

# December 2022 Half-Year Financial Results

**RECORD HALF-YEAR OPERATING PERFORMANCE AND STRONG LITHIUM MARKET CONDITIONS UNDERPIN \$1.24B NET PROFIT AND INAUGURAL DIVIDEND PAYMENT**

## HIGHLIGHTS

<b>Production</b> - 309,255 dry metric tonnes ( <b>dmt</b> ) of spodumene concentrate (1H FY22: 169,235 dmt).	<b>83%</b> from 1H FY22	↑
<b>Shipments</b> - 286,876 dmt of spodumene concentrate (1H FY22: 170,228 dmt).	<b>68%</b> from 1H FY22	↑
<b>Sales</b> - average realised sales price <sup>1</sup> of US\$4,993/dmt ~SC5.4 basis (CIF China) (1H FY22: US\$1,232/dmt).	<b>305%</b> from 1H FY22	↑
<b>Sales revenue</b> - \$2.18 billion (1H FY22: \$291.7 million), supporting a substantial 959% increase in gross margin <sup>2</sup> to \$1.85 billion (1H FY22: \$174.3 million).	<b>647%</b> from 1H FY22	↑
<b>Earnings</b> - EBITDA <sup>2</sup> \$1.81 billion, before depreciation and amortisation costs of \$47.7 million, tax expense of \$533.0 million, and net financing income of \$11.0 million (1H FY22: EBITDA of \$152.1 million).	<b>1,091%</b> from 1H FY22	↑
<b>Profit</b> - statutory net profit after tax of \$1.24 billion (1H FY22: statutory profit of \$114.0 million).	<b>989%</b> from 1H FY22	↑
<b>Cash balance</b> - \$2.23 billion, a \$1.63 billion improvement against the cash balance of \$591.7 million as at 30 June 2022. 31 December 2022 net cash <sup>2</sup> position of \$2.08 billion after secured debt of \$147.8 million (30 June 2022: \$431.9 million).	<b>\$1.63B</b> since June 22	↑
<b>Inaugural dividend (interim fully-franked)</b> to shareholders, with the payment of \$329.8 million to be paid in late March 2023.	<b>11 cents</b> per share	

<sup>1</sup> Average US\$ realised price for the FY23 half year based on a ~5.4% average product grade (CIF China). Equivalent SC6.0 CIF China price for the half-year was US\$5,570/dmt. The SC6.0 CIF China price is an industry accepted reference price. The actual concentrate grade delivered to customers is generally less than 6% lithia content ranging between 5.0% to 6.0% lithia, in which case the actual price received is adjusted pro-rata to the 6% reference price.

<sup>2</sup> To provide additional insight into the business, the Company uses unaudited non-IFRS measures such as "gross margin", "EBITDA", and "net cash". Reconciliations of these amounts to IFRS measures are provided in the "FY23 Half Year Results" presentation lodged on the ASX platform on 23 February 2023.

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Pilbara Minerals Limited (ASX: PLS) (**Pilbara Minerals or the Company**) is pleased to announce a net profit after tax of \$1.24 billion for the half-year to 31 December 2022 (**half-year**), allowing it to declare an inaugural fully-franked interim dividend of 11 cents per share.

**Table 1: 1H FY23 Operational Highlights**

OPERATIONS	UNIT	H1 FY23	H1 FY22	CHANGE
Spodumene concentrate produced	dmt	<b>309,255</b>	169,235	83%
Spodumene concentrate shipped	dmt	<b>286,876</b>	170,228	68%
Average realised selling price <sup>1</sup>	CIF China (\$US/dmt)	<b>\$4,993</b>	\$1,232	305%
Unit operating cost <sup>3</sup> (FOB Port Hedland, excl royalties)	(\$/dmt)	<b>\$595</b>	\$476	(25%)
Unit operating cost <sup>3</sup> (CIF <sup>4</sup> China)	(\$/dmt)	<b>\$1,136</b>	\$666	(70%)

**Table 2: 1H FY23 Financial Highlights**

EARNINGS	UNIT	H1 FY23	H1 FY22	CHANGE
Revenue	\$ million	<b>2,180.1</b>	291.7	647%
EBITDA <sup>2</sup>	\$ million	<b>1,811.5</b>	152.1	1091%
NPAT	\$ million	<b>1,241.9</b>	114.0	989%
Basic EPS	cents/share	<b>41.59</b>	3.87	975%

The profit result was underpinned by a record operating performance from the world-class Pilgangoora Project, as well as continued positive pricing conditions for spodumene concentrate as global demand for lithium raw materials continued to grow.

A total of 309,255 dmt of spodumene concentrate (1H FY22: 169,235 dmt) was produced following the successful ramp-up of the Ngungaju Plant to nameplate capacity during the September 2022 Quarter. Production was further enhanced following the adoption of a production and marketing strategy that focused on maximising sales volumes by deliberately targeting a lower product grade to optimise product yield and maximise concentrate production.

A 647% increase in sales revenue to \$2.18 billion (1H FY22: \$291.7 million) was realised from the sale of 286,876 dmt of spodumene concentrate (1H FY22: 170,228 dmt) at an average realised price<sup>1</sup> of ~US\$4,993/dmt (1H FY22: US\$1,232/dmt), which in turn delivered a \$1.67 billion (or 959%) increase in the gross margin from operations<sup>2</sup> to \$1.85 billion (1H FY22: \$174.3 million).

<sup>3</sup> Unit operating costs (FOB Port Hedland excluding royalties) includes mining, processing, transport, native title costs, port charges and site based general and administration costs and are net of Ta<sub>2</sub>O<sub>5</sub> by-product credits. It is calculated on an incurred basis (inclusive of accruals) and includes inventory movements and credits associated with capitalised deferred mine waste development costs.

<sup>4</sup> Cost, insurance and freight.

An average unit operating cost<sup>3</sup> (FOB Port Hedland and excluding royalties) of \$595/dmt was achieved for the half-year (1H FY22: \$476/dmt), reflecting labour shortages in the WA mining industry, an elevated strip ratio to support further investment in mining activities, supply chain disruptions, as well as general inflationary cost pressures. The unit operating cost (CIF China) including freight and royalty costs<sup>5</sup> was \$1,136/dmt (1H FY22: \$666/dmt), with significantly higher selling prices translating to substantially higher royalty costs.

The strong operational performance provided the foundation for a significant increase in EBITDA to \$1.81 billion (1H FY22: \$152.1 million), after allowing for corporate and administration costs (\$16.5 million) and investments in exploration and feasibility works (\$12.5 million).

Pilbara Minerals posted a substantial half-year net profit after tax of \$1.24 billion (1H FY22: \$114.0 million), after incurring \$47.7 million in depreciation and amortisation costs, recording net financing income of \$11.0 million following investment of cash reserves, and recognising a tax expense of \$533.0 million (effective tax rate: 30%). This profit for the half-year represents an earnings per share of 41.59 cents.

As well as supporting a substantial improvement in EBITDA, the strong operational performance has further bolstered the Company's financial strength, which is reflected in a \$1.63 billion increase in the 31 December 2022 cash position to \$2.23 billion (30 June 2022: \$591.7 million). Pilbara Minerals' net cash<sup>2</sup> position after allowing for secured debt, was \$2.08 billion as at 31 December 2022.

### Inaugural Interim Dividend

Following the outstanding financial result for the half-year, Pilbara Minerals has declared an inaugural fully-franked interim dividend of 11 cents per share to shareholders, with the \$329.8 million payment to be paid in late March 2023. This follows the release of the Company's Capital Management Framework (and dividend policy) in November 2022, and represents a dividend payout ratio of 30% of free cash flow<sup>6</sup> applied to the half-year financial results, as contemplated within the Framework. Details of the dividend include:

- **Dividend amount** – 11 cents per share fully franked
- **Ex-dividend date** - 2 March 2023
- **Record date** - 3 March 2023
- **Payment date** - 24 March 2023

Commenting on the half-year results, Pilbara Minerals' Managing Director and CEO, Dale Henderson said:

*"This is an exceptional financial result. Our record operational performance, along with the positive supply and demand dynamics being experienced in the lithium market has enabled us to deliver a landmark \$1.24 billion net profit for the half-year.*

<sup>5</sup> Royalty costs include a 5% state government royalty on the FOB selling price, a 1% native title royalty on the FOB selling price, as well as a 5% private royalty on the FOB selling price which is applied to a part of the resource/reserve acquired following the Altura Lithium Operation acquisition.

<sup>6</sup> Free cash flow is defined as statutory cashflow from operating activities less tax paid/payable less sustaining capital (inclusive of capitalised waste mine development).



*“The strong cash generation from the Pilgangoora Project has further strengthened the Company’s balance sheet, putting us in an enviable position with \$2.23 billion in the bank as at 31 December 2022 – a \$1.63 billion increase on the prior corresponding period.*

*“This result has enabled the Board to declare an inaugural fully franked interim dividend of 11 cents per share. This is a huge milestone for Pilbara Minerals, and we are very pleased to be able to reward our shareholders who have had faith and stuck with us over the journey.*

*“This strong financial performance provides the Company a great platform, supporting our growth and diversification strategy to become a leading, sustainable battery materials supplier.*

*“On behalf of the Board, I would like to acknowledge the exceptional hard work, dedication and tireless efforts of everyone across the Pilbara Minerals team and our many business partners who have also contributed to these outcomes. These achievements would not have been possible without the collective commitment, teamwork and shared belief. This collective team spirit is growing a truly great home-grown Australian Company.*

*“The Company and its stakeholders are poised to continue to thrive. The combination of a world-class asset, operating expertise and team spirit is coming together and delivering into a growing market. The stage is set for Pilbara Minerals to take massive growth steps in the months and years ahead. This is just the beginning.”*

*Release authorised by Dale Henderson, Pilbara Minerals Limited’s Managing Director and CEO.*

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## IMPORTANT INFORMATION - UPDATING DIRECT CREDIT DETAILS

The interim dividend will be paid to Australian and New Zealand shareholders by way of direct credit only.

Pilbara Minerals strongly encourages all investors in Australia and New Zealand to update their Australian or New Zealand banking details online through Computershare's Investor Centre website at [www.computershare.com.au/easyupdate/PLS](http://www.computershare.com.au/easyupdate/PLS). Alternatively, you may contact Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). Payments will be made in the currency of the bank account which is recorded on the register as at the Record Date, 3 March 2023.

## FORWARD LOOKING STATEMENTS

This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein.

All references to dollars (\$) and cents in this announcement are to Australian currency, unless otherwise stated.

## ABOUT PILBARA MINERALS

Pilbara Minerals is the leading ASX-listed lithium company, owning 100% of the world's largest, independent hard-rock lithium operation. Located in Western Australia's resource-rich Pilbara region, the Pilgangoora Project and Operation produces a spodumene and tantalite concentrate. The significant scale and quality of the operation has attracted a consortium of high quality, global partners including Ganfeng Lithium, General Lithium, POSCO, CATL and Yibin Tianyi.

While it continues to deliver a low-cost, quality spodumene to market, Pilbara Minerals is pursuing a growth and diversification strategy to become a sustainable, low-cost lithium producer and fully integrated lithium raw materials and chemicals supplier in the years to come.

Through execution of this strategy, Pilbara Minerals is positioned to become a major player in the rapidly growing lithium supply chain, underpinned by increasing demand for clean energy technologies such as electric vehicles and energy storage as the world pursues a sustainable energy future.