	29	—	—
Net amount recognized, before tax effect	$ 1,070	$ 1,051	$ 39	$ (8)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive (Loss) Income consist of:				
Net actuarial loss (gain)	$ 57	$ 9	$ 9	$ (8)
Amortization of accumulated net actuarial loss	(35)	(31)	(4)	(5)
Prior service (benefit) cost	(1)	—	29	—
Amortization of prior service benefit	—	—	13	14
Total, before tax effect	21	(22)	47	1
Less: Amounts attributed to joint venture partners	2	(4)	—	—
Net amount recognized, before tax effect	$ 19	$ (18)	$ 47	$ 1

At December 31, 2025, the benefit obligation, fair value of plan assets, and funded status for U.S. pension plans were $1,060, $982, and ($78), respectively. At December 31, 2024, the benefit obligation, fair value of plan assets, and funded status for U.S. pension plans were $1,056, $988, and ($68), respectively.

Pension Plan Benefit Obligations

	Pension benefits	
	2025	2024
The aggregate projected benefit obligation and accumulated benefit obligation for all defined benefit pension plans was as follows:		
Projected benefit obligation	$ 2,163	$ 2,145
Accumulated benefit obligation	2,104	2,078
The aggregate projected benefit obligation and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets was as follows:		
Projected benefit obligation	1,629	1,627
Fair value of plan assets	1,350	1,351
The aggregate accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets was as follows:		
Accumulated benefit obligation	1,435	1,432
Fair value of plan assets	1,193	1,197

Components of Net Periodic Benefit Cost

	Pension benefits[1]			Other postretirement benefits		
	2025	2024	2023	2025	2024	2023
Service cost	$ 6	$ 9	$ 10	$ 1	$ 3	$ 3
Interest cost[2]	99	108	114	23	24	26
Expected return on plan assets[2]	(123)	(139)	(146)	–	–	–
Amortization of accumulated net actuarial loss[2]	36	32	28	4	5	5
Amortization of prior service benefit[2]	–	–	–	(13)	(14)	(14)
Settlements[3]	(1)	(2)	21	–	–	–
Curtailments[4]	–	1	–	–	–	–
Net periodic benefit cost[5]	$ 17	$ 9	$ 27	$ 15	$ 18	$ 20

(1) In 2025, 2024, and 2023, net periodic benefit cost for U.S. pension plans was $15, $7, and $6, respectively.

(2) These amounts were reported in Other (income) expenses, net on the accompanying Statement of Consolidated Operations.

(3) These amounts were reported in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note D). In 2025, 2024 and 2023, settlements were due to plan actions (see Actions above).

(4) This amount was reported in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note D). In 2024, curtailments were due to plan actions (see Actions above).

(5) Amounts attributed to joint venture partners are not included.

Assumptions. Liabilities and expenses for pension and other postretirement benefits are determined using actuarial methodologies and incorporate significant assumptions, including the interest rate used to discount the future estimated liability, the expected long-term rate of return on plan assets, and several assumptions relating to the employee workforce (salary increases, health care cost trend rates, retirement age, and mortality).

Weighted average assumptions used to determine benefit obligations for pension and other postretirement benefit plans were as follows:

December 31,	**2025**	**2024**
Discount rate – pension plans	5.24%	5.30%
Discount rate – other postretirement benefit plans	5.05	5.53
Rate of compensation increase – pension plans	3.20	3.20

The yield curve model used to develop the discount rate is based on high-quality corporate bonds, parallels the plans' projected cash flows and has a weighted average duration of 10 years. If a deep market of high-quality corporate bonds does not exist in a country, then the yield on government bonds plus a corporate bond yield spread is used.

Weighted average assumptions used to determine net periodic benefit cost for pension and other postretirement benefit plans were as follows:

	2025	**2024**	**2023**
Discount rate – pension plans	5.23%	5.02%	5.34%
Discount rate – other postretirement benefit plans	5.30	5.17	5.45
Expected long-term rate of return on plan assets – pension plans	5.81	6.13	6.21
Rate of compensation increase – pension plans	3.20	3.77	3.21

For 2025, 2024, and 2023, the expected long-term rate of return used by management was based on the prevailing and planned strategic asset allocations, as well as estimates of future returns by asset class. For 2026, management anticipates that 5.86 percent will be the weighted average expected long-term rate of return.

Assumed health care cost trend rates for U.S. other postretirement benefit plans were as follows (non-U.S. plans are not material):

	2025	2024	2023
Health care cost trend rate assumed for next year	7.25%	7.00%	6.50%
Rate to which the cost trend rate gradually declines	5.00%	5.00%	5.00%
Year that the rate reaches the rate at which it is assumed to remain	2035	2034	2032

The assumed health care cost trend rate is used to measure the expected cost of gross eligible charges covered by the Company's other postretirement benefit plans. For 2026, a 7.25 percent trend rate will be used, reflecting management's best estimate of the change in future health care costs covered by the plans.

Plan Assets. Alcoa's pension plan weighted average target and actual asset allocations, by asset class, were as follows:

	Target asset allocation		Plan assets at December 31,	
Asset class	**2025**	**2024**	**2025**	**2024**
Equities	20%	20%	21%	21%
Fixed income	65	65	69	69
Other investments	15	15	10	10
Total	100%	100%	100%	100%

The principal objectives underlying the investment of the pension plan assets are to ensure that the Company can properly fund benefit obligations as they become due under a broad range of potential economic and financial scenarios, maximize the long-term investment return with an acceptable level of risk based on such obligations, and broadly diversify investments across and within various asset classes to protect asset values against adverse movements. Investment risk is controlled by rebalancing to target allocations on a periodic basis and ongoing monitoring of investment manager performance.

The portfolio includes an allocation to investments in long-duration corporate credit and government debt, public and private market equities, intermediate duration corporate credit and government debt, global-listed infrastructure, global natural resource equities, high-yield bonds and bank loans, real estate, and securitized credit.

Investment practices comply with the requirements of applicable laws and regulations in the respective jurisdictions, including the Employee Retirement Income Security Act of 1974 (ERISA) in the U.S.

The following section describes the valuation methodologies used by the trustees to measure the fair value of pension plan assets. For plan assets measured at net asset value, this refers to the net asset value of the investment on a per share basis (or its equivalent) as a practical expedient. Otherwise, an indication of the level in the fair value hierarchy in which each type of asset is generally classified is provided (see Note P for the definition of fair value and a description of the fair value hierarchy).

Equities—These securities consist of: (i) direct investments in the stock of publicly traded U.S. and non-U.S. companies and are valued based on the closing price reported in an active market on which the individual securities are traded (generally classified in Level 1); (ii) the plans' share of commingled funds that are invested in the stock of publicly traded companies and are valued at net asset value; and (iii) direct investments in long/short equity hedge funds and private equity (limited partnerships and venture capital partnerships) and are valued at net asset value.

Fixed income—These securities consist of: (i) U.S. government debt and are generally valued using quoted prices (included in Level 1); (ii) cash and cash equivalents invested in publicly-traded funds and are valued based on the closing price reported in an active market on which the individual securities are traded (generally classified in Level 1); (iii) publicly traded U.S. and non-U.S. fixed interest obligations (principally corporate bonds and debentures) and are valued through consultation and evaluation with brokers in the institutional market using quoted prices and other observable market data (included in Level 2); and (iv) cash and cash equivalents invested in institutional funds and are valued at net asset value.

Other investments—These investments include, among others: (i) real estate investment trusts valued based on the closing price reported in an active market on which the investments are traded (included in Level 1); (ii) the plans' share of commingled funds that are invested in real estate partnerships and are valued at net asset value; (iii) direct investments in private real estate (includes limited partnerships) and are valued at net asset value; (iv) absolute return strategy funds and are valued at net asset value; and (v) indirect investments of discretionary and systematic macro hedge funds and are valued at net asset value.

The fair value methods described above may not be indicative of net realizable value or reflective of future fair values. Additionally, while Alcoa believes the valuation methods used by the plans' trustees are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the fair value of pension plan assets classified under either the appropriate level of the fair value hierarchy or net asset value:

December 31, 2025	Level 1	Level 2	Level 3	Net Asset Value	Total
Equities:					
Equity securities	$ 94	$ —	$ —	$ 285	$ 379
Private equity	—	—	—	48	48
	$ 94	$ —	$ —	$ 333	$ 427
Fixed income:					
Intermediate and long-duration government/ credit	$ 369	$ 557	$ —	$ 397	$ 1,323
Cash and cash equivalent funds	43	—	—	20	63
	$ 412	$ 557	$ —	$ 417	$ 1,386
Other investments:					
Real estate	$ 28	$ —	$ —	$ 153	$ 181
Discretionary and systematic macro hedge funds	—	—	—	6	6
Other	—	—	—	18	18
	$ 28	$ —	$ —	$ 177	$ 205
Total[(1)]	$ 534	$ 557	$ —	$ 927	$ 2,018

December 31, 2024	Level 1	Level 2	Level 3	Net Asset Value	Total
Equities:					
Equity securities	$ 77	$ —	$ —	$ 227	$ 304
Private equity	—	—	—	109	109
	$ 77	$ —	$ —	$ 336	$ 413
Fixed income:					
Intermediate and long-duration government/ credit	$ 374	$ 470	$ —	$ 471	$ 1,315
Cash and cash equivalent funds	42	—	—	14	56
	$ 416	$ 470	$ —	$ 485	$ 1,371
Other investments:					
Real estate	$ 17	$ —	$ —	$ 163	$ 180
Discretionary and systematic macro hedge funds	—	—	—	11	11
Other	—	—	—	18	18
	$ 17	$ —	$ —	$ 192	$ 209
Total[(2)]	$ 510	$ 470	$ —	$ 1,013	$ 1,993

(1) As of December 31, 2025, the total fair value of pension plan assets excludes a net receivable of $1, which primarily represents securities not yet settled plus interest and dividends earned on various investments.

(2) As of December 31, 2024, the total fair value of pension plan assets excludes a net receivable of $7, which primarily represents securities not yet settled plus interest and dividends earned on various investments.

Funding and Cash Flows. It is Alcoa's policy to fund amounts for defined benefit pension plans sufficient to meet the minimum requirements set forth in each applicable country's benefits laws and tax laws, including ERISA for U.S. plans. From time to time, the Company contributes additional amounts as deemed appropriate.

In 2025, 2024, and 2023, cash contributions to Alcoa's defined benefit pension plans were $20, $16, and $24.

Alcoa's minimum required contribution to defined benefit pension plans in 2026 is estimated to be $50, of which approximately $40 is for U.S. plans. Under ERISA regulations, a plan sponsor that establishes a pre-funding balance by making discretionary contributions to a U.S. defined benefit pension plan may elect to apply all or a portion of this balance toward its minimum required contribution obligations to the related plan in future years. In 2026, management intends to make such election related to the Company's U.S. plans.

Benefit payments expected to be paid to pension and other postretirement benefit plan participants are as follows:

Year ending December 31,	Pension benefits	Other postretirement benefits
2026	$ 175	$ 50
2027	170	50
2028	165	50
2029	165	45
2030	165	45
2031 through 2035	785	205
	$ 1,625	$ 445

Defined Contribution Plans

The Company sponsors savings and investment plans in several countries. In the U.S., employees may contribute a portion of their compensation to the plans, and Alcoa matches a specified percentage of these contributions in equivalent form of the investments elected by the employee. Also, the Company makes contributions to a retirement savings account based on a percentage of eligible compensation for certain U.S. employees that are not able to participate in Alcoa's defined benefit pension plans. The Company's expenses related to all defined contribution plans were $94 in 2025, $86 in 2024, and $80 in 2023.

Member-funded Pension Plans

The Company contributes to member-funded pension plans for the employees of Aluminerie de Bécancour Inc. and Aluminerie de Deschambault in Canada. Alcoa makes contributions to the plans based on a percentage of the employees' eligible compensation. The Company's expenses related to the member-funded pension plans were $17 in 2025, $16 in 2024, and $16 in 2023.

Target Benefit Plan

The Company contributes to a target benefit plan for the employees of Baie-Comeau in Canada. Alcoa makes contributions to the plan based on a percentage of the employees' eligible compensation. The Company's expenses related to the target benefit plan were $7 in 2025, $8 in 2024, and $8 in 2023.

P. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Fair Value. The Company follows a fair value hierarchy to measure its assets and liabilities. As of December 31, 2025 and 2024, respectively, the assets and liabilities measured at fair value were primarily derivative instruments and noncurrent marketable securities. In addition, the Company measures its pension plan assets at fair value (see Note O). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (i) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (ii) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and,

- Level 3 – Inputs that are both significant to the fair value measurement and unobservable.

Derivatives. Alcoa Corporation is exposed to certain risks relating to its ongoing business operations, including the risks of changing commodity prices, foreign currency exchange rates, and interest rates. Alcoa Corporation's commodity and derivative activities include aluminum, alumina, energy, foreign exchange, and interest rate contracts, which are held for purposes other than trading. They are used to mitigate uncertainty and volatility, and to cover underlying exposures. While Alcoa does not generally enter into derivative contracts to mitigate the risk associated with changes in aluminum or alumina prices, the Company may do so in isolated cases to address discrete commercial or operational conditions. Alcoa is not involved in trading activities for energy, weather derivatives, or other nonexchange commodities.

Alcoa Corporation's commodity and derivative activities are subject to the management, direction, and control of the Strategic Risk Management Committee (SRMC), which consists of at least three members, including the chief executive officer, the chief financial officer, and the chief commercial officer. The remaining member(s) are other officers and/or employees of the Company as the chief executive officer may designate from time to time. The SRMC meets on a periodic basis to review derivative positions and strategy and reports to the Audit Committee of Alcoa Corporation's Board of Directors on the scope of its activities.

During the first and second quarters of 2025, Alcoa entered into financial contracts with multiple counterparties to mitigate financial risks associated with changes in aluminum prices, natural gas prices, electricity prices, and foreign currency exchange rates related to the San Ciprián operations. The aluminum, natural gas, and electricity financial contracts qualify for cash flow hedge accounting. The foreign exchange financial contracts do not qualify for hedge accounting treatment. These contracts are held by a separate wholly-owned subsidiary of Alcoa Corporation, and the associated realized gains or losses have no impact on the results of the San Ciprián operations. Due to the widespread power outage across Spain that occurred on April 28, 2025, it became probable that certain forecasted electricity purchases would not occur in 2025. As a result, Alcoa dedesignated a portion of the electricity financial contracts and recognized a gain of $3 in Cost of goods sold.

Alcoa Corporation's aluminum, alumina, foreign exchange, natural gas, and electricity contracts are predominantly classified as Level 1 or Level 2 under the fair value hierarchy. The Level 1 and 2 contracts are predominantly designated as either fair value or cash flow hedging instruments. Alcoa Corporation also has several derivative instruments classified as Level 3 under the fair value hierarchy, which are either designated as cash flow hedges or undesignated. Alcoa included the changes in its equity method investee's Level 2 derivatives in Accumulated other comprehensive loss through June 30, 2024, when the underlying contracts expired.

The following tables present the detail for Level 1, 2, and 3 derivatives (see additional Level 3 information in further tables below):

Balance at December 31,	2025 Assets	2025 Liabilities	2024 Assets	2024 Liabilities
Level 1 and 2 derivative instruments	$ 15	$ 246	$ 1	$ 20
Level 1 derivative instruments (undesignated)	48	1	—	—
Level 3 derivative instruments	20	1,354	24	1,079
Total	$ 83	$ 1,601	$ 25	$ 1,099
Less: Current	49	467	25	263
Noncurrent	$ 34	$ 1,134	$ —	$ 836

Year ended December 31,	2025 Unrealized loss recognized in Other comprehensive income (loss)	2025 Realized loss reclassified from Accumulated other comprehensive loss to earnings	2024 Unrealized loss recognized in Other comprehensive income (loss)	2024 Realized gain (loss) reclassified from Accumulated other comprehensive loss to earnings
Level 1 and 2 derivative instruments	$ (238)	$ (19)	$ (23)	$ 1
Level 3 derivative instruments	(632)	(355)	(70)	(290)
Noncontrolling and equity interest (Level 2)	—	—	—	1
Total	$ (870)	$ (374)	$ (93)	$ (288)

The 2025 realized loss of $19 on Level 1 and 2 cash flow hedges was comprised of a $3 loss recognized in Sales and a $16 loss recognized in Cost of goods sold. The 2024 realized gain of $1 on Level 1 and 2 cash flow hedges was comprised of a $2 gain recognized in Sales and a $1 loss recognized in Cost of goods sold.

The following table presents the outstanding quantities of derivative instruments classified as Level 1 or Level 2:

	Classification	December 31, 2025	December 31, 2024
Aluminum (in kmt)	Commodity buy forwards	211	145
Aluminum (in kmt)	Commodity sell forwards	492	108
Alumina (in kmt)	Commodity sell forwards	103	—
Foreign currency (in millions of euro)	Foreign exchange buy forwards	295	152
Foreign currency (in millions of euro)	Foreign exchange sell forwards	7	13
Foreign currency (in millions of euro) (undesignated)	Foreign exchange buy forwards	702	—
Foreign currency (in millions of euro) (undesignated)	Foreign exchange sell forwards	2	—
Foreign currency (in millions of Norwegian krone)	Foreign exchange buy forwards	—	54
Foreign currency (in millions of Brazilian real)	Foreign exchange buy forwards	46	280
Foreign currency (in millions of Australian dollar)	Foreign exchange buy forwards	786	43
Foreign currency (in millions of Canadian dollar)	Foreign exchange buy forwards	—	5
Foreign currency (in millions of Saudi riyal) (undesignated)	Foreign exchange swap	300	—
Natural gas (in millions of megawatt hours)	Commodity buy forwards	5	—
Electricity (in millions of megawatt hours)	Commodity buy forwards	6	—

Alcoa Corporation routinely uses Level 1 aluminum derivative instruments to manage exposures to changes in the fair value of firm commitments for the purchases or sales of aluminum. Additionally, Alcoa uses alumina derivative instruments to manage exposures to changes in the fair value of certain firm commitments for the purchases or sales of alumina (expires December 2026) and aluminum derivative instruments to manage LME exposures related to the San Ciprián smelter (see above) (expires December 2027). Alcoa used Level 1 aluminum derivative instruments to manage LME exposures related to profitability improvement actions (expired December 2025).

Alcoa Corporation uses Level 1 foreign exchange forward and swap contracts to mitigate the risk of foreign exchange exposure related to euro power purchases in Norway (expires December 2028), euro expenses (primarily energy and labor) (expires December 2027), U.S. dollar alumina and aluminum sales in Brazil (expires October 2026), U.S. dollar alumina sales in Australia (expires December 2032), and Saudi riyal expenses (expires March 2026). Additionally, Alcoa used Level 1 foreign exchange forward contracts to mitigate the risk of foreign exchange exposure related to U.S. dollar aluminum sales in Norway (expired June 2025) and Canadian dollar expenses in Canada (expired March 2025).

Alcoa Corporation uses Level 1 and 2 natural gas and electricity forward contracts to mitigate the risk of price fluctuations on associated purchases in Spain (expires December 2027).

Derivative instruments classified as Level 3 in the fair value hierarchy represent those in which management has used at least one significant unobservable input in the valuation model. Alcoa Corporation uses discounted cash flow and other simulation models to fair value all Level 3 derivative instruments. Inputs in the valuation models for Level 3 derivative instruments are composed of the following: (i) quoted market prices (e.g., aluminum prices on the 10-year LME forward curve and energy prices), (ii) significant other observable inputs (e.g., information concerning time premiums and volatilities for certain option type embedded derivatives and regional premiums for aluminum contracts), and (iii) unobservable inputs (e.g., aluminum and energy prices beyond those quoted in the market, and estimated credit spread between Alcoa and the counterparty). For periods beyond the term of quoted market prices for aluminum, Alcoa Corporation estimates the price of aluminum by extrapolating the 10-year LME forward curve. For periods beyond the term of quoted market prices for the Midwest premium, management estimates the Midwest premium based on recent transactions. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence (Level 2). In the absence of such evidence, management's best estimate is used (Level 3). If a significant input that is unobservable in one period becomes observable in a subsequent period, the related asset or liability would be transferred to the appropriate classification (Level 1 or 2) in the period of such change (there were no such transfers in the periods presented). There were no sales or settlements of Level 3 derivative instruments in the periods presented.

Level 3 derivative instruments outstanding as of December 31, 2025 are described in the table below:

Description	Designation	Contract Termination	Unobservable Inputs Impacting Valuation	Sensitivity to Inputs
Power contracts				
Embedded derivative that indexes the price of power to the LME price of aluminum plus the Midwest premium	Cash flow hedge of forward sales of aluminum	March 2026 December 2029 February 2036	LME price, Midwest premium and MWh per year	Increase in LME price and/or the Midwest premium results in a higher cost of power and an increase to the derivative liability
Embedded derivative that indexes the price of power to the LME price of aluminum	Cash flow hedge of forward sales of aluminum	September 2027 March 2036	LME price and MWh per year	Increase in LME price results in a higher cost of power and an increase to the derivative liability
Embedded derivative that indexes the price of power to the credit spread between the Company and the counterparty	Undesignated	October 2028	Estimated credit spread	Wider credit spread results in a higher cost of power and increase to the derivative liability
Financial contracts				
Hedge power prices	Undesignated	June 2026 June 2035	LME price and power price	Lower prices in the power market or higher LME prices result in an increase to the derivative liability
Hedge power prices	Undesignated	December 2028	Power price and MWh per year	Lower prices in the power market or decreases in renewable energy production result in an increase to the derivative liability

In August 2023 and September 2024, the Company entered into nine-year financial contracts (undesignated) that hedge the anticipated power requirements at one of its smelters effective July 1, 2026 when the current contracts (undesignated) end.

In June 2025, Alcoa entered into a firming contract (undesignated) to manage the variability and intermittency of renewable energy sources and reduce exposure to the spot energy market at one of its smelters for the period from July 2025 through December 2028. The firming contract converts a certain pay-as-produced wind contract into baseload power.

In October 2025, Alcoa entered into a ten-year power contract (cash flow hedge of forward sales of aluminum) at one of its smelters effective April 1, 2026 when the current contract (cash flow hedge of forward sales of aluminum) ends.

At December 31, 2025, the outstanding Level 3 instruments are associated with seven smelters and one permanently closed smelter site. At December 31, 2025 and 2024, the embedded derivatives in power contracts designated as cash flow hedges of forward sales of aluminum hedge 1,005 kmt and 1,230 kmt of aluminum, respectively.

The following table presents quantitative information related to the significant unobservable inputs described above for Level 3 derivative instruments (megawatt hours in MWh; megawatts in MW):

	December 31, 2025	Unobservable Input	Unobservable Input Range	
Asset Derivatives				
Financial contract (undesignated)	$ 12	Interrelationship of forward energy price, LME forward price and the Consumer Price Index	Electricity (per MWh)	2026: $18.47 2026: $67.52
			LME (per mt)	2026: $2,979 2026: $3,008
Financial contract (undesignated)	8	Interrelationship of forward energy price and the contract price, and the estimated MW of renewable energy produced (per month)	Electricity (per MWh)	2026: $40.30 2028: $44.80
			Electricity	2026: 83 MW 2028: 84 MW
Power contract	—	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2026: $2,979 2026: $2,994
			Midwest premium (per pound)	2026: $0.9300 2026: $0.9300
			Electricity	Rate of 2 million MWh per year
Total Asset Derivatives	$ 20			
Liability Derivatives				
Power contract	$ 132	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2026: $2,979 2027: $3,028
			Electricity	Rate of 4 million MWh per year
Power contracts	1,222	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2026: $2,979 2029: $3,048 2036: $3,225
			Midwest premium (per pound)	2026: $0.9300 2029: $0.9300 2036: $0.9300
			Electricity	Rate of 18 million MWh per year
Power contract (undesignated)	—	Estimated spread between the 30-year debt yield of Alcoa and the counterparty	Credit spread	0.15%: 30-year debt yield spread 5.83%: Alcoa (estimated) 5.68%: counterparty
Total Liability Derivatives	$ 1,354			

The fair values of Level 3 derivative instruments recorded in the accompanying Consolidated Balance Sheet were as follows:

	December 31, 2025	December 31, 2024
Asset Derivatives		
Derivatives not designated as hedging instruments:		
Current – financial contract	$ 15	$ 24
Noncurrent – financial contract	5	—
Total derivatives not designated as hedging instruments	$ 20	$ 24
Total Asset Derivatives	$ 20	$ 24
Liability Derivatives		
Derivatives designated as hedging instruments:		
Current – power contracts	$ 353	$ 251
Noncurrent – power contracts	1,001	826
Total derivatives designated as hedging instruments	$ 1,354	$ 1,077
Derivatives not designated as hedging instruments:		
Current – embedded credit derivative	$ —	$ 1
Noncurrent – embedded credit derivative	—	1
Total derivatives not designated as hedging instruments	$ —	$ 2
Total Liability Derivatives	$ 1,354	$ 1,079

The following table shows the net fair values of the Level 3 derivative instruments at December 31, 2025 and the effect on these amounts of a hypothetical change (increase or decrease of 10 percent) in the market prices or rates that existed as of December 31, 2025:

	Fair value (liability) asset	Index change of +/-10%
Power contracts	$ (1,354)	$ 249
Embedded credit derivative	—	—
Financial contracts	20	6

The following tables present a reconciliation of activity for Level 3 derivative instruments:

2025	Assets Financial contracts
January 1, 2025	$ 24
Total gains or losses included in:	
Other income, net (unrealized/realized)	22
Settlements and other	(26)
December 31, 2025	$ 20
Change in unrealized gains or losses included in earnings for derivative instruments held at December 31, 2025:	
Other income, net	$ 22

2025	Liabilities	
	Power contracts	Embedded credit derivative
January 1, 2025	$ 1,077	$ 2
Total gains or losses included in:		
Sales (realized)	(355)	—
Other income, net (unrealized/realized)	—	(1)
Other comprehensive loss (unrealized)	632	—
Settlements and other	—	(1)
December 31, 2025	$ 1,354	$ —
Change in unrealized gains or losses included in earnings for derivative instruments held at December 31, 2025:		
Other income, net	$ —	$ (1)

2024	Assets
	Financial contracts
January 1, 2024	$ 16
Total gains or losses included in:	
Other income, net (unrealized/realized)	61
Settlements and other	(53)
December 31, 2024	$ 24
Change in unrealized gains or losses included in earnings for derivative instruments held at December 31, 2024:	
Other income, net	$ 61

2024	Liabilities	
	Power contracts	Embedded credit derivative
January 1, 2024	$ 1,297	$ —
Total gains or losses included in:		
Sales (realized)	(290)	—
Other expenses, net (unrealized/realized)	—	3
Other comprehensive income (unrealized)	70	—
Settlements and other	—	(1)
December 31, 2024	$ 1,077	$ 2
Change in unrealized gains or losses included in earnings for derivative instruments held at December 31, 2024:		
Other expenses, net	$ —	$ 3

Derivatives Designated As Hedging Instruments — Cash Flow Hedges

Assuming market rates remain constant with the rates at December 31, 2025, a realized loss of $353 related to power contracts is expected to be recognized in Sales over the next 12 months.

Material Limitations

The disclosures with respect to commodity prices and foreign currency exchange risk do not consider the underlying commitments or anticipated transactions. If the underlying items were included in the analysis, the gains or losses on the futures contracts may be offset. Actual results will be determined by several factors that are not under Alcoa Corporation's control and could vary significantly from those factors disclosed.

Alcoa Corporation is exposed to credit loss in the event of nonperformance by counterparties on the above instruments, as well as credit or performance risk with respect to its hedged customers' commitments. Alcoa Corporation does not anticipate nonperformance by any of these parties. Contracts are with creditworthy counterparties and are further supported by cash, treasury bills, or irrevocable letters of credit issued by carefully chosen banks. In addition, various master netting arrangements are in place with counterparties to facilitate settlement of gains and losses on these contracts.

Other Financial Instruments. The carrying values and fair values of Alcoa Corporation's other financial instruments were as follows:

	2025		2024	
December 31,	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	$ 1,597	$ 1,597	$ 1,138	$ 1,138
Restricted cash	95	95	96	96
Noncurrent marketable securities	1,397	1,397	—	—
Short-term borrowings	9	9	50	50
Long-term debt due within one year	1	1	75	75
Long-term debt, less amount due within one year	2,438	2,545	2,470	2,499

The following methods were used to estimate the fair values of other financial instruments:

Cash and cash equivalents and Restricted cash. The carrying amounts approximate fair value because of the short maturity of the instruments. The fair value amounts for Cash and cash equivalents and Restricted cash were classified in Level 1 of the fair value hierarchy.

Noncurrent marketable securities. Noncurrent marketable securities represent shares of Ma'aden acquired by Alcoa in July 2025 (see Note C). The fair value of the shares is based on the unadjusted quoted price on the Saudi Exchange (Tadawul). The fair value amounts for Noncurrent marketable securities were classified in Level 1 of the fair value hierarchy.

Short-term borrowings and Long-term debt, including amount due within one year. The fair value of Long-term debt, less amount due within one year was based on quoted market prices for public debt and on interest rates that are currently available to Alcoa Corporation for issuance of debt with similar terms and maturities for non-public debt. The fair value amounts for all Short-term borrowings and Long-term debt were classified in Level 2 of the fair value hierarchy.

Q. INCOME TAXES

(Benefit from) provision for income taxes.

The components of Income (loss) before income taxes were as follows:

	2025	2024	2023
Domestic	$ 38	$ (351)	$ (277)
Foreign	1,026	640	(307)
Total	$ 1,064	$ 289	$ (584)

(Benefit from) provision for income taxes consisted of the following:

	2025	2024	2023
Current:			
Federal	$ 1	$ —	$ —
Foreign	219	242	211
State and local	—	—	—
	$ 220	$ 242	$ 211
Deferred:			
Federal	$ —	$ —	$ —
Foreign	(274)	23	(22)
State and local	(1)	—	—
	$ (275)	$ 23	$ (22)
Total	$ (55)	$ 265	$ 189

Federal includes U.S. income taxes related to foreign income.

A reconciliation of the U.S. federal statutory rate to Alcoa's effective tax rate was as follows:

For the year ended December 31,	2025		2024		2023	
U.S. federal statutory tax rate	$ 224	21.0%	$ 61	21.0%	$ (123)	21.0%
State and local income taxes, net of federal income tax effect	(1)	(0.1%)	–	0.0%	–	0.0%
Foreign tax effects						
Australia						
Tax on foreign operations – statutory rate differential	(46)	(4.3%)	52	18.0%	22	(3.8%)
Other	–	0.0%	2	0.7%	1	(0.2%)
Brazil						
Tax on foreign operations – statutory rate differential	(33)	(3.1%)	49	17.0%	(56)	9.6%
Valuation allowance	(123)	(11.6%)	41	14.2%	254	(43.5%)
Tax holiday	12	1.1%	(32)	(11.1%)	–	0.0%
Withholding taxes	8	0.7%	8	2.8%	15	(2.6%)
Other	3	0.3%	1	0.3%	(1)	0.2%
Canada						
Tax on foreign operations – statutory rate differential	7	0.7%	10	3.5%	8	(1.4%)
Other foreign tax effects	4	0.4%	6	2.1%	4	(0.7%)
Valuation allowance	(9)	(0.9%)	(28)	(9.7%)	(13)	2.2%
Preferential tax rate	–	0.0%	8	2.8%	–	0.0%
Return to provision	(2)	(0.2%)	(5)	(1.7%)	(3)	0.6%
Other	(3)	(0.2%)	(1)	(0.3%)	(2)	0.3%
Hong Kong						
Equity (loss) income	–	0.0%	(4)	(1.4%)	10	(1.7%)
Nontaxable impact of an investment disposition	(56)	(5.3%)	–	0.0%	–	0.0%
Iceland						
Valuation allowance	–	0.0%	–	0.0%	(58)	9.9%
Other	1	0.1%	2	0.7%	1	(0.2%)
Netherlands						
Tax on foreign operations – statutory rate differential	43	4.0%	2	0.6%	1	(0.2%)
Valuation allowance	(118)	(11.1%)	(2)	(0.7%)	1	(0.2%)
Tax credits	(11)	(1.0%)	(6)	(2.1%)		
Nontaxable impact of an investment disposition	(163)	(15.1%)	–	0.0%	–	0.0%
Other	1	0.1%	–	0.0%	–	0.0%
Saudi Arabia						
Other foreign tax effects	78	7.3%	–	0.0%	–	0.0%

For the year ended December 31,	2025		2024		2023	
Spain						
Tax on foreign operations – statutory rate differential	(10)	(1.0%)	(2)	(0.7%)	(16)	2.7%
Valuation allowance	36	3.4%	25	8.7%	67	(11.5%)
Equity income	1	0.1%	1	0.4%	32	(5.4%)
Nondeductible	–	0.0%	7	2.4%	–	0.0%
Other	3	0.3%	–	0.0%	1	(0.2%)
Suriname						
Tax on foreign operations – statutory rate differential	(3)	(0.3%)	(5)	(1.7%)	1	(0.2%)
Valuation allowance	7	0.7%	11	3.7%	(2)	0.3%
Other	–	0.0%	–	0.0%	–	0.0%
Switzerland						
Tax on foreign operations – statutory rate differential	(11)	(1.0%)	(12)	(4.2%)	(11)	1.9%
Other foreign jurisdictions	10	1.0%	(1)	(0.3%)	(4)	0.8%
Enactment of new tax laws						
Change in tax rate	–	0.0%	–	0.0%	–	0.0%
Effect of cross border tax laws						
Global intangible low taxed income (GILTI)	78	7.3%	80	27.7%	–	0.0%
Tax impact of disregarded entities and partnerships	(16)	(1.5%)	(12)	(4.2%)	20	(3.4%)
Taxes on foreign operations – subpart F income	11	1.0%	11	3.8%	–	0.0%
Tax credits						
Section 45X	(13)	(1.2%)	(15)	(5.2%)	(8)	1.4%
Valuation allowances	(90)	(8.5%)	6	2.1%	47	(8.0%)
Nontaxable or nondeductible items						
Other	23	2.1%	(2)	(0.7%)	–	0.0%
Changes in unrecognized tax benefits	95	8.9%	(1)	(0.3%)	–	0.0%
Other adjustments						
Noncontrolling interest	6	0.6%	10	3.5%	5	(0.9%)
Other	2	0.1%	–	0.0%	(4)	0.8%
Effective tax rate	$ (55)	(5.2%)	$ 265	91.7%	$ 189	(32.4%)

Under the Global Intangible Low Tax Income (GILTI) provisions of the U.S. Tax Cuts and Jobs Act of 2017 (TCJA), taxpayers may elect annually to exclude income subject to a high rate of foreign tax (the "**high tax exception**"). Differences between local tax rules and U.S. tax principles used to calculate GILTI may cause certain affiliates in high tax jurisdictions to fail to qualify for the exception in a given year. The Company intends to make the high tax exception election for the 2025 tax year in jurisdictions where the applicable requirements are satisfied. Affiliate income subject to GILTI inclusion resulted in a $369 tax impact and was fully offset by net operating losses subject to a full valuation allowance.

Certain income earned by Alcoa World Alumina Brasil Ltda. (AWAB) is eligible for a tax holiday, which decreases the tax rate on this income from the 34 percent statutory rate to 15.25 percent, and results in cash tax savings. The holiday related to production at the Alumar refinery was originally expected to end on December 31, 2027. During 2023, it was extended to December 31, 2032. The holiday related to the operation of the Juruti (Brazil) bauxite mine will end on December 31, 2026.

In 2023, the Company determined that it was no longer more likely than not that the deferred tax asset at AWAB would be realized and recorded a full valuation allowance against the deferred tax asset (see below). As a result, the amount reflected in Tax holiday for Brazil above is zero with respect to AWAB as of December 31, 2023 and 2024. In 2025, the Company determined that it was more likely than not that the deferred tax asset at AWAB would be realized and reversed the full valuation allowance against the deferred tax asset (see below). In 2025, it was determined that the deferred tax assets associated with income subject to the tax holiday would be fully exhausted within the holiday period and, as a result, the amounts were revalued at the holiday rate, resulting in a discrete income tax charge of $30, which is included in Tax holiday above.

Deferred income taxes. The components of deferred tax assets and liabilities based on the underlying attributes without regard to jurisdiction were as follows:

	2025		2024	
December 31,	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Tax loss carryforwards	$ 1,959	$ —	$ 2,218	$ —
Loss provisions	424	—	166	—
Derivatives and hedging activities	351	49	248	5
Employee benefits	316	—	312	—
Interest	143	6	142	5
Depreciation	105	207	83	202
Lease assets and liabilities	87	89	74	73
Investment basis differences	34	—	73	—
Deferred income/expense	16	112	15	119
Tax credit carryforwards	9	—	23	—
Other	173	25	69	1
	$ 3,617	$ 488	$ 3,423	$ 405
Valuation allowance	(2,496)	—	(2,734)	—
Total	$ 1,121	$ 488	$ 689	$ 405

The following table details the expiration periods of the deferred tax assets presented above:

December 31, 2025	Expires within 10 years	Expires within 11-20 years	No expiration	Other	Total
Tax loss carryforwards	$ 59	$ 242	$ 1,658	$ —	$ 1,959
Tax credit carryforwards	9	—	—	—	9
Other	—	—	192	1,457	1,649
Valuation allowance	(55)	(205)	(1,745)	(491)	(2,496)
Total	$ 13	$ 37	$ 105	$ 966	$ 1,121

Deferred tax assets with no expiration may still have annual limitations on utilization. Other represents deferred tax assets whose expiration is dependent upon the reversal of the underlying temporary difference.

The total deferred tax asset (net of valuation allowance) is supported by projections of future taxable income exclusive of reversing temporary differences and taxable temporary differences that reverse within the carryforward period. The composition of Alcoa's net deferred tax asset by jurisdiction as of December 31, 2025 was as follows:

	Domestic	Foreign	Total
Deferred tax assets	$ 967	$ 2,650	$ 3,617
Valuation allowance	(897)	(1,599)	(2,496)
Deferred tax liabilities	(69)	(419)	(488)
Total	$ 1	$ 632	$ 633

Alcoa Australia Holdings Pty Ltd (AAH), a wholly-owned indirect subsidiary of Alcoa, made an election prior to July 31, 2024 that resulted in Alcoa's other wholly-owned Australian subsidiaries joining AAH's tax consolidated group (the AAH Tax Consolidated Group). As a result of the acquisition of Alumina Limited, Alumina Limited and all of its Australian subsidiaries, as well as Alcoa of Australia Limited (AofA) and all of its subsidiaries, joined the AAH Tax Consolidated Group on August 1, 2024. Upon acquisition, Alcoa recognized a deferred tax asset (and a corresponding increase to Additional capital) of $121 primarily related to the portion of Alumina Limited's Australian net operating loss carryforwards that the Company has determined are more likely than not to be realized as a result of the consolidated return election. In the fourth quarter of 2024, the Company recognized an additional deferred tax asset (and a corresponding increase to Additional capital) of $95 primarily due to the tax allocation of the fixed asset valuation to individual assets. Additionally, the Company recorded a deferred tax asset of $265 related to capital loss carryforwards, which was fully offset with a valuation allowance due to uncertain recoverability.

The Company has several income tax filers in various foreign countries. The $632 net deferred tax asset included under the Foreign column in the table above, relates to the following jurisdictions: a $306 net deferred tax asset in Canada; a $214 net deferred tax asset in Australia; a $99 net deferred tax asset in Brazil; a $52 net deferred tax asset in Iceland; a $26 net deferred tax liability in the Netherlands; and, a $13 net deferred tax liability in Norway.

The future realization of the net deferred tax assets was based on projections of the respective future taxable income (defined as the sum of pretax income, other comprehensive income, and permanent tax differences), exclusive of reversing temporary differences and carryforwards. The realization of the net deferred tax assets is not dependent on any future tax planning strategies. Accordingly, management concluded that the net deferred tax assets of the foreign jurisdictions referenced above will more likely than not be realized in future periods, resulting in no need for a partial or full valuation allowance as of December 31, 2025.

AWAB had a full valuation allowance recorded against deferred tax assets, which was established in 2023, as the Company believed it was more likely than not that these tax benefits would not be realized. The majority of AWAB's net deferred tax assets relate to prior net operating losses; the loss carryforwards are not subject to an expiration period. During 2025, after considering all positive and negative evidence, including the expectation that the entity will remain in a three-year cumulative income position, the Company determined that it is more likely than not that the net deferred tax assets would be realized. Based on this conclusion, the Company reversed the valuation allowance totaling $133 during the fourth quarter of 2025, generating a non-cash benefit from income taxes.

ANHBV had a full valuation allowance recorded against deferred tax assets, which was established in 2016, as the Company believed it was more likely than not that these tax benefits would not be realized. The majority of ANHBV's net deferred tax assets relate to prior net operating losses and interest expense, which are not subject to an expiration period. During 2025, after considering all positive and negative evidence, including the expectation that the jurisdiction will remain in a three-year cumulative income position, the Company determined that it is more likely than not that the net deferred tax assets related to loss carryforwards would be realized. Based on this conclusion, the Company reversed the valuation allowance totaling $119 during the fourth quarter of 2025, generating a non-cash benefit from income taxes. A valuation allowance of $135 remains on deferred tax assets related to interest expense as it is not more likely than not that these benefits will be realized under current deductibility limitations.

The Company's subsidiaries in Iceland had a full valuation allowance recorded against deferred tax assets, which was established in 2015 and 2017, as the Company believed it was more likely than not that these tax benefits would not be realized. During 2023, after considering all positive and negative evidence, including the expectation that the jurisdiction will remain in a three-year cumulative income position, the Company determined that it is more likely than not that the net deferred tax assets will be realized. Based on this conclusion, the Company reversed the valuation allowance totaling $58 during 2023, generating a non-cash benefit from income taxes.

The following table details the changes in the valuation allowance:

December 31,	**2025**	**2024**	**2023**
Balance at beginning of year	$ (2,734)	$ (2,595)	$ (2,333)
Establishment of new allowances[(1)]	—	(266)	(106)
Net change to existing allowances[(2)]	363	(21)	(113)
Foreign currency translation	(125)	148	(43)
Balance at end of year	$ (2,496)	$ (2,734)	$ (2,595)

(1) Reflects initial establishment of valuation allowances as a result of a change in management's judgment regarding the realizability of deferred tax assets.

(2) Reflects movements in previously established valuation allowances, which increase or decrease as the related deferred tax assets increase or decrease. Such movements occur as a result of a change in management's judgment regarding previously established valuation allowances, remeasurement due to a tax rate change and changes in the underlying attributes of the deferred tax assets, including expiration of the attribute and reversal of the temporary difference that gave rise to the deferred tax asset.

Undistributed net earnings. Certain earnings of Alcoa's foreign subsidiaries are deemed to be permanently reinvested outside the United States. The cumulative amount of Alcoa's foreign undistributed net earnings deemed to be permanently reinvested was approximately $2,857 as of December 31, 2025. Alcoa Corporation has several commitments and obligations related to the Company's operations in various foreign jurisdictions; therefore, management has no plans to distribute such earnings in the foreseeable future. Alcoa Corporation continuously evaluates its local and global cash needs for future business operations and anticipated debt facilities, which may influence future repatriation decisions. If these earnings were distributed in the form of dividends or otherwise, Alcoa could be subject to foreign income or withholding taxes and U.S. federal and state income taxes. Due to the uncertainty of the manner in which the undistributed earnings would be brought back to the U.S. and the tax laws in effect at that time, it is not practicable to estimate the tax liability that might be incurred if such earnings were remitted to the U.S.

Unrecognized tax benefits. Alcoa and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various foreign and U.S. state jurisdictions. With few exceptions, the Company is not subject to income tax examinations by tax authorities for years prior to 2014. The U.S. federal income tax filings of the Company's U.S. consolidated tax group have been examined through the 2021 tax year. Foreign jurisdiction tax authorities are in the process of examining income tax returns of several of Alcoa's subsidiaries for various tax years. The period under foreign examination includes the income tax years from 2014 through 2024. For U.S. state income tax purposes, the Company and its subsidiaries remain subject to income tax examinations for the 2017 tax year and forward.

In April 2025, the Administrative Review Tribunal of Australia (ART) issued its decision on disputed tax liabilities, further described in Note S, related to transfer pricing of certain historic third-party alumina sales. The ART decided that no additional tax is owed. No tax expense had been recognized on this matter, as the Company believed it was more likely than not to prevail. As a result, the ART decision had no impact on unrecognized tax benefits. However, interest on the tax assessed by the Australian Taxation Office (ATO) accrued through the decision date and was deductible against taxable income by AofA. AofA applied this deduction beginning in the third quarter of 2020 through the decision date, resulting in reductions in cash tax payments. Because AofA was ultimately successful, the interest deduction became taxable in 2025. The accrued tax liability of $225 (A$346) was reclassified from Other noncurrent liabilities and deferred credits to Taxes, including income taxes in June 2025 as these amounts are due by June 1, 2026 and will be paid in accordance with the payment schedule applicable to Alcoa's Australian tax group. At December 31, 2024, the noncurrent liability resulting from the cumulative interest deductions was $206 (A$332). In addition, in the third quarter of 2020, AofA paid approximately $74 (A$107) to the ATO related to the tax dispute with an offset to a noncurrent prepaid tax asset. This prepayment was refunded to AofA in the third quarter of 2025.

In October 2022, Alcoa completed the liquidation of Alcoa Saudi Rolling Inversiones S.L. (ASRI), a wholly owned subsidiary that previously held the Company's investment in the Ma'aden Rolling Company. This liquidation resulted in a deductible loss in the Netherlands and a tax benefit of $94 was recognized in 2022, which was substantially offset by a valuation allowance. During the fourth quarter of 2025, the Company determined that it is not more likely than not that the Netherlands tax position will be sustained and, therefore, recognized tax expense of $95 for this matter. At December 31, 2025, $91 was recorded as a reduction to the associated tax assets within Deferred income taxes and $4 was recorded in the reserve balance for unrecognized tax benefits within Noncurrent income taxes.

The reserve balance for unrecognized tax benefits, excluding $91 recorded as a reduction within Deferred income taxes for the Netherlands matter described above, is included in Noncurrent income taxes on the accompanying Consolidated Balance Sheet. A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) was as follows:

December 31,	**2025**	**2024**	**2023**
Balance at beginning of year	$ 4	$ 5	$ 5
Additions for tax positions of prior years	95	—	—
Reductions for tax positions of prior years	—	(1)	—
Balance at end of year	$ 99	$ 4	$ 5

For all periods presented, a portion of the balance at end of year pertains to state tax liabilities, which are presented before any offset for federal tax benefits. The effect of unrecognized tax benefits, if recorded, that would impact the annual effective tax rate for 2025, 2024, and 2023 would be 9 percent, 2 percent, and 1 percent, respectively, of Income (loss) before income taxes. Alcoa does not anticipate that changes in its unrecognized tax benefits will have a material impact on the Statement of Consolidated Operations during 2026.

It is the Company's policy to recognize interest and penalties related to income taxes as a component of the Provision for income taxes on the accompanying Statement of Consolidated Operations. In 2025, 2024, and 2023 Alcoa recognized $0, $0, and $1, in interest and penalties, respectively. Due to the expiration of the statute of limitations, settlements with tax authorities, and refunded overpayments, the Company also recognized interest income of $1, $1, and $1 in 2025, 2024, and 2023, respectively. As of December 31, 2025 and 2024, the amount accrued for the payment of interest and penalties was $3 and $3, respectively.

Other Matters. The U.S. Inflation Reduction Act of 2022 (IRA) includes a 15 percent minimum tax on book income of certain large corporations, a 1 percent excise tax on net stock repurchases after December 31, 2022, and several tax incentives to promote clean energy. Under the provisions of the IRA, the Company will incur an excise tax of 1 percent for certain common stock repurchases made subsequent to December 31, 2022, which will be reflected in the cost of purchasing the underlying shares. The minimum corporate tax did not have an impact on the Company for 2025, 2024, or 2023 and will not have an impact on the Company for 2026.

The IRA contains a number of tax credits and other incentives for investments in renewable energy production, carbon capture, and other climate-related actions, as well as the production of critical minerals. In December 2023, the U.S. Treasury issued guidance on Section 45X of the Advanced Manufacturing Tax Credit. The Notice of Proposed Rulemaking (the Proposed Regulations) clarified that commercial grade aluminum is included in the definition of aluminum eligible for the credit, which was designed to incentivize domestic production of critical materials important for the transition to clean energy. On October 24, 2024, the U.S. Treasury finalized the Proposed Regulations under Section 45X with important modifications including the ability to include the cost of certain direct and indirect materials in the cost base of the credit. The Proposed Regulation on the definition of aluminum was not finalized; however, management believes that commercial grade aluminum continues to qualify for the Section 45X credit. In the Preamble to the Final Regulations, the U.S. Treasury indicated it will finalize the definition at a later date. The One Big Beautiful Bill Act (OBBBA), enacted on July 4, 2025, set a progressive phase-out of Section 45X credits beginning in 2031 and fully eliminates these credits beginning in 2034. Previously under the IRA, there was no phase out for critical materials, including aluminum. No other provisions of the OBBBA had a material impact on the Company's financial position or results of operations for the year-ended December 31, 2025.

In 2025, 2024, and 2023, the Company recorded benefits of $63, $71, and $36 in Cost of goods sold, respectively, related to its Massena West (New York) smelter and its Warrick smelter. Additionally, in 2025, the Company recorded interest income on credits from 2023 and 2024 of $3 in Other (income) expenses, net. As of December 31, 2025, benefits, including accrued interest income, of $90 were included in Other receivables and $83 were included in Other noncurrent assets on the Consolidated Balance Sheet. As of December 31, 2024, benefits of $36 were included in Other receivables and $71 were included in Other noncurrent assets on the Consolidated Balance Sheet.

R. ASSET RETIREMENT OBLIGATIONS

The following table details the carrying value of recorded AROs by major category, of which $285 and $204 was classified as a current liability as of December 31, 2025 and 2024, respectively:

December 31,	2025	2024
Closure of bauxite residue areas	$ 869	$ 396
Mine reclamation	355	321
Spent pot lining disposal	87	103
Demolition	71	50
Landfill closure	23	25
Balance at end of year	$ 1,405	$ 895

The following table details the changes in the total carrying value of recorded AROs:

December 31,	2025	2024
Balance at beginning of year	$ 895	$ 989
Accretion expense	40	38
Liabilities incurred	636	160
Payments	(217)	(196)
Reversals of previously recorded liabilities	(15)	(10)
Foreign currency translation and other	66	(86)
Balance at end of year	$ 1,405	$ 895

Liabilities incurred in 2025 include:

- $380 related to the closure of bauxite residue areas, including water management, due to the closure of the Kwinana refinery;
- $78 related to higher estimated mine reclamation costs and new mining areas opened during the year primarily in Australia;
- $66 related to a change in closure estimates for operating bauxite residue areas primarily at the Australia refineries;
- $51 related to a change in closure estimates for non-operating bauxite residue areas at operating sites primarily at the Poços de Caldas refinery in Brazil;
- $25 related to demolition costs due to the closure of the Kwinana refinery;
- $20 related to a change in estimate for demolition costs at two previously closed sites;
- $10 related to spent pot lining transportation and disposal; and,
- $6 related to a change in closure estimates for non-operating bauxite residue areas, including water treatment, at a previously closed site.

The liabilities incurred related to the closure of the Kwinana refinery and costs at previously closed sites were recorded with a corresponding charge to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations. The liabilities incurred related to non-operating bauxite residue areas at operating sites primarily at the Poços de Caldas refinery and $2 related to higher estimated mine reclamations costs were recorded with a corresponding charge to Cost of goods sold on the accompanying Statement of Consolidated Operations. The remaining liabilities were recorded with corresponding capitalized asset retirement costs.

In 2025, reversals of previously recorded liabilities primarily related to the completion of spent pot lining transportation and disposal at various operating sites.

Liabilities incurred in 2024 include:

- $87 for new mining areas opened during the year and higher estimated mine reclamation costs;
- $24 for changes in closure estimates at the previously closed Suralco (Suriname) refinery;
- $22 related to spent pot lining transportation, treatment, and disposal;
- $11 related to changes in closure estimates for mine reclamation, landfill closure, and demolition at previously closed sites;
- $9 related to water treatment due to the curtailment of the Kwinana refinery; and,
- $6 related to the changes in estimates for residue area closure, landfill closure, and mine reclamation at various operating sites.

The liabilities incurred were recorded with corresponding capitalized asset retirement costs, except for $6 related to non-operating bauxite residue areas and spent pot lining transportation and disposal, which was recorded to Cost of goods sold; and a net charge of $35 related to changes in closure estimates at previously closed sites and the curtailment of the Kwinana refinery which were recorded to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

In 2024, reversals of previously recorded liabilities primarily related to the completion of spent pot lining transportation and disposal at the previously closed Intalco smelter.

The estimated timing of cash outflows for recorded AROs at December 31, 2025 was as follows:

2026	$	285
2027-2030		914
Thereafter		206
Total	$	1,405

Changes to the estimates may result in material changes to the recorded AROs that may require an increase to or a reversal of previously recorded liabilities, as well as changes in the timing of cash outflows.

S. CONTINGENCIES AND COMMITMENTS

Contingencies

Environmental Matters

Alcoa Corporation participates in environmental assessments and cleanups at several locations. These include currently or previously owned or operated facilities and adjoining properties, and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)) sites.

Alcoa Corporation's environmental remediation reserve balance reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. The following table details the changes in the carrying value of recorded environmental remediation reserves:

Balance at December 31, 2022	$ 284
Liabilities incurred	39
Cash payments	(55)
Reversals of previously recorded liabilities	(1)
Foreign currency translation and other	1
Balance at December 31, 2023	268
Liabilities incurred	25
Cash payments	(49)
Reversals of previously recorded liabilities	(12)
Foreign currency translation and other	(12)
Balance at December 31, 2024	220
Liabilities incurred	85
Cash payments	(25)
Reversals of previously recorded liabilities	(2)
Foreign currency translation and other	4
Balance at December 31, 2025	$ 282

At December 31, 2025 and 2024, the current portion of the remediation reserve balance was $76 and $38, respectively.

In 2025, the Company incurred liabilities of $85 and recorded a reversal of $2. The impacts to the accompanying Statement of Consolidated Operations were primarily:

- $27 for enforceable undertakings with the Department of Climate Change, Energy, the Environment and Water (DCCEEW) at the Huntly mine which was recorded in Cost of goods sold;
- $25 related to subsurface remediation, investigation of potential site contamination, transportation of refinery waste, and ground water monitoring due to the closure of the Kwinana refinery which was recorded in Restructuring and other charges, net;
- $13 for increases in estimated scope and costs associated with ongoing remediation work at previously closed sites which was recorded in Restructuring and other charges, net;
- $9 related to investigation of potential contamination at various sites in Australia which was recorded in Cost of goods sold;
- $5 for certain other environmental compliance matters which was recorded in Cost of goods sold;
- $6 for increases in estimated scope and costs associated with ongoing remediation work at various other sites which was recorded in Cost of goods sold; and,
- ($2) due to the determination that certain site remediation at a previously closed site was no longer required which was recorded in Restructuring and other charges, net.

In 2024, the Company incurred liabilities of $25 and recorded a reversal of $12. The impacts to the accompanying Statement of Consolidated Operations were primarily:

- $20 for an increase in estimated scope and costs associated with ongoing remediation work at several sites and for certain other environmental compliance matters which were recorded in Cost of goods sold;
- $5 for an increase in estimated costs associated with ongoing remediation work at previously closed sites which were recorded to Restructuring and other charges, net (see Note D); and,
- $12 reversal for site remediation that is no longer required at a previously closed site which was recorded in Restructuring and other charges, net (see Note D).

In 2023, the Company incurred liabilities of $39 and recorded a reversal of $1. The impacts to the accompanying Statement of Consolidated Operations were primarily:

- $14 for the closure of the previously curtailed Intalco smelter and $13 for an increase in estimated costs associated with ongoing remediation work at the previously closed Longview (Washington) site which were recorded in Restructuring and other charges, net (see Note D);

- $12 for an increase in estimated costs associated with ongoing remediation work at various other sites which was recorded in Cost of goods sold; and,

- $1 reversal due to the determination that certain remaining site remediation was no longer required which was recorded in Restructuring and other charges, net (see Note D).

Cash payments include mandated expenditures as well as those not required by any regulatory authority or third party. The estimated timing of cash outflows from the environmental remediation reserve at December 31, 2025 was as follows:

2026	$	76
2027-2030		120
Thereafter		86
Total	$	282

Reserve balances at December 31, 2025 and 2024, associated with significant sites with active remediation underway or for future remediation were $202 and $154, respectively. In management's judgment, the Company's reserves are sufficient to satisfy the provisions of the respective action plans. Upon changes in facts or circumstances, a change to the reserve may be required. The Company's significant sites include:

Huntly, Australia—The reserve associated with enforceable undertakings with the DCCEEW relates to mining activities for the period from 2019 to 2025 at the Huntly mine. Under the terms of the enforceable undertakings, Alcoa is required to provide $36 (A$55) for investments in environmental offsets to counterbalance impacts caused by mine development and the funding of various conservation programs. Associated cash outlays are expected in 2026.

Kwinana, Australia—The reserve associated with the 2025 closure of the Kwinana refinery is for subsurface remediation, investigation of potential site contamination, transportation of refinery waste, and ground water monitoring. Remediation work is expected to begin in 2026. The final remediation plan is currently being developed, which may result in a change to the existing reserve.

Suriname—The reserve associated with the 2017 closure of the Suralco refinery and bauxite mine is for treatment and disposal of refinery waste and soil remediation. The work began in 2017 and is expected to be completed by the end of 2030.

Massena, New York—The reserve associated with the 2015 closure of the Massena East smelter by the Company's subsidiary, Reynolds Metals Company, is for subsurface soil remediation to be performed after demolition of the structures. Remediation work commenced in 2021 and will take up to eight years to complete.

Point Comfort, Texas—The reserve associated with the 2019 closure of the Point Comfort alumina refinery is for disposal of industrial wastes contained at the site, subsurface remediation, and post-closure monitoring and maintenance. The final remediation plan is currently being developed, which may result in a change to the existing reserve.

Addy, Washington—The reserve associated with the 2022 closure of the Addy magnesium smelter facility is for site-wide remediation and investigation and post-closure monitoring and maintenance. Remediation work is not expected to begin until 2027 and will take three to five years to complete. The final remediation plan is currently being developed, which may result in a change to the existing reserve.

Ferndale, Washington—The reserve associated with the 2023 closure of the Intalco aluminum smelter in Ferndale, Washington is for subsurface remediation and post-closure maintenance and monitoring. The final remediation plan is under review.

Other Sites—The Company is in the process of decommissioning various other plants and remediating sites in several countries for potential redevelopment or to return the land to a natural state. In aggregate, there are remediation projects at 31 other sites that are planned or underway. These activities will be completed at various times in the future over the next two to four years, after which ongoing monitoring and other activities may be required. At December 31, 2025 and 2024, the reserve balance associated with these activities was $80 and $66, respectively.

Tax

Brazil (AWAB)—Under Brazilian law, taxpayers who generate non-cumulative federal value added tax credits related to exempt exports may either request a refund in cash (monetization) or offset them against other federal taxes owed. In 2012, AWAB requested monetization of $136 (R$273) from the Brazilian Federal Revenue Office (RFB) and received $68 (R$136) that year. In March 2013, AWAB was notified by the RFB that approximately $110 (R$220) of value added tax credits previously claimed were being disallowed and a penalty of 50 percent was assessed. $41 (R$82) of the cash received in 2012 related to the disallowed amount. The value added tax credits were claimed by AWAB for both fixed assets and export sales related to the Juruti bauxite mine and Alumar refinery expansion for tax years 2009 through 2011. The RFB has disallowed credits they allege belong to the consortium in which AWAB owns an interest and should not have been claimed by AWAB. Credits have also been disallowed as a result of challenges to apportionment methods used, questions about the use of the credits, and an alleged lack of documented proof. AWAB presented defense of its claim to the RFB on April 8, 2013.

In February 2022, the RFB notified AWAB that it had inspected the value added tax credits claimed for 2012 and disallowed $4 (R$19). In its decision, the RFB allowed credits of $14 (R$65) that were similar to those previously disallowed for 2009 through 2011. In July 2022, the RFB notified AWAB that it had inspected the value added tax credits claimed for 2013 and disallowed $13 (R$66). In its decision, the RFB allowed credits of $10 (R$53) that were similar to those previously disallowed for 2009 through 2011. In September 2024, the RFB notified AWAB that it had further inspected the value added tax credits claimed for 2013 and issued a first administrative decision allowing additional credits of $1 (R$5) that were similar to those previously disallowed for 2009 through 2011. AWAB received the 2012 allowed credits with interest of $9 (R$44) in March 2022, the 2013 allowed credits with interest of $6 (R$31) in August 2022, and the additional 2013 allowed credits with interest of $1 (R$6) in December 2024. The decisions on the 2012 and 2013 credits provide positive evidence to support management's opinion that there is no basis for these credits to be disallowed. AWAB will continue to dispute the credits that were disallowed for 2012 and 2013. If AWAB is successful in this administrative process, the RFB would have no further recourse. If unsuccessful in this process, AWAB has the option to litigate at a judicial level. Separately from AWAB's administrative appeal, in June 2015, a new tax law was enacted repealing the provisions in the tax code that were the basis for the RFB assessing a 50 percent penalty in this matter. As such, the estimated range of reasonably possible loss for these matters is $0 to $54 (R$300). It is management's opinion that the allegations have no basis; however, at this time, the Company is unable to reasonably predict an outcome for this matter.

Australia (AofA)—On April 30, 2025 (the decision date), the ART issued its decision related to the proceedings AofA filed against the ATO in April 2022 to contest the Notices of Assessment (the Notices) issued by the ATO in July 2020 (described below) related to transfer pricing of certain historic third-party alumina sales. The ART decided that no additional tax is owed, consistent with Alcoa's long-held position related to this matter.

The Notices asserted claims for income tax payable by AofA of approximately $152 (A$214) and claims for compounded interest on the tax amount totaling approximately $502 (A$707). In addition to the Notices, the ATO issued a position paper in September 2020 with its preliminary view on the imposition of administrative penalties related to the tax assessment which proposed penalties of approximately $91 (A$128).

In accordance with the ATO's dispute resolution practices, AofA paid 50 percent of the assessed income tax amount exclusive of interest and any penalties, or $74 (A$107), during the third quarter 2020. The prepaid tax asset of $66 (A$107) was included within Other noncurrent assets at December 31, 2024.

Interest on the unpaid tax was accrued through the decision date, which, along with the initial interest assessment, was deductible against taxable income by AofA. AofA applied this deduction beginning in the third quarter of 2020 through the decision date, resulting in reductions in cash tax payments. The accrued tax liability of $225 (A$346) was reclassified to Taxes, including income taxes in June 2025 as these amounts are due by June 1, 2026 and will be paid in accordance with the payment schedule applicable to Alcoa's Australian tax group. The accrued tax liability of $206 (A$332) was included within Other noncurrent liabilities and deferred credits at December 31, 2024.

The ATO did not appeal the ART's decision and the disputed tax claims (and additional related interest and penalties) were withdrawn. The related prepaid tax asset of $69 (A$107) and interest of $9 (A$13) were refunded to AofA in July 2025, and accrued cash taxes of $225 (A$346) related to the interest deductions were reclassified to Taxes, including income taxes in June 2025 as these amounts are payable by AofA by June 1, 2026. The net cash impact of both the refunded amount and the accrued cash taxes is approximately $152 (A$226). This matter is now closed in Alcoa's favor.

References to any assessed U.S. dollar amounts presented in connection with this matter have been converted into U.S. dollars from Australian dollars based on the exchange rate in the respective period.

General

In addition to the matters discussed above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against Alcoa Corporation, including those pertaining to environmental, safety and health, commercial, tax, product liability, intellectual property infringement, governance, employment, and employee and retiree benefit matters, and other actions and claims arising out of the normal course of business. While the amounts claimed in these other matters may be substantial, the ultimate liability is not readily determinable because of the considerable uncertainties that exist. Accordingly, it is possible that the Company's liquidity or results of operations in a particular period could be materially affected by one or more of these other matters. However, based on facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the financial position of the Company.

Commitments

Purchase Obligations. Alcoa Corporation is party to unconditional purchase obligations for energy that expire between 2040 and 2041. Commitments related to these contracts total $58 in 2026, $60 in 2027, $62 in 2028, $65 in 2029, $67 in 2030, and $773 thereafter. Expenditures under these contracts totaled $54 in 2025, $50 in 2024, and $53 in 2023. Additionally, the Company has entered into other purchase commitments for energy, raw materials, and other goods and services, which total $3,279 in 2026, $2,131 in 2027, $1,702 in 2028, $1,421 in 2029, $1,331 in 2030, and $7,702 thereafter.

AofA has a gas supply agreement to power its alumina refineries in Western Australia which began in July 2020 for a 12-year period. The terms of this agreement required AofA to make a prepayment of $500 prior to 2017. At December 31, 2025, prepayments of $37 and $207 were included in Prepaid expenses and other current assets and Other noncurrent assets (see Note U), respectively, on the Consolidated Balance Sheet. At December 31, 2024, prepayments of $35 and $225 were included in Prepaid expenses and other current assets and Other noncurrent assets (see Note U), respectively, on the Consolidated Balance Sheet.

Guarantees of Third Parties. As of December 31, 2025 and 2024, the Company had no outstanding potential future payments for guarantees issued on behalf of a third party.

Bank Guarantees and Letters of Credit. Alcoa Corporation and its subsidiaries have outstanding bank guarantees and letters of credit related to, among others, energy contracts, environmental obligations, legal and tax matters, leasing obligations, workers compensation, and customs duties. The total amount committed under these instruments, which automatically renew or expire at various dates between 2026 and 2028, was $428 (includes $84 issued under a standby letter of credit agreement —see below) at December 31, 2025.

Alcoa Corporation's former parent company Alcoa Inc. was renamed Arconic Inc. on November 1, 2016 and was subsequently renamed Howmet Aerospace Inc. (Howmet). Howmet has outstanding bank guarantees and letters of credit related to the Company of $10 at December 31, 2025. In the event Howmet would be required to perform under any of these instruments, Howmet would be indemnified by Alcoa Corporation in accordance with the Separation and Distribution Agreement dated October 31, 2016. Likewise, the Company has outstanding bank guarantees and letters of credit related to Howmet of $8 at December 31, 2025. In the event Alcoa Corporation would be required to perform under any of these instruments, the Company would be indemnified by Howmet in accordance with the Separation and Distribution Agreement dated October 31, 2016.

In December 2023, AofA committed to provide a bank guarantee in connection with the approval of the Company's five-year mine plans that were referred to the Western Australia Environmental Protection Agency (WA EPA), which demonstrates Alcoa's confidence that its operations will not impair drinking water supplies. On September 30, 2024 and October 1, 2024, AofA delivered bank guarantees totaling $67 (A$100). Alcoa may, with the Western Australian government's consent, replace the bank guarantee with a parent company guarantee or a surety bond. The requirement to provide financial assurance will expire upon the completion of the WA EPA's assessment of the Company's five-year mine plans.

In August 2017, Alcoa Corporation entered into a standby letter of credit agreement with three financial institutions, which was most recently amended in May 2024 and expires on May 1, 2026. The agreement provides for a $200 facility used by the Company for matters in the ordinary course of business. Alcoa Corporation's obligations under this facility are secured in the same manner as obligations under the Company's revolving credit facility. Additionally, this facility contains similar representations and warranties and affirmative, negative, and financial covenants as the Company's Revolving Credit Facility (see Note M). As of December 31, 2025, letters of credit aggregating $84 were issued under this facility.

Surety Bonds. Alcoa Corporation has outstanding surety bonds primarily related to tax matters, contract performance, workers compensation, environmental-related matters, and customs duties. The total amount committed under these bonds, which automatically renew or expire at various dates between 2026 and 2030, was $357 at December 31, 2025. Additionally, Howmet has outstanding surety bonds related to the Company of $6 at December 31, 2025. In the event Howmet would be required to perform under any of these instruments, Howmet would be indemnified by Alcoa Corporation in accordance with the Separation and Distribution Agreement dated October 31, 2016. Likewise, the Company has outstanding surety bonds related to Howmet of $9 at December 31, 2025. In the event Alcoa Corporation would be required to perform under any of these instruments, the Company would be indemnified by Howmet in accordance with the Separation and Distribution Agreement dated October 31, 2016.

T. LEASING

The Company records a right-of-use asset and lease liability for several types of operating leases, including land and buildings, plant equipment, vehicles, maritime vessels, and computer equipment. These amounts are equivalent to the aggregate future lease payments on a discounted basis. The leases have remaining terms of less than one to 57 years. The discount rate applied in determining the present value of lease payments is the Company's incremental borrowing rate at the lease commencement date, unless there is a rate implicit in the lease agreement. The Company does not have material financing leases.

Lease expense and operating cash flows include:

	2025	2024	2023
Costs from operating leases	$ 78	$ 54	$ 53
Variable lease payments	25	42	25
Short-term rental expense	4	7	11

The weighted average lease term and weighted average discount rate were as follows:

December 31,	2025	2024	2023
Weighted average lease term for operating leases (years)	10.6	10.7	12.9
Weighted average discount rate for operating leases	7.0%	6.8%	6.7%

The following represents the aggregate right-of-use assets and related lease obligations recognized in the accompanying Consolidated Balance Sheet:

December 31,		**2025**		**2024**
Properties, plants, and equipment, net	$	313	$	259
Other current liabilities		49		38
Other noncurrent liabilities and deferred credits		259		223
Total operating lease liabilities	$	308	$	261

New leases of $90, $163, and $76 were added during the years ended December 31, 2025, 2024, and 2023 respectively.

The future cash flows related to the operating lease obligations as of December 31, 2025 were as follows:

Year Ending December 31,		
2026	$	69
2027		58
2028		50
2029		43
2030		35
Thereafter		227
Total lease payments (undiscounted)		482
Less: discount to net present value		(174)
Total	$	308

U. OTHER FINANCIAL INFORMATION

Interest Cost Components

	2025	2024	2023
Amount charged to interest expense	$ 158	$ 156	$ 107
Amount capitalized	39	8	4
	$ 197	$ 164	$ 111

In 2025, the Company recorded a correction of $15 to interest expense to capitalize interest on certain prior period expenditures, of which $8 and $4 related to 2024 and 2023, respectively.

Other (Income) Expenses, Net

	2025	2024	2023
Equity loss	$ 58	$ 24	$ 228
Foreign currency losses (gains), net	2	126	(64)
Net loss from asset sales	5	37	14
Gain from sale of investments (C & H)	(789)	—	—
Mark-to-market gain on noncurrent marketable securities (C)	(197)	—	—
Net (gain) loss on mark-to-market derivative instruments (P)	(83)	(58)	5
Non-service costs – pension and other postretirement benefits (O)	26	16	13
Other, net	(79)	(54)	(62)
	$ (1,057)	$ 91	$ 134

In 2025, Other, net of $79 was primarily related to interest income on interest bearing accounts and the deposit related to the Australia tax matter (see Note S).

In 2024 and 2023, Other, net of $54 and $62, respectively, was primarily related to interest income on interest bearing accounts.

Other Noncurrent Assets

December 31,	2025	2024
Value added tax credits	$ 251	$ 213
Deferred mining costs, net	240	184
Prepaid gas transmission contract	234	278
Gas supply prepayment (S)	207	225
Prepaid pension benefit (O)	131	128
IRA Section 45X credit (Q)	83	71
Noncurrent restricted cash (see below)	70	53
Intangibles, net (L)	34	36
Goodwill (L)	—	142
Noncurrent prepaid tax asset (S)	—	66
Other	115	101
	$ 1,365	$ 1,497

Prepaid gas transmission contract – As part of a previous sale transaction of an equity investment, Alcoa maintained access to approximately 30 percent of the Dampier to Bunbury Natural Gas Pipeline transmission capacity for gas supply to its alumina refineries in Western Australia. At December 31, 2025 and 2024, AofA had an asset of $234 and $278, respectively, representing prepayments made under the agreement for future gas transmission services. In September 2025, a portion of the Prepaid gas transmission contract was written off with a charge of $74 to Restructuring and other charges, net (see Note D) due to the closure of the Kwinana refinery.

Value added tax credits – The Value added tax (VAT) credits (federal and state) relate to two of the Company's subsidiaries in Brazil, AWAB, and Alumínio, concerning the Alumar smelter and refinery and the Juruti mine. The mine, refinery and smelter pay VAT on the purchase of goods and services used in the production process. The credits generally can be utilized to offset the VAT charged on domestic sales of bauxite, alumina, and aluminum.

Other Noncurrent Liabilities and Deferred Credits

December 31,	2025	2024
Operating lease obligations (T)	$ 259	$ 223
Accrued compensation and retirement costs	101	95
Noncurrent restructuring reserve (D)	34	8
Value added tax credits payable to Arconic Corporation	28	26
Deferred energy credits	26	36
Deferred alumina sales revenue	4	12
Noncurrent accrued tax liability (S)	—	206
Other	35	50
	$ 487	$ 656

Deferred energy credits – Deferred energy credits relate to cash received from governmental agencies in Spain and Norway.

In Spain, deferred energy credits relate to compensation of indirect carbon emissions costs which is paid one year in arrears relative to the production period. The Company is required to comply with certain operating conditions for a period of three years from the grant date. Compensation received is recognized as a reduction to Cost of goods sold when it is determined to be probable that the Company will satisfy all conditions. Should the Company not meet the conditions during the three-year period, the credits would be repaid to the governmental agency. In 2025, the Company recognized a reduction of $32 to Cost of goods sold related to carbon dioxide compensation in Spain that was received in 2022, as the 3-year operating requirement was met.

In Norway, deferred energy credits relate to compensation for indirect carbon emissions. Beginning in 2024, the carbon dioxide compensation scheme in Norway includes a requirement for recipients to implement emission reduction and energy efficiency measures corresponding to 40 percent of the carbon dioxide compensation paid. Complying with the additional condition can be achieved over multiple years, but not later than 2034. Compensation received is recognized as the conditions are met. During the second quarter of 2025, the Company deferred the recognition of $34 (NOK 341) of conditional compensation received in Other noncurrent liabilities and deferred credits, and after meeting the conditions related to costs incurred in 2024 and 2025 recorded a benefit of $25 (NOK 251) in Research and development expenses in the fourth quarter of 2025. The Company receives carbon dioxide compensation corresponding to 60 percent of the carbon dioxide compensation one year in arrears relative to the production period, and recognizes a reduction to Cost of goods sold in the period earned.

Cash and Cash Equivalents and Restricted Cash

December 31,	2025	2024
Cash and cash equivalents	$ 1,597	$ 1,138
Current restricted cash	25	43
Noncurrent restricted cash	70	53
	$ 1,692	$ 1,234

Restricted cash primarily relates to commitments included in the viability agreement reached with the workers' representatives of the San Ciprián smelter in December 2021 and updated in February 2023.

In 2025, the Company incurred $15 of smelter restart expenditures and $1 of capital investment expenditures and against the commitments, and $11 was released from restricted cash. At December 31, 2025, the Company had restricted cash of $75 available for capital improvements at the site and smelter restart costs.

Cash Flow Information

Cash paid for interest, net of amount capitalized, was as follows:

	2025	2024	2023
Interest, net of amount capitalized	$ 128	$ 132	$ 100

Cash paid for income taxes, net of amount refunded, was as follows:

	2025	2024	2023
Domestic			
U.S. - federal	$ —	$ —	$ —
U.S. - state	—	—	—
Foreign, including U.S. withholding taxes			
Australia	70	96	183
Canada	38	32	75
Norway	34	17	50
Brazil	18	8	3
All other	7	4	8
Total	$ 167	$ 157	$ 319

V. SUPPLIER FINANCE PROGRAMS

The Company has various supplier finance programs with third-party financial institutions that are made available to suppliers to facilitate payment term negotiations. Under the terms of these agreements, participating suppliers receive payment in advance of the payment date from third-party financial institutions for qualifying invoices. Alcoa's obligations to its suppliers, including amounts due and payment terms, are not impacted by its suppliers' participation in these programs. The Company does not pledge any assets as security or provide any guarantees beyond payment of outstanding invoices at maturity under these arrangements. The Company does not pay fees to the financial institutions under these arrangements. At December 31, 2025 and December 31, 2024, qualifying supplier invoices outstanding under these programs were $157 and $94, respectively, and have payment terms ranging from 50 to 110 days. These obligations are included in Accounts payable, trade on the accompanying Consolidated Balance Sheet.

The rollforward of Alcoa's outstanding obligations confirmed as valid under its supplier finance program for the years ended December 31, 2025 and 2024 is as follows:

December 31,	**2025**	**2024**
Confirmed obligations outstanding at the beginning of the year	$ 94	$ 104
Invoices confirmed during the year	555	446
Confirmed invoices paid during the year	(496)	(452)
Foreign currency translation and other	4	(4)
Confirmed obligations outstanding at the end of the year	$ 157	$ 94

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Alcoa Corporation's Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the U.S. Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report, and they have concluded that these controls and procedures were effective as of December 31, 2025.

(b) Management's Annual Report on Internal Control over Financial Reporting

Management's Report on Internal Control over Financial Reporting is included in Part II Item 8 of this Form 10-K.

(c) Attestation Report of the Registered Public Accounting Firm

The effectiveness of Alcoa Corporation's internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP (PCAOB ID No. 238), an independent registered public accounting firm, as stated in their report, which is included in Part II Item 8 of this Form 10-K.

(d) Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the fourth quarter of 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

In the fourth quarter 2025, all 4,041,989 issued and outstanding shares of Alcoa Series A convertible preferred stock were converted into 4,041,989 shares of common stock, and the associated preferred shares were retired and cancelled. On February 25, 2026, the Company filed a certificate of cancellation (the "**SeriesA Convertible Preferred Certificate of Cancellation**") with the Secretary of State of the State of Delaware, effective as of the time of filing, canceling the Certificate of Designation of Series A Convertible Preferred Stock, and thereby eliminating all Series A Convertible Preferred Stock of the Company as a designated series and restoring the 10,000,000 previously designated shares to the status of authorized but unissued. The foregoing description is qualified in its entirety by reference to the full text of the Series A Convertible Preferred Certificate of Cancellation, which is filed as Exhibit 3.3 to this Annual Report on Form 10-K and incorporated herein by reference.

None of the Company's directors or "officers," as defined in Rule 16a-1(f) of the Exchange Act of 1934, as amended, adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K, during the Company's fiscal quarter ended December 31, 2025.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Item 401 of Regulation S-K regarding executive officers is set forth in Part I Item 1 of this Form 10-K under the caption "Information about our Executive Officers." The information required by Item 401 of Regulation S-K regarding directors is contained under the caption "Board and Governance Matters – Board of Directors – Director Nominees" of Alcoa Corporation's Definitive Proxy Statement for the 2026 Annual Meeting of Stockholders (Proxy Statement), which will be filed with the SEC within 120 days of the end of Alcoa Corporation's fiscal year ended December 31, 2025 (Proxy Statement) and is incorporated herein by reference.

The Company's Code of Conduct and Ethics (Code of Conduct), which incorporates a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, is publicly available on the Company's website at https://www.alcoa.com under the section "Investors – Governance – Governance Documents – Code of Conduct." Alcoa Corporation will post any amendments to, or waivers of, its Code of Conduct that apply to its principal executive officer, principal financial officer, principal accounting officer or controller on its website at https://www.alcoa.com.

With respect to Item 408(b) of Regulation S-K, the Company has adopted an insider trading policy and procedures that govern the purchase, sale, and other dispositions of the Company's securities by directors, officers, and employees, as well as by the Company itself. The Company believes that its insider trading policy and procedures are reasonably designed to promote compliance with insider trading laws, rules and regulations, and applicable listing standards. A copy of the Company's insider trading policy is incorporated by reference as Exhibit 19.1 to this Form 10-K.

The information required by Items 407(c)(3), if applicable, (d)(4) and (d)(5) of Regulation S-K is included under the captions "Information Relating to the 2027 Annual Meeting" and "Board and Governance Matters – Corporate Governance – Board Structure and Operations – Committees of the Board" of the Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by Item 402 and Item 407(e)(4) and (e)(5) of Regulation S-K is contained under the captions "Non-Employee Director Compensation Program," "Executive Compensation" (other than the information contained under the heading "Pay Versus Performance"), "Board and Governance Matters – Corporate Governance – Board Structure and Operations – Committees of the Board," "Board and Governance Matters – Corporate Governance – Board Oversight Responsibilities – Risk Oversight" and "Board and Governance Matters – Corporate Governance – Board Structure and Operations – Compensation Committee Interlocks and Insider Participation" of the Proxy Statement. Such information (other than the Compensation Committee Report, which shall not be deemed to be filed) is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 201(d) of Regulation S-K is contained under the caption "Equity Compensation Plan Information" of the Proxy Statement and is incorporated herein by reference.

The information required by Item 403 of Regulation S-K is contained under the caption "Beneficial Ownership" of the Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 404 of Regulation S-K is contained under the caption "Board and Governance Matters – Corporate Governance – Other Governance Policies and Practices – Related Person Transactions" of the Proxy Statement and is incorporated herein by reference.

The information required by Item 407(a) of Regulation S-K is contained under the caption "Board and Governance Matters – Board of Directors – Process for Identification and Evaluation of Director Candidates – Director Independence" of the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information required by Item 9(e) of Schedule 14A is contained under the caption "Audit Matters – Audit Committee Pre-Approval Policy" and "Audit Matters – Auditor Fees" of the Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The consolidated financial statements and exhibits listed below are filed as part of this report.

(1) The Company's consolidated financial statements, the notes thereto and the report of the Independent Registered Public Accounting Firm are included in Part II Item 8 of this report.

(2) Financial statement schedules have been omitted because they are not applicable, not required, or the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits.

Exhibit No.	Description of Exhibit
2.1	Deed of Amendment and Restatement of the Scheme Implementation Deed, dated May 20, 2024, by and among Alcoa Corporation, AAC Investments Australia 2 Pty Ltd, and Alumina Limited (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed May 20, 2024 (File No. 1-37816))
3.1	Amended and Restated Certificate of Incorporation of Alcoa Corporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed November 3, 2016 (File No. 1-37816))
3.2	Certificate of Designation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed August 1, 2024 (File No. 1-37816))
3.3	Amended and Restated Bylaws of Alcoa Corporation, as adopted on July 31, 2024 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed August 1, 2024 (File No. 1-37816))
3.4	Certificate of Cancellation of Designation of Series A Convertible Preferred Stock (filed herewith)

Exhibit No.	Description of Exhibit
4.1	Indenture, dated May 17, 2018, among Alcoa Nederland Holding B.V., Alcoa Corporation, certain subsidiaries of Alcoa Corporation, and the Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 17, 2018 (File No. 1-37816))
4.2	Supplemental Indenture, dated as of December 9, 2019, among Alcoa Corporation, Alcoa Treasury S.à r.l, Alcoa Nederland Holding B.V., and The Bank of New York Mellon Trust Company, N.A. under the Indenture dated May 17, 2018 (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed February 21, 2020 (File No. 1-137816))
4.3	Indenture, dated as of March 24, 2021, among Alcoa Nederland Holding B.V., Alcoa Corporation, certain subsidiaries of Alcoa Corporation, and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 24, 2021 (File No. 1-37816))
4.4	Indenture, dated as of March 21, 2024, among Alcoa Nederland Holding B.V., Alcoa Corporation, the subsidiary guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 21, 2024 (File No. 1-37816))
4.5	Indenture, dated March 17, 2025, among Alumina Pty Ltd, Alcoa Corporation, certain subsidiaries of Alcoa Corporation, and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 17, 2025 (File No. 1-37816))
4.6	Description of Securities (filed herewith)
10.1	Separation and Distribution Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa Corporation (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed November 4, 2016 (File No. 1-37816))

Exhibit No.	Description of Exhibit
10.2	Tax Matters Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa Corporation (incorporated by reference to Exhibit 2.3 to the Company's Current Report on Form 8-K filed November 4, 2016 (File No. 1-37816))
10.3	Amendment No. 1, dated as of January 17, 2024, which includes, as Exhibit A thereto, the Revolving Credit Agreement, dated as of September 16, 2016, as amended as of October 26, 2016, as amended and restated as of November 14, 2017, as amended and restated as of November 21, 2018, as amended as of August 16, 2019, as amended as of April 21, 2020, as amended as of June 24, 2020, as amended as of March 4, 2021, as amended and restated as of June 27, 2022 and as amended as of January 17, 2024, among Alcoa Corporation, Alcoa Nederland Holding B.V., the lenders and issuers from time to time party thereto, and JPMorgan Chase Bank N.A., as administrative agent for the lenders and issuers (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 18, 2024 (File No. 1-37816))
10.4	Amendment No. 2, dated as of August 4, 2025, which includes, as Exhibit A thereto, the Revolving Credit Agreement, dated as of September 16, 2016, as amended as of October 26, 2016, as amended and restated as of November 14, 2017, as amended and restated as of November 21, 2018, as amended as of August 16, 2019, as amended as of April 21, 2020, as amended as of June 24, 2020, as amended as of March 4, 2021, as amended and restated affgtrs of June 27, 2022, as amended as of January 17, 2024, and as amended as of August 4, 2025, among Alcoa Corporation, Alcoa Nederland Holding B.V., the lenders and issuers from time to time party thereto, and JPMorgan Chase Bank N.A., as administrative agent for the lenders and issuers (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed October 28, 2025 (File No. 1-37816))
10.5	Kwinana State Agreement of 1961 (incorporated by reference to Exhibit 10.7 to Amendment No. 2 to the Company's Registration Statement on Form 10 filed September 1, 2016 (File No. 1-37816))
10.6	Pinjarra State Agreement of 1969 (incorporated by reference to Exhibit 10.8 to Amendment No. 2 to the Company's Registration Statement on Form 10 filed September 1, 2016 (File No. 1-37816))

Exhibit No.	Description of Exhibit
10.7	Wagerup State Agreement of 1978 (incorporated by reference to Exhibit 10.9 to Amendment No. 2 to the Company's Registration Statement on Form 10 filed September 1, 2016 (File No. 1-37816))
10.8	Alumina Refinery Agreement of 1987 (incorporated by reference to Exhibit 10.10 to Amendment No. 2 to the Company's Registration Statement on Form 10 filed September 1, 2016 (File No. 1-37816))
10.9	Alcoa Corporation 2016 Stock Incentive Plan (as Amended and Restated as of May 9, 2018), (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed May 15, 2018 (File No. 1-37816))*
10.10	Alcoa USA Corp. Deferred Compensation Plan, effective August 1, 2016, as amended November 15, 2021 (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed February 24, 2022 (File No. 1-137816))*
10.11	Alcoa USA Corp. Nonqualified Supplemental Retirement Plan C (incorporated by reference to Exhibit 10.3 to Amendment No. 1 to the Company's Registration Statement on Form 10 filed August 12, 2016 (File No. 1-37816))*
10.12	Amendment 1 to Alcoa USA Corp. Nonqualified Supplemental Retirement Plan C, effective January 1, 2021 (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed February 23, 2018 (File No. 1-37816))*
10.13	Form of Amended and Restated Indemnification Agreement by and between Alcoa Corporation and individual directors or officers, effective August 1, 2017 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed August 3, 2017 (File No. 1-37816))*
10.14	Alcoa Corporation Annual Cash Incentive Compensation Plan (as Amended and Restated), effective February 21, 2018 (incorporated by referenced to Exhibit 10 to the Company's Quarterly Report on Form 10-Q filed May 9, 2018 (File No. 1-37816))*

Exhibit No.	Description of Exhibit
10.15	Alcoa Corporation Amended and Restated Change in Control Severance Plan, dated July 30, 2019 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed October 31, 2019 (File No. 1-37816))*
10.16	Amendment No. 1, dated as of January 8, 2023 to the Alcoa Corporation Amended and Restated Change in Control Severance Plan, dated July 30, 2019 (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed February 23, 2023 (File No. 1-137816))*
10.17	Amended and Restated Form of Alcoa Corporation Chief Executive Officer and Chief Financial Officer Executive Severance Agreement, effective as of July 30, 2019 (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed October 31, 2019 (File No. 1-37816))*
10.18	Amendment No. 1 to Amended and Restated Executive Severance Agreement, between William F. Oplinger and Alcoa Corporation, effective February 1, 2023 (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed February 23, 2023 (File No. 1-137816))*
10.19	Amended and Restated Form of Alcoa Corporation Corporate Officer Executive Severance Agreement, effective as of July 30, 2019 (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed October 31, 2019 (File No. 1-37816))*
10.20	Amended and Restated Form of Alcoa Corporation Corporate Officer Executive Severance Agreement (Canada), effective as of April 1, 2020 (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed February 21, 2024 (File No. 1-37816))*
10.21	Amended and Restated Form of Alcoa Corporation Corporate Officer Executive Severance Agreement (Australia), effective as of July 30, 2019 (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed February 20, 2025 (File No. 1-37816))*

Exhibit No.	Description of Exhibit
10.22	Letter Agreement, dated July 22, 2023, between Andrew Hastings and Alcoa Corporation (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed May 2, 2024 (File No. 1-37816))*
10.23	Terms and Conditions for Employee Stock Option Awards (incorporated by reference to Exhibit 10.30 to the Company's Registration Statement on Form S-1 filed January 18, 2017 (File No. 333-215606))*
10.24	Terms and Conditions for Employee Stock Option Awards, dated January 24, 2018 (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed February 23, 2018 (File No. 1-37816))*
10.25	Terms and Conditions for Employee Stock Option Awards, effective October 1, 2019 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed October 31, 2019 (File No. 1-37816))*
10.26	Terms and Conditions for Employee Restricted Share Units, effective December 8, 2021 (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed February 24, 2022 (File No. 1-137816))*
10.27	Terms and Conditions for Employee Special Retention Awards, effective December 8, 2021 (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed February 24, 2022 (File No. 1-137816))*
10.28	Terms and Conditions for Employee Restricted Share Units, effective January 24, 2024 (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed February 21, 2024 (File No. 1-37816))*
10.29	Terms and Conditions for Employee Special Retention Awards, effective January 24, 2024 (incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed February 21, 2024 (File No. 1-37816))*

Exhibit No.	Description of Exhibit
10.30	Alcoa Corporation Non-Employee Director Compensation Policy, effective August 1, 2024 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed August 2, 2024 (File No. 1-37816))*
10.31	Terms and Conditions for Deferred Fee Restricted Share Units Director Awards, effective December 1, 2016 (incorporated by reference to Exhibit 10.34 to the Company's Registration Statement on Form S-1 filed January 18, 2017 (File No. 333-215606))*
10.32	Terms and Conditions for Deferred Fee Restricted Share Units Director Awards, effective May 4, 2022 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed July 25, 2022 (File No. 1-37816))*
10.33	Terms and Conditions for Deferred Fee Restricted Share Units Director Awards, effective August 1, 2024 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed August 2, 2024 (File No. 1-37816))*
10.34	Terms and Conditions for Restricted Share Units Annual Director Awards, effective December 1, 2016 (incorporated by reference to Exhibit 10.35 to the Company's Registration Statement on Form S-1 filed January 18, 2017 (File No. 333-215606))*
10.35	Terms and Conditions for Restricted Share Units Annual Director Awards, effective May 9, 2017 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report Form 10-Q filed August 3, 2017 (File No. 1-37816))*
10.36	Terms and Conditions for Restricted Share Units Annual Director Awards, effective May 4, 2022 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed July 25, 2022 (File No. 1-37816))*
10.37	Terms and Conditions for Restricted Share Units Annual Director Awards, effective August 1, 2024 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed August 2, 2024 (File No. 1-37816))*

Exhibit No.	Description of Exhibit
10.38	Alcoa Corporation 2016 Deferred Fee Plan for Directors (effective November 1, 2016, as amended and restated on December 5, 2018), effective August 1, 2024 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed August 2, 2024 (File No. 1-37816))*
19.1	Insider Trading Policy, effective August 1, 2023 (incorporated by reference to Exhibit 19.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed February 20, 2025 (File No. 1-137816))
21.1	List of Subsidiaries (filed herewith)
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith)
23.2	Consent of SLR International Corporation (filed herewith)
31.1	Certification of Principal Executive Officer required by Securities and Exchange Commission Rule 13a-14(a) or 15d-14(a) (filed herewith)
31.2	Certification of Principal Financial Officer required by Securities and Exchange Commission Rule 13a-14(a) or 15d-14(a) (filed herewith)
32.1	Certification of Principal Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (furnished herewith)
32.2	Certification of Principal Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (furnished herewith)
96.1	Technical Report Summary for Darling Range, Western Australia (filed herewith)
96.2	Technical Report Summary for Juruti, Brazil (incorporated by reference to Exhibit 96.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed February 24, 2022 (File No. 1-137816))

Exhibit No.	Description of Exhibit
97	Alcoa Corporation Clawback Policy, effective October 15, 2023 (incorporated by reference to Exhibit 97 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed February 21, 2024 (File No. 1-37816))*
99.1	Amended and Restated Grantor Trust Agreement by and between Alcoa Corporation and Wells Fargo Bank, National Association, effective October 24, 2017 (incorporated by reference to Exhibit 99.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed February 23, 2018 (File No. 137816))
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbases Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Denotes management contracts or compensatory plans or arrangements required to be filed as Exhibits to this Form 10-K.

Certain schedules exhibits, and appendices have been omitted in accordance with to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish copies of any omitted schedule, exhibit, or appendix to the Commission upon request.

Item 16. Form 10-K Summary.

Not applicable.

The following is an extract of audited consolidated financial statements of Alcoa for the year ended 31 December 2024, which were prepared in accordance with U.S. GAAP, from the 2024 Annual Report on Form 10-K of Alcoa issued on 20 February 2025.

The 2024 Annual Report of Alcoa has been published on the website of the NYSE (https://www.nyse.com/index) and on Alcoa's websites (https://investors.alcoa.com/financials). It can be accessed at the website address below: https://s29.q4cdn.com/945634774/files/doc_financials/2024 ar/2024_Alcoa_Corp_Annual_Report_Bookmarked_Final.pdf

Unless the context requires otherwise, the capitalised terms used in this extract shall have the same meanings as the 2024 Annual Report on Form 10-K of Alcoa issued on 20 February 2025.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED OPERATIONS
(in millions, except per-share amounts)

	For the year ended December 31,		
	2024	**2023**	**2022**
Sales (E)	$ 11,895	$ 10,551	$ 12,451
Cost of goods sold (exclusive of expenses below)	10,044	9,813	10,212
Selling, general administrative, and other expenses	275	226	204
Research and development expenses	57	39	32
Provision for depreciation, depletion, and amortization	642	632	617
Restructuring and other charges, net (D)	341	184	696
Interest expense (U)	156	107	106
Other expenses (income), net (U)	91	134	(118)
Total costs and expenses	11,606	11,135	11,749
Income (loss) before income taxes	289	(584)	702
Provision for income taxes (Q)	265	189	664
Net income (loss)	24	(773)	38
Less: Net (loss) income attributable to noncontrolling interest	(36)	(122)	161
Net income (loss) attributable to Alcoa Corporation	60	(651)	(123)
Earnings per share attributable to Alcoa Corporation common shareholders (F):			
Basic	$ 0.26	$ (3.65)	$ (0.68)
Diluted	$ 0.26	$ (3.65)	$ (0.68)

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
(in millions)

	Alcoa Corporation			Noncontrolling interest			Total		
For the year ended December 31,	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
Net income (loss)	$ 60	$ (651)	$ (123)	$ (36)	$ (122)	$ 161	$ 24	$ (773)	$ 38
Other comprehensive (loss) income, net of tax (G):									
Change in unrecognized net actuarial gain/loss and prior service cost/ benefit related to pension and other postretirement benefits	–	(62)	944	4	(10)	8	4	(72)	952
Foreign currency translation adjustments	(513)	92	(71)	(105)	57	(103)	(618)	149	(174)
Net change in unrecognized gains/ losses on cash flow hedges	147	(136)	180	–	(1)	2	147	(137)	182
Total Other comprehensive (loss) income, net of tax	(366)	(106)	1,053	(101)	46	(93)	(467)	(60)	960
Comprehensive (loss) income	$ (306)	$ (757)	$ 930	$ (137)	$ (76)	$ 68	$ (443)	$ (833)	$ 998

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in millions)

December 31,	**2024**	**2023**
Assets		
Current assets:		
Cash and cash equivalents (P)	$ 1,138	$ 944
Receivables from customers (I)	1,096	656
Other receivables	143	152
Inventories (J)	1,998	2,158
Fair value of derivative instruments (P)	25	29
Prepaid expenses and other current assets	514	466
Total current assets	4,914	4,405
Properties, plants, and equipment, net (K)	6,389	6,785
Investments (H)	980	979
Deferred income taxes (Q)	284	333
Fair value of derivative instruments (P)	–	3
Other noncurrent assets (U)	1,497	1,650
Total Assets	$ 14,064	$ 14,155
Liabilities		
Current liabilities:		
Accounts payable, trade	$ 1,805	$ 1,714
Accrued compensation and retirement costs	362	357
Taxes, including income taxes	102	88
Fair value of derivative instruments (P)	263	214
Other current liabilities	788	578
Long-term debt due within one year (M & P)	75	79
Total current liabilities	3,395	3,030

December 31,	2024	2023
Long-term debt, less amount due within one year (M & P)	2,470	1,732
Accrued pension benefits (O)	256	278
Accrued other postretirement benefits (O)	412	443
Asset retirement obligations (R)	691	772
Environmental remediation (S)	182	202
Fair value of derivative instruments (P)	836	1,092
Noncurrent income taxes (Q)	9	193
Other noncurrent liabilities and deferred credits (U)	656	568
Total liabilities	8,907	8,310
Contingencies and commitments (S)		
Equity		
Alcoa Corporation shareholders' equity:		
Preferred stock (N)	–	–
Common stock (N)	3	2
Additional capital	11,587	9,187
Accumulated deficit	(1,323)	(1,293)
Accumulated other comprehensive loss (G)	(5,110)	(3,645)
Total Alcoa Corporation shareholders' equity	5,157	4,251
Noncontrolling interest (A)	–	1,594
Total equity	5,157	5,845
Total Liabilities and Equity	$ 14,064	$ 14,155

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS
(in millions)

For the year ended December 31,	2024	2023	2022
Cash from Operations			
Net income (loss)	$ 24	$ (773)	$ 38
Adjustments to reconcile net income (loss) to cash from operations:			
Depreciation, depletion, and amortization	642	632	617
Deferred income taxes (Q)	23	(22)	219
Equity (income) loss, net of dividends (H)	(2)	201	4
Restructuring and other charges, net (D)	341	184	696
Net loss from investing activities – asset sales (U)	37	18	10
Net periodic pension benefit cost (O)	10	6	54
Stock-based compensation (N)	36	35	40
(Gain) loss on mark-to-market derivative financial contracts	(8)	26	(44)
Other	34	78	53
Changes in assets and liabilities, excluding effects of divestitures and foreign currency translation adjustments:			
(Increase) decrease in receivables	(493)	104	(59)
Decrease (increase) in inventories (J)	51	243	(547)
(Increase) decrease in prepaid expenses and other current assets	(68)	39	44
Increase (decrease) in accounts payable, trade	190	(74)	189
Decrease in accrued expenses	(108)	(133)	(173)
Increase (decrease) in taxes, including income taxes	95	(146)	(152)
Pension contributions (O)	(16)	(24)	(17)
Increase in noncurrent assets	(4)	(210)	(87)
Decrease in noncurrent liabilities	(162)	(93)	(63)
Cash provided from operations	622	91	822

For the year ended December 31,	2024	2023	2022
Financing Activities			
Additions to debt (M)	1,032	127	4
Payments on debt (M)	(679)	(72)	(1)
Proceeds from the exercise of employee stock options (N)	–	1	22
Repurchase of common stock (N)	–	–	(500)
Dividends paid on Alcoa preferred stock (N)	(1)	–	–
Dividends paid on Alcoa common stock (N)	(89)	(72)	(72)
Payments related to tax withholding on stock-based compensation awards	(15)	(34)	(19)
Financial contributions for the divestiture of businesses (C)	(35)	(52)	(33)
Contributions from noncontrolling interest (A)	65	188	214
Distributions to noncontrolling interest (A)	(49)	(30)	(379)
Acquisition of noncontrolling interest (C)	(23)	–	–
Other	(5)	1	(4)
Cash provided from (used for) financing activities	201	57	(768)
Investing Activities			
Capital expenditures	(580)	(531)	(480)
Proceeds from the sale of assets and businesses (C)	3	4	5
Additions to investments (H)	(37)	(70)	(32)
Sale of investments (H)	–	–	10
Other	6	12	2
Cash used for investing activities	(608)	(585)	(495)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(28)	10	(9)
Net change in cash and cash equivalents and restricted cash	187	(427)	(450)
Cash and cash equivalents and restricted cash at beginning of year	1,047	1,474	1,924
Cash and cash equivalents and restricted cash at end of year	$ 1,234	$ 1,047	$ 1,474

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
(in millions)

	Alcoa Corporation shareholders						
	Preferred stock	Common stock	Additional capital	Accumulated deficit	Accumulated other comprehensive (loss) income	Noncontrolling interest	Total equity
Balance at December 31, 2021	$ –	$ 2	$ 9,577	$ (315)	$ (4,592)	$ 1,612	$ 6,284
Net (loss) income	–	–	–	(123)	–	161	38
Other comprehensive income (loss) (G)	–	–	–	–	1,053	(93)	960
Stock-based compensation (N)	–	–	40	–	–	–	40
Net effect of tax withholding for compensation plans and exercise of stock options (N)	–	–	3	–	–	–	3
Repurchase of common stock (N)	–	–	(440)	(60)	–	–	(500)
Dividends paid on Alcoa common stock ($0.10 per share) (N)	–	–	–	(72)	–	–	(72)
Contributions	–	–	–	–	–	214	214
Distributions	–	–	–	–	–	(379)	(379)
Other	–	–	3	–	–	(2)	1
Balance at December 31, 2022	–	2	9,183	(570)	(3,539)	1,513	6,589
Net loss	–	–	–	(651)	–	(122)	(773)
Other comprehensive (loss) income (G)	–	–	–	–	(106)	46	(60)
Stock-based compensation (N)	–	–	35	–	–	–	35
Net effect of tax withholding for compensation plans and exercise of stock options (N)	–	–	(33)	–	–	–	(33)
Dividends paid on Alcoa common stock ($0.10 per share) (N)	–	–	–	(72)	–	–	(72)
Contributions	–	–	–	–	–	188	188
Distributions	–	–	–	–	–	(30)	(30)
Other	–	–	2	–	–	(1)	1
Balance at December 31, 2023	–	2	9,187	(1,293)	(3,645)	1,594	5,845
Net income (loss)	–	–	–	60	–	(36)	24
Other comprehensive loss (G)	–	–	–	–	(366)	(101)	(467)
Stock-based compensation (N)	–	–	36	–	–	–	36
Net effect of tax withholding for compensation plans and exercise of stock options (N)	–	–	(15)	–	–	–	(15)
Dividends paid on Alcoa preferred stock ($0.10 per share) (N)	–	–	–	(1)	–	–	(1)
Dividends paid on Alcoa common stock ($0.10 per share) (N)	–	–	–	(89)	–	–	(89)
Contributions	–	–	–	–	–	65	65
Distributions	–	–	–	–	–	(49)	(49)
Acquisition of noncontrolling interest (C)	–	1	2,377	–	(1,099)	(1,472)	(193)
Other	–	–	2	–	–	(1)	1
Balance at December 31, 2024	$ –	$ 3	$ 11,587	$ (1,323)	$ (5,110)	$ –	$ 5,157

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per-share amounts; metric tons in thousands (kmt))

A. BASIS OF PRESENTATION

Alcoa Corporation (Alcoa or the Company) is a vertically integrated aluminum company comprised of bauxite mining, alumina refining, aluminum production (smelting and casting), and energy generation. Through direct and indirect ownership, the Company has 26 operating locations in nine countries around the world, situated primarily in Australia, Brazil, Canada, Iceland, Norway, Spain, and the United States.

Alcoa Corporation became an independent, publicly traded company on November 1, 2016, following its separation (the Separation Transaction) from its former parent company, Alcoa Inc. References herein to "ParentCo" refer to Alcoa Inc. and its consolidated subsidiaries through October 31, 2016, at which time it was renamed Arconic Inc. and since has been subsequently renamed Howmet Aerospace Inc.

Basis of Presentation. The Consolidated Financial Statements of Alcoa Corporation are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). In accordance with GAAP, certain situations require management to make estimates based on judgments and assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Management uses historical experience and all available information to make these estimates. Management regularly evaluates the judgments and assumptions used in its estimates, and results could differ from those estimates upon future events and their effects or new information.

Principles of Consolidation. The Consolidated Financial Statements of the Company include the accounts of Alcoa Corporation and companies in which Alcoa Corporation has a controlling interest. Intercompany transactions have been eliminated. The equity method of accounting is used for investments in affiliates and other joint ventures over which the Company has significant influence but does not have effective control. Investments in affiliates in which Alcoa Corporation cannot exercise significant influence are accounted at cost less any impairment, a measurement alternative in accordance with GAAP.

Prior to Alcoa's acquisition of Alumina Limited on August 1, 2024 (see Note C), Alcoa consolidated its 60% ownership in the entities comprising the Alcoa World Alumina & Chemicals (AWAC) joint venture and Alumina Limited's interest in the equity of such entities was reflected as Noncontrolling interest on the accompanying Consolidated Balance Sheet.

Management evaluates whether an Alcoa Corporation entity or interest is a variable interest entity and whether the Company is the primary beneficiary. Consolidation is required if both of these criteria are met. Alcoa Corporation does not have any variable interest entities requiring consolidation.

Related Party Transactions. Alcoa Corporation buys products from and sells products to various related companies, consisting of entities in which the Company retains a 50% or less equity interest, at negotiated prices between the two parties. These transactions were not material to the financial position or results of operations of Alcoa Corporation for all periods presented.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents. Cash equivalents are highly liquid investments purchased with an original maturity of three months or less.

Restricted Cash. Restricted cash is included with Cash and cash equivalents when reconciling the Cash and cash equivalents and restricted cash at beginning of year and Cash and cash equivalents and restricted cash at end of year on the accompanying Statement of Consolidated Cash Flows. Current restricted cash amounts are reported in Prepaid expenses and other current assets on the accompanying Consolidated Balance Sheet. Noncurrent restricted cash amounts are reported in Other noncurrent assets on the accompanying Consolidated Balance Sheet (see Note U for a reconciliation of Cash and cash equivalents and restricted cash).

Inventory Valuation. Inventories are carried at the lower of cost or net realizable value, with the cost of inventories principally determined under the average cost method.

Properties, Plants, and Equipment. Properties, plants, and equipment are recorded at cost. Interest related to the construction of qualifying assets is capitalized as part of the construction costs. Depreciation is recorded principally on the straight-line method over the estimated useful lives of the assets. Depreciation is recorded on temporarily idled facilities until such time management approves a permanent closure. The following table details the weighted average useful lives of structures and machinery and equipment by type of operation (numbers in years):

	Structures	Machinery and equipment
Alumina	24	25
Aluminum smelting and casting	37	22
Energy generation	33	24

Repairs and maintenance are charged to expense as incurred while costs for significant improvements that add productive capacity or that extend the useful life are capitalized. Gains or losses from the sale of assets are generally recorded in Other expenses (income), net.

Properties, plants, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (asset group) may not be recoverable. Recoverability of assets is determined by comparing the estimated undiscounted net cash flows of the operations related to the assets (asset group) to their carrying amount. An impairment loss would be recognized when the carrying amount of the assets (asset group) exceeds the fair value. The amount of the impairment loss to be recorded is calculated as the excess of the carrying value of the assets (asset group) over their fair value, with fair value determined using the best information available, which generally is a discounted cash flow (DCF) model. The determination of what constitutes an asset group, the associated estimated undiscounted net cash flows, and the estimated useful lives of assets also require significant judgments.

Leases. The Company determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset which the Company has the right to control. Lease right-of-use (ROU) assets are included in Properties, plants, and equipment, net with the corresponding operating lease liabilities included within Other current liabilities and Other noncurrent liabilities and deferred credits on the accompanying Consolidated Balance Sheet.

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate at the commencement date in determining the present value of lease payments unless a rate is implicit in the lease. Lease terms include options to extend the lease when it is reasonably certain that those options will be exercised. Leases with an initial term of 12 months or less, including anticipated renewals, are not recorded on the Consolidated Balance Sheet.

The Company made a policy election not to record any non-lease components of a lease agreement in the lease liability. Variable lease payments are not presented as part of the ROU asset or liability recorded at the inception of a contract. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Equity Investments. Alcoa invests in a number of privately-held companies, primarily through joint ventures and consortia, which are accounted for using the equity method. The equity method is applied in situations where the Company has the ability to exercise significant influence, but not control, over the investee. Management reviews equity investments for impairment whenever certain indicators are present suggesting that the carrying value of an investment is not recoverable.

Deferred Mining Costs. Alcoa incurs deferred mining costs during the development stage of a mine life cycle. Such costs include the construction of access and haul roads, detailed drilling and geological analysis to further define the grade and quality of the known bauxite, and overburden removal costs. These costs relate to sections of the related mines where the Company is currently extracting bauxite or preparing for production in the near term. These sections are outlined and planned incrementally and generally are mined over periods ranging from one to five years, depending on specific mine plans. The amount of geological drilling and testing necessary to determine the economic viability of the bauxite deposit being mined is such that the reserves are considered to be proven. Deferred mining costs are amortized on a units-of-production basis and included in Other noncurrent assets on the accompanying Consolidated Balance Sheet.

Goodwill and Other Intangible Assets. Goodwill is not amortized but is reviewed for impairment annually (in the fourth quarter) or more frequently if indicators of impairment exist or if a decision is made to sell or exit a business.

Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. Beginning in January 2023, the Company changed its operating segments by combining the Bauxite and Alumina segments, and reported its financial results in the following two segments: (i) Alumina and (ii) Aluminum (see Note E).

The Company has three reporting units, of which two are included in the Aluminum segment (smelting/casting and energy generation). The remaining reporting unit is the Alumina segment. Of these three reporting units, only Alumina contains goodwill (see Note L).

Goodwill is tested for impairment by assessing qualitative factors to determine whether it is more likely than not (greater than 50%) that the fair value of the reporting unit is less than its carrying amount or performing a quantitative assessment using a DCF model. If the qualitative assessment indicates a possible impairment, then a quantitative assessment is performed to determine the fair value of the reporting unit using a DCF model. Otherwise, no further analysis is required.

Under the quantitative assessment, the estimated fair value of the reporting unit is compared to its carrying value, including goodwill. In the event the estimated fair value of a reporting unit is less than the carrying value, an impairment loss equal to the excess of the reporting unit's carrying value over its fair value not to exceed the total amount of goodwill applicable to that reporting unit would be recognized.

Alcoa's policy for its annual review of goodwill is to perform the quantitative assessment for its reporting unit containing goodwill at least once during every three-year period.

Intangible assets with finite useful lives are amortized generally on a straight-line basis over the periods benefited. The following table details the weighted average useful lives of software and other intangible assets by type of operation (numbers in years):

	Software	Other intangible assets
Alumina	4	25
Aluminum smelting and casting	3	40
Energy generation	3	29

Asset Retirement Obligations. Alcoa recognizes asset retirement obligations (AROs) related to legal obligations associated with the standard operation of bauxite mines, alumina refineries, and aluminum smelters. These AROs consist primarily of costs associated with mine reclamation, closure of bauxite residue areas, spent pot lining and regulated waste materials disposal, and landfill closure. Additionally, costs are recorded as AROs upon management's decision to permanently close and demolish certain structures and for any significant lease restoration obligations. The fair values of these AROs are recorded on a discounted basis at the time the obligation is incurred and accreted over time for the change in present value; related accretion is recorded as a component of Cost of goods sold. Additionally, the Company capitalizes asset retirement costs by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful life.

The fair values for AROs are determined using significant assumptions, including engineering designs for construction or closure, materials and services costs, regulatory requirements, volume of regulated material to be removed, disposition of demolition materials, and timing to complete construction or closure.

Subsequent adjustments to estimates of previously established AROs for current operations are capitalized by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful life. Adjustments to estimates of AROs for closed locations are charged to Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note R).

Certain conditional asset retirement obligations related to alumina refineries, aluminum smelters, and energy generation facilities have not been recorded in the Consolidated Financial Statements due to uncertainties surrounding the ultimate settlement date. The fair value of these asset retirement obligations will be recorded when a reasonable estimate of the ultimate settlement date can be made.

Environmental Matters. Environmental related expenditures for current operations are expensed as a component of Cost of goods sold or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, generally for closed locations which will not contribute to future revenues, are charged to Restructuring and other charges, net. Liabilities are recorded when remediation costs are probable and can be reasonably estimated. In instances where the Company has ongoing monitoring and maintenance responsibilities, it is Alcoa's policy to maintain a reserve equal to five years of expected costs. The liability is continuously reviewed and adjusted to reflect current remediation progress, rate and pricing changes, actual volumes of material requiring management, changes to the original assumptions regarding how the site was to be remediated, and other factors that may be relevant, including changes in technology or regulations. The estimates may also include costs related to other potentially responsible parties to the extent that Alcoa has reason to believe such parties will not fully pay their proportionate share.

Litigation Matters. For asserted claims and assessments, liabilities are recorded when an unfavorable outcome of a matter is deemed to be probable and the loss is reasonably estimable. With respect to unasserted claims or assessments, liabilities are recorded when the probability that an assertion will be made is likely, an unfavorable outcome of the matter is deemed to be probable, and the loss is reasonably estimable. Legal matters are reviewed on a continuous basis to determine if there has been a change in management's judgment regarding the likelihood of an unfavorable outcome or the estimate of a potential loss. Legal costs, which are primarily for general litigation, environmental compliance, tax disputes, and general corporate matters, are expensed as incurred.

Revenue Recognition. The Company recognizes revenue when it satisfies a performance obligation(s) in accordance with the provisions of a customer order or contract. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, and risk of loss pass to the customer, all of which occurs upon shipment or delivery of the product. The shipping terms vary across all businesses and depend on the product, the country of origin, and the type of transportation. Accordingly, the sale of Alcoa's products to its customers represent single performance obligations for which revenue is recognized at a point in time, except for the Company's Energy product division in which the customer simultaneously receives and consumes electricity (see Note E). Revenue is based on the consideration the Company expects to receive in exchange for its products. Returns and other adjustments have not been material. Based on the foregoing, no significant judgment is required to determine when control of a product has been transferred to a customer.

The Company considers shipping and handling activities as costs to fulfill the promise to transfer the related products. As a result, customer payments of shipping and handling costs are recorded as a component of revenue. Taxes collected (e.g., sales, use, value added, excise) from its customers related to the sale of its products are remitted to governmental authorities and excluded from Sales.

Cost of Goods Sold. The Company includes the following in Cost of goods sold: operating costs of its two segments, excluding depreciation, depletion, and amortization, but including all production related costs: raw materials consumed; purchases of metal for consumption; conversion costs, such as labor, materials, and utilities; equity earnings of certain investments integral to the Company's supply chain; and plant administrative expenses. Also included in Cost of goods sold are: costs related to the Transformation function, which focuses on the management of expenses and obligations of previously closed operations; purchases of bauxite from offtake or other supply agreements, alumina to satisfy customer commitments, and metal for trade; and other costs not included in the operating costs of the segments.

Selling, General Administrative, and Other Expenses. The Company includes the costs of corporate-wide functional support in Selling, general administrative, and other expenses. Such costs include: executive; sales; marketing; strategy; operations administration; finance; information technology; legal; human resources; and government affairs and communications.

Stock-Based Compensation. Compensation expense for employee equity grants is recognized using the non-substantive vesting period approach, in which the expense is recognized ratably over the requisite service period based on the grant date fair value. Forfeitures are accounted for as they occur. The fair value of performance stock units containing a market condition is valued using a Monte Carlo valuation model. Determining the fair value at the grant date requires judgment, including estimates for the average risk-free interest rate, and volatility. These assumptions may differ significantly between grant dates because of changes in the actual results of these inputs that occur over time. As of January 1, 2021, the Company no longer grants stock options.

See Note N for more information regarding stock-based compensation.

Pension and Other Postretirement Benefits. Alcoa sponsors several defined benefit pension plans and health care postretirement benefit plans. The Company recognizes on a plan-by-plan basis the net funded status of these pension and postretirement benefit plans as either an asset or a liability on its Consolidated Balance Sheet. The net funded status represents the difference between the fair value of each plan's assets and the benefit obligation of the respective plan. The benefit obligation represents the present value of the estimated future benefits the Company currently expects to pay to plan participants based on past service. Unrecognized gains and losses related to the plans are deferred in Accumulated other comprehensive loss on the Consolidated Balance Sheet until amortized into earnings.

The plan assets and benefit obligations are measured at the end of each year or more frequently, upon the occurrence of certain events such as a significant plan amendment, settlement, or curtailment. For interim plan remeasurements, it is the Company's policy to record the related accounting impacts within the same quarter as the triggering event.

Liabilities and expenses for pension and other postretirement benefits are determined using actuarial methodologies and incorporate significant assumptions, including the interest rate used to discount the future estimated liability, the expected long-term rate of return on plan assets, and several assumptions relating to the employee workforce (salary increases, health care cost trend rates, retirement age, and mortality).

The yield curve model used to develop the discount rate is based on high-quality corporate bonds, parallels the plans' projected cash flows and has a weighted average duration of 10 years. If a deep market of high-quality corporate bonds does not exist in a country, then the yield on government bonds plus a corporate bond yield spread is used.

The expected long-term rate of return on plan assets is generally applied to a five-year market-related value of plan assets (a four-year average or the fair value at the plan measurement date is used for certain non-U.S. plans). The process used by management to develop this assumption is one that relies on forward-looking investment returns by asset class. Management incorporates expected future investment returns on current and planned asset allocations using information from various external investment managers and consultants, as well as management's own judgment.

Mortality rate assumptions are based on mortality tables and future improvement scales published by third parties, such as the Society of Actuaries, and consider other available information including historical data as well as studies and publications from reputable sources.

A change in one or a combination of these assumptions, or the effects of actual results differing from assumptions, could have a material impact on Alcoa's projected benefit obligation. These changes or differences are recorded in Accumulated other comprehensive loss and are amortized into earnings as a component of the net periodic benefit cost (income) over the average future working lifetime or average remaining life expectancy, as appropriate, of the plan's participants.

One-time accounting impacts, such as curtailment and settlement losses (gains), are recognized immediately and are reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net on the accompanying Statement of Consolidated Operations.

See Note O for more information regarding pension and other postretirement benefits including accounting impacts of current year actions.

Derivatives and Hedging. Derivatives are held for purposes other than trading and are part of a formally documented risk management program.

Alcoa accounts for hedges of firm customer commitments for aluminum as fair value hedges. The fair values of the derivatives and changes in the fair values of the underlying hedged items are reported as assets and liabilities in the Consolidated Balance Sheet. Changes in the fair values of these derivatives and underlying hedged items generally offset and are recorded each period in Sales, consistent with the underlying hedged item.

The Company accounts for certain hedges of foreign currency exposures and certain forecasted transactions as cash flow hedges. The fair values of the derivatives are recorded as assets and liabilities in the Consolidated Balance Sheet. The changes in the fair values of these derivatives are recorded in Accumulated other comprehensive loss and are reclassified to Sales, Cost of goods sold, or Other expenses (income), net in the period in which earnings are impacted by the hedged items or in the period that the transaction no longer qualifies as a cash flow hedge. These contracts cover the same periods as known or expected exposures, generally not exceeding five years.

If no hedging relationship is designated, the derivative is marked to market through Other expenses (income), net.

Cash flows from derivatives are recognized in the Statement of Consolidated Cash Flows in a manner consistent with the underlying transactions.

Income Taxes. The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, the provision for income taxes represents income taxes paid or payable (or received or receivable) for the current year plus the change in deferred taxes during the year. Deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid, resulting from differences between the financial and tax bases of Alcoa's assets and liabilities, and are adjusted for changes in tax rates and tax laws when enacted.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not (greater than 50%) that a tax benefit will not be realized. In evaluating the need for a valuation allowance, management applies judgment in assessing all available positive and negative evidence and considers all potential sources of taxable income. Deferred tax assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances, resulting in a future charge to establish a valuation allowance. Existing valuation allowances are re-examined under the same standards of positive and negative evidence. If it is determined that it is more likely than not that a deferred tax asset will be realized, the appropriate amount of the valuation allowance, if any, is released. Deferred tax assets and liabilities are also re-measured to reflect changes in underlying tax rates due to law changes and the granting and lapse of tax holidays.

Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the statute of limitations has expired or the appropriate taxing authority has completed their examination even though the statute of limitations remains open. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized.

Foreign Currency. The local currency is the functional currency for Alcoa's significant operations outside the United States, except for certain operations in Canada and Iceland, a holding and trading company in the Netherlands, and a holding company in Australia, where the U.S. dollar is used as the functional currency. The determination of the functional currency for Alcoa's operations is made based on the appropriate economic and management indicators. Where local currency is the functional currency, assets and liabilities are translated into U.S. dollars using period end exchange rates and income and expenses are translated using the average exchange rates for the reporting period. Unrealized foreign currency translation gains and losses are deferred in Accumulated other comprehensive loss on the Consolidated Balance Sheet.

Recently Adopted Accounting Guidance. In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2023-07 which requires disclosure of significant segment expenses regularly provided to the chief operating decision maker (CODM), other segment items (not included in significant segment expenses for each reportable segment), the title and position of the CODM, and an explanation of how the CODM uses the reported measure of segment profit or loss to assess segment performance and allocate resources. The Company adopted this guidance for the year ended December 31, 2024, which resulted in enhanced disclosures regarding reportable segments (see Note E) and did not have a material impact on the Company's financial position or results of operations.

Recently Issued Accounting Guidance. In November 2024, the FASB issued ASU No. 2024-03 which requires detailed disclosures about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) included within commonly presented expense captions (including cost of goods sold; selling, general administrative, and other expense; and research and development expenses). The guidance is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The adoption of this guidance will not have a material impact on the Company's financial position or results of operations and will provide enhanced disclosures regarding expenses beginning in the Company's Annual Report on Form 10-K for the year ended December 31, 2027.

In December 2023, the FASB issued ASU No. 2023-09 which includes changes to income tax disclosures, including greater disaggregation of information in the rate reconciliation and disclosure of taxes paid by jurisdiction. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The adoption of this guidance will not have a material impact on the Company's financial position or results of operations and will provide enhanced disclosures regarding income taxes beginning in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

C. ACQUISITIONS AND DIVESTITURES

Alumina Limited Acquisition

On August 1, 2024, Alcoa completed the acquisition of all of the ordinary shares of Alumina Limited (Alumina Shares) through a wholly-owned subsidiary, AAC Investments Australia 2 Pty Ltd. At acquisition, Alumina Limited held a 40% ownership interest in the AWAC joint venture, consisting of several affiliated operating entities, which own, have an interest in, or operate the bauxite mines and alumina refineries within Alcoa Corporation's Alumina segment (except for the Poços de Caldas mine and refinery and portions of the São Luís refinery, all in Brazil) and a portion (55%) of the Portland smelter (Australia) within Alcoa Corporation's Aluminum segment. Upon completion of the Alumina Limited acquisition, Alumina Limited and, as a result, the operations held by the AWAC joint venture, became wholly-owned subsidiaries of Alcoa Corporation. The acquisition enhances Alcoa's position as a leading pure play, upstream aluminum company globally, while simplifying the Company's corporate structure and governance, resulting in greater flexibility and strategic optionality.

Under the Scheme Implementation Deed (the Agreement) entered into in March 2024, as amended in May 2024, holders of Alumina Shares received 0.02854 Alcoa CHESS Depositary Interests (CDIs) for each Alumina Share (the Agreed Ratio), except that i) holders of Alumina Shares represented by American Depositary Shares, each of which represented 4 Alumina Shares, received 0.02854 shares of Alcoa common stock and ii) a certain shareholder received, for certain of their Alumina Shares, 0.02854 shares of Alcoa non-voting convertible preferred stock. The Alcoa CDIs are quoted on the Australian Stock Exchange.

At closing, Alumina Shares outstanding of 2,760,056,014 and 141,625,403 were exchanged for 78,772,422 and 4,041,989 shares of Alcoa common stock and Alcoa preferred stock, respectively. Based on Alcoa's closing share price as of July 31, 2024, the Agreed Ratio implied a value of A$1.45 per Alumina Share and aggregate purchase consideration of approximately $2,700 for Alumina Limited.

The transaction consisted in substance of the acquisition of Alumina Limited's noncontrolling interest in AWAC ($1,472), the assumption of Alumina Limited's indebtedness ($385, see Note M), the recognition of deferred tax assets ($121, see Note Q), and the acquisition of cash ($9) and other current liabilities ($1). The transaction was accounted for as an equity transaction where net assets acquired ($1,216) and transaction costs ($32) were reflected as an increase to Additional capital. Amounts related to Accumulated other comprehensive loss previously attributable to and included within Noncontrolling interest ($1,099) were reclassified to Accumulated other comprehensive loss. In the fourth quarter of 2024, the Company recognized an additional deferred tax asset (and a corresponding increase to Additional capital) of $95 (see Note Q).

Net loss attributable to noncontrolling interest was recognized through July 31, 2024.

Saudi Arabia Joint Venture

On September 15, 2024, Alcoa entered into a share purchase and subscription agreement with Saudi Arabian Mining Company (Ma'aden), pursuant to which Alcoa agreed to sell its full ownership interest of 25.1% in the Saudi Arabia joint venture, comprised of the Ma'aden Bauxite and Alumina Company and the Ma'aden Aluminium Company, to Ma'aden in exchange for issuance by Ma'aden of 85,977,547 shares and $150 in cash. The implied value of the shares was $950 as of September 12, 2024, based on the volume-weighted average share price of Ma'aden for the previous 30 calendar days. The shares of Ma'aden will be subject to transfer and sale restrictions, including a restriction requiring Alcoa to hold its Ma'aden shares for a minimum of three years, with one-third of the shares becoming transferable after each of the third, fourth, and fifth anniversaries of closing of the transaction (the holding period). During the holding period, Alcoa would be permitted to hedge and borrow against its Ma'aden shares. Under certain circumstances, such minimum holding period would be reduced. The transaction is subject to regulatory approvals, approval by Ma'aden's shareholders, and other customary closing conditions and is expected to close in the first half of 2025. The carrying value of Alcoa's investment was $544 as of December 31, 2024.

Warrick Rolling Mill

In March 2021, Alcoa completed the sale of its rolling mill located at Warrick Operations (Warrick Rolling Mill), an integrated aluminum manufacturing site near Evansville, Indiana (Warrick Operations), to Kaiser Aluminum Corporation (Kaiser) and recorded estimated liabilities for site separation commitments.

In 2024, 2023, and 2022 the Company recorded charges of $32, $17, and $8, respectively, in Other expenses (income), net on the accompanying Statement of Consolidated Operations related to these commitments. During 2024, 2023, and 2022, the Company spent $35, $52, and $37, respectively, against the reserve.

The remaining balance of $8 at December 31, 2024 is expected to be spent in early 2025. The cash spent against the reserve is included in Cash provided from (used for) financing activities on the Statement of Consolidated Cash Flows.

D. RESTRUCTURING AND OTHER CHARGES, NET

Restructuring and other charges, net were comprised of the following:

	2024	2023	2022
Other costs	$ 264	$ 36	$ (7)
Severance and employee termination costs	44	11	1
Asset retirement obligations (R)	44	41	34
Environmental remediation (S)	5	27	21
Asset impairments	5	50	58
Settlements and/or curtailments related to retirement benefits (O)	(1)	21	632
Reversals of previously recorded charges	(20)	(2)	(122)
Loss on divestitures	–	–	79
Restructuring and other charges, net	$ 341	$ 184	$ 696

Severance and employee termination costs were recorded based on approved detailed action plans submitted by the operating sites that specified positions to be eliminated, benefits to be paid under existing severance plans, union contracts or statutory requirements, and the expected timetable for completion of the plans.

2024 Actions. In 2024, Alcoa Corporation recorded Restructuring and other charges, net, of $341 which were primarily comprised of the following components:

- Charges related to portfolio actions:
  - o $287 for the curtailment of the Kwinana (Australia) refinery (see below);
- Other charges:
  - o $40 to record additional asset retirement obligations (see Note R) and environmental remediation (see Note S) at previously closed sites;
  - o $22 for take-or-pay contract costs at a previously closed site; and,
  - o $12 for contract termination costs at the closed Intalco (Washington) smelter;
- Reversals:
  - o $20 due to lower costs for environmental remediation (see Note S) and asset retirement obligations (see Note R) at the Intalco smelter and a previously closed site.

In June 2024, Alcoa completed the full curtailment of the Kwinana refinery, as planned, which was announced in January 2024. As of March 2024, the refinery had approximately 780 employees and this number was reduced to approximately 250 through the fourth quarter of 2024 to manage certain processes that are expected to continue until about the fourth quarter of 2025. At that time, the employee number will be further reduced to approximately 50. In addition to the employees separating as a result of the curtailment, approximately 290 employees have terminated through the productivity program announced in the third quarter of 2023 or redeployed to other Alcoa operations. The Company recorded net charges of $287 in Restructuring and other charges, net on the Statement of Consolidated Operations comprised of other costs of $232 for water management costs ($220) and take-or-pay contracts ($12), severance and employee termination costs of $41, asset retirement obligations of $9 (see Note R), and asset impairments of $5. Payments related to other costs and severance and employee termination costs were $136 in 2024 (which included existing employee related liabilities). Additional cash outlays of approximately $140 are expected through 2025.

2023 Actions. In 2023, Alcoa Corporation recorded Restructuring and other charges, net, of $184 which were primarily comprised of the following components:

- Non-cash settlement charges related to pension benefits (see Note O):
  - $21 related to the purchase of group annuity contracts to transfer approximately $235 of pension obligations and assets associated with defined benefit pension plans for approximately 530 Canadian retirees and beneficiaries;
- Charges related to portfolio actions:
  - $101 for the permanent closure of the previously curtailed Intalco smelter (see below);
  - $53 for the updated viability agreement for the San Ciprián (Spain) smelter; and,
  - $11 for employee termination and severance costs, primarily related to the Kwinana refinery productivity program (see below);
- Other net charges:
  - $17 to record additional environmental remediation and asset retirement obligations at previously closed sites (see Note R and Note S);
  - $19 benefit for the sale of unused carbon credits at a previously closed site;
  - $1 to record additional asset retirement obligations at Warrick Operations (Indiana) (see Note R); and,
  - $1 for additional take-or-pay contract costs at a previously closed site and the Intalco smelter;
- Reversals:
  - $2 due to lower costs for demolition obligations at previously closed sites (see Note R).

In December 2023, Alcoa began the closure of a line at its Warrick Operations site that had not operated since 2016 to allow for future capital investments to improve casting capabilities. The Company recorded a charge of $1 in Restructuring and other charges, net on the Statement of Consolidated Operations to establish reserves related to demolition obligations. Additionally, Alcoa recorded $1 in Cost of goods sold on the Statement of Consolidated Operations to write-off the remaining net book value of related inventory.

In September 2023, the Company initiated productivity programs across its operations in Australia to mitigate the financial impacts of lower grade bauxite and to optimize operating levels. In connection with this program, the Company recorded Restructuring and other charges, net of $6 for employee termination and severance costs for approximately 90 employees at the Kwinana refinery. This program was completed in September 2024.

In March 2023, Alcoa Corporation announced the closure of the Intalco aluminum smelter, which had been fully curtailed since 2020. The Company recorded charges of $117 related to the closure, including a charge of $16 in Cost of goods sold on the Statement of Consolidated Operations to write-down remaining inventories to net realizable value and a charge of $101 in Restructuring and other charges, net on the Statement of Consolidated Operations. The restructuring charges were comprised of asset impairments of $50, environmental remediation and demolition obligations of $50, and severance and employee termination costs of $1 for the separation of approximately 12 employees.

In February 2023, the Company reached an updated viability agreement with the workers' representatives of the San Ciprián smelter to commence the restart process in phases beginning in January 2024. The smelter was curtailed in January 2022 as a result of an agreement reached with the workers' representatives in December 2021. Under the terms of the updated viability agreement, the Company is responsible for certain employee obligations during 2023 through 2025 and made commitments for capital improvements of $78. The Company recorded charges of $53 in Restructuring and other charges, net on the Statement of Consolidated Operations to establish the related reserve for employee obligations in 2023. Cash outlays related to these obligations were $7 in 2023, $34 in 2024 and the remainder is expected in 2025. At December 31 2024, the Company has restricted cash of $86 to be made available for remaining capital improvement commitments and smelter restart costs, under the terms of the December 2021 and February 2023 viability agreements. Restricted cash is included in Prepaid expenses and other current assets and Other noncurrent assets on the Consolidated Balance Sheet (see Note U). Cash payments in 2023 also included $31 related to certain employee obligations under the December 2021 agreement; cash payments related to these obligations were complete as of December 31, 2023.

2022 Actions. In 2022 Alcoa Corporation recorded Restructuring and other charges, net, of $696 which were primarily comprised of the following components:

- Non-cash settlement charges related to pension benefits (see Note O):
  - o $635 related to the purchase of group annuity contracts to transfer approximately $1,000 of pension obligations and assets associated with defined benefit pension plans for approximately 4,400 United States retirees and beneficiaries, as well as lump sum settlements;
- Charges related to portfolio actions:
  - o $79 for the agreement reached with the workers of the divested Avilés and La Coruña facilities to settle various legal disputes related to the 2019 divestiture (see Note S);
  - o $58 for an asset impairment related to the sale of the Company's interest in MRN (see Note H); and,
  - o $29 related to the closure of the previously curtailed magnesium smelter facility in Addy (Washington) (see below);
- Other charges and credits:
  - o $26 to record additional environmental remediation and asset retirement obligations at previously closed sites (see Note R and Note S); and,
  - o $7 net credit for revaluation of adjustments to take-or-pay contract reserves at a previously closed site and the Intalco smelter;
- Reversals:
  - o $83 for the release of a valuation allowance on Brazil value added taxes (VAT) (see Note U); and,
  - o $34 due to lower costs for demolition obligations and environmental remediation at previously closed sites (see Note S).

In July 2022, Alcoa made the decision to permanently close the previously curtailed magnesium smelter in Addy. The facility had been fully curtailed since 2001. The Company recorded a charge of $29 to establish reserves for environmental remediation and demolition obligations in Restructuring and other charges, net on the Statement of Consolidated Operations in the third quarter of 2022.

Alcoa Corporation does not include Restructuring and other charges, net in the results of its reportable segments. The impact of allocating such charges to segment results would have been as follows:

	2024	2023	2022
Alumina	$ 287	$ 8	$ (27)
Aluminum	–	169	82
Segment total	287	177	55
Corporate	54	7	641
Total Restructuring and other charges, net	$ 341	$ 184	$ 696

Activity and reserve balances for restructuring charges were as follows:

	Severance and employee termination costs	Other costs	Total
Balances at December 31, 2021	$ 3	$ 90	$ 93
Restructuring charges, net	1	73	74
Cash payments	(2)	(37)	(39)
Reversals and other	(1)	(10)	(11)
Balances at December 31, 2022	1	116	117
Restructuring charges, net	11	55	66
Cash payments	(6)	(118)	(124)
Reversals and other	–	4	4
Balances at December 31, 2023	6	57	63
Restructuring charges, net	44	264	308
Cash payments	(38)	(145)	(183)
Reversals and other	1	(8)	(7)
Balances at December 31, 2024	$ 13	$ 168	$ 181

The activity and reserve balances include only Restructuring and other charges, net that impact the reserves for Severance and employee termination costs and Other costs. Restructuring and other charges, net that affected other accounts such as Investments (see Note H), Accrued pension benefits and Accrued other postretirement benefits (see Note O), Asset retirement obligations (see Note R), Environmental remediation (see Note S), and Other noncurrent assets (see Note U) are excluded from the above activity and balances. Reversals and other include reversals of previously recorded liabilities and foreign currency translation impacts.

The current portion of the reserve balance is reflected in Other current liabilities on the Consolidated Balance Sheet and the noncurrent portion of the reserve balance is reflected in Other noncurrent liabilities and deferred credits on the Consolidated Balance Sheet. The noncurrent portion of the reserve was $8 and $15 at December 31, 2024 and 2023, respectively.

E. SEGMENT AND RELATED INFORMATION

Segment Information

Alcoa Corporation is a producer of bauxite, alumina, and aluminum products. The Company has two operating and reportable segments: (i) Alumina and (ii) Aluminum. The primary measure of performance reported to Alcoa Corporation's President and Chief Executive Officer (identified as the Company's CODM) is Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) for each segment.

The Company calculates Segment Adjusted EBITDA as Total sales (third-party and intersegment) minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; and Research and development expenses. Alcoa Corporation's Segment Adjusted EBITDA may not be comparable to similarly titled measures of other companies. The CODM regularly reviews Segment Adjusted EBITDA to assess performance and allocate resources (including employees, property, and financial or capital resources) in the planning and strategic review process.

Segment assets include, among others, customer receivables (third-party and intersegment), inventories, properties, plants, and equipment, and equity investments. The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies (see Note B). Transactions between segments are established based on negotiation between the parties. Differences between segment totals and Alcoa Corporation's consolidated totals for line items not reconciled are in Corporate.

The following are detailed descriptions of Alcoa Corporation's reportable segments:

Alumina. This segment represents the Company's worldwide refining system, including the mining of bauxite, which is then refined into alumina.

A portion of this segment's bauxite production represents the offtake from equity method investments in Brazil (prior to the MRN sale in April 2022) and Guinea, as well as Alcoa's share of bauxite production related to an equity investment in Saudi Arabia. Bauxite mined is primarily used internally within the Alumina segment; a portion of the bauxite is sold to external customers. Bauxite sales to third-parties are conducted on a contract basis.

The alumina produced by this segment is sold primarily to internal and external aluminum smelter customers; a portion of the alumina is sold to external customers who process it into industrial chemical products. Approximately two-thirds of Alumina's production is sold under supply contracts to third parties worldwide, while the remainder is used internally by the Aluminum segment. Alumina produced by this segment and used internally is transferred to the Aluminum segment at prevailing market prices. A portion of this segment's third-party sales are completed through alumina traders.

Generally, this segment's sales are transacted in U.S. dollars while costs and expenses are transacted in the local currency of the respective operations, which are the Australian dollar, the Brazilian real, and the euro. Most of the operations that comprise the Alumina segment are part of AWAC, which is now wholly-owned by Alcoa (see Principles of Consolidation in Note A).

This segment also includes Alcoa's 25.1% ownership interest in a mining and refining joint venture company in Saudi Arabia (see Note H).

Aluminum. This segment consists of the Company's (i) worldwide smelting and casthouse system, which processes alumina into primary aluminum, and (ii) portfolio of energy assets in Brazil, Canada, and the United States.

Aluminum's combined smelting and casting operations produce primary aluminum products, nearly all of which are sold to external customers and traders. The smelting operations produce molten primary aluminum, which is then formed by the casting operations into either common alloy ingot (e.g., t-bar, sow, standard ingot) or into value-add ingot products (e.g., foundry, billet, rod, and slab). A variety of external customers purchase the primary aluminum products for use in fabrication operations, which produce products primarily for the transportation, building and construction, packaging, wire, and other industrial markets. Results from the sale of aluminum powder and scrap are also included in this segment, as well as the impacts of embedded aluminum derivatives (see Note P) related to energy supply contracts.

The energy assets supply power to external customers in Brazil and the United States, as well as internal customers in the Aluminum segment (Canadian smelters and Warrick (Indiana) smelter) and, to a lesser extent, the Alumina segment (Brazilian refineries).

Generally, this segment's aluminum sales are transacted in U.S. dollars while costs and expenses of this segment are transacted in the local currency of the respective operations, which are the U.S. dollar, the euro, the Norwegian krone, the Icelandic króna, the Canadian dollar, the Brazilian real, and the Australian dollar.

This segment also includes Alcoa Corporation's 25.1% ownership interest in a smelting joint venture company in Saudi Arabia (see Note H).

The operating results, capital expenditures, and assets of Alcoa Corporation's reportable segments were as follows:

	Alumina	Aluminum	Total
2024			
Sales:			
Third-party sales	$ 4,662	$ 7,230	$ 11,892
Intersegment sales	2,263	16	2,279
Total sales	$ 6,925	$ 7,246	$ 14,171
Adjusted operating costs[1]	3,110	5,488	8,598
Other segment items[2]	2,407	1,101	3,508
Segment Adjusted EBITDA	$ 1,408	$ 657	$ 2,065
Supplemental information:			
Depreciation, depletion, and amortization	$ 348	$ 272	$ 620
Equity income (loss)	22	(5)	17
Capital expenditures	367	197	564

	Alumina	Aluminum	Total
2023			
Sales:			
Third-party sales	$ 3,613	$ 6,925	$ 10,538
Intersegment sales	1,648	15	1,663
Total sales	$ 5,261	$ 6,940	$ 12,201
Adjusted operating costs[1]	3,487	5,281	8,768
Other segment items[2]	1,501	1,198	2,699
Segment Adjusted EBITDA	$ 273	$ 461	$ 734
Supplemental information:			
Depreciation, depletion, and amortization	$ 333	$ 277	$ 610
Equity loss	(48)	(106)	(154)
Capital expenditures	323	198	521
2022			
Sales:			
Third-party sales	$ 3,724	$ 8,735	$ 12,459
Intersegment sales	1,708	27	1,735
Total sales	$ 5,432	$ 8,762	$ 14,194
Adjusted operating costs[1]	3,745	5,603	9,348
Other segment items[2]	899	1,667	2,566
Segment Adjusted EBITDA	$ 788	$ 1,492	$ 2,280
Supplemental information:			
Depreciation, depletion, and amortization	$ 312	$ 283	$ 595
Equity (loss) income	(39)	48	9
Capital expenditures	320	153	473

	Alumina	Aluminum	Total
2024			
Assets:			
Equity investments	$ 420	$ 546	$ 966
Total assets	6,138	6,129	12,267
2023			
Assets:			
Equity investments	$ 395	$ 569	$ 964
Total assets	6,153	5,854	12,007

(1) Adjusted operating costs include all production related costs for alumina or aluminum produced and shipped: raw materials consumed; conversion costs, such as labor, materials, and utilities; and plant administrative expenses.

(2) Other segment items include costs associated with trading activity, the Alumina segment's purchase of bauxite from offtake or other supply agreements, the Alumina segment's commercial shipping services, and the Aluminum segment's energy assets; other direct and non-production related charges; Selling, general administrative, and other expenses; and Research and development expenses.

The following tables reconcile certain segment information to consolidated totals:

	2024	2023	2022
Sales:			
Total segment sales	$ 14,171	$ 12,201	$ 14,194
Elimination of intersegment sales	(2,279)	(1,663)	(1,735)
Other	3	13	(8)
Consolidated sales	$ 11,895	$ 10,551	$ 12,451

	2024	2023	2022
Net income (loss) attributable to Alcoa Corporation:			
Total Segment Adjusted EBITDA	$ 2,065	$ 734	$ 2,280
Unallocated amounts:			
Transformation[1]	(62)	(80)	(66)
Intersegment eliminations	(231)	7	138
Corporate expenses[2]	(160)	(133)	(128)
Provision for depreciation, depletion, and amortization	(642)	(632)	(617)
Restructuring and other charges, net (D)	(341)	(184)	(696)
Interest expense (U)	(156)	(107)	(106)
Other (expenses) income, net (U)	(91)	(134)	118
Other[3]	(93)	(55)	(221)
Consolidated income (loss) before income taxes	289	(584)	702
Provision for income taxes (Q)	(265)	(189)	(664)
Net loss (income) attributable to noncontrolling interest	36	122	(161)
Consolidated net income (loss) attributable to Alcoa Corporation	$ 60	$ (651)	$ (123)

(1) Transformation includes, among other items, the Adjusted EBITDA of previously closed operations.

(2) Corporate expenses are composed of general administrative and other expenses of operating the corporate headquarters and other global administrative facilities, as well as research and development expenses of the corporate technical center.

(3) Other includes certain items that are not included in the Adjusted EBITDA of the reportable segments.

December 31,	2024	2023
Assets:		
Total segment assets	$ 12,267	$ 12,007
Elimination of intersegment receivables	(364)	(159)
Unallocated amounts:		
Cash and cash equivalents	1,138	944
Corporate fixed assets, net	366	392
Corporate goodwill	139	142
Deferred income taxes	284	333
Pension assets	128	125
Other	106	371
Consolidated assets	$ 14,064	$ 14,155

Product Information

Alcoa Corporation has four product divisions as follows:

Bauxite – Bauxite is a reddish clay rock that is mined from the surface of the earth's terrain. This ore is the basic raw material used to produce alumina and is the primary source of aluminum.

Alumina – Alumina is an oxide that is extracted from bauxite and is the basic raw material used to produce primary aluminum. This product can also be consumed for non-metallurgical purposes, such as industrial chemical products.

Primary aluminum – Primary aluminum is metal in the form of a common alloy ingot or a value-add ingot (e.g., foundry, billet, rod, and slab). These products are sold primarily to customers that produce products for the transportation, building and construction, packaging, wire, and other industrial markets, and traders.

Energy – Energy is the generation of electricity, which is sold in the wholesale market to traders, large industrial consumers, distribution companies, and other generation companies.

The following table represents the general commercial profile of the Company's Bauxite, Alumina, and Primary aluminum product divisions (see text below table for Energy):

Product division	Pricing components	Shipping terms[3]	Payment terms[4]
Bauxit	Negotiated	FOB/CIF	LC Sight
Alumina:			
Smelter grade	API[1]/spot/fixed	FOB/CIF	LC Sight/CAD/Net 30 days
Non-metallurgical	Negotiated	FOB/CIF	Net 30 days
Primary aluminum:			
Common alloy ingot	LME + Regional premium[2]	DAP/CIF/DDP	Net 30 to 45 days
Value add ingot	LME + Regional premium + Product premium[2]	DAP/CIF/DDP	Net 30 to 45 days

(1) API (Alumina Price Index) is a pricing mechanism that is calculated by the Company based on the weighted average of a prior month's daily spot prices published by the following three indices: CRU Metallurgical Grade Alumina Price, Platts Metals Daily Alumina PAX Price, and FastMarkets Metal Bulletin Non-Ferrous Metals Alumina Index.

(2) LME (London Metal Exchange) is a globally recognized exchange for commodity trading, including aluminum. The LME pricing component represents the underlying base metal component, based on quoted prices for aluminum on the exchange. The regional premium represents the incremental price over the base LME component that is associated with the physical delivery of metal to a particular region (e.g., the Midwest premium for metal sold in the United States). The product premium represents the incremental price for receiving physical metal in a particular shape or alloy.

(3) CIF (cost, insurance, and freight) means that the Company pays for these items until the product reaches the buyer's designated destination point related to transportation by vessel. DAP (delivered at place) means the same as CIF related to all methods of transportation. FOB (free on board) means that the Company pays for costs, insurance, and freight until the product reaches the seller's designated shipping point. DDP (delivered duty paid) means that the Company pays for all costs and risks, including export and import clearance, transport costs, and customs formalities, until the product reaches the buyer's designated destination point.

(4) The net number of days means that the customer is required to remit payment to the Company for the invoice amount within the designated number of days. LC Sight is a letter of credit that is payable immediately (usually within five to ten business days) after a seller meets the requirements of the letter of credit (i.e. shipping documents that evidence the seller performed its obligations as agreed to with a buyer). CAD (cash against documents) is a payment arrangement in which a seller instructs a bank to provide shipping and title documents to the buyer at the time the buyer pays in full the accompanying bill of exchange.

For the Company's Energy product division, sales of electricity are based on current market prices. Electricity is provided to customers on demand through a national or regional power grid; the customer simultaneously receives and consumes the electricity. Payment terms are generally within 10 days related to the previous 30 days of electricity consumption.

The following table details Alcoa Corporation's Sales by product division:

	2024	2023	2022
Sales:			
Aluminum	$ 7,359	$ 7,045	$ 8,887
Alumina	4,246	3,103	3,478
Bauxite	376	466	168
Energy	147	118	201
Other[1]	(233)	(181)	(283)
	$ 11,895	$ 10,551	$ 12,451

[1] Other includes realized gains and losses related to embedded derivative instruments designated as cash flow hedges of forward sales of aluminum (see Note P).

Geographic Area Information

Geographic information for Third-party sales was as follows (based upon the country where the point of sale originated):

	2024	2023	2022
Sales:			
United States[1]	$ 5,365	$ 4,993	$ 5,462
Australia	3,128	2,240	2,742
Netherlands[2]	2,193	2,261	3,031
Brazil	878	735	527
Spain	293	289	618
Other	38	33	71
	$ 11,895	$ 10,551	$ 12,451

(1) Sales of a portion of the alumina from refineries in Australia and Brazil, most of the aluminum from smelters in Canada, and aluminum off-take related to an interest in the Saudi Arabia joint venture (see Note H), occurred in the United States.

(2) Sales of aluminum from smelters in Iceland and Norway occurred in the Netherlands.

Geographic information for long-lived assets was as follows (based upon the physical location of the assets):

December 31,	2024	2023
Long-lived assets:		
Australia	$ 1,947	$ 2,046
Brazil	1,354	1,550
Canada	903	896
Iceland	901	950
United States	749	780
Norway	288	310
Spain	244	250
Other	3	3
	$ 6,389	$ 6,785

F. EARNINGS PER SHARE

Following the issuance of preferred stock on August 1, 2024 (see Note N), basic earnings per share (EPS) is calculated using the two-class method. Under the two-class method, earnings are allocated to Alcoa common stock and preferred stock based on the pro-rata share of each class outstanding. Diluted EPS assumes the issuance of common stock for all potentially dilutive share equivalents outstanding. Diluted EPS is calculated under both the two-class and if-converted methods, and the more dilutive amount is reported.

In 2024, dividends paid on preferred stock were $1 and undistributed earnings of $3 were allocated to preferred stock under the two-class method.

The share information used to compute basic and diluted EPS attributable to Alcoa Corporation common shareholders was as follows (shares in millions):

	2024	2023	2022
Average shares outstanding – basic	212	178	181
Effect of dilutive securities:			
Stock options	–	–	–
Stock units	2	–	–
Average shares outstanding – diluted	214	178	181

In 2023, basic average shares outstanding and diluted average shares outstanding were the same because the effect of potential shares of common stock was anti-dilutive. Had Alcoa generated net income in 2023, three million common share equivalents related to three million outstanding stock units and stock options combined would have been included in diluted average shares outstanding for the period.

In 2022, basic average shares outstanding and diluted average shares outstanding were the same because the effect of potential shares of common stock was anti-dilutive. Had Alcoa generated net income in 2022, three million common share equivalents related to five million outstanding stock units and stock options combined would have been included in diluted average shares outstanding for the period.

G. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table details the activity of the three components that comprise Accumulated other comprehensive loss for both Alcoa Corporation's shareholders and Noncontrolling interest:

	Alcoa Corporation			Noncontrolling interest		
	2024	2023	2022	2024	2023	2022
Pension and other postretirement benefits (O)						
Balance at beginning of period	$ –	$ 62	$ (882)	$ (15)	$ (5)	$ (13)
Other comprehensive (loss) income:						
Unrecognized net actuarial gain/loss and prior service cost/benefit	(17)	(112)	263	5	(13)	7
Tax (expense) benefit[2]	(4)	17	(42)	(2)	2	–
Total Other comprehensive (loss) income before reclassifications, net of tax	(21)	(95)	221	3	(11)	7
Amortization of net actuarial gain/loss and prior service cost/benefit[1]	21	39	723	1	1	1
Tax expense[2]	–	(6)	–	–	–	–
Total amount reclassified from Accumulated other comprehensive loss, net of tax[7]	21	33	723	1	1	1
Total Other comprehensive (loss) income	–	(62)	944	4	(10)	8
Acquisition of noncontrolling interest (C)	(11)	–	–	11	–	–
Balance at end of period	$ (11)	$ –	$ 62	$ –	$ (15)	$ (5)
Foreign currency translation						
Balance at beginning of period	$ (2,593)	$ (2,685)	$ (2,614)	$ (983)	$ (1,040)	$ (937)
Other comprehensive (loss) income	(513)	92	(71)	(105)	57	(103)
Acquisition of noncontrolling interest (C)	(1,088)	–	–	1,088	–	–
Balance at end of period	$ (4,194)	$ (2,593)	$ (2,685)	$ –	$ (983)	$ (1,040)

	Alcoa Corporation			Noncontrolling interest		
	2024	2023	2022	2024	2023	2022
Cash flow hedges (P)						
Balance at beginning of period	$ (1,052)	$ (916)	$ (1,096)	$ –	$ 1	$ (1)
Other comprehensive (loss) income:						
Net change from periodic revaluations	(93)	(295)	(119)	–	–	2
Tax benefit[2]	7	70	43	–	–	–
Total Other comprehensive (loss) income before reclassifications, net of tax	(86)	(225)	(76)	–	–	2
Net amount reclassified to earnings:						
Aluminum contracts[3]	290	181	316	–	–	–
Financial contracts[4]	–	(20)	–	–	–	–
Interest rate contracts[5]	(1)	(5)	5	–	(1)	–
Foreign exchange contracts[6]	(1)	(26)	(5)	–	–	–
Sub-total	288	130	316	–	(1)	–
Tax expense[2]	(55)	(41)	(60)	–	–	–
Total amount reclassified from Accumulated other comprehensive loss, net of tax[7]	233	89	256	–	(1)	–
Total Other comprehensive income (loss)	147	(136)	180	–	(1)	2
Balance at end of period	$ (905)	$ (1,052)	$ (916)	$ –	$ –	$ 1
Total Accumulated other comprehensive loss	$ (5,110)	$ (3,645)	$ (3,539)	$ –	$ (998)	$ (1,044)

(1) These amounts were included in the computation of net periodic benefit cost for pension and other postretirement benefits. The amounts related to settlements and/or curtailments of certain pension and other postretirement benefits for Alcoa Corporation include ($1), $21, and $633 for the years ended December 31, 2024, 2023, and 2022, respectively (see Note O). The amounts related to settlements and/or curtailments of certain pension and other postretirement benefits for Noncontrolling interest were immaterial for the years ended December 31, 2024, 2023, and 2022.

(2) These amounts were reported in Provision for income taxes on the accompanying Statement of Consolidated Operations.

(3) These amounts were reported in Sales on the accompanying Statement of Consolidated Operations.

(4) These amounts were reported in Cost of goods sold on the accompanying Statement of Consolidated Operations.

(5) These amounts were included in Other expenses (income), net on the accompanying Statement of Consolidated Operations.

(6) In 2024, $1 was reported in Cost of goods sold and ($2) was reported in Sales on the accompanying Statement of Consolidated Operations. In 2023, $5 was reported in Cost of goods sold and ($31) was reported in Sales on the accompanying Statement of Consolidated Operations. In 2022, $5 was reported in Cost of goods sold and ($10) was reported in Sales on the accompanying Statement of Consolidated Operations.

(7) A positive amount indicates a corresponding charge to earnings and a negative amount indicates a corresponding benefit to earnings.

H. INVESTMENTS

December 31,	2024	2023
Equity investments	$ 970	$ 969
Other investments	10	10
	$ 980	$ 979

Equity Investments. The following table summarizes information of Alcoa Corporation's equity investments as of December 31, 2024 and 2023. In 2024, 2023, and 2022, Alcoa Corporation received $37, $51, and $127, respectively, in dividends from these equity investments. Each of the investees either owns the facility listed or has an ownership interest in an entity that owns the facility listed:

Investee	Country	Nature of investment	Income Statement Location of Equity Earnings	Ownership interest
Ma'aden Aluminium Company	Saudi Arabia	Aluminum smelter and casthouse	Other expenses (income), net	25.1%
Ma'aden Bauxite and Alumina Company	Saudi Arabia	Bauxite mine and alumina refinery	Other expenses (income), net	25.1%
Halco Mining, Inc.	Guinea	Bauxite mine	Cost of goods sold	45%
Energética Barra Grande S.A.	Brazil	Hydroelectric generation facility	Cost of goods sold	42.18%
Pechiney Reynolds Quebec, Inc.	Canada	Aluminum smelter	Cost of goods sold	50%
Serra do Facão Energia S/A	Brazil	Hydroelectric generation facility	Cost of goods sold	34.97%
Manicouagan Power Limited Partnership	Canada	Hydroelectric generation facility	Cost of goods sold	40%
Elysis™ Limited Partnership	Canada	Aluminum smelting technology	Other expenses (income), net	48.235%

Saudi Arabia Joint Venture – Alcoa Corporation and Ma'aden have a 30-year (from December 2009) joint venture shareholders agreement (automatic extension for an additional 20 years, unless the parties agree otherwise or unless earlier terminated) setting forth the terms for the development, construction, ownership, and operation of an integrated aluminum complex in Saudi Arabia. The joint venture complex includes a bauxite mine from the Al Ba'itha bauxite deposit in the northern part of Saudi Arabia, an alumina refinery, and a primary aluminum smelter.

The joint venture is owned 74.9% by Ma'aden and 25.1% by Alcoa Corporation and is currently comprised of two entities: the bauxite mine and alumina refinery (Ma'aden Bauxite and Alumina Company; MBAC) and the smelter (Ma'aden Aluminium Company; MAC).

On September 15, 2024, Alcoa entered into a share purchase and subscription agreement with Ma'aden, pursuant to which Alcoa agreed to sell its full ownership interest of 25.1% in MBAC and MAC to Ma'aden in exchange for issuance by Ma'aden of 85,977,547 shares and $150 in cash (see Note C).

The results for the Saudi Arabia joint venture for the year ended December 31, 2022 include a charge related to a dispute with an industrial utility for periods in 2021 and 2022. Alcoa's share of this charge was $21 which is included in Other expenses (income), net on the Statement of Consolidated Operations for the year ended December 31, 2022. The results for the Saudi Arabia joint venture for the year ended December 31, 2023 include an adjustment to the estimate for the settlement of this dispute. Alcoa's share of this adjustment is $41 which is included in Other expenses (income), net on the Statement of Consolidated Operations for the year ended December 31, 2023. As of December 31, 2024 and 2023, the carrying value of Alcoa's investment in this joint venture was $544 and $533, respectively.

ELYSIS Limited Partnership – In June 2018, Alcoa Corporation, Rio Tinto Alcan Inc. (Rio Tinto), and Investissement Québec, a company wholly-owned by the Government of Québec, Canada, launched the ELYSIS Limited Partnership (ELYSIS). The purpose of ELYSIS is to advance larger scale development and commercialization of its patent-protected technology that eliminates direct greenhouse gas emissions from the traditional aluminum smelting process and, instead, emits oxygen. Alcoa and Rio Tinto, as general partners, each own a 48.235% stake in ELYSIS, and Investissement Québec, as a limited partner, owns a 3.53% stake.

Through December 31, 2024, the Company has contributed $152 (C$202) toward its investment commitment in ELYSIS. The Company's basis in the investment has been reduced to zero for its share of losses incurred to date. In addition to cash contributions, Alcoa is contributing approximately $3 annually to cover overhead expenses incurred by Alcoa and charged to the joint venture. As a result, the Company has $67 in unrecognized losses as of December 31, 2024 that will be recognized upon additional contributions into the partnership.

The following table summarizes the profit and loss data for the respective periods ended December 31, as it relates to Alcoa Corporation's equity investments. Information shown for the Saudi Arabia Joint Venture for all periods presented includes the combined balances for MAC and MBAC. The investments are grouped based on the nature of the investment. The Mining investments are part of the Alumina segment, while the Energy and Other investments are primarily part of the Aluminum segment.

	Saudi Arabia Joint Venture	Mining	Energy	Other
2024				
Sales	$ 3,328	$ 573	$ 240	$ 463
Cost of goods sold	2,681	432	107	419
Net income (loss)	134	26	112	(68)
Equity in net income (loss) of affiliated companies, before reconciling adjustments	34	12	44	(32)
Other	(21)	–	(6)	9
Alcoa Corporation's equity in net income (loss) of affiliated companies	13	12	38	(23)
2023				
Sales	$ 2,726	$ 670	$ 236	$ 464
Cost of goods sold	2,550	446	118	425
Net (loss) income	(457)	50	100	(97)
Equity in net (loss) income of affiliated companies, before reconciling adjustments	(115)	23	39	(46)
Other	(43)	–	1	(9)
Alcoa Corporation's equity in net (loss) income of affiliated companies	(158)	23	40	(55)
2022				
Sales	$ 3,317	$ 763	$ 252	$ 488
Cost of goods sold	2,696	488	120	445
Net income (loss)	42	110	109	(75)
Equity in net income (loss) of affiliated companies, before reconciling adjustments	11	39	41	(36)
Other	(7)	(2)	(3)	15
Alcoa Corporation's equity in net income (loss) of affiliated companies	4	37	38	(21)

The following table summarizes the balance sheet data for the respective periods ended December 31, as it relates to Alcoa Corporation's equity investments.

	Saudi Arabia Joint Venture	Mining	Energy	Other
2024				
Current assets	$ 1,456	$ 4	$ 99	$ 177
Noncurrent assets	7,035	454	240	777
Current liabilities	1,227	4	16	85
Noncurrent liabilities	4,534	35	35	120
2023				
Current assets	$ 1,433	$ 8	$ 103	$ 181
Noncurrent assets	6,958	419	310	764
Current liabilities	1,444	5	16	89
Noncurrent liabilities	4,272	24	34	117

On February 15, 2022, the Company signed an agreement to sell its share of its investment in MRN in Brazil for $10 to South32 Minerals S.A. Related to this transaction, the Company recorded an asset impairment of $58 in the first quarter of 2022 in Restructuring and other charges, net on the Statement of Consolidated Operations. On April 30, 2022, Alcoa completed the sale of its investment in MRN. An additional $30 in cash could be paid to the Company in the future if certain post-closing conditions related to future MRN mine development are satisfied.

I. RECEIVABLES

In November 2024, a wholly-owned special purpose entity (SPE) of the Company amended an agreement with a financial institution to increase the amount of certain customer receivables that can be transferred without recourse on a revolving basis from $130 to $150 and to extend the maturity to November 14, 2025. The agreement was initially entered into in 2023. Company subsidiaries sell customer receivables to the SPE, which then transfers the receivables to the financial institution. The Company does not maintain effective control over the transferred receivables, and therefore accounts for the transfers as sales of receivables.

Alcoa Corporation guarantees the performance obligations of the Company subsidiaries, and unsold customer receivables are pledged as collateral to the financial institution to secure the sold receivables. The SPE held unsold customer receivables of $247 and $104 pledged as collateral against the sold receivables as of December 31, 2024 and 2023, respectively.

The Company continues to service the customer receivables that were transferred to the financial institution. As Alcoa collects customer payments, the SPE transfers additional receivables to the financial institution rather than remitting cash.

In 2024, the Company sold gross customer receivables of $1,186, and reinvested collections of $1,170 from previously sold receivables, resulting in net cash proceeds from the financial institution of $16.

In 2023, the Company sold gross customer receivables of $591, and reinvested collections of $477 from previously sold receivables, resulting in net cash proceeds from the financial institution of $114.

Cash collections from previously sold receivables yet to be reinvested of $50 and $99 were included in Accounts payable, trade on the accompanying Consolidated Balance Sheet as of December 31, 2024 and 2023, respectively. Cash received from sold receivables under the agreement are presented within operating activities in the Statement of Consolidated Cash Flows.

J. INVENTORIES

December 31,	2024	2023
Finished goods	$ 406	$ 355
Work-in-process	251	287
Bauxite and alumina	551	586
Purchased raw materials	546	700
Operating supplies	244	230
	$ 1,998	$ 2,158

K. PROPERTIES, PLANTS, AND EQUIPMENT, NET

December 31,	2024	2023
Land and land rights, including mines	$ 233	$ 257
Structures (by type of operation):		
Bauxite mining and alumina refining	3,736	4,085
Aluminum smelting and casting	3,214	3,274
Energy generation	334	380
Other	344	357
	7,628	8,096
Machinery and equipment (by type of operation):		
Bauxite mining and alumina refining	4,218	4,352
Aluminum smelting and casting	5,551	5,781
Energy generation	855	869
Other	453	457
	11,077	11,459
	18,938	19,812
Less: accumulated depreciation, depletion, and amortization	13,161	13,596
	5,777	6,216
Construction work-in-progress	612	569
	$ 6,389	$ 6,785

L. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill, which is included in Other noncurrent assets on the accompanying Consolidated Balance Sheet, was as follows:

December 31,	2024	2023
Alumina	$ 3	$ 4
Aluminum	–	–
Corporate[1]	139	142
	$ 142	$ 146

[1] The carrying value of Corporate's goodwill is net of accumulated impairment losses of $742 as of both December 31, 2024 and 2023. As of December 31, 2024, the $139 of goodwill reflected in Corporate is allocated to Alcoa Corporation's Alumina reportable segment for purposes of impairment testing (see Note B). This goodwill is reflected in Corporate for segment reporting purposes because it is not included in management's assessment of performance by the reportable segment. Changes in the carrying amount of goodwill were attributable to foreign currency translation as of December 31, 2024 and 2023.

Management performed a quantitative assessment for the Alumina reporting unit in the fourth quarter 2024. The estimated fair value of the Alumina reporting unit was substantially in excess of its carrying value, resulting in no impairment.

Other intangible assets, which are included in Other noncurrent assets on the accompanying Consolidated Balance Sheet, were as follows:

	2024			2023		
December 31,	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Computer software	$ 203	$ (190)	$ 13	$ 207	$ (194)	$ 13
Patents and licenses	25	(11)	14	25	(10)	15
Other intangibles	20	(11)	9	21	(12)	9
Total other intangible assets	$ 248	$ (212)	$ 36	$ 253	$ (216)	$ 37

Computer software consists primarily of software costs associated with the enterprise business solution within Alcoa to drive common systems among all businesses.

Amortization expense related to the intangible assets in the table above for the years ended December 31, 2024, 2023, and 2022 was $5, $5, and $7, respectively, and is expected to be approximately $5 annually from 2025 to 2029.

M. DEBT

Short-term Borrowings.

December 31,	2024	2023
Short-term borrowings	$ 50	$ 56

Short-term borrowings are reported in Other current liabilities on the accompanying Consolidated Balance Sheet.

Inventory Repurchase Agreements

The Company entered into inventory repurchase agreements whereby the Company sold aluminum to a third party and agreed to subsequently repurchase substantially similar inventory. The Company did not record sales upon each shipment of inventory and the net cash received of $50 and $56 related to these agreements was recorded in Short-term borrowings within Other current liabilities on the Consolidated Balance Sheet as of December 31, 2024 and December 31, 2023, respectively. The associated inventory sold was reflected in Prepaid expenses and other current assets on the Consolidated Balance Sheet as of December 31, 2024 and December 31, 2023, respectively.

For the year ended December 31, 2024, the Company recorded borrowings of $88 and repurchased $94 of inventory related to these agreements. For the year ended December 31, 2023, the Company recorded borrowings of $117 and repurchased $61 of inventory related to these agreements.

The cash received and subsequently paid under the inventory repurchase agreements is included in Cash provided from financing activities on the Statement of Consolidated Cash Flows for the year-ended December 31, 2024.

Long-term Debt.

December 31,	2024	2023
5.500% Notes, due 2027	$ 750	$ 750
6.125% Notes, due 2028	500	500
4.125% Notes, due 2029	500	500
7.125% Notes, due 2031	750	–
Other	76	82
Unamortized discounts and deferred financing costs	(31)	(21)
Total	2,545	1,811
Less: amount due within one year	75	79
Long-term debt, less amount due within one year	$ 2,470	$ 1,732

The principal amount of long-term debt maturing in each of the next five years is: $75 in 2025, $1 in 2026, $750 in 2027, $500 in 2028, and $500 in 2029. At December 31, 2024, Other includes $74 related to a term loan that matures in May 2025.

144A Debt.

2031 Notes. In March 2024, Alcoa Nederland Holding B.V. (ANHBV), a wholly-owned subsidiary of Alcoa Corporation, completed a Rule 144A (U.S. Securities Act of 1933, as amended) debt issuance for $750 aggregate principal amount of 7.125% Senior Notes due 2031 (the 2031 Notes), which carry a green bond designation, with the following terms:

- Net proceeds were approximately $737, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the term;

- Interest is paid semi-annually in March and September, which commenced September 15, 2024;

- Indenture contains customary affirmative and negative covenants, see below;

- Option to redeem on at least 10 days, but not more than 60 days, prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time on and after March 15, 2027, at the redemption price up to 103.563% of the principal amount, plus any accrued and unpaid interest; and,

- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company is utilizing the net proceeds to finance and/or refinance, in whole or in part, new and/or existing qualifying projects on a two-year look back and three-year look forward that meet certain eligibility criteria within its Green Finance Framework. The net proceeds also support the Company's cash position and ongoing cash needs, including with respect to its previously announced portfolio actions.

2029 Notes. In March 2021, ANHBV, a wholly-owned subsidiary of Alcoa Corporation, completed a Rule 144A debt issuance for $500 aggregate principal amount of 4.125% Senior Notes due 2029 (the 2029 Notes) with the following terms:

- Net proceeds were approximately $493, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the term;

- Interest is paid semi-annually in March and September, which commenced September 30, 2021;

- Indenture contains customary affirmative and negative covenants, see below;

- Option to redeem on at least 10 days, but not more than 60 days, prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after March 31, 2024, at a redemption price up to 102.063% of the principal amount, plus any accrued and unpaid interest; and,

- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company used the net proceeds of the 2029 Notes, together with cash on hand, to contribute $500 to its U.S. defined benefit pension plans applicable to salaried and hourly employees on April 1, 2021 (see Note O), to redeem in full $750 aggregate principal amount of the Company's outstanding 6.75% Senior Notes due 2024 on April 7, 2021, and to pay transaction-related fees and expenses.

2027 Notes. In July 2020, ANHBV completed a Rule 144A debt issuance for $750 aggregate principal amount of 5.500% Senior Notes due 2027 (the 2027 Notes) with the following terms:

- Net proceeds were approximately $736, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the term;

- Interest is paid semi-annually in June and December, which commenced on December 15, 2020;

- Indenture contains customary affirmative and negative covenants, see below;

- Option to redeem on at least 15 days, but not more than 60 days, prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after June 15, 2023, at a redemption price up to 102.750% of the principal amount, plus any accrued and unpaid interest; and,

- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company used the net proceeds of the 2027 Notes for general corporate purposes, including adding cash to its balance sheet.

2028 Notes. In May 2018, ANHBV completed a Rule 144A debt issuance for $500 aggregate principal amount of 6.125% Senior Notes due 2028 (the 2028 Notes) with the following terms:

- Net proceeds were approximately $492, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the term;

- Interest is paid semi-annually in November and May, which commenced November 15, 2018;

- Indenture contains customary affirmative and negative covenants, see below;

- Option to redeem on at least 30 days, but not more than 60 days, prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after May 2023, at a redemption price up to 103.063% of the principal amount, plus any accrued and unpaid interest; and,

- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company used the net proceeds of the 2028 Notes, together with cash on hand, to make discretionary contributions to certain U.S. defined benefit pension plans.

The indentures governing the 2027 Notes, the 2028 Notes, the 2029 Notes, and the 2031 Notes contain customary affirmative and negative covenants, such as limitations on liens, limitations on sale and leaseback transactions, and a prohibition on a reduction in the ownership of AWAC entities below an agreed level. The negative covenants in the indentures are less extensive than those in the Revolving Credit Facility (see below). For example, the indentures do not include a limitation on restricted payments, such as repurchases of common stock and dividends to stockholders.

The 2027 Notes, the 2028 Notes, the 2029 Notes, and the 2031 Notes are senior unsecured obligations of ANHBV and do not entitle the holders to any registration rights pursuant to a registration rights agreement. ANHBV does not intend to file a registration statement with respect to resales of or an exchange offer for the notes. The notes are guaranteed on a senior unsecured basis by Alcoa Corporation and its subsidiaries that are guarantors under the Revolving Credit Facility (the "subsidiary guarantors" and, together with Alcoa Corporation, the "guarantors"). Each of the subsidiary guarantors will be released from their guarantees upon the occurrence of certain events, including the release of such guarantor from its obligations as a guarantor under the Revolving Credit Facility.

The 2027 Notes, the 2028 Notes, the 2029 Notes, and the 2031 Notes rank equally in right of payment with each other and with all of ANHBV'S existing and future senior unsecured indebtedness; rank senior in right of payment to any future subordinated obligations of ANHBV; and are effectively subordinated to ANHBV's existing and future secured indebtedness, including under the Revolving Credit Facility, to the extent of the value of property and assets securing such indebtedness. The guarantees of the notes rank equally in right of payment with each other and with all the guarantors' existing and future senior unsecured indebtedness; rank senior in right of payment to any future subordinated obligations of the guarantors; and are effectively subordinated to the guarantors' existing and future secured indebtedness, including under the Revolving Credit Facility, to the extent of the value of property and assets securing such indebtedness.

Credit Facilities.

Revolving Credit Facility

The Company and ANHBV, a wholly-owned subsidiary of Alcoa Corporation and the borrower, have a $1,250 revolving credit and letter of credit facility in place for working capital and/or other general corporate purposes (the Revolving Credit Facility). The Revolving Credit Facility, established in September 2016, most recently amended and restated in June 2022 and amended in January 2024, is scheduled to mature in June 2027. Subject to the terms and conditions under the Revolving Credit Facility, the Company or ANHBV may borrow funds or issue letters of credit. Further, the Revolving Credit Facility contains financial covenants and customary affirmative and negative covenants (applicable to Alcoa Corporation and certain subsidiaries described as restricted), that, subject to certain exceptions, include limitations on (among other things): indebtedness, liens, investments, sales of assets, restricted payments, entering into restrictive agreements, a covenant prohibiting reductions in the ownership of AWAC entities, and certain other specified restricted subsidiaries of Alcoa Corporation, below an agreed level. The Revolving Credit Facility also contains customary events of default, including failure to make payments under the Revolving Credit Facility, cross-default and cross-judgment default, and certain bankruptcy and insolvency events.

On January 17, 2024, Alcoa Corporation, ANHBV, and certain subsidiaries of the Company entered into Amendment No. 1 (Amendment No. 1) to the Revolving Credit Facility (Amended Revolving Credit Facility). The Amended Revolving Credit Facility provides additional flexibility to the Company and the Borrower by temporarily (i) reducing the minimum interest coverage ratio required thereunder from 4.00 to 1.00 to 3.00 to 1.00 and (ii) providing for a maximum addback for cash restructuring charges in Consolidated EBITDA (as defined in the Revolving Credit Facility) of $450, in each case for the 2024 fiscal year. As of January 1, 2025, the minimum interest coverage ratio requirement reverted to 4.00 to 1.00 and the maximum addback for cash restructuring charges in Consolidated EBITDA reverted to 15% of Consolidated EBITDA. The requirement that the Company maintain a debt to capitalization ratio not to exceed. 60 to 1.00 was not changed by Amendment No. 1.

In connection with Amendment No. 1, the Company also agreed to provide collateral for its obligations under the Amended Revolving Credit Facility, which requires it to execute all security documents to re-secure collateral under the Amended Revolving Credit Facility by, subject to certain exceptions, a first priority security interest in substantially all assets of the Company, the Borrower, the material domestic wholly-owned subsidiaries of the Company, and the material foreign wholly-owned subsidiaries of the Company located in Australia, Brazil, Canada, Luxembourg, the Netherlands, Norway, and Switzerland including equity interests of certain subsidiaries that directly hold equity interests in AWAC entities.

After January 1, 2025, the Company may obtain a release of the collateral if the Company or the Borrower (as applicable) (i) has at least two of the following three designated ratings: (x) Baa3 from Moody's Investor Service (Moody's), (y) BBB- from Standard and Poor's (S&P) Global Ratings and (z) BBB- from Fitch Ratings and (ii) does not have any designated rating lower than: (x) Ba1 from Moody's, (y) BB+ from S&P Global Ratings and (z) BB+ from Fitch Ratings.

The Amended Revolving Credit Facility contains customary affirmative covenants, negative covenants, and events of default substantially comparable to the Revolving Credit Facility (other than those that are described above and other minor changes). The representations, warranties and covenants contained in the Amended Revolving Credit Facility were made only for purposes of Amendment No. 1 and as of specific dates and were solely for the benefit of the parties to the Amended Revolving Credit Facility.

As of December 31, 2024, the Company was in compliance with all financial covenants. The Company may access the entire amount of commitments under the Revolving Credit Facility. There were no borrowings outstanding at December 31, 2024 and 2023, and no amounts were borrowed during 2024 and 2023 under the Revolving Credit Facility.

Japanese Yen Revolving Credit Facility

In April 2023, the Company entered into a one-year unsecured revolving credit facility for $250 (available to be drawn in Japanese yen) (the Japanese Yen Revolving Credit Facility). Subject to the terms and conditions under the facility, the Company or ANHBV may borrow funds. The facility included covenants that are substantially the same as those included in the Revolving Credit Facility.

On January 17, 2024, Alcoa Corporation and ANHBV, entered into Amendment No. 1 to the Japanese Yen Revolving Credit Facility (Amended Japanese Yen Revolving Credit Facility) which contains changes that are substantially the same as those included in the Amended Revolving Credit Facility (as described above). Also in connection with this amendment, the Company agreed to provide collateral for its obligations with the same conditions as the Amended Revolving Credit Facility. On April 26, 2024, the Company entered into an amendment extending the maturity of the Japanese Revolving Credit Facility to April 2025.

As of December 31, 2024, the Company was in compliance with all financial covenants. The Company may access the entire amount of commitments under the facility. There were no borrowings outstanding at December 31, 2024 and 2023. During 2024, $201 (29,686 JPY) was borrowed and $196 (29,686 JPY) was repaid. During 2023, $10 (1,495 JPY) was borrowed and repaid.

Alumina Limited Revolving Credit Facility

In connection with the acquisition of Alumina Limited (see Note C), the Company assumed $385 of indebtedness as of August 1, 2024, representing the amount drawn on Alumina Limited's revolving credit facility.

At acquisition, the Alumina Limited revolving credit facility had tranches maturing in October 2025 ($100), January 2026 ($150), July 2026 ($150), and June 2027 ($100). In August 2024, Alcoa cancelled the undrawn portions of the revolving credit facility maturing in July 2026 ($15) and June 2027 ($100). In November 2024, pursuant to the terms of the Alumina Limited revolving credit facility, Alcoa voluntarily repaid all accrued and unpaid amounts outstanding under the revolving credit facility, totaling $385 and, as of the same date, cancelled the outstanding lender tranche commitments ($385). As a result of the repayment and cancellation of undrawn amounts, the Alumina Limited revolving credit facility agreement was effectively terminated. No early termination penalties or prepayment premiums were incurred by Alcoa in connection with the termination of the Alumina Limited revolving credit facility.

N. PREFERRED AND COMMON STOCK

Preferred Stock. Alcoa Corporation is authorized to issue 100,000,000 shares of preferred stock at a par value of $0.01 per share. In connection with the acquisition of Alumina Limited (see Note C), on July 31, 2024, the Company's Board of Directors created and authorized 10,000,000 shares of non-voting preferred stock designated as "Series A convertible preferred stock" with a par value of $0.01 per share. At the transaction closing, Alumina Shares outstanding were exchanged for 4,041,989 shares of Alcoa Series A convertible preferred stock. As of December 31, 2024, the Company had 4,041,989 issued and outstanding shares of Series A convertible preferred stock. At December 31, 2023, the Company had no issued preferred stock.

Common Stock. Alcoa Corporation is authorized to issue 750,000,000 shares of common stock at a par value of $0.01 per share. In connection with the acquisition of Alumina Limited (see Note C), Alumina Shares outstanding were exchanged for 78,772,422 shares of Alcoa common stock. As of December 31, 2024 and 2023, Alcoa Corporation had 258,360,908 and 178,472,464, respectively, issued and outstanding shares of common stock.

Under its employee stock-based compensation plan, the Company issued shares of 1,116,022 in 2024, 1,503,373 in 2023, and 1,434,543 in 2022. The Company issues new shares to satisfy the exercise of stock options and the conversion of stock units. As of December 31, 2024, 19,409,409 shares of common stock were available for issuance.

Common Stock Repurchase Program

In October 2021, Alcoa Corporation's Board of Directors approved a common stock repurchase program for the Company to purchase shares of its outstanding common stock up to an aggregate transactional value of $500, depending on cash availability, market conditions, and other factors.

In July 2022, Alcoa Corporation's Board of Directors approved an additional common stock repurchase program under which the Company may purchase shares of its outstanding common stock up to an aggregate transactional value of $500, depending on the Company's continuing analysis of market, financial, and other factors (the July 2022 authorization). Prior to this authorization, $150 remained available for common stock repurchases at the end of the second quarter of 2022 from the prior authorization in October 2021 of $500 which was fully exhausted in 2022 with the Company's repurchase activity (see below).

No shares were repurchased in 2024 or 2023.

In 2022, the Company repurchased 8,565,200 shares of its common stock for $500; the shares were immediately retired.

As of the date of this report, the Company is currently authorized to repurchase up to a total of $500, in the aggregate, of its outstanding shares of common stock under the July 2022 authorization. Repurchases under this program may be made using a variety of methods, which may include open market purchases, privately negotiated transactions, or pursuant to a Rule 10b5-1 plan. This program may be suspended or discontinued at any time and does not have a predetermined expiration date. Alcoa Corporation intends to retire repurchased shares of common stock.

Dividend

Dividends on common and preferred stock are subject to authorization by Alcoa Corporation's Board of Directors.

Quarterly dividends paid on common stock were $0.10 per share in 2024, 2023, and 2022, totaling $89, $72, and $72, respectively. After the acquisition of Alumina Limited (see Note C), quarterly dividends of $0.10 per share were paid on Series A convertible preferred stock, totaling $1 in 2024.

The details of any future cash dividend declaration, including the amount of such dividend and the timing and establishment of the record and payment dates, will be determined by the Board of Directors. The decision of whether to pay future cash dividends and the amount of any such dividends will be based on the Company's financial position, results of operations, cash flows, capital requirements, business conditions, the requirements of applicable law, and any other factors the Board of Directors may deem relevant.

Stock-based Compensation

Restricted stock units are generally granted in January and/or February of each calendar year to eligible employees. The Company's Board of Directors also receive certain stock units; however, these amounts are not material. Time-based restricted stock units (RSUs) either cliff vest on the third anniversary of the award grant date or vest incrementally over a three-year period (one third each year) on each anniversary of the award grant date. The Company also grants performance restricted stock units (PRSUs), which are subject to performance conditions and earned after the end of the three-year measurement period. As of January 1, 2021, the Company no longer grants stock options.

The final number of PRSUs earned is dependent on Alcoa Corporation's achievement of certain targets over a three-year measurement period for grants. For PRSUs granted in 2022, the award will be earned after the end of the measurement period of January 1, 2022 through December 31, 2024 based on performance against three measures: (1) the Company's total shareholder return measured against the ranked total shareholder return of the S&P Metals and Mining Select Industry Index components; (2) a pre-established average return-on-equity target; and (3) a reduction in carbon intensity in both refining (through reduced carbon dioxide emissions) and smelting (through increased production from renewable energy) operations. For PRSUs granted in 2023, the award will be earned after the end of the measurement period of January 1, 2023 through December 31, 2025 based on performance against three measures: (1) the Company's total shareholder return measured against the ranked total shareholder return of the S&P Metals and Mining Select Industry Index components; (2) a pre-established average return-on-equity target; and (3) a reduction in carbon intensity in both refining (through reduced carbon dioxide emissions) and smelting (through increased production from renewable energy) operations. For PRSUs granted in 2024, the award will be earned after the end of the measurement period of January 1, 2024 through December 31, 2026 based on performance against three measures: (1) the Company's total shareholder return measured against the ranked total shareholder return of the S&P Metals and Mining Select Industry Index components; (2) a pre-established average return-on-equity target; and (3) a reduction in carbon intensity in both refining (through reduced carbon dioxide emissions) and smelting (through increased production from renewable energy) operations.

In 2024, 2023, and 2022, Alcoa Corporation recognized stock-based compensation expense of $36, $35, and $40, respectively, of which approximately 100% was related to stock units in each period. There was no stock-based compensation expense capitalized in 2024, 2023, and 2022.

Stock-based compensation expense is based on the grant date fair value of the applicable equity grant. For both RSUs and PRSUs, the fair value was equivalent to the closing market price per share of Alcoa Corporation's common stock on the date of grant in the respective periods. For stock units with a market condition, the fair value was estimated on the date of grant using a Monte Carlo simulation model, which generated a result of $40.27, $71.12, and $126.86 per unit in 2024, 2023, and 2022, respectively. The Monte Carlo simulation model uses certain assumptions to estimate the fair value of a market-based stock unit, including volatility and a risk-free interest rate, to estimate the probability of satisfying market conditions. Volatility (59.40%, 64.88%, and 65.25% in 2024, 2023, and 2022, respectively) was estimated using the historical volatility of the Company calculated from daily stock price returns. The risk-free interest rate (4.35%, 4.26%, and 1.71% in 2024, 2023, and 2022, respectively) was based on the U.S. Treasury yield curve at the time of the grant based on the remaining performance period.

The activity for stock units and stock options during 2024 was as follows:

	Stock units		Stock options	
	Number of units	Weighted average FMV per unit	Number of options	Weighted average exercise price
Outstanding, January 1, 2024	2,995,445	$ 35.54	148,608	$ 26.73
Granted	1,598,055	31.43	–	–
Exercised	–	–	(15,162)	18.56
Converted	(1,573,718)	23.23	–	–
Expired or forfeited	(79,161)	39.64	–	–
Performance share adjustment	(28,400)	149.49	–	–
Outstanding, December 31, 2024	2,912,221	$ 38.71	133,446	$ 27.66

The number of Converted units includes 472,858 shares withheld to meet the Company's statutory tax withholding requirements related to the income earned by the employees as a result of vesting in the units.

As of December 31, 2024, the 133,446 outstanding stock options were fully vested and exercisable, had a weighted average remaining contractual life of 3.07 years, a total intrinsic value of $2 and a weighted average exercise price of $27.66. Cash received from stock option exercises was immaterial in 2024 and 2023 and was $22 in 2022. The total intrinsic value of stock options exercised was immaterial during 2024 and 2023 and was $22 in 2022. The total fair value of stock units converted during 2024, 2023, and 2022 was $37, $35 and $32, respectively.

At December 31, 2024, there was $33 of combined unrecognized compensation expense (pretax) related to non-vested grants of stock units. This expense is expected to be recognized over a weighted average period of 1.53 years.

O. PENSION AND OTHER POSTRETIREMENT BENEFITS

Defined Benefit Plans

Alcoa sponsors several defined benefit pension plans covering certain employees in the U.S. and foreign locations. Pension benefits generally depend on length of service, job grade, and remuneration. Substantially all benefits are paid through pension trusts that are sufficiently funded to ensure that all plans can pay benefits to retirees as they become due. Most salaried and non-bargaining hourly U.S. employees hired after March 1, 2006 and most bargaining hourly U.S. employees hired after January 1, 2020 participate in a defined contribution plan instead of a defined benefit plan.

The Company also maintains health care postretirement benefit plans covering certain eligible U.S. retired employees and certain retirees from foreign locations. Generally, the medical plans are unfunded and pay a percentage of medical expenses, reduced by deductibles and other coverage. The Company retains the right, subject to existing agreements, to change or eliminate these benefits. All salaried and certain non-bargaining hourly U.S. employees hired after January 1, 2002 and certain bargaining hourly U.S. employees hired after July 1, 2010 are not eligible for postretirement health care benefits.

As of January 1, 2024, the pension benefit plans and the other postretirement benefit plans covered an aggregate of approximately 16,000 and approximately 19,000 participants, respectively.

2024 Actions. In 2024, the following actions impacted certain pension plans:

Action #1 – In the first quarter of 2024, Alcoa announced the full curtailment of the Kwinana refinery. As a result, curtailment accounting was triggered within Alcoa's Australian pension plan. The Company recorded a $1 decrease to Other noncurrent assets and recognized a curtailment loss of $1 ($0 after-tax) in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations.

Action #2 – In the second quarter of 2024, settlement accounting and a related plan remeasurement was triggered within Alcoa's Australian pension plan as a result of participants electing lump sum settlements. Alcoa recorded a $19 increase to Other noncurrent assets and recognized a non-cash settlement gain of $1 ($0 after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

Action #3 – In the fourth quarter of 2024, settlement accounting was triggered within Alcoa's Australian pension plan as a result of participants electing lump sum settlements. Alcoa recognized a non-cash settlement gain of $1 ($1 after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

The following table presents certain information and the financial impacts of these actions on the accompanying Consolidated Financial Statements:

Action #	Number of affected plan participants	Weighted average discount rate as of prior plan remeasurement date	Plan remeasurement date	Weighted average discount rate as of plan remeasurement date	(Decrease) increase to other noncurrent assets[1]	Curtailment loss[2]	Settlement gain[3]
1	~110	N/A	N/A	N/A	$ (1)	$ 1	$ –
2	~10	4.81%	June 30, 2024	5.23%	19	–	(1)
3	~140	N/A	December 31, 2024	N/A	–	–	(1)
					$ 18	$ 1	$ (2)

(1) Actions 1-2 caused interim plan remeasurements, including an update to the discount rates used to determine the benefit obligations of the affected plans. These amounts include impacts due to interim plan remeasurements.

(2) This amount represents the net actuarial loss arising from the curtailment and was recognized immediately in Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

(3) These amounts represent the net actuarial gain and were reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

2023 Actions. In 2023, the following actions impacted certain pension and other postretirement benefit plans:

Action #1 – In the second quarter of 2023, plan amendment accounting and related plan remeasurements were triggered within the Surinamese pension and other postretirement plans as a result of participants electing to prospectively convert their Surinamese dollar pension and Company-provided retiree medical to a United States dollar pension with no Company-provided retiree medical. As a result, Alcoa recorded a $15 increase to Accrued pension benefits and a $9 decrease to Accrued other postretirement benefits.

Action #2 – In the second quarter of 2023, settlement accounting and related plan remeasurements were triggered within certain Canadian pension plans as a result of the Company's purchase of group annuity contracts to transfer the obligation to pay the remaining retirement benefits of approximately 530 retirees and beneficiaries from its Canadian defined benefit pension plans. The transfer of approximately $235 in both plan obligations and plan assets was completed in April 2023. As a result, Alcoa recorded a $22 increase to Accrued pension benefits and a $5 decrease to Other noncurrent assets and recognized a non-cash settlement loss of $21 ($16 after-tax) in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations.

Action #3 – In the third quarter of 2023, settlement accounting and a related plan remeasurement was triggered within Alcoa's Australian pension plan as a result of participants electing lump sum payments. As a result, Alcoa recorded a $2 decrease to Other noncurrent assets.

The following table presents certain information and the financial impacts of these actions on the accompanying Consolidated Financial Statements:

Action #	Number of affected plan participants	Weighted average discount rate as of prior plan remeasurement date	Plan remeasurement date	Weighted average discount rate as of plan remeasurement date	Increase to accrued pension benefits liability	Decrease to other noncurrent assets	Decrease to accrued other postretirement benefits liability	Settlement loss[1]
1	~370	5.58%	March 31, 2023	5.20%	$ 15	$ –	$ (9)	$ –
2	~530	5.20%	April 30, 2023	4.80%	22	(5)	–	21
3	~50	5.08%	September 30, 2023	5.03%	–	(2)	–	–
					$ 37	$ (7)	$ (9)	$ 21

(1) This amount represents the net actuarial loss and was reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

2022 Actions. In 2022, the following actions impacted certain pension and other postretirement benefit plans:

Action #1 – In the third quarter of 2022, settlement accounting and related plan remeasurements were triggered within Alcoa's U.S. pension plans as a result of the Company's purchase of group annuity contracts to transfer the obligation to pay the remaining retirement benefits of approximately 4,400 retirees and beneficiaries from its U.S. defined benefit pension plans. The transfer of approximately $1,000 in both plan obligations and plan assets was completed in August 2022. As a result, Alcoa recorded a $5 increase to Accrued pension benefits and a $27 increase to Other noncurrent assets and recognized a non-cash settlement loss of $617 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

Action #2 – In the third quarter of 2022, settlement accounting and related plan remeasurements were triggered within Alcoa's U.S. pension plans as a result of participants electing lump sum payments. Alcoa recognized a non-cash settlement loss of $11 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

Action #3 – In the third quarter of 2022, settlement accounting and a related plan remeasurement was triggered within Alcoa's U.S. salaried pension plan as a result of participants electing lump sum payments. Alcoa recorded a $23 increase to Accrued pension benefits and a $12 decrease to Other noncurrent assets and recognized a non-cash settlement loss of $1 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

Action #4 – In the third quarter of 2022, settlement accounting and a related plan remeasurement was triggered within Alcoa's Australian pension plan as a result of participants electing lump sum payments. Alcoa recorded a $21 increase to Other noncurrent assets and recognized a non-cash settlement gain of $3 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

Action #5 – In the fourth quarter of 2022, settlement accounting was triggered within Alcoa's U.S. pension plans as a result of participants electing lump sum payments. Alcoa recorded a $3 increase to Accrued pension benefits and recognized a non-cash settlement loss of $6 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

The following table presents certain information and the financial impacts of these actions on the accompanying Consolidated Financial Statements:

Action #	Number of affected plan participants	Weighted average discount rate as of prior plan remeasurement date	Plan remeasurement date	Weighted average discount rate as of plan remeasurement date	Increase to accrued pension benefits liability[1]	Increase (decrease) to other noncurrent assets[1]	Settlement loss (gain)[2]
1	~4,400	2.90%	July 31, 2022	4.63%	$ 5	$ 27	$ 617
2	~45	2.90%	July 31, 2022	4.63%	–	–	11
3	~5	4.57%	September 30, 2022	5.71%	23	(12)	1
4	~25	2.46%	September 30, 2022	4.99%	–	21	(3)
5	~20	N/A	December 31, 2022	N/A	3	–	6
					$ 31	$ 36	$ 632

(1) Actions 1-4 caused interim plan remeasurements, including an update to the discount rates used to determine the benefit obligations of the affected plans. These amounts include impacts due to interim plan remeasurements.

(2) These amounts represent the net actuarial loss (gain) and were reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

Obligations and Funded Status

December 31,	Pension benefits		Other postretirement benefits	
	2024	2023	2024	2023
Change in benefit obligation				
Benefit obligation at beginning of year	$ 2,393	$ 2,518	$ 494	$ 536
Service cost	9	11	3	3
Interest cost	113	119	24	26
Amendments	–	2	–	–
Actuarial (gains) losses	(78)	117	(8)	(7)
Settlements	(81)	(280)	–	–
Benefits paid, net of participants' contributions	(122)	(133)	(51)	(52)
Suriname resident election transfer	–	12	–	(12)
Foreign currency translation impact	(89)	27	–	–
Benefit obligation at end of year	$ 2,145	$ 2,393	$ 462	$ 494
Change in plan assets				
Fair value of plan assets at beginning of year	$ 2,219	$ 2,434	$ –	$ –
Actual return on plan assets	49	141	–	–
Employer contributions	17	24	–	–
Participant contributions	3	3	–	–
Benefits paid	(115)	(125)	–	–
Administrative expenses	(7)	(9)	–	–
Settlements	(81)	(280)	–	–
Annuity purchase premium refund	–	7	–	–
Foreign currency translation impact	(85)	24	–	–
Fair value of plan assets at end of year	$ 2,000	$ 2,219	$ –	$ –
Funded status	$ (145)	$ (174)	$ (462)	$ (494)
Less: Amounts attributed to joint venture partners	(7)	(11)	–	–
Net funded status	$ (138)	$ (163)	$ (462)	$ (494)

December 31,	Pension benefits		Other postretirement benefits	
	2024	2023	2024	2023
Amounts recognized in the Consolidated Balance Sheet consist of:				
Noncurrent assets	$ 128	$ 125	$ –	$ –
Current liabilities	(10)	(10)	(50)	(51)
Noncurrent liabilities	(256)	(278)	(412)	(443)
Net amount recognized	$ (138)	$ (163)	$ (462)	$ (494)
Amounts recognized in Accumulated Other Comprehensive Loss consist of:				
Net actuarial loss	$ 1,076	$ 1,098	$ 75	$ 88
Prior service cost (benefit)	4	4	(83)	(97)
Total, before tax effect	1,080	1,102	(8)	(9)
Less: Amounts attributed to joint venture partners	29	33	–	–
Net amount recognized, before tax effect	$ 1,051	$ 1,069	$ (8)	$ (9)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive (Loss) Income consist of:				
Net actuarial loss (gain)	$ 9	$ 131	$ (8)	$ (2)
Amortization of accumulated net actuarial loss	(31)	(49)	(5)	(5)
Prior service cost	–	2	–	–
Amortization of prior service benefit	–	–	14	14
Total, before tax effect	(22)	84	1	7
Less: Amounts attributed to joint venture partners	(4)	6	–	–
Net amount recognized, before tax effect	$ (18)	$ 78	$ 1	$ 7

At December 31, 2024, the benefit obligation, fair value of plan assets, and funded status for U.S. pension plans were $1,056, $988, and ($68), respectively. At December 31, 2023, the benefit obligation, fair value of plan assets, and funded status for U.S. pension plans were $1,119, $1,054, and ($65), respectively.

Pension Plan Benefit Obligations

	Pension benefits	
	2024	2023
The aggregate projected benefit obligation and accumulated benefit obligation for all defined benefit pension plans was as follows:		
Projected benefit obligation	$ 2,145	$ 2,393
Accumulated benefit obligation	2,078	2,285
The aggregate projected benefit obligation and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets was as follows:		
Projected benefit obligation	1,627	1,636
Fair value of plan assets	1,351	1,336
The aggregate accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets was as follows:		
Accumulated benefit obligation	1,432	1,425
Fair value of plan assets	1,197	1,169

Components of Net Periodic Benefit Cost

	Pension benefits[1]			Other postretirement benefits		
	2024	2023	2022	2024	2023	2022
Service cost	$ 9	$ 10	$ 13	$ 3	$ 3	$ 4
Interest cost[2]	108	114	104	24	26	15
Expected return on plan assets[2]	(139)	(146)	(151)	–	–	–
Amortization of accumulated net actuarial loss[2]	32	28	88	5	5	18
Amortization of prior service benefit[2]	–	–	–	(14)	(14)	(14)
Settlements[3]	(2)	21	632	–	–	–
Curtailments[4]	1	–	–	–	–	–
Net periodic benefit cost[5]	$ 9	$ 27	$ 686	$ 18	$ 20	$ 23

(1) In 2024, 2023, and 2022, net periodic benefit cost for U.S pension plans was $7, $6, and $698, respectively.

(2) These amounts were reported in Other expenses (income), net on the accompanying Statement of Consolidated Operations.

(3) These amounts were reported in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note D). In 2024, 2023 and 2022, settlements were due to plan actions (see Actions above).

(4) These amounts were reported in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note D). In 2024, curtailments were due to plan actions (see Actions above).

(5) Amounts attributed to joint venture partners are not included.

Assumptions. Liabilities and expenses for pension and other postretirement benefits are determined using actuarial methodologies and incorporate significant assumptions, including the interest rate used to discount the future estimated liability, the expected long-term rate of return on plan assets, and several assumptions relating to the employee workforce (salary increases, health care cost trend rates, retirement age, and mortality).

Weighted average assumptions used to determine benefit obligations for pension and other postretirement benefit plans were as follows:

December 31,	**2024**	**2023**
Discount rate – pension plans	5.30%	5.03%
Discount rate – other postretirement benefit plans	5.53	5.19
Rate of compensation increase – pension plans	3.20	3.77

The yield curve model used to develop the discount rate is based on high-quality corporate bonds, parallels the plans' projected cash flows and has a weighted average duration of 10 years. If a deep market of high-quality corporate bonds does not exist in a country, then the yield on government bonds plus a corporate bond yield spread is used.

Weighted average assumptions used to determine net periodic benefit cost for pension and other postretirement benefit plans were as follows:

	2024	2023	2022
Discount rate – pension plans	5.02%	5.34%	2.66%
Discount rate – other postretirement benefit plans	5.17	5.45	2.46
Expected long-term rate of return on plan assets – pension plans	6.13	6.21	4.94
Rate of compensation increase – pension plans	3.77	3.21	3.11

For 2024, 2023, and 2022, the expected long-term rate of return used by management was based on the prevailing and planned strategic asset allocations, as well as estimates of future returns by asset class. For 2025, management anticipates that 5.78% will be the weighted average expected long-term rate of return.

Assumed health care cost trend rates for U.S. other postretirement benefit plans were as follows (non-U.S. plans are not material):

	2024	2023	2022
Health care cost trend rate assumed for next year	7.0%	6.5%	7.0%
Rate to which the cost trend rate gradually declines	5.0%	5.0%	5.0%
Year that the rate reaches the rate at which it is assumed to remain	2034	2032	2028

The assumed health care cost trend rate is used to measure the expected cost of gross eligible charges covered by the Company's other postretirement benefit plans. For 2025, a 7.0% trend rate will be used, reflecting management's best estimate of the change in future health care costs covered by the plans.

Plan Assets. Alcoa's pension plan weighted average target and actual asset allocations at December 31, 2024 and 2023, by asset class, were as follows:

	Target asset allocation		Plan assets at December 31,	
Asset class	**2024**	**2023**	**2024**	**2023**
Equities	20%	20%	21%	17%
Fixed income	65	65	69	70
Other investments	15	15	10	13
Total	100%	100%	100%	100%

The principal objectives underlying the investment of the pension plan assets are to ensure that the Company can properly fund benefit obligations as they become due under a broad range of potential economic and financial scenarios, maximize the long-term investment return with an acceptable level of risk based on such obligations, and broadly diversify investments across and within various asset classes to protect asset values against adverse movements. Investment risk is controlled by rebalancing to target allocations on a periodic basis and ongoing monitoring of investment manager performance.

The portfolio includes an allocation to investments in long-duration corporate credit and government debt, public and private market equities, intermediate duration corporate credit and government debt, global-listed infrastructure, high-yield bonds and bank loans, real estate, and securitized credit.

Investment practices comply with the requirements of applicable laws and regulations in the respective jurisdictions, including the Employee Retirement Income Security Act of 1974 (ERISA) in the United States.

The following section describes the valuation methodologies used by the trustees to measure the fair value of pension plan assets. For plan assets measured at net asset value, this refers to the net asset value of the investment on a per share basis (or its equivalent) as a practical expedient. Otherwise, an indication of the level in the fair value hierarchy in which each type of asset is generally classified is provided (see Note P for the definition of fair value and a description of the fair value hierarchy).

Equities – These securities consist of: (i) direct investments in the stock of publicly traded U.S. and non-U.S. companies and are valued based on the closing price reported in an active market on which the individual securities are traded (generally classified in Level 1); (ii) the plans' share of commingled funds that are invested in the stock of publicly traded companies and are valued at net asset value; and (iii) direct investments in long/short equity hedge funds and private equity (limited partnerships and venture capital partnerships) and are valued at net asset value.

Fixed income – These securities consist of: (i) U.S. government debt and are generally valued using quoted prices (included in Level 1); (ii) cash and cash equivalents invested in publicly-traded funds and are valued based on the closing price reported in an active market on which the individual securities are traded (generally classified in Level 1); (iii) publicly traded U.S. and non-U.S. fixed interest obligations (principally corporate bonds and debentures) and are valued through consultation and evaluation with brokers in the institutional market using quoted prices and other observable market data (included in Level 2); and (iv) cash and cash equivalents invested in institutional funds and are valued at net asset value.

Other investments – These investments include, among others: (i) real estate investment trusts valued based on the closing price reported in an active market on which the investments are traded (included in Level 1); (ii) the plans' share of commingled funds that are invested in real estate partnerships and are valued at net asset value; (iii) direct investments in private real estate (includes limited partnerships) and are valued at net asset value; (iv) absolute return strategy funds and are valued at net asset value; and (v) indirect investments of discretionary and systematic macro hedge funds and are valued at net asset value.

The fair value methods described above may not be indicative of net realizable value or reflective of future fair values. Additionally, while Alcoa believes the valuation methods used by the plans' trustees are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the fair value of pension plan assets classified under either the appropriate level of the fair value hierarchy or net asset value:

December 31, 2024	Level 1	Level 2	Level 3	Net Asset Value	Total
Equities:					
Equity securities	$ 77	$ –	$ –	$ 227	$ 304
Private equity	–	–	–	109	109
	$ 77	$ –	$ –	$ 336	$ 413
Fixed income:					
Intermediate and long-duration government/credit	$ 374	$ 470	$ –	$ 471	$ 1,315
Cash and cash equivalent funds	42	–	–	14	56
	$ 416	$ 470	$ –	$ 485	$ 1,371
Other investments:					
Real estate	$ 17	$ –	$ –	$ 163	$ 180
Discretionary and systematic macro hedge funds	–	–	–	11	11
Other	–	–	–	18	18
	$ 17	$ –	$ –	$ 192	$ 209
Total[(1)]	$ 510	$ 470	$ –	$ 1,013	$ 1,993

December 31, 2023	Level 1	Level 2	Level 3	Net Asset Value	Total
Equities:					
Equity securities	$ 108	$ –	$ –	$ 134	$ 242
Private equity	–	–	–	127	127
	$ 108	$ –	$ –	$ 261	$ 369
Fixed income:					
Intermediate and long-duration government/credit	$ 403	$ 517	$ –	$ 496	$ 1,416
Cash and cash equivalent funds	14	–	–	114	128
	$ 417	$ 517	$ –	$ 610	$ 1,544
Other investments:					
Real estate	$ 21	$ –	$ –	$ 253	$ 274
Other	–	–	–	19	19
	$ 21	$ –	$ –	$ 272	$ 293
Total[2]	$ 546	$ 517	$ –	$ 1,143	$ 2,206

(1) As of December 31, 2024, the total fair value of pension plan assets excludes a net receivable of $7, which primarily represents securities not yet settled plus interest and dividends earned on various investments.

(2) As of December 31, 2023, the total fair value of pension plan assets excludes a net receivable of $13, which primarily represents securities not yet settled plus interest and dividends earned on various investments.

Funding and Cash Flows. It is Alcoa's policy to fund amounts for defined benefit pension plans sufficient to meet the minimum requirements set forth in applicable country benefits laws and tax laws, including ERISA for U.S. plans. From time to time, the Company contributes additional amounts as deemed appropriate.

In 2024, 2023, and 2022, cash contributions to Alcoa's defined benefit pension plans were $16, $24, and $17.

Alcoa's minimum required contribution to defined benefit pension plans in 2025 is estimated to be $60, of which approximately $40 is for U.S. plans. Under ERISA regulations, a plan sponsor that establishes a pre-funding balance by making discretionary contributions to a U.S. defined benefit pension plan may elect to apply all or a portion of this balance toward its minimum required contribution obligations to the related plan in future years. In 2025, management intends to make such election related to the Company's U.S. plans.

Benefit payments expected to be paid to pension and other postretirement benefit plan participants are as follows:

Year ending December 31,	Pension benefits	Other postretirement benefits
2025	$ 170	$ 50
2026	165	50
2027	165	45
2028	165	45
2029	160	45
2030 through 2034	780	205
	$ 1,605	$ 440

Defined Contribution Plans

The Company sponsors savings and investment plans in several countries. In the United States, employees may contribute a portion of their compensation to the plans, and Alcoa matches a specified percentage of these contributions in equivalent form of the investments elected by the employee. Also, the Company makes contributions to a retirement savings account based on a percentage of eligible compensation for certain U.S. employees that are not able to participate in Alcoa's defined benefit pension plans. The Company's expenses related to all defined contribution plans were $86 in 2024, $80 in 2023, and $71 in 2022.

Member-funded Pension Plans

The Company contributes to member-funded pension plans for the employees of Aluminerie de Bécancour Inc. and Aluminerie de Deschambault in Canada. Alcoa makes contributions to the plans based on a percentage of the employees' eligible compensation. The Company's expenses related to the member-funded pension plans were $16 in 2024, $16 in 2023, and $17 in 2022.

Target Benefit Plan

The Company contributes to a target benefit plan for the employees of Baie-Comeau in Canada. Alcoa makes contributions to the plan based on a percentage of the employees' eligible compensation. The Company's expenses related to the target benefit plan were $8 in 2024, $8 in 2023, and $9 in 2022.

P. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Fair Value. The Company follows a fair value hierarchy to measure its assets and liabilities. As of December 31, 2024 and 2023, respectively, the assets and liabilities measured at fair value on a recurring basis were primarily derivative instruments. In addition, the Company measures its pension plan assets at fair value (see Note O). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (i) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (ii) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and,

- Level 3 – Inputs that are both significant to the fair value measurement and unobservable.

Derivatives. Alcoa Corporation is exposed to certain risks relating to its ongoing business operations, including the risks of changing commodity prices, foreign currency exchange rates, and interest rates. Alcoa Corporation's commodity and derivative activities include aluminum, energy, foreign exchange, and interest rate contracts, which are held for purposes other than trading. They are used to mitigate uncertainty and volatility, and to cover underlying exposures. While Alcoa does not generally enter into derivative contracts to mitigate the risk associated with changes in aluminum price, the Company may do so in isolated cases to address discrete commercial or operational conditions. Alcoa is not involved in trading activities for energy, weather derivatives, or other nonexchange commodities.

Alcoa Corporation's commodity and derivative activities are subject to the management, direction, and control of the Strategic Risk Management Committee (SRMC), which consists of at least three members, including the chief executive officer, the chief financial officer, and the chief commercial officer. The remaining member(s) are other officers and/or employees of the Company as the chief executive officer may designate from time to time. The SRMC meets on a periodic basis to review derivative positions and strategy and reports to the Audit Committee of Alcoa Corporation's Board of Directors on the scope of its activities.

Alcoa Corporation's aluminum and foreign exchange contracts are classified as Level 1 under the fair value hierarchy. All of the Level 1 contracts are designated as either fair value or cash flow hedging instruments. Alcoa Corporation also has several derivative instruments classified as Level 3 under the fair value hierarchy, which are either designated as cash flow hedges or undesignated. Alcoa included the changes in its equity method investee's Level 2 derivatives in Accumulated other comprehensive loss through June 30, 2024, when the underlying contracts expired.

The following tables present the detail for Level 1 and 3 derivatives (see additional Level 3 information in further tables below):

	2024		2023	
Balance at December 31,	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Level 1 derivative instruments	$ 1	$ 20	$ 16	$ 9
Level 3 derivative instruments	24	1,079	16	1,297
Total	$ 25	$ 1,099	$ 32	$ 1,306
Less: Current	25	263	29	214
Noncurrent	$ –	$ 836	$ 3	$ 1,092

Year ended December 31,	2024 Unrealized loss recognized in Other comprehensive loss	2024 Realized gain (loss) reclassified from Other comprehensive loss to earnings	2023 Unrealized gain (loss) recognized in Other comprehensive loss	2023 Realized gain (loss) reclassified from Other comprehensive loss to earnings
Level 1 derivative instruments	$ (23)	$ 1	$ 31	$ 86
Level 3 derivative instruments	(70)	(290)	(326)	(221)
Noncontrolling and equity interest (Level 2)	–	1	–	5
Total	$ (93)	$ (288)	$ (295)	$ (130)

The 2024 realized gain of $1 on Level 1 cash flow hedges was comprised of a $2 gain recognized in Sales and a $1 loss recognized in Cost of goods sold. The 2023 realized gain of $86 on Level 1 cash flow hedges was comprised of a $91 gain recognized in Sales and a $5 loss recognized in Cost of goods sold.

The following table presents the outstanding quantities of derivative instruments classified as Level 1:

	Classification	December 31, 2024	December 31, 2023
Aluminum (in kmt)	Commodity buy forwards	145	78
Aluminum (in kmt)	Commodity sell forwards	108	46
Foreign currency (in millions of euro)	Foreign exchange buy forwards	152	48
Foreign currency (in millions of euro)	Foreign exchange sell forwards	13	9
Foreign currency (in millions of Norwegian krone)	Foreign exchange buy forwards	54	138
Foreign currency (in millions of Brazilian real)	Foreign exchange buy forwards	280	467
Foreign currency (in millions of Australian dollars)	Foreign exchange buy forwards	43	–
Foreign currency (in millions of Canadian dollar)	Foreign exchange buy forwards	5	31

Alcoa routinely uses Level 1 aluminum derivative instruments to manage exposures to changes in the fair value of firm commitments for the purchases or sales of aluminum. Additionally, Alcoa used Level 1 aluminum derivative instruments to manage LME exposures related to profitability improvement actions (expired December 2024), and the Alumar (Brazil) restart (expired December 2023). As a result of delays with the Alumar restart during 2023, it became probable that certain of the original forecasted transactions would not occur by the end of the originally specified time period and Alcoa dedesignated certain aluminum sell forwards. The Company reclassified the related unrealized gain of $11 included in Accumulated other comprehensive loss to Sales during the year ended 2023. In conjunction with the dedesignations, the Company entered into aluminum buy forwards for the same volume and periods which were also not designated. The unrealized and realized gains and losses on the aluminum buy and sell forwards that are not designated offset resulting in no impact to Alcoa's earnings.

Alcoa Corporation uses Level 1 foreign exchange forward contracts to mitigate the risk of foreign exchange exposure related to euro power purchases in Norway (expires December 2027), U.S. dollar aluminum sales in Norway (expires June 2025), U.S. dollar alumina sales in Brazil (expires October 2026), U.S. dollar aluminum sales in Brazil (expired December 2023), U.S. dollar alumina sales in Australia (expires December 2026) and Canadian dollar expenses in Canada (expires March 2025).

Derivative instruments classified as Level 3 in the fair value hierarchy represent those in which management has used at least one significant unobservable input in the valuation model. Alcoa Corporation uses a discounted cash flow model to fair value all Level 3 derivative instruments. Inputs in the valuation models for Level 3 derivative instruments are composed of the following: (i) quoted market prices (e.g., aluminum prices on the 10-year LME forward curve and energy prices), (ii) significant other observable inputs (e.g., information concerning time premiums and volatilities for certain option type embedded derivatives and regional premiums for aluminum contracts), and (iii) unobservable inputs (e.g., aluminum and energy prices beyond those quoted in the market, and estimated credit spread between Alcoa and the counterparty). For periods beyond the term of quoted market prices for aluminum, Alcoa Corporation estimates the price of aluminum by extrapolating the 10-year LME forward curve. For periods beyond the term of quoted market prices for the Midwest premium, management estimates the Midwest premium based on recent transactions. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence (Level 2). In the absence of such evidence, management's best estimate is used (Level 3). If a significant input that is unobservable in one period becomes observable in a subsequent period, the related asset or liability would be transferred to the appropriate classification (Level 1 or 2) in the period of such change (there were no such transfers in the periods presented). There were no sales or settlements of Level 3 derivative instruments in the periods presented.

Level 3 derivative instruments outstanding as of December 31, 2024 are described in the table below:

Description	Designation	Contract Termination	Unobservable Inputs Impacting Valuation	Sensitivity to Inputs
Power contracts				
Embedded derivative that indexes the price of power to the LME price of aluminum plus the Midwest premium	Cash flow hedge of forward sales of aluminum	March 2026 December 2029 February 2036	LME price, Midwest premium and MWh per year	Increase in LME price and/or the Midwest premium results in a higher cost of power and an increase to the derivative liability
Embedded derivative that indexes the price of power to the LME price of aluminum	Cash flow hedge of forward sales of aluminum	September 2027	LME price and MWh per year	Increase in LME price results in a higher cost of power and an increase to the derivative liability
Embedded derivative that indexes the price of power to the credit spread between the Company and the counterparty	Not designated	October 2028	Estimated credit spread	Wider credit spread results in a higher cost of power and increase in the derivative liability
Financial contracts				
Hedge power prices	Not designated	June 2035	LME price and power price	Lower prices in the power market or higher LME prices result in an increase in the derivative liability

In December 2022, Alcoa entered into a financial contract with a counterparty to hedge power price exposure through March 31, 2023. The Financial contract was designated as a cash flow hedge of future sales of power. Unrealized gains and losses were recognized in Accumulated other comprehensive loss on the accompanying Consolidated Balance Sheet, and realized gains and losses were recognized in Cost of goods sold on the accompanying Statement of Consolidated Operations.

In August 2023 and September 2024, the Company entered into nine-year financial contracts (undesignated) that hedge the anticipated power requirements at one of its smelters effective July 1, 2026 when the current contracts (undesignated) end.

At December 31, 2024, the outstanding Level 3 instruments are associated with seven smelters. At December 31, 2024 and 2023, the power contracts with embedded derivatives designated as cash flow hedges hedge forecasted aluminum sales of 1,230 kmt and 1,456 kmt, respectively.

The following table presents quantitative information related to the significant unobservable inputs described above for Level 3 derivative instruments (megawatt hours in MWh):

	December 31, 2024	Unobservable Input	Unobservable Input Range	
Asset Derivatives				
Financial contract (undesignated)	$ 24	Interrelationship of forward energy price, LME forward price and the Consumer Price Index	Electricity (per MWh)	2025: $38.47 2025: $70.70
			LME (per mt)	2025: $2,536 2025: $2,558
Total Asset Derivatives	$ 24			
Liability Derivatives				
Power contract	$ 148	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2025: $2,536 2027: $2,609
			Electricity	Rate of 4 million MWh per year
Power contracts	927	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2025: $2,536 2029: $2,638 2036: $2,846
			Midwest premium (per pound)	2025: $0.2335 2029: $0.2300 2036: $0.2300
			Electricity	Rate of 18 million MWh per year
Power contract	2	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2025: $2,536 2025: $2,555
			Midwest premium (per pound)	2025: $0.2335 2025: $0.2645
			Electricity	Rate of 2 million MWh per year
Power contract (undesignated)	2	Estimated spread between the 30-year debt yield of Alcoa and the counterparty	Credit spread	0.96%: 30-year debt yield spread 6.49%: Alcoa (estimated) 5.53%: counterparty
Total Liability Derivatives	$ 1,079			

The fair values of Level 3 derivative instruments recorded in the accompanying Consolidated Balance Sheet were as follows:

Asset Derivatives	**December 31, 2024**	**December 31, 2023**
Derivatives not designated as hedging instruments:		
Current – financial contract	$ 24	$ 16
Total derivatives not designated as hedging instruments	$ 24	$ 16
Total Asset Derivatives	$ 24	$ 16
Liability Derivatives		
Derivatives designated as hedging instruments:		
Current – power contracts	$ 251	$ 210
Noncurrent – power contracts	826	1,087
Total derivatives designated as hedging instruments	$ 1,077	$ 1,297
Derivatives not designated as hedging instruments:		
Current – embedded credit derivative	$ 1	$ –
Noncurrent – embedded credit derivative	1	–
Total derivatives not designated as hedging instruments	$ 2	$ –
Total Liability Derivatives	$ 1,079	$ 1,297

The following table shows the net fair values of the Level 3 derivative instruments at December 31, 2024 and the effect on these amounts of a hypothetical change (increase or decrease of 10%) in the market prices or rates that existed as of December 31, 2024:

	Fair value asset (liability)	Index change of +/-10%
Power contracts	$ (1,077)	$ 253
Embedded credit derivative	(2)	1
Financial contracts	24	9

The following tables present a reconciliation of activity for Level 3 derivative instruments:

2024	Assets Financial contracts
January 1, 2024	$ 16
Total gains or losses included in:	
Other income, net (unrealized/realized)	61
Settlements and other	(53)
December 31, 2024	$ 24
Change in unrealized gains or losses included in earnings for derivative instruments held at December 31, 2024:	
Other income, net	$ 61

2024	Liabilities	
	Power contracts	Embedded credit derivative
January 1, 2024	$ 1,297	$ –
Total gains or losses included in:		
Sales (realized)	(290)	–
Other expenses, net (unrealized/realized)	–	3
Other comprehensive income (unrealized)	70	–
Settlements and other	–	(1)
December 31, 2024	$ 1,077	$ 2
Change in unrealized gains or losses included in earnings for derivative instruments held at December 31, 2024:		
Other expenses, net	$ –	$ 3

2023	Assets	
	Power contracts	Financial contracts
January 1, 2023	$ –	$ 52
Total gains or losses included in:		
Sales (realized)	(4)	–
Cost of goods sold (realized)	–	(20)
Other expenses, net (unrealized/realized)	–	(5)
Other comprehensive income (unrealized)	4	–
Settlements and other	–	(11)
December 31, 2023	$ –	$ 16
Change in unrealized gains or losses included in earnings for derivative instruments held at December 31, 2023:		
Other expenses, net	$ –	$ (5)

2023		Liabilities Power contracts
January 1, 2023	$	1,212
Total gains or losses included in:		
Sales (realized)		(245)
Other comprehensive income (unrealized)		330
December 31, 2023	$	1,297

Derivatives Designated As Hedging Instruments – Cash Flow Hedges

Assuming market rates remain constant with the rates at December 31, 2024, a realized loss of $251 related to power contracts is expected to be recognized in Sales over the next 12 months.

Material Limitations

The disclosures with respect to commodity prices and foreign currency exchange risk do not consider the underlying commitments or anticipated transactions. If the underlying items were included in the analysis, the gains or losses on the futures contracts may be offset. Actual results will be determined by several factors that are not under Alcoa Corporation's control and could vary significantly from those factors disclosed.

Alcoa Corporation is exposed to credit loss in the event of nonperformance by counterparties on the above instruments, as well as credit or performance risk with respect to its hedged customers' commitments. Alcoa Corporation does not anticipate nonperformance by any of these parties. Contracts are with creditworthy counterparties and are further supported by cash, treasury bills, or irrevocable letters of credit issued by carefully chosen banks. In addition, various master netting arrangements are in place with counterparties to facilitate settlement of gains and losses on these contracts.

Other Financial Instruments. The carrying values and fair values of Alcoa Corporation's other financial instruments were as follows:

	2024		2023	
December 31,	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	$ 1,138	$ 1,138	$ 944	$ 944
Restricted cash	96	96	103	103
Short-term borrowings	50	50	56	56
Long-term debt due within one year	75	75	79	79
Long-term debt, less amount due within one year	2,470	2,499	1,732	1,702

Cash and cash equivalents and Restricted cash. The carrying amounts approximate fair value because of the short maturity of the instruments. The fair value amounts for Cash and cash equivalents and Restricted cash were classified in Level 1 of the fair value hierarchy.

Short-term borrowings and Long-term debt, including amounts due within one year. The fair value of Long-term debt, less amount due within one year was based on quoted market prices for public debt and on interest rates that are currently available to Alcoa Corporation for issuance of debt with similar terms and maturities for non-public debt. The fair value amounts for all Short-term borrowings and Long-term debt were classified in Level 2 of the fair value hierarchy.

Q. INCOME TAXES

Provision for income taxes. The components of Income (loss) before income taxes were as follows:

	2024	2023	2022
Domestic	$ (351)	$ (277)	$ (652)
Foreign	640	(307)	1,354
Total	$ 289	$ (584)	$ 702

Provision for income taxes consisted of the following:

	2024	2023	2022
Current:			
Federal	$ –	$ –	$ –
Foreign	242	211	445
State and local	–	–	–
	$ 242	$ 211	$ 445
Deferred:			
Federal	–	–	(3)
Foreign	23	(22)	222
State and local	–	–	–
	$ 23	$ (22)	$ 219
Total	$ 265	$ 189	$ 664

Federal includes U.S. income taxes related to foreign income.

A reconciliation of the U.S. federal statutory rate to Alcoa's effective tax rate was as follows:

	2024	2023	2022
U.S. federal statutory rate	21.0%	21.0%	21.0%
Taxes on foreign operations – rate differential	29.8	7.1	9.9
Impacts of the U.S. Tax Cuts and Jobs Act of 2017	27.8	–	–
Changes in valuation allowances	15.5	(50.8)	76.7
Tax rate differential	5.1	–	–
Other foreign tax effects	4.5	(6.8)	1.7
Interest income/expense	2.8	(0.2)	(0.1)
Noncontrolling interest	1.3	0.2	0.8
Internal legal entity reorganizations	0.1	0.2	(9.0)
Uncertain tax positions	(0.2)	(0.1)	0.4
Equity loss	(0.2)	(5.3)	(2.0)
Adjustment of prior year income taxes	(1.5)	0.3	–
Tax credits	(7.7)	1.4	(0.2)
Tax holidays	(9.6)	0.1	(5.2)
Other	3.0	0.5	0.6
Effective tax rate	91.7%	(32.4%)	94.6%

During 2020, the U.S. Treasury Department finalized regulations implementing GILTI ("**Global Intangible Low-Tax Income**") provisions of the U.S. Tax Cuts and Jobs Act of 2017. Included in these regulations is an annual election for an exclusion from GILTI for income subject to a high rate of foreign tax (the "high tax exception"). Although affiliates may be located in jurisdictions with a high rate of foreign tax, due to differences between local tax rules used to determine the tax liability and the U.S. tax principles used to determine GILTI, affiliates may not meet the high tax exception each year and, as such, may not qualify for this exclusion. The Company plans to make the high tax exception election for the 2024 tax year in jurisdictions where the rules are met. The jurisdictions where the Company does not meet the high tax exception exclusion for the 2024 tax year resulted in a GILTI inclusion for the year ended December 31, 2024. The GILTI inclusion was fully offset by current losses and net operating losses subject to a full valuation allowance.

Certain income earned by Alcoa World Alumina Brasil Ltda. (AWAB) is eligible for a tax holiday, which decreases the tax rate on this income from 34% to 15.25%, which will result in future cash tax savings. The holiday related to production at the Alumar refinery was originally expected to end on December 31, 2027. During 2023, it was extended to December 31, 2032. The holiday related to the operation of the Juruti (Brazil) bauxite mine will end on December 31, 2026.

In 2021, it was determined that the deferred taxes associated with income subject to the tax holiday would be fully exhausted within the holiday period and the amounts were therefore maintained on the balance sheet at the holiday tax rate. In 2022, the Company's projection of the reversal of deferred tax assets during the holiday tax period was lowered, and as a result, the remainder was revalued at the statutory rate of 34%, resulting in a discrete income tax benefit of $33, which is included in Tax holidays above. In 2023, the Company determined that it was no longer more likely than not that the deferred tax asset at AWAB would be realized and recorded a full valuation allowance against the deferred tax asset (see below). As a result, the amount reflected in Tax holidays above is zero with respect to AWAB as of December 31, 2023. In 2024, management's position on the realizability of these deferred tax assets remains the same as 2023, and the amount reflected in Tax holidays above is zero with respect to AWAB.

In October 2022, Alcoa completed the liquidation of a wholly-owned subsidiary, Alcoa Saudi Rolling Inversiones S.L. This liquidation resulted in a deductible loss in the Netherlands and a tax benefit of $94 was recognized in 2022, however, this tax benefit was substantially offset by a valuation allowance.

In December 2022, Alcoa commenced an internal reorganization to reduce its number of legal entities in Norway from four to one to simplify accounting and treasury functions and reduce external costs. As a result of the simplification, the Company recorded a deferred tax expense of $30 in 2022.

Deferred income taxes. The components of deferred tax assets and liabilities based on the underlying attributes without regard to jurisdiction were as follows:

	2024		2023	
December 31,	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Tax loss carryforwards	$ 2,218	$ –	$ 2,042	$ –
Employee benefits	312	–	312	–
Derivatives and hedging activities	248	5	312	10
Loss provisions	166	–	161	–
Interest	142	5	142	6
Depreciation	83	202	94	318
Lease assets and liabilities	74	73	34	33
Investment basis differences	73	–	78	–
Tax credit carryforwards	23	–	24	–
Deferred income/expense	15	119	16	131
Other	69	1	25	–
	$ 3,423	$ 405	$ 3,240	$ 498
Valuation allowance	(2,734)	–	(2,595)	–
Total	$ 689	$ 405	$ 645	$ 498

The following table details the expiration periods of the deferred tax assets presented above:

December 31, 2024	**Expires within 10 years**	**Expires within 11-20 years**	**No expiration**	**Other**	**Total**
Tax loss carryforwards	$ 164	$ 369	$ 1,685	$ –	$ 2,218
Tax credit carryforwards	23	–	–	–	23
Other	–	–	136	1,046	1,182
Valuation allowance	(187)	(330)	(1,760)	(457)	(2,734)
Total	$ –	$ 39	$ 61	$ 589	$ 689

Deferred tax assets with no expiration may still have annual limitations on utilization. Other represents deferred tax assets whose expiration is dependent upon the reversal of the underlying temporary difference.

The total deferred tax asset (net of valuation allowance) is supported by projections of future taxable income exclusive of reversing temporary differences and taxable temporary differences that reverse within the carryforward period. The composition of Alcoa's net deferred tax asset by jurisdiction as of December 31, 2024 was as follows:

	Domestic	Foreign	Total
Deferred tax assets	$ 1,090	$ 2,333	$ 3,423
Valuation allowance	(1,022)	(1,712)	(2,734)
Deferred tax liabilities	(68)	(337)	(405)
Total	$ –	$ 284	$ 284

Alcoa Australia Holdings Pty Ltd (AAH), a wholly-owned indirect subsidiary of Alcoa, made an election prior to July 31, 2024 that resulted in Alcoa's other wholly-owned Australian subsidiaries joining AAH's tax consolidated group (the AAH Tax Consolidated Group). As a result of the acquisition of Alumina Limited, Alumina Limited and all of its Australian subsidiaries, as well as Alcoa of Australia Limited (AofA) and all of its subsidiaries, joined the AAH Tax Consolidated Group on August 1, 2024. Upon acquisition, Alcoa recognized a deferred tax asset (and a corresponding increase to Additional capital) of $121 primarily related to the portion of Alumina Limited's Australian net operating loss carryforwards that the Company has determined are more likely than not to be realized as a result of the consolidated return election. In the fourth quarter of 2024, the Company recognized an additional deferred tax asset (and a corresponding increase to Additional capital) of $95 primarily due to the tax allocation of the fixed asset valuation to individual assets. Additionally, the Company recorded a deferred tax asset of $265 related to capital loss carryforwards, which was fully offset with a valuation allowance due to uncertain recoverability.

The Company has several income tax filers in various foreign countries. Of the $284 net deferred tax asset included under the Foreign column in the table above, approximately 100% relates to five of Alcoa's income tax filers (the Foreign Filers) as follows: a $113 net deferred tax asset for Alcoa Canada Company in Canada; a $83 net deferred tax asset for Alcoa-Lauralco Management Company in Canada; a $33 net deferred tax asset for Alcoa Wolinbec Company in Canada; a $19 net deferred tax asset for Alcoa Islandi and a $27 net deferred tax asset for Fjarðaál, both in Iceland; and a $9 net deferred tax asset for AofA in Australia.

The future realization of the net deferred tax asset for each of the Foreign Filers was based on projections of the respective future taxable income (defined as the sum of pretax income, other comprehensive income, and permanent tax differences), exclusive of reversing temporary differences and carryforwards. The realization of the net deferred tax assets of the Foreign Filers is not dependent on any future tax planning strategies.

Accordingly, management concluded that the net deferred tax assets of the Foreign Filers referenced above will more likely than not be realized in future periods, resulting in no need for a partial or full valuation allowance as of December 31, 2024.

In December 2023, Alcoa recorded a valuation allowance of $154 against the net deferred tax assets of AWAB, of which $106 related to the balance as of December 31, 2022. The 2023 full valuation allowance for AWAB was a result of AWAB's three-year cumulative loss position for the period ended December 31, 2023. The majority of AWAB's net deferred tax assets relate to prior net operating losses; the loss carryforwards are not subject to an expiration period. If AWAB continues to demonstrate sustained profitability, management may conclude that AWAB's deferred tax assets may be realized, resulting in a future reversal of the valuation allowance, generating a non-cash benefit in the period recorded. AWAB's net deferred tax assets, excluding the valuation allowance, were $116 as of December 31, 2024.

The Company's subsidiaries in Iceland had a full valuation allowance recorded against deferred tax assets, which was established in 2015 and 2017, as the Company believed it was more likely than not that these tax benefits would not be realized. During 2023, after considering all positive and negative evidence, including the expectation that the jurisdiction will remain in a three-year cumulative income position, the Company determined that it is more likely than not that the net deferred tax assets will be realized. Based on this conclusion, the Company reversed the valuation allowance totaling $58 during 2023, generating a non-cash benefit from income taxes.

In December 2022, Alcoa recorded a valuation allowance of $217 against the net deferred tax assets of Alcoa Alumínio (Alumínio), of which $150 related to the balance as of December 31, 2021. The 2022 full valuation allowance for Alumínio was a result of Alumínio's three-year cumulative loss position for the period ended December 31, 2022. Although the Company entered into aluminum contracts to manage exposures associated with the Alumar smelter restart, these contracts were held by another legal entity, and the associated realized gains are not available to Alumínio to offset the restart losses. While management believes Alumínio will return to profitability in the future with the restart of the Alumar smelter, Alumínio's recent history, including operational instability during the restart and the impact of the recent increased alumina input costs, does not provide a reliable basis for concluding that it is more likely than not that Alumínio's net deferred tax assets, which consist primarily of tax loss carryforwards with indefinite life, will be realized. Alumar smelter profitability in future periods could prompt the Company to evaluate the realizability of the deferred tax assets and assess the possibility of a reversal of the valuation allowance, which could generate a non-cash benefit in the period the valuation allowance is reversed.

The following table details the changes in the valuation allowance:

December 31,	2024	2023	2022
Balance at beginning of year	$ (2,595)	$ (2,333)	$ (2,062)
Establishment of new allowances[(1)]	(266)	(106)	(150)
Net change to existing allowances[(2)]	(21)	(113)	(151)
Foreign currency translation	148	(43)	30
Balance at end of year	$ (2,734)	$ (2,595)	$ (2,333)

(1) Reflects valuation allowances initially established as a result of a change in management's judgment regarding the realizability of deferred tax assets.

(2) Reflects movements in previously established valuation allowances, which increase or decrease as the related deferred tax assets increase or decrease. Such movements occur as a result of a change in management's judgment regarding previously established valuation allowances, remeasurement due to a tax rate change and changes in the underlying attributes of the deferred tax assets, including expiration of the attribute and reversal of the temporary difference that gave rise to the deferred tax asset.

Undistributed net earnings. Certain earnings of Alcoa's foreign subsidiaries are deemed to be permanently reinvested outside the United States. The cumulative amount of Alcoa's foreign undistributed net earnings deemed to be permanently reinvested was approximately $2,857 as of December 31, 2024. Alcoa Corporation has several commitments and obligations related to the Company's operations in various foreign jurisdictions; therefore, management has no plans to distribute such earnings in the foreseeable future. Alcoa Corporation continuously evaluates its local and global cash needs for future business operations and anticipated debt facilities, which may influence future repatriation decisions. If these earnings were distributed in the form of dividends or otherwise, Alcoa could be subject to foreign income or withholding taxes and state income taxes. Due to the uncertainty of the manner in which the undistributed earnings would be brought back to the United States and the tax laws in effect at that time, it is not practicable to estimate the tax liability that might be incurred if such earnings were remitted to the U.S.

Unrecognized tax benefits. Alcoa and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various foreign and U.S. state jurisdictions. With few exceptions, the Company is not subject to income tax examinations by tax authorities for years prior to 2014. The U.S. federal income tax filings of the Company's U.S. consolidated tax group have been examined through the 2018 tax year, and an examination of the 2021 tax year is ongoing. Foreign jurisdiction tax authorities are in the process of examining income tax returns of several of Alcoa's subsidiaries for various tax years. Excluding the Australia tax matter discussed in Note S, the period under foreign examination includes the income tax years from 2014 through 2022. For U.S. state income tax purposes, the Company and its subsidiaries remain subject to income tax examinations for the 2017 tax year and forward.

In the third quarter of 2020, AofA paid approximately $74 (A$107) to the ATO related to the tax dispute described in Note S. Upon payment, AofA recorded a noncurrent prepaid tax asset, as the Company continues to believe it is more likely than not that AofA's tax position will be sustained and therefore is not recognizing any tax expense in relation to this matter. In accordance with Australian tax laws, the initial interest assessment and additional interest are deductible against AofA's taxable income. AofA applied this deduction beginning in the third quarter of 2020, reducing cash tax payments. Interest compounded in future years is also deductible against AofA's income in future periods. If AofA is ultimately successful, the interest deduction would become taxable as income in the year the dispute is resolved. In addition, should the ATO decide in the interim to reduce any interest already assessed, the reduction would be taxable as income at that point in time. During 2023, AofA continued to record its tax provision and tax liability without effect of the ATO assessment, since it expects to prevail. The tax payable related to deductions of interest on the assessment will remain on AofA's balance sheet as a noncurrent liability, increased by the tax effect of subsequent periods' interest deductions, until dispute resolution. At December 31, 2024 and December 31, 2023, the noncurrent liability resulting from the cumulative interest deductions was approximately $206 (A$332) and $199 (A$293), respectively.

The reserve balance for unrecognized tax benefits is included in Noncurrent income taxes on the Consolidated Balance Sheet. A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) was as follows:

December 31,	2024	2023	2022
Balance at beginning of year	$ 5	$ 5	$ 4
Additions for tax positions of prior years	–	–	2
Reductions for tax positions of prior years	(1)	–	–
Expiration of the statute of limitations	–	–	(1)
Balance at end of year	$ 4	$ 5	$ 5

For all periods presented, a portion of the balance at end of year pertains to state tax liabilities, which are presented before any offset for federal tax benefits. The effect of unrecognized tax benefits, if recorded, that would impact the annual effective tax rate for 2024, 2023, and 2022 would be 2%, 1%, and 1%, respectively, of Income (loss) before income taxes. Alcoa does not anticipate that changes in its unrecognized tax benefits will have a material impact on the Statement of Consolidated Operations during 2025.

It is the Company's policy to recognize interest and penalties related to income taxes as a component of the Provision for income taxes on the accompanying Statement of Consolidated Operations. In 2024, 2023, and 2022 Alcoa recognized $0, $1, and $1, in interest and penalties, respectively. Due to the expiration of the statute of limitations, settlements with tax authorities, and refunded overpayments, the Company also recognized interest income of $1, $1, and $1 in 2024, 2023, and 2022, respectively. As of December 31, 2024 and 2023, the amount accrued for the payment of interest and penalties was $3 and $4, respectively.

Other Matters. On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (IRA), which includes a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases after December 31, 2022, and several tax incentives to promote clean energy. As a result of the provisions of the IRA, the Company will incur an excise tax of 1% for certain common stock repurchases made subsequent to December 31, 2022, which will be reflected in the cost of purchasing the underlying shares. The minimum corporate tax did not have an impact on the Company for 2024, 2023, or 2022 and will not have an impact on the Company for 2025.

The IRA contains a number of tax credits and other incentives for investments in renewable energy production, carbon capture, and other climate-related actions, as well as the production of critical minerals. In December 2023, the U.S. Treasury issued guidance on Section 45X of the Advanced Manufacturing Tax Credit. The Notice of Proposed Rulemaking (the Proposed Regulations) clarified that commercial grade aluminum is included in the definition of aluminum eligible for the credit, which was designed to incentivize domestic production of critical materials important for the transition to clean energy. On October 24, 2024, the U.S. Treasury finalized the Proposed Regulations under Section 45X with important modifications including the ability to include the cost of certain direct and indirect materials in the cost base of the credit. The Proposed Regulation on the definition of aluminum was not finalized; however, management believes that commercial grade aluminum continues to qualify for the Section 45X credit. In the Preamble to the Final Regulations, the U.S. Treasury indicated it will finalize the definition at a later date.

In 2024 and 2023, the Company recorded benefits of $71 and $36 in Cost of goods sold, respectively, related to its Massena West smelter (New York) and its Warrick smelter (Indiana). As of December 31, 2024, benefits of $36 were included in Other receivables and $71 were included in Other noncurrent assets on the Consolidated Balance Sheet. As of December 31, 2023, benefits of $36 were included in Other receivables on the Consolidated Balance Sheet.

R. ASSET RETIREMENT OBLIGATIONS

The following table details the carrying value of recorded AROs by major category, of which $204 and $217 was classified as a current liability as of December 31, 2024 and 2023, respectively:

December 31,	2024	2023
Closure of bauxite residue areas	$ 396	$ 437
Mine reclamation	321	328
Spent pot lining disposal	103	124
Demolition	50	76
Landfill closure	25	24
Balance at end of year	$ 895	$ 989

The following table details the changes in the total carrying value of recorded AROs:

December 31,	2024	2023
Balance at beginning of year	$ 989	$ 828
Accretion expense	38	33
Liabilities incurred	160	254
Payments	(196)	(148)
Reversals of previously recorded liabilities	(10)	(8)
Foreign currency translation and other	(86)	30
Balance at end of year	$ 895	$ 989

Liabilities incurred in 2024 include:

- $87 for new mining areas opened during the year and higher estimated mine reclamation costs;
- $24 for changes in closure estimates at the previously closed Suralco (Suriname) refinery;
- $22 related to spent pot lining transportation, treatment, and disposal;
- $11 related to changes in closure estimates for mine reclamation, landfill closure, and demolition at previously closed sites;
- $9 related to water treatment due to the curtailment of the Kwinana refinery; and,
- $6 related to the changes in estimates for residue area closure, landfill closure, and mine reclamation at various operating sites.

The liabilities incurred were recorded with corresponding capitalized asset retirement costs, except for $6 related to non-operating bauxite residue areas and spent pot lining transportation and disposal, which was recorded to Cost of goods sold; and a net charge of $35 related to changes in closure estimates at previously closed sites and the curtailment of the Kwinana refinery which were recorded to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

In 2024, reversals of previously recorded liabilities primarily related to the completion of spent pot lining transportation and disposal at the previously closed Intalco smelter.

Liabilities incurred in 2023 include:

- $97 for changes in closure estimates of operating bauxite residue areas;
- $87 for new mining areas opened during the year and higher estimated mine reclamation costs;
- $36 related to the closure of the previously curtailed Intalco smelter;
- $23 related to spent pot lining transportation, treatment, and disposal;
- $10 for changes in closure estimates of non-operating bauxite residue areas; and,
- $1 related to an accrual for demolition for the closure of a potline at Warrick Operations.

The additional accruals were recorded with corresponding capitalized asset retirement costs except for $15 related to non-operating bauxite residue areas at the Alumar refinery, spent pot lining and treatment, and mine reclamation which was recorded to Cost of goods sold; and $41 related to the closure of the Intalco smelter, updated estimates for spent pot lining treatment and disposal at a previously closed site, and demolition accruals for the closure of a potline at Warrick Operations, which was recorded to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

In 2023, reversals of previously recorded liabilities primarily related to changes in estimates at various sites and to the completion of a site demolition project, of which $2 was recorded to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

The estimated timing of cash outflows for recorded AROs at December 31, 2024 was as follows:

2025	$	204
2026 – 2029		522
Thereafter		169
Total	$	895

Changes to the estimates may result in material changes to the recorded AROs that may require an increase to or a reversal of previously recorded liabilities, as well as changes in the timing of cash outflows.

S. CONTINGENCIES AND COMMITMENTS

Contingencies

Environmental Matters

Alcoa Corporation participates in environmental assessments and cleanups at several locations. These include currently or previously owned or operated facilities and adjoining properties, and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)) sites.

Alcoa Corporation's environmental remediation reserve balance reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. The following table details the changes in the carrying value of recorded environmental remediation reserves:

Balance at December 31, 2021	$ 309
Liabilities incurred	32
Cash payments	(26)
Reversals of previously recorded liabilities	(30)
Foreign currency translation and other	(1)
Balance at December 31, 2022	284
Liabilities incurred	39
Cash payments	(55)
Reversals of previously recorded liabilities	(1)
Foreign currency translation and other	1
Balance at December 31, 2023	268
Liabilities incurred	25
Cash payments	(49)
Reversals of previously recorded liabilities	(12)
Foreign currency translation and other	(12)
Balance at December 31, 2024	$ 220

At December 31, 2024 and 2023, the current portion of the remediation reserve balance was $38 and $66, respectively.

In 2024, the Company incurred liabilities of $25 and recorded a reversal of $12. The impacts to the Statement of Consolidated Operations were primarily:

- $20 for an increase in estimated scope and costs associated with ongoing remediation work at several sites and for certain other environmental compliance matters which were recorded in Cost of goods sold;

- $5 for an increase in estimated costs associated with ongoing remediation work at previously closed sites which were recorded to Restructuring and other charges, net (see Note D); and,

- $12 reversal for site remediation that is no longer required at a previously closed site which was recorded in Restructuring and other charges, net (see Note D).

In 2023, the Company incurred liabilities of $39 and recorded a reversal of $1. The impacts to the Statement of Consolidated Operations were primarily:

- $14 for the closure of the previously curtailed Intalco smelter and $13 for an increase in estimated costs associated with ongoing remediation work at the previously closed Longview (Washington) site which were recorded in Restructuring and other charges, net (see Note D);

- $12 for an increase in estimated costs associated with ongoing remediation work at various other sites which was recorded in Cost of goods sold; and,

- $1 reversal due to the determination that certain remaining site remediation was no longer required which was recorded in Restructuring and other charges, net (see Note D).

In 2022, the Company incurred liabilities of $32 and recorded reversals of $30. The impacts to the Statement of Consolidated Operations were primarily:

- $14 for the closure of the previously curtailed magnesium smelter in Addy and $6 for estimates for environmental remediation at the Point Henry site which were recorded in Restructuring and other charges, net (see Note D);

- $4 for a new phase of work at the former East St. Louis site and $9 for environmental activities at various sites recorded in Cost of goods sold; and,

- $30 reversals during 2022, primarily related to changes in estimates for site remediation at Massena East of $18 and Suralco of $5 and completion of remediation at a previously closed site in Brazil of $6, which were recorded in Restructuring and other charges, net (see Note D).

Cash payments include mandated expenditures as well as those not required by any regulatory authority or third party. The estimated timing of cash outflows from the environmental remediation reserve at December 31, 2024 was as follows:

2025	$	38
2026 – 2029		77
Thereafter		105
Total	$	220

Reserve balances at December 31, 2024 and 2023, associated with significant sites with active remediation underway or for future remediation were $154 and $211, respectively. In management's judgment, the Company's reserves are sufficient to satisfy the provisions of the respective action plans. Upon changes in facts or circumstances, a change to the reserve may be required. The Company's significant sites include:

Suriname – The reserve associated with the 2017 closure of the Suralco refinery and bauxite mine is for treatment and disposal of refinery waste and soil remediation. The work began in 2017 and is expected to be completed at the end of 2027.

Hurricane Creek, Arkansas – The reserve associated with the 1990 closure of two mining areas and refineries near Hurricane Creek, Arkansas is for ongoing monitoring and maintenance for water quality surrounding the mine areas and residue disposal areas.

Massena, New York – The reserve associated with the 2015 closure of the Massena East smelter by the Company's subsidiary, Reynolds Metals Company, is for subsurface soil remediation to be performed after demolition of the structures. Remediation work commenced in 2021 and will take up to eight years to complete.

Point Comfort, Texas – The reserve associated with the 2019 closure of the Point Comfort alumina refinery is for disposal of industrial wastes contained at the site, subsurface remediation, and post-closure monitoring and maintenance. The final remediation plan is currently being developed, which may result in a change to the existing reserve.

Addy, Washington – The reserve associated with the 2022 closure of the Addy magnesium smelter facility is for site-wide remediation and investigation and post-closure monitoring and maintenance. Remediation work is not expected to begin until 2027 and will take three to five years to complete. The final remediation plan is currently being developed, which may result in a change to the existing reserve.

Ferndale, Washington – The reserve associated with the 2023 closure of the Intalco aluminum smelter in Ferndale, Washington is for below grade site remediation and five years of post-closure maintenance and monitoring. The final remediation plan is under review.

In May 2022, the Company received a Notice of Violation (NOV) from the U.S. Environmental Protection Agency (the EPA). The NOV alleged violations under the Clean Air Act at the Intalco smelter from when the smelter was operational. The EPA referred the matter to the U.S. Department of Justice, Environment and Natural Resources Division (the DOJ) in May 2022. The DOJ and the Company agreed to a stipulated settlement, which was filed with the United States District Court for the Western District of Washington at Seattle on July 18, 2024, requiring the Company to pay a civil fine of $5. On October 15, 2024, the Court approved the stipulated settlement of $5, and payment was remitted by the Company.

Other Sites – The Company is in the process of decommissioning various other plants and remediating sites in several countries for potential redevelopment or to return the land to a natural state. In aggregate, there are remediation projects at 31 other sites that are planned or underway. These activities will be completed at various times in the future over the next two to four years, after which ongoing monitoring and other activities may be required. At December 31, 2024 and 2023, the reserve balance associated with these activities was $66 and $57, respectively.

Tax

Brazil (AWAB) – Under Brazilian law, taxpayers who generate non-cumulative federal value added tax credits related to exempt exports may either request a refund in cash (monetization) or offset them against other federal taxes owed. In 2012, AWAB requested monetization of $136 (R$273) from the Brazilian Federal Revenue Office (RFB) and received $68 (R$136) that year. In March 2013, AWAB was notified by the RFB that approximately $110 (R$220) of value added tax credits previously claimed were being disallowed and a penalty of 50% was assessed. $41 (R$82) of the cash received in 2012 related to the disallowed amount. The value added tax credits were claimed by AWAB for both fixed assets and export sales related to the Juruti bauxite mine and Alumar refinery expansion for tax years 2009 through 2011. The RFB has disallowed credits they allege belong to the consortium in which AWAB owns an interest and should not have been claimed by AWAB. Credits have also been disallowed as a result of challenges to apportionment methods used, questions about the use of the credits, and an alleged lack of documented proof. AWAB presented defense of its claim to the RFB on April 8, 2013.

In February 2022, the RFB notified AWAB that it had inspected the value added tax credits claimed for 2012 and disallowed $4 (R$19). In its decision, the RFB allowed credits of $14 (R$65) that were similar to those previously disallowed for 2009 through 2011. In July 2022, the RFB notified AWAB that it had inspected the value added tax credits claimed for 2013 and disallowed $13 (R$66). In its decision, the RFB allowed credits of $10 (R$53) that were similar to those previously disallowed for 2009 through 2011. In September 2024, the RFB notified AWAB that it had further inspected the value added tax credits claimed for 2013 and issued a first administrative decision allowing additional credits of $1 (R$5) that were similar to those previously disallowed for 2009 through 2011. AWAB received the 2012 allowed credits with interest of $9 (R$44) in March 2022, the 2013 allowed credits with interest of $6 (R$31) in August 2022, and the additional 2013 allowed credits with interest of $1 (R$6) in December 2024. The decisions on the 2012 and 2013 credits provide positive evidence to support management's opinion that there is no basis for these credits to be disallowed. AWAB will continue to dispute the credits that were disallowed for 2012 and 2013. If AWAB is successful in this administrative process, the RFB would have no further recourse. If unsuccessful in this process, AWAB has the option to litigate at a judicial level. Separately from AWAB's administrative appeal, in June 2015, a new tax law was enacted repealing the provisions in the tax code that were the basis for the RFB assessing a 50% penalty in this matter. As such, the estimated range of reasonably possible loss for these matters is $0 to $48 (R$300). It is management's opinion that the allegations have no basis; however, at this time, the Company is unable to reasonably predict an outcome for this matter.

Australia (AofA) – In December 2019, AofA received a statement of audit position (SOAP) from the Australian Taxation Office (ATO) related to the pricing of certain historic third-party alumina sales. The SOAP proposed adjustments that would result in additional income tax payable by AofA. During 2020, the SOAP was the subject of an independent review process within the ATO. At the conclusion of this process, the ATO determined to continue with the proposed adjustments and issued Notices of Assessment (the Notices) that were received by AofA on July 7, 2020. The Notices asserted claims for income tax payable by AofA of approximately $132 (A$214). The Notices also included claims for compounded interest on the tax amount totaling approximately $438 (A$707).

On September 17, 2020, the ATO issued a position paper with its preliminary view on the imposition of administrative penalties related to the tax assessment issued to AofA. This paper proposed penalties of approximately $79 (A$128).

AofA disagreed with the Notices and with the ATO's proposed position on penalties. During 2020, AofA lodged formal objections to the Notices, provided a submission on the ATO's imposition of interest and submitted a response to the ATO's position paper on penalties. After the ATO completes its review of AofA's response to the penalties position paper, the ATO could issue a penalty assessment.

To date, AofA has not received a response to its submission on the ATO's imposition of interest or its response to the ATO's position paper on penalties.

Through February 1, 2022, AofA did not receive a response from the ATO on AofA's formal objections to the Notices and, on that date, AofA submitted statutory notices to the ATO requiring the ATO to make decisions on AofA's objections within a 60-day period. On April 1, 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 April 29, 2022, AofA filed proceedings in the Australian Administrative Appeals Tribunal (AAT) against the ATO to contest the Notices. The AAT held the first directions hearing on July 25, 2022 ordering AofA to file its evidence and related materials by November 4, 2022, ATO to file its materials by April 14, 2023 and AofA to file reply materials by May 26, 2023. AofA filed its evidence and related materials on November 4, 2022. The ATO did not file its materials by April 14, 2023. At a directions hearing on May 17, 2023, the ATO was granted an extension to file its materials by August 18, 2023. At a directions hearing on September 26, 2023, the ATO was granted an additional extension to file its materials by November 3, 2023. The ATO filed its materials on November 13, 2023. At a directions hearing on November 22, 2023, AofA was ordered to file any reply materials by March 15, 2024. AofA filed its reply materials on March 15, 2024. The substantive hearing was completed in June 2024, and AofA is awaiting the AAT's decision.

The following is an extract of audited consolidated financial statements of Alcoa for the year ended 31 December 2023, which were prepared in accordance with U.S. GAAP, from the 2023 Annual Report on Form 10-K of Alcoa issued on 21 February 2024.

The 2024 Annual Report of Alcoa has been published on the website of the NYSE (https://www.nyse.com/index) and on Alcoa's websites (https://investors.alcoa.com/financials). It can be accessed at the website address below: https://s29.q4cdn.com/945634774/files/doc_financials/2023/ar/alcoa-corp-2023-annual-report-final-bookmarked.pdf

Unless the context requires otherwise, the capitalised terms used in this extract shall have the same meanings as the 2023 Annual Report on Form 10-K of Alcoa issued on 21 February 2024.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED OPERATIONS
(in millions, except per-share amounts)

For the year ended December 31,	2023	2022	2021
Sales (E)	$ 10,551	$ 12,451	$ 12,152
Cost of goods sold (exclusive of expenses below)	9,813	10,212	9,153
Selling, general administrative, and other expenses	226	204	227
Research and development expenses	39	32	31
Provision for depreciation, depletion, and amortization	632	617	664
Restructuring and other charges, net (D)	184	696	1,128
Interest expense (U)	107	106	195
Other expenses (income), net (U)	134	(118)	(445)
Total costs and expenses	11,135	11,749	10,953
(Loss) income before income taxes	(584)	702	1,199
Provision for income taxes (Q)	189	664	629
Net (loss) income	(773)	38	570
Less: Net (loss) income attributable to non-controlling interest	(122)	161	141
Net (loss) income attributable to Alcoa Corporation	(651)	(123)	429
Earnings per share attributable to Alcoa Corporation common shareholders (F):			
Basic	$ (3.65)	$ (0.68)	$ 2.30
Diluted	$ (3.65)	$ (0.68)	$ 2.26

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
(in millions)

	Alcoa Corporation			Non-controlling interest			Total		
For the year ended December 31,	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Net (loss) income	$ (651)	$ (123)	$ 429	$ (122)	$ 161	$ 141	$ (773)	$ 38	$ 570
Other comprehensive (loss) income, net of tax (G):									
Change in unrecognized net actuarial loss and prior service cost/benefit related to pension and other postretirement benefits	(62)	944	1,654	(10)	8	54	(72)	952	1,708
Foreign currency translation adjustments	92	(71)	(229)	57	(103)	(93)	149	(174)	(322)
Net change in unrecognized gains/losses on cash flow hedges	(136)	180	(388)	(1)	2	–	(137)	182	(388)
Total Other comprehensive (loss) income, net of tax	(106)	1,053	1,037	46	(93)	(39)	(60)	960	998
Comprehensive (loss) income	$ (757)	$ 930	$ 1,466	$ (76)	$ 68	$ 102	$ (833)	$ 998	$ 1,568

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in millions)

December 31,	**2023**	**2022**
Assets		
Current assets:		
Cash and cash equivalents (P)	$ 944	$ 1,363
Receivables from customers (I)	656	778
Other receivables	152	131
Inventories (J)	2,158	2,427
Fair value of derivative instruments (P)	29	134
Prepaid expenses and other current assets	466	417
Total current assets	4,405	5,250
Properties, plants, and equipment, net (K)	6,785	6,493
Investments (H)	979	1,122
Deferred income taxes (Q)	333	296
Fair value of derivative instruments (P)	3	2
Other non-current assets (U)	1,650	1,593
Total Assets	$ 14,155	$ 14,756
Liabilities		
Current liabilities:		
Accounts payable, trade	$ 1,714	$ 1,757
Accrued compensation and retirement costs	357	335
Taxes, including income taxes	88	230
Fair value of derivative instruments (P)	214	200
Other current liabilities	578	481
Long-term debt due within one year (M & P)	79	1

December 31,	2023	2022
Total current liabilities	3,030	3,004
Long-term debt, less amount due within one year (M & P)	1,732	1,806
Accrued pension benefits (O)	278	213
Accrued other postretirement benefits (O)	443	480
Asset retirement obligations (R)	772	711
Environmental remediation (S)	202	226
Fair value of derivative instruments (P)	1,092	1,026
Non-current income taxes (Q)	193	215
Other non-current liabilities and deferred credits (U)	568	486
Total liabilities	8,310	8,167
Contingencies and commitments (S)		
Equity		
Alcoa Corporation shareholders' equity:		
Common stock (N)	2	2
Additional capital	9,187	9,183
Accumulated deficit	(1,293)	(570)
Accumulated other comprehensive loss (G)	(3,645)	(3,539)
Total Alcoa Corporation shareholders' equity	4,251	5,076
Non-controlling interest (A)	1,594	1,513
Total equity	5,845	6,589
Total Liabilities and Equity	$ 14,155	$ 14,756

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS
(in millions)

For the year ended December 31,	2023	2022	2021
Cash from Operations			
Net (loss) income	$ (773)	$ 38	$ 570
Adjustments to reconcile net (loss) income to cash from operations:			
Depreciation, depletion, and amortization	632	617	664
Deferred income taxes (Q)	(22)	219	147
Equity loss (income), net of dividends (H)	201	4	(138)
Restructuring and other charges, net (D)	184	696	1,128
Net loss (gain) from investing activities – asset sales (U)	18	10	(354)
Net periodic pension benefit cost (O)	6	54	47
Stock-based compensation (N)	35	40	39
Premium paid on early redemption of debt	–	–	43
Loss (gain) on mark-to-market derivative financial contracts	26	(44)	(24)
Other	78	53	49
Changes in assets and liabilities, excluding effects of divestitures and foreign currency translation adjustments:			
Decrease (increase) in receivables	104	(59)	(414)
Decrease (increase) in inventories (J)	243	(547)	(639)
Decrease (increase) in prepaid expenses and other current assets	39	44	(41)
(Decrease) increase in accounts payable, trade	(74)	189	354
Decrease in accrued expenses	(133)	(173)	(38)
(Decrease) increase in taxes, including income taxes	(146)	(152)	301
Pension contributions (O)	(24)	(17)	(579)
Increase in non-current assets	(210)	(87)	(160)
Decrease in non-current liabilities	(93)	(63)	(35)
Cash provided from operations	91	822	920

For the year ended December 31,	2023	2022	2021
Financing Activities			
Additions to debt (M)	127	4	495
Payments on debt (M)	(72)	(1)	(1,294)
Proceeds from the exercise of employee stock options (N)	1	22	25
Repurchase of common stock (N)	–	(500)	(150)
Dividends paid on Alcoa common stock (N)	(72)	(72)	(19)
Payments related to tax withholding on stock-based compensation awards	(34)	(19)	(1)
Financial contributions for the divestiture of businesses (C)	(52)	(33)	(17)
Contributions from non-controlling interest (A)	188	214	21
Distributions to non-controlling interest	(30)	(379)	(215)
Other	1	(4)	(3)
Cash provided from (used for) financing activities	57	(768)	(1,158)
Investing Activities			
Capital expenditures	(531)	(480)	(390)
Proceeds from the sale of assets and businesses (C)	4	5	966
Additions to investments (H)	(70)	(32)	(11)
Sale of investments (H)	–	10	–
Other	12	2	–
Cash (used for) provided from investing activities	(585)	(495)	565
Effect of exchange rate changes on cash and cash equivalents and restricted cash	10	(9)	(13)
Net change in cash and cash equivalents and restricted cash	(427)	(450)	314
Cash and cash equivalents and restricted cash at beginning of year	1,474	1,924	1,610
Cash and cash equivalents and restricted cash at end of year	$ 1,047	$ 1,474	$ 1,924

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
(in millions)

	Alcoa Corporation shareholders					
	Common stock	Additional capital	Accumulated deficit	Accumulated other comprehensive (loss) income	Non-controlling interest	Total equity
Balance at December 31, 2020	$ 2	$ 9,663	$ (725)	$ (5,629)	$ 1,705	$ 5,016
Net income	–	–	429	–	141	570
Other comprehensive income (loss) (G)	–	–	–	1,037	(39)	998
Stock-based compensation (N)	–	39	–	–	–	39
Net effect of tax withholding for compensation plans and exercise of stock options (N)	–	25	–	–	–	25
Repurchase of common stock (N)	–	(150)	–	–	–	(150)
Dividends paid on Alcoa common stock ($0.10 per share) (N)	–	–	(19)	–	–	(19)
Contributions	–	–	–	–	21	21
Distributions	–	–	–	–	(215)	(215)
Other	–	–	–	–	(1)	(1)
Balance at December 31, 2021	2	9,577	(315)	(4,592)	1,612	6,284
Net (loss) income	–	–	(123)	–	161	38
Other comprehensive income (loss) (G)	–	–	–	1,053	(93)	960
Stock-based compensation (N)	–	40	–	–	–	40
Net effect of tax withholding for compensation plans and exercise of stock options (N)	–	3	–	–	–	3
Repurchase of common stock (N)	–	(440)	(60)	–	–	(500)
Dividends paid on Alcoa common stock ($0.10 per share) (N)	–	–	(72)	–	–	(72)
Contributions	–	–	–	–	214	214
Distributions	–	–	–	–	(379)	(379)
Other	–	3	–	–	(2)	1
Balance at December 31, 2022	2	9,183	(570)	(3,539)	1,513	6,589
Net loss	–	–	(651)	–	(122)	(773)
Other comprehensive (loss) income (G)	–	–	–	(106)	46	(60)
Stock-based compensation (N)	–	35	–	–	–	35
Net effect of tax withholding for compensation plans and exercise of stock options (N)	–	(33)	–	–	–	(33)
Dividends paid on Alcoa common stock ($0.10 per share) (N)	–	–	(72)	–	–	(72)
Contributions	–	–	–	–	188	188
Distributions	–	–	–	–	(30)	(30)
Other	–	2	–	–	(1)	1
Balance at December 31, 2023	$ 2	$ 9,187	$ (1,293)	$ (3,645)	$ 1,594	$ 5,845

The accompanying notes are an integral part of the consolidated financial statements.

ALCOA CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per-share amounts; metric tons in thousands (kmt))

A. BASIS OF PRESENTATION

Alcoa Corporation (or the Company) is a vertically integrated aluminum company comprised of bauxite mining, alumina refining, aluminum production (smelting and casting), and energy generation. Through direct and indirect ownership, the Company has 27 operating locations in nine countries around the world, situated primarily in Australia, Brazil, Canada, Iceland, Norway, Spain, and the United States.

Alcoa Corporation became an independent, publicly traded company on November 1, 2016, following its separation (the Separation Transaction) from its former parent company, Alcoa Inc. References herein to "ParentCo" refer to Alcoa Inc. and its consolidated subsidiaries through October 31, 2016, at which time it was renamed Arconic Inc. (Arconic) and since has been subsequently renamed Howmet Aerospace Inc.

Basis of Presentation. The Consolidated Financial Statements of Alcoa Corporation are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). In accordance with GAAP, certain situations require management to make estimates based on judgments and assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Management uses historical experience and all available information to make these estimates. Management regularly evaluates the judgments and assumptions used in its estimates, and results could differ from those estimates upon future events and their effects or new information.

Principles of Consolidation. The Consolidated Financial Statements of the Company include the accounts of Alcoa Corporation and companies in which Alcoa Corporation has a controlling interest, including those that comprise the Alcoa World Alumina & Chemicals (AWAC) joint venture (see below). Intercompany transactions have been eliminated. The equity method of accounting is used for investments in affiliates and other joint ventures over which the Company has significant influence but does not have effective control. Investments in affiliates in which Alcoa Corporation cannot exercise significant influence are accounted at cost less any impairment, a measurement alternative in accordance with GAAP.

AWAC is an unincorporated global joint venture between Alcoa Corporation and Alumina Limited and consists of several affiliated operating entities, which own, have an interest in, or operate the bauxite mines and alumina refineries within the Company's Alumina segment (except for the Poços de Caldas mine and refinery, portions of the São Luís refinery, and investment in Mineração Rio do Norte S.A. (MRN) until its sale in April 2022, all in Brazil) and a portion (55%) of the Portland smelter (Australia) within the Company's Aluminum segment. Alcoa Corporation owns 60% and Alumina Limited owns 40% of these individual entities, which are consolidated by the Company for financial reporting purposes and include Alcoa of Australia Limited (AofA), Alcoa World Alumina LLC (AWA), Alcoa World Alumina Brasil Ltda. (AWAB), and Alúmina Española, S.A. (Española). Alumina Limited's interest in the equity of such entities is reflected as Non-controlling interest on the accompanying Consolidated Balance Sheet.

Management evaluates whether an Alcoa Corporation entity or interest is a variable interest entity and whether the Company is the primary beneficiary. Consolidation is required if both of these criteria are met. Alcoa Corporation does not have any variable interest entities requiring consolidation.

Related Party Transactions. Alcoa Corporation buys products from and sells products to various related companies, consisting of entities in which the Company retains a 50% or less equity interest, at negotiated prices between the two parties. These transactions were not material to the financial position or results of operations of Alcoa Corporation for all periods presented.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents. Cash equivalents are highly liquid investments purchased with an original maturity of three months or less.

Restricted Cash. Restricted cash is included with Cash and cash equivalents when reconciling the Cash and cash equivalents and restricted cash at beginning of year and Cash and cash equivalents and restricted cash at end of year on the accompanying Statement of Consolidated Cash Flows. Current restricted cash amounts are reported in Prepaid expenses and other current assets on the accompanying Consolidated Balance Sheet. non-current restricted cash amounts are reported in Other non-current assets on the accompanying Consolidated Balance Sheet (see Note U for a reconciliation of Cash and cash equivalents and restricted cash).

Inventory Valuation. Inventories are carried at the lower of cost or net realizable value, with the cost of inventories principally determined under the average cost method.

Properties, Plants, and Equipment. Properties, plants, and equipment are recorded at cost. Interest related to the construction of qualifying assets is capitalized as part of the construction costs. Depreciation is recorded principally on the straight-line method over the estimated useful lives of the assets. Depreciation is recorded on temporarily idled facilities until such time management approves a permanent closure. The following table details the weighted average useful lives of structures and machinery and equipment by type of operation (numbers in years):

	Structures	Machinery and equipment
Alumina	29	27
Aluminum smelting and casting	37	22
Energy generation	33	25

Repairs and maintenance are charged to expense as incurred while costs for significant improvements that add productive capacity or that extend the useful life are capitalized. Gains or losses from the sale of assets are generally recorded in Other expenses (income), net.

Properties, plants, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (asset group) may not be recoverable. Recoverability of assets is determined by comparing the estimated undiscounted net cash flows of the operations related to the assets (asset group) to their carrying amount. An impairment loss would be recognized when the carrying amount of the assets (asset group) exceeds the fair value. The amount of the impairment loss to be recorded is calculated as the excess of the carrying value of the assets (asset group) over their fair value, with fair value determined using the best information available, which generally is a discounted cash flow (DCF) model. The determination of what constitutes an asset group, the associated estimated undiscounted net cash flows, and the estimated useful lives of assets also require significant judgments.

Leases. The Company determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset which the Company has the right to control. Lease right-of-use (ROU) assets are included in Properties, plants, and equipment, net with the corresponding operating lease liabilities included within Other current liabilities and Other non-current liabilities and deferred credits on the accompanying Consolidated Balance Sheet.

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate at the commencement date in determining the present value of lease payments unless a rate is implicit in the lease. Lease terms include options to extend the lease when it is reasonably certain that those options will be exercised. Leases with an initial term of 12 months or less, including anticipated renewals, are not recorded on the Consolidated Balance Sheet.

The Company made a policy election not to record any non-lease components of a lease agreement in the lease liability. Variable lease payments are not presented as part of the ROU asset or liability recorded at the inception of a contract. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Equity Investments. Alcoa invests in a number of privately-held companies, primarily through joint ventures and consortia, which are accounted for using the equity method. The equity method is applied in situations where the Company has the ability to exercise significant influence, but not control, over the investee. Management reviews equity investments for impairment whenever certain indicators are present suggesting that the carrying value of an investment is not recoverable.

Deferred Mining Costs. Alcoa incurs deferred mining costs during the development stage of a mine life cycle. Such costs include the construction of access and haul roads, detailed drilling and geological analysis to further define the grade and quality of the known bauxite, and overburden removal costs. These costs relate to sections of the related mines where the Company is currently extracting bauxite or preparing for production in the near term. These sections are outlined and planned incrementally and generally are mined over periods ranging from one to five years, depending on specific mine plans. The amount of geological drilling and testing necessary to determine the economic viability of the bauxite deposit being mined is such that the reserves are considered to be proven. Deferred mining costs are amortized on a units-of-production basis and included in Other non-current assets on the accompanying Consolidated Balance Sheet.

Goodwill and Other Intangible Assets. Goodwill is not amortized but is reviewed for impairment annually (in the fourth quarter) or more frequently if indicators of impairment exist or if a decision is made to sell or exit a business.

Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. Beginning in January 2023, the Company changed its operating segments, by combining the Bauxite and Alumina segments, and reported its financial results in the following two segments: (i) Alumina and (ii) Aluminum (see Note E).

The Company has three reporting units, of which two are included in the Aluminum segment (smelting/casting and energy generation). The remaining reporting unit is the Alumina segment. Of these three reporting units, only Alumina contains goodwill (see Note L).

Goodwill is tested for impairment by assessing qualitative factors to determine whether it is more likely than not (greater than 50%) that the fair value of the reporting unit is less than its carrying amount or performing a quantitative assessment using a discounted cash flow model. If the qualitative assessment indicates a possible impairment, then a quantitative impairment test is performed to determine the fair value of the reporting unit using a discounted cash flow method. Otherwise, no further analysis is required.

Under the quantitative assessment, the evaluation of impairment involves comparing the current fair value of each reporting unit to its carrying value, including goodwill. In the event the estimated fair value of a reporting unit is less than the carrying value, an impairment loss equal to the excess of the reporting unit's carrying value over its fair value not to exceed the total amount of goodwill applicable to that reporting unit would be recognized.

Alcoa's policy for its annual review of goodwill is to perform the quantitative impairment test for its reporting unit containing goodwill at least once during every three-year period.

Intangible assets with finite useful lives are amortized generally on a straight-line basis over the periods benefited. The following table details the weighted average useful lives of software and other intangible assets by type of operation (numbers in years):

	Software	Other intangible assets
Alumina	6	25
Aluminum smelting and casting	3	40
Energy generation	3	29

Asset Retirement Obligations. Alcoa recognizes asset retirement obligations (AROs) related to legal obligations associated with the standard operation of bauxite mines, alumina refineries, and aluminum smelters. These AROs consist primarily of costs associated with mine reclamation, closure of bauxite residue areas, spent pot lining and regulated waste materials disposal, and landfill closure. Additionally, costs are recorded as AROs upon management's decision to permanently close and demolish certain structures and for any significant lease restoration obligations. The fair values of these AROs are recorded on a discounted basis at the time the obligation is incurred and accreted over time for the change in present value; related accretion is recorded as a component of Cost of goods sold. Additionally, the Company capitalizes asset retirement costs by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful life.

The fair values for AROs are determined using significant assumptions, including engineering designs for construction or closure, materials and services costs, regulatory requirements, volume of regulated material to be removed, disposition of demolition materials, and timing to complete construction or closure.

Subsequent adjustments to estimates of previously established AROs for current operations are capitalized by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful life. Adjustments to estimates of AROs for closed locations are charged to Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note R).

Certain conditional asset retirement obligations related to alumina refineries, aluminum smelters, and energy generation facilities have not been recorded in the Consolidated Financial Statements due to uncertainties surrounding the ultimate settlement date. The fair value of these asset retirement obligations will be recorded when a reasonable estimate of the ultimate settlement date can be made.

Environmental Matters. Environmental related expenditures for current operations are expensed as a component of Cost of goods sold or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, generally for closed locations which will not contribute to future revenues, are charged to Restructuring and other charges, net. Liabilities are recorded when remediation costs are probable and can be reasonably estimated. In instances where the Company has ongoing monitoring and maintenance responsibilities, it is Alcoa's policy to maintain a reserve equal to five years of expected costs. The liability is continuously reviewed and adjusted to reflect current remediation progress, rate and pricing changes, actual volumes of material requiring management, changes to the original assumptions regarding how the site was to be remediated, and other factors that may be relevant, including changes in technology or regulations. The estimates may also include costs related to other potentially responsible parties to the extent that Alcoa has reason to believe such parties will not fully pay their proportionate share.

Litigation Matters. For asserted claims and assessments, liabilities are recorded when an unfavorable outcome of a matter is deemed to be probable and the loss is reasonably estimable. With respect to unasserted claims or assessments, liabilities are recorded when the probability that an assertion will be made is likely, an unfavorable outcome of the matter is deemed to be probable, and the loss is reasonably estimable. Legal matters are reviewed on a continuous basis to determine if there has been a change in management's judgment regarding the likelihood of an unfavorable outcome or the estimate of a potential loss. Legal costs, which are primarily for general litigation, environmental compliance, tax disputes, and general corporate matters, are expensed as incurred.

Revenue Recognition. The Company recognizes revenue when it satisfies a performance obligation(s) in accordance with the provisions of a customer order or contract. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, and risk of loss pass to the customer, all of which occurs upon shipment or delivery of the product. The shipping terms vary across all businesses and depend on the product, the country of origin, and the type of transportation. Accordingly, the sale of Alcoa's products to its customers represent single performance obligations for which revenue is recognized at a point in time, except for the Company's Energy product division in which the customer simultaneously receives and consumes electricity (see Note E). Revenue is based on the consideration the Company expects to receive in exchange for its products. Returns and other adjustments have not been material. Based on the foregoing, no significant judgment is required to determine when control of a product has been transferred to a customer.

The Company considers shipping and handling activities as costs to fulfill the promise to transfer the related products. As a result, customer payments of shipping and handling costs are recorded as a component of revenue. Taxes collected (e.g., sales, use, value added, excise) from its customers related to the sale of its products are remitted to governmental authorities and excluded from Sales.

Cost of goods sold. The Company includes the following in Cost of goods sold: operating costs of our two segments, excluding depreciation, depletion, and amortization, but including all production related costs: raw materials consumed; purchases of metal for consumption; conversion costs, such as labor, materials, and utilities; equity earnings of certain investments integral to the Company's supply chain; and plant administrative expenses. Also included in Cost of goods sold are: costs related to the Transformation function, which focuses on the management of expenses and obligations of previously closed operations; pension and other postretirement benefit service cost for employees maintaining closed locations; purchases of bauxite from offtake or other supply agreements, alumina to satisfy customer commitments, and metal for trade; and other costs not included in the operating costs of the segments.

Selling, general administrative, and other expenses. The Company includes the costs of corporate-wide functional support in Selling, general administrative, and other expenses. Such costs include: executive; sales; marketing; strategy; operations administration; finance; information technology; legal; human resources; and government affairs and communications.

Stock-Based Compensation. Compensation expense for employee equity grants is recognized using the non-substantive vesting period approach, in which the expense is recognized ratably over the requisite service period based on the grant date fair value. Forfeitures are accounted for as they occur. The fair value of performance stock units containing a market condition is valued using a Monte Carlo valuation model. Determining the fair value at the grant date requires judgment, including estimates for the average risk-free interest rate, and volatility. These assumptions may differ significantly between grant dates because of changes in the actual results of these inputs that occur over time. As of January 1, 2021, the Company no longer grants stock options.

Refer to Note N for more information regarding stock-based compensation.

Pension and Other Postretirement Benefits. Alcoa sponsors several defined benefit pension plans and health care postretirement benefit plans. The Company recognizes on a plan-by-plan basis the net funded status of these pension and postretirement benefit plans as either an asset or a liability on its Consolidated Balance Sheet. The net funded status represents the difference between the fair value of each plan's assets and the benefit obligation of the respective plan. The benefit obligation represents the present value of the estimated future benefits the Company currently expects to pay to plan participants based on past service. Unrecognized gains and losses related to the plans are deferred in Accumulated other comprehensive loss on the Consolidated Balance Sheet until amortized into earnings.

The plan assets and benefit obligations are measured at the end of each year or more frequently, upon the occurrence of certain events such as a significant plan amendment, settlement, or curtailment. For interim plan remeasurements, it is the Company's policy to record the related accounting impacts within the same quarter as the triggering event.

Liabilities and expenses for pension and other postretirement benefits are determined using actuarial methodologies and incorporate significant assumptions, including the interest rate used to discount the future estimated liability, the expected long-term rate of return on plan assets, and several assumptions relating to the employee workforce (salary increases, health care cost trend rates, retirement age, and mortality).

The yield curve model used to develop the discount rate parallels the plans' projected cash flows and has a weighted average duration of 10 years. The underlying cash flows of the high-quality corporate bonds included in the model exceed the cash flows needed to satisfy the Company's plan obligations multiple times. If a deep market of high-quality corporate bonds does not exist in a country, then the yield on government bonds plus a corporate bond yield spread is used.

The expected long-term rate of return on plan assets is generally applied to a five-year market-related value of plan assets (a four-year average or the fair value at the plan measurement date is used for certain non-U.S. plans). The process used by management to develop this assumption is one that relies on forward-looking investment returns by asset class. Management incorporates expected future investment returns on current and planned asset allocations using information from various external investment managers and consultants, as well as management's own judgment.

Mortality rate assumptions are based on mortality tables and future improvement scales published by third parties, such as the Society of Actuaries, and consider other available information including historical data as well as studies and publications from reputable sources.

A change in one or a combination of these assumptions, or the effects of actual results differing from assumptions, could have a material impact on Alcoa's projected benefit obligation. These changes or differences are recorded in Accumulated other comprehensive loss and are amortized into earnings as a component of the net periodic benefit cost (income) over the average future working lifetime or average remaining life expectancy, as appropriate, of the plan's participants.

One-time accounting impacts, such as curtailment and settlement losses (gains), are recognized immediately and are reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net on the accompanying Statement of Consolidated Operations.

Refer to Note O for more information regarding pension and other postretirement benefits including accounting impacts of current year actions.

Derivatives and Hedging. Derivatives are held for purposes other than trading and are part of a formally documented risk management program.

Alcoa accounts for hedges of firm customer commitments for aluminum as fair value hedges. The fair values of the derivatives and changes in the fair values of the underlying hedged items are reported as assets and liabilities in the Consolidated Balance Sheet. Changes in the fair values of these derivatives and underlying hedged items generally offset and are recorded each period in Sales, consistent with the underlying hedged item.

The Company accounts for certain hedges of foreign currency exposures and certain forecasted transactions as cash flow hedges. The fair values of the derivatives are recorded as assets and liabilities in the Consolidated Balance Sheet. The changes in the fair values of these derivatives are recorded in Other comprehensive (loss) income and are reclassified to Sales, Cost of goods sold, or Other expenses (income), net in the period in which earnings are impacted by the hedged items or in the period that the transaction no longer qualifies as a cash flow hedge. These contracts cover the same periods as known or expected exposures, generally not exceeding five years.

If no hedging relationship is designated, the derivative is marked to market through Other expenses (income), net.

Cash flows from derivatives are recognized in the Statement of Consolidated Cash Flows in a manner consistent with the underlying transactions.

Income Taxes. The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, the provision for income taxes represents income taxes paid or payable (or received or receivable) for the current year plus the change in deferred taxes during the year. Deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid, resulting from differences between the financial and tax bases of Alcoa's assets and liabilities and are adjusted for changes in tax rates and tax laws when enacted.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not (greater than 50%) that a tax benefit will not be realized. In evaluating the need for a valuation allowance, management applies judgment in assessing all available positive and negative evidence and considers all potential sources of taxable income. Deferred tax assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances, resulting in a future charge to establish a valuation allowance. Existing valuation allowances are re-examined under the same standards of positive and negative evidence. If it is determined that it is more likely than not that a deferred tax asset will be realized, the appropriate amount of the valuation allowance, if any, is released. Deferred tax assets and liabilities are also re-measured to reflect changes in underlying tax rates due to law changes and the granting and lapse of tax holidays.

Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the statute of limitations has expired or the appropriate taxing authority has completed their examination even though the statute of limitations remains open. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized.

Foreign Currency. The local currency is the functional currency for Alcoa's significant operations outside the United States, except for certain operations in Canada and Iceland, and a holding and trading company in the Netherlands, where the U.S. dollar is used as the functional currency. The determination of the functional currency for Alcoa's operations is made based on the appropriate economic and management indicators. Where local currency is the functional currency, assets and liabilities are translated into U.S. dollars using period end exchange rates and income and expenses are translated using the average exchange rates for the reporting period. Unrealized foreign currency translation gains and losses are deferred in Accumulated other comprehensive loss on the Consolidated Balance Sheet.

Recently Adopted Accounting Guidance. On January 1, 2023, the Company adopted Accounting Standard Update (ASU) No. 2022-04 which requires a buyer in a supplier finance program to disclose qualitative and quantitative information about its supplier finance programs, including the key terms of the program, the amount of obligations outstanding at the end of the reporting period, a description of where those obligations are presented in the balance sheet, and effective January 1, 2024, a roll-forward of such amounts during the annual period. The adoption of this guidance resulted in enhanced disclosures regarding these programs (see Note V) and did not have a material impact on the Company's Consolidated Financial Statements. Recently Issued Accounting Guidance. In December 2023, the Financial Accounting Standards Board (FASB) issued ASU No. 2023-09 which includes changes to income tax disclosures, including greater disaggregation of information in the rate reconciliation and disclosure of taxes paid by jurisdiction. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The adoption of this guidance will provide enhanced disclosures regarding income taxes and will not have a material impact on the Company's financial statements.

In November 2023, the FASB issued ASU No. 2023-07 which requires disclosure of significant segment expenses regularly provided to the chief operating decision maker (CODM), other segment items (not included in significant segment expenses for each reportable segment), the title and position of the CODM, and an explanation of how the CODM uses the reported measure of segment profit or loss to assess segment performance and allocate resources. The guidance is effective for fiscal years beginning after December 15, 2023 on an annual basis and beginning after December 15, 2024 on an interim basis. Early adoption is permitted. The adoption of this guidance will provide enhanced disclosures regarding reportable segments and will not have a material impact on the Company's financial statements.

C. DIVESTITURES

Rockdale Site

During the fourth quarter of 2021, the Company completed the sale of land and industrial assets at the previously closed Rockdale smelter site in the state of Texas in a transaction valued at $240. Upon closing of the transaction, the Company received $230 in cash and recorded a net gain of $202 in Other expenses (income), net (pre- and after-tax; see Note U) on the Statement of Consolidated Operations.

Eastalco Site

During the second quarter of 2021, the Company completed the sale of land at the previously closed Eastalco smelter site in the state of Maryland in a transaction valued at $100. Upon closing of the transaction, the Company received $94 in cash and recorded a gain of $90 in Other expenses (income), net ($90 pre- and $89 after-tax; see Note U) on the Statement of Consolidated Operations.

Warrick Rolling Mill

In March 2021, Alcoa completed the sale of its rolling mill located at Warrick Operations (Warrick Rolling Mill), an integrated aluminum manufacturing site near Evansville, Indiana (Warrick Operations), to Kaiser Aluminum Corporation (Kaiser) for total consideration of approximately $670, which included the assumption of $69 in other postretirement benefit liabilities. The Company recorded a net gain of $30 in Other expenses (income), net (pre- and after- tax, see Note U) on the Statement of Consolidated Operations. Upon the closing of the transaction, the Company recorded estimated liabilities for future site separation commitments and remaining transaction costs associated with the sales agreement.

The Company recorded a charge of $17 and $8 in 2023 and 2022 in Other expenses (income), net, respectively, related to additional costs of existing site separation commitments. In 2023 and 2022, the Company spent $52 and $37 against the reserve, respectively. The remaining balance of $11 at December 31, 2023 is expected to be spent in 2024. The cash spent against the reserve is included in Cash provided from (used for) financing activities on the Statement of Consolidated Cash Flows.

D. RESTRUCTURING AND OTHER CHARGES, NET

Restructuring and other charges, net were comprised of the following:

	2023	2022	2021
Settlements and/or curtailments related to retirement benefits (O)	$ 21	$ 632	$ 977
Severance and employee termination costs	11	1	1
Loss on divestitures	–	79	–
Asset impairments	50	58	75
Asset retirement obligations (R)	41	34	23
Environmental remediation (S)	27	21	15
Other	36	(7)	82
Reversals of previously recorded charges	(2)	(122)	(45)
Restructuring and other charges, net	$ 184	$ 696	$ 1,128

Severance and employee termination costs were recorded based on approved detailed action plans submitted by the operating locations that specified positions to be eliminated, benefits to be paid under existing severance plans, union contracts or statutory requirements, and the expected timetable for completion of the plans.

2023 Actions. In 2023, Alcoa Corporation recorded Restructuring and other charges, net, of $184 which were primarily comprised of the following components:

- Non-cash settlement charges related to pension benefits (see Note O):
  - $21 related to the purchase of group annuity contracts to transfer approximately $235 of pension obligations and assets associated with defined benefit pension plans for approximately 530 Canadian retirees and beneficiaries;
- Charges related to portfolio actions:
  - $101 for the permanent closure of the previously curtailed Intalco (Washington) smelter (see below);
  - $53 for the updated viability agreement for the San Ciprián (Spain) smelter; and,
  - $11 for employee termination and severance costs, primarily related to the Kwinana refinery productivity program (see below);
- Other net charges:
  - $17 to record additional environmental and asset retirement related reserves at previously closed sites (see Note R and Note S);

- $19 benefit for the sale of unused carbon credits at a previously closed site;
- $1 to record additional asset retirement related reserves at Warrick Operations (Indiana) (see Note R); and,
- $1 for additional take-or-pay contract costs related to the closed Wenatchee (Washington) and Intalco smelters;

- Reversals:
  - $2 due to lower costs for demolition and remediation at previously closed sites (see Note R).

In December 2023, Alcoa began the closure of a line at its Warrick Operations site in Indiana that had not operated since 2016 to allow for future capital investments to improve casting capabilities. The Company recorded a charge of $1 in Restructuring and other charges, net on the Statement of Consolidated Operations to establish reserves related to demolition obligations. Additionally, Alcoa recorded $1 in Cost of goods sold on the Statement of Consolidated Operations to write-off the remaining net book value of related inventory.

In September 2023, the Company initiated productivity programs across its operations in Australia to mitigate the financial impacts of lower grade bauxite and to optimize operating levels. In connection with this program, the Company recorded Restructuring and other charges, net of $6 for employee termination and severance costs for approximately 90 employees at the Kwinana refinery. The restructuring action and associated cash outlays are anticipated to be complete by the end of the second quarter of 2024. In 2023, the Company spent $1 against the reserve.

In March 2023, Alcoa Corporation announced the closure of the Intalco aluminum smelter, which had been fully curtailed since 2020. The Company recorded charges of $117 related to the closure, including a charge of $16 in Cost of goods sold on the Statement of Consolidated Operations to write-down remaining inventories to net realizable value and a charge of $101 in Restructuring and other charges, net on the Statement of Consolidated Operations. The restructuring charges were comprised of asset impairments of $50, environmental and demolition obligation reserves of $50, and severance and employee termination costs of $1 for the separation of approximately 12 employees. Cash outlays related to the permanent closure of the site in 2024 and 2025 are expected to be approximately $54 related to environmental and demolition obligation reserves, $4 of which was reserved for in prior periods, and $31 related to holding costs during the closure. At December 31, 2023, the separation of employees associated with this program was complete with $1 of payments made against the severance and employee termination cost reserve.

In February 2023, the Company reached an updated viability agreement with the workers' representatives of the San Ciprián smelter to commence the restart process in phases beginning in January 2024. The smelter was curtailed in January 2022 as a result of an agreement reached with the workers' representatives in December 2021 (see below). Under the terms of the updated viability agreement, the Company is responsible for certain employee obligations during 2023 through 2025 and made commitments for capital improvements of $78. The Company recorded charges of $53 in Restructuring and other charges, net on the Statement of Consolidated Operations to establish the related reserve for employee obligations in 2023. Cash outlays related to these obligations were $7 in 2023 and the remainder is expected in 2024 and 2025. At December 31 2023, the Company has restricted cash of $91 to be made available for remaining capital improvement commitments at the site of $118 and smelter restart costs of $35 (see below). Restricted cash is included in Prepaid expenses and other current assets and Other non-current assets on the Consolidated Balance Sheet (see Note U).

2022 Actions. In 2022 Alcoa Corporation recorded Restructuring and other charges, net, of $696 which were primarily comprised of the following components:

- Non-cash settlement charges related to pension benefits (see Note O):
  - $635 related to the purchase of group annuity contracts to transfer approximately $1,000 of pension obligations and assets associated with defined benefit pension plans for approximately 4,400 United States retirees and beneficiaries, as well as lump sum settlements;
- Charges related to portfolio actions:
  - $79 for the agreement reached with the workers of the divested Avilés and La Coruña facilities to settle various legal disputes related to the 2019 divestiture (see Note S);
  - $58 for an asset impairment related to the sale of the Company's interest in MRN (see Note H); and,
  - $29 related to the closure of the previously curtailed magnesium smelter facility in Addy (Washington) (see below);
- Other charges and credits:
  - $26 to record additional environmental and asset retirement related reserves at previously closed sites (see Note R and Note S); and,
  - $7 net credit for revaluation of adjustments to take-or-pay contract reserves related to the closed Wenatchee and curtailed Intalco smelters;

- Reversals:
  - $83 for the release of a valuation allowance on Brazil value added taxes (VAT) (see Note Q); and,
  - $34 due to lower costs for demolition and remediation at previously closed sites (see Note S).

In July 2022, Alcoa made the decision to permanently close the previously curtailed magnesium smelter in Addy. The facility has been fully curtailed since 2001. The Company recorded a charge of $29 to establish reserves for environmental and demolition obligations in Restructuring and other charges, net on the Statement of Consolidated Operations in the third quarter of 2022.

2021 Actions. In 2021 Alcoa Corporation recorded Restructuring and other charges, net, of $1,128 which were comprised of the following components:

- Non-cash settlement charges related to pension and certain other postretirement benefits (see Note O):
  - $858 related to the purchase of group annuity contracts to transfer approximately $1,500 of pension obligations and assets associated with defined benefit pension plans for approximately 14,000 United States retirees and beneficiaries, as well as lump sum settlements;
  - $63 related to the purchase of a group annuity contract to transfer approximately $55 of pension obligations and assets associated with a Suriname pension plan for approximately 800 retirees and beneficiaries;
  - $47 related to lump sum settlements; and,
  - Net $9 related to the settlement and curtailment of certain other postretirement benefits resulting from the sale of the Warrick Rolling Mill;
- Charges related to portfolio actions taken as part of the Company's ongoing strategic review (see details below):
  - $80 related to the closure of the previously curtailed aluminum smelter facility in Wenatchee (Washington);
  - $62 related to the agreement reached with the workers at the San Ciprián aluminum smelter to curtail smelting capacity; and,
  - $27 related to the closure of the previously curtailed anode facility in Lake Charles (Louisiana);

- Other charges:
  - $13 for additional take-or-pay contract costs related to the curtailed Wenatchee and Intalco smelters;
  - $11 to record additional environmental and asset retirement related reserves (see Note R and Note S); and,
  - $3 for several other immaterial items;
- Reversals:
  - $6 for a take-or-pay energy-related obligation at the Alumar (Brazil) smelter no longer required due to the restart;
  - $17 related to the divestiture of the Avilés and La Coruña entities (see below); and,
  - $22 due to lower costs for demolition and remediation related to previously established reserves (see Note R and Note S).

In December 2021, the Company announced the two-year curtailment of 228 kmt of smelting capacity at the San Ciprián smelter. The temporary curtailment, which began at the end of January 2022, was the result of an agreement reached with the workers' representatives at the site to suspend production due to exorbitant energy prices in Spain. Under the terms of the agreement, the Company is responsible for certain employee obligations during 2022 and 2023, and committed to restart the smelter beginning in January 2024. The Company recorded charges of $62 in Restructuring and other charges, net on the Statement of Consolidated Operations to establish the related reserve for employee obligations in 2021. Cash payments were $31 and $26 in 2023 and 2022, respectively and this program is complete as of December 31, 2023. Additionally, the Company made restricted cash available for capital improvements at the site of $68 and smelter restart costs of $35 (see above).

During the fourth quarter of 2021, as part of the Company's ongoing strategic portfolio review, the Company announced the permanent closure of the Wenatchee aluminum smelter. The smelter has been fully curtailed since 2015. Charges related to the closure totaled $90 in the fourth quarter of 2021 and included a charge of $10 for the write-down of remaining inventories to net realizable value recorded in Cost of goods sold on the Statement of Consolidated Operations and a charge of $80 recorded in Restructuring and other charges, net on the Statement of Consolidated Operations. The restructuring charges were comprised of: $30 to write-off the remaining net book value of various assets; $23 of asset impairments; $21 to establish reserves related to environmental and demolition obligations; $5 related to take-or-pay contractual obligations; and $1 of severance and employee termination costs from the separation of approximately 10 employees. Cash payments were $3 and $1 in 2023 and 2022, respectively.

During the third quarter of 2021, as part of the Company's ongoing strategic portfolio review, the Company announced the decision to permanently close the previously curtailed anode facility in Lake Charles. The anode facility within the Lake Charles site has been fully curtailed since 2015. The Company recorded charges of $27 in the third quarter of 2021, which were recorded in Restructuring and other charges, net on the Statement of Consolidated Operations, comprised of asset impairments of $22 and cash-based charges for closure and asset retirement obligations of $5. The closure was completed in September 2022. The decision to permanently close the facility was made as part of the Company's ongoing portfolio review. The Company's petroleum coke calciner located at the same site in Lake Charles remains in operation, unaffected by the closure of the anode facility.

Alcoa Corporation does not include Restructuring and other charges, net in the results of its reportable segments. The impact of allocating such charges to segment results would have been as follows:

	2023	2022	2021
Alumina[(1)]	$ 8	$ (27)	$ 1
Aluminum	169	82	184
Segment total	177	55	185
Corporate	7	641	943
Total Restructuring and other charges, net	$ 184	$ 696	$ 1,128

(1) Beginning in January 2023, the Company changed its operating segments, by combining the Bauxite and Alumina segments, and reported its financial results in the following two segments: (i) Alumina and (ii) Aluminum (see Note E).

Activity and reserve balances for restructuring charges were as follows:

	Severance and employee termination costs	Other costs	Total
Balances at December 31, 2020	$ 6	$ 57	$ 63
Restructuring charges, net	1	80	81
Cash payments	(4)	(25)	(29)
Reversals and other	–	(22)	(22)
Balances at December 31, 2021	3	90	93
Restructuring charges, net	1	73	74
Cash payments	(2)	(37)	(39)
Reversals and other	(1)	(10)	(11)
Balances at December 31, 2022	1	116	117
Restructuring charges, net	11	55	66
Cash payments	(6)	(118)	(124)
Reversals and other	–	4	4
Balances at December 31, 2023	$ 6	$ 57	$ 63

The activity and reserve balances include only Restructuring and other charges, net that impact the reserves for Severance and employee termination costs and Other costs. Restructuring and other charges, net that affected other accounts such as Investments (see Note H), Accrued pension benefits and Accrued other postretirement benefits (see Note O), Asset retirement obligations (see Note R), and Environmental remediation (see Note S) are excluded from the above activity and balances. Reversals and other include reversals of previously recorded liabilities and foreign currency translation impacts.

The current portion of the reserve balance is reflected in Other current liabilities on the Consolidated Balance Sheet and the non-current portion of the reserve balance is reflected in Other non-current liabilities and deferred credits on the Consolidated Balance Sheet. The non-current portion of the reserve was $15 and $3 at December 31, 2023 and 2022, respectively.

E. SEGMENT AND RELATED INFORMATION

Segment Information

Alcoa Corporation is a producer of bauxite, alumina, and aluminum products. Beginning in January 2023, the financial information provided to the chief operating decision maker (CODM) for the activities of the bauxite mines and the alumina refineries was combined into the Alumina segment, and accordingly the Company changed its operating segments. Beginning with the first quarter of 2023, the Company reported its financial results in the following two segments: (i) Alumina and (ii) Aluminum. Segment information for all prior periods presented has been updated to reflect the new segment structure. Segment performance under Alcoa Corporation's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is the Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) for each segment. The Company calculates Segment Adjusted EBITDA as Total sales (third-party and intersegment) minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; and Research and development expenses. Alcoa Corporation's Segment Adjusted EBITDA may not be comparable to similarly titled measures of other companies. The CODM function regularly reviews the financial information, including Adjusted EBITDA, of these two operating segments to assess performance and allocate resources.

Segment assets include, among others, customer receivables (third-party and intersegment), inventories, properties, plants, and equipment, and equity investments. The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies (see Note B). Transactions between segments are established based on negotiation between the parties. Differences between segment totals and Alcoa Corporation's consolidated totals for line items not reconciled are in Corporate.

The following are detailed descriptions of Alcoa Corporation's reportable segments:

Alumina. This segment represents the Company's worldwide refining system, including the mining of bauxite, which is then refined into alumina.

The alumina produced by this segment is sold primarily to internal and external aluminum smelter customers; a portion of the alumina is sold to external customers who process it into industrial chemical products. Approximately two-thirds of Alumina's production is sold under supply contracts to third parties worldwide, while the remainder is used internally by the Aluminum segment. Alumina produced by this segment and used internally is transferred to the Aluminum segment at prevailing market prices. A portion of this segment's third-party sales are completed through the use of alumina traders.

Generally, this segment's sales are transacted in U.S. dollars while costs and expenses are transacted in the local currency of the respective operations, which are the Australian dollar, the Brazilian real, and the euro. Most of the operations that comprise the Alumina segment are part of AWAC (see Principles of Consolidation in Note A).

A portion of this segment's bauxite production represents the offtake from equity method investments in Brazil (prior to the MRN sale in April 2022) and Guinea, as well as AWAC's share of bauxite production related to an equity investment in Saudi Arabia. Bauxite mined is primarily used internally within the Alumina segment; a portion of the bauxite is sold to external customers. Bauxite sales to third-parties are conducted on a contract basis.

This segment also includes AWAC's 25.1% ownership interest in a mining and refining joint venture company in Saudi Arabia (see Note H).

Aluminum. This segment consists of the Company's (i) worldwide smelting and casthouse system, which processes alumina into primary aluminum, and (ii) portfolio of energy assets in Brazil, Canada, and the United States.

Aluminum's combined smelting and casting operations produce primary aluminum products, nearly all of which are sold to external customers and traders. The smelting operations produce molten primary aluminum, which is then formed by the casting operations into either common alloy ingot (e.g., t-bar, sow, standard ingot) or into value-add ingot products (e.g., foundry, billet, rod, and slab). A variety of external customers purchase the primary aluminum products for use in fabrication operations, which produce products primarily for the transportation, building and construction, packaging, wire, and other industrial markets. Results from the sale of aluminum powder and scrap are also included in this segment, as well as the impacts of embedded aluminum derivatives (see Note P) related to energy supply contracts.

The energy assets supply power to external customers in Brazil and the United States, as well as internal customers in the Aluminum segment (Canadian smelters and Warrick (Indiana) smelter) and, to a lesser extent, the Alumina segment (Brazilian refineries).

Results from the Warrick Rolling Mill are included in this segment through the first quarter of 2021 (see Note C). Alcoa continues to own and operate the Warrick Operations aluminum smelter and the power plant.

Generally, this segment's aluminum sales are transacted in U.S. dollars while costs and expenses of this segment are transacted in the local currency of the respective operations, which are the U.S. dollar, the euro, the Norwegian krone, the Icelandic króna, the Canadian dollar, the Brazilian real, and the Australian dollar.

This segment also includes Alcoa Corporation's 25.1% ownership interest in a smelting joint venture company in Saudi Arabia (see Note H).

The operating results, capital expenditures, and assets of Alcoa Corporation's reportable segments were as follows:

	Alumina	Aluminum	Total
2023			
Sales:			
Third-party sales	$ 3,613	$ 6,925	$ 10,538
Intersegment sales	1,648	15	1,663
Total sales	$ 5,261	$ 6,940	$ 12,201
Segment Adjusted EBITDA	$ 273	$ 461	$ 734
Supplemental information:			
Depreciation, depletion, and amortization	$ 333	$ 277	$ 610
Equity loss	(48)	(106)	(154)
2022			
Sales:			
Third-party sales	$ 3,724	$ 8,735	$ 12,459
Intersegment sales	1,708	27	1,735
Total sales	$ 5,432	$ 8,762	$ 14,194
Segment Adjusted EBITDA	$ 788	$ 1,492	$ 2,280
Supplemental information:			
Depreciation, depletion, and amortization	$ 312	$ 283	$ 595
Equity (loss) income	(39)	48	9

	Alumina	Aluminum	Total
2021			
Sales:			
Third-party sales	$ 3,375	$ 8,766	$ 12,141
Intersegment sales	1,552	18	1,570
Total sales	$ 4,927	$ 8,784	$ 13,711
Segment Adjusted EBITDA	$ 1,192	$ 1,879	$ 3,071
Supplemental information:			
Depreciation, depletion, and amortization	$ 351	$ 289	$ 640
Equity income	4	116	120
2023			
Assets:			
Capital expenditures	$ 323	$ 198	$ 521
Equity investments	395	569	964
Total assets	6,153	5,854	12,007
2022			
Assets:			
Capital expenditures	$ 320	$ 153	$ 473
Equity investments	422	685	1,107
Total assets	5,859	6,358	12,217

The following tables reconcile certain segment information to consolidated totals:

	2023	2022	2021
Sales:			
Total segment sales	$ 12,201	$ 14,194	$ 13,711
Elimination of intersegment sales	(1,663)	(1,735)	(1,570)
Other	13	(8)	11
Consolidated sales	$ 10,551	$ 12,451	$ 12,152
Net (loss) income attributable to Alcoa Corporation:			
Total Segment Adjusted EBITDA	$ 734	$ 2,280	$ 3,071
Unallocated amounts:			
Transformation[(1)]	(80)	(66)	(44)
Intersegment eliminations	7	138	(119)
Corporate expenses[(2)]	(133)	(128)	(129)
Provision for depreciation, depletion, and amortization	(632)	(617)	(664)
Restructuring and other charges, net (D)	(184)	(696)	(1,128)
Interest expense (U)	(107)	(106)	(195)
Other (expenses) income, net (U)	(134)	118	445
Other[(3)]	(55)	(221)	(38)
Consolidated (loss) income before income taxes	(584)	702	1,199
Provision for income taxes (Q)	(189)	(664)	(629)
Net loss (income) attributable to non-controlling interest	122	(161)	(141)
Consolidated net (loss) income attributable to Alcoa Corporation	$ (651)	$ (123)	$ 429

(1) Transformation includes, among other items, the Adjusted EBITDA of previously closed operations.

(2) Corporate expenses are composed of general administrative and other expenses of operating the corporate headquarters and other global administrative facilities, as well as research and development expenses of the corporate technical center.

(3) Other includes certain items that are not included in the Adjusted EBITDA of the reportable segments.

December 31,	2023	2022
Assets:		
Total segment assets	$ 12,007	$ 12,217
Elimination of intersegment receivables	(159)	(126)
Unallocated amounts:		
Cash and cash equivalents	944	1,363
Corporate fixed assets, net	392	364
Corporate goodwill	142	141
Deferred income taxes	333	296
Pension assets	125	146
Other	371	355
Consolidated assets	$ 14,155	$ 14,756

Product Information

Alcoa Corporation has four product divisions and one divested product division as follows:

Bauxite – Bauxite is a reddish clay rock that is mined from the surface of the earth's terrain. This ore is the basic raw material used to produce alumina and is the primary source of aluminum.

Alumina – Alumina is an oxide that is extracted from bauxite and is the basic raw material used to produce primary aluminum. This product can also be consumed for non-metallurgical purposes, such as industrial chemical products.

Primary aluminum – Primary aluminum is metal in the form of a common alloy ingot or a value-add ingot (e.g., foundry, billet, rod, and slab). These products are sold primarily to customers that produce products for the transportation, building and construction, packaging, wire, and other industrial markets, and traders.

Energy – Energy is the generation of electricity, which is sold in the wholesale market to traders, large industrial consumers, distribution companies, and other generation companies.

Flat-rolled aluminum – Flat-rolled aluminum is metal in the form of sheet, which is sold primarily to customers that produce beverage and food cans, including body, tab, and end stock. As noted above, the Company sold the Warrick Rolling Mill in March 2021 which represented the Company's only Flat-rolled aluminum asset. The results of the Warrick Rolling Mill are included in this product division through the first quarter of 2021.

The following table represents the general commercial profile of the Company's Bauxite, Alumina, and Primary aluminum product divisions (see text below table for Energy):

Product division	Pricing components	Shipping terms[3]	Payment terms[4]
Bauxite	Negotiated	FOB/CIF	LC Sight
Alumina:			
Smelter-grade	API[1]/spot/fixed	FOB/CIF	LC Sight/CAD/Net 30 days
Non-metallurgical	Negotiated	FOB/CIF	Net 30 days
Primary aluminum:			
Common alloy ingot	LME + Regional premium[2]	DAP/CIF	Net 30 to 45 days
Value-add ingot	LME + Regional premium + Product premium[2]	DAP/CIF	Net 30 to 45 days

(1) API (Alumina Price Index) is a pricing mechanism that is calculated by the Company based on the weighted average of a prior month's daily spot prices published by the following three indices: CRU Metallurgical Grade Alumina Price, Platts Metals Daily Alumina PAX Price, and FastMarkets Metal Bulletin Non-Ferrous Metals Alumina Index.

(2) LME (London Metal Exchange) is a globally recognized exchange for commodity trading, including aluminum. The LME pricing component represents the underlying base metal component, based on quoted prices for aluminum on the exchange. The regional premium represents the incremental price over the base LME component that is associated with the physical delivery of metal to a particular region (e.g., the Midwest premium for metal sold in the United States). The product premium represents the incremental price for receiving physical metal in a particular shape or alloy.

(3) CIF (cost, insurance, and freight) means that the Company pays for these items until the product reaches the buyer's designated destination point related to transportation by vessel. DAP (delivered at place) means the same as CIF related to all methods of transportation. FOB (free on board) means that the Company pays for costs, insurance, and freight until the product reaches the seller's designated shipping point.

(4) The net number of days means that the customer is required to remit payment to the Company for the invoice amount within the designated number of days. LC Sight is a letter of credit that is payable immediately (usually within five to ten business days) after a seller meets the requirements of the letter of credit (i.e. shipping documents that evidence the seller performed its obligations as agreed to with a buyer). CAD (cash against documents) is a payment arrangement in which a seller instructs a bank to provide shipping and title documents to the buyer at the time the buyer pays in full the accompanying bill of exchange.

For the Company's Energy product division, sales of electricity are based on current market prices. Electricity is provided to customers on demand through a national or regional power grid; the customer simultaneously receives and consumes the electricity. Payment terms are generally within 10 days related to the previous 30 days of electricity consumption.

The following table details Alcoa Corporation's Sales by product division:

	2023	2022	2021
Sales:			
Primary aluminum	$ 7,045	$ 8,887	$ 8,420
Alumina	3,103	3,478	3,125
Bauxite	466	168	207
Energy	118	201	286
Flat-rolled aluminum[(1)]	–	–	320
Other[(2)]	(181)	(283)	(206)
	$ 10,551	$ 12,451	$ 12,152

(1) Flat-rolled aluminum represented sales of the Warrick Rolling Mill through the sale of the facility in March 2021 (see Note C).

(2) Other includes realized gains and losses related to embedded derivative instruments designated as cash flow hedges of forward sales of aluminum (see Note P).

Geographic Area Information

Geographic information for Third-party sales was as follows (based upon the country where the point of sale originated):

	2023	2022	2021
Sales:			
United States[(1)(2)]	$ 4,993	$ 5,462	$ 5,290
Netherlands[(3)]	2,261	3,031	2,644
Australia	2,240	2,742	2,092
Brazil	735	527	610
Spain[(2)(3)]	289	618	1,465
Canada	1	1	11
Other	32	70	40
	$ 10,551	$ 12,451	$ 12,152

(1) Sales of a portion of the alumina from refineries in Australia and Brazil and most of the aluminum from smelters in Canada occurred in the United States.

(2) Sales of aluminum off-take related to an interest in the Saudi Arabia joint venture (see Note H), occurred in Spain through most of the third quarter of 2021, and in the United States thereafter.

(3) Sales of aluminum from smelters in Iceland and Norway occurred in Spain through most of the first quarter of 2021, and in the Netherlands thereafter.

Geographic information for long-lived assets was as follows (based upon the physical location of the assets):

December 31,	**2023**	**2022**
Long-lived assets:		
Australia	$ 2,046	$ 1,944
Brazil	1,550	1,298
Iceland	950	1,002
Canada	896	919
United States	780	830
Norway	310	304
Spain	250	194
Other	3	2
	$ 6,785	$ 6,493

F. EARNINGS PER SHARE

Basic earnings per share (EPS) amounts are computed by dividing Net (loss) income attributable to Alcoa Corporation by the average number of common shares outstanding. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive share equivalents outstanding.

The share information used to compute basic and diluted EPS attributable to Alcoa Corporation common shareholders was as follows (shares in millions):

	2023	2022	2021
Average shares outstanding – basic	178	181	186
Effect of dilutive securities:			
Stock options	–	–	–
Stock units	–	–	4
Average shares outstanding – diluted	178	181	190

In 2023, basic average shares outstanding and diluted average shares outstanding were the same because the effect of potential shares of common stock was anti-dilutive. Had Alcoa generated net income in 2023, three million common share equivalents related to three million outstanding stock units and stock options combined would have been included in diluted average shares outstanding for the period.

In 2022, basic average shares outstanding and diluted average shares outstanding were the same because the effect of potential shares of common stock was anti-dilutive. Had Alcoa generated net income in 2022, three million common share equivalents related to five million outstanding stock units and stock options combined would have been included in diluted average shares outstanding for the period.

In 2021, options to purchase less than two hundred thousand shares of common stock outstanding as of December 31, 2021 at a weighted average exercise price of $38.67 per share were not included in the computation of diluted EPS because the exercise prices of these options were greater than the annual average market price of Alcoa Corporation's common stock.

G. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table details the activity of the three components that comprise Accumulated other comprehensive loss for both Alcoa Corporation's shareholders and Non-controlling interest:

	Alcoa Corporation			Non-controlling interest		
	2023	2022	2021	2023	2022	2021
Pension and other postretirement benefits (O)						
Balance at beginning of period	$ 62	$ (882)	$ (2,536)	$ (5)	$ (13)	$ (67)
Other comprehensive income (loss):						
Unrecognized net actuarial gain (loss) and prior service cost/ benefit	(112)	263	550	(13)	7	30
Tax (expense) benefit[2]	17	(42)	(37)	2	–	(6)
Total Other comprehensive income (loss) before reclassifications, net of tax	(95)	221	513	(11)	7	24
Amortization of net actuarial loss and prior service cost/benefit[1]	39	723	1,144	1	1	30
Tax expense[2]	(6)	–	(3)	–	–	–
Total amount reclassified from Accumulated other comprehensive loss, net of tax[7]	33	723	1,141	1	1	30
Total Other comprehensive income (loss)	(62)	944	1,654	(10)	8	54
Balance at end of period	$ –	$ 62	$ (882)	$ (15)	$ (5)	$ (13)
Foreign currency translation						
Balance at beginning of period	$ (2,685)	$ (2,614)	$ (2,385)	$ (1,040)	$ (937)	$ (844)
Other comprehensive income (loss)	92	(71)	(229)	57	(103)	(93)
Balance at end of period	$ (2,593)	$ (2,685)	$ (2,614)	$ (983)	$ (1,040)	$ (937)
Cash flow hedges (P)						
Balance at beginning of period	$ (916)	$ (1,096)	$ (708)	$ 1	$ (1)	$ (1)
Other comprehensive (loss) income:						
Net change from periodic revaluations	(295)	(119)	(782)	–	2	(2)
Tax benefit[2]	70	43	140	–	–	1
Total Other comprehensive (loss) income before reclassifications, net of tax	(225)	(76)	(642)	–	2	(1)

	Alcoa Corporation			Non-controlling interest		
	2023	2022	2021	2023	2022	2021
Net amount reclassified to earnings:						
Aluminum contracts[3]	181	316	288	–	–	–
Financial contracts[4]	(20)	–	2	–	–	1
Interest rate contracts[5]	(5)	5	8	(1)	–	1
Foreign exchange contracts[6]	(26)	(5)	(3)	–	–	–
Sub-total	130	316	295	(1)	–	2
Tax expense[2]	(41)	(60)	(41)	–	–	(1)
Total amount reclassified from Accumulated other comprehensive loss, net of tax[7]	89	256	254	(1)	–	1
Total Other comprehensive (loss) income	(136)	180	(388)	(1)	2	–
Balance at end of period	$ (1,052)	$ (916)	$ (1,096)	$ –	$ 1	$ (1)
Total Accumulated other comprehensive loss	$ (3,645)	$ (3,539)	$ (4,592)	$ (998)	$ (1,044)	$ (951)

(1) These amounts were included in the computation of net periodic benefit cost for pension and other postretirement benefits. The amounts related to settlements and/or curtailments of certain pension and other postretirement benefits for Alcoa Corporation include $21, $633, and $952 for the years ended December 31, 2023, 2022, and 2021, respectively. The amounts related to settlements and/or curtailments of certain pension and other postretirement benefits for Non-controlling interest include $0, ($1), and $25 for the years ended December 31, 2023, 2022, and 2021, respectively (see Note O).

(2) These amounts were reported in Provision for income taxes on the accompanying Statement of Consolidated Operations.

(3) These amounts were reported in Sales on the accompanying Statement of Consolidated Operations.

(4) These amounts were reported in Cost of goods sold on the accompanying Statement of Consolidated Operations.

(5) These amounts were included in Other (income) expenses, net on the accompanying Statement of Consolidated Operations.

(6) In 2023, $5 was reported in Cost of goods sold and ($31) was reported in Sales on the accompanying Statement of Consolidated Operations. In 2022, $5 was reported in Cost of goods sold and ($10) was reported in Sales on the accompanying Statement of Consolidated Operations.

(7) A positive amount indicates a corresponding charge to earnings and a negative amount indicates a corresponding benefit to earnings.

H. INVESTMENTS

December 31,	2023	2022
Equity investments	$ 969	$ 1,112
Other investments	10	10
	$ 979	$ 1,122

Equity Investments. The following table summarizes information of Alcoa Corporation's equity investments as of December 31, 2023 and 2022. In 2023, 2022, and 2021, Alcoa Corporation received $51, $127, and $50, respectively, in dividends from these equity investments. Each of the investees either owns the facility listed or has an ownership interest in an entity that owns the facility listed:

Investee	Country	Nature of investment	Income Statement Location of Equity Earnings	Ownership interest
Ma'aden Aluminum Company	Saudi Arabia	Aluminum smelter and casthouse	Other expenses (income), net	25.1%
Ma'aden Bauxite and Alumina Company	Saudi Arabia	Bauxite mine and alumina refinery	Other expenses (income), net	25.1%
Halco Mining, Inc.	Guinea	Bauxite mine	Cost of goods sold	45%
Energética Barra Grande S.A.	Brazil	Hydroelectric generation facility	Cost of goods sold	42.18%
Pechiney Reynolds Quebec, Inc.	Canada	Aluminum smelter	Cost of goods sold	50%
Serra do Facão Energia S/A	Brazil	Hydroelectric generation facility	Cost of goods sold	34.97%
Manicouagan Power Limited Partnership	Canada	Hydroelectric generation facility	Cost of goods sold	40%
Elysis™ Limited Partnership	Canada	Aluminum smelting technology	Other expenses (income), net	48.235%

Saudi Arabia Joint Venture – Alcoa Corporation and Ma'aden have a 30-year (from December 2009) joint venture shareholders agreement (automatic extension for an additional 20 years, unless the parties agree otherwise or unless earlier terminated) setting forth the terms for the development, construction, ownership, and operation of an integrated aluminum complex in Saudi Arabia. The project developed by the joint venture consists of a bauxite mine from the Al Ba'itha bauxite deposit in the northern part of Saudi Arabia, an alumina refinery, a primary aluminum smelter, and an aluminum rolling mill.

The joint venture is owned 74.9% by Ma'aden and 25.1% by Alcoa Corporation and originally consisted of three separate companies as follows: the bauxite mine and alumina refinery (Ma'aden Bauxite and Alumina Company; MBAC), the smelter (Ma'aden Aluminum Company; MAC), and the rolling mill (Ma'aden Rolling Company; MRC). In June 2019, Alcoa Corporation and Ma'aden amended the joint venture agreement that governs the operations of each of the three companies that comprise the joint venture. Under the terms of the agreement, Alcoa Corporation transferred its 25.1% interest in MRC to Ma'aden and, as a result, has no further direct or indirect equity interest in MRC. In accordance with the June 2019 amended joint venture agreement, Ma'aden's put option and Alcoa Corporation's call option, relating to additional interests in the joint venture, were exercisable for a period of six months after October 1, 2021. On March 31, 2022, Ma'aden's and Alcoa's put and call options, respectively, expired with neither party exercising their options.

The results for the Saudi Arabia joint venture for the year ended December 31, 2022 include a charge related to a dispute with an industrial utility for periods in 2021 and 2022. Alcoa's share of this charge was $21 which is included in Other expenses (income), net on the Statement of Consolidated Operations for the year ended December 31, 2022. The results for the Saudi Arabia joint venture for the year ended December 31, 2023 include an adjustment to the estimate for the settlement of this dispute. Alcoa's share of this adjustment is $41 which is included in Other expenses (income), net on the Statement of Consolidated Operations for 2023. As of December 31, 2023 and 2022, the carrying value of Alcoa's investment in this joint venture was $533 and $710, respectively.

ELYSIS Limited Partnership – In June 2018, Alcoa Corporation, Rio Tinto Alcan Inc. (Rio Tinto), and Investissement Québec, a company wholly-owned by the Government of Québec, Canada, launched the ELYSIS Limited Partnership (ELYSIS). The purpose of this partnership is to advance larger scale development and commercialization of its patent-protected technology that produces oxygen and eliminates direct greenhouse gas emissions from the traditional aluminum smelting process. Alcoa and Rio Tinto plc, as general partners, each own a 48.235% stake in ELYSIS, and the Québec provincial government, as a limited partner, owns a 3.53% stake. The federal government of Canada and Apple Inc., as well as the Québec provincial government, are providing initial financing to the partnership.

Through December 31, 2023, the Company has contributed $118 (C$155) toward its investment commitment in ELYSIS. The Company's basis in the investment has been reduced to zero for its share of losses incurred to date. In addition to cash contributions, Alcoa is contributing approximately $3 annually to cover overhead expenses incurred by Alcoa and charged to the joint venture. As a result, the Company has $60 in unrecognized losses as of December 31, 2023 that will be recognized upon additional contributions into the partnership.

The following table summarizes the profit and loss data for the respective periods ended December 31, as it relates to Alcoa Corporation's equity investments. Information shown for the Saudi Arabia Joint Venture for all periods presented includes the combined balances for MAC and MBAC. The investments are grouped based on the nature of the investment. The Mining investments are part of the Alumina segment, while the Energy and Other investments are primarily part of the Aluminum segment.

	Saudi Arabia Joint Venture	Mining	Energy	Other
2023				
Sales	$ 2,726	$ 670	$ 236	$ 464
Cost of goods sold	2,550	446	118	425
Net (loss) income	(457)	50	100	(97)
Equity in net (loss) income of affiliated companies, before reconciling adjustments	(115)	23	39	(46)
Other	(43)	–	1	(9)
Alcoa Corporation's equity in net (loss) income of affiliated companies	(158)	23	40	(55)
2022				
Sales	$ 3,317	$ 763	$ 252	$ 488
Cost of goods sold	2,696	488	120	445
Net income (loss)	42	110	109	(75)
Equity in net income (loss) of affiliated companies, before reconciling adjustments	11	39	41	(36)
Other	(7)	(2)	(3)	15
Alcoa Corporation's equity in net income (loss) of affiliated companies	4	37	38	(21)
2021				
Sales	$ 3,127	$ 794	$ 264	$ 404
Cost of goods sold	2,083	571	135	365
Net income (loss)	495	30	114	(42)
Equity in net income (loss) of affiliated companies, before reconciling adjustments	124	18	45	(20)
Other	(8)	5	(1)	25
Alcoa Corporation's equity in net income of affiliated companies	116	23	44	5

The following table summarizes the balance sheet data for the respective periods ended December 31, as it relates to Alcoa Corporation's equity investments.

	Saudi Arabia Joint Venture	Mining	Energy	Other
2023				
Current assets	$ 1,433	$ 8	$ 103	$ 181
Non-current assets	6,958	419	310	764
Current liabilities	1,444	5	16	89
Non-current liabilities	4,272	24	34	117
2022				
Current assets	$ 1,769	$ 5	$ 114	$ 134
Non-current assets	6,993	363	301	757
Current liabilities	1,255	3	13	114
Non-current liabilities	4,314	24	26	84

On February 15, 2022, the Company signed an agreement to sell its share of its investment in MRN in Brazil for $10 to South32 Minerals S.A. Related to this transaction, the Company recorded an asset impairment of $58 in the first quarter of 2022 in Restructuring and other charges, net on the Statement of Consolidated Operations. On April 30, 2022, Alcoa completed the sale of its investment in MRN. An additional $30 in cash could be paid to the Company in the future if certain post-closing conditions related to future MRN mine development are satisfied.

I. RECEIVABLES

On January 31, 2023, a wholly-owned special purpose entity (SPE) of the Company entered into a one-year agreement with a financial institution to sell up to $150 of certain customer receivables without recourse on a revolving basis. On August 27, 2023, the Company amended the agreement to decrease the amount of certain receivables that can be transferred from $150 to $130. On November 15, 2023, the Company amended the agreement to extend the termination date from January 30, 2024 to November 14, 2024. Company subsidiaries sell customer receivables to the SPE, which then transfers the receivables to the financial institution. The Company does not maintain effective control over the transferred receivables, and therefore accounts for the transfers as sales of receivables.

Alcoa Corporation guarantees the performance obligations of the Company subsidiaries and unsold customer receivables are pledged as collateral to the financial institution to secure the sold receivables. At December 31, 2023, the SPE held unsold customer receivables of $104 pledged as collateral against the sold receivables.

The Company continues to service the customer receivables that were transferred to the financial institution. As Alcoa collects customer payments, the SPE transfers additional receivables to the financial institution rather than remitting cash. In 2023, the Company sold gross customer receivables of $591, and reinvested collections of $477 from previously sold receivables, resulting in net cash proceeds from the financial institution of $114. Cash collections from previously sold receivables yet to be reinvested of $99 were included in Accounts payable, trade on the accompanying Consolidated Balance Sheet as of December 31, 2023. Cash received from sold receivables under the agreement are presented within operating activities in the Statement of Consolidated Cash Flows.

J. INVENTORIES

December 31,	2023	2022
Finished goods	$ 355	$ 385
Work-in-process	287	350
Bauxite and alumina	586	584
Purchased raw materials	700	923
Operating supplies	230	185
	$ 2,158	$ 2,427

K. PROPERTIES, PLANTS, AND EQUIPMENT, NET

December 31,	2023	2022
Land and land rights, including mines	$ 257	$ 253
Structures (by type of operation):		
Bauxite mining and alumina refining	4,085	3,515
Aluminum smelting and casting	3,274	3,265
Energy generation	380	354
Other	357	346
	8,096	7,480
Machinery and equipment (by type of operation):		
Bauxite mining and alumina refining	4,352	4,227
Aluminum smelting and casting	5,781	5,813
Energy generation	869	851
Other	457	461
	11,459	11,352
	19,812	19,085
Less: accumulated depreciation, depletion, and amortization	13,596	13,112
	6,216	5,973
Construction work-in-progress	569	520
	$ 6,785	$ 6,493

L. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill, which is included in Other non-current assets on the accompanying Consolidated Balance Sheet, was as follows:

December 31,	2023	2022
Alumina	$ 4	$ 4
Aluminum	–	–
Corporate[(1)]	142	141
	$ 146	$ 145

(1) The carrying value of Corporate's goodwill is net of accumulated impairment losses of $742 as of both December 31, 2023 and 2022. As of December 31, 2023, the $142 of goodwill reflected in Corporate is allocated to Alcoa Corporation's Alumina reportable segment for purposes of impairment testing (see Note B). This goodwill is reflected in Corporate for segment reporting purposes because it is not included in management's assessment of performance by the reportable segment. Changes in the carrying amount of goodwill were attributable to foreign currency translation as of December 31, 2023 and 2022.

Management performed a quantitative assessment for the Alumina reporting unit in the fourth quarter 2023. The estimated fair value of the Alumina reporting unit was substantially in excess of its carrying value, resulting in no impairment. As a result of the January 2023 segment change, the Company reviewed the recoverability of the carrying value of goodwill of its Alumina reporting unit in the first quarter of 2023. The estimated fair value of the Alumina reporting unit substantially exceeded the reporting unit's carrying value, resulting in no impairment.

Other intangible assets, which are included in Other non-current assets on the accompanying Consolidated Balance Sheet, were as follows:

	2023			2022		
December 31,	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Computer software	$ 207	$ (194)	$ 13	$ 206	$ (202)	$ 4
Patents and licenses	25	(10)	15	25	(9)	16
Other intangibles	21	(12)	9	20	(11)	9
Total other intangible assets	$ 253	$ (216)	$ 37	$ 251	$ (222)	$ 29

Computer software consists primarily of software costs associated with the enterprise business solution within Alcoa to drive common systems among all businesses.

Amortization expense related to the intangible assets in the table above for the years ended December 31, 2023, 2022, and 2021 was $5, $7, and $11, respectively, and is expected to be approximately $10 annually from 2024 to 2028.

M. DEBT

Short-term Borrowings.

December 31,	2023	2022
Short-term borrowings	$ 56	$ –

Short-term borrowings are reported in Other current liabilities on the accompanying Consolidated Balance Sheet.

Inventory Repurchase Agreements

During 2023, the Company entered into inventory repurchase agreements whereby the Company sold aluminum to a third party and agreed to subsequently repurchase substantially similar inventory. The Company did not record sales upon each shipment of inventory and the net cash received of $56 related to these agreements was recorded in Short-term borrowings as of December 31, 2023.

For the year ended December 31, 2023, the Company recorded borrowings of $117 and repurchased $61 of inventory related to these agreements. As of December 31, 2023, inventory sold of $56 was reflected in Prepaid expenses and other current assets on the Consolidated Balance Sheet.

The cash received and subsequently paid under the inventory repurchase agreements is included in Cash provided from financing activities on the Statement of Consolidated Cash Flows for the year-ended December 31, 2023.

Long-term Debt.

December 31,	2023	2022
5.500% Notes, due 2027	$ 750	$ 750
6.125% Notes, due 2028	500	500
4.125% Notes, due 2029	500	500
Other	82	84
Unamortized discounts and deferred financing costs	(21)	(27)
Total	1,811	1,807
Less: amount due within one year	79	1
Long-term debt, less amount due within one year	$ 1,732	$ 1,806

The principal amount of long-term debt maturing in each of the next five years is: $79 in 2024, $1 in each of 2025 and 2026, $750 in 2027, and $500 in 2028. At December 31, 2023, Other includes $78 related to a term loan that matures in November 2024.

144A Debt.

2029 Notes. In March 2021, Alcoa Nederland Holding B.V. (ANHBV), a wholly-owned subsidiary of Alcoa Corporation, completed a Rule 144A (U.S. Securities Act of 1933, as amended) debt issuance for $500 aggregate principal amount of 4.125% Senior Notes due 2029 (the 2029 Notes) with the following terms:

- Net proceeds were approximately $493, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the term;

- Interest is paid semi-annually in March and September, which commenced September 30, 2021;

- Indenture contains customary affirmative and negative covenants, see below;

- Option to redeem on at least 10 days, but not more than 60 days, prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after March 31, 2024, at a redemption price up to 102.063% of the principal amount, plus any accrued and unpaid interest; and,

- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company used the net proceeds of the 2029 Notes, together with cash on hand, to contribute $500 to its U.S. defined benefit pension plans applicable to salaried and hourly employees on April 1, 2021 (see Note O), to redeem in full $750 aggregate principal amount of the Company's outstanding 6.75% Senior Notes due 2024 on April 7, 2021, and to pay transaction-related fees and expenses.

2027 Notes. In July 2020, ANHBV completed a Rule 144A debt issuance for $750 aggregate principal amount of 5.500% Senior Notes due 2027 (the 2027 Notes) with the following terms:

- Net proceeds were approximately $736, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the term;

- Interest is paid semi-annually in June and December, which commenced on December 15, 2020;
- Indenture contains customary affirmative and negative covenants, see below;
- Option to redeem on at least 15 days, but not more than 60 days, prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after June 15, 2023, at a redemption price up to 102.750% of the principal amount, plus any accrued and unpaid interest; and,
- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company used the net proceeds of the 2027 Notes for general corporate purposes, including adding cash to its balance sheet.

2028 Notes. In May 2018, ANHBV completed a Rule 144A debt issuance for $500 aggregate principal amount of 6.125% Senior Notes due 2028 (the 2028 Notes) with the following terms:

- Net proceeds were approximately $492, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortized to interest expense over the term;
- Interest is paid semi-annually in November and May, which commenced November 15, 2018;
- Indenture contains customary affirmative and negative covenants, see below;
- Option to redeem on at least 30 days, but not more than 60 days, prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after May 2023, at a redemption price up to 103.063% of the principal amount, plus any accrued and unpaid interest; and,
- Subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

The Company used the net proceeds of the 2028 Notes, together with cash on hand, to make discretionary contributions to certain U.S. defined benefit pension plans.

The indentures governing the 2027 Notes, 2028 Notes, and 2029 Notes contain customary affirmative and negative covenants, such as limitations on liens, limitations on sale and leaseback transactions, and a prohibition on a reduction in the ownership of AWAC entities below an agreed level. The negative covenants in the indentures are less extensive than those in the Revolving Credit Facility (see below). For example, the indentures do not include a limitation on restricted payments, such as repurchases of common stock and dividends to stockholders.

The 2027 Notes, the 2028 Notes, and the 2029 Notes are senior unsecured obligations of ANHBV and do not entitle the holders to any registration rights pursuant to a registration rights agreement. ANHBV does not intend to file a registration statement with respect to resales of or an exchange offer for the notes. The notes are guaranteed on a senior unsecured basis by Alcoa Corporation and its subsidiaries that are guarantors under the Facility (the ''subsidiary guarantors'' and, together with Alcoa Corporation, the ''guarantors''). Each of the subsidiary guarantors will be released from their guarantees upon the occurrence of certain events, including the release of such guarantor from its obligations as a guarantor under the Facility.

The 2027 Notes, the 2028 Notes, and the 2029 Notes rank equally in right of payment with each other and with all of ANHBV'S existing and future senior unsecured indebtedness; rank senior in right of payment to any future subordinated obligations of ANHBV; and are effectively subordinated to ANHBV's existing and future secured indebtedness, including under the Facility, to the extent of the value of property and assets securing such indebtedness. The guarantees of the notes rank equally in right of payment with each other and with all the guarantors' existing and future senior unsecured indebtedness; rank senior in right of payment to any future subordinated obligations of the guarantors; and are effectively subordinated to the guarantors' existing and future secured indebtedness, including under the Facility, to the extent of the value of property and assets securing such indebtedness.

Redemption events. On April 7, 2021, the Company redeemed in full $750 aggregate principal amount notes due in 2024 at a redemption price equal to 103.375% of the principal amount, plus accrued and unpaid interest. The issuance of the 2029 Notes and this redemption were determined to be an issuance of new debt and an extinguishment of existing debt. As a result, the Company recorded a loss of $32 on the extinguishment of debt in the second quarter of 2021 in Interest expense, which was comprised of the redemption premium and the write-off of deferred financing fees and unamortized debt issuance costs. The cash flows related to the transaction were classified as financing cash flows.

On September 30, 2021, the Company redeemed in full $500 aggregate principal amount notes due in 2026 at a redemption price equal to 103.5% of the principal amount, plus accrued and unpaid interest. As a result, the Company recorded a loss of $22 on the extinguishment of debt in the third quarter of 2021 in Interest expense, which was comprised of the redemption premium and the write-off of deferred financing fees and unamortized debt issuance costs. The cash flows related to the transaction were classified as financing cash flows.

Credit Facilities.

Revolving Credit Facility

On June 27, 2022, Alcoa Corporation and Alcoa Nederland Holding B.V. (ANHBV), a wholly owned subsidiary of Alcoa Corporation and the borrower, entered into an amendment and restatement agreement (the Third Amendment and Restatement) (as amended and restated, the Revolving Credit Facility) that provided additional flexibility to the Company and ANHBV by (i) extending the maturity date of the Revolving Credit Facility from November 2023 to June 2027, (ii) reducing the aggregate commitments under the facility from $1,500 to $1,250, (iii) releasing the collateral package that had previously secured the Revolving Credit Facility, which would have continued so long as certain credit ratings were maintained, (iv) increasing the maximum leverage ratio from 2.75 to 1.00 to 3.25 to 1.00, which increased following material acquisitions for four consecutive fiscal quarters following an acquisition, (v) providing a debt to capitalization ratio not to exceed 0.60 to 1.00 to replace the maximum leverage ratio upon a ratings upgrade to investment grade by Moody's Investor Service (Moody's) or Standard and Poor's Global Ratings (S&P), and (vi) providing flexibility for dividends and other restricted payments, to make investments, and to incur additional indebtedness. The Revolving Credit Facility implemented a sustainability adjustment to the applicable margin and commitment fee that may result in a positive or negative adjustment based on two of the Company's existing sustainability metrics.

On July 26, 2022, Moody's upgraded the rating of ANHBV's senior unsecured notes to Baa3 (investment grade).

In addition to the financial covenants, the Revolving Credit Facility includes several customary affirmative and negative covenants (applicable to Alcoa Corporation and certain subsidiaries described as restricted), that, subject to certain exceptions, include limitations on (among other things): indebtedness, liens, investments, sales of assets, restricted payments, entering into restrictive agreements, a covenant prohibiting reductions in the ownership of AWAC entities, and certain other specified restricted subsidiaries of Alcoa Corporation, below an agreed level. The Revolving Credit Facility also contains customary events of default, including failure to make payments under the Revolving Credit Facility, cross-default and cross-judgment default, and certain bankruptcy and insolvency events.

As of December 31, 2023, the Company was in compliance with all financial covenants. The Company may access the entire amount of commitments under the Revolving Credit Facility. There were no borrowings outstanding at December 31, 2023 and 2022, and no amounts were borrowed during 2023 and 2022 under the Revolving Credit Facility.

On January 17, 2024, Alcoa Corporation, ANHBV, and certain subsidiaries of the Company entered into Amendment No. 1 (Amendment No. 1) to the Revolving Credit Facility (Amended Revolving Credit Facility). The Amended Revolving Credit Facility provides additional flexibility to the Company and the Borrower by temporarily (i) reducing the minimum interest coverage ratio required thereunder from 4.00 to 1.00 to 3.00 to 1.00 and (ii) providing for a maximum addback for cash restructuring charges in Consolidated EBITDA (as defined in the Revolving Credit Facility) of $450, in each case for the 2024 fiscal year. As of January 1, 2025, the minimum interest coverage ratio requirement will revert to 4.00 to 1.00 and the maximum addback for cash restructuring charges in Consolidated EBITDA will revert to 15% of Consolidated EBITDA. The requirement that the Company maintain a debt to capitalization ratio not to exceed 0.60 to 1.00 was not changed by Amendment No. 1. In connection with Amendment No. 1, the Company also agreed to provide collateral for its obligations under the Amended Revolving Credit Facility, which will require it to execute all security documents to re-secure collateral under the Amended Revolving Credit Facility by, subject to certain exceptions, a first priority security interest in substantially all assets of the Company, the Borrower, the material domestic wholly-owned subsidiaries of the Company, and the material foreign wholly-owned subsidiaries of the Company located in Australia, Brazil, Canada, Luxembourg, the Netherlands, Norway, and Switzerland including equity interests of certain subsidiaries that directly hold equity interests in AWAC entities. The collateral would be released if, on or after January 1, 2025, the Company or the Borrower (as applicable) (i) has at least two of the following three designated ratings: (x) Baa3 from Moody's, (y) BBB- from S&P and (z) BBB- from Fitch Ratings and (ii) does not have any designated rating lower than: (x) Ba1 from Moody's, (y) BB+ from S&P and (z) BB+ from Fitch Ratings.

The Amended Revolving Credit Facility contains customary affirmative covenants, negative covenants, and events of default substantially comparable to the Revolving Credit Facility (other than those that are described above and other minor changes). The representations, warranties and covenants contained in the Amended Revolving Credit Facility were made only for purposes of Amendment No. 1 and as of specific dates and were solely for the benefit of the parties to the Amended Revolving Credit Facility.

Japanese Yen Revolving Credit Facility

In April 2023, the Company entered into a one-year unsecured revolving credit facility for $250 (available to be drawn in Japanese yen) (the Japanese Yen Revolving Credit Facility). Subject to the terms and conditions under the facility, the Company or ANHBV may borrow funds. The facility included covenants that are substantially the same as those included in the Revolving Credit Facility.

As of December 31, 2023, the Company was in compliance with all financial covenants. The Company may access the entire amount of commitments under the facility. There were no borrowings outstanding at December 31, 2023 and $10 was borrowed and subsequently repaid in 2023.

On January 17, 2024, Alcoa Corporation and ANHBV, entered into Amendment No. 1 to the Japanese Yen Revolving Credit Facility (Amended Japanese Yen Revolving Credit Facility) which contains changes that are substantially the same as those included in the Amended Revolving Credit Facility (as described above). Also in connection with this amendment, the Company agreed to provide collateral for its obligations with the same conditions as the Amended Revolving Credit Facility. On January 24, 2024, ANHBV drew $201 against this facility.

N. PREFERRED AND COMMON STOCK

Preferred Stock. Alcoa Corporation is authorized to issue 100,000,000 shares of preferred stock at a par value of $0.01 per share. At December 31, 2023 and 2022, the Company had no issued preferred stock.

Common Stock. Alcoa Corporation is authorized to issue 750,000,000 shares of common stock at a par value of $0.01 per share. As of December 31, 2023 and 2022, Alcoa Corporation had 178,472,464 and 176,969,091, respectively, issued and outstanding shares of common stock.

Under its employee stock-based compensation plan, the Company issued shares of 1,503,373 in 2023, 1,434,543 in 2022, and 1,305,979 in 2021. The Company issues new shares to satisfy the exercise of stock options and the conversion of stock units. As of December 31, 2023, 20,525,431 shares of common stock were available for issuance.

Common Stock Repurchase

In October 2021, Alcoa Corporation's Board of Directors approved a common stock repurchase program under which the Company may purchase shares of its outstanding common stock up to an aggregate transactional value of $500, depending on cash availability, market conditions, and other factors.

In July 2022, Alcoa Corporation announced that its Board of Directors approved an additional common stock repurchase program under which the Company may purchase shares of its outstanding common stock up to an aggregate transactional value of $500, depending on the Company's continuing analysis of market, financial, and other factors (the New Repurchase Program).

No shares were repurchased in 2023. As of the date of this report, the Company is currently authorized to repurchase up to a total of $500, in the aggregate, of its outstanding shares of common stock under the New Repurchase Program. Repurchases under this program may be made using a variety of methods, which may include open market purchases, privately negotiated transactions, or pursuant to a Rule 10b5-1 plan. This program may be suspended or discontinued at any time and does not have a predetermined expiration date. Alcoa Corporation intends to retire repurchased shares of common stock.

In 2022, the Company repurchased 8,565,200 shares of its common stock for $500, which fully exhausted the October 2021 authorization; the shares were immediately retired.

In 2021, the Company repurchased 3,184,300 shares of its common stock for $150; the shares were immediately retired.

Dividend

Dividends on common stock are subject to authorization by Alcoa Corporation's Board of Directors.

In October 2021, the Company announced the initiation of a quarterly cash dividend on its common stock and the Board of Directors declared the first quarterly cash dividend of $0.10 per share of the Company's common stock. Dividends paid totaled $19 in 2021.

Quarterly dividends paid were $0.10 per share in 2023 and 2022, totaling $72 in both years.

The details of any future cash dividend declaration, including the amount of such dividend and the timing and establishment of the record and payment dates, will be determined by the Board of Directors. The decision of whether to pay future cash dividends and the amount of any such dividends will be based on the Company's financial position, results of operations, cash flows, capital requirements, business conditions, the requirements of applicable law, and any other factors the Board of Directors may deem relevant.

Stock-based Compensation

Restricted stock units are generally granted in January and/or February of each calendar year to eligible employees (the Company's Board of Directors also receive certain stock units; however, these amounts are not material). Time-based restricted stock units (RSUs) generally cliff vest on the third anniversary of the award grant date. The Company also grants performance restricted stock units (PRSUs), which are subject to performance conditions and earned after the end of the three-year measurement period. As of January 1, 2021, the Company no longer grants stock options.

The final number of PRSUs earned is dependent on Alcoa Corporation's achievement of certain targets over a three-year measurement period for grants. For PRSUs granted in 2021, the award was earned after the end of the measurement period of January 1, 2021 through December 31, 2023 based on performance against four measures: (1) the Company's total shareholder return measured against the ranked total shareholder return of the Standard & Poor's Metals and Mining Select Industry Index components; (2) a preestablished return-on-equity target; (3) an improvement in proportional net debt; and (4) a reduction in carbon intensity in both refining (through reduced carbon dioxide emissions) and smelting (through increased production from renewable energy) operations. For PRSUs granted in 2022, the award will be earned after the end of the measurement period of January 1, 2022 through December 31, 2024 based on performance against three measures: (1) the Company's total shareholder return measured against the ranked total shareholder return of the Standard & Poor's Metals and Mining Select Industry Index components; (2) a pre-established return-one-quity target; and (3) a reduction in carbon intensity in both refining (through reduced carbon dioxide emissions) and smelting (through increased production from renewable energy) operations. For PRSUs granted in 2023, the award will be earned after the end of the measurement period of January 1, 2023 through December 31, 2025 based on performance against three measures: (1) the Company's total shareholder return measured against the ranked total shareholder return of the Standard & Poor's Metals and Mining Select Industry Index components; (2) a pre-established return-on-equity target; and (3) a reduction in carbon intensity in both refining (through reduced carbon dioxide emissions) and smelting (through increased production from renewable energy) operations.

In 2023, 2022, and 2021, Alcoa Corporation recognized stock-based compensation expense of $35, $40, and $39, respectively, of which approximately 95% to 100% was related to stock units in each period. There was no stock-based compensation expense capitalized in 2023, 2022, and 2021.

Stock-based compensation expense is based on the grant date fair value of the applicable equity grant. For both RSUs and PRSUs, the fair value was equivalent to the closing market price per share of Alcoa Corporation's common stock on the date of grant in the respective periods. For stock units with a market condition, the fair value was estimated on the date of grant using a Monte Carlo simulation model, which generated a result of $71.12, $126.86, and $39.88 per unit in 2023, 2022, and 2021, respectively. The Monte Carlo simulation model uses certain assumptions to estimate the fair value of a market-based stock unit, including volatility and a risk-free interest rate, to estimate the probability of satisfying market conditions. Volatility (64.88%, 65.25%, and 60.19% in 2023, 2022, and 2021, respectively) was estimated using the historical volatility of the Company calculated from daily stock price returns. The risk-free interest rate (4.26%, 1.71%, and 0.22% in 2023, 2022, and 2021, respectively) was based on the U.S. Treasury yield curve at the time of the grant based on the remaining performance period.

The activity for stock units and stock options during 2023 was as follows:

	Stock units		Stock options	
	Number of units	Weighted average FMV per unit	Number of options	Weighted average exercise price
Outstanding, January 1, 2023	4,606,215	$ 26.08	220,596	$ 23.88
Granted	835,083	49.95	–	–
Exercised	–	–	(70,060)	17.94
Converted	(2,090,761)	16.98	–	–
Expired or forfeited	(354,230)	55.82	(1,928)	19.89
Performance share adjustment	(862)	127.42	–	–
Outstanding, December 31, 2023	2,995,445	$ 35.54	148,608	$ 26.73

The number of Converted units includes 657,448 shares withheld to meet the Company's statutory tax withholding requirements related to the income earned by the employees as a result of vesting in the units.

As of December 31, 2023, the 148,608 outstanding stock options were fully vested and exercisable, had a weighted average remaining contractual life of 3.99 years, a total intrinsic value of $2 and a weighted average exercise price of $26.73. Cash received from stock option exercises was $1, $22, and $25 in 2023, 2022, and 2021, respectively. The total intrinsic value of stock options exercised during 2023, 2022, and 2021 was $2, $22, and $17, respectively. The total fair value of stock units converted during 2023, 2022, and 2021 was $35, $32 and $19, respectively.

At December 31, 2023, there was $23 of combined unrecognized compensation expense (pretax) related to non-vested grants of stock units. This expense is expected to be recognized over a weighted average period of 1.80 years.

O. PENSION AND OTHER POSTRETIREMENT BENEFITS

Defined Benefit Plans

Alcoa sponsors several defined benefit pension plans covering certain employees in the U.S. and foreign locations. Pension benefits generally depend on length of service, job grade, and remuneration. Substantially all benefits are paid through pension trusts that are sufficiently funded to ensure that all plans can pay benefits to retirees as they become due. Most salaried and non-bargaining hourly U.S. employees hired after March 1, 2006 and most bargaining hourly U.S. employees hired after January 1, 2020 participate in a defined contribution plan instead of a defined benefit plan.

The Company also maintains health care postretirement benefit plans covering certain eligible U.S. retired employees and certain retirees from foreign locations. Generally, the medical plans are unfunded and pay a percentage of medical expenses, reduced by deductibles and other coverage. The Company retains the right, subject to existing agreements, to change or eliminate these benefits. All salaried and certain non-bargaining hourly U.S. employees hired after January 1, 2002 and certain bargaining hourly U.S. employees hired after July 1, 2010 are not eligible for postretirement health care benefits.

As of January 1, 2023, the pension benefit plans and the other postretirement benefit plans covered an aggregate of approximately 17,000 and approximately 21,000 participants, respectively.

2023 Plan Actions. In 2023, management initiated the following actions to certain pension plans:

Action #1 – In the second quarter of 2023, plan amendment accounting and related plan remeasurements were triggered within the Surinamese pension and other postretirement plans as a result of participants electing to prospectively convert their Surinamese dollar pension and Company-provided retiree medical to a United States dollar pension with no Company-provided retiree medical. As a result, Alcoa recorded a $15 increase to Accrued pension benefits and a $9 decrease to Accrued other postretirement benefits.

Action #2 – In the second quarter of 2023, settlement accounting and related plan remeasurements were triggered within certain Canadian pension plans as a result of the Company's purchase of group annuity contracts to transfer the obligation to pay the remaining retirement benefits of approximately 530 retirees and beneficiaries from its Canadian defined benefit pension plans. The transfer of approximately $235 in both plan obligations and plan assets was completed in April 2023. As a result, Alcoa recorded a $22 increase to Accrued pension benefits and a $5 decrease to Other non-current assets and recognized a non-cash settlement loss of $21 ($16 after-tax) in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations.

Action #3 – In the third quarter of 2023, settlement accounting and a related plan remeasurement was triggered within Alcoa's Australian pension plan as a result of participants electing lump sum payments. As a result, Alcoa recorded a $2 decrease to Other non-current assets.

The following table presents certain information and the financial impacts of these actions on the accompanying Consolidated Financial Statements:

Action #	Number of affected plan participants	Weighted average discount rate as of prior plan remeasurement date	Plan remeasurement date	Weighted average discount rate as of plan remeasurement date	Increase to accrued pension benefits liability	Decrease to other non-current assets	Decrease to accrued other postretirement benefits liability	Settlement loss[1]
1	~370	5.58%	March 31, 2023	5.20%	$ 15	$ –	$ (9)	$ –
2	~530	5.20%	April 30, 2023	4.80%	22	(5)	–	21
3	~50	5.08%	September 30, 2023	5.03%	–	(2)	–	–
	~950				$ 37	$ (7)	$ (9)	$ 21

(1) This amount represents the net actuarial loss and was reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

2022 Plan Actions. In 2022, management initiated the following actions to certain pension and other postretirement benefit plans:

Action #1 – In the third quarter of 2022, settlement accounting and related plan remeasurements were triggered within Alcoa's U.S. pension plans as a result of the Company's purchase of group annuity contracts to transfer the obligation to pay the remaining retirement benefits of approximately 4,400 retirees and beneficiaries from its U.S. defined benefit pension plans. The transfer of approximately $1,000 in both plan obligations and plan assets was completed in August 2022. As a result, Alcoa recorded a $5 increase to Accrued pension benefits and a $27 increase to Other non-current assets and recognized a non-cash settlement loss of $617 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

Action #2 – In the third quarter of 2022, settlement accounting and related plan remeasurements were triggered within Alcoa's U.S. pension plans as a result of participants electing lump sum payments. Alcoa recognized a non-cash settlement loss of $11 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

Action #3 – In the third quarter of 2022, settlement accounting and a related plan remeasurement was triggered within Alcoa's U.S. salaried pension plan as a result of participants electing lump sum payments. Alcoa recorded a $23 increase to Accrued pension benefits and a $12 decrease to Other non-current assets and recognized a non-cash settlement loss of $1 (pre- and after- tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

Action #4 – In the third quarter of 2022, settlement accounting and a related plan remeasurement was triggered within Alcoa's Australian pension plan as a result of participants electing lump sum payments. Alcoa recorded a $21 increase to Other non-current assets and recognized a non-cash settlement gain of $3 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

Action #5 – In the fourth quarter of 2022, settlement accounting was triggered within Alcoa's U.S. pension plans as a result of participants electing lump sum payments. Alcoa recorded a $3 increase to Accrued pension benefits and recognized a non-cash settlement loss of $6 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations.

The following table presents certain information and the financial impacts of these actions on the accompanying Consolidated Financial Statements:

Action #	Number of affected plan participants	Weighted average discount rate as of prior plan remeasurement date	Plan remeasurement date	Weighted average discount rate as of plan remeasurement date	Increase to accrued pension benefits liability[1]	Increase (decrease) to other non-current assets[1]	Settlement loss (gain)[2]
1	~4,400	2.90%	July 31, 2022	4.63%	$ 5	$ 27	$ 617
2	~45	2.90%	July 31, 2022	4.63%	–	–	11
3	~5	4.57%	September 30, 2022	5.71%	23	(12)	1
4	~25	2.46%	September 30, 2022	4.99%	–	21	(3)
5	~20	N/A	December 31, 2022	N/A	3	–	6
	~4,495				$ 31	$ 36	$ 632

(1) Actions 1-4 caused interim plan remeasurements, including an update to the discount rates used to determine the benefit obligations of the affected plans. These amounts include impacts due to interim plan remeasurements.

(2) These amounts represent the net actuarial loss (gain) and were reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

2021 Plan Actions. In 2021, management initiated the following actions to certain pension and other postretirement benefit plans:

Action #1 – On March 31, 2021, Alcoa completed the sale of the Warrick Rolling Mill to Kaiser Aluminum Corporation for total consideration of $670, which included the assumption of $69 in other postretirement benefit liabilities. Approximately 1,150 employees at the rolling operations, which includes the casthouse, hot mill, cold mills, and coating and slitting lines, became employees of Kaiser. As a result, the affected plan was remeasured, including an update to the discount rate used to determine the benefit obligation of the plan. Accrued other postretirement benefits reflects a decrease of $40 related to the remeasurement in addition to the $69 assumed by Kaiser. Further, Alcoa recognized a curtailment gain of $17 (pre- and after-tax) and a settlement loss of $26 (pre- and after-tax).

Action #2 – In the second quarter of 2021, settlement accounting and a related plan remeasurement was triggered within Alcoa's U.S. salaried pension plan as a result of a high number of participants electing lump sum payments. This includes former employees of the Warrick Rolling Mill, as well as other Alcoa employees making this election at retirement. Alcoa recorded a $90 decrease to Accrued pension benefits related to this remeasurement and recognized a settlement loss of $39 (pre- and after-tax).

Action #3 – In the third quarter of 2021, settlement accounting and a related plan remeasurement was triggered within Alcoa's U.S. salaried pension plan as a result of participants electing lump sum payments. Alcoa recorded a $7 increase to Accrued pension benefits related to this remeasurement and recognized a settlement loss of $7 (pre- and after-tax).

Action #4 – In the third quarter of 2021, settlement accounting and a related plan remeasurement was triggered within Alcoa's Australian pension plan as a result of participants electing lump sum payments. Alcoa recorded a $38 decrease to Accrued pension benefits related to this remeasurement and recognized a settlement loss of $1 (pre- and after-tax).

Action #5 – In the fourth quarter of 2021, the Company purchased a group annuity contract to transfer the obligation to pay the remaining retirement benefits of approximately 800 retirees and deferred vested participants from one of its Suriname pension plans to an insurance company. The transfer of $55 in both plan obligations and plan assets were completed on October 19, 2021. As a result, the Company recorded a settlement loss of $63 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations in the fourth quarter of 2021.

Action #6 – In the fourth quarter of 2021, settlement accounting and related plan remeasurements were triggered within Alcoa's U.S. pension plans as a result of the Company purchasing group annuity contracts to transfer the obligation to pay remaining retirement benefits of approximately 14,000 retirees and beneficiaries from its U.S. defined benefit pension plans and transferred approximately $1,540 in both plan obligations and plan assets. The transfers were completed on November 23, 2021 and December 16, 2021. As a result, the Company recorded a $84 decrease to Accrued pension benefits related to this remeasurement and recognized a non-cash settlement loss of $848 (pre- and after-tax) in Restructuring and other charges, net on the Statement of Consolidated Operations in the fourth quarter of 2021.

Action #7 – In the fourth quarter of 2021, settlement accounting and related plan remeasurements were triggered within Alcoa's U.S. pension plans as a result of participants electing lump sum payments (and the group annuity contracts discussed in Action 6 above). Alcoa recorded a $1 decrease to Accrued pension benefits related to this remeasurement and recognized a settlement loss of $10 (pre- and after-tax).

The following table presents certain information and the financial impacts of these actions on the accompanying Consolidated Financial Statements:

Action #	Number of affected plan participants	Weighted average discount rate as of prior plan remeasurement date	Plan remeasurement date	Weighted average discount rate as of plan remeasurement date	Increase (decrease) to accrued pension benefits liability	Decrease to accrued other postretirement benefits liability	Curtailment gain[1]	Settlement loss[1]
1	~840	2.45%	March 31, 2021	3.06%	$ –	$ (106)	$ (17)	$ 26
2	~120	2.38%	June 30, 2021	2.71%	(90)	–	–	39
3	~20	2.71%	September 30, 2021	2.74%	7	–	–	7
4	~20	1.34%	September 30, 2021	1.53%	(38)	–	–	1
5	~800	N/A	N/A	N/A	N/A	–	–	63
6	~14,000	2.59%	November 30, 2021	2.79%	(84)	–	–	848
7	~60	2.59%	November 30, 2021	2.79%	(1)	–	–	10
					$ (206)	$ (106)	$ (17)	$ 994

(1) These amounts primarily represent the accelerated amortization of a portion of the existing prior service benefit for curtailments and net actuarial loss for settlements and were reclassified from Accumulated other comprehensive loss to Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations.

Obligations and Funded Status

	Pension benefits		Other postretirement benefits	
December 31,	**2023**	**2022**	**2023**	**2022**
Change in benefit obligation				
Benefit obligation at beginning of year	$ 2,518	$ 4,594	$ 536	$ 710
Service cost	11	13	3	4
Interest cost	119	107	26	15
Amendments	2	–	–	–
Actuarial losses (gains)	117	(803)	(7)	(140)
Settlements	(280)	(1,090)	–	–
Benefits paid, net of participants' contributions	(133)	(211)	(52)	(53)
Suriname resident election transfer	12	–	(12)	–
Foreign currency translation impact	27	(92)	–	–
Benefit obligation at end of year	$ 2,393	$ 2,518	$ 494	$ 536
Change in plan assets				
Fair value of plan assets at beginning of year	$ 2,434	$ 4,306	$ –	$ –
Actual return on plan assets	141	(528)	–	–
Employer contributions	24	18	–	–
Participant contributions	3	4	–	–
Benefits paid	(125)	(204)	–	–
Administrative expenses	(9)	(6)	–	–
Settlements	(280)	(1,090)	–	–
Annuity purchase premium refund	7	22	–	–
Foreign currency translation impact	24	(88)	–	–
Fair value of plan assets at end of year	$ 2,219	$ 2,434	$ –	$ –

December 31,	Pension benefits 2023	Pension benefits 2022	Other postretirement benefits 2023	Other postretirement benefits 2022
Funded status	$ (174)	$ (84)	$ (494)	$ (536)
Less: Amounts attributed to joint venture partners	(11)	(6)	–	–
Net funded status	$ (163)	$ (78)	$ (494)	$ (536)
Amounts recognized in the Consolidated Balance Sheet consist of:				
Non-current assets	$ 125	$ 146	$ –	$ –
Current liabilities	(10)	(11)	(51)	(55)
Non-current liabilities	(278)	(213)	(443)	(481)
Net amount recognized	$ (163)	$ (78)	$ (494)	$ (536)
Amounts recognized in Accumulated Other Comprehensive Loss consist of:				
Net actuarial loss	$ 1,098	$ 1,016	$ 88	$ 95
Prior service cost (benefit)	4	2	(97)	(111)
Total, before tax effect	1,102	1,018	(9)	(16)
Less: Amounts attributed to joint venture partners	33	27	–	–
Net amount recognized, before tax effect	$ 1,069	$ 991	$ (9)	$ (16)

December 31,	Pension benefits 2023	Pension benefits 2022	Other postretirement benefits 2023	Other postretirement benefits 2022
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss) consist of:				
Net actuarial loss (benefit)	$ 131	$ (141)	$ (2)	$ (140)
Amortization of accumulated net actuarial loss	(49)	(720)	(5)	(18)
Prior service cost	2	–	–	–
Amortization of prior service benefit	–	–	14	14
Total, before tax effect	84	(861)	7	(144)
Less: Amounts attributed to joint venture partners	6	(11)	–	–
Net amount recognized, before tax effect	$ 78	$ (850)	$ 7	$ (144)

At December 31, 2023, the benefit obligation, fair value of plan assets, and funded status for U.S. pension plans were $1,119, $1,054, and ($65), respectively. At December 31, 2022, the benefit obligation, fair value of plan assets, and funded status for U.S. pension plans were $1,113, $1,064, and ($49), respectively.

Pension Plan Benefit Obligations

	Pension benefits	
	2023	**2022**
The aggregate projected benefit obligation and accumulated benefit obligation for all defined benefit pension plans was as follows:		
Projected benefit obligation	$ 2,393	$ 2,518
Accumulated benefit obligation	2,285	2,453
The aggregate projected benefit obligation and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets was as follows:		
Projected benefit obligation	1,636	1,465
Fair value of plan assets	1,336	1,232
The aggregate accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets was as follows:		
Accumulated benefit obligation	1,425	1,458
Fair value of plan assets	1,169	1,232

Components of Net Periodic Benefit Cost

	Pension benefits[1]			Other postretirement benefits		
	2023	2022	2021	2023	2022	2021
Service cost	$ 10	$ 13	$ 22	$ 3	$ 4	$ 4
Interest cost[2]	114	104	116	26	15	15
Expected return on plan assets[2]	(146)	(151)	(281)	–	–	–
Recognized net actuarial loss[2]	28	88	190	5	18	21
Amortization of prior service cost (benefit)[2]	–	–	–	(14)	(14)	(14)
Settlements[3]	21	632	968	–	–	26
Curtailments[4]	–	–	–	–	–	(17)
Net periodic benefit cost[5]	$ 27	$ 686	$ 1,015	$ 20	$ 23	$ 35

(1) In 2023, 2022, and 2021, net periodic benefit cost for U.S pension plans was $6, $698, and $962, respectively.

(2) These amounts were reported in Other expenses (income), net on the accompanying Statement of Consolidated Operations.

(3) These amounts were reported in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note D). In 2023, 2022 and 2021, settlements were due to management actions (see Plan Actions above).

(4) These amounts were reported in Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note D). In 2021, curtailments were due to management actions (see Plan Actions above).

(5) Amounts attributed to joint venture partners are not included.

Assumptions. Liabilities and expenses for pension and other postretirement benefits are determined using actuarial methodologies and incorporate significant assumptions, including the interest rate used to discount the future estimated liability, the expected long-term rate of return on plan assets, and several assumptions relating to the employee workforce (salary increases, health care cost trend rates, retirement age, and mortality).

Weighted average assumptions used to determine benefit obligations for pension and other postretirement benefit plans were as follows:

December 31,	2023	2022
Discount rate – pension plans	5.03%	5.41%
Discount rate – other postretirement benefit plans	5.19	5.54
Rate of compensation increase – pension plans	3.77	3.21

The yield curve model used to develop the discount rate parallels the plans' projected cash flows and has a weighted average duration of 10 years. The underlying cash flows of the high-quality corporate bonds included in the model exceed the cash flows needed to satisfy the Company's plan obligations multiple times. If a deep market of high-quality corporate bonds does not exist in a country, then the yield on government bonds plus a corporate bond yield spread is used.

Weighted average assumptions used to determine net periodic benefit cost for pension and other postretirement benefit plans were as follows:

	2023	2022	2021
Discount rate – pension plans	5.34%	2.66%	1.91%
Discount rate – other postretirement benefit plans	5.45	2.46	1.99
Expected long-term rate of return on plan assets – pension plans	6.21	4.94	5.66
Rate of compensation increase – pension plans	3.21	3.11	2.58

For 2023, 2022, and 2021, the expected long-term rate of return used by management was based on the prevailing and planned strategic asset allocations, as well as estimates of future returns by asset class. For 2024, management anticipates that 6.13% will be the weighted average expected long-term rate of return.

Assumed health care cost trend rates for U.S. other postretirement benefit plans were as follows (non-U.S. plans are not material):

	2023	2022	2021
Health care cost trend rate assumed for next year	6.5%	7.0%	5.5%
Rate to which the cost trend rate gradually declines	5.0%	5.0%	4.5%
Year that the rate reaches the rate at which it is assumed to remain	2032	2028	2026

The assumed health care cost trend rate is used to measure the expected cost of gross eligible charges covered by the Company's other postretirement benefit plans. For 2024, a 6.5% trend rate will be used, reflecting management's best estimate of the change in future health care costs covered by the plans.

Plan Assets. Alcoa's pension plan weighted average target and actual asset allocations at December 31, 2023 and 2022, by asset class, were as follows:

	Target asset allocation		Plan assets at December 31,	
Asset class	**2023**	**2022**	**2023**	**2022**
Equities	20%	20%	17%	29%
Fixed income	65	65	70	57
Other investments	15	15	13	14
Total	100%	100%	100%	100%

The principal objectives underlying the investment of the pension plan assets are to ensure that the Company can properly fund benefit obligations as they become due under a broad range of potential economic and financial scenarios, maximize the long-term investment return with an acceptable level of risk based on such obligations, and broadly diversify investments across and within various asset classes to protect asset values against adverse movements. Investment risk is controlled by rebalancing to target allocations on a periodic basis and ongoing monitoring of investment manager performance.

The portfolio includes an allocation to investments in long-duration corporate credit and government debt, public and private market equities, intermediate duration corporate credit and government debt, global-listed infrastructure, high-yield bonds and bank loans, real estate, and securitized credit.

In late 2022, management began restructuring the asset portfolios of certain non-U.S. pension plans. The new strategy increased the amount and duration of the fixed income asset portfolios to reduce exposure to interest rates and was substantially implemented at the end of the first quarter in 2023.

Investment practices comply with the requirements of applicable laws and regulations in the respective jurisdictions, including the Employee Retirement Income Security Act of 1974 (ERISA) in the United States.

The following section describes the valuation methodologies used by the trustees to measure the fair value of pension plan assets. For plan assets measured at net asset value, this refers to the net asset value of the investment on a per share basis (or its equivalent) as a practical expedient. Otherwise, an indication of the level in the fair value hierarchy in which each type of asset is generally classified is provided (see Note P for the definition of fair value and a description of the fair value hierarchy).

Equities – These securities consist of: (i) direct investments in the stock of publicly traded U.S. and non-U.S. companies and are valued based on the closing price reported in an active market on which the individual securities are traded (generally classified in Level 1); (ii) the plans' share of commingled funds that are invested in the stock of publicly traded companies and are valued at net asset value; and (iii) direct investments in long/short equity hedge funds and private equity (limited partnerships and venture capital partnerships) and are valued at net asset value.

Fixed income – These securities consist of: (i) U.S. government debt and are generally valued using quoted prices (included in Level 1); (ii) cash and cash equivalents invested in publicly-traded funds and are valued based on the closing price reported in an active market on which the individual securities are traded (generally classified in Level 1); (iii) publicly traded U.S. and non-U.S. fixed interest obligations (principally corporate bonds and debentures) and are valued through consultation and evaluation with brokers in the institutional market using quoted prices and other observable market data (included in Level 2); and (iv) cash and cash equivalents invested in institutional funds and are valued at net asset value.

Other investments – These investments include, among others: (i) real estate investment trusts valued based on the closing price reported in an active market on which the investments are traded (included in Level 1); (ii) the plans' share of commingled funds that are invested in real estate partnerships and are valued at net asset value; (iii) direct investments in private real estate (includes limited partnerships) and are valued at net asset value; and (iv) absolute return strategy funds and are valued at net asset value.

The fair value methods described above may not be indicative of net realizable value or reflective of future fair values. Additionally, while Alcoa believes the valuation methods used by the plans' trustees are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the fair value of pension plan assets classified under either the appropriate level of the fair value hierarchy or net asset value:

December 31, 2023	Level 1	Level 2	Level 3	Net Asset Value	Total
Equities:					
Equity securities	$ 108	$ –	$ –	$ 134	$ 242
Private equity	–	–	–	127	127
	$ 108	$ –	$ –	$ 261	$ 369
Fixed income:					
Intermediate and long-duration government/credit	$ 403	$ 517	$ –	$ 496	$ 1,416
Cash and cash equivalent funds	14	–	–	114	128
	$ 417	$ 517	$ –	$ 610	$ 1,544
Other investments:					
Real estate	$ 21	$ –	$ –	$ 253	$ 274
Other	–	–	–	19	19
	$ 21	$ –	$ –	$ 272	$ 293
Total[(1)]	$ 546	$ 517	$ –	$ 1,143	$ 2,206

December 31, 2022	Level 1	Level 2	Level 3	Net Asset Value	Total
Equities:					
Equity securities	$ 71	$ –	$ –	$ 480	$ 551
Long/short equity hedge funds	–	–	–	8	8
Private equity	–	–	–	145	145
	$ 71	$ –	$ –	$ 633	$ 704
Fixed income:					
Intermediate and long-duration government/credit	$ 390	$ 426	$ –	$ 420	$ 1,236
Cash and cash equivalent funds	38	–	–	118	156
	$ 428	$ 426	$ –	$ 538	$ 1,392
Other investments:					
Real estate	$ 20	$ –	$ –	$ 282	$ 302
Other	–	–	–	28	28
	$ 20	$ –	$ –	$ 310	$ 330
Total[2]	$ 519	$ 426	$ –	$ 1,481	$ 2,426

(1) As of December 31, 2023, the total fair value of pension plan assets excludes a net receivable of $13, which primarily represents securities not yet settled plus interest and dividends earned on various investments.

(2) As of December 31, 2022, the total fair value of pension plan assets excludes a net receivable of $8, which primarily represents securities not yet settled plus interest and dividends earned on various investments.

Funding and Cash Flows. It is Alcoa's policy to fund amounts for defined benefit pension plans sufficient to meet the minimum requirements set forth in applicable country benefits laws and tax laws, including ERISA for U.S. plans. From time to time, the Company contributes additional amounts as deemed appropriate.

In 2023, 2022, and 2021, cash contributions to Alcoa's defined benefit pension plans were $24, $17, and $579.

During 2021, Alcoa made $500 in unscheduled contributions to certain U.S. defined benefit pension plans. The additional contributions were discretionary in nature and were funded with net proceeds from a March 2021 debt issuance (see Note M) plus available cash on hand. There were no discretionary contributions made in 2022 or 2023.

Alcoa's minimum required contribution to defined benefit pension plans in 2024 is estimated to be $60, of which approximately $40 is for U.S. plans. Under ERISA regulations, a plan sponsor that establishes a pre-funding balance by making discretionary contributions to a U.S. defined benefit pension plan may elect to apply all or a portion of this balance toward its minimum required contribution obligations to the related plan in future years. In 2024, management intends to make such election related to the Company's U.S. plans.

Benefit payments expected to be paid to pension and other postretirement benefit plan participants are as follows:

Year ending December 31,	Pension benefits	Other postretirement benefits
2024	$ 180	$ 50
2025	175	50
2026	175	45
2027	180	45
2028	175	45
2029 through 2033	855	195
	$ 1,740	$ 430

Defined Contribution Plans

The Company sponsors savings and investment plans in several countries, primarily in Australia and the United States. In the United States, employees may contribute a portion of their compensation to the plans, and Alcoa matches a specified percentage of these contributions in equivalent form of the investments elected by the employee. Also, the Company makes contributions to a retirement savings account based on a percentage of eligible compensation for certain U.S. employees that are not able to participate in Alcoa's defined benefit pension plans. The Company's expenses related to all defined contribution plans were $80 in 2023, $71 in 2022, and $72 in 2021.

Member-funded Pension Plans

The Company contributes to member-funded pension plans for the employees of Aluminerie de Bécancour Inc. and Aluminerie de Deschambault in Canada. Alcoa makes contributions to the plans based on a percentage of the employees' eligible compensation. The Company's expenses related to the member-funded pension plans were $16 in 2023, $17 in 2022, and $17 in 2021.

Target Benefit Plan

The Company contributes to a target benefit plan for the employees of Baie-Comeau in Canada. Alcoa makes contributions to the plan based on a percentage of the employees' eligible compensation. The Company's expenses related to the target benefit plan were $8 in 2023, $9 in 2022, and $9 in 2021.

P. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Fair Value. The Company follows a fair value hierarchy to measure its assets and liabilities. As of December 31, 2023 and 2022, respectively, the assets and liabilities measured at fair value on a recurring basis were primarily derivative instruments. In addition, the Company measures its pension plan assets at fair value (see Note O). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (i) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (ii) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and,

- Level 3 – Inputs that are both significant to the fair value measurement and unobservable.

Derivatives. Alcoa Corporation is exposed to certain risks relating to its ongoing business operations, including the risks of changing commodity prices, foreign currency exchange rates and interest rates. Alcoa Corporation's commodity and derivative activities include aluminum, energy, foreign exchange, and interest rate contracts, which are held for purposes other than trading. They are used to mitigate uncertainty and volatility, and to cover underlying exposures. While Alcoa does not generally enter into derivative contracts to mitigate the risk associated with changes in aluminum price, the Company may do so in isolated cases to address discrete commercial or operational conditions. Alcoa is not involved in trading activities for energy, weather derivatives, or other non-exchange commodities.

Alcoa Corporation's commodity and derivative activities are subject to the management, direction, and control of the Strategic Risk Management Committee (SRMC), which consists of at least three members, including the chief executive officer, the chief financial officer, and the chief commercial officer. The remaining member(s) are other officers and/or employees of the Company as the chief executive officer may designate from time to time. The SRMC meets on a periodic basis to review derivative positions and strategy and reports to the Audit Committee of Alcoa Corporation's Board of Directors on the scope of its activities.

Alcoa Corporation's aluminum and foreign exchange contracts are predominately classified as Level 1 under the fair value hierarchy. All of the Level 1 contracts are designated as either fair value or cash flow hedging instruments (except as described below). Alcoa Corporation also has several derivative instruments classified as Level 3 under the fair value hierarchy, which are either designated as cash flow hedges or undesignated. Alcoa includes the changes in its equity method investee's Level 2 derivatives in Accumulated other comprehensive loss.

The following tables present the detail for Level 1 and 3 derivatives (see additional Level 3 information in further tables below):

	2023		2022	
Balance at December 31,	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Level 1 derivative instruments	$ 16	$ 9	$ 84	$ 14
Level 3 derivative instruments	16	1,297	52	1,212
Total	$ 32	$ 1,306	$ 136	$ 1,226
Less: Current	29	214	134	200
Non-current	$ 3	$ 1,092	$ 2	$ 1,026

Year ended December 31,	2023 Unrealized gain (loss) recognized in Other comprehensive loss	2023 Realized gain (loss) reclassed from Other comprehensive loss to earnings	2022 Unrealized gain (loss) recognized in Other comprehensive loss	2022 Realized gain (loss) reclassed from Other comprehensive loss to earnings
Level 1 derivative instruments	$ 31	$ 86	$ 116	$ 35
Level 3 derivative instruments	(326)	(221)	(247)	(345)
Non-controlling and equity interest (Level 2)	–	5	12	(6)
Total	$ (295)	$ (130)	$ (119)	$ (316)

The 2023 realized gain of $86 on Level 1 cash flow hedges was comprised of a $91 gain recognized in Sales and a $5 loss recognized in Cost of goods sold. The 2022 realized gain of $35 on Level 1 cash flow hedges was comprised of a $40 gain recognized in Sales and a $5 loss recognized in Cost of goods sold.

The following table presents the outstanding quantities of derivative instruments classified as Level 1:

	Classification	December 31, 2023	December 31, 2022
Aluminum (in kmt)	Commodity buy forwards	78	176
Aluminum (in kmt)	Commodity sell forwards	46	337
Foreign currency (in millions of euro)	Foreign exchange buy forwards	48	60
Foreign currency (in millions of euro)	Foreign exchange sell forwards	9	–
Foreign currency (in millions of Norwegian krone)	Foreign exchange buy forwards	138	302
Foreign currency (in millions of Brazilian real)	Foreign exchange buy forwards	467	1,008
Foreign currency (in millions of Brazilian real)	Foreign exchange sell forwards	–	7
Foreign currency (in millions of Canadian dollar)	Foreign exchange buy forwards	31	–

Alcoa routinely uses Level 1 aluminum derivative instruments to manage exposures to changes in the fair value of firm commitments for the purchases or sales of aluminum. Additionally, Alcoa uses Level 1 aluminum derivative instruments to manage exposures to changes in the LME associated with the Alumar (Brazil) restart (April 2022 through December 2023) and the San Ciprián (Spain) strike (expired October 2022). As a result of delays with the Alumar restart, it became probable that certain of the original forecasted transactions would not occur by the end of the originally specified time period and Alcoa dedesignated certain aluminum sell forwards. The Company reclassified the related unrealized gain of $11 and $20 included in Accumulated other comprehensive loss to Sales during the year ended December 31, 2023 and 2022, respectively. In conjunction with the dedesignations, the Company entered into aluminum buy forwards in 2023 and 2022 for the same volume and periods which were also not designated. The unrealized and realized gains and losses on the aluminum buy and sell forwards that are not designated offset resulting in no impact to Alcoa's earnings.

Alcoa Corporation uses Level 1 foreign exchange forward contracts to mitigate the risk of foreign exchange exposure related to euro power purchases in Norway (expires December 2026), U.S. dollar aluminum sales in Norway (expires June 2025), U.S. dollar alumina and aluminum sales in Brazil (expires August 2025), and U.S. dollar aluminum sales in Canada (expires March 2025).

Derivative instruments classified as Level 3 in the fair value hierarchy represent those in which management has used at least one significant unobservable input in the valuation model. Alcoa Corporation uses a discounted cash flow model to fair value all Level 3 derivative instruments. Inputs in the valuation models for Level 3 derivative instruments are composed of the following: (i) quoted market prices (e.g., aluminum prices on the 10-year LME forward curve and energy prices), (ii) significant other observable inputs (e.g., information concerning time premiums and volatilities for certain option type embedded derivatives and regional premiums for aluminum contracts), and (iii) unobservable inputs (e.g., aluminum and energy prices beyond those quoted in the market, and estimated credit spread between Alcoa and the counterparty). For periods beyond the term of quoted market prices for aluminum, Alcoa Corporation estimates the price of aluminum by extrapolating the 10-year LME forward curve. For periods beyond the term of quoted market prices for the Midwest premium, management estimates the Midwest premium based on recent transactions. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence (Level 2). In the absence of such evidence, management's best estimate is used (Level 3). If a significant input that is unobservable in one period becomes observable in a subsequent period, the related asset or liability would be transferred to the appropriate classification (Level 1 or 2) in the period of such change (there were no such transfers in the periods presented). There were no sales or settlements of Level 3 derivative instruments in the periods presented.

Level 3 derivative instruments outstanding as of December 31, 2023 are described in the table below:

Description	Designation	Contract Termination	Unobservable Inputs Impacting Valuation	Sensitivity to Inputs
Power contracts				
Embedded derivative that indexes the price of power to the LME price of aluminum plus the Midwest premium	Cash flow hedge of forward sales of aluminum	March 2026 December 2029 February 2036	LME price,Midwest premium and MWh per year	Increase in LME price and/or the Midwest premium results in a higher cost of power and an increase to the derivative liability
Embedded derivative that indexes the price of power to the LME price of aluminum	Cash flow hedge of forward sales of aluminum	September 2027	LME price and MWh per year	Increase in LME price results in a higher cost of power and an increase to the derivative liability
Embedded derivative that indexes the price of power to the credit spread between the Company and the counterparty	Not designated	October 2028	Estimated credit spread	Wider credit spread results in a higher cost of power and increase in the derivative liability
Financial contracts				
Hedge power prices	Not designated	June 2035	LME price and power price	Lower prices in the power market or higher LME prices result in an increase in the derivative liability

In December 2022, Alcoa entered into a financial contract with a counterparty to hedge power price exposure through March 31, 2023. The Financial contract was designated as a cash flow hedge of future sales of power. Unrealized gains and losses were recognized in Accumulated other comprehensive loss on the accompanying Consolidated Balance Sheet, and realized gains and losses were recognized in Cost of goods sold on the accompanying Statement of Consolidated Operations.

In addition to the instruments presented above, Alcoa had a financial contract that expired in July 2021 that hedged the anticipated power requirements at one of its smelters and was designated as a cash flow hedge of future purchases of electricity. In March 2021, Alcoa entered into four financial contracts (Financial contracts (undesignated), below) with three counterparties to hedge the anticipated power requirements at this smelter for the period from August 1, 2021 through June 30, 2026. A fifth financial contract (undesignated) was entered into in November 2021, with an effective date of September 30, 2022 through June 30, 2026. In August 2023, the Company entered into a nine-year financial contract (undesignated) effective July 1, 2026 when the current contracts end. Three of these financial contracts include LME-linked pricing components and do not qualify for hedge accounting treatment. Management elected not to apply hedge accounting treatment for the other three financial contracts. Unrealized and realized gains and losses on these financial contracts are included in Other expenses (income), net on the accompanying Statement of Consolidated Operations.

At December 31, 2023, the outstanding Level 3 instruments are associated with seven smelters. At December 31, 2023 and 2022, the power contracts with embedded derivatives designated as cash flow hedges hedge forecasted aluminum sales of 1,456 kmt and 1,683 kmt, respectively.

The following table presents quantitative information related to the significant unobservable inputs described above for Level 3 derivative instruments (megawatt hours in MWh):

	December 31, 2023	Unobservable Input	Unobservable Input Range	
Asset Derivatives				
Financial contract (undesignated)	$ 16	Interrelationship of forward energy price, LME forward price and the Consumer Price Index	Electricity (per MWh)	2024: $50.99 2024: $53.55
			LME (per mt)	2024: $2,352 2024: $2,424
Total Asset Derivatives	$ 16			
Liability Derivatives				
Power contract	$ 197	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2024: $2,352 2027: $2,796
			Electricity	Rate of 4 million MWh per year
Power contracts	1,100	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2024: $2,352 2029: $2,904 2036: $3,153
			Midwest premium (per pound)	2024: $0.1880 2029: $0.2300 2036: $0.2300
			Electricity	Rate of 18 million MWh per year
Power contract	–	MWh of energy needed to produce the forecasted mt of aluminum	LME (per mt)	2024: $2,352 2024: $2,381
			Midwest premium (per pound)	2024: $0.1880 2024: $0.2140
			Electricity	Rate of 2 million MWh per year
Power contract (undesignated)	–	Estimated spread between the 30-year debt yield of Alcoa and the counterparty	Credit spread	1.15%: 30-year debt yield spread 6.33%: Alcoa (estimated) 5.18%: counterparty
Total Liability Derivatives	$ 1,297			

The fair values of Level 3 derivative instruments recorded in the accompanying Consolidated Balance Sheet were as follows:

Asset Derivatives	**December 31, 2023**	**December 31, 2022**
Derivatives designated as hedging instruments:		
Current – financial contract	$ –	$ 20
Total derivatives designated as hedging instruments	$ –	$ 20
Derivatives not designated as hedging instruments:		
Current – financial contract	$ 16	$ 32
Total derivatives not designated as hedging instruments	$ 16	$ 32
Total Asset Derivatives	$ 16	$ 52
Liability Derivatives		
Derivatives designated as hedging instruments:		
Current – power contracts	$ 210	$ 195
Non-current – power contracts	1,087	1,017
Total derivatives designated as hedging instruments	$ 1,297	$ 1,212
Total Liability Derivatives	$ 1,297	$ 1,212

The following table shows the net fair values of the Level 3 derivative instruments at December 31, 2023 and the effect on these amounts of a hypothetical change (increase or decrease of 10%) in the market prices or rates that existed as of December 31, 2023:

	Fair value asset (liability)	Index change of +/-10%
Power contracts	$ (1,297)	$ 300
Embedded credit derivative	–	–
Financial contracts	16	8

The following tables present a reconciliation of activity for Level 3 derivative instruments:

2023	Assets Power contracts	Financial contracts
January 1, 2023	$ –	$ 52
Total gains or losses included in:		
Sales (realized)	(4)	–
Cost of goods sold (realized)	–	(20)
Other expenses, net (unrealized/realized)	–	(5)
Other comprehensive income (unrealized)	4	–
Settlements and other	–	(11)
December 31, 2023	$ –	$ 16
Change in unrealized gains or losses included in earnings for derivative instruments held at December 31, 2023:		
Other expenses, net	$ –	$ (5)

2023		Liabilities Power contracts
January 1, 2023	$	1,212
Total gains or losses included in:		
Sales (realized)		(245)
Other comprehensive income (unrealized)		330
December 31, 2023	$	1,297

2022		Assets Financial contracts
January 1, 2022	$	2
Total gains or losses included in:		
Sales (realized)		–
Other income, net (unrealized/realized)		171
Other comprehensive income (unrealized)		20
Settlements and other		(141)
December 31, 2022	$	52
Change in unrealized gains or losses included in earnings for derivative instruments held at December 31, 2022:		
Other income, net	$	171

2022	Liabilities	
	Power contracts	Embedded credit derivative
January 1, 2022	$ 1,290	$ 3
Total gains or losses included in:		
Sales (realized)	(345)	–
Other income, net (unrealized/realized)	–	(3)
Other comprehensive (income) loss (unrealized)	267	–
December 31, 2022	$ 1,212	$ –
Change in unrealized gains or losses included in earnings for derivative instruments held at December 31, 2022:		
Other income, net	$ –	$ (3)

Derivatives Designated As Hedging Instruments – Cash Flow Hedges

Assuming market rates remain constant with the rates at December 31, 2023, a realized loss of $210 related to power contracts is expected to be recognized in Sales over the next 12 months.

Material Limitations

The disclosures with respect to commodity prices and foreign currency exchange risk do not consider the underlying commitments or anticipated transactions. If the underlying items were included in the analysis, the gains or losses on the futures contracts may be offset. Actual results will be determined by several factors that are not under Alcoa Corporation's control and could vary significantly from those factors disclosed.

Alcoa Corporation is exposed to credit loss in the event of nonperformance by counterparties on the above instruments, as well as credit or performance risk with respect to its hedged customers' commitments. Alcoa Corporation does not anticipate nonperformance by any of these parties. Contracts are with creditworthy counterparties and are further supported by cash, treasury bills, or irrevocable letters of credit issued by carefully chosen banks. In addition, various master netting arrangements are in place with counterparties to facilitate settlement of gains and losses on these contracts.

Other Financial Instruments. The carrying values and fair values of Alcoa Corporation's other financial instruments were as follows:

	2023		2022	
December 31,	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Cash and cash equivalents	$ 944	$ 944	$ 1,363	$ 1,363
Restricted cash	103	103	111	111
Short-term borrowings	56	56	–	–
Long-term debt due within one year	79	79	1	1
Long-term debt, less amount due within one year	1,732	1,702	1,806	1,744

Cash and cash equivalents and Restricted cash. The carrying amounts approximate fair value because of the short maturity of the instruments. The fair value amounts for Cash and cash equivalents and Restricted cash were classified in Level 1 of the fair value hierarchy.

Short-term borrowings and Long-term debt, including amounts due within one year. The fair value of Long-term debt, less amount due within one year was based on quoted market prices for public debt and on interest rates that are currently available to Alcoa Corporation for issuance of debt with similar terms and maturities for non-public debt. The fair value amounts for all Short-term borrowings and Long-term debt were classified in Level 2 of the fair value hierarchy.

Q. INCOME TAXES

Provision for income taxes. The components of (Loss) income before income taxes were as follows:

	2023	2022	2021
Domestic	$ (277)	$ (652)	$ (663)
Foreign	(307)	1,354	1,862
Total	$ (584)	$ 702	$ 1,199

Provision for income taxes consisted of the following:

	2023	2022	2021
Current:			
Federal	$ –	$ –	$ 8
Foreign	211	445	473
State and local	–	–	1
	$ 211	$ 445	$ 482
Deferred:			
Federal	–	(3)	6
Foreign	(22)	222	141
State and local	–	–	–
	$ (22)	$ 219	$ 147
Total	$ 189	$ 664	$ 629

Federal includes U.S. income taxes related to foreign income.

A reconciliation of the U.S. federal statutory rate to Alcoa's effective tax rate was as follows:

	2023	2022	2021
U.S. federal statutory rate	21.0%	21.0%	21.0%
Taxes on foreign operations – rate differential	7.1	9.9	10.8
Tax credits	1.4	(0.2)	–
Adjustment of prior year income taxes	0.3	–	–
Non-controlling interest	0.2	0.8	0.5
Internal legal entity reorganizations	0.2	(9.0)	–
Tax holidays	0.1	(5.2)	(2.8)
Impacts of the U.S. Tax Cuts and Jobs Act of 2017	–	–	2.0
Uncertain tax positions	(0.1)	0.4	–
Equity loss	(5.3)	(2.0)	(2.5)
Tax on foreign operations – other	(6.1)	1.3	1.7
Changes in valuation allowances	(50.8)	76.7	23.4
Other	(0.4)	0.9	(1.6)
Effective tax rate	(32.4%)	94.6%	52.5%

Certain income earned by AWAB is eligible for a tax holiday, which decreases the tax rate on this income from 34% to 15.25%, which will result in future cash tax savings. The holiday related to production at the Alumar refinery was originally expected to end on December 31, 2027. During 2023, it was extended to December 31, 2032. The holiday related to the operation of the Juruti (Brazil) bauxite mine will end on December 31, 2026.

In 2021, it was determined that the deferred taxes associated with income subject to the tax holiday would be fully exhausted within the holiday period and the amounts were therefore maintained on the balance sheet at the holiday tax rate. In 2022, the Company's projection of the reversal of deferred tax assets during the holiday tax period was lowered, and as a result, the remainder was revalued at the statutory rate of 34%, resulting in a discrete income tax benefit of $33, which is included in Tax holidays, above. In 2023, the Company determined that it was no longer more likely than not that the deferred tax asset at AWAB would be realized and recorded a full valuation allowance against the deferred tax asset (see below). As a result, the amount reflected in Tax holidays, above, is zero with respect to AWAB as of December 31, 2023.

In October 2022, Alcoa completed the liquidation of Alcoa Saudi Rolling Inversiones S.L. (ASRI), a wholly owned subsidiary that previously held the Company's investment in MRC. This liquidation resulted in a deductible loss in the Netherlands and a tax benefit of $94 was recognized in 2022, however, this tax benefit was substantially offset by a valuation allowance.

In December 2022, Alcoa commenced an internal reorganization to reduce its number of legal entities in Norway from four to one to simplify accounting and treasury functions and reduce external costs. As a result of the simplification, the Company recorded a deferred tax expense of $30 in 2022.

Deferred income taxes. The components of deferred tax assets and liabilities based on the underlying attributes without regard to jurisdiction were as follows:

	2023		2022	
December 31,	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Tax loss carryforwards	$ 2,042	$ –	$ 1,781	$ –
Employee benefits	312	–	297	–
Derivatives and hedging activities	312	10	283	24
Loss provisions	161	–	174	–
Interest	142	6	127	2
Depreciation	94	318	128	336
Investment basis differences	78	–	75	–
Lease assets and liabilities	34	33	24	23
Tax credit carryforwards	24	–	23	–
Deferred income/expense	16	131	10	153
Other	25	–	36	–
	$ 3,240	$ 498	$ 2,958	$ 538
Valuation allowance	(2,595)	–	(2,333)	–
Total	$ 645	$ 498	$ 625	$ 538

The following table details the expiration periods of the deferred tax assets presented above:

December 31, 2023	**Expires within 10 years**	**Expires within 11-20 years**	**No expiration**	**Other**	**Total**
Tax loss carryforwards	$ 203	$ 333	$ 1,471	$ 35	$ 2,042
Tax credit carryforwards	24	–	–	–	24
Other	(1)	–	154	1,021	1,174
Valuation allowance	(226)	(333)	(1,613)	(423)	(2,595)
Total	$ –	$ –	$ 12	$ 633	$ 645

Deferred tax assets with no expiration may still have annual limitations on utilization. Other represents deferred tax assets whose expiration is dependent upon the reversal of the underlying temporary difference.

The total deferred tax asset (net of valuation allowance) is supported by projections of future taxable income exclusive of reversing temporary differences and taxable temporary differences that reverse within the carryforward period. The composition of Alcoa's net deferred tax asset by jurisdiction as of December 31, 2023 was as follows:

	Domestic	Foreign	Total
Deferred tax assets	$ 1,050	$ 2,190	$ 3,240
Valuation allowance	(988)	(1,607)	(2,595)
Deferred tax liabilities	(62)	(436)	(498)
Total	$ –	$ 147	$ 147

The Company has several income tax filers in various foreign countries. Of the $147 net deferred tax asset included under the Foreign column in the table above, approximately 90% relates to six of Alcoa's income tax filers (the Foreign Filers) as follows: a $135 net deferred tax asset for Alcoa Canada Company in Canada; a $90 net deferred tax asset for Alcoa-Lauralco Management Company in Canada; a $39 net deferred tax asset for Alcoa Wolinbec Company in Canada; a $19 net deferred tax asset for Alcoa Islandi and a $35 net deferred tax asset for Fjarðaál, both in Iceland; and a $185 net deferred tax liability for AofA in Australia.

The future realization of the net deferred tax asset for each of the Foreign Filers was based on projections of the respective future taxable income (defined as the sum of pretax income, other comprehensive income, and permanent tax differences), exclusive of reversing temporary differences and carryforwards. The realization of the net deferred tax assets of the Foreign Filers is not dependent on any future tax planning strategies.

Accordingly, management concluded that the net deferred tax assets of the Foreign Filers referenced above will more likely than not be realized in future periods, resulting in no need for a partial or full valuation allowance as of December 31, 2023.

In December 2023, Alcoa recorded a valuation allowance of $154 against the net deferred tax assets of AWAB, of which $106 related to the balance as of December 31, 2022. The 2023 full valuation allowance for AWAB was a result of AWAB's three-year cumulative loss position for the period ended December 31, 2023. The majority of AWAB's net deferred tax assets relate to prior net operating losses; the loss carryforwards are not subject to an expiration period. AWAB's profitability in future periods could prompt the Company to evaluate the realizability of the deferred tax asset and assess the possibility of a reversal of the valuation allowance, which could have a significant impact on net income in the quarter the valuation allowance is reversed.

The Company's subsidiaries in Iceland had a full valuation allowance recorded against deferred tax assets, which was established in 2015 and 2017, as the Company believed it was more likely than not that these tax benefits would not be realized. During 2023, after considering all positive and negative evidence, including the expectation that the jurisdiction will remain in a three-year cumulative income position, the Company determined that it is more likely than not that the net deferred tax assets will be realized. Based on this conclusion, the Company reversed the valuation allowance totaling $58 during 2023, generating a non-cash benefit from income taxes.

In December 2022, Alcoa recorded a valuation allowance of $217 against the net deferred tax assets of Alcoa Alumínio (Alumínio), of which $150 related to the balance as of December 31, 2021. The 2022 full valuation allowance for Alumínio was a result of Alumínio's three-year cumulative loss position for the period ended December 31, 2022. Although the Company entered into aluminum contracts to manage exposures associated with the restart, these contracts were held by another legal entity, and the associated realized gains are not available to Alumínio to offset the restart losses. While management believes Alumínio will return to profitability in the future with the restart of the Alumar smelter, current volatility in the market does not provide a reliable basis for concluding that it is more likely than not that Alumínio's net deferred tax assets, which consist primarily of tax loss carryforwards with indefinite life, will be realized. Alumar smelter profitability in future periods could prompt the Company to evaluate the realizability of the deferred tax asset and assess the possibility of a reversal of the valuation allowance, which could have a significant impact on net income in the quarter the valuation allowance is reversed.

In 2021, Alcoa recorded a valuation allowance of $103 against the net deferred tax assets of Alúmina Española, S.A. (Española). Management concluded that it was more likely than not that Española's net deferred tax assets, which consisted primarily of tax loss carryforwards, would not be realized as the entity's sole operating asset, the San Ciprián refinery, was in a three-year cumulative loss position for the period ended December 31, 2021. This cumulative loss position was the result of recent operating losses due to the high energy costs in Spain and the impact of the refinery workers' strike on the fourth quarter of 2021. After weighing all available positive and negative evidence as of December 31, 2023, management's position continues to be that it is more likely than not that Alcoa Corporation will not realize the benefit of these deferred tax assets and continues to have a full valuation allowance recorded against the deferred tax assets.

The following table details the changes in the valuation allowance:

December 31,	2023	2022	2021
Balance at beginning of year	$ (2,333)	$ (2,062)	$ (2,127)
Establishment of new allowances[(1)]	(106)	(150)	(103)
Net change to existing allowances[(2)]	(113)	(151)	139
Foreign currency translation	(43)	30	29
Balance at end of year	$ (2,595)	$ (2,333)	$ (2,062)

(1) Reflects valuation allowances initially established as a result of a change in management's judgment regarding the realizability of deferred tax assets.

(2) Reflects movements in previously established valuation allowances, which increase or decrease as the related deferred tax assets increase or decrease. Such movements occur as a result of a change in management's judgment regarding previously established valuation allowances, remeasurement due to a tax rate change and changes in the underlying attributes of the deferred tax assets, including expiration of the attribute and reversal of the temporary difference that gave rise to the deferred tax asset.

Undistributed net earnings. Certain earnings of Alcoa's foreign subsidiaries are deemed to be permanently reinvested outside the United States. The cumulative amount of Alcoa's foreign undistributed net earnings deemed to be permanently reinvested was approximately $2,676 as of December 31, 2023. Alcoa Corporation has several commitments and obligations related to the Company's operations in various foreign jurisdictions; therefore, management has no plans to distribute such earnings in the foreseeable future. Alcoa Corporation continuously evaluates its local and global cash needs for future business operations and anticipated debt facilities, which may influence future repatriation decisions. If these earnings were distributed in the form of dividends or otherwise, Alcoa could be subject to foreign income or withholding taxes and state income taxes. Due to the uncertainty of the manner in which the undistributed earnings would be brought back to the United States and the tax laws in effect at that time, it is not practicable to estimate the tax liability that might be incurred if such earnings were remitted to the U.S.

Unrecognized tax benefits. Alcoa and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various foreign and U.S. state jurisdictions. With few exceptions, the Company is not subject to income tax examinations by tax authorities for years prior to 2014. The U.S. federal income tax filings of the Company's U.S. consolidated tax group have been examined through the 2018 tax year. Foreign jurisdiction tax authorities are in the process of examining income tax returns of several of Alcoa's subsidiaries for various tax years. Excluding the Australia tax matter discussed in Note S, the period under foreign examination includes the income tax years from 2014 through 2022. For U.S. state income tax purposes, the Company and its subsidiaries remain subject to income tax examinations for the 2017 tax year and forward.

In the third quarter of 2020, AofA paid approximately $74 (A$107) to the ATO related to the tax dispute described in Note S. Upon payment, AofA recorded a non-current prepaid tax asset, as the Company continues to believe it is more likely than not that AofA's tax position will be sustained and therefore is not recognizing any tax expense in relation to this matter. In accordance with Australian tax laws, the initial interest assessment and additional interest are deductible against AofA's taxable income. AofA applied this deduction beginning in the third quarter of 2020, reducing cash tax payments. Interest compounded in future years is also deductible against AofA's income in future periods. If AofA is ultimately successful, the interest deduction would become taxable as income in the year the dispute is resolved. In addition, should the ATO decide in the interim to reduce any interest already assessed, the reduction would be taxable as income at that point in time. During 2023, AofA continued to record its tax provision and tax liability without effect of the ATO assessment, since it expects to prevail. The tax payable will remain on AofA's balance sheet as a non-current liability, increased by the tax effect of subsequent periods' interest deductions, until dispute resolution, which is expected to take several years. The non-current liability resulting from the cumulative interest deductions was approximately $199 (A$293) and $174 (A$260) at December 31, 2023 and 2022, respectively.

The reserve balance for unrecognized tax benefits is included in non-current income taxes on the Consolidated Balance Sheet. A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) was as follows:

December 31,	**2023**	**2022**	**2021**
Balance at beginning of year	$ 5	$ 4	$ 4
Additions for tax positions of prior years	–	2	–
Reductions for tax positions of prior years	–	–	–
Expiration of the statute of limitations	–	(1)	–
Foreign currency translation	–	–	–
Balance at end of year	$ 5	$ 5	$ 4

For all periods presented, a portion of the balance at end of year pertains to state tax liabilities, which are presented before any offset for federal tax benefits. The effect of unrecognized tax benefits, if recorded, that would impact the annual effective tax rate for 2023, 2022, and 2021 would be 1%, 1%, and 0%, respectively, of (Loss) income before income taxes. Alcoa does not anticipate that changes in its unrecognized tax benefits will have a material impact on the Statement of Consolidated Operations during 2024.

It is the Company's policy to recognize interest and penalties related to income taxes as a component of the Provision for income taxes on the accompanying Statement of Consolidated Operations. In 2023, 2022, and 2021 Alcoa recognized $1, $1, and $0, in interest and penalties, respectively. Due to the expiration of the statute of limitations, settlements with tax authorities, and refunded overpayments, the Company also recognized interest income of $1, $1, and $0 in 2023, 2022, and 2021, respectively. As of December 31, 2023 and 2022, the amount accrued for the payment of interest and penalties was $4 and $3, respectively.

Other Matters. On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (IRA), which includes a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases after December 31, 2022, and several tax incentives to promote clean energy. As a result of the provisions of the IRA, we will incur an excise tax of 1% for certain common stock repurchases made subsequent to December 31, 2022, which will be reflected in the cost of purchasing the underlying shares. The minimum corporate tax did not have an impact on the Company for 2023 and will not have an impact on the Company for 2024.

The IRA contains a number of tax credits and other incentives for investments in renewable energy production, carbon capture, and other climate-related actions, as well as the production of critical minerals. In December 2023, the U.S. Treasury issued guidance on Section 45X of the Advanced Manufacturing Tax Credit. The Notice of Proposed Rulemaking (the Notice) clarifies that commercial grade aluminum can qualify for the credit, which was designed to incentivize domestic production of critical materials important for the transition to clean energy. In the fourth quarter of 2023, the Company recorded a benefit of $36 in Cost of goods sold and Other receivables related to its Massena West smelter (New York) and its Warrick smelter (Indiana).

R. ASSET RETIREMENT OBLIGATIONS

The following table details the carrying value of recorded AROs by major category, of which $217 and $117 was classified as a current liability as of December 31, 2023 and 2022, respectively:

December 31,	2023	2022
Closure of bauxite residue areas	$ 437	$ 342
Mine reclamation	328	279
Spent pot lining disposal	124	115
Demolition	76	61
Landfill closure	24	31
Balance at end of year	$ 989	$ 828

The following table details the changes in the total carrying value of recorded AROs:

December 31,	2023	2022
Balance at beginning of year	$ 828	$ 738
Accretion expense	33	20
Liabilities incurred	254	224
Payments	(148)	(114)
Reversals of previously recorded liabilities	(8)	(12)
Foreign currency translation and other	30	(28)
Balance at end of year	$ 989	$ 828

Liabilities incurred in 2023 include:

- $97 for changes in closure estimates of operating bauxite residue areas;
- $87 for new mining areas opened during the year and higher estimated mine reclamation costs;
- $36 related to the closure of the previously curtailed Intalco smelter;
- $23 related to spent pot lining treatment and disposal;
- $10 for changes in closure estimates of non-operating bauxite residue areas; and,
- $1 related to an accrual for demolition for the closure of a potline at Warrick Operations.

The additional accruals were primarily recorded with corresponding capitalized asset retirement costs except for $15 related to non-operating bauxite residue areas at the Alumar refinery, spent pot lining and treatment, and mine reclamation which was recorded to Cost of goods sold; and $41 related to the closure of the Intalco smelter, updated estimates for spent pot lining treatment and disposal at a previously closed site, and demolition accruals for the closure of a potline at Warrick Operations, which was recorded to Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note D).

Liabilities incurred in 2022 include:

- $81 related to improvements required on both operating and non-operating bauxite residue areas at the Poços de Caldas and Alumar refineries for changes in closure estimates and to comply with updated impoundment regulations in the regions;

- $79 for new mining areas opened during the year and higher estimated mine reclamation costs;
- $28 related to spent pot lining treatment and disposal;
- $18 for bauxite residue areas related to water management at non-operating bauxite residue areas and changes in engineering designs for closure of operating bauxite residue areas;
- $15 related to the closure of the previously curtailed magnesium smelter in Addy (Washington). The facility has been fully curtailed since 2001; and,
- $3 related to accruals for demolition projects at closed sites.

The additional accruals were primarily recorded with corresponding capitalized asset retirement costs (see Note B) except for $72 related to non-operating bauxite reside areas which was recorded to Cost of goods sold at the Poços de Caldas and Alumar refineries and $34 related to the closure of the magnesium smelter in Addy and adjustments to other previously closed sites which were recorded to Restructuring and other charges, net on the accompanying Statement of Consolidated Operations (see Note D).

In 2023, reversals of previously recorded liabilities included a reversal of $8 due to changes in estimates at various sites and the completion of a site demolition project. In 2022, reversals of previously recorded liabilities included a reversal of $12 due to the completion of demolition projects at numerous permanently closed sites.

The estimated timing of cash outflows for recorded AROs at December 31, 2023 was as follows:

2024	$	217
2025-2028		573
Thereafter		199
Total	$	989

Changes to the estimates may result in material changes to the recorded AROs that may require an increase to or a reversal of previously recorded liabilities, as well as changes in the timing of cash outflows.

S. CONTINGENCIES AND COMMITMENTS

Contingencies

Environmental Matters

Alcoa Corporation participates in environmental assessments and cleanups at several locations. These include currently or previously owned or operated facilities and adjoining properties, and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)) sites.

Alcoa Corporation's environmental remediation reserve balance reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. The following table details the changes in the carrying value of recorded environmental remediation reserves:

Balance at December 31, 2020	$ 322
Liabilities incurred	21
Cash payments	(23)
Reversals of previously recorded liabilities	(17)
Foreign currency translation and other	6
Balance at December 31, 2021	309
Liabilities incurred	32
Cash payments	(26)
Reversals of previously recorded liabilities	(30)
Foreign currency translation and other	(1)
Balance at December 31, 2022	284
Liabilities incurred	39
Cash payments	(55)
Reversals of previously recorded liabilities	(1)
Foreign currency translation and other	1
Balance at December 31, 2023	$ 268

At December 31, 2023 and 2022, the current portion of the remediation reserve balance was $66 and $58, respectively.

In 2023, the Company incurred liabilities of $39 primarily related to $14 for the closure of the previously curtailed Intalco smelter and $13 for an increase in estimated costs associated with ongoing remediation work at the previously closed Longview (Washington) site which were recorded in Restructuring and other charges, net on the Statement of Consolidated Operations, and $12 for an increase in estimated costs associated with ongoing remediation work at various other sites which was recorded in Cost of goods sold on the accompanying Statement of Consolidated Operations. Payments related to remediation expenses applied against the reserve were $55 in 2023. These amounts include mandated expenditures as well as those not required by any regulatory authority or third party. Further, the Company reversed reserves of $1 during 2023 due to the determination that certain remaining site remediation is no longer required.

In 2022, the Company incurred liabilities of $32 primarily related to $14 for the closure of the previously curtailed magnesium smelter in Addy (Washington), $6 for estimates for environmental remediation at the Point Henry site, $4 for a new phase of work at the former East St. Louis site and $9 for environmental activities at various sites. These charges are recorded in Cost of goods sold and Restructuring and other charges, net (see Note D) on the accompanying Statement of Consolidated Operations. Payments related to remediation expenses applied against the reserve were $26 in 2022. These amounts include mandated expenditures as well as those not required by any regulatory authority or third party. Further, the Company reversed reserves of $30 during 2022, primarily related to changes in estimates for site remediation at Massena East of $18 and Suralco of $5, and completion of remediation at a previously closed site in Brazil of $6.

In 2021, the Company incurred liabilities of $21 primarily related to remediation design considerations at the Longview site in Washington, closure of the Wenatchee aluminum smelter in Washington, environmental activities at the Point Comfort site in Texas, closure of the anode plant at the Lake Charles site in Louisiana, and wetlands mitigation at the Longview site in Washington, as well as other increases for ongoing monitoring and maintenance at various sites. These charges are primarily recorded in Cost of goods sold and Restructuring and other charges, net on the accompanying Statement of Consolidated Operations. Payments in 2021 include mandated expenditures as well as those not required by any regulatory authority or third-party. Further, the Company reversed reserves of $17 related to:

- $7 due to the determination that previously estimated site remediation is not required at the previously closed Tennessee site;
- $5 due to lower costs for waste treatment at a previously closed Suriname site; and,

- $5 due to lower costs for site remediation related to a previously closed site in Brazil.

The estimated timing of cash outflows from the environmental remediation reserve at December 31, 2023 was as follows:

2024	$	66
2025-2028		112
Thereafter		90
Total	$	268

Reserve balances at December 31, 2023 and 2022, associated with significant sites with active remediation underway or for future remediation were $211 and $234, respectively. In management's judgment, the Company's reserves are sufficient to satisfy the provisions of the respective action plans. Upon changes in facts or circumstances, a change to the reserve may be required. The Company's significant sites include:

Suriname – The reserve associated with the 2017 closure of the Suralco refinery and bauxite mine is for treatment and disposal of refinery waste and soil remediation. The work began in 2017 and is expected to be completed at the end of 2025.

Hurricane Creek, Arkansas – The reserve associated with the 1990 closure of two mining areas and refineries near Hurricane Creek, Arkansas is for ongoing monitoring and maintenance for water quality surrounding the mine areas and residue disposal areas.

Massena, New York – The reserve associated with the 2015 closure of the Massena East smelter by the Company's subsidiary, Reynolds Metals Company, is for subsurface soil remediation to be performed after demolition of the structures. Remediation work commenced in 2021 and will take four to eight years to complete.

Point Comfort, Texas – The reserve associated with the 2019 closure of the Point Comfort alumina refinery is for disposal of industrial wastes contained at the site, subsurface remediation, and post-closure monitoring and maintenance. The final remediation plan is currently being developed, which may result in a change to the existing reserve.

Sherwin, Texas – In connection with the 2018 settlement of a dispute related to the previously-owned Sherwin alumina refinery, the Company's subsidiary, Copano Enterprises LLC, accepted responsibility for the final closure of four bauxite residue waste disposal areas (known as the Copano facility). Work commenced on the first residue disposal area in 2018 and is expected to take up to an additional four years to complete, depending on the nature of its potential re-use. Other than ongoing maintenance and repair activities, work on the next three areas has not commenced but is expected to be completed by 2048, depending on its potential re-use.

Longview, Washington – In connection with a 2018 Consent Decree and Cleanup Action Plan with the State of Washington Department of Ecology, the Company's subsidiary, Northwest Alloys as landowner, accepted certain responsibilities for future remediation of contaminated soil and sediments at the site located near Longview, Washington. In December 2020, the lessee of the land, who was a partner in the remediation of the site, filed for bankruptcy and exited the site in January 2021. The full site remediation project design, long-term and post-closure monitoring and maintenance at the site was approved in March 2023. In the third quarter of 2023, changes in scope and cost increases for remediation resulted in an increase to the reserve. The project is planned to be completed in the next two years.

Addy, Washington – The reserve associated with the 2022 closure of the Addy magnesium smelter facility is for site-wide remediation and investigation and post-closure monitoring and maintenance. Remediation work is not expected to begin until 2026 and will take three to five years to complete. The final remediation plan is currently being developed, which may result in a change to the existing reserve.

Ferndale, Washington – The reserve associated with the 2023 closure of the Intalco aluminum smelter in Ferndale, Washington is for below grade site remediation and five years of post-closure maintenance and monitoring. The final remediation plan is under review.

Other Sites – The Company is in the process of decommissioning various other plants and remediating sites in several countries for potential redevelopment or to return the land to a natural state. In aggregate, there are remediation projects at 32 other sites that are planned or underway. These activities will be completed at various times in the future with the latest expected to be in 2026, after which ongoing monitoring and other activities may be required. At December 31, 2023 and 2022, the reserve balance associated with these activities was $57 and $50, respectively.

Tax

Brazil (AWAB) – In March 2013, AWAB was notified by the Brazilian Federal Revenue Office (RFB) that approximately $110 (R$220) of value added tax credits previously claimed were being disallowed and a penalty of 50% was assessed. Of this amount, AWAB received $41 (R$82) in cash in May 2012. The value added tax credits were claimed by AWAB for both fixed assets and export sales related to the Juruti bauxite mine and Alumar refinery expansion for tax years 2009 through 2011. The RFB has disallowed credits they allege belong to the consortium in which AWAB owns an interest and should not have been claimed by AWAB. Credits have also been disallowed as a result of challenges to apportionment methods used, questions about the use of the credits, and an alleged lack of documented proof. AWAB presented defense of its claim to the RFB on April 8, 2013. In February 2022, the RFB notified AWAB that it had inspected the value added tax credits claimed for 2012 and disallowed $4 (R$19). In its decision, the RFB allowed credits of $14 (R$65) that were similar to those previously disallowed for 2009 through 2011. In July 2022, the RFB notified AWAB that it had inspected the value added tax credits claimed for 2013 and disallowed $13 (R$70). In its decision, the RFB allowed credits of $16 (R$84) that were similar to those previously disallowed for 2009 through 2011. The decisions on the 2012 and 2013 credits provide positive evidence to support management's opinion that there is no basis for these credits to be disallowed. AWAB received the 2012 allowed credits with interest of $9 (R$44) in March 2022 and the 2013 allowed credits with interest of $6 (R$31) in August 2022. AWAB will continue to dispute the credits that were disallowed for 2012 and 2013. If AWAB is successful in this administrative process, the RFB would have no further recourse. If unsuccessful in this process, AWAB has the option to litigate at a judicial level. Separately from AWAB's administrative appeal, in June 2015, a new tax law was enacted repealing the provisions in the tax code that were the basis for the RFB assessing a 50% penalty in this matter. As such, the estimated range of reasonably possible loss for these matters is $0 to $49 (R$239). It is management's opinion that the allegations have no basis; however, at this time, the Company is unable to reasonably predict an outcome for this matter.

Australia (AofA) – In December 2019, AofA received a statement of audit position (SOAP) from the Australian Taxation Office (ATO) related to the pricing of certain historic third-party alumina sales. The SOAP proposed adjustments that would result in additional income tax payable by AofA. During 2020, the SOAP was the subject of an independent review process within the ATO. At the conclusion of this process, the ATO determined to continue with the proposed adjustments and issued Notices of Assessment (the Notices) that were received by AofA on July 7, 2020. The Notices asserted claims for income tax payable by AofA of approximately $145 (A$214). The Notices also included claims for compounded interest on the tax amount totaling approximately $481 (A$707).

On September 17, 2020, the ATO issued a position paper with its preliminary view on the imposition of administrative penalties related to the tax assessment issued to AofA. This paper proposed penalties of approximately $87 (A$128).

AofA disagreed with the Notices and with the ATO's proposed position on penalties. During 2020, AofA lodged formal objections to the Notices, provided a submission on the ATO's imposition of interest and submitted a response to the ATO's position paper on penalties. After the ATO completes its review of AofA's response to the penalties position paper, the ATO could issue a penalty assessment.

To date, AofA has not received a response to its submission on the ATO's imposition of interest or its response to the ATO's position paper on penalties.

Through February 1, 2022, AofA did not receive a response from the ATO on AofA's formal objections to the Notices and, on that date, AofA submitted statutory notices to the ATO requiring the ATO to make decisions on AofA's objections within a 60-day period. On April 1, 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 April 29, 2022, AofA 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 July 25, 2022 ordering AofA to file its evidence and related materials by November 4, 2022, ATO to file its materials by April 14, 2023 and AofA to file reply materials by May 26, 2023. AofA filed its evidence and related materials on November 4, 2022. The ATO did not file its materials by April 14, 2023. At a directions hearing on May 17, 2023, the ATO was granted an extension to file its materials by August 18, 2023. At a directions hearing on September 26, 2023, the ATO was granted an additional extension to file its materials by November 3, 2023. The ATO filed its materials on November 13, 2023. At a directions hearing on November 22, 2023, AofA was ordered to file any reply materials by March 15, 2024. The substantive hearing is scheduled for June 2024.

The Company maintains that the sales subject to the ATO's review, which were ultimately sold to Aluminium Bahrain B.S.C., were the result of arm's length transactions by AofA over two decades and were made at arm's length prices consistent with the prices paid by other third-party alumina customers.

In accordance with the ATO's dispute resolution practices, AofA paid 50% of the assessed income tax amount exclusive of interest and any penalties, or approximately $74 (A$107), during the third quarter 2020, and the ATO is not expected to seek further payment prior to final resolution of the matter. If AofA is ultimately successful, any amounts paid to the ATO as part of the 50% payment would be refunded. AofA funded the payment with cash on hand and recorded the payment within Other non-current assets as a non-current prepaid tax asset; the related December 31, 2023 balance is $73 (A$107).

Further interest on the unpaid tax will continue to accrue during the dispute. The initial interest assessment and the additional interest accrued are deductible against taxable income by AofA but would be taxable as income in the year the dispute is resolved if AofA is ultimately successful. AofA applied this deduction beginning in the third quarter of 2020, reducing cash tax payments. At December 31, 2023 and December 31, 2022, total reductions in cash tax payments were $199 (A$293) and $174 (A$260), respectively, and are reflected within Other non-current liabilities and deferred credits as a non-current accrued tax liability.

The Company continues to believe it is more likely than not that AofA's tax position will be sustained and therefore is not recognizing any tax expense in relation to this matter. However, because the ultimate resolution of this matter is uncertain at this time, the Company cannot predict the potential loss or range of loss associated with the outcome, which may materially affect its results of operations and financial condition. References to any assessed U.S. dollar amounts presented in connection with this matter have been converted into U.S. dollars from Australian dollars based on the exchange rate in the respective period.

AofA is part of the Company's joint venture with Alumina Limited, an Australian public company listed on the Australian Securities Exchange. The Company and Alumina Limited own 60% and 40%, respectively, of the joint venture entities, including AofA.

Other

Spain – In July 2019, the Company completed the divestiture of the Avilés and La Coruña (Spain) aluminum facilities to PARTER Capital Group AG (PARTER) in a sale process endorsed by the Spanish government and supported by the workers' representatives following a collective dismissal process. In connection with the divestiture, Alcoa committed to make financial contributions to the divested entities of up to $95; a total of $78 was paid through December 31, 2021.

In early 2020, PARTER sold a majority stake in the facilities to an unrelated party. Alcoa had no knowledge of the subsequent transaction prior to its announcement and on August 28, 2020, Alcoa filed a lawsuit with the Court of First Instance in Madrid, Spain asserting that the sale was in breach of the sale agreement between Alcoa and PARTER. In June 2023, the Court of First Instance in Madrid issued a declaratory judgment in Alcoa's favor ruling that the transaction between PARTER and the unrelated party was a breach of the sale agreement. There was no financial compensation to the Company as a result of this ruling.

Related to this subsequent sale transaction, certain proceedings and investigations were initiated by or at the request of the employees of the facilities against their current employers, the new owners of the current employers, and Alcoa, alleging that certain agreements from the 2019 collective dismissal process remain in force and that, under such agreements, Alcoa remains liable for certain related employment benefits.

During 2022, Alcoa reached a Global Settlement Agreement (GSA) with the workers of the divested Avilés and La Coruña facilities to settle various legal disputes related to the 2019 divestiture, and Alcoa recorded a charge of $79 in Restructuring and other charges, net to reflect its estimated liability for the GSA. In July 2023, the Supreme Court of Spain ratified the GSA. Upon completion of the remaining administrative and judicial approvals, the Company made cash payments of $76 to the former employees of the facilities in 2023 in accordance with the GSA. The remaining payments will be made in the early 2024.

General

In addition to the matters discussed above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against Alcoa Corporation, including those pertaining to environmental, safety and health, commercial, tax, product liability, intellectual property infringement, employment, and employee and retiree benefit matters, and other actions and claims arising out of the normal course of business. While the amounts claimed in these other matters may be substantial, the ultimate liability is not readily determinable because of the considerable uncertainties that exist. Accordingly, it is possible that the Company's liquidity or results of operations in a particular period could be materially affected by one or more of these other matters. However, based on facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the financial position of the Company.

Commitments

Purchase Obligations. Alcoa Corporation is party to unconditional purchase obligations for energy that expire between 2040 and 2041. Commitments related to these contracts total $56 in 2024, $59 in 2025, $61 in 2026, $63 in 2027, $65 in 2028, and $770 thereafter. Expenditures under these contracts totaled $53 in 2023, $58 in 2022, and $86 in 2021. Additionally, the Company has entered into other purchase commitments for energy, raw materials, and other goods and services, which total $3,896 in 2024, $1,998 in 2025, $1,566 in 2026, $1,448 in 2027, $1,407 in 2028, and $8,757 thereafter.

AofA has a gas supply agreement to power its three alumina refineries in Western Australia which began in July 2020 for a 12-year period. The terms of this agreement required AofA to make a prepayment of $500 prior to 2017. At December 31, 2023, prepayments of $37 and $283 were included in Prepaid expenses and other current assets and Other non-current assets (see Note U), respectively, on the accompanying Consolidated Balance Sheet. At December 31, 2022, prepayments of $37 and $311 were included in Prepaid expenses and other current assets and Other non-current assets (see Note U), respectively, on the accompanying Consolidated Balance Sheet.

Guarantees of Third Parties. As of December 31, 2023 and 2022, the Company had no outstanding potential future payments for guarantees issued on behalf of a third party.

Bank Guarantees and Letters of Credit. Alcoa Corporation and its subsidiaries have outstanding bank guarantees and letters of credit related to, among others, energy contracts, environmental obligations, legal and tax matters, leasing obligations, workers compensation, and customs duties. The total amount committed under these instruments, which automatically renew or expire at various dates between 2024 and 2025, was $294 (includes $86 issued under a standby letter of credit agreement – see below) at December 31, 2023. Additionally, ParentCo has outstanding bank guarantees and letters of credit related to the Company of $13 at December 31, 2023. In the event ParentCo would be required to perform under any of these instruments, ParentCo would be indemnified by Alcoa Corporation in accordance with the Separation and Distribution Agreement. Likewise, the Company has outstanding bank guarantees and letters of credit related to ParentCo of $8 at December 31, 2023. In the event Alcoa Corporation would be required to perform under any of these instruments, the Company would be indemnified by ParentCo in accordance with the Separation and Distribution Agreement.

In December 2023, AofA committed to provide a bank guarantee for approximately $68 (A$100) which demonstrates Alcoa's confidence that its operations will not impair drinking water supplies.

In August 2017, Alcoa Corporation entered into a standby letter of credit agreement, which expires on June 27, 2024 (amended in August 2018, May 2019, May 2021, June 2022, and January 2024), with three financial institutions. The agreement provides for a $200 facility used by the Company for matters in the ordinary course of business. Alcoa Corporation's obligations under this facility are secured in the same manner as obligations under the Company's revolving credit facility. Additionally, this facility contains similar representations and warranties and affirmative, negative, and financial covenants as the Company's Revolving Credit Facility (see Note M). As of December 31, 2023, letters of credit aggregating $86 were issued under this facility.

Surety Bonds. Alcoa Corporation has outstanding surety bonds primarily related to tax matters, contract performance, workers compensation, environmental-related matters, and customs duties. The total amount committed under these bonds, which automatically renew or expire at various dates between 2024 and 2028, was $190 at December 31, 2023. Additionally, ParentCo has outstanding surety bonds related to the Company of $8 at December 31, 2023. In the event ParentCo would be required to perform under any of these instruments, ParentCo would be indemnified by Alcoa Corporation in accordance with the Separation and Distribution Agreement. Likewise, the Company has outstanding surety bonds related to ParentCo of $5 at December 31, 2023. In the event Alcoa Corporation would be required to perform under any of these instruments, the Company would be indemnified by ParentCo in accordance with the Separation and Distribution Agreement.

T. LEASING

The Company records a right-of-use asset and lease liability for several types of operating leases, including land and buildings, alumina refinery process control technology, plant equipment, vehicles, and computer equipment. These amounts are equivalent to the aggregate future lease payments on a discounted basis. The leases have remaining terms of less than one to 59 years. The discount rate applied in determining the present value of lease payments is the Company's incremental borrowing rate at the lease commencement date, unless there is a rate implicit in the lease agreement. The Company does not have material financing leases.

Lease expense and operating cash flows include:

	2023	2022
Costs from operating leases	$ 53	$ 54
Variable lease payments	$ 25	$ 16
Short-term rental expense	$ 11	$ 2

The weighted average lease term and weighted average discount rate were as follows:

December 31,	**2023**	**2022**
Weighted average lease term for operating leases (years)	12.9	5.1
Weighted average discount rate for operating leases	6.7%	5.6%

The following represents the aggregate right-of-use assets and related lease obligations recognized in the Consolidated Balance Sheet:

December 31,	**2023**	**2022**
Properties, plants, and equipment, net	$ 135	$ 89
Other current liabilities	31	30
Other non-current liabilities and deferred credits	104	59
Total operating lease liabilities	$ 135	$ 89

New leases of $76 and $26 were added during the years ended December 31, 2023 and 2022, respectively.

The future cash flows related to the operating lease obligations as of December 31, 2023 were as follows:

Year Ending December 31,	
2024	$ 40
2025	26
2026	20
2027	16
2028	11
Thereafter	112
Total lease payments (undiscounted)	225
Less: discount to net present value	(90)
Total	$ 135

U. OTHER FINANCIAL INFORMATION

Interest Cost Components

	2023	**2022**	**2021**
Amount charged to expense	$ 107	$ 106	$ 195
Amount capitalized	4	3	6
	$ 111	$ 109	$ 201

Other Expenses (Income), Net

	2023	**2022**	**2021**
Equity loss (income)	$ 228	$ 27	$ (105)
Foreign currency (gains) losses, net	(64)	9	3
Net loss (gain) from asset sales	14	10	(354)
Net loss (gain) on mark-to-market derivative instruments (P)	5	(174)	(25)
Non-service costs – pension and other postretirement benefits (O)	13	60	47
Other, net	(62)	(50)	(11)
	$ 134	$ (118)	$ (445)

In 2023, Other, net of $62 was primarily related to interest income on interest bearing accounts.

In 2022, Other, net of $50 was primarily related to interest income for the Brazil value added tax credits (see Note S).

In 2021, Net loss (gain) from asset sales of $354 was primarily related to the sales of the Rockdale site, the Eastalco site, and the Warrick Rolling Mill (see Note C).

Other non-current Assets

December 31,	**2023**	**2022**
Value added tax credits	$ 336	$ 294
Prepaid gas transmission contract	297	285
Gas supply prepayment (S)	283	311
Deferred mining costs, net	187	161
Goodwill (L)	146	145
Prepaid pension benefit (O)	125	146
non-current prepaid tax asset (S)	73	72
non-current restricted cash (see below)	71	56
Intangibles, net (L)	37	29
Other	95	94
	$ 1,650	$ 1,593

Prepaid gas transmission contract – As part of a previous sale transaction of an equity investment, Alcoa maintained access to approximately 30% of the Dampier to Bunbury Natural Gas Pipeline transmission capacity in Western Australia for gas supply to three alumina refineries. At December 31, 2023 and 2022, AofA had an asset of $297 and $285, respectively, representing prepayments made under the agreement for future gas transmission services.

Value added tax credits – The Value added tax (VAT) credits (federal and state) relate to two of the Company's subsidiaries in Brazil, AWAB and Alumínio, concerning the Alumar smelter and refinery and the Juruti mine. The mine, refinery and smelter pay VAT on the purchase of goods and services used in the mining, alumina, and production process. The credits generally can be utilized to offset the VAT charged on domestic sales of bauxite, alumina, and aluminum.

In March 2021, the Brazil Federal Supreme Court provided clarification on an earlier ruling that found the inclusion of state VAT within the federal VAT tax base to be unconstitutional. After receiving further clarification from the court in August 2021, the Company finalized the amount of its recovery claim and submitted the claim to the tax authorities in the fourth quarter and received acknowledgment of the claim in January 2022. As a result, in the fourth quarter of 2021, the Company recorded $95 of additional VAT credits in Other non-current assets, $47 payable to Arconic Corporation within Other non-current liabilities, $34 in Sales, and $14 of interest income within Other (income) expenses, net. The amount due to Arconic Corporation represents VAT payments related to an Arconic subsidiary previously owned by Alumínio for a portion of the claim years and covered under agreements related to the Separation Transaction (see Note A).

In the fourth quarter of 2018, after an assessment of the future realizability of Brazil state VAT credits recorded, the Company established an allowance on the accumulated state VAT credit balances and stopped recording any future credit benefits. With the restart of the Alumar smelter and its first metal sales in June 2022, the Company had the ability to monetize these credits. In June 2022, the Company reversed the allowance with a credit of $83 to Restructuring and other charges, net and reversed the subsequent additions to the valuation allowance with a credit to Cost of goods sold of $46 (same accounts as when incurred).

Other non-current Liabilities and Deferred Credits

December 31,	**2023**	**2022**
non-current accrued tax liability (S)	$ 199	$ 174
Operating lease obligations (T)	104	59
Accrued compensation and retirement costs	94	95
Value added tax credits payable to Arconic Corporation	58	51
Deferred energy credits	42	37
non-current restructuring reserve (D)	15	3
Deferred alumina sales revenue	20	28
Other	36	39
	$ 568	$ 486

Deferred energy credits – Deferred energy credits relate to cash received for 2022 and 2021 carbon dioxide emissions related to the San Ciprián smelter and refinery during the years ended December 31, 2023 and 2022, respectively, from a governmental agency in Spain. The terms of the credits require the Company to comply with certain conditions for a period of three years. These deferred credits will be recognized as a reduction to Cost of goods sold once it is determined to be probable the Company will satisfy all conditions. Should the Company not meet all conditions during the three-year period, the credits will be repaid to the governmental agency.

Value added tax credits payable to Arconic Corporation – See, Other non-current assets – Value added tax credits, above.

Cash and Cash Equivalents and Restricted Cash

December 31,	**2023**	**2022**
Cash and cash equivalents	$ 944	$ 1,363
Current restricted cash	32	55
non-current restricted cash	71	56
	$ 1,047	$ 1,474

Restricted cash primarily relates to commitments made for the December 2021 and February 2023 viability agreements for the San Ciprián restart (see Note D).

At December 31, 2023, the Company had restricted cash of $91 remaining to be made available for $118 in capital improvements at the site and $35 in smelter restart costs. The Company incurred $28 of capital investment expenditures against the commitments during 2023.

Cash Flow Information

Cash paid for interest and income taxes was as follows:

	2023	**2022**	**2021**
Interest, net of amount capitalized	$ 100	$ 100	$ 191
Income taxes, net of amount refunded	319	504	152

V. SUPPLIER FINANCE PROGRAMS

The Company has various supplier finance programs with third-party financial institutions that are made available to suppliers to facilitate payment term negotiations. Under the terms of these agreements, participating suppliers receive payment in advance of the payment date from third-party financial institutions for qualifying invoices. Alcoa's obligations to its suppliers, including amounts due and payment terms, are not impacted by its suppliers' participation in these programs. The Company does not pledge any assets as security or provide any guarantees beyond payment of outstanding invoices at maturity under these arrangements. The Company does not pay fees to the financial institutions under these arrangements. At December 31, 2023 and December 31, 2022, qualifying supplier invoices outstanding under these programs were $104 and $185, respectively, and have payment terms ranging from 50 to 110 days. These obligations are included in Accounts payable, trade on the accompanying Consolidated Balance Sheet.

W. SUBSEQUENT EVENTS

On January 8, 2024, Alcoa announced the full curtailment of the Kwinana refinery beginning in the second quarter of 2024. The refinery has an annual nameplate capacity of 2.2 million metric tons and has been operating at approximately 80 percent of its nameplate capacity since January 2023, when the Company reduced production in response to a domestic natural gas shortage in Western Australia due to production challenges experienced by key gas suppliers. The Company's decision to fully curtail the refinery was made based on a variety of factors, including the refinery's age, scale, operating costs and current bauxite grades, in addition to current market conditions. The refinery currently has approximately 800 employees and this number will be reduced to approximately 250 in the third quarter of 2024, when alumina production will cease. Certain processes will continue until about the third quarter of 2025, when the employee number will be further reduced to approximately 50.

In the first quarter of 2024, Alcoa will record restructuring charges between $180 and $200 related to the curtailment of the refinery. The charges include approximately $81 for water management costs, $55 for employee related costs, $26 for asset retirement obligations, and $18 of other costs. Alcoa's share of related cash outlays of approximately $115 (which includes existing employee related liabilities and asset retirement obligations) is expected to be spent in 2024 ($80) and 2025 ($35).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Alcoa Corporation's Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the U.S. Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report, and they have concluded that these controls and procedures were effective as of December 31, 2023.

(b) Management's Annual Report on Internal Control over Financial Reporting

Management's Report on Internal Control over Financial Reporting is included in Part II Item 8 of this Form 10-K.

(c) Attestation Report of the Registered Public Accounting Firm

The effectiveness of Alcoa Corporation's internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP (PCAOB ID No. 238), an independent registered public accounting firm, as stated in their report, which is included in Part II Item 8 of this Form 10-K.

(d) Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the fourth quarter of 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None of the Company's directors or "officers," as defined in Rule 16a-1(f) of the Exchange Act, adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K, during the Company's fiscal quarter ended December 31, 2023.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Item 401 of Regulation S-K regarding executive officers is set forth in Part I Item 1 of this Form 10-K under the caption "Information about our Executive Officers." The information required by Item 401 of Regulation S-K regarding directors is contained under the caption "Item 1 Election of 10 Director Nominees to Serve for One-Year Terms Expiring in 2025" of Alcoa Corporation's Definitive Proxy Statement for the 2024 Annual Meeting of Stockholders (Proxy Statement), which will be filed with the SEC within 120 days of the end of Alcoa Corporation's fiscal year ended December 31, 2023 (Proxy Statement) and is incorporated herein by reference.

The Company's Code of Conduct and Ethics (Code of Conduct), which incorporates a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, is publicly available on the Company's website at www.alcoa.com under the section "Investors — Governance — Governance Documents — Code of Conduct." Alcoa Corporation will post any amendments to, or waivers of, its Code of Conduct that apply to its principal executive officer, principal financial officer, principal accounting officer or controller on its website at www.alcoa.com.

The information required by Items 407(c)(3), (d)(4) and (d)(5) of Regulation S-K is included under the captions "Item 1 Election of 10 Director Nominees to Serve for One-Year Terms Expiring in 2025 — Nominating Board Candidates — Procedures and Director Qualifications," "Corporate Governance — Board Information — Meetings, Attendance and Committee Composition" and "Corporate Governance — Board Information — Committees of the Board" of the Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by Item 402 and Item 407(e)(4) and (e)(5) of Regulation S-K is contained under the captions "Item 1 Election of 10 Director Nominees to Serve for One-Year Terms Expiring in 2025 — Non-Employee Director Compensation Program," "Executive Compensation," "Corporate Governance — Board Information — The Board's Role in Risk Oversight," "Corporate Governance — Board Information — Committees of the Board," and "Corporate Governance — Compensation Matters" of the Proxy Statement. Such information (other than the Compensation Committee Report, which shall not be deemed to be filed) is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 201(d) of Regulation S-K is contained under the caption "Equity Compensation Plan Information" of the Proxy Statement and is incorporated herein by reference.

The information required by Item 403 of Regulation S-K is contained under the caption "Beneficial Ownership" of the Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 404 of Regulation S-K is contained under the caption "Corporate Governance — Related Person Transactions" of the Proxy Statement and is incorporated herein by reference.

The information required by Item 407(a) of Regulation S-K is contained under the caption "Corporate Governance — Board Information" of the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information required by Item 9(e) of Schedule 14A is contained under the caption "Item 2 Ratification of the Appointment of PricewaterhouseCoopers LLP as the Company's Independent Auditor for 2024 — Audit Committee Pre-Approval Policy" and "Item 2 Ratification of the Appointment of PricewaterhouseCoopers LLP as the Company's Independent Auditor for 2024 — Auditor Fees" of the Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

(a) The consolidated financial statements and exhibits listed below are filed as part of this report.

(1) The Company's consolidated financial statements, the notes thereto and the report of the Independent Registered Public Accounting Firm are included in Part II Item 8 of this report.

(2) Financial statement schedules have been omitted because they are not applicable, not required, or the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits.

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of Alcoa Corporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed November 3, 2016 (File No. 1-37816))
3.2	Amended and Restated Bylaws of Alcoa Corporation, as adopted on July 26, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed July 27, 2023 (File No. 1-37816))
4.1	Indenture, dated May 17, 2018, among Alcoa Nederland Holding B.V., Alcoa Corporation, certain subsidiaries of Alcoa Corporation, and the Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 17, 2018 (File No. 1-37816))
4.2	Supplemental Indenture, dated as of December 9, 2019, among Alcoa Corporation, Alcoa Treasury S.à r.l, Alcoa Nederland Holding B.V., and The Bank of New York Mellon Trust Company, N.A. under the Indenture dated May 17, 2018 (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed February 21, 2020 (File No. 1-137816))
4.3	Indenture, dated July 13, 2020, among Alcoa Nederland Holding B.V., Alcoa Corporation, certain subsidiaries of Alcoa Corporation, and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 13, 2020 (File No. 1-37816))
4.4	Indenture, dated as of March 24, 2021, among Alcoa Nederland Holding B.V., Alcoa Corporation, certain subsidiaries of Alcoa Corporation, and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 24, 2021 (File No. 1-37816))
4.5	Description of Securities (incorporated by reference to Exhibit 4.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed February 21, 2020 (File No. 1-137816))
10.1	Separation and Distribution Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa Corporation (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed November 4, 2016 (File No. 1-37816))

Exhibit No.	Description of Exhibit
10.2	Tax Matters Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa Corporation (incorporated by reference to Exhibit 2.3 to the Company's Current Report on Form 8-K filed November 4, 2016 (File No. 1-37816))
10.3	Amendment No. 1, dated as of January 17, 2024, which includes, as Exhibit A thereto, the Revolving Credit Agreement, dated as of September 16, 2016, as amended as of October 26, 2016, as amended and restated as of November 14, 2017, as amended and restated as of November 21, 2018, as amended as of August 16, 2019, as amended as of April 21, 2020, as amended as of June 24, 2020, as amended as of March 4, 2021, as amended and restated as of June 27, 2022 and as amended as of January 17, 2024, among Alcoa Corporation, Alcoa Nederland Holding B.V., the lenders and issuers from time to time party thereto, and JPMorgan Chase Bank N.A., as administrative agent for the lenders and issuers (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 18, 2024 (File No. 1-37816))
10.4	Amended and Restated Charter of the Strategic Council for the AWAC Joint Venture (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 4, 2016 (File No. 1-37816))
10.5	Side Letter of November 1, 2016, between Alcoa Corporation and Alumina Limited clarifying transfer restrictions (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed November 4, 2016 (File No. 1-37816))
10.6	Third Amended and Restated Limited Liability Company Agreement of Alcoa World Alumina LLC, dated as of November 1, 2016, by and among Alcoa USA Corp., ASC Alumina, Alumina International Holdings Pty Ltd, Alumina (USA) Inc., Reynolds Metals Company, LLC and Reynolds Metals Exploration, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed November 4, 2016 (File No. 1-37816))
10.7	Shareholders' Agreement between Alcoa of Australia Limited, Alcoa Australian Holdings Pty Ltd and Alumina Limited, originally dated as of May 10, 1996 (incorporated by reference to Exhibit 10.13 to Amendment No. 2 to the Company's Registration Statement on Form 10 filed September 1, 2016 (File No. 1-37816))
10.8	Kwinana State Agreement of 1961 (incorporated by reference to Exhibit 10.7 to Amendment No. 2 to the Company's Registration Statement on Form 10 filed September 1, 2016 (File No. 1-37816))

Exhibit No.	Description of Exhibit
10.9	Pinjarra State Agreement of 1969 (incorporated by reference to Exhibit 10.8 to Amendment No. 2 to the Company's Registration Statement on Form 10 filed September 1, 2016 (File No. 1-37816))
10.10	Wagerup State Agreement of 1978 (incorporated by reference to Exhibit 10.9 to Amendment No. 2 to the Company's Registration Statement on Form 10 filed September 1, 2016 (File No. 1-37816))
10.11	Alumina Refinery Agreement of 1987 (incorporated by reference to Exhibit 10.10 to Amendment No. 2 to the Company's Registration Statement on Form 10 filed September 1, 2016 (File No. 1-37816))
10.12	Framework Agreement, dated June 26, 2019, between Saudi Arabian Mining Company (Ma'aden) and Alcoa Corporation (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed July 31, 2019 (File No. 1-37816))
10.13	Amendment and Restatement Deed dated June 26, 2019 relating to the Aluminium Project Framework Shareholders' Agreement originally dated December 20, 2009 between Saudi Arabian Mining Company (Ma'aden) and Alcoa Corporation (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed July 31, 2019 (File No. 1-37816))
10.14	Alcoa Corporation 2016 Stock Incentive Plan (as Amended and Restated as of May 9, 2018), (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed May 15, 2018 (File No. 1-37816))*
10.15	Alcoa USA Corp. Deferred Compensation Plan, effective August 1, 2016, as amended November 15, 2021 (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed February 24, 2022 (File No. 1-137816))*
10.16	Alcoa USA Corp. Nonqualified Supplemental Retirement Plan C (incorporated by reference to Exhibit 10.3 to Amendment No. 1 to the Company's Registration Statement on Form 10 filed August 12, 2016 (File No. 1-37816))*
10.17	Amendment 1 to Alcoa USA Corp. Nonqualified Supplemental Retirement Plan C, effective January 1, 2021 (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed February 23, 2018 (File No. 1-37816))*

Exhibit No.	Description of Exhibit
10.18	Form of Amended and Restated Indemnification Agreement by and between Alcoa Corporation and individual directors or officers, effective August 1, 2017 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed August 3, 2017 (File No. 1-37816))*
10.19	Alcoa Corporation Annual Cash Incentive Compensation Plan (as Amended and Restated), effective February 21, 2018 (incorporated by referenced to Exhibit 10 to the Company's Quarterly Report on Form 10-Q filed May 9, 2018 (File No. 1-37816))*
10.20	Alcoa Corporation Amended and Restated Change in Control Severance Plan, dated July 30, 2019 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed October 31, 2019 (File No. 1-37816))*
10.21	Amendment No. 1, dated as of January 8, 2023 to the Alcoa Corporation Amended and Restated Change in Control Severance Plan, dated July 30, 2019 (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed February 23, 2023 (File No. 1-137816))*
10.22	Amended and Restated Form of Alcoa Corporation Chief Executive Officer and Chief Financial Officer Executive Severance Agreement, effective as of July 30, 2019 (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed October 31, 2019 (File No. 1-37816))*
10.23	Amendment No. 1 to Amended and Restated Executive Severance Agreement, between William F. Oplinger and Alcoa Corporation, effective February 1, 2023 (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed February 23, 2023 (File No. 1-137816))*
10.24	Amendment to the Amended and Restated Executive Severance Agreement, between Roy C. Harvey and Alcoa Corporation, effective September 24, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed October 26, 2023 (File No. 1-37816))*
10.25	Amended and Restated Form of Alcoa Corporation Corporate Officer Executive Severance Agreement, effective as of July 30, 2019 (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed October 31, 2019 (File No. 1-37816))*

Exhibit No.	Description of Exhibit
10.26	Amended and Restated Form of Alcoa Corporation Corporate Officer Executive Severance Agreement (Canada), effective as of April 1, 2020 (filed herewith)*
10.27	Terms and Conditions for Employee Stock Option Awards (incorporated by reference to Exhibit 10.30 to the Company's Registration Statement on Form S-1 filed January 18, 2017 (File No. 333-215606))*
10.28	Terms and Conditions for Employee Stock Option Awards, dated January 24, 2018 (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed February 23, 2018 (File No. 1-37816))*
10.29	Terms and Conditions for Employee Restricted Share Units, effective October 1, 2019 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed October 31, 2019 (File No. 1-37816))*
10.30	Terms and Conditions for Employee Stock Option Awards, effective October 1, 2019 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed October 31, 2019 (File No. 1-37816))*
10.31	Terms and Conditions for Employee Special Retention Awards, effective October 1, 2019 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed October 31, 2019 (File No. 1-37816))*
10.32	Terms and Conditions for Employee Restricted Share Units, effective December 8, 2021 (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed February 24, 2022 (File No. 1-137816))*
10.33	Terms and Conditions for Employee Special Retention Awards, effective December 8, 2021 (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed February 24, 2022 (File No. 1-137816))*
10.34	Terms and Conditions for Employee Restricted Share Units, effective January 24, 2024 (filed herewith)*
10.35	Terms and Conditions for Employee Special Retention Awards, effective January 24, 2024 (filed herewith)*
10.36	Alcoa Corporation Non-Employee Director Compensation Policy, effective October 1, 2023 (filed herewith)*

Exhibit No.	Description of Exhibit
10.37	Terms and Conditions for Deferred Fee Restricted Share Units Director Awards, effective December 1, 2016 (incorporated by reference to Exhibit 10.34 to the Company's Registration Statement on Form S-1 filed January 18, 2017 (File No. 333-215606))*
10.38	Terms and Conditions for Deferred Fee Restricted Share Units Director Awards, effective May 4, 2022 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed July 25, 2022 (File No. 1-37816))*
10.39	Terms and Conditions for Restricted Share Units Annual Director Awards, effective December 1, 2016 (incorporated by reference to Exhibit 10.35 to the Company's Registration Statement on Form S-1 filed January 18, 2017 (File No. 333-215606))*
10.40	Terms and Conditions for Restricted Share Units Annual Director Awards, effective May 9, 2017 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report Form 10-Q filed August 3, 2017 (File No. 1-37816))*
10.41	Terms and Conditions for Restricted Share Units Annual Director Awards, effective May 4, 2022 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed July 25, 2022 (File No. 1-37816))*
10.42	Alcoa Corporation 2016 Deferred Fee Plan for Directors, effective November 1, 2016, as amended and restated on December 5, 2018 (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed February 26, 2019 (1-37816))*
21.1	List of Subsidiaries (filed herewith)
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith)
23.2	Consent of SLR International Corporation (filed herewith)
31.1	Certification of Principal Executive Officer required by Securities and Exchange Commission Rule 13a-14(a) or 15d-14(a) (filed herewith)
31.2	Certification of Principal Financial Officer required by Securities and Exchange Commission Rule 13a-14(a) or 15d-14(a) (filed herewith)

Exhibit No.	Description of Exhibit
32.1	Certification of Principal Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (furnished herewith)
32.2	Certification of Principal Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (furnished herewith)
96.1	Technical Report Summary for Darling Range, Western Australia (filed herewith)
96.2	Technical Report Summary for Juruti, Brazil (incorporated by reference to Exhibit 96.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed February 24, 2022 (File No. 1-137816))
97	Alcoa Corporation Clawback Policy, effective October 15, 2023 (filed herewith)
99.1	Amended and Restated Grantor Trust Agreement by and between Alcoa Corporation and Wells Fargo Bank, National Association, effective October 24, 2017 (incorporated by reference to Exhibit 99.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed February 23, 2018 (File No. 137816))
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbases Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Certain schedules exhibits, and appendices have been omitted in accordance with to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish copies of any omitted schedule, exhibit, or appendix to the Commission upon request.

* Denotes management contracts or compensatory plans or arrangements required to be filed as Exhibits to this Form 10-K.

Item 16. Form 10-K Summary.

Not applicable.

Set forth below are the management discussion and analysis of the Group for the three years ended 31 December 2025. The financial data in respect of the Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the relevant years/period. Such extracted information was prepared prior to the date of this circular and represents the opinions and beliefs made by the then Directors at such time when the relevant reports were issued. Unless the context requires otherwise, the capitalised terms used in this appendix shall have the same meanings as those defined in the abovementioned annual reports of the Company.

(A) FOR THE YEAR ENDED 31 DECEMBER 2025

Financial Results

During the year, the Group recorded a profit attributable to ordinary shareholders of the Company of approximately HK$170.6 million (2024: HK$572.6 million), representing a decrease of approximately 70.2% year on-year. The decrease was mainly attributable to the following factors:

- a significant decrease in average selling price of crude oil and coal sold by the Group year-on-year;
- a significant increase in raw material costs, especially the alumina used for the production at the PAS year on-year;
- a significant decrease in share of profit of an associate resulting from the Group ceasing to have any equity interest in Alumina Limited since 18 July 2024; and
- a share of loss of a joint venture principally engaged in the development, production and sale of oil and production and sale of road bitumen and clarified oil year-on-year, resulting from the decrease in average selling price of crude oil of a joint venture year-on-year.

Despite that, all of the Group's segments recorded profits for the year and the Group continues to maintain a strong financial position with cash and deposits of approximately HK$3,524.6 million as at 31 December 2025 (31 December 2024: HK$2,031.4 million).

The following is a description of the operating activities in each of the Group's business segments during the year, with a comparison of their results against those in last year.

Aluminium Smelting

The Group holds a 22.5% participating interest in the PAS JV. The PAS sources alumina and produces aluminium ingots.

Revenue	approximately HK$1,728.7 million	(2024: approximately HK$1,363.7 million)	Up 27%
Segment Results	approximately HK$61.1 million	(2024: approximately HK$71.5 million)	Down 15%

During the year, aluminium prices surged due to energy-driven supply constraints and robust demand from the green energy and construction sectors. Conversely, alumina prices retreated from their first-half highs as global refining capacity expanded and Chinese inventories reached record levels.

The segment recorded an increase of approximately 27% in revenue, with the average selling price and the sales volume increase by approximately 9 % and 13% respectively as compared to 2024. The segment recorded a profit of approximately HK$61.1 million (2024: HK$71.5 million) due to higher production cost compared to 2024. The higher production costs were primarily driven by the higher alumina prices in the first half of 2025.

The Group's aluminium smelting business is a net US$ denominated liabilities while certain costs are payable in A$. Fluctuations between A$ and US$ throughout the year caused a net exchange loss of approximately HK$13.1 million (2024: a net exchange gain of approximately HK$33.0 million).

The 2026 EHA has been entered into in respect of the PAS. The 2026 EHA is for a term of nine years commencing from 1 July 2026 and ending on 30 June 2035 and for the supply of 587 megawatts of electricity to the PAS. This volume of electricity supply represents approximately 95% of the energy required to meet the facility's nameplate capacity of 358,000 tonnes of aluminium per year. Apart from securing a stable supply of electricity for the operation of PAS, the 2026 EHA effectively allows the PAS to hedge the spot price for electricity for a specific load, and thereby enhancing predictability to the price of its electricity supply.

In accordance with HKFRS Accounting Standards, EHA is accounted for as a financial derivative where movements in its fair value are recognised as gain or loss in the consolidated income statement. Pricing of the electricity include certain components which are linked to market inputs such as foreign exchange and the LME aluminium prices. During the year, the EHA3 fair valuation gain amounted to approximately HK$33.4 million (2024: HK$16.6 million).

In 2023, the PAS reduced its overall production due to operational instability. The smelter had to cut its output to approximately 75% of its total capacity. During the year, the smelter reopened more pots and increased the output capacity to approximately 85%. Management will continue to monitor the situation to ensure operational stability before reopening more pots in the coming years.

During the year, no impairment had been recorded in respect of participating interest in the PAS JV.

Coal

The Group holds a 14% participating interest in the CMJV and interests in a number of coal exploration projects in Australia. The CMJV is a major producer of low volatile PCI coal in the international seaborne market.

Revenue	approximately HK$695.4 million	(2024: approximately HK$787.1 million)	Down 12%
Segment Results	approximately HK$8.2 million	(2024: approximately HK$36.0 million)	Down 78%

During the year, PCI coal prices declined notably compared to 2024, primarily due to weakening demand and increased supply from major producers, ongoing geopolitical tensions and economic uncertainty further contributed to the downward pressure on prices.

The segment recorded a decrease of approximately 12% in revenue, with the average selling price decrease by approximately 17% and sales volume increase by approximately respectively 7% compared to 2024, while the production costs per tonnes sold were lower compared to 2024, the segment recorded a profit of approximately HK$8.2 million (2024: HK$36.0 million).

The Group's coal business is a net US$ denominated asset while most of its costs are payable in A$. Fluctuations between A$ and US$ throughout the year caused a net exchange gain of approximately HK$9.7 million (2024: a net exchange gain of HK$5.6 million).

During the year, no impairment had been recorded in respect of participating interest in the CMJV and interest in a number of coal exploration projects in Australia.

Commodities Trading

Revenue	approximately HK$11,340.6 million	(2024: approximately HK$5,930.6 million)	Up 91%
Segment Results	approximately HK$3.1 million	(2024: approximately HK$1.7 million)	Up 81%

In 2025, the oil trading business executed 29 transactions involving key products such as crude oil, diesel, gasoline, liquefied natural gas (LNG) and naphtha, with the total trading volume surpassing 20 million barrels.

In April 2020, Weihai Bank commenced the Claims in the Shandong Court against, amongst others, a wholly-owned subsidiary of the Company, CACT. The Claims relate to three letters of credit (US$28.4 million) issued in favour of CACT as payment for the sale by CACT to Decheng of certain quantity of aluminium stored at bonded warehouses at Qingdao Port, China in 2014. Weihai Bank had arranged for the issuance of the letter of credits as payment on behalf of Decheng; it subsequently disputed the authenticity of the warehouse receipts for the aluminium stored at the bonded warehouses at Qingdao Port.

Bauxite Mining and Alumina Refining

Before 18 July 2024, the Group had an interest in a world-class global portfolio of upstream mining and refining operations in the aluminium sector through 278,900,000 ordinary shares, representing 9.6117% equity interest in AWC, a leading Australian company listed on the ASX (Stock Code: AWC). Other subsidiaries of CITIC Limited had a total 9.3070% equity interest in AWC. AWC was treated as an investment in an associate of the Group.

AWC had significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations through its 40% ownership of the Alcoa World Alumina and Chemicals joint venture, the world's largest alumina producer.

The Group accounted for its share of profit or loss in AWC using equity method. During the year, a significant decrease in the share of profit of an associate resulting from the Group ceasing to have any equity interest in AWC since 18 July 2024 (2024: approximately HK$2.3 million) and the Group did not receive any dividend from AWC in 2024.

In 2024, no impairment has been recorded in AWC.

Since 18 July 2024, the Group ceased to have any equity interest in Alumina Limited and in return holds 7,959,806 Alcoa Clearing House Electronic Sub-register System Depositary Interests, representing approximately 3.03% equity interest in Alcoa (ASX: AAI; NYSE: AA), which is active in all aspects of the upstream aluminium industry with bauxite mining, alumina refining, and aluminium smelting and casting. The Group's interest in AA is being classified as a financial asset at fair value through other comprehensive income and the subsequent measurement of which will be solely based on the movement of AA's share price. As at 31 December 2025, the investment cost of AA amounted to approximately HK$2,285.4 million (2024: HK$2,285.4 million), while the carrying amount of the investment in AA was approximately 22.9% (2024: 18.1%) of the Group's total assets.

Alcoa is active in all aspects of the upstream aluminium industry with bauxite mining, alumina refining, and aluminium smelting and casting. The investment in AA is considered as strategic investment which aligned with the strategy of the Group's business.

On 14 January 2026 and 15 January 2026 (New York time), CITIC Resources Australia Pty Limited ("**CRA**"), a wholly-owned subsidiary of the Company, disposed of an aggregate of 3,816,582 AA's shares transmuted from 3,816,582 Alcoa CHESS Depositary Interests, a unit of beneficial ownership in an AA's shares registered in the name of CHESS Depositary Nominees Pty Ltd, a wholly-owned subsidiary of the Australian Securities Exchange, held by the Group (representing approximately 1.45% of the total issued shares in Alcoa) through a number of on-market transactions on New York Stock Exchange ("**NYSE**"). It constituted a major disposal of the Company. Further details of the Transaction were disclosed in the announcements of the Company dated 16 January 2026 and the circular of the Company dated 6 February 2026.

On 4 March 2026 (New York time), CRA further disposed of an aggregate of 1,900,000 shares of Alcoa held by the Group (representing approximately 0.72% of the total issued shares in Alcoa) through a number of on-market transactions on NYSE. Further details were disclosed in the announcement of the Company dated 5 March 2026.

The Group accounts for its increase or decrease of fair value of the interest in AA which is solely based on the movement of share price of AA is presented in other comprehensive income. During the year, the Group accounts for its fair value increase in AA of approximately HK$1,059,589,000 (2024: HK$4,299,000), which is mainly attributable to the increase in share price of AA. As at 31 December 2025, the fair value of the interest in AA amounted to approximately HK$3,349,292,000 (2024: HK$2,289,703,000).

During the year, a dividend was received from AA of approximately HK$24,835,000 (2024: HK$12,417,000).

During the year, no impairment had been recorded in AA.

Crude oil (the Seram Island Non-Bula Block, Indonesia)

Seram Energy, an indirect wholly-owned subsidiary of the Company, holds a 41% participating interest in the PSC as of 2025. Seram Energy is the operator of the Seram Block.

As at 31 December 2025, in respect of the PSC, the Seram Block had estimated proved oil reserves of 2.4 million barrels (2024: 2.4 million barrels) as determined in accordance with the standards of the PRMS.

During the year, the segment results of Seram Energy recorded a profit of approximately HK$2.4 million (2024: HK$2.6 million). The following table shows a comparison of the performance of the Seram Block for the years stated:

		2025 (41%)	**2024 (41%)**	**Change**
Average benchmark end-market mean of Dated Brent crude oil	(US$ per barrel)	69.0	80.7	Down 14%
Platts Singapore (MOPS):				
Platts HSFO 180 CST Singapore	(US$ per barrel)	62.1	69.5	Down 11%
Platts HSFO 380 CST Singapore	(US$ per barrel)	61.1	67.8	Down 10%
Average crude oil realised price	(US$ per barrel)	45.3	59.3	Down 24%
Sales volume	(barrels)	104,000	119,000	Down 13%
Revenue	(HK$ million)	36.6	55.0	Down 33%
Total production	(barrels)	105,000	117,000	Down 10%
Daily production	(barrels)	288	320	Down 10%

An approximate 33% drop in revenue was a result of an approximate 24% decrease in the average crude oil realised price coupled with an approximate 13% decrease in the sales volume.

Production decreased by approximately 10% year-on-year due to natural decline of existing wells.

Cost of sales per barrel decreased by approximately 10% as compared to 2024, primary due to continuous cost saving efforts. Under a stringent cost control program, only essential repairs and maintenance works have been deployed to maintain production level of existing wells.

In 2025, the Seram oilfield achieved a net profit attributable to ordinary shareholders of the Company of approximately HK$0.7 million, representing a year-on-year decrease of approximately 58.8% as compared to 2024.

In January 2021, Seram Energy was advised by SKK Migas to offer a 10% participating interest under the PSC to MEA, a company owned and appointed by the local government of Maluku. MEA would set up a subsidiary to receive such 10% participating interest. Based on a letter issued by The Minister of Energy and Mineral Resources of Republic of Indonesia, the price for the 10% participating interest was 10% of the performance bond provided by the PSC at the time of extension. In March 2021, Seram Energy submitted an offer letter to MEA and at the same time received letter of intent from MEA.

In June 2023, Seram Energy signed a transfer agreement in respect of the transfer of 10% participating interest in the PSC to MEA (or its subsidiary). The transfer is conditional on, among others, the approval from the relevant authority of the government of the Republic of Indonesia. As of the date of this report, SKK Migas has approved transfer, but approval from the Ministry of Energy and Mines of Indonesia is still pending.

In July 2022, Seram Energy received tax assessment letters for the underpayment of the fiscal years 2017 and 2018 corporate income tax ("**CIT**") and branch profit tax ("**BPT**") including penalty totalling US$2.1 million. Seram Energy settled this amount and lodged Tax Objection Letter to the Indonesia Tax Office in September 2022. In view of the ongoing legal proceedings, a provision in the amount of approximately HK$15,691,000 was made for the tax prepaid for prudence purpose.

In July 2023, Seram Energy was notified by the Indonesia Tax Office that the tax objection has been rejected. As a result, Seram Energy initiated the legal process and appealed to the tax court in October 2023. In October 2024, Seram Energy obtained a favorable result of the appeal, and received the refund of the tax paid in November 2024. However, in January 2025, the Indonesian Tax Office submit a judicial review to the Supreme Court of the Republic of Indonesia, and the final judgment was rendered against Seram Energy.

The legal proceeding initiated by Seram Energy against SKK Migas are detailed in the Company's announcements dated 26 September 2025, 16 February 2026 and 26 February 2026.

During the year, no impairment had been recorded in respect of oil and gas properties of Seram Energy.

Crude oil (the Hainan-Yuedong Block, China)

CITIC Haiyue, an indirect wholly-owned subsidiary of the Company, owns a 90% interest in Tincy Group.

Pursuant to a petroleum contract entered into with CNPC in February 2004, as supplemented by an agreement signed in May 2010, Tincy Group holds the right to explore, develop and produce petroleum from the Hainan-Yuedong Block until 2034. Tincy Group is the operator of the Hainan-Yuedong Block in cooperation with CNPC.

As at 31 December 2025, the Yuedong oilfield had estimated proved oil reserves of approximately 19.1 million barrels (2024: 21.5 million barrels) as determined in accordance with the standards of the PRMS.

During the year, the segment results of CITIC Haiyue recorded a profit of approximately HK$329.6 million (2024: HK$570.1 million), representing a year-on-year decrease of approximately 42%. The following table shows a comparison of the performance of the Yuedong oilfield for the years stated:

		2025	**2024**	
		(Tincy Group's share)		**Change**
Average benchmark quote: Platts Dubai crude oil	(US$ per barrel)	69.25	79.4	Down 13%
Average crude oil realised price	(US$ per barrel)	70.53	79.36	Down 11%
Sales volume	(barrels)	2,134,699	2,199,460	Down 3%
Revenue	(HK$ million)	1,163.51	1,361.42	Down 15%
Total production	(barrels)	2,122,047	2,171,076	Down 2%
Daily production	(barrels)	5,814	5,948	Down 2%

An approximate 15% decrease in revenue was mainly due to an approximate 11% decrease in the average crude oil realised price, together with an approximate 3% decrease in sales volume. Production decreased by approximately 2% as compared to 2024, mainly as a result of the continuing natural decline of existing wells. Meanwhile, the trade and marketing team mitigated losses by expanding sales channels to improve crude oil pricing for the Yuedong oilfield during the year.

Cost of sales per barrel increased by approximately 10% as compared to 2024, attributable to (a) an approximate 6% increase in depreciation, depletion and amortisation per barrel due to a reversal of provision for impairment in 2024; (b) an approximate 15% increase in direct operating costs per barrel, which was mainly due to increased repairs and maintenance costs and well operation costs; and (c) the decrease in marginal output net of marginal cost, which was mainly due to the fact that the development of the oilfield has reached its middle stage of production.

Under a stringent cost control program, only essential repairs and maintenance works have been deployed to maintain production level of existing wells, and effective production capacity increment will be achieved through the development of added drilling wells. Application of new technologies will also be promoted to improve productivity in the Yuedong oilfield. And also, Tincy Group successfully completed the conversion of non-resident taxpayer and the deduction of borrowings interest from the Group.

During the year, no impairment had been recorded in respect of oil and gas properties of CITIC Haiyue.

Crude oil and bitumen (the Karazhanbas oilfield, Kazakhstan)

CITIC Oil & Gas, an indirect wholly-owned subsidiary of the Company, and JSC National Company KazMunayGas, through CCEL, jointly own, manage and operate KBM. Effectively, by holding 100,000 ordinary shares in CCEL (2024: same), the Group owns 50% of the issued voting shares of KBM (which represents an approximate 47.3% of the total issued shares of KBM). As at 31 December 2025, the investment cost of CCEL amounted to approximately HK$1,924.8 million (2024: same), while the carrying amount of the investment in CCEL was approximately 18.3% (2024: 21.2%) of the Group's total assets.

CCEL is an investment holding company and its operating subsidiaries are principally engaged in the development, production and sale of oil and holds the right to explore, develop, produce and sell oil from the Karazhanbas oilfield until 2035, production and sale of road bitumen and clarified oil, and provision of oilfield related services in Kazakhstan. The investment in CCEL is considered as strategic investment which aligned with the strategy of the Group's business.

As at 31 December 2025, the Karazhanbas oilfield had estimated proved oil reserves of approximately 111.9 million barrels (2024: 121.5 million barrels) as determined in accordance with the standards of the PRMS with the decrease in oil reserves due to production activities.

During the year, KBM recorded a net loss attributable to ordinary shareholders of the Company of approximately HK$75.4 million, representing a year-on-year decrease of approximately 131.5%.

The Group accounts for its share of profit or loss in CCEL using the equity method.

Share of loss of a joint venture	approximately HK$75.4 million	(2024: a profit of approximately 239.6 million)	Down 131%

The following table shows a comparison of the performance of the Karazhanbas oil field for the years stated:

		2025 (50%)	2024 (50%)	Change
Crude oil				
Average benchmark end-market quotes:				
Urals Mediterranean crude oil	(US$ per barrel)	61.9	71.5	Down 13%
Dated Brent crude oil	(US$ per barrel)	69.0	80.7	Down 14%
Average crude oil realised price	(US$ per barrel)	56.8	67.8	Down 16%
Sales volume	(barrels)	6,748,000	6,596,000	Up 2%
Revenue	(HK$ million)	2,989.6	3,489.5	Down 14%
Total production	(barrels)	7,036,000	7,194,000	Down 2%
Daily production	(barrels)	19,300	19,700	Down 2%
Bitumen				
Average selling price	(US$/tonne)	272.0	315.6	Down 14%
Sales volume	(tonnes)	143,000	121,000	Up 18%
Revenue	(HK$ million)	302.4	298.2	Up 1%
Total production	(tonnes)	142,000	121,000	Up 17%

Revenue of crude oil decreased by approximately 14% when compared to 2024 due to an approximately 16% decrease in average crude oil realised price and an approximately 2% increase in sales volume. Revenue of bitumen increased by approximately 1% when compared to 2024 as a result of an approximately 18% increase in sales volume of bitumen and an approximately 14% decrease in the average selling price of bitumen. Production of crude oil decreased by approximately 2% and production of bitumen increased by approximately 17% when compared to 2024.

In CCEL's consolidated income statement, "Cost of sales" includes MET while "Selling and distribution costs" includes export duty and rent tax. Different progressive rates are applied in respect of these taxes. The applicable rate of MET is determined by reference to production volume whereas the applicable rates of export duty and rent tax are determined by reference to average oil prices.

MET is charged on production volume on a quarterly basis at rates per tonne by reference to the average oil price for the quarter. Export duty is charged on export volume on a monthly basis at rates per tonne by reference to the average oil price for the month. Rent tax is charged on export volume on a quarterly basis at rates per US$ amount by reference to the average oil price for the quarter.

Cost of sales per barrel increased by approximately 2% when compared to 2024, of which (a) direct operating costs per barrel increased by approximately 3% mainly as a result of an increase in electricity, and repair and maintenance; and (b) depreciation, depletion and amortisation per barrel decreased by approximately 1%.

Selling and distribution costs per barrel decreased by approximately 10% when compared to 2024. As export duty and rent tax are charged at progressive rates which are determined by reference to average oil prices, export duty per barrel and rent tax per barrel decreased by approximately 9% and 22%, respectively, in line with decrease in average oil prices.

During the year, no dividend was received from CCEL (2024: HK$173,345,000).

During the year, no impairment had been recorded in respect of certain oil and gas properties of CCEL.

Detailed results of the final appeal of the remaining disputed amount of the tax audit results from the local tax authority in Kazakhstan was disclosed in the announcements of the Company dated 27 February 2023, 1 December 2023 and 14 July 2025.

Liquidity, Financial Resources and Capital Structure

Cash and Deposits

In 2025, the Group continues to maintain a strong financial position, with cash and deposits balances amounting to approximately HK$3,524.6 million as at 31 December 2025 (31 December 2024: HK$2,031.4 million).

Borrowings and Banking Facilities

As at 31 December 2025, the Group had total debt of approximately HK$3,483.4 million (31 December 2024: HK$2,011.5 million), over 98.7% of the Group's total debts are denominated in RMB (31 December 2024: 97.9%) which comprised:

- unsecured bank borrowings of approximately HK$1,718.9 million (31 December 2024: HK$1,011.0 million);
- unsecured other borrowings of approximately HK$1,718.9 million (31 December 2024: HK$957.8 million); and

- lease liabilities of approximately HK$45.5 million (31 December 2024: HK$42.7 million).

Most of the transactions in the Group's import and export of commodities business are debt-funded. However, in contrast to loans, these borrowings are self-liquidating, transaction-specific and of short durations, as well as match the terms of the underlying transactions. Upon receipt of sales proceeds following the completion of a transaction, the related borrowings would be repaid accordingly.

The Group's total debt increased by approximately HK$1,471.9 million which was mainly due to the net borrowing of bank and other borrowings amounted to approximately HK$1,469.0 million during the year.

As at 31 December 2025, all of the Group's bank and other borrowings are denominated in RMB (31 December 2024: all) and are interest-bearing either at (i) Offshore Renminbi Hong Kong Interbank Offered Rate (CNH HIBOR) plus margin per annum or (ii) Loan Prime Rate (LPR) in China less margin per annum.

The Group aims to maintain cash and deposits and undrawn banking and other facilities at a reasonable level to meet debt repayments, capital expenditures and potential future investments opportunities as may be identified in the coming year.

As at 31 December 2025, the Group had credit facilities of approximately RMB1,200.0 million (equivalent to approximately HK$1,330.8 million) and US$290.0 million (equivalent to approximately HK$2,262.0 million) from related parties, which are banks and other financial institutions. The Group also had credit facilities of approximately RMB1,450.0 million (equivalent to approximately HK$1,608.1 million) and US$250.0 million (equivalent to approximately HK$1,950.0 million) from external banks.

As at 31 December 2025, the Group had drawn credit facilities of approximately RMB900.0 million (equivalent to approximately HK$998.1 million) and US$140.8 million (equivalent to approximately HK$1,098.2 million) from related parties, which are banks and other financial institutions, leaving an unused balance of RMB300.0 million (equivalent to approximately HK$332.7 million) and US$149.2 million (equivalent to approximately HK$1,163.8 million). The Group had also drawn credit facilities of approximately RMB500.0 million (equivalent to approximately HK$554.5 million) and US$100.9 million (equivalent to approximately HK$787.0 million) from external banks, leaving an unused balance of RMB950.0 million (equivalent to approximately HK$1,053.6 million) and US$149.1 million (equivalent to approximately HK$1,163.0 million).

Trade Finance

The Group's trading operations are well supported by US$865.0 million (equivalent to approximately HK$6,747.0 million) of trade finance facilities from banks that mainly include letters of credit issued to suppliers. A letter of credit is a common means of payment to suppliers to support cross-border trades. The Group's payment obligations on letters of credit issued to suppliers will only be crystallised when our suppliers have shipped the merchandise to our customers or to the Group in accordance with all the terms and conditions specified in the related contractual documents. As at 31 December 2025, approximately 7.0% of the trade finance facilities were utilised, amounting to US$60.0 million (equivalent to approximately HK$468.0 million), leaving an unused balance of US$805.0 million (equivalent to approximately HK$6,279.0 million).

Finance Leases

The Group leases certain plant and machinery for its aluminium and coal mining operations under finance leases. The lease liabilities arising from these finance leases as at 31 December 2025 were approximately HK$3.2 million (31 December 2024: HK$7.2 million).

Financial Management

As at 31 December 2025, the Group's net debt to net total capital ratio was nil (31 December 2024: nil). Of the Group's total debt, approximately HK$1,741.8 million was repayable within one year, including bank borrowings and lease liabilities. The Group's financial position and liquidity remained robust throughout the year.

Share Capital

There was no movement in the share capital of the Company in 2025.

Financial Risk Management

The Group's diversified business is exposed to a variety of risks, such as market risks (including foreign currency risk, price risk, interest rate risk and inflation risk), credit risk and liquidity risk. The management of such risks is dictated by a set of internal policies and procedures designed to minimise potential adverse effects to the Group. The policies and procedures have proved effective.

The Group enters into derivative transactions such as electricity hedge agreements and foreign exchange contracts. The purpose is to manage the price risk arising from the Group's operations.

New Investment

There was no new investment concluded during the year.

Pledge of Assets

As at 31 December 2025, the Group had no pledge of assets.

Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities.

Opinion

The Board is of the opinion that, after taking into account the existing available borrowing facilities and internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements.

Employees and Remuneration Policies

As at 31 December 2025, the Group had 191 full time employees, including management and administrative staff (31 December 2024: 193).

During the year, the remuneration of these full-time employees was approximately HK$121.2 million (2024: HK$163.8 million). In addition, the Group would share the expenses of the subcontractor remuneration in respect of its investments as an operator (including the Seram Block, Indonesia and Hainan-Yuedong Block, China) and jointly owned investments (PAS and CMJV and some exploration rights), involving approximately 1,763 employees in total (2024: 1,754) and amounting to approximately HK$378.7 million (2024: HK$337.1 million).

The Group's remuneration policy seeks to provide fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance. Rent-free quarters are provided to some employees in Indonesia.

The employees of the Group's subsidiaries which operate in China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme.

The Group operates the following contribution retirement benefit schemes for its employees:

- a defined scheme under the superannuation legislation of Australia for those employees in Australia who are eligible to participate; and
- a defined scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate.

Contributions are made based on a percentage of the employees' basic salaries. The assets of the above schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into these schemes.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible persons.

Investments in Joint Operations

As at 31 December 2025 and 2024, the Group had interests in the following joint operations:

- 41% participating interest in the PSC in Indonesia for 20 years from 1 November 2019, the principal activities of which are the exploration, development and production of petroleum; and
- petroleum contract (as supplemented) for the exploration, development and production of petroleum from the Hainan-Yuedong Block in Mainland China.

(B) FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Company presents the 2024 annual results of the Group.

Financial Review

Group's financial results: **HK$'000**

Operating results and ratios

	Year ended 31 December		Increase
	2024	2023	
Revenue	9,497,808	3,825,577	148.3%
EBITDA [1]	1,472,083	1,342,906	9.6%
Adjusted EBITDA [2]	2,091,723	2,056,110	1.7%
Profit attributable to ordinary shareholders of the Company	572,581	551,803	3.8%
Adjusted EBITDA coverage ratio [3]	10.2 times	7.3 times	
Earnings per share (Basic) [4]	HK7.29 cents	HK7.02 cents	

Financial position and ratios

	Year ended 31 December		Increase
	2024	2023	
Cash and deposits	1,483,816	1,483,816	36.9%
Total assets *	11,624,391	11,624,391	9.0%
Total debt [5]	1,830,739	1,830,739	(105.7)%
Net (cash)/debt [6]	(19,927)	346,923	(32.5)%
Total equity	8,213,073	7,841,423	4.7%
Current ratio [7]	1.3 times	1.7 times	
Net debt to net total capital [8]	Nil	4.2%	
Net asset value per share [9]	HK$1.03	HK$0.99	
Gearing ratio [10]	35.2%	32.5%	
Interest-bearing debt ratio [11]	15.5%	15.4%	

1 profit before tax + finance costs + depreciation + amortisation

2 EBITDA + (share of finance costs, depreciation, amortisation, income tax expense and non-controlling interests of a joint venture)

3 adjusted EBITDA/(finance costs + share of finance costs of a joint venture)

4 profit attributable to ordinary shareholders of the Company/weighted average number of ordinary shares in issue during the year

5 bank and other borrowings + lease liabilities

6 total debt – cash and deposits

7 current assets/current liabilities

8 net debt/(net debt + total equity) x 100%

9 equity attributable to ordinary shareholders of the Company/number of ordinary shares in issue at end of the year

10 total liabilities/total assets

11 total interest bearing liabilities/total assets

* including capital expenditure in respect of exploration, development and mining production activities during the year, totalling HK$361,928,000 (2023: HK$357,122,000)

Oil prices have confounded expectations in the first quarter of 2024, with Brent oil price hitting a high of US$78.0 per barrel. Although Organisation of Petroleum Exporting Countries (the "**OPEC**") announced delays to increase production multiple times in 2024, the production growth from non-OPEC members continued to increase, offsetting OPEC production cuts. Following this, weakening global economic growth contributed to downward pressure on the Brent oil price. As a result of the offsetting production and weakening demand, the Brent oil price continued to trend down in the second half of 2024, averaging US$75.0 per barrel during the fourth quarter of 2024.

During the year, the Group recorded a profit attributable to ordinary shareholders of the Company of approximately HK$572.6 million (2023: HK$551.8 million), representing an increase of approximately 3.8% year-on-year. The change was mainly attributable to the following factors:

- a gain on transferring all the equity interest in AWC held by the Group which was the former associate of the Group, in consideration for interests in Alcoa shares, representing an increase in the Group's profit after tax of approximately HK$114.4 million;
- a significant increase in the share of profit of AWC year-on-year;
- a slightly decrease in average selling price of crude oil sold by the Group year-on-year; and

- a significant decrease in average selling price of coal sold by the Group year-on-year.

All of the Group's segments and investments recorded profits for the year ended 31 December 2024 and the Group continues to maintain a strong financial position with cash and deposits of approximately HK$2,031.4 million as at 31 December 2024 (2023: HK$1,483.8 million).

As a significant player in the natural resources industry, the Group recognises the critical importance of balancing business development with environmental resource management and fully acknowledges its social responsibilities. As a key member of the natural resources sector, we bear important responsibilities and consider ways to minimize negative environmental impacts in every operational decision we make. We adhere to the Group's operational management principles while implementing strict environmental protection measures. We promote harmonious development and progress between social economy and environment while meeting society's energy demands. The Group is also committed to participating in community development and public affairs, continuously creating social value and promoting social welfare. Please refer to the ESG Report for further details.

In 2025, the external environment is still highly uncertain with the co-existence of both challenges and opportunities. The global economy will maintain a mild stagflation pattern. With the de-escalation of the Russia-Ukraine war and the Palestinian-Israeli conflict and the increase in crude oil production in the United States, it is expected that the prices of bulk commodities, including oil, aluminium and coal, will continue to be under pressure, which will bring about greater challenges to the Group's operations. At the same time, the pace of global energy transformation keeps on going. Opportunities for investment transformation are generated by the rise of renewable energy and the expansion of scale of the circular economy. The rapid development of digital and intelligent technologies will also reduce costs by significantly improving the efficiency of exploration and development of oil, gas and minerals. The "Belt and Road" international cooperation projects initiated by China will also provide the Group with more opportunities in the overseas market.

2025 is a critical year for the Group to stabilize its principal business, adjust its structure and achieve transformation and development. The Group will implement the business strategy of "consolidating existing principal business and expanding the dual-wheel drive of "investment+trading". In respect of consolidating existing principal business, the Group will continue to step up its efforts in increasing reserves and output, continuously enlarge the scale of production and sales, continue to introduce new processes and technologies and empower the development of the Group through technological innovation. Regarding the expansion of the dual-wheel drive of "investment+trading", the Group will steadily expand the oil and gas trading business provided that the risks are all controllable. It is planned that, with low-risk trading businesses, the Group will get familiar with and engage the market in the next 2 to 3 years. After improving its market rating and enhancing the market influence, the Group will be fully prepared to obtain first-hand resources from crude oil producers in the future and get ready to start the long proprietary trading business of its own. At the same time, the Group will be able to have more financing and investment opportunities to form a virtuous circle and its investment business will focus on the key metal industry chain, such as aluminium, and to obtain product underwriting rights through minority equity investment. According to the current status of business development, the Group will focus on establishing "small yet wonderful" resource projects. The Group is eager to invest in projects within the aluminium industry chain in existing mature markets on one hand, and attempts to implement green electricity transformation, industry chain extension, cutting-edge primary aluminium manufacturing and other multi-field industrial upgrading on the other hand. The Group will rely on the dual-wheel drive of "investment +trading" to gradually transform into a professional listed company in the resource and energy sector.

The following is a description of the operating activities in each of the Group's business segments during the year, with a comparison of their results against those in last year.

Aluminium smelting

- The Group holds a 22.5% participating interest in the PAS JV. The PAS sources alumina and produces aluminium ingots.

Revenue	HK$1,363.7 million	(2023: HK$1,239.6 million)	▲ 10%
Segment results	HK$71.5 million	(2023: HK$206.6 million)	▼ 65%

- The average achieved selling price of aluminium rised from 2023 close, contributed by trade disputes and disruptions in global supply chain. The segment reported an increase of approximately 10% in revenue, contributed by an approximate 7% rise in the average achieved selling price of aluminium rised. However, sales volume declined by approximately 6% compared to 2023. The segment recorded a profitable gross margin during the year of 2024, attributable to the lower production cost when compared with 2023 as higher production costs were incurred when the PAS partially curtailed its production volume by approximately 25% due to instability of equipment. Excluding the one-off reversal of the impairment charge of approximately HK$293.1 million recorded in 2023, the segment results showed a significant increase compared to 2023.

- The Group's aluminium smelting business is a net US$ denominated asset while certain costs are payable in A$. Fluctuations between A$ and US$ throughout the year caused a net exchange gain of approximately HK$33.0 million (2023: a net exchange gain of approximately HK$2.7 million).

- As disclosed in the announcement of the Company dated 18 August 2023, on 17 August 2023, the 2026 EHA has been entered into in respect of the PAS. The 2026 EHA is for a term of nine years commencing from 1 July 2026 and ending on 30 June 2035 and for the supply of 300 megawatts of electricity to the PAS. This volume of electricity supply represents approximately 50% of the energy required to meet the facility's nameplate capacity of 358,000 tonnes of aluminium per year. Apart from securing a stable supply of electricity for the operation of PAS, the 2026 EHA effectively allows the PAS to hedge the spot price for electricity for a specific load, and thereby enhancing predictability to the price of its electricity supply. In accordance with HKFRSs, EHA is accounted for as a financial derivative where movements in its fair value are recognised as gain or loss in the consolidated income statement. Pricing of the electricity include certain components which are linked to market inputs such as foreign exchange and the London Metal Exchange aluminium prices. During the year, the EHA3 fair valuation gain amounted to approximately HK$16.6 million (2023: a valuation loss of approximately HK$30.3 million).

- As disclosed in the announcement of the Company dated 16 March 2023, it was announced by AoA, which owns 55% participating interest in the PAS JV, in 2023, that the PAS began to immediately reduce its overall production due to operational instability. The smelter had to cut its output to approximately 75% of its total capacity. In 2024, the smelter reopened more pots and increased the output capacity to approximately 80%. Management will continue to monitor the situation to ensure operational stability before reopening more pots in 2025.

- The PAS has been identified as a cash generating unit (CGU) and the management had performed a review for any indicators of impairment on the PAS. As at 31 December 2024, management had performed a recoverable value assessment for the asset and no reversal of impairment was necessary in 2024 (2023: HK$293.1 million).

Coal

- The Group holds a 14% participating interest in the CMJV and interests in a number of coal exploration projects in Australia. The CMJV is a major producer of low volatile pulverized coal injection coal in the international seaborne market.

Revenue	HK$787.1 million	(2023: HK$1,111.2 million)	▼ 29%
Segment results	HK$36.0 million	(2023: HK$376.4 million)	▼ 90%

- The average realised selling price of coal decreased by approximately 19% as compared to 2023. Lower gross margin was recorded in 2024, contributed by logistic challenges due to the disruptions in coal supplies, as well as operation issues contributed by labour shortages, had driven up the costs. Excluding the one-off reversal of the impairment charge of HK$101.9 million recorded in 2023, the segment results decreased by approximately 87% as compared to 2023.

- The Group's coal business is a net US$ denominated asset while most of its costs are payable in A$. Fluctuations between A$ and US$ throughout the year caused a net exchange gain of approximately HK$5.6 million (2023: a net exchange gain of HK$4.6 million).

- As at 31 December 2024, CMJV has been identified as a cash generating unit (CGU) and the management had performed an assessment on CMJV CGU assets, in accordance with HKFRSs, no reversal was necessary in 2024 (2023: HK$60.8 million).

- The Group also had participating interests in various exploration of coal mines in Queensland which is considered as a CGU asset. As at 31 December 2024, based on assessment performed on these assets, in accordance with HKFRSs, no reversal was necessary in 2024 (2023: HK$41.1 million).

Commodities Trading

Revenue	HK$5,930.6 million	(2023: HK$1,111.2 million)	N/A
Segment results	A gain of HK$1.7 million	(2023:A loss of HK$4.1 million)	N/A

- Since the cessation of the import of steel products operations in the second half of 2022, management has been actively exploring various new opportunities for trading commodities. In January 2024, the Group signed the first contract for a back-to-back trading of crude oil and the first shipment occurred in February 2024. With the efforts of the trade and marketing team, the Group generated trading revenue of approximately HK$5.9 billion by selling of approximately 9.6 million barrel of crude oil and oil products in 2024.

- In April 2020, Weihai City Commercial Bank Co., Ltd. ("**Weihai Bank**") commenced Claims in the People's High Court of Shandong Province against, amongst others, a wholly-owned subsidiary of the Company, CACT. The Claims relate to three letters of credit (US$28.4 million) issued in favour of CACT as payment for the sale by CACT to Qingdao Decheng Minerals Co., Ltd. of certain quantity of aluminium stored at bonded warehouses at Qingdao Port, China in 2014. Weihai Bank had arranged for the issuance of the letter of credits as payment on behalf of Decheng; it subsequently disputed the authenticity of the warehouse receipts for the aluminium stored at the bonded warehouses at Qingdao Port.

- In December 2020, the People's High Court of Shandong Province ("**Shandong Court**") issued a First Instance Judgment and ruled that CACT is not liable for Weihai's losses as there is no evidence of any intention to commit fraud on the part of CACT. Weihai subsequently submitted an appeal to the Supreme Court of the People's Republic of China ("**SPC**"), appealing against the decision of the Shandong Court.

- On 12 December 2022, the SPC held that the Shandong Court did not clearly ascertain the facts of the Claims based on the evidence made available at the lower court; the SPC ordered that the First Instance Judgment be rescinded and the cases be referred back to the Shandong Court for a retrial. CACT has engaged local counsel in China to defend the Claims accordingly.

- A hearing was held at the Shandong Court on 10 January 2024 and CACT submitted to the court all requisite evidence for the purpose of fact finding of the case. On 30 July 2024, the Shandong Court issued a first-instance judgment, remanding the case for retrial. The court ruled that CACT did not commit letter of credit fraud and bore no fault for the losses suffered by Weihai Bank. However, based on equitable considerations, CACT was ordered to compensate Weihai Bank of approximately RMB1.15 million. In August 2024, both Weihai Bank and CACT lodged appeals separately. The case is now under further review by the SPC.

- CACT maintains the view that the Claims are without merit and groundless.

Crude oil (the Seram Island Non-Bula Block, Indonesia)

- CITIC Seram, an indirect wholly-owned subsidiary of the Company, owns a 41% participating interest in the PSC until 31 October 2039. CITIC Seram is the operator of the Seram Block.

- As at 31 December 2024, in respect of the PSC, the Seram Block had estimated proved oil reserves of approximately 2.4 million barrels (2023: 2.7 million barrels) as determined in accordance with the standards of the PRMS with the decrease in oil reserves due to production activities.

- During the year, the segment results of CITIC Seram recorded a profit of approximately HK$2.6 million (2023: HK$43.4 million). The following table shows a comparison of the performance of the Seram Block for the years stated:

		2024 (41%)	**2023 (41%)**	**Change**
Average benchmark end-market mean of				
Dated Brent crude oil	(US$ per barrel)	80.7	82.7	▼ 2%
Platts Singapore (MOPS):				
Platts HSFO 180 CST Singapore	(US$ per barrel)	69.5	67.5	▲ 3%
Platts HSFO 380 CST Singapore	(US$ per barrel)	67.8	66.1	▲ 3%
Average crude oil realised price	(US$ per barrel)	59.3	57.9	▲ 2%
Sales volume	(barrels)	119,000	151,000	▼ 21%
Revenue	(HK$ million)	55.0	68.1	▼ 19%
Total production	(barrels)	117,000	149,000	▼ 21%
Daily production	(barrels)	320	409	▼ 22%

An approximate 19% drop in revenue was a result of an approximate 2% increase in the average crude oil realised price coupled with an approximate 21% decrease in the sales volume.

Production decreased by approximately 21% year-on-year due to natural decline of existing wells.

Cost of sales per barrel increased by approximately 230% as compared to 2023, primarily due to an increase in depreciation, depletion, and amortization. This increase can be attributed to change in treatment of abandonment cost in 2023, which resulted in lower depreciation, depletion and amortisation per barrel for that year.

Under a stringent cost control program, only essential repairs and maintenance works have been deployed to maintain production level of existing wells.

In 2024, the Seram oilfield achieved a net profit attributable to ordinary shareholders of the Company of approximately HK$1.7 million, representing a year-on-year decrease of approximately 95.9% as compared to 2023.

- In January 2021, CITIC Seram was advised by SKK MIGAS (a special task force established by the government of the Republic of Indonesia to manage the upstream oil and gas business activities of the country) to offer a 10% participating interest under the PSC to MEA, a company owned and appointed by the local government of Maluku. MEA would set up a subsidiary to receive such 10% participating interest. Based on a letter issued by The Minister of Energy and Mineral Resources of Republic of Indonesia, the price for the 10% participating interest was 10% of the performance bond provided by the PSC at the time of extension. In March 2021, CITIC Seram submitted an offer letter to MEA and at the same time received letter of intent from MEA.

- In June 2023, CITIC Seram signed a transfer agreement in respect of the transfer of 10% participating interest in the PSC to MEA (or its subsidiary). The transfer is conditional on, among others, the approval from the relevant authority of the government of the Republic of Indonesia. As of the date of this report, SKK MIGAS has approved transfer, but approval from the Ministry of Energy and Mines of Indonesia is still pending. A loss of approximately HK$6.8 million on the disposal of partial participating interest was recorded during the year and debited to "Other income, gains and losses, net" in the consolidated income statement.

- In July 2022, CITIC Seram received tax assessment letters for the underpayment of the fiscal years 2017 and 2018 corporate income tax ("**CIT**") and branch profit tax ("**BPT**") including penalty totalling US$2.1 million. CITIC Seram settled this amount and lodged Tax Objection Letter to the Indonesia Tax Office in September 2022.

- In July 2023, CITIC Seram was notified by the Indonesia Tax Office that the tax objection has been rejected. As a result, CITIC Seram initiated the legal process and appealed to the tax court in October 2023. In November 2024, CITIC Seram obtained a favorable preliminary judgment. Up to the date of this report, the lawsuit is still undergoing.

Crude oil (the Hainan-Yuedong Block, China)

CITIC Haiyue, an indirect wholly-owned subsidiary of the Company, owns a 90% interest in Tincy Group.

Pursuant to a petroleum contract entered into with CNPC in February 2004, as supplemented by an agreement signed in May 2010, Tincy Group holds the right to explore, develop and produce petroleum from the Hainan-Yuedong Block until 2034. Tincy Group is the operator of the Hainan-Yuedong Block in cooperation with CNPC.

As at 31 December 2024, the Yuedong oilfield had estimated proved oil reserves of approximately 21.5 million barrels (2023: 24.3 million barrels) as determined in accordance with the standards of the PRMS with the decrease in oil reserves due to production activities.

During the year, the segment results of CITIC Haiyue recorded a profit of approximately HK$570.1 million (2023: HK$638.4 million), representing a year-on-year decrease of approximately 11%. The following table shows a comparison of the performance of the Yuedong oilfield for the years stated:

		2024	2023		
		(Tincy Group's share)			Change
Average benchmark quote:					
Platts Dubai crude oil	(US$ per barrel)	79.4	81.7	▼	3%
Average crude oil realised price	(US$ per barrel)	79.36	81.6	▼	3%
Sales volume	(barrels)	2,199,460	2,199,000	▲	0%
Revenue	(HK$ million)	1,361.42	1,406.2	▼	3%
Total production	(barrels)	2,171,076	2,147,000	▼	1%
Daily production	(barrels)	5,948	5,882	▼	1%

- An approximate 3% decrease in revenue was mainly due to an approximate 3% decrease in the average crude oil realised price, together with the sales volume remained nearly the same when compared to 2023. Production increased by approximately 1% as compared to 2023, mainly as a result of replacing crude oil with accompanying natural gas as fuel for boilers, which lead to injection of steam into the production of heavy oil in the oilfield, thereby saving crude oil consumption and achieving a year-on-year increase in equity production. Meanwhile, the trade and marketing department of the Company expanded various sales channel to increase the sales price of crude oil for Yuedong oilfield, which increase the sales revenue during the year.

- Cost of sales per barrel increased by approximately 7% as compared to 2023, attributable to (a) an approximate 11% increase in depreciation, depletion and amortisation per barrel due to a reversal of provision for impairment in 2023; (b) an approximate 2% increase in direct operating costs per barrel, which was mainly due to increased repairs and maintenance costs and well operation costs; and (c) the decrease in marginal output net of marginal cost, which was mainly due to the fact that the development of the oilfield has reached its middle stage of production. On the other hand, RMB, the functional currency of Tincy Group, has depreciated against HK$ by approximately 1% during the year, has reduced the negative impact from the increasing cost of sales.

- Under a stringent cost control program, only essential repairs and maintenance works have been deployed to maintain production level of existing wells, and effective production capacity increment will be achieved through the development of added drilling wells. Application of new technologies will also be promoted to improve productivity in the Yuedong oilfield. And also, Tincy Group successfully completed the conversion of non-resident taxpayer status, promoting the deductible loan interest for the Group during the year.

- During the year, the extraction of crude oil by Tincy Group's oilfield required additional efforts and CAPEX as the actual situation was different from estimation. Management considers that this is a potential impairment indicator and has performed an assessment of the recoverable amount. The forecast CAPEX has been revised based on the actual situation encountered in 2024.

- As at 31 December 2024, a provision for impairment was made in respect of certain oil and gas properties of CITIC Haiyue and credited to "Other expenses, net" of approximately HK$51.5 million in the consolidated income statement.

Bauxite mining and alumina refining

- Before 18 July 2024, the Group had an interest in a world-class global portfolio of upstream mining and refining operations in the aluminium sector through 278,900,000 ordinary shares, representing 9.6117% equity interest in AWC, a leading Australian company listed on the ASX (Stock Code: AWC). Other subsidiaries of CITIC Limited had a total 9.3070% equity interest in AWC. AWC was treated as an investment in an associate of the Group.

AWC had significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations through its 40% ownership of the Alcoa World Alumina and Chemicals joint venture, the world's largest alumina producer.

The Group accounted for its share of profit or loss in AWC using the equity method. During the year, the Group for accounted its share of gain of an associate of approximately HK$17.3 million (2023: share of loss of approximately HK$112.5 million) and the Group did not receive any dividend from AWC (2023: nil).

As at 31 December 2023, there was a significant gap between the market value of the Group's investment in AWC compared to its carrying value by approximately 32%. In accordance with HKFRSs, management had performed a recoverable value assessment for the asset and recorded an impairment charge of approximately HK$844.7 million at year-end accordingly.

On 26 February 2024, AWC had received a non-binding, indicative and conditional proposal from Alcoa to acquire 100% of the issue shares in AWC via a scheme of arrangement ("**Scheme**"), for scrip consideration of 0.02854 shares of Alcoa common stock for each AWC share. On 18 July 2024, the AWC's shareholders voted and approved the Scheme during the special meeting of stockholder. The Scheme had been implemented and has completed on 1 August 2024.

Since 18 July 2024, the Group ceased to have any equity interest in Alumina Limited and in return holds 7,959,806 Alcoa Clearing House Electronic Sub-register System Depositary Interests, representing approximately 3.03% equity interest in Alcoa (ASX: AAI; NYSE: AA), which is active in all aspects of the upstream aluminium industry with bauxite mining, alumina refining, and aluminium smelting and casting. The Group's interest in AA is being classified as a financial asset at fair value through other comprehensive income and the subsequent measurement of which will be solely based on the movement of AA's share price. As at 31 December 2024, the investment cost of AA amounted to approximately HK$2,285.4 million (2023: nil), while the carrying amount of the investment in AA was approximately 18.1% (2023: nil) of the Group's total assets.

Alcoa is active in all aspects of the upstream aluminium industry with bauxite mining, alumina refining, and aluminium smelting and casting. The investment in AA is considered as strategic investment which aligned with the strategy of the Group's business.

Further details of the major disposal in relation to the equity interest in AWC and major acquisition in related to the equity interest in AA are set out in notes 19 and 21 to the Financial Statements and also the announcement of the Company dated 17 July 2024 and the circular of the Company dated 18 July 2024.

- The Group accounts for its increase or decrease of fair value of the interest in AA which is solely based on the movement of share price of AA is presented in other comprehensive income. During the year, the Group accounts for its fair value increase in AA of approximately HK$4,299,000, which is mainly attributable to the increase in share price of AA. As at 31 December 2024, the fair value of the interest in AA amounted to approximately HK$2,289,703,000 (2023: nil)

During the year, a dividend was received from AA of approximately HK$12,417,000 (2023: nil).

Further details of AA are set out in note 21 to the Financial Statements.

Detail financial results of Alcoa are available on its website at https://www.alcoa.com.

Crude oil and bitumen (the Karazhanbas oilfield, Kazakhstan)

- CITIC Oil & Gas, an indirect wholly-owned subsidiary of the Company, and JSC KazMunaiGas Exploration Production, through CCEL, jointly own, manage and operate KBM. Effectively, by holding 100,000 ordinary shares in CCEL (2023: same), the Group owns 50% of the issued voting shares of KBM (which represents 47.3% of the total issued shares of KBM). As at 31 December 2024, the investment cost of CCEL amounted to approximately HK$1,924.8 million (2023: same), while the carrying amount of the investment in CCEL was approximately 21.2% (2023: 24.0%) of the Group's total assets.

CCEL is an investment holding company and its operating subsidiaries are principally engaged in the development, production and sale of oil and holds the right to explore, develop, produce and sell oil from the Karazhanbas oilfield until 2035, production and sale of road bitumen and clarified oil, and provision of oilfield related services in Kazakhstan. The investment in CCEL is considered as strategic investment which aligned with the strategy of the Group's business.

As at 31 December 2024, the Karazhanbas oilfield had estimated proved oil reserves of approximately 121.5 million barrels (2023: 130.4 million barrels) as determined in accordance with the standards of the PRMS with the decrease in oil reserves due to production activities.

In 2024, the KBM oilfield achieved a net profit attributable to ordinary shareholders of the Company of approximately HK$239.6 million, representing a year-on-year decrease of approximately 39.9%.

- The Group accounts for its share of profit or loss in CCEL using the equity method.

  Share of profit of a joint venture HK$239.6 million (2023: HK$398.4 million) ▼40%

The following table shows a comparison of the performance of the Karazhanbas oilfield for the years stated:

		2024 (50%)	2023 (50%)		Change
Crude oil					
Average benchmark end-market quotes:					
Urals Mediterranean crude oil	(US$ per barrel)	71.5	62.1	▲	15%
Dated Brent crude oil	(US$ per barrel)	80.7	82.7	▼	2%
Average crude oil realised price	(US$ per barrel)	67.8	67.2	▲	1%
Sales volume	(barrels)	6,596,000	6,158,000	▲	7%
Revenue	(HK$ million)	3,489.5	3,227.9	▲	8%
Total production	(barrels)	7,194,000	6,857,000	▲	5%
Daily production	(barrels)	19,700	18,800	▲	5%
Bitumen					
Average selling price	(US$/tonne)	315.6	248.6	▲	27%
Sales volume	(tonnes)	121,000	179,000	▼	32%
Revenue	(HK$ million)	298.2	346.5	▼	14%
Total production	(tonnes)	121,000	179,000	▼	32%

Revenue of crude oil increased by approximately 8% when compared to 2023, attributable to an approximate 7% increase in sales volume and an approximate 1% increase in the average crude oil realised price. Revenue of bitumen decreased by approximately 14% when compared to 2023 as a result of an approximate 32% decrease in sales volume of bitumen and an approximate 27% increase in the average selling price of bitumen. Production of crude oil increased by approximately 5% and production of bitumen decreased by approximately 32% when compared to 2023. An increase in production of crude oil was attributed by the recovery of the massive power supply failure and rationing in Kazakhstan in 2023.

In CCEL's consolidated income statement, "Cost of sales" includes MET while "Selling and distribution costs" includes export duty and rent tax. Different progressive rates are applied in respect of these taxes. The applicable rate of MET is determined by reference to production volume whereas the applicable rates of export duty and rent tax are determined by reference to average oil prices.

MET is charged on production volume on a quarterly basis at rates per tonne by reference to the average oil price for the quarter. Export duty is charged on export volume on a monthly basis at rates per tonne by reference to the average oil price for the month. Rent tax is charged on export volume on a quarterly basis at rates per US$ amount by reference to the average oil price for the quarter.

Cost of sales per barrel increased by approximately 3% when compared to 2023, of which (a) direct operating costs per barrel increased by approximately 2% mainly as a result of an increase in wages and salaries and water supply; and (b) depreciation, depletion and amortisation per barrel increased by approximately 9% as a result of a reversal of provision for impairment was recognised in respect of certain oil and gas properties of KBM in 2023.

Selling and distribution costs per barrel increased by approximately 10% when compared to 2023. As export duty and rent tax are charged at progressive rates which are determined by reference to average oil prices, export duty per barrel and rent tax per barrel increased by approximately 7% and 23%, respectively.

In 2023, a reversal of provision for impairment was recognised in respect of certain oil and gas properties of KBM and credited to "Reversal of impairment of items of property, plant and equipment" in CCEL's consolidated income statement. The Group's share was HK$201.4 million (after tax expense) and the amount was credited to "Share of profit of a joint venture" in the consolidated income statement of the Group.

During the year, a dividend was received from CCEL of approximately HK$173,345,000 (2023: nil).

Liquidity, financial resources and capital structure

Cash and Deposits

In 2024, the Group continues to maintain a strong financial position, with cash and deposits balances amounting to approximately HK$2,031.4 million as at 31 December 2024 (31 December 2023: HK$1,483.8 million).

Borrowings and Banking Facilities

As at 31 December 2024, the Group had total debt of approximately HK$2,011.5 million (31 December 2023: HK$1,830.7 million), over 97.9% of the Group's total debts are denominated in RMB (31 December 2023: over 78.7% are dominated in US$) which comprised:

- unsecured bank borrowing of approximately HK$1,011.0 million (31 December 2023: HK$1,009.9 million);
- unsecured other borrowings of approximately HK$957.8 million (31 December 2023: HK$780.0 million); and
- lease liabilities of approximately HK$42.7 million (31 December 2023: HK$40.8 million).

Most of the transactions in the Group's import and export of commodities business are debt-funded. However, in contrast to loans, these borrowings are self-liquidating, transaction-specific and of short durations, as well as match the terms of the underlying transactions. Upon receipt of sales proceeds following the completion of a transaction, the related borrowings would be repaid accordingly.

The Group's total debt increased by approximately HK$180.8 million which was mainly due to the net borrowing of bank and other borrowings amounted to approximately HK$178.9 million during the year.

The Group aims to maintain the cash and deposits and undrawn banking facilities at approximately US$526.4 million (equivalent to approximately HK$4,105.9 million) as at 31 December 2024, at a reasonable level to meet the debt repayments and capital expenditures in the coming year.

On 29 December 2022, the Company entered into a facility agreement with CITIC Finance International Limited (a fellow subsidiary of the Company) in respect of an unsecured 3-year revolving loan facility of US$150.0 million (HK$1,170.0 million) (the "**A Loan**"). As at 31 December 2024, the outstanding balance of the A Loan was fully repaid.

In June 2021, a wholly-owned subsidiary of the Company entered into an unsecured 3-year committed US$200.0 million (equivalent to approximately HK$1,560.0 million) term loan facility agreement with China CITIC Bank International Limited (a fellow subsidiary of the Company) (the "**B Loan**"), effective from 24 June 2021. On 30 June 2023, the B Loan was extended for 2 years, with a new maturity date of 30 June 2026. As at 31 December 2024, the agreement for the B Loan had been expired.

In November 2024, a wholly-owned subsidiary of the Company entered into an unsecured 1-year total uncommitted multi-currency credit facility of approximately US$140.0 million (equivalent to approximately HK$1,092.0 million) (the "**C Loan**"). As at 31 December 2024, the outstanding balance of the C Loan was RMB950.0 million (equivalent to approximately HK$1,010.9 million), which is interest-bearing at CNH Hong Kong Interbank Offered Rate plus margin per annum, repayable in 2025.

On 22 May 2023, the Company entered into a facility agreement with Mizuho Bank, Ltd, Hong Kong branch and Bank of China (Hong Kong) Limited for an unsecured 3-year committed revolving loan facility of US$100.0 million (equivalent to approximately HK$780.0 million) (the "**D Loan**"). As at 31 December 2024, the outstanding balance of the D Loan was fully repaid.

In January and December 2024, a 90%-owned subsidiary of the Company entered into two unsecured 2-year credit facility agreements with CITIC Finance Company Limited (a fellow subsidiary of the Company) for a total of RMB1,000.0 million (equivalent to approximately HK$1,064.2 million), RMB800.0 million (equivalent to approximately HK$851.4 million) (the "**E Loan**") and RMB200.0 million (equivalent to approximately HK$212.8 million) (the "**F Loan**") respectively. As at 31 December 2024, the total outstanding balance of the E Loan was RMB720 million and F loan was RMB180 million (equivalent to approximately HK$957.8 million), which are interest-bearing at 1-year Loan Prime Rate deduct margin per annum, repayable in 2026.

Trade Finance

The Group's normal trading operations are well supported by US$280.0 million (equivalent to approximately HK$2,223.0 million) in bank trading facilities that mainly include letters of credit issued to suppliers. A letter of credit is a common means of payment to suppliers to support cross-border trades. The Group's payment obligations on letters of credit issued to suppliers will only be crystallised when our suppliers have shipped the merchandise to our customers or to the Group in accordance with all the terms and conditions specified in the related contractual documents. As at 31 December 2024, approximately 78.9% of the trade finance facilities was used.

Finance Leases

The Group leases certain plant and machinery for its aluminium and coal mining operations under finance leases. The lease liabilities arising from these finance leases as at 31 December 2024 were approximately HK$7.2 million (31 December 2023: HK$13.2 million).

As at 31 December 2024, the Group's net debt to net total capital ratio was nil (31 December 2023: 4.2%). Of the Group's total debt, approximately HK$1,027.0 million was repayable within one year, including a bank borrowing and lease liabilities.

Share capital

There was no movement in the share capital of the Company in 2024.

Financial risk management

The Group's diversified business is exposed to a variety of risks, such as market risks (including foreign currency risk, price risk, interest rate risk and inflation risk), credit risk and liquidity risk. The management of such risks is dictated by a set of internal policies and procedures designed to minimise potential adverse effects to the Group. The policies and procedures have proved effective.

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group assesses the respective exposures of each of its operating units and enters into forward currency contracts of appropriate amounts to hedge those exposures. The forward currency contracts must be in the same currency as that of the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

The Group enters into derivative transactions such as electricity hedge agreements and foreign exchange contracts. The purpose is to manage the price risk and forward foreign currency risk arising from the Group's operations.

Pledge of Assets

As at 31 December 2024, the Group had no pledge of assets.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Opinion

The Board is of the opinion that, after taking into account the existing available borrowing facilities and internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements.

Employees and Remuneration Policies

As at 31 December 2024, the Group had 193 full time employees, including management and administrative staff (31 December 2023: 195).

In addition, the Group would share the expenses of the subcontractor remuneration in respect of its investments as an operator (including the Seram Block, Indonesia and Hainan-Yuedong Block, China) and jointly owned investments (PAS and CMJV and some exploration rights), involving approximately 1,522 employees in total (2023: 1,529) and amounting to approximately HK$337.1 million (2023: HK$345.2 million).

The Group's remuneration policy seeks to provide fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance. Rent-free quarters are provided to some employees in Indonesia.

The employees of the Group's subsidiaries which operate in China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme.

The Group operates the following contribution retirement benefit schemes for its employees:

- a defined scheme under the superannuation legislation of Australia for those employees in Australia who are eligible to participate; and

- a defined scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate.

Contributions are made based on a percentage of the employees' basic salaries. The assets of the above schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into these schemes.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible persons.

(C) FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Company presents the 2023 annual results of the Group.

Financial Review

Group's financial results: **HK$'000**

Operating results and ratios

	Year ended 31 December		Increase/
	2023	2022	(decrease)
Revenue	3,825,577	5,866,160	(34.8)%
EBITDA [1]	1,342,906	2,503,511	(46.4)%
Adjusted EBITDA [2]	2,056,110	3,123,158	(34.2)%
Profit attributable to ordinary shareholders of the Company	551,803	1,335,537	(58.7)%
Adjusted EBITDA coverage ratio [3]	7.3 times	13.9 times	
Earnings per share (Basic) [4]	HK7.02 cents	HK17.00 cents	

Financial position and ratios

	Year ended 31 December		Increase/
	2023	2022	(decrease)
Cash and deposits	1,483,816	2,130,203	(30.3)%
Total assets *	11,624,391	12,439,567	(6.6)%
Total debt [5]	1,830,739	2,644,413	(30.8)%
Net debt [6]	346,923	514,210	(32.5)%
Total equity	7,841,423	7,765,688	1.0%
Current ratio [7]	1.7 times	2.7 times	
Net debt to net total capital [8]	4.2%	6.2%	
Net asset value per share [9]	HK$0.99	HK$0.99	

1 profit before tax + finance costs + depreciation + amortisation

2 EBITDA + (share of finance costs, depreciation, amortisation, income tax expense and non-controlling interests of a joint venture)

3 adjusted EBITDA/(finance costs + share of finance costs of a joint venture)

4 profit attributable to ordinary shareholders of the Company/weighted average number of ordinary shares in issue during the year

5 bank and other borrowings + lease liabilities

6 total debt – cash and deposits

7 current assets/current liabilities

8 net debt/(net debt + total equity) x 100%

9 equity attributable to ordinary shareholders of the Company/number of ordinary shares in issue at end of the year

* including capital expenditure in respect of exploration, development and mining production activities during the year, totalling HK$357,122,000 (2022: HK$391,955,000)

Oil prices have confounded expectations in the first quarter of 2023, with Brent oil price hitting a low of US$72.0 per barrel. The low prices remain as the war in Ukraine continues with no clear end in sight. Although the oil prices remained volatile going into the first quarter of 2023, China, the world's largest importer of crude oil, abandoned its zero-COVID policy in December 2022, which created expectations that Chinese oil demand would quickly return. Following this, Brent oil price hovered around US$82.7 per barrel in the fourth quarter of 2023. The supply cuts announced by Organisation of Petroleum Exporting Countries (OPEC) had further stablised the oil market in 2023. However, the economic outlook and Chinese consumption growth still remain as the key to demand expectations.

During the year, the Group recorded a profit attributable to ordinary shareholders of the Company of approximately HK$551.8 million (2022: HK$1,335.5 million), representing a decrease of approximately 58.7% year-on-year. The decrease was mainly attributable to the following factors:

(i) a significant decrease in average selling price of crude oil sold by the Group year-on-year; and

(ii) a significant decrease in the share of profit of an associate year-on-year, as well as a significant provision for impairment of an associate for the year ended 31 December 2023.

Despite that, most of the Group's segments and investments, except for import and export of commodities segment, recorded profits for the year ended 31 December 2023. Although the Group had repaid bank borrowings of approximately HK$801.6 million, net during the year, the Group continues to maintain a strong financial position with cash and deposits of approximately HK$1,483.8 million as at 31 December 2023 (2022: HK$2,130.2 million).

In the operation and management of its existing assets, the Group will adhere to the concept of green and low-carbon development in the whole process and endeavour to save energy and reduce emissions. In the meantime, the Group will strive to explore the business opportunities in the areas of new energy and new materials. The Group will conduct research and explore new development directions around green energy and metal mineral resources. The Group is committed to promoting the low-carbon and green development of the resources and energy industries, with a view to providing reliable energy and materials to society and bringing greater returns to shareholders while achieving high-quality and sustainable development of the Company.

The following is a description of the operating activities in each of the Group's business segments during the year, with a comparison of their results against those in last year.

Aluminium smelting

- The Group holds a 22.5% participating interest in the PAS JV. The PAS sources alumina and produces aluminium ingots.

- Revenue — HK$1,239.6 million (2022: HK$1,356.4 million) — ▼ 9%

  Segment results — HK$206.6 million (2022: HK$237.4 million) — ▼ 13%

- In view of the weaker than market anticipated demand in 2023, the average achieved selling price of aluminium decreased by approximately 17% as compare to 2022. Although there was an increase in the sales volume of approximately 9.8%, which was contributed by the reduction in disruptions in the global logistics supply chain, the segment recorded a decrease of approximately 9% in revenue. In February 2023, the PAS partially curtailed its production volume by approximately 25% due to instability of equipment. This resulted in higher production costs in 2023, the segment, therefore, suffered a loss in 2023.

The Group's aluminium smelting business is a net US$ denominated asset while certain costs are payable in A$. Fluctuations between A$ and US$ throughout the year caused a net exchange gain of HK$2.7 million (2022: a net exchange gain of HK$18.6 million).

- In April 2021, EHA3 was signed between the Group and various independent electricity suppliers. The EHA3 effectively allowed the PAS to hedge the spot price for electricity for a specific load from 1 August 2021 to 30 June 2026. In accordance with HKFRSs, EHA3 is accounted for as a financial derivative where movements in its fair value are recognised as gain or loss in the consolidated income statement. Pricing of the electricity include certain components which are linked to market inputs such as foreign exchange and the London Metal Exchange aluminium prices. For the year ended 31 December 2023, the EHA3 fair valuation loss amounted to approximately HK$30.3 million (2022: a valuation gain of HK$96.1 million).

As disclosed in the announcement of the Company dated 18 August 2023, on 17 August 2023, the 2026 EHA has been entered into in respect of the PAS. The 2026 EHA is for a term of nine years commencing from 1 July 2026 and ending on 30 June 2035 and for the supply of 300 megawatts of electricity to the PAS. This volume of electricity supply represents approximately 50% of the energy required to meet the facility's nameplate capacity of 358,000 tonnes of aluminium per year. Apart from securing a stable supply of electricity for the operation of PAS, the 2026 EHA effectively allows the PAS to hedge the spot price for electricity for a specific load, and thereby enhancing predictability to the price of its electricity supply.

- As disclosed in the announcement of the Company dated 16 March 2023, it was announced by Alcoa of Australia Limited ("**AoA**"), which owns 55% participating interest in the PAS JV, on 15 March 2023 that the PAS began to immediately reduce its overall production due to operational instability. Such instability was related to the production of rodded anodes that are necessary to convey electricity into the smelting pots. Previously, the PAS had been operating at about 95% of its total capacity. Immediately after the curtailment of 68 pots in March, there were 288 pots in service which represented less than 70% of its total capacity. After the rodding room equipment was repaired, 24 pots were gradually put back in service by early July, which represented 75% of its total capacity. PAS management has been reviewing critical assets health and develop maintenance or asset improvement plan to ensure the assets can operate reliability. By end of 2023, the smelter was operating at 322 pots which represented 80% of its total capacity. Management will continue to monitor the situation to ensure operational stability before commencing the operation of more pots in 2024.

- The PAS has been identified as a cash generating unit (CGU) and the management had performed a review for any indicators of impairment on the PAS. As at 31 December 2023, the value in use of the CGU was higher than its carrying value. In accordance with HKFRSs, management had performed a recoverable value assessment for the asset and recorded a reversal of impairment charge of approximately HK$293.1 million (2022: HK$31.2 million) at the end of 2023 accordingly.

Coal

- The Group holds a 14% participating interest in the CMJV and interests in a number of coal exploration projects in Australia. The CMJV is a major producer of low volatile pulverized coal injection coal in the international seaborne market.

• Revenue	HK$1,111.2 million	(2022: HK$1,368.7 million)	▼ 19%
Segment results	HK$376.4 million	(2022: HK$650.2 million)	▼ 42%

Subsequent to the post-COVID recovery of the global economy, the momentum of growth had declined in 2023. The average realized selling price of coal also decreased by approximately 25% as compared to 2022. Factors such as logistic challenges due to the disruptions in coal supplies, as well as operation issues contributed by labour shortages, had driven up costs and led to a decline in the segment results by approximately 42% as compared to 2022.

- The Group's coal business is a net US$ denominated asset while most of its costs are payable in A$. Fluctuations between A$ and US$ throughout the year caused a net exchange gain of approximately HK$4.6 million (2022: a net exchange gain of HK$11.7 million).

- CMJV has been identified as a cash generating unit (CGU) and the management had performed a review for any indicators of impairment on the CMJV. As at 31 December 2023, the value in use of the CGU was higher than its carrying value. In accordance with HKFRSs, management had performed a recoverable value assessment for the mining assets and recorded a reversal of impairment charge of approximately HK$60.8 million (2022: Nil) at the end of 2023 accordingly.

Import of commodities

In 2023, the Group took the lead to handle the subsequent issues concerning the termination of the steel trading business at the end of last year, collected all trade receivables and tax refunds and settled its outstanding liabilities for the steel operations during the year.

- Since the cessation of the import of steel products operations in the second half of 2022, management is in advanced negotiations with external parties to develop new trading product lines. During the year, the Company has established a trading and marketing team which focuses on the development of crude oil trading in 2024. Management has also been exploring various new opportunities to continue trading such as back to back trading of crude oil and trading of alumina from Australia producers. Such opportunities did not materialize in 2023.

Revenue	HK$0.5 million (2022: HK$1,287.0 million)	▼ 100%
Segment results	A loss of HK$4.1 million (2022: A loss of HK$2.4 million)	▲ 72%

The Group's import of commodities business is a net A$ denominated asset while certain costs are payable in US$. Fluctuations between A$ and US$ throughout the period resulted in a net exchange loss of HK$5.7 million (2022: a net exchange loss of HK$0.7 million).

- In April 2020, Weihai commenced three claims (the "**Claims**") in the People's High Court of Shandong Province against, amongst others, a wholly-owned subsidiary of the Company, CACT. The Claims relate to three letters of credit (US$28.4 million) issued in favour of CACT as payment for the sale by CACT to Decheng of certain quantity of aluminium stored at bonded warehouses at Qingdao Port, China in 2014. Weihai had arranged for the issuance of the letter of credits as payment on behalf of Decheng; it subsequently disputed the authenticity of the warehouse receipts for the aluminium stored at the bonded warehouses at Qingdao Port.

In December 2020, the People's High Court of Shandong Province ("**Shandong Court**") issued a First Instance Judgment and ruled that CACT is not liable for Weihai's losses as there is no evidence of any intention to commit fraud on the part of CACT. Weihai subsequently submitted an appeal to the Supreme Court of the People's Republic of China ("**SPC**"), appealing against the decision of the Shandong Court.

On 12 December 2022, the SPC held that the Shandong Court did not clearly ascertain the facts of the Claims based on the evidence made available at the lower court; the SPC ordered that the First Instance Judgment be rescinded and the cases be referred bank to the Shandong Court for a retrial. CACT has engaged local counsel in China to defend the claims accordingly.

A hearing was held at the Shandong Court on 10 January 2024 and CACT submitted to the court all requisite evidence for the purpose of fact finding of the case. The Shandong Court will issue its finding after consideration of all evidence, which is likely to take place in the later part of the year 2024. CACT maintains the view that the Claims are without merit and groundless.

For details, please refer to the announcements of the Company dated 1 September 2020, 7 January 2021, 21 May 2021 and 27 February 2023.

Crude oil (the Seram Island Non-Bula Block, Indonesia)

- CITIC Seram, an indirect wholly-owned subsidiary of the Company, owns a 41% participating interest in the PSC until 31 October 2039. CITIC Seram is the operator of the Seram Block.

As at 31 December 2023, in respect of the PSC, the Seram Block had estimated proved oil reserves of 2.7 million barrels (2022: 2.6 million barrels) as determined in accordance with the standards of the PRMS.

- During the year, the segment results of CITIC Seram recorded a profit of approximately HK$43.4 million (2022: HK$43.0 million). The following table shows a comparison of the performance of the Seram Block for the years stated:

		2023 (41%)	**2022 (41%)**		**Change**
Average benchmark end-market mean of Dated Brent crude oil	(US$ per barrel)	82.7	100.9	▼	18%
Platts Singapore (MOPS):					
Platts HSFO 180 CST Singapore	(US$ per barrel)	67.5	77.0	▼	12%
Platts HSFO 380 CST Singapore	(US$ per barrel)	66.1	72.8	▼	9%
Average crude oil realised price	(US$ per barrel)	57.9	84.9	▼	32%
Sales volume	(barrels)	151,000	167,000	▼	10%
Revenue	(HK$ million)	68.1	110.4	▼	38%
Total production	(barrels)	149,000	170,000	▼	12%
Daily production	(barrels)	409	466	▼	12%

An approximate 38% drop in revenue was a result of an approximate 32% decrease in the average crude oil realised price coupled with an approximate 10% decrease in the sales volume.

Production decreased by approximately 12% year-on-year due to natural decline of existing wells.

Cost of sales per barrel decreased by approximately 63% as compared to 2022, of which depreciation, depletion and amortisation per barrel decreased by approximately 282% due to the change in treatment of abandonment cost.

Under a stringent cost control program, only essential repairs and maintenance works have been deployed to maintain production level of existing wells.

In 2023, the Seram oilfield achieved a net profit attributable to ordinary shareholders of the Company of approximately HK$40.6 million, representing a year-on-year increase of approximately 121.9%.

- In January 2021, CITIC Seram was advised by SKK MIGAS (a special task force established by the government of the Republic of Indonesia to manage the upstream oil and gas business activities of the country) to offer a 10% participating interest under the PSC to MEA, a company owned and appointed by the local government of Maluku. MEA would set up a subsidiary to receive such 10% participating interest. Based on a letter issued by The Minister of Energy and Mineral Resources of Republic of Indonesia, the price for the 10% participating interest was 10% of the performance bond provided by the PSC at the time of extension. In March 2021, CITIC Seram submitted an offer letter to MEA and at the same time received letter of intent from MEA.

  In June 2023, CITIC Seram signed a transfer agreement in respect of the transfer of 10% participating interest in the PSC to MEA (or its subsidiary). The transfer is conditional on, among others, the approval from the relevant authority of the government of the Republic of Indonesia. As of the date of this report, the approval is still pending.

- In July 2022, CITIC Seram received tax assessment letters for the underpayment of the fiscal years 2017 and 2018 corporate income tax ("**CIT**") and branch profit tax ("**BPT**") including penalty totalling US$2.1 million. CITIC Seram settled this amount and lodged a tax objection letter to the Indonesia Tax Office in September 2022. In view of the ongoing legal proceedings, a provision in the amount of approximately HK$15,691,000 was made for the tax prepaid for prudence purpose.

- In July 2023, CITIC Seram was notified by the Indonesia Tax Office that the tax objection has been rejected. As a result, CITIC Seram initiated the legal process and appealed to the tax court in October 2023. As of the date of this report, the lawsuit is still undergoing.

- In December 2022, CITIC Seram commenced exploration activities in the Lofin-2 area and expected to commence natural gas production in February 2025.

Crude oil (the Hainan-Yuedong Block, China)

- CITIC Haiyue, an indirect wholly-owned subsidiary of the Company, owns a 90% interest in Tincy Group.

Pursuant to a petroleum contract entered into with CNPC in February 2004, as supplemented by an agreement signed in May 2010, Tincy Group holds the right to explore, develop and produce petroleum from the Hainan-Yuedong Block until 2034. Tincy Group is the operator of the Hainan-Yuedong Block in cooperation with CNPC.

As at 31 December 2023, the Yuedong oilfield had estimated proved oil reserves of 24.3 million barrels (2022: 27.0 million barrels) as determined in accordance with the standards of the PRMS.

- During the year, the segment results of CITIC Haiyue recorded a profit of HK$638.4 million (2022: HK$903.1 million), representing a year-on-year decrease of approximately 29%. The following table shows a comparison of the performance of the Yuedong oilfield for the years stated:

		2023	2022		
		(Tincy Group's share)			Change
Average benchmark quote: Platts Dubai crude oil	(US$ per barrel)	81.7	96.2	▼	15%
Average crude oil realised price	(US$ per barrel)	81.6	93.8	▼	12%
Sales volume	(barrels)	2,199,000	2,366,000	▼	7%
Revenue	(HK$ million)	1,406.2	1,743.7	▼	19%
Total production	(barrels)	2,147,000	2,340,000	▼	8%
Daily production	(barrels)	5,882	6,411	▼	8%

- An approximate 19% decrease in revenue was a result of an approximate 12% decrease in the average crude oil realised price coupled with an approximate 7% decrease in sales volume filtered from decrease in production when compared to 2022. Production decreased by approximately 8% as compared to 2022, which was mainly due to the increased flooding and the decrease of formation energy in the Yuedong oilfield. In order to minimize the impact of the flooding, various measures such as chemical water plugging was implemented in the Yuedong oilfield.

- Cost of sales per barrel increased by approximately 10% as compared to 2022, attributable to

  (a) an approximate 7% increase in depreciation, depletion and amortisation per barrel due to reduced production;

  (b) an approximate 13% increase in direct operating costs per barrel, which was mainly due to increased repairs and maintenance costs and well operation costs; and

  (c) the decrease in marginal output net of marginal cost, which was mainly due to the fact that the development of the oilfield has reached its middle stage of production. On the other hand, RMB, the functional currency of Tincy Group, has depreciated against Hong Kong dollar by approximately 5% during the year, reducing the negative impact from the increase in cost of sales.

- Under a stringent cost control program, only essential repairs and maintenance works have been deployed to maintain production level of existing wells. Application of new technologies will also be promoted to improve productivity in the Yuedong oilfield.

- As at 31 December 2023, a reversal of provision for impairment was made in respect of certain oil and gas properties of CITIC Haiyue and credited to "Other expenses, net" of approximately HK$249.7 million in the consolidated income statement.

Bauxite mining and alumina refining

- The Group has an interest in a world-class global portfolio of upstream mining and refining operations in the aluminium sector through 278,900,000 ordinary shares, representing 9.6117% equity interest (2022: same) in AWC, a leading Australian company listed on the ASX (Stock Code: AWC). Other subsidiaries of CITIC Limited have a total 9.3070% equity interest in AWC. AWC is treated as an investment in an associate of the Group. As at 31 December 2023, the investment cost of AWC amounted to approximately HK$3,291.9 million (2022: same), while the carrying amount of the investment in AWC was approximately 15.7% (2022: 22.4%) of the Group's total assets.

AWC has significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations through its 40% ownership of the Alcoa World Alumina and Chemicals joint venture ("**AWAC**"), the world's largest alumina producer. The investment in AWC is considered as strategic investment which aligned with the strategy of the Group's business.

- The Group accounts for its share of profit or loss in AWC using the equity method.

Share of loss of an associate	HK$112.5 million	(2022: share of profit HK$102.4 million).

The Group recorded a share of loss in respect of its interest in AWC during the year. This is mainly attributable to the lower quality of bauxite, therefore lower production volume and the higher cash costs of production.

During the year, no dividend was received from AWC (2022: HK$152.3 million).

Detailed financial results of AWC are available on its website at http://www.aluminalimited.com.

- As at 31 December 2023, there is a significant gap between the market value of the Group's investment in AWC compared to its carrying value by 32%. In accordance with HKFRSs, management had performed a recoverable value assessment for the asset and adopted a fair valuation approach using the volume weighted average share price of the investment at A$1.02 per share and a price premium of 20%, which reflects the actual worth of an asset more accurately. The value of the asset is derived fundamentally and is not solely determined by market forces. Based on the assessment result, the Group recorded a provision for impairment of HK$844.7 million (2022: 45.2 million) at year-end accordingly.

- As disclosed in the announcement of the Company dated 18 December 2023, the Western Australian Government (the "**WA Government**") has made decisions that will allow AWAC to continue bauxite mining and downstream alumina refining in Western Australia ("**WA**"). As of the date of this report, the WA Government has announced that it will approve AWAC's latest five year mine plan (known as the 2023-2027 Mining and Management Program (the "**MMP**")) for AWAC's Huntly and Willowdale bauxite mines. In addition, the WA Government has granted an exemption that will allow AWAC to continue its mining operations even if the WA Environmental Protection Authority ("**EPA**") decides to undertake a separate environmental impact assessment on all or parts of the MMP.

- On 26 February 2024, AWC has received an non-binding, indicative and conditional proposal from Alcoa Corporation to acquire 100% of the issue shares in AWC via a scheme of arrangement (the "Transaction"), for scrip consideration of 0.02854 shares of Alcoa common stock for each AWC share. Subsequently on 12 March 2024, AWC announced it has entered into a binding Scheme Implementation Deed to implement the Transaction. As of the date of this report, the Company is still considering and assessing this matter. For further details, please refer to the announcement of the Company dated 26 February 2024 and the announcement of AWC dated 12 March 2024.

  For further details of AWC, please refer to note 20 to the Financial Statements.

Crude oil and bitumen (the Karazhanbas oilfield, Kazakhstan)

- CITIC Oil & Gas, an indirect wholly-owned subsidiary of the Company, and JSC KazMunaiGas Exploration Production, through CCEL, jointly own, manage and operate KBM. Effectively, by holding 100,000 ordinary shares in CCEL (2022: same), the Group owns 50% of the issued voting shares of KBM (which represents 47.31% of the total issued shares of KBM). As at 31 December 2023, the investment cost of CCEL amounted to approximately HK$1,924.8 million (2022: same), while the carrying amount of the investment in CCEL was approximately 24.0% (2022: 19.1%) of the Group's total assets.

CCEL is an investment holding company and its operating subsidiaries are principally engaged in the development, production and sale of oil and holds the right to explore, develop, produce and sell oil from the Karazhanbas oilfield until 2035, production and sale of road bitumen and clarified oil, and provision of oilfield related services in Kazakhstan. The investment in CCEL is considered as strategic investment which aligned with the strategy of the Group's business.

As at 31 December 2023, the Karazhanbas oilfield had estimated proved oil reserves of approximately 130.4 million barrels (2022: 141.8 million barrels) as determined in accordance with the standards of the PRMS.

In 2023, the KBM oilfield achieved a net profit attributable to ordinary shareholders of the Company of approximately HK$398.4 million, representing a year-on-year increase of approximately 24.5%.

- The Company had previously resolved to dispose of its entire equity interest in CCEL held indirectly through a wholly-owned subsidiary of CITIC Oil & Gas and the shareholder's loans provided by CITIC Oil & Gas. The public tender for such proposed disposal on the Shanghai United Assets and Equity Exchange commenced in August 2022 with an initial tender price of approximately RMB1,922,560,800. The public tender has been terminated and withdrawn from the Shanghai United Assets and Equity Exchange in June 2023. For details, please refer to the announcements of the Company dated 8 December 2021, 26 August 2022, 28 October 2022 and 2 June 2023.

- In February 2023, KBM received the final tax audit results from the local tax authority in Kazakhstan, claiming for tax payment, penalties and late charges in the aggregate amount of approximately KZT39.10 billion (equivalent to approximately US$83.19 million) (the "**Audited Tax Claims**"). The Company has been informed that, having considered the advice from its legal counsel and tax advisor, KBM refutes the majority of the Audited Tax Claims primarily relating to the withholding tax on dividends paid to CCPL and the deductibility of certain fees and interests incurred by KBM. The disputed amount of the Audited Tax Claims in aggregate is approximately KZT37.40 billion (equivalent to approximately US$79.57 million). KBM has been working with its legal and tax advisers for initiating the procedures of administrative review against the final tax audit results. On 1 December 2023, it has been brought to the Company's attention that the Ministry of Finance of the Republic of Kazakhstan has issued the final results of the administrative review, and has decided to substantially waive and reduce the Audited Tax Claims from approximately KZT39.10 billion (equivalent to approximately US$83.19 million) to approximately KZT1.57 billion (equivalent to approximately US$3.34 million) (the "**Remaining Disputed Amount**"). KBM made an appeal to the Specialised Interdistrict Administrative Court of Astana for the Remaining Disputed Amount but the appeal was concluded and KBM is considering making a further appeal as at the date of this report. For further details, please refer to the announcements of the Company dated 27 February 2023 and 1 December 2023.

- The Group accounts for its share of profit or loss in CCEL using the equity method.

Share of profit of a joint venture	HK$398.4 million (2022: HK$320.1 million)	▲ 24%

The following table shows a comparison of the performance of the Karazhanbas oilfield for the years stated:

		2023 (50%)	2022 (50%)		Change
Crude oil					
Average benchmark end-market quotes:					
Urals Mediterranean crude oil	(US$ per barrel)	62.1	76.0	▼	18%
Dated Brent crude oil	(US$ per barrel)	82.7	100.9	▼	18%
Average crude oil realised price	(US$ per barrel)	67.2	75.8	▼	11%
Sales volume	(barrels)	6,158,000	6,287,000	▼	2%
Revenue	(HK$ million)	3,227.9	3,718.7	▼	13%
Total production	(barrels)	6,857,000	7,154,000	▼	4%
Daily production	(barrels)	18,800	19,600	▼	4%
Bitumen					
Average selling price	(US$/tonne)	248.6	183.5	▲	35%
Sales volume	(tonnes)	179,000	223,000	▼	20%
Revenue	(HK$ million)	346.5	318.8	▲	9%
Total production	(tonnes)	179,000	223,000	▼	20%

Revenue of crude oil decreased by approximately 13% when compared to 2022 due to an approximate 2% decrease in sales volume and an approximate 11% decrease in the average crude oil realised price. Revenue of bitumen increased by approximately 9% when compared to 2022 as a result of an approximate 20% decrease in sales volume of bitumen and an approximate 35% increase in the average selling price of bitumen. Production of crude oil and bitumen decreased by approximately 4% and 20%, respectively when compared to 2022. A decline in production due to the massive power supply failure and rationing in Kazakhstan.

In CCEL's consolidated income statement, "Cost of sales" includes MET while "Selling and distribution costs" includes export duty and rent tax. Different progressive rates are applied in respect of these taxes. The applicable rate of MET is determined by reference to production volume whereas the applicable rates of export duty and rent tax are determined by reference to average oil prices.

MET is charged on production volume on a quarterly basis at rates per tonne by reference to the average oil price for the quarter. Export duty is charged on export volume on a monthly basis at rates per tonne by reference to the average oil price for the month. Rent tax is charged on export volume on a quarterly basis at rates per US$ amount by reference to the average oil price for the quarter.

Cost of sales per barrel was increased by approximately 20% when compared to 2022, of which (a) direct operating costs per barrel increased by approximately 25% mainly as a result of an increase in wages and salaries; and (b) depreciation, depletion and amortisation per barrel increased by approximately 6%.

Selling and distribution costs per barrel decreased by approximately 22% when compared to 2022. As export duty and rent tax are charged at progressive rates which are determined by reference to average oil prices, export duty per barrel and rent tax per barrel decreased by approximately 1% and 50%, respectively, in line with decreases in average oil prices.

- As at 31 December 2023, a reversal of provision for impairment was recognised in respect of certain oil and gas properties of KBM and credited to "Reversal of impairment of items of property, plant and equipment" in CCEL's consolidated income statement. The Group's share was HK$201.4 million (2022: nil) (after tax expense) and the amount was credited to "Share of result of a joint venture" in the consolidated income statement of the Group.

Liquidity, financial resources and capital structure

Cash and Deposits

In 2023, the Group continues to maintain a strong financial position, with cash and deposits balances amounting to approximately HK$1,483.8 million as at 31 December 2023 (31 December 2022: HK$2,130.2 million).

Borrowings

As at 31 December 2023, the Group had total debt of approximately HK$1,830.7 million (31 December 2022: HK$2,644.4 million), which comprised:

- unsecured bank borrowings of approximately HK$1,009.9 million;
- unsecured other borrowings of approximately HK$780.0 million; and
- lease liabilities of approximately HK$40.8 million.

Most of the transactions in the Group's import and export of commodities business are debt-funded. However, in contrast to loans, these borrowings are self-liquidating, transaction-specific and of short durations, as well as match the terms of the underlying transactions. Upon receipt of sales proceeds following the completion of a transaction, the related borrowings would be repaid accordingly.

The Group's total debt decreased by approximately HK$813.7 million which was mainly due to the net repayment of bank borrowings amounted to approximately HK$801.6 million from its surplus cash during the year.

The Group aims to maintain the cash and deposits and undrawn banking facilities at US$225.0 million (equivalent to approximately HK$1,755.0 million) at a reasonable level to meet the debt repayments and capital expenditures in the coming year.

On 29 December 2022, the Company entered into a facility agreement with CITIC Finance International Limited (a fellow subsidiary of the Company) in respect of an unsecured 3-year revolving loan facility of US$150.0 million (equivalent to approximately HK$1,170.0 million) (the "**A Loan**"). The proceeds of the A Loan were used to refinance the prepayment of the remaining balance of US$110.0 million (equivalent to approximately HK$858.0 million) of a then existing loan. On 31 August 2023 and 29 September 2023, a partial prepayment of the A Loan in the aggregate amount of US$50.0 million (equivalent to approximately HK$390.0 million) was made by utilizing the Company's internal sources. As at 31 December 2023, the outstanding balance of the A Loan was US$100.0 million (equivalent to approximately HK$780.0 million).

In June 2021, a wholly-owned subsidiary of the Company entered into an unsecured 3-year committed US$200.0 million (equivalent to approximately HK$1,560.0 million) term loan facility agreement with China CITIC Bank International Limited (a fellow subsidiary of the Company) (the "**B Loan**"), effective from 24 June 2021. The proceeds of the B loan were mainly used for the prepayment of the remaining balance of a then existing loan. On 30 June 2023, the B loan was extended for 2 years to maturity on 30 June 2026. As at 31 December 2022, the outstanding balance of the B loan was US$168.8 million (equivalent to approximately HK$1,316.6 million). On 30 April 2023 and 30 June 2023, a partial prepayment of the B Loan in the amount of US$84.2 million (equivalent to approximately HK$663.0 million) were made by utilizing the Company's internal sources. As at 31 December 2023, the outstanding balance of the B Loan was US$84.6 million (equivalent to approximately HK$659.9 million).

On 22 May 2023, the Company entered into a facility agreement with Mizuho Bank, Ltd, Hong Kong branch and Bank of China (Hong Kong) Limited in respect of an unsecured 3-year committed US$100.0 million (equivalent to approximately HK$780.0 million) revolving loan facility (the "**C Loan**"). The proceeds of the C loan were used for operation expenses and refinancing purposes. As at 31 December 2023, the outstanding balance of the C Loan was HK$350.0 million.

The Group leases certain plant and machinery for its aluminium and coal mining operations under finance leases. The lease liabilities arising from these finance leases as at 31 December 2023 were approximately HK$13.2 million (31 December 2022: HK$14.2 million).

As at 31 December 2023, the Group's net debt to net total capital ratio was 4.2% (31 December 2022: 6.2%). Of the Group's total debt, approximately HK$374.7 million was repayable within one year, including trade finance and lease liabilities.

Share capital

There was no movement in the share capital of the Company in 2023.

Financial risk management

The Group's diversified business is exposed to a variety of risks, such as market risks (including foreign currency risk, price risk, interest rate risk and inflation risk), credit risk and liquidity risk. The management of such risks is dictated by a set of internal policies and procedures designed to minimise potential adverse effects to the Group. The policies and procedures have proved effective.

The Group enters into derivative transactions such as electricity hedge agreements. The purpose is to manage the price risk arising from the Group's operations.

Opinion

The Board is of the opinion that, after taking into account the existing available borrowing facilities and internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements.

Employees and Remuneration Policies

As at 31 December 2023, the Group had 195 full time employees, including management and administrative staff (31 December 2022: 206).

In addition, the Group would share the expenses of the subcontractor remuneration in respect of its investments as an operator (including the Seram Block, Indonesia and Hainan-Yuedong Block, China) and jointly owned investments (PAS and CMJV and some exploration rights), involving approximately 1,529 employees in total (2022: 1,548) and amounting to approximately HK$345.2 million (2022: HK$325.2 million).

The Group's remuneration policy seeks to provide fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance. Rent-free quarters are provided to some employees in Indonesia.

The employees of the Group's subsidiaries which operate in China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme.

The Group operates the following contribution retirement benefit schemes for its employees:

(a) a defined scheme under the superannuation legislation of Australia for those employees in Australia who are eligible to participate; and

(b) a defined scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate.

Contributions are made based on a percentage of the employees' basic salaries. The assets of the above schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into these schemes.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible persons.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The following is the unaudited pro forma financial information of CITIC Resources Holdings Limited and its subsidiaries (the "**Group**"), including the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Group and related notes (collectively, the "**Unaudited Pro Forma Financial Information**").

The Unaudited Pro Forma Financial Information has been prepared to illustrate the effect of the Previous Disposals and Disposal(s), as if the Previous Disposals and Disposal(s) had been taken place (i) on 1 January 2025 for the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows; and (ii) on 31 December 2025 for the unaudited pro forma consolidated statement of financial position.

The Unaudited Pro Forma Financial Information has been prepared by the Director based on the audited consolidated financial statements of the Group for the year ended 31 December 2025 as set out in the Company's published 2025 annual report, after making certain pro forma adjustments resulting from the Previous Disposals and Disposal(s) as described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Paragraph 4.29 of the Listing Rules for illustrative purpose only based on certain assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the actual financial position, financial performance and cash flows of the Group had the Previous Disposals and Disposal(s) been completed on 31 December 2025 or 1 January 2025, where applicable, or at any future dates. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict future financial position, financial performance and cash flows of the Group.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the consolidated financial statements of the Group as set out in the published annual report of the Company for the year ended 31 December 2025, and other financial information included elsewhere in this circular.

Unaudited pro forma consolidated statement of financial position of the Group

	Consolidated statement of financial position of the Group as at 31 December 2025	Pro forma adjustments				Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2025
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	(Note 1)	*(Note 2.1)*	*(Note 3.1)*	*(Note 4.1)*	*(Note 5)*	
Non-current assets						
Property, plant and equipment	3,600,187	–	–	–	–	3,600,187
Right-of-use assets	49,548	–	–	–	–	49,548
Mining assets	218,266	–	–	–	–	218,266
Exploration, evaluation and development expenditures	68,969	–	–	–	–	68,969
Investment in a joint venture	2,669,095	–	–	–	–	2,669,095
Financial asset at fair value through other comprehensive income	3,349,292	(1,605,924)	(799,473)	(943,895)	–	–
Prepayments, deposit and other receivables	20,462	–	–	–	–	20,462
Time deposits	154,976	–	–	–	–	154,976
Pension assets	16,280	–	–	–	–	16,280
	10,147,075	(1,605,924)	(799,473)	(943,895)	–	6,797,783
Current Assets						
Inventories	380,145	–	–	–	–	380,145
Trade receivables	293,767	–	–	–	–	293,767
Prepayments, deposits and other receivables	139,308	–	–	–	–	139,308
Derivative financial instruments	122,637	–	–	–	–	122,637
Cash and deposits	3,524,620	1,926,546	925,078	874,334	–	7,250,578
	4,460,477	1,926,546	925,078	874,334	–	8,186,435
Current liabilities						
Accounts payable	169,591	–	–	–	–	169,591
Tax payable	54,867	116,694	113,866	69,079	–	354,506
Accrued liabilities and other payables	714,403	–	–	–	1,300	715,703
Bank and other borrowings	1,718,950	–	–	–	–	1,718,950
Lease liabilities	22,835	–	–	–	–	22,835
Provision for long-term employee benefits	27,593	–	–	–	–	27,593
Provisions	26,043	–	–	–	–	26,043
	2,734,282	116,694	113,866	69,079	1,300	3,035,221
Net current assets	1,726,195	1,809,952	811,212	805,255	(1,300)	5,151,214
Total assets less current liabilities	11,873,270	203,928	11,739	(138,640)	(1,300)	11,948,997

	Consolidated statement of financial position of the Group as at 31 December 2025	Pro forma adjustments				Unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2025
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	(Note 1)	*(Note 2.1)*	*(Note 3.1)*	*(Note 4.1)*	*(Note 5)*	
Non-current liabilities						
Bank and other borrowings	1,718,950	–	–	–	–	1,718,950
Lease liabilities	22,686	–	–	–	–	22,686
Deferred tax liabilities	570,085	(20,508)	(76,184)	(89,947)	–	383,446
Provision for long-term employee benefits	23,924	–	–	–	–	23,924
Provisions	592,693	–	–	–	–	592,693
	2,928,338	(20,508)	(76,184)	(89,947)	–	2,741,699
NET ASSETS	8,944,932	224,436	87,923	(48,693)	(1,300)	9,207,298
Equity attributable to ordinary shareholders of the Company						
Issued capital	392,886	–	–	–	–	392,886
Reserves	8,397,638	224,436	87,923	(48,693)	(1,300)	8,660,004
	8,790,524	224,436	87,923	(48,693)	(1,300)	9,052,890
Non-controlling interests	154,408	–	–	–	–	154,408
TOTAL EQUITY	8,944,932	224,436	87,923	(48,693)	(1,300)	9,207,298

Unaudited pro forma consolidated income statement

	Consolidated income statement of the Group for the year ended 31 December 2025	Pro forma adjustments				Unaudited pro forma consolidated income statement of the Group for the year ended 31 December 2025
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	(Note 1)	*(Note 2.2)*	*(Note 3.2)*	*(Note 4.2)*	*(Note 5)*	
Revenue	14,964,872	–	–	–	–	14,964,872
Cost of sales	(14,525,103)	–	–	–	–	(14,525,103)
Gross Profit	439,769	–	–	–	–	439,769
Other income, gains and losses, net	279,201	–	–	–	–	279,201
General and administrative expenses	(226,996)	(893)	(445)	(525)	(1,300)	(230,159)
Other expenses, net	(33,212)	–	–	–	–	(33,212)
Finance costs	(113,817)	–	–	–	–	(113,817)
Provision for impairment of other receivables	(1,560)	–	–	–	–	(1,560)
Share of results of a joint venture	(75,392)	–	–	–	–	(75,392)
Profit before tax	267,993	(893)	(445)	(525)	(1,300)	264,830
Income tax expense	(75,613)	268	133	157	–	(75,055)
Profit for the year	192,380	(625)	(312)	(368)	(1,300)	189,775

Unaudited pro forma consolidated statement of comprehensive income of the Group

	Consolidated statement of comprehensive income of the Group for the year ended 31 December 2025	Pro forma adjustments				Unaudited pro forma consolidated statement of comprehensive income of the Group for the year ended 31 December 2025
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	(Note 1)	*(Note 2.2 and 2.3)*	*(Note 3.2 and 3.3)*	*(Note 4.2 and 4.3)*	*(Note 5)*	
Profit for the year	192,380	(625)	(312)	(368)	(1,300)	189,775
Other comprehensive income						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Cash flow hedges:						
Effective portion of changes in fair value of hedging instruments arising during the year, net of tax	12,783	–	–	–	–	12,783
Income tax effect	(3,835)	(3,835)				
Exchange differences on translation of foreign operations	(65,395)	–	–	–	–	(65,395)
Share of other comprehensive income of a joint venture	41,469	–	–	–	–	41,469
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:						
Financial asset at fair value through other comprehensive income:						
Fair value changes during the year	1,059,589	321,515	126,050	(69,036)	–	1,438,118
Income tax effect	(317,875)	(96,454)	(37,815)	20,711	–	(431,433)
Re-measurement loss on defined benefit plan	6,332	–	–	–	–	6,332
Income tax effect	(1,900)	–	–	–	–	(1,900)
Share of other comprehensive income of a joint venture	12,612	–	–	–	–	12,612
Other comprehensive income for the year, net of tax	743,780	225,061	88,235	(48,325)	–	1,008,751
Total comprehensive income for the year	936,160	224,436	87,923	(48,693)	(1,300)	1,198,526

Unaudited pro forma consolidated statement of cash flows of the Group

	Consolidated statement of cash flows of the Group for the year ended 31 December 2025	Pro forma adjustments				Unaudited pro forma consolidated statement of cash flows of the Group for the year ended 31 December 2025
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	(Note 1)	*(Note 2.2 and 2.3)*	*(Note 3.2 and 3.3)*	*(Note 4.2 and 4.3)*	*(Note 5)*	
Profit before tax	267,993	(893)	(445)	(525)	(1,300)	264,830
Adjustments for:						
Interest income	(138,537)	–	–	–	–	(138,537)
Transaction costs	–	893	445	525	–	1,863
Dividend income from a financial asset at fair value through other comprehensive income	(24,835)	–	–	–	–	(24,835)
Depreciation of property, plant and equipment	525,844	–	–	–	–	525,844
Depreciation of right-of-use assets	23,186	–	–	–	–	23,186
Amortisation of mining assets	19,455	–	–	–	–	19,455
Reversal for long-term employee benefits	(679)	–	–	–	–	(679)
Loss on disposal of items of property, plant and equipment, net	1,535	–	–	–	–	1,535
Provision for impairment of other receivables	1,560	–	–	–	–	1,560
Fair value gain on derivative financial instruments	(33,384)	–	–	–	–	(33,384)
Finance costs	113,817	–	–	–	–	113,817
Share of result of a joint venture	75,392	–	–	–	–	75,392
Changes in working capital:						
Changes in inventories	174,151	–	–	–	–	174,151
Changes in trade receivables	395,588	–	–	–	–	395,588
Changes in prepayments, deposits and other receivables	(52,177)	–	–	–	–	(52,177)
Changes in accounts payable	(581,122)	–	–	–	1,300	(579,822)
Changes in accrued liabilities and other payables	40,054	–	–	–	–	40,054
Changes in provisions	21,255	–	–	–	–	21,255
Cash generated from operations	829,096	–	–	–	–	829,096
Income tax paid	(146,009)	–	–	–	–	(146,009)
Net cash flows from operating activities	683,087	–	–	–	–	683,087

	Consolidated statement of cash flows of the Group for the year ended 31 December 2025	Pro forma adjustments				Unaudited pro forma consolidated statement of cash flows of the Group for the year ended 31 December 2025
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	(Note 1)	*(Note 2.2 and 2.3)*	*(Note 3.2 and 3.3)*	*(Note 4.2 and 4.3)*	*(Note 5)*	
Cash flows from investing activities						
Interest received	138,537	–	–	–	–	138,537
Dividend received from a financial asset at fair value through other comprehensive income	24,835	–	–	–	–	24,835
Proceeds from disposals the financial assets at fair value through other comprehensive income	–	1,927,439	925,523	874,859	–	3,727,821
Transaction costs	–	(893)	(445)	(525)	–	(1,863)
Additions to items of property, plant and equipment	(305,012)	–	–	–	–	(305,012)
Additions to mining assets	(3,624)	–	–	–	–	(3,624)
Additions to exploration, evaluation and development costs	(6,243)	–	–	–	–	(6,243)
Addition in time deposits with original maturity of more than one year	(20,259)	–	–	–	–	(20,259)
Changes in deposits with a fellow subsidiary	(799,985)	–	–	–	–	(799,985)
Net cash flows used in investing activities	(971,751)	1,926,546	925,078	874,334	–	2,754,207
Cash flows from financing activities						
Proceeds from bank borrowings	6,320,701	–	–	–	–	6,320,701
Repayments of bank borrowings	(5,041,186)	–	–	–	–	(5,041,186)
Principal portion of lease payments	(27,289)	–	–	–	–	(27,289)
Interest portion of lease liabilities	(5,261)	–	–	–	–	(5,261)
Dividend paid to shareholders	(204,290)	–	–	–	–	(204,290)
Finance charges paid	(53,681)	–	–	–	–	(53,681)
Net cash flows used in financing activities	988,994	–	–	–	–	988,994
Net increase in cash and cash equivalents	700,330	1,926,546	925,078	874,334	–	4,426,288
Cash and cash equivalents at beginning of year	942,819	–	–	–	–	942,819
Effect of foreign exchange rate changes, net	(7,142)	–	–	–	–	(7,142)
Cash and cash equivalents at end of year	1,636,007	1,926,546	925,078	874,334	–	5,361,965

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The amounts are extracted from the audited consolidated financial statements of the Group as set out in the published annual report of the Company for the year ended 31 December 2025.

2. The adjustment is to illustrate the disposal of 3,816,582 Alcoa Shares on 14 January 2026 and 15 January 2026 (New York time) by the Group at an average price of US$64.75 (equivalent to approximately HK$505.02) per Alcoa Share had been completed (i) on 1 January 2025 for the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows; and (ii) on 31 December 2025 for the unaudited pro forma consolidated statement of financial position.

   2.1 The impacts on the unaudited pro forma consolidated statement of financial position are calculated as follows:

      (i) The Group would recognise a decrease in financial asset at fair value through other comprehensive income of HKD1,605,924,000 for the disposal of 3,816,582 Alcoa Shares and an increase in cash and deposit of HK$1,926,546 which is calculated as follows:

	HKD
Disposal price	505.02
Number of disposal shares	3,816,582
	HKD'000
Cash proceeds from the disposal	1,927,439
Less: associated transaction cost for the disposal	(893)
	1,926,546

The increase in reserve is calculated as follows:

	HKD
Fair value of 3,816,582 Alcoa Shares being disposed of	1,927,439
Less: carrying amount of 3,816,582 Alcoa Shares as at 31 December 2025	(1,605,924)
Change in fair value of 3,816,582 Alcoa Shares	321,515
Less: associated transaction cost for the disposal	(893)
Less: tax effect for the change in fair value after the transaction cost	(96,186)
	224,436

(ii) The increase in tax payable represented capital gain tax of 30% in Australia payable upon the disposal of 3,816,582 Alcoa Shares and is calculated as follows:

	HKD'000
Proceeds from the disposal	1,927,439
Less: initial cost of Alcoa Shares being disposed of	(1,095,809)
	831,630
Capital gain tax @ 30% thereon	249,489
Less: income tax effect recognised for associated transaction cost	(268)
Less: utilisation of deferred tax assets on capital loss recognised in the prior years	(132,527)
	116,694

(iii) The decrease in deferred tax liabilities is calculated as follows:

	HKD'000
Deferred tax liabilities recognised for cumulative fair value gain of 3,816,582 Alcoa Shares as at 31 December 2025	153,035
Less: utilisation of deferred tax assets on capital loss recognised in the prior years	(132,527)
	20,508

2.2 The impacts on the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated statement of cash flows are calculated as follows:

	HKD'000
Associated transaction cost for the disposal	893
Less: income tax effect	(268)
	625
Decrease in cash flow from investing activities	893

This adjustment is not expected to have a continuing effect on the Group.

2.3 The impacts on the unaudited pro forma statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows are calculated as follows:

	HKD'000
Fair value of 3,816,582 Alcoa Shares being disposed of	1,927,439
Less: carrying amount of 3,816,582 Alcoa Shares as at 1 January 2025	(1,097,870)
Less: fair value change of 3,816,582 Alcoa Shares which has already been recognised for the year ended 31 December 2025	(508,054)
Pro forma adjustment for the fair value change of 3,816,582 Alcoa Shares being disposed of	321,515
Less: income tax effect	(96,454)
	225,061
Increase in cash flow from investing activities	1,927,439

This adjustment is not expected to have a continuing effect on the Group.

3. The adjustment is to illustrate the disposal of 1,900,000 Alcoa Shares on 4 March 2026 (New York time) at an average price of US$62.451 (equivalent to approximately HK$487.12) per Alcoa Share had been completed (i) on 1 January 2025 for the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows; and (ii) on 31 December 2025 for the unaudited pro forma consolidated statement of financial position.

3.1 The impacts on the unaudited pro forma consolidated statement of financial position are calculated as follows:

(i) The Group would recognise a decrease in financial asset at fair value through other comprehensive income of HKD799,473,000 for the disposal of 1,900,000 Alcoa Shares and an increase in cash and deposit of HK$925,078,000 which is calculated as follows:

	HKD
Disposal price	487.12
Number of disposal shares	1,900,000
	HKD'000
Cash proceeds from the disposal	925,523
Less: associated transaction cost for the disposal	(445)
	925,078

The increase in reserve is calculated as follows:

	HKD
Fair value of 1,900,000 Alcoa Shares being disposed of	925,523
Less: carrying amount of 1,900,000 Alcoa Shares as at 31 December 2025	(799,473)
Change in fair value of 1,900,000 Alcoa Shares	126,050
Less: associated transaction cost for the disposal	(445)
Less: tax effect for the change in fair value after the transaction cost	(37,682)
	87,923

(ii) The increase in tax payable represented capital gain tax of 30% in Australia payable upon the disposal of 1,900,000 Alcoa Shares and is calculated as follows:

	HKD'000
Proceeds from the disposal	925,523
Less: initial cost of Alcoa Shares being disposed of	(545,524)
	379,999
Capital gain tax @ 30% thereon	113,999
Less: income tax effect recognised for associated transaction cost	(133)
	113,866

(iii) The decrease in deferred tax liabilities represented the realisation of deferred tax liabilities recognized as at 31 December 2025 for cumulative unrealised fair value gain of 1,900,000 Alcoa Shares.

3.2 The impacts on the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated statement of cash flows are calculated as follows:

	HKD'000
Associated transaction cost for the disposal	445
Less: income tax effect	(133)
	312
Decrease in cash flow from investing activities	445

This adjustment is not expected to have a continuing effect on the Group.

3.3 The impacts on the unaudited pro forma statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows are calculated as follows:

	HKD'000
Fair value of 1,900,000 Alcoa Shares being disposed of	925,523
Less: carrying amount of 1,900,000 Alcoa Shares as at 1 January 2025	(546,550)
Less: fair value change of 1,900,000 Alcoa Shares which has already been recognised for the year ended 31 December 2025	(252,923)
Pro forma adjustment for the fair value change of 1,900,000 Alcoa Shares being disposed of	126,050
Less: income tax effect	(37,815)
	88,235
Increase in cash flow from investing activities	925,523

This adjustment is not expected to have a continuing effect on the Group.

4 The adjustment is to illustrate the proposed disposal(s) of 1,691,918 Alcoa CDIs (in which one Alcoa CDI can be transmuted into one Alcoa Share) and 551,306 Alcoa Shares at Minimum Selling Price of US$50 (equivalent to approximately HK$390) per Alcoa Share had been completed (i) on 1 January 2025 for the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows; and (ii) on 31 December 2025 for the unaudited pro forma consolidated statement of financial position.

4.1 The impacts on the unaudited pro forma consolidated statement of financial position are calculated as follows:

(i) The Group would recognise a decrease in financial asset at fair value through other comprehensive income of HKD943,895,000 for the disposal of 1,691,918 Alcoa CDIs and 551,306 Alcoa Shares and an increase in cash and deposit of HK$874,334,000 which is calculated as follows:

	HKD
Disposal price	390.00
Number of disposal CDI and shares	2,243,224
	HKD'000
Cash proceeds from the disposal	874,859
Less: associated transaction cost for the disposal	(525)
	874,334

The decrease in reserve is calculated as follows:

	HKD
Fair value of 1,91,918 Alcoa CDIs and 551,306 Alcoa Shares being disposed of	874,859
Less: carrying amount of 1,91,918 Alcoa CDIs and 551,306 Alcoa Shares as at 31 December 2025	(943,895)
Change in fair value of 1,91,918 Alcoa CDIs and 551,306 Alcoa Shares	(69,036)
Less: associated transaction cost for the disposal	(525)
Add: tax effect for the change in fair value after the transaction cost	20,868
	(48,693)

(ii) The increase in tax payable represented capital gain tax of 30% in Australia payable upon the disposal of 1,691,918 Alcoa CDIs and 551,306 Alcoa Shares and is calculated as follows:

	HKD'000
Proceeds from the disposal at Minimum Selling Price	874,859
Less: initial cost of Alcoa CDIs and Alcoa Shares being disposed of	(644,070)
	230,789
Capital gain tax @ 30% thereon	69,236
Less: income tax effect recognised for associated transaction cost	(157)
	69,079

(iii) The decrease in deferred tax liabilities represented the realisation of deferred tax liabilities recognized as at 31 December 2025 for cumulative unrealised fair value gain of 1,691,918 Alcoa CDIs and 551,306 Alcoa Shares.

4.2 The impacts on the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated statement of cash flows are calculated as follows:

	HKD'000
Associated transaction cost for the disposal	525
Less: income tax effect	(157)
	368
Decrease in cash flow from investing activities	525

This adjustment is not expected to have a continuing effect on the Group.

4.3 The impacts on the unaudited pro forma statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows are calculated as follows:

	HKD'000
Fair value of 1,691,918 Alcoa CDIs and 551,306 Alcoa Shares being disposed of	874,859
Less: carrying amount of 1,691,918 Alcoa CDIs and 551,306 Alcoa Shares as at 1 January 2025	(645,283)
Less: fair value change of 1,691,918 Alcoa CDIs and 551,306 Alcoa Shares which has already been recognised for the year ended 31 December 2025	(298,612)
Pro forma adjustment for the fair value change of 1,691,918 Alcoa CDIs and 551,306 Alcoa Shares being disposed of	(69,036)
Less: income tax effect	20,711
	(48,325)
Increase in cash flow from investing activities	874,859

This adjustment is not expected to have a continuing effect on the Group.

5. The adjustment represents the estimated professional fees in relation to the Disposal Mandate for the Disposal amounting to approximately HK$1,300,000. This adjustment is not expected to have a continuing effect on the Group.

6. Except as disclosed above, no other adjustments have been made to reflect the effect of any trading results or other transactions of the Group entered into subsequent to 31 December 2025.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CITIC RESOURCES HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of CITIC Resources Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2025 and the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025 and related notes as set out in Part A of Appendix IV to the circular dated 24 June 2026 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix IV to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the disposal of all equity interests in the Alcoa Corporation (the "**Disposal**") on the Group's financial position as at 31 December 2025 and the Group's financial performance and cash flows for the year ended 31 December 2025 as if the Disposal had taken place at 31 December 2025 and 1 January 2025, respectively. As part of this process, information about the Group's financial position as at 31 December 2025 and the Group's financial performance and cash flows for the year ended 31 December 2025 has been extracted by the Directors from the consolidated financial statements of the Company for the year then ended, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2025 or 1 January 2025 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
24 June 2026

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in this circular, the omission of which would make any statement herein or this circular misleading.

The issuance of this circular has been approved by the Directors.

2. DISCLOSURE OF DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Hong Kong Listing Rules, and which have been notified to the Company and the SEHK are as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Name of interest	Number of ordinary shares	Number of underlying shares pursuant to share options	Percentage of the total issued share capital of the Company
Mr. Chan Kin ("**Mr. Chan**")	Interest of controlled corporation	786,558,488*	–	10.01
Mr. Lu Dequan	Beneficial Owner	908,000	–	0.01

* *The figure represents an attributable interest of Mr. Chan through his interest in Argyle Street Management Holdings Limited ("***ASM Holdings***"). Mr. Chan is a significant shareholder of ASM Holdings.*

Long positions in shares and underlying shares of associated corporations of the Company

Name of Director	Nature of associated corporation	Shares/equity derivatives	Number of shares/ equity derivatives held	Nature of interest	Percentage of the total issued share capital of the Company
Mr. Hao Weibao	CITIC Limited	Ordinary shares	62,000	Beneficial owner	–

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required, pursuant to the Model Code, to be notified to the Company and the SEHK.

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DISCLOSURE OF INTEREST OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors, the persons or entities who had or was deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company carrying rights to vote in all circumstances at general meetings of the Company are as follows:

Name	Capacity/Nature of Interest	Number of Shares	Percentage of the total issued share capital of the Company
中國中信集團有限公司 (CITIC Group Corporation)	Interest of controlled corporation	4,675,605,697 (1)	59.50
CITIC Limited	Interest of controlled corporation	4,675,605,697 (2)	59.50
CITIC Corporation Limited	Interest of controlled corporation	4,675,605,697 (3)	59.50
CITIC Projects Management (HK) Limited	Interest of controlled corporation	3,895,083,904 (4)	49.57
Keentech Group Limited	Beneficial owner	3,895,083,904 (5)	49.57
CITIC Australia Pty Limited	Beneficial owner	750,413,793 (6)	9.55
Argyle Street Management Holdings Limited	Interest of controlled corporation	786,558,488 (7)	10.01
Argyle Street Management Limited	Interest of controlled corporation	786,558,488 (8)	10.01
ASMH (Cayman) Limited	Interest of controlled corporation	786,558,488 (8)	10.01
ASM Connaught House General Partner Limited	Interest of controlled corporation	786,558,488 (9)	10.01
ASM Connaught House Fund LP	Interest of controlled corporation	786,558,488 (10)	10.01
ASM Connaught House General Partner II Limited	Interest of controlled corporation	786,558,488 (11)	10.01

Name	Capacity/Nature of Interest	Number of Shares	Percentage of the total issued share capital of the Company
ASM Connaught House Fund II LP	Interest of controlled corporation	786,558,488 (12)	10.01
ASM Connaught House (Master) Fund II LP	Interest of controlled corporation	786,558,488 (13)	10.01
Sea Cove Limited	Interest of controlled corporation	670,155,121 (14)	8.53
TIHT Investment Holdings III Pte Ltd.	Beneficial owner	670,155,121 (15)	8.53

Note:

(1) The figure represents an attributable interest of 中國中信集團有限公司 (CITIC Group Corporation) ("**CITIC Group**") through its interest in CITIC Limited. CITIC Group is a company established in China.

(2) The figure represents an attributable interest of CITIC Limited through its interest in CITIC Corporation Limited ("**CITIC Corporation**"). CITIC Limited, a company incorporated in Hong Kong and listed on the Main Board of the Stock Exchange (Stock Code: 267), is owned as to 27.52% by CITIC Polaris Limited ("**CITIC Polaris**") and 25.60% by CITIC Glory Limited ("**CITIC Glory**"). CITIC Polaris and CITIC Glory, companies incorporated in the BVI, are direct wholly-owned subsidiaries of CITIC Group.

(3) The figure represents an attributable interest of CITIC Corporation through its interest in CITIC Projects Management (HK) Limited ("**CITIC Projects**"), CITIC Australia Pty Limited ("**CA**") and Fortune Class Investments Limited ("**Fortune Class**"). Fortune Class holds 30,108,000 shares representing 0.38% of the total issued share capital of the Company. CITIC Corporation, a company established in China, is a direct wholly-owned subsidiary of CITIC Limited. Fortune Class, a company incorporated in the BVI, is an indirect wholly-owned subsidiary of CITIC Corporation.

(4) The figure represents an attributable interest of CITIC Projects through its interest in Keentech Group Limited ("**Keentech**"). CITIC Projects, a company incorporated in the BVI, is a direct wholly-owned subsidiary of CITIC Corporation.

(5) Keentech, a company incorporated in the BVI, is a direct wholly-owned subsidiary of CITIC Projects.

(6) CA, a company incorporated in Australia, is a direct wholly-owned subsidiary of CITIC Corporation.

(7) The figure represents an attributable interest of Argyle Street Management Holdings Limited ("**ASM Holdings**") through its interest in Argyle Street Management Limited ("**ASM Limited**"). ASM Holdings is a company incorporated in the BVI.

(8) The figure represents an attributable interest of ASM Limited through its control of, by virtue of its position as investment manager of, ASM Connaught House Fund LP ("**ASM Fund LP**"), ASM Connaught House Fund II LP ("**ASM Fund II**") and ASM Connaught House (Master) Fund II LP ("**ASM (Master) Fund II**"). ASM Limited, a company incorporated in the BVI, is a direct wholly-owned subsidiary of ASM Holdings.

(9) The figure represents an attributable interest of ASMH (Cayman) Limited through its interest in ASM Connaught House General Partner Limited ("**ASM General Partner**") and ASM Connaught House General Partner II Limited ("**ASM General Partner II**"). ASM Holdings is a company incorporated in the Cayman Islands.

(10) The figure represents an attributable interest of ASM General Partner through its role as general partner of ASM Connaught House Fund LP ("**ASM Fund LP**"). ASM General Partner, a company incorporated in the Cayman Islands, is a direct wholly-owned subsidiary of ASMH (Cayman) Limited.

(11) The figure represents an attributable interest of ASM Fund LP through its interest in Albany Road Limited ("**Albany**"). Albany, a company incorporated in the BVI, is a direct wholly-owned subsidiary of ASM Fund LP.

(12) The figure represents an attributable interest of ASM General Partner II through its role as general partner in ASM Connaught House (Master) Fund II LP ("**ASM (Master) Fund II**").

(13) The figure represents an attributable interest of ASM Fund II through its interest in ASM (Master) Fund II.

(14) The figure represents an attributable interest of ASM (Master) Fund II through its interest in Caroline Hill Limited ("**Caroline**"). Caroline, a company incorporated in the BVI, is a direct wholly-owned subsidiary of ASM (Master) Fund II.

(15) The figure represents an attributable interest of Sea Cove Limited ("**Sea Cove**") through its interest in TIHT Investment Holdings III Pte. Ltd. ("**TIHT**"). Sea Cove, a company incorporated in the BVI, is owned as to more than one-third of the total issued share capital by Caroline and more than one-third of the total issued share capital by Albany.

(16) TIHT, a company incorporated in Singapore, is a direct wholly-owned subsidiary of Sea Cove.

(17) The information in the above table is based on information publicly available to the Company as at the Latest Practicable Date.

(18) The numbers in the above table have been subject to rounding adjustments. Any discrepancies in the numbers are due to roundings.

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, other than service contracts expiring or terminable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Group were made up.

6. DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

7. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, the following director of the Company was considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, pursuant to the Hong Kong Listing Rules as set out below:

Name of Director	Entity ("Entity") whose business is considered to compete or likely to compete with the business of the Group	Description of business of the Entity	Nature of interest of the Director in the Entity
Mr. Hao Weibao	CITIC Metal Group Limited	Commodity Trading and Mining	Chairman

As the Board is independent of the board of the above-mentioned Entity and the above director of the Company cannot control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of this Entity.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective close associates (as defined under the Hong Kong Listing Rules) had interest in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. LITIGATION

As at the Latest Practicable Date, save for the proceedings disclosed below, no member of the Group was engaged in any litigation or claims of material importance, nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group:

(a) the legal claims commenced by Weihai City Weihai Bank in the People's High Court of Shandong Province against, amongst others, a wholly-owned subsidiary of the Company, CACT, in relation to three letters of credit (US$28.4 million) issued in favour of CACT as payment for sale by CACT to Qingdao Decheng Minerals Co., Ltd of certain quantity of aluminium stored at bonded warehouses at Qingdao Port, China.

In December 2020, the Shandong Court issued a First Instance Judgment and ruled that CACT is not liable for Weihai's losses as there is no evidence of any intention to commit fraud on the part of CACT. Weihai subsequently submitted an appeal to the SPC, appealing against the decision of the Shandong Court.

On 12 December 2022, the SPC held that the Shandong Court did not clearly ascertain the facts of the Claims based on the evidence made available at the lower court; the SPC ordered that the First Instance Judgment be rescinded and the cases be referred back to the Shandong Court for a retrial. CACT has engaged local counsel in China to defend the Claims accordingly.

A hearing was held at the Shandong Court on 10 January 2024 and CACT submitted to the court all requisite evidence for the purpose of fact finding of the case. On 30 July 2024, the Shandong Court issued a first-instance judgment, remanding the case for retrial. The court ruled that CACT did not commit letter of credit fraud and bore no fault for the losses suffered by Weihai Bank. However, based on equitable considerations, CACT was ordered to compensate Weihai Bank of approximately RMB1.15 million. In August 2024, both Weihai Bank and CACT lodged appeals separately. The case is now under further review by the SPC.

CACT maintains the view that the Claims are without merit and groundless.

9. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, there was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company or any of its subsidiaries which are or may be material.

10. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Wat Chi Ping Isaac. He became a qualified solicitor in Hong Kong and in England and Wales in November 1998 and March 1999, respectively. He has over 23 years of legal and compliance experience from private practice in law firms as well as serving as company counsels in renowned multinational companies and Chinese Central Government-owned enterprises.

(b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business is at Suites 6701-02 & 08B, 67/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

(c) The branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) Unless otherwise stated, all references to times and dates in this circular refer to Hong Kong times and dates.

11. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained or referred to in this circular:

Name	Qualification
KPMG	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which they are included. As at the Latest Practicable Date, the above expert is not beneficially interested in the share capital of any member of the Group and does not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. In addition, the above expert does not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2025 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Suites 6701-02 & 08B 67/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the by-laws of the Company;

(b) the annual reports of the Company for three years ended 31 December 2025, 2024 and 2023;

(c) the report on the unaudited pro forma financial information of our Group from KPMG, the text of which is set out in Appendix IV to this circular;

(d) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix; and

(e) this circular.

中信資源控股有限公司
CITIC Resources Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1205)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the "**SGM**") of CITIC Resources Holdings Limited (the "**Company**") will be held at Suites 6701-02 & 08B, 67/F., International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Wednesday, 15 July 2026 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

1. the disposals (the "**Disposal(s)**") by the Company and/or its subsidiary in the open market of the New York Stock Exchange up to (i) 1,691,918 units of beneficial ownership in an Alcoa Share (as defined below) registered in the name of CHESS Depositary Nominees Pty Ltd, a wholly-owned subsidiary of the Australian Securities Exchange ("**CDN**") or held by CDN in the form of beneficial ownership and (ii) 551,306 shares of common stock in the capital of Alcoa Corporation, a company incorporated in Delaware and whose shares are listed on the New York Stock Exchange ("**Alcoa Shares**") in aggregate by CITIC Resources Australia Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability and a wholly-owned subsidiary of the Company ("**CRA**") during the period of 12 months from the date of passing of this resolution (unless revoked or varied by ordinary resolution of the shareholders in general meeting of the Company) (the "**Mandate Period**") at a minimum selling price of US$50 per Alcoa Shares be and are hereby approved; and

2. any directors of the Company (the "**Directors**") be and are hereby authorized and empowered to determine, decide, execute and implement with full discretion all matters relating to the Disposal(s) from time to time during the Mandate Period, including but not limited to, the number of batches of disposals, the number of Alcoa Shares to be sold in each disposal, the timing of each disposal, the manner of disposal, and the selling price (subject to the parameters set out above) and to do all such acts and things, including but not limited to, execution of all documents which the Directors deem necessary, appropriate or desirable to implement and give full effect to the Disposal and the transactions contemplated thereunder or in connection with the exercise of the Disposal."

By Order of the Board
CITIC Resources Holdings Limited
Wat Chi Ping Isaac
Company Secretary

Hong Kong, 24 June 2026

Notes:

1. The register of members of the Company will not be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the SGM to be held on Wednesday, 15 July 2026. However, in order to qualify for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 9 July 2026.

2. Any member of the Company entitled to attend and vote at the SGM is entitled to appoint a proxy or, if holding two or more Shares, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company but must be present at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.

3. A form of proxy for use at the SGM is enclosed.

4. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be returned to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the SGM (or any adjournment or postponement thereof). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM (or any adjournment or postponement thereof) should you so wish and, in such event, the proxy shall be deemed to be revoked.

5. If there are joint registered holders of a Share, any one of such joint holders may vote at the SGM, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders is present at the SGM in person or by proxy, that one of the joint holders so present whose name stands first in the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.

6. No refreshments will be served and there will be no distribution of corporate gifts.

7. The SGM will be conducted in Mandarin.

8. If there is a tropical cyclone warning signal No. 8 or above, a "black" rainstorm warning or "extreme conditions" announced by the Government of the Hong Kong Special Administrative Region is in force in Hong Kong at or at any time after 9:30 a.m. on the date of the SGM, the meeting will be postponed or adjourned. The Company will post an announcement on the websites of the Stock Exchange and the Company (https://resources.citic/) to notify Shareholders of the date, time and place of the rescheduled meeting.

   The SGM will be held as scheduled when an "amber" or "red" rainstorm warning is in force. Shareholders should make their own decision as to whether they would attend the meeting in person under bad weather conditions, taking into account their own situations.