4260856 Canada Inc.

Financial Statements and Related Notes As of March 31, 2021

(Unaudited)

4260856 Canada Inc.

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CERTIFICATION

I, Stephanie Rauls, have reviewed the attached unaudited standalone financial statements for 4260856 Canada Inc. and certify that the information included therein accurately reflects the financial position of 4260856 Canada Inc. as of March 31, 2021 and the results of its operations for the year then ended.

By: Stephanie Rauls
Name: Stephanie Rauls
Title: Chief Accounting Officer & Controller
Date: May 19, 2021

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4260856 Canada Inc.

STATEMENT OF OPERATIONS (unaudited)

(In thousands)

	Year Ended March 31,	
	2021	**2020**
Dividend income — related parties	$ (17,265)	$ (18,985)
Other Expense (Income), net	(210)	474
	(17,475)	(18,511)
Income before income tax provision	17,475	18,511
Income tax provision	511	1,092
Net income (loss)	$ 16,964	$ 17,419

See accompanying notes to financial statements.

4260856 Canada Inc.

STATEMENT OF COMPREHENSIVE (LOSS) INCOME (unaudited)

(In thousands)

	Year Ended March 31,	
	2021	**2020**
Net income (loss)	$ 16,965	$ 17,419
Comprehensive income (loss)	$ 16,965	$ 17,419

See accompanying notes to financial statements.

4260856 Canada Inc.

BALANCE SHEET (unaudited)

(In thousands, except number of shares)

	March 31,	
	2021	**2020**
ASSETS		
Current assets		
Cash and cash equivalents	$ 1	$ 1
Total current assets	1	1
Investment in subsidiary	58,879	58,879
Total assets	$ 58,880	$ 58,880
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accrued expenses and other current liabilities	$ 875	$ 1,228
Total current liabilities	875	1,228
Total liabilities	$ 875	$ 1,228
Shareholder's equity		
Common stock, no par value; unlimited number of shares authorized; 100 shares issued and outstanding as of March 31, 2021 and 2020	-	-
Additional paid–in capital	183,970	183,970
Accumulated deficit	(125,965)	(126,318)
Total shareholder's equity	58,005	57,652
Total liabilities and shareholder's equity	$ 58,880	$ 58,880

See accompanying notes to financial statements.

4260856 Canada Inc.

STATEMENT OF CASH FLOWS (unaudited)

(In thousands)

	Year Ended March 31,	
	2021	**2020**
OPERATING ACTIVITIES		
Net income (loss)	$ 16,964	$ 17,419
Other current liabilities	(353)	166
Net cash provided by operating activities	16,611	17,585
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Dividends paid	(16,611)	(17,585)
Net cash (used in) financing activities	(16,611)	(17,585)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents — beginning of period	1	1
Cash and cash equivalents — end of period	$ 1	$ 1
Supplemental Disclosure:		
Income taxes paid	$ 863	$ 926

See accompanying notes to financial statements.

4260856 Canada Inc.

STATEMENT OF SHAREHOLDER'S EQUITY (unaudited)

(In thousands, except number of shares)

	Common Shares		Additional Paid-in	Accumulated	Total
	Shares	**Amount**	**Capital**	**Deficit**	**Equity**
Balance as of March 31, 2019	100	$ -	$ 183,970	$ (126,152)	$ 57,818
Net loss	-	-	-	17,419	17,419
Dividends Paid	-	-	-	(17,585)	(17,585)
Balance as of March 31, 2020	100	-	183,970	(126,318)	57,652
Net income	-	-	-	16,964	16,964
Dividends Paid	-	-	-	(16,611)	(16,611)
Balance as of March 31, 2021	100	$ -	$ 183,970	$ (125,965)	$ 58,005

See accompanying notes to financial statements.

4260856 Canada Inc.

NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

References herein to the "Company," "we," "our," or "us" refer to 4260856 Canada Inc. unless the context specifically indicates otherwise.

Organization and Description of Business.

4260856 Canada Inc. was formed in Canada on November 10, 2004. All 4260856 Canada Inc. common shares are directly held by Novelis Inc. (Canada). The Company's functional and reporting currency is United States Dollar (USD).

Use of Estimates and Assumptions

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires us to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as on the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The principal areas of judgment relate to tax uncertainties and valuation allowances. Future events and their effects cannot be predicted with certainty, and accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. We evaluate and update our assumptions and estimates on an ongoing basis and may employ outside experts to assist in our evaluations. Actual results could differ from the estimates we have used.

Basis of Presentation

These financial statements have been prepared to satisfy the reporting requirements of the ultimate parent company, Hindalco Industries Limited, for the sole purpose of complying with the Companies Act, 2013 ("The 2013 Act"). In accordance with Sections 136 and 137 of The 2013 Act, it is required to present separate subsidiary financial statements, and Section 137 further requires entities with foreign subsidiaries to submit individual financial statements of such foreign subsidiaries along with its own standalone and consolidated financial statements. Thus, the results of the Company's separate financial statements are included in the consolidated financial statements of our direct parent, Novelis Inc. and our ultimate parent, Hindalco Industries Limited, and those consolidated financial statements are publicly available.

U.S. GAAP requires that wholly-owned subsidiaries, majority-owned subsidiaries over which we exercise control, entities in which we have a controlling financial interest and entities for which we are deemed to be the primary beneficiary be consolidated. The books and records of 4260856 Canada Inc. are prepared and recorded under U.S. GAAP. Accordingly, we have presented these financial statements on a standalone unconsolidated basis, which is a deviation from U.S. GAAP as it is not feasibly possible to present these statements in another basis of accounting other than books and records of the subsidiary. Otherwise, these separate financial statements are prepared in accordance with U.S. GAAP. These statements have not been audited, as there is no local jurisdictional requirement to present audited standalone subsidiary financial statements. When applicable, Investments in subsidiaries are presented using the cost method.

Risks and Uncertainties

We are exposed to a number of risks in the normal course of our operations that could potentially affect our financial position, results of operations, and cash flows.

Cash and Cash Equivalents

"Cash and cash equivalents" includes investments that are highly liquid and have maturities of three months or less when purchased. The carrying values of cash and cash equivalents approximate their fair value due to the short-term nature of these instruments.

Investments in Subsidiaries

For purposes of these standalone financial statements, we account for our investments in subsidiaries using the cost method. See Note 2 - Investments in Subsidiaries and Related Party Transactions for further discussion.

Income Taxes

We account for income taxes using the asset and liability method. This approach recognizes the amount of income taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequence of events recognized in the financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates. Under ASC 740, *Income Taxes* (ASC 740), a valuation allowance is required when it is more likely than not that some portion of the deferred tax assets will not be realized. Realization is dependent on generating sufficient taxable income through various sources.

Operating Guarantees

We have issued guarantees on behalf of certain of Novelis Inc.'s subsidiaries. The indebtedness guaranteed is for trade accounts payable to third parties. Some of the guarantees have annual terms while others have no expiration and have termination notice requirements. Neither we nor any of the other subsidiaries hold any assets of any third parties as collateral to offset the potential settlement of these guarantees.

2. INVESTMENTS IN SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

The following table summarizes our ownership percentage of our subsidiaries in which we have an investment as of March 31, 2021 and March 31, 2020 (in thousands) using the cost method.

	March 31,		Participation
	2021	2020	
Novelis Korea Limited	$ 58,879	$ 58,879	40.74%

Below is the dividend income related to the investment we have in our subsidiary, which is shown as related party in the accompanying statement of operations (in thousands).

	March 31,	
	2021	2020
Dividend Income - related party	$ 17,264	$ 18,985

3. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

"Accrued expenses and other current liabilities" consists of the following (in thousands).

	March 31,	
	2021	**2020**
Accrued witholding tax	$ 875	$ 1,228
Accrued expenses and other current liabilities - third party	$ 875	$ 1,228

4. Debt

Guarantees of Indebtedness

On September 14, 2016, Novelis Corporation issued $1.5 billion in aggregate principal amount of 5.875% Senior Notes Due 2026 (the 2026 Notes). The 2026 Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries.

In January 2020, Novelis Corporation issued $1.6 billion in aggregate principal amount of 4.75% Senior Notes due 2030 (the 2030 Notes, together with the 2026 Notes, the Notes). The 2030 Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries.

In March 2021, Novelis Sheet Ingot GmbH, an indirect wholly owned subsidiary of Novelis Inc., organized under the laws of Ireland, issued €500 million in aggregate principal amount 3.375% Senior Notes due 2029 (the "2029 Senior Notes" and together with the 2026 Senior Notes and the 2030 Senior Notes, the "Senior Notes"). The 2030 Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries.

The Notes contain customary covenants and events of default that will limit our ability and, in certain instances, the ability of certain of our subsidiaries to (1) incur additional debt and provide additional guarantees, (2) pay dividends or return capital beyond certain amounts and make other restricted payments, (3) create or permit certain liens, (4) make certain asset sales, (5) use the proceeds from the sales of assets and subsidiary stock, (6) create or permit restrictions on the ability of certain of the Company's subsidiaries to pay dividends or make other distributions to the Company, (7) engage in certain transactions with affiliates, (8) enter into sale and leaseback transactions, (9) designate subsidiaries as unrestricted subsidiaries and (10) consolidate, merge or transfer all or substantially all of our assets and the assets of certain of our subsidiaries. During any future period in which either Standard & Poor's Ratings Group, Inc. or Moody's Investors Service, Inc. have assigned an investment grade credit rating to the Notes and no default or event of default under the indenture has occurred and is continuing, most of the covenants will be suspended. The Notes include a cross-acceleration event of default triggered if (1) any other indebtedness with an aggregate principal amount of more than $100 million is (1) accelerated prior to its maturity or (2) not repaid at its maturity. The Senior Notes also contain customary call protection provisions for our bondholders that extend through September 2024 for the 2026 Senior Notes, through April 2025 for the 2029 Notes, and through January 2028 for the 2030 Senior Notes.

5. INCOME TAXES

We used the benefits-for-loss method of tax allocation so that net operating losses are characterized as realized (or realizable).

We are subject to Canadian and local income taxes. The domestic (Canada) components of our "Income before income taxes" are as follows (in thousands).

	Year Ended March 31,	
	2021	2020
Domestic (Canada)	$ 17,475	$ 18,511
Pre-tax income	$ 17,475	$ 18,511

The components of the "Income tax benefit (provision)" are as follows (in thousands), which are related to withholding taxes.

	Year Ended March 31,	
	2021	2020
Current (benefit) provision:		
Domestic (Canada)	$ 510	$ 1,092
Total current	510	$ 1,092
Deferred (benefit) provision:		
Domestic (Canada)	-	-
Total deferred	-	-
Income tax benefit (provision)	$ 510	$ 1,092

Deferred Income Taxes

Deferred income taxes recognize the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for income tax purposes, and the impact of available net operating loss (NOL) and tax credit carryforwards. These items are stated at the enacted tax rates that are expected to be in effect when taxes are actually paid or recovered.

At March 31, 2021 the Company had no total deferred tax assets arising from net operating losses. The Company had total deferred tax assets of approximately $125 thousand at March 31, 2020.

ASC 740 requires that we reduce our deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. After consideration of all evidence, both positive and negative, management concluded that no valuation allowance was necessary as of March 31, 2021.

It is reasonably possible that our estimates of future taxable income may change within the next 12 months, resulting in a change to the valuation allowance.

As of March 31, 2021, we had no net operating loss carryforwards, which will be available to offset future taxable income. As of March 31, 2021, no valuation allowance had been recorded against the net operating loss carryforwards, where it appeared more likely than not that such benefits will not be realized.

As of March 31, 2020, we had net operating loss carryforwards of approximately $125 thousand (tax effected), which will be available to offset future taxable income. The carryforwards begin expiring in fiscal 2026. As of March 31, 2020, a valuation allowance of $125 thousand had been recorded against the net operating loss carryforwards, where it appeared more likely than not that such benefits will not be realized. The net operating loss carryforwards are located in Canada.

The Company has not provided deferred taxes on undistributed earnings of its non-domestic subsidiaries, as the Company does not currently plan to initiate any action that would result in these earnings being repatriated. It is not practicable to determine the income tax liability that would be payable if such earnings were not reinvested indefinitely.