Novelis Italia SpA

Financial Statements as at 31 March 2021

Company's data	
Registered office	Bresso
Tax code no.	04598460964
Rea (Administrative Economic Register) no.	MILANO - MONZA - BRIANZA - LODI 1760001
VAT no.	04598460964
Share capital (in € units)	53,856,000.00 fully paid-up
Legal status	Company limited by shares
ATECO (Economic Activities' Classification) code	244200
Company in liquidation	No
Company with sole shareholder	No
Company subject to the management and co-ordination activities	Yes
Name of the company or body, which carries out the management and co-ordination activities	Hindalco Industries Ltd
Member of a corporate group	Yes
Group company's name	Hindalco Industries Ltd
Group company's country	India
Enrolled in the Register of Cooperatives under no.	

All amounts are expressed in euros

Financial Statements as at 31 March 2021

BALANCE SHEET

ASSETS	31-03-2021	31-03-2020
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL OWED		
Total receivables from shareholders for payments still owed (A)	0	0
B) NON-CURRENT ASSETS		
I - Intangible assets		
4) Concessions, licences, trademarks and similar rights	47,133	53,773
7) Other	27,086	34,601
Total intangible assets	74,219	88,374
II - Property, plant and equipment		
1) Land and buildings	21,058,959	21,994,200
2) Plant and machinery	34,116,563	32,651,243
3) Industrial and commercial equipment	524,278	550,323
4) Other assets	2,000,724	931,375
5) Assets under construction and advances paid	2,860,486	4,129,074
Total property, plant and equipment	60,561,010	60,256,215
III - Financial assets		
1) Equity investments		
d-bis) other companies	2,522	3,215
Total equity investments	2,522	3,215
2) Trade and Other Receivables		
d-bis) due from others		
after 12 months	404,508	404,508
Total due from others	404,508	404,508
Total trade and other receivables	404,508	404,508
Total financial assets	407,030	407,723
Total non-current assets (B)	**61,042,259**	**60,752,312**
C) CURRENT ASSETS		
I) Inventories		
1) Raw materials, supplies & consumables	7,591,202	10,570,926
2) Work in progress and semi-finished products	17,011,169	15,156,874
4) Finished products and goods for resale	16,634,140	17,214,078
Total inventories	41,236,511	42,941,878
II) Receivables		
1) Trade receivables		
within 12 months	15,652,735	12,416,456
Total trade receivables	15,652,735	12,416,456
5) Due from companies under the control of parent companies		
within 12 months	2,916,742	6,577,491
Total due from companies under the control of parent companies	2,916,742	6,577,491
5-bis) Tax receivables		
within 12 months	265,540	354,870

after 12 months	2,955,645	2,690,915
Total tax receivables	3,221,185	3,045,785
5-quater) Due from others		
within 12 months	1,930,181	2,364,515
Total due from others	1,930,181	2,364,515
Total receivables	23,720,843	24,404,247
III – Current financial assets		
5) Derivative assets	3,790,944	1,043,348
Total current financial assets	3,790,944	1,043,348
IV - Cash and cash equivalents		
1) Banks and post office accounts	4,731,521	3,864,362
3) Cash on hand	822	1,249
Total cash and cash equivalents	4,732,343	3,865,611
Total current assets (C)	**73,480,641**	**72,255,084**
D) ACCRUED INCOME AND PREPAID EXPENSES	**467,223**	**451,924**
TOTAL ASSETS	**134,990,123**	**133,459,320**

LIABILITIES	**31-03-2021**	**31-03-2020**
A) SHAREHOLDERS' EQUITY		
I – Share capital	53,856,000	53,856,000
II – Share premium reserve	0	0
III – Revaluation reserve	0	0
IV – Legal reserve	0	0
V – Statutory reserves	0	0
VI - Other reserves, shown separately		
Amounts paid-in for future capital increase	10,000,000	10,000,000
Total other reserves	10,000,000	10,000,000
VII – Reserve for expected cash flow hedging	0	0
VIII - Retained earnings (accum, losses) carried forward	(3,515,904)	(54,788)
IX - Net income (loss) for the year	7,100,532	(3,461,116)
X – Negative reserve for own shares in portfolio	0	0
Total Shareholders' equity (A)	**67,440,628**	**60,340,096**
B) PROVISIONS FOR RISKS AND CHARGES		
1) Retirement benefit obligations	409,795	404,882
3) Derivative liabilities	723,653	5,200,394
4) Others	559,464	324,144
Total provisions for risks and charges (B)	**1,692,912**	**5,929,420**
C) STAFF LEAVING INDEMNITY (TFR)	**2,295,314**	**2,616,321**
D) PAYABLES		
5) Other financial debt		
within 12 months	4,625,926	4,136,846
Total other financial debt	4,625,926	4,136,846
7) Trade payables		
within 12 months	30,092,919	30,765,661
Total trade payables	30,092,919	30,765,661
11) Due to parent companies		
within 12 months	92,467	205,341

Total due to parent companies	92,467	205,341
11-bis) Due to companies under the control of parent companies		
within 12 months	23,884,835	25,177,867
Total due to companies under the control of parent companies	23,884,835	25,177,867
12) Tax payable		
within 12 months	901,626	285,466
Total tax payable	901,626	285,466
13) Due to insurance and pension institutes		
within 12 months	1,063,371	1,301,420
Total due to insurance and pension institutes	1,063,371	1,301,420
14) Other payables		
within 12 months	2,681,692	2,700,882
Total other payables	2,681,692	2,700,882
Total payables (D)	**63,342,836**	**64,573,483**
E) ACCRUED LIABILITY AND DEFERRED INCOME	**218,433**	**0**
TOTAL LIABILITIES	**134,990,123**	**133,459,320**

INCOME STATEMENT

INCOME STATEMENT	31-03-2021	31-03-2020
A) VALUE OF PRODUCTION (REVENUE):		
1) Revenues from sales and rendering of services	194,849,582	233,277,409
2) Change in inventories of work in progress, semi-finished and finished products	1,274,357	(4,322,285)
5) Other revenues and income		
Grants related to income	33,272	10,452
Miscellaneous	1,186,453	3,451,642
Total other revenues and income	1,219,725	3,462,094
Total value of production (revenue)	**197,343,664**	**232,417,218**
B) PRODUCTION COSTS:		
6) Raw, ancillary and consumable materials	129,631,681	166,900,606
7) Costs of services	30,642,110	33,472,822
8) Leases and rentals	1,031,757	1,099,208
9) Personnel costs:		
a) Wages and salaries	16,077,391	17,102,565
b) Social security contributions	5,942,349	6,592,479
c) Staff leaving indemnity	1,186,330	1,217,090
e) Other costs	688,146	808,685
Total personnel costs	23,894,216	25,720,819
10) Amortisation, depreciation and write-downs:		
a) Amortisation of intangible assets	21,258	29,547
b) Depreciation of property, plant and equipment	6,663,824	6,378,575
d) Write-downs of receivables included under current assets and cash and cash equivalents	3,672	107,165
Total amortisation, depreciation and write-downs	6,688,754	6,515,287
11) Change in inventories of raw, ancillary, and consumable materials	2,979,725	(1,565,119)
14) Other operating expenses	1,098,780	1,096,707
Total production costs	**195,967,023**	**233,240,330**
Difference between production value and cost (A-B)	**1,376,641**	**(823,112)**
C) FINANCIAL INCOME AND CHARGES:		
16) Other financial income:		
d) Income other than the foregoing		
Others	20	0
Total income other than the foregoing	20	0
Total other financial income	20	0
17) Interest and other financial charges		
- companies under the control of parent companies	81,599	106,649
Others	179,339	238,881
Total interest and other financial charges	260,938	345,530
17-bis) Exchange gains and losses	37,370	33,006
Total financial income and charges (C) (15+16-17+-17-bis)	**(223,548)**	**(312,524)**
D) VALUATION ADJUSTMENTS TO FINANCIAL ASSETS:		
18) Revaluations:		
d) of derivative financial instruments	6,049,075	0
Total revaluations	6,049,075	0
19) Write-downs:		

d) of financial derivative instruments	0	(2,250,676)
Total write-downs	0	(2,250,676)
Total valuation adjustments to financial assets (18-19)	**6,049,075**	**(2,250,676)**
PRE-TAX RESULT (A-B+-C+-D)	**7,202,168**	**(3,386,312)**
20) Current and deferred income taxes for the year		
Current taxes	101,792	15,144
Prior years' taxes	(156)	(40,617)
Deferred tax assets and liabilities	0	100,277
Total current and deferred income taxes for the year	101,636	74,804
21) INCOME (LOSS) FOR THE YEAR	**7,100,532**	**(3,461,116)**

CASH FLOW STATEMENT – INDIRECT METHOD

	Current period	Prior period
A. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (INDIRECT METHOD)		
Income (loss) for the year	7,100,532	(3,461,116)
Income taxes	101,636	74,804
Interest expense/(interest income)	260,918	345,530
(Capital gains)/capital losses from disposals of assets	96,190	77,673
1. Income / (loss) for the year before income taxes, interest, dividends and capital gains and losses from disposals	7,559,276	(2,963,109)
Adjustments for non-monetary items, which do not have counterpart in net working capital		
Charge to the provisions	632,844	4,931,071
Amortisation/depreciation	6,685,082	6,408,122
Increase/(Decrease) in other adjustments for non-monetary items	0	0
Total adjustments for non-monetary items, which do not have counterpart in net working capital	7,317,926	11,339,193
2. Cash flows before changes in net working capital	14,877,202	8,376,084
Changes in net working capital		
Decrease/(Increase) in inventories	1,705,367	2,757,166
Decrease/(Increase) in trade receivables	(3,236,279)	8,051,130
Increase/(Decrease) in trade payables	(834,799)	(4,855,165)
Decrease/(Increase) in accrued income and prepaid expenses	(15,299)	(226,064)
Increase/(Decrease) in accrued liability and deferred income	218,433	0
Other decreases / (Other increases) in net working capital	8,261,136	(4,627,186)
Total changes in net working capital	6,098,559	1,099,881
3. Cash flows after changes in net working capital	20,975,761	9,475,965
Other adjustments		
Interest received/(paid)	(260,918)	(345,530)
(Utilisation of provisions)	(5,190,359)	(1,249,772)
Total other adjustments	(5,451,277)	(1,595,302)
Cash flows from (used in) operating activities (A)	15,524,484	7,880,663
B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Property, plant and equipment		
(Investments)	(6,894,564)	(5,758,096)
Disinvestments	50	0
Intangible assets		
(Investments)	(15,341)	(34,635)
Financial assets		
(Investments)	0	(6,564)
Disinvestments	693	0
Current financial assets		
(Investments)	(2,747,596)	(89,516)
Cash flows from (used in) investing activities (B)	(9,656,758)	(5,888,811)

C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Borrowed funds		
New loans	489,080	0
(Loan repayment)	(5,490,074)	(2,482,182)
Own funds		
Cash flows from (used in) financing activities (C)	(5,000,994)	(2,482,182)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	866,732	(490,330)
Cash and cash equivalents at the beginning of the year		
Banks and post office accounts	3,864,362	4,354,624
Cash on hand	1,249	1,317
Total cash and cash equivalents at the beginning of the year	3,865,611	4,355,941
Cash and cash equivalents at the end of the year		
Banks and post office accounts	4,731,521	3,864,362
Cash on hand	822	1,249
Total cash and cash equivalents at the end of the year	4,732,343	3,865,611

Notes to the Financial Statements as at 31 March 2021

PREAMBLE

The financial year ending 31 March 2021 closed with a net income of € 7,100,532 after depreciation/amortisation of € 6,685,082 and the charge for income taxes of € 101,636.
Particular mention should be made of the fact that the activity has been affected by the COVID-19 virus pandemic as detailed below.

Business carried out

Pursuant to Art. 2428 of the Italian Civil Code, the aluminium rolling and recycling activities have been carried out in the Bresso registered office, the Pieve Emanuele plant, as well as the San Martino Buon Albergo (VR) and Campi Bisenzio (FI) Distribution Centres.

Group structure

The Company is controlled by the Novelis Inc. Group, based in the USA, through the English subsidiary Novelis Europe Holdings Limited. In May 2007, the Aditya Birla Group, which is one of the main industrial groups in India, acquired the majority of the share capital of the Group parent Novelis Inc.. Therefore the Company is subject to the management and co-ordination of Hindalco Industries Ltd, company belonging to the Aditya Birla Group, which deals with the production and marketing of metals.

Below is presented the latest available data relating to the consolidated financial statements of Hindalco Industries Ltd (in $ millions):

	Financial year as at 31 March 2020
Fixed assets	12,863
Other assets	3,805
Total assets	16,668
Current liabilities	8,927
Deferred taxes	0
Minority interests	1
Shareholders' equity	7,740
Total liabilities and shareholders' equity	16,668
	Financial year as at 31 March 2020
Net revenues	16,664
Costs	-14,640
Operating result before taxes and other items	2,024
Other revenues	127
Other costs	-724
Interest	-592
Other items	1
	836
less: Income taxes	304
Net result	532

For an adequate and complete understanding of the financial position and results of operations of the Hindalco Industries Ltd Group at 31 March 2020, reference should be made to the financial statements of the above mentioned (available on the website: www.hindalco.com).

BASIS OF PREPARATION

These Financial Statements as at 31 March 2021 were prepared in accordance with the regulations laid down in the Italian Civil Code, as amended by Legislative Decree no. 139/2015, interpreted and supplemented by the accounting principles promulgated by the Organismo Italiano di Contabilità (the Italian Accounting Standards Committee).

These Financial Statements comprise the Balance Sheet (as prepared in compliance with the outline of presentation required by Articles 2424 and 2424 bis of the Italian Civil Code), the Income Statement (as prepared in compliance with the outline of presentation required by Articles 2425 and 2425 bis of the Italian Civil Code) and the Cash Flow Statement (whose content, pursuant to Art. 2425-ter of the Italian Civil Code, is presented in accordance with OIC accounting principle no. 10, and these Notes to the Financial Statements, drawn up in compliance with Art. 2427 of the Italian Civil Code.

These Notes to the Financial Statements analyse and supplement the financial statements data with the additional information required to give a true and fair view of the data provided, taking into consideration that no departures have been made pursuant to Arts. 2423 and 2423-bis of the Italian Civil Code.

The items not expressly reported in the Balance Sheet and in the Income Statement, as contemplated by Arts. 2424 and 2425 of the Italian Civil Code, have a zero balance.

For information relating to the nature of the business activities and all the relationships with associated companies, parent companies and other companies under the control of the latter, please refer to the Directors' Report.

It is also declared that the financial statements are correct from a formal and substantial point of view and give a true and fair view of the financial position and results of operations of the Company.
Please refer to the Directors' Report for information on Art. 2428 of the Italian Civil Code.

GOING CONCERN

The Company closed the financial year with a net income of € 7,100,532. As outlined in the preamble, this result has been influenced by the negative impact of the COVID-19 virus. In this circumstance, the Directors have reviewed the Company's five-year plan for the period 2021-2025 and concluded that, on the basis of the measures taken and implemented, the Financial Statements can be prepared according to the principle of going-concern.
The prospective assessment on the going concern assumption has neither reported significant uncertainties, nor identified reasonable reasons that may lead to the termination of the activity.

ACCOUNTING PRINCIPLES

The items in the Financial Statements have been valued in accordance with the general criteria of prudence, accrual and on a going concern basis as well as by taking account of the substance of the transaction or of the contract.
The valuations have been undertaken in accordance with the provisions set forth in Art. 2426 of the Italian Civil Code and the accounting standards as contemplated by the Organismo Italiano di Contabilità (the Italian Accounting Standards Committee).
The application of the principle of prudence requires each asset and liability item to be valued on an

individual basis so as not to offset losses that should be recognised against profits that should not be recognised, as they have not been realised.
In accordance with the accrual basis, the effect of the operations and other events was accounted for and attributed to the year such operations and events refer to, and not to the year in which the relative movements took place (receipts and payments).
Taking into account the substance of the transaction or of the contract, the valuation expressing the principle of prevalence of substance over form - compulsory where not expressly in contrast with other specific regulations on the Financial Statements – allows the representation of the transactions according to the financial reality behind the formal aspects.

Below are the main accounting principles adopted:

Non-current assets

Intangible assets

Intangible assets are stated at their historical purchase cost, with the consent of the Board of Statutory Auditors where contemplated by the regulations in force, and shown net of the amortisation made.
Amortisation is calculated over the expected useful life of 10 years.

Property, plant and equipment

These are stated at purchase cost and adjusted by the corresponding accumulated depreciation.
Any accessory charges and costs incurred for bringing the asset in the present location were capitalized when recording this item to the Balance Sheet and any non-negligible commercial and cash discounts were deducted from said costs and charges.
Depreciation charged to the Income Statement has been calculated taking into account the use, utility and economic-technical life of the assets, over their estimated useful life.
The depreciation rates of the assets received upon transfer with effect 1 January 2005 differ from the rates of the new assets acquired after the transfer in virtue of their different residual possibility of use by adjusting the same to the useful life of the newly-acquired assets.
The assets acquired after the transfer by Alcan Alluminio SpA on 1 January 2005 are depreciated systematically using the economic-technical rates reflecting the remaining possibilities for the use of the assets, as shown in the following table:

	Useful life
Land and buildings	from 10 to 50 years
Plant and machinery	from 2 to 35 years
Industrial and commercial equipment	from 3 to 10 years
Motor vehicles	from 3 to 8 years
Office furniture and machines	from 5 to 10 years

For fixed assets acquired during the year, depreciation is reduced by 50%.
Land is not depreciated since not subject to a limited use in the time.
Ordinary maintenance and repair cost are expensed when incurred. Improvement and expansion costs, where they represent an increase of the asset value or useful life, are shown as an increase in the value of the assets.

Impairment of assets

Impairment of property, plant and equipment and intangible assets is recorded as prescribed by OIC no. 9.

In particular, if the recoverable amount of an asset (e.g. intended as the higher of its value in use and its fair value) has declined below its carrying value, the asset is measured at the lower value. The difference is recorded in the Income Statement as impairment loss and is recognised in the Income Statement under item B10c). If requirements for write-down no longer apply in subsequent periods, the original value is restored as adjusted by depreciation/amortisation only.
If it is not possible to estimate the recoverable value of an individual asset, the Company determines the recoverable amount of the Cash Generating Unit to which the asset belongs. This occurs when individual assets do not generate cash flows in an autonomous way with respect to other assets.
The Company verifies at least annually, whether any indication exists that assumes a permanent impairment of assets; in the presence of this indication, the Company estimates the recoverable amount of the related assets.

Revaluations

The book value of property, plant and equipment can include revaluations of cost, if these are made under specific laws.
Revaluations do not represent an Income Statement component but are carried to a shareholders' equity reserve.

Receivables (including those recorded under financial assets)

Receivables arising from revenues from sales of goods or rendering of services are recognised as current assets on an accrual basis when there are conditions for revenue recognition.
The value of receivables is subsequently reduced in respect of the amounts received - both principal and interest – of any write-downs for readjusting the receivables to their estimated realisable value or of any losses. Receivables are valued as a general rule at amortized cost taking into account the time factor, but for receivables due within 12 months, it is assumed that the effects deriving from the application of the amortized cost and of discounting are not relevant, given the reduced time frame between the onset of the credit position and the related collection. In this case the book value coincides with the nominal value.
A specific allowance has been set aside to tackle any possible insolvency risks, the adequacy of which in respect of doubtful positions is verified periodically and anyway at the end of each financial year, taking into account both cases of uncollectibility already emerged or deemed to be probable and the general economic conditions and the risks potentially under way.

Factoring without recourse

The Novelis Group entered into an agreement with a German bank in December 2013 relating to the assignment of trade receivables without recourse. As provided for by OIC no. 15, the assigned receivables have been removed from the Balance Sheet up to a quota of 90% equal to the advance received. The difference of 10% is recorded in the Balance Sheet as receivable from factoring companies.
Interest and fees due to the factoring company have been fully charged to the Income Statement.

Inventories

Raw materials, supplies & consumables and finished products are valued at the lower of purchase or production cost and their net realisable value presumed from market trends (replacement cost for raw materials), applying the weighted average cost method.
Work-in-progress is measured on the basis of the costs incurred in the financial year.

A stock depreciation provision has been recorded in order to adjust the value of obsolete and slow-moving items to their market value, and recorded as a direct reduction of the closing inventories value.

Cash and cash equivalents

Bank deposits and cheques (current account cheques, banker's drafts and similar ones) are stated according to the general principle of their estimated realisable value that coincides with the nominal value in the absence of collectibility risk.
Cash and revenue stamps are stated at nominal value.

Prepayments/deferred income/accrued income and liabilities

Prepayments and deferred revenue are recorded on the basis of the matching principle, in compliance with the costs and revenues correlation.

Provisions for risks and charges

Provisions for risks and charges are accrued to cover known or probable losses or liabilities, whose amounts or settlement dates are uncertain at year-end.
In measuring the value of these provisions, the general principles of prudence and accruals basis have been complied with and no provisions for general risks without any economic justification have been set aside.
Potential liabilities have been recognised in the accounts and recorded as provisions since they are considered probable and being their amount reasonably determinable.
In compliance with OIC no. 31 para. 16, given that the classification of expenses by nature should prevail, provisions for risks and charges are recorded under the items of operational activity (classes B and C of the Income Statement) to which the operation refers (ordinary, accessory or financial).

Staff indemnity leaving (TFR)

This represents the liability accrued in favour of employees in accordance with current legislation and employment contracts, taking into consideration any type of remuneration having a permanent nature.
The indemnities set aside fully cover the employee retirement and seniority accrued up to the date of their transfer to funds outside the company in compliance with Law no. 296 of 27 December 2006.

Payables

Payables arising from purchases of goods are stated in the Balance Sheet when significant risks, charges and benefits related to the property title have been substantially transferred. Payables refer to services already rendered, i.e. the rendering has been completed. The item "advances" instead includes the advances received from costumers for supplies of goods or services not made yet.
Payables are valued as a general rule at amortized cost taking into account the time factor, but for payables due within 12 months, it is assumed that the effects deriving from the application of the amortized cost and of discounting are not relevant, given the reduced time frame between the onset of the debit position and the related payment. In this case the book value coincides with the nominal value.

Current and deferred taxes

Current taxes are determined on the basis of a realistic estimate of the amounts payable in accordance with the current fiscal regulations. Current income taxes are reflected in the Balance Sheet under item "Tax receivables" in case the advances paid are higher than the actual tax payable for the year, or otherwise under "Tax payable". Deferred tax assets and liabilities result from the temporary differences between the

carrying amounts of assets and liabilities reported in the Balance Sheet and their carrying amounts for tax purposes.
Deferred tax assets are booked to the extent their future recoverability is deemed probable on the basis of the future taxable income.
Deferred tax assets and liabilities are calculated on the basis of the rates in force in the financial year in which the temporary differences arise.
Deferred tax assets and liabilities are not discounted back.

Revenues recognition

Revenues from the sale of products and costs for the related purchase are recognised upon the transfer of all the risks and benefits connected with the property title; such transfer normally coincides with the delivery or shipment of the goods.
Financial revenues and revenues from services are recognised on an accrual basis.

Translation of foreign currencies

Receivables and payables originally expressed in foreign currency, entered on the basis of the exchange rates prevailing at the date of transactions, are translated at the rates in force at the closing of the financial statements for the currencies of non-EMU countries. The gains and losses resulting from the translation of receivables and payables are respectively reflected in the Income Statement under item C)17 bis Exchange gains and losses. The exchange gain resulting from the translation is set aside, for the part not absorbed by the loss for the year, as a specific reserve not distributable until realisation.

Financial derivative instruments and hedging transactions

Financial derivative instruments are stated at fair value. Changes in the fair value are recognised in the Income Statement, or, if the instrument covers the risk of expected cash flows changes in another financial instrument or in a planned transaction, are booked directly to a positive or negative shareholders' equity reserve; this reserve is recorded in the Income Statement to the extent and at the time the cash flows of the hedged instrument occur or modify or to the extent and at the time the hedging transaction occurs. The fair value, which is positive at the reporting date, is recorded in the item "derivative assets" under financial fixed assets or under current financial assets. The fair value, which is negative at the reporting date, is recorded in the item "derivative liabilities" under provisions for risks and charges.

Forward metal purchase/sale transactions (offset hedge)

The Company has been facing the management of the metal price risk by entering contracts directly with the suppliers of raw materials or with financial counterparts. The portion of gain or loss realised on the offset hedge is distributed among the Group companies included in the hedging process. The Company has taken part in the global hedging strategy and has recorded the pertaining portion of the result in the Income Statement as operating income or expense.

BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

Intangible assets

Intangible assets amounted to € 74,219 (€ 88,374 in the previous financial year).

The break-down and changes in individual items are shown below:

	Concessions, licences, trademarks and similar rights	Other	Total intangible assets
Opening balance			
Historical cost	179,827	188,688	368,515
Accumulated amortisation	126,054	154,087	280,141
Net book value at 31 March 2020	53,773	34,601	88,374
Changes in the period			
Increases for acquisitions/ capitalisation	8,360	6,982	15,342
Decreases for disposals (historical cost)	83,519	100,261	183,780
Decreases for disposals (accumulated amortisation)	78,273	97,269	175,542
Amortisation for the period	9,755	11,503	21,258
Total changes	-6,640	-7,514	-14,154
Closing balance			
Historical cost	104,669	95,408	200,077
Accumulated amortisation	57,536	68,322	125,858
Net book value at 31 March 2021	**47,133**	**27,086**	**74,219**

The item “Concessions, licenses, trademarks and similar rights” regarded licenses for the use of software. The item “Other” referred to software packages.

Property, plant and equipment

Property, plant and equipment amounted to € 60,561,010 (€ 60,256,215 in the previous financial year).

The break-down and changes in individual items are shown below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances paid	Total property, plant and equipment
Opening balance						
Historical cost	41,894,953	81,274,285	2,768,643	2,486,560	4,129,074	132,553,515
Accumulated depreciation	19,900,753	48,623,042	2,218,320	1,555,185	0	72,297,300
Net book value at 31 March 2020	21,994,200	32,651,243	550,323	931,375	4,129,074	60,256,215
Changes in the period						
Increases for acquisitions/ capitalisation	106,802	4,254,397	81,762	350,664	2,262,995	7,056,620
Transfers from assets under construction	33,692	2,291,053	94,884	1,111,954	(3,531,583)	0
Decreases for disposals (historical cost)	212,872	4,862,500	1,009,634	305,028	0	6,390,034
Depreciation for the year	1,070,352	5,006,369	196,306	390,797	0	6,663,824
Decreases for disposals (accumulated depreciation)	207,489	4,788,739	1,003,248	302,556	0	6,302,032
Total changes	(935,241)	1,465,320	(26,046)	1,069,349	(1,268,588)	304,794
Closing balance						
Historical cost	41,822,576	82,957,235	1,935,655	3,644,150	2,860,486	133,220,102
Accumulated depreciation	20,763,617	48,840,672	1,411,377	1,643,426	0	72,659,092
Net book value at 31 March 2021	**21,058,959**	**34,116,563**	**524,278**	**2,000,724**	**2,860,486**	**60,561,010**

Land was not depreciated in accordance with the accounting principles.
The investments in assets under construction, which occurred during the financial year, have been made in order to maintain productive efficiency, reduce energy consumption and increase the level of safety and environmental protection. It should be noted that, in the financial year under review, the revamping of the cold rolling mill was carried out for about € 2.6 million.

The transfer from assets under construction referred to the above-mentioned investments.

Impairment of assets

As required by the accounting principles, the Directors assessed at the reference date of the financial statements whether any indication exists that a tangible asset or a cash generating unit may be impaired.
After considering the economic trend, the Directors drew-up a five-year financial plan for the period 2021-2025 to assess the recoverability of the value of the assets recorded in the financial statements.
On the basis of the estimated future cash flows on a timescale of five years, the recoverability of the recorded values has been deemed probable and therefore no write-down has been needed.

Revaluation/write-down of property, plant and equipment

It should be noted that in the 2009 financial year, pursuant to Legislative Decree 185/2008, land was revalued by € 12,060,895 and buildings were written-down by € 2,046,662.

Financial assets

Equity investments

The equity investments, which have been included under financial assets, amounted to € 2,522 (€ 3,215 in the previous financial year).
In compliance with Art. 2427 bis of the Italian Civil Code, the fair value of equity investments in other companies could not be determined reliably on the basis of the information at disposal. However, it should be specified that these equity investments were not material and could not generate significant impacts on the Company's earnings, capital and financial position.
The outstanding equity investments referred to Consorzio Conai, Consorzio Imballaggi Alluminio.

Trade and other receivables

The amounts due from others included under financial assets were equal to € 404,508 (€ 404,508 in the previous financial year).

CURRENT ASSETS

Inventories

The inventories included under current assets amounted to € 41,236,511 (€ 42,941,878 in the previous financial year).

The break-down and changes in individual items are shown below:

	Opening balance	Closing balance	Change
Raw materials, supplies & consumables	10,570,926	7,591,202	(2,979,725)
Work in progress and semi-finished products	15,156,874	17,011,169	1,854,295
Finished products and goods for resale	17,214,078	16,634,140	(579,937)
Total	**42,941,878**	**41,236,511**	**(1,705,367)**

The reduction in the item "Inventories" mainly reflected the lower production recorded during the financial year, due for the most part to the suspension of the production activity occurred for 3 weeks in April, following the restrictions imposed by the Government in accordance with the Decree of the President of the Council of Ministers (DPCM) of 22 March 2020 regarding the COVID-19 pandemic.

Receivables

The receivables included under current assets amounted to € 23,720,843 (€ 24,404,247 in the previous financial year).

The break-down is shown below:

	Nominal value	Provision for doubtful accounts	Net closing balance	Net opening balance	Change
Trade receivables within 12 months	16,254,379	601,644	15,652,735	12,416,456	3,236,279
Due from companies under the control of parent companies within 12 months	2,916,742	0	2,916,742	6,577,491	(3,660,749)
Tax receivables within 12 months	265,540	0	265,540	354,870	(89,330)
Tax receivables after 12 months	2,955,645	0	2,955,645	2,690,915	264,730
Due from others within 12 months	1,930,181	0	1,930,181	2,364,515	(434,334)
Total	**24,322,487**	**601,644**	**23,720,843**	**24,404,247**	**(683,404)**

The item “Trade receivables” consists of the following:

	Opening balance	Closing balance	Change
Receivables from customers / Unaccepted orders to pay	12,416,456	15,652,735	3,236,279
Doubtful receivables	656,055	601,644	(54,411)
Provision for doubtful accounts – trade	(656,055)	(601,644)	54,411
Total	**12,416,456**	**15,652,735**	**3,236,279**

It should be noted that trade receivables have been shown net of the assignment of receivables without recourse; the assigned receivables amounted to € 16,638 thousand at 31 March 2021 (€ 18,100 thousand in the previous financial year).

The increase in the item “Trade receivables from customers/unaccepted orders to pay” was due to the fact that the sales as of March 2020 had already been affected by the general difficulties due to the COVID-19 pandemic, while the month of March 2021 has shown a sales volume in line with the Plan.

The provision for doubtful accounts showed the following movement in the course of the financial year:

Opening balance	**656,055**
Utilisation	(36,083)
Release	(22,000)
Charge	3,672
Closing balance	**601,644**

The item "Due from companies under the control of parent companies" referred to recharges of costs related to administrative and management services and to sales of semi-finished products to the companies under the control of parent companies, and are detailed in the Directors' Report.

"Tax receivables" after 12 months reflected the taxes paid in the previous financial years in relation to the disputes with the Revenue Authorities relating to financial years 2005 and 2007 for a total of € 2,511,168 and to the disputes relating to the financial years 2013 and 2014 for a total of € 214,234 (of which € 122,532 paid in the financial year), the ACE receivable to be used (Aiuto alla Crescita Economica i.e. allowance for corporate equity), equal to € 65,760, as well as the tax credit for investments in capital equipment, pursuant to Law 160/2019 and Law 178/2020, equal to € 164,483.

The item "Due from others" consists of the following:

	Opening balance	Closing balance	Change
Receivables from factoring companies	2,341,064	1,891,746	(449,318)
Receivables from employees	17,106	12,312	(4,794)
Receivables from social-security institutions	2,710	10,593	7,883
Other	3,635	15,530	11,895
Total	**2,364,515**	**1,930,181**	**(434,334)**

Receivables – break-down by maturity dates

Below is the break-down of the receivables by maturity dates, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Within 12 months	After 12 months	Total
Trade receivables	15,652,735		15,652,735
Due from companies under the control of parent companies	2,916,742		2,916,742
Tax receivables	265,540	2,955,645	3,221,185
Due from others	1,930,181		1,930,181
Total	**20,765,198**	**2,955,645**	**23,720,843**

At 31 March 2021, there were no receivables with maturity after 5 years.

Receivables – break-down by geographical area

Below is the break-down of the receivables included under current assets by geographical area, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Italy	Other EU countries	Rest of Europe	Africa and Middle East	Other	Total
Trade receivables	9,404,929	5,765,886	197,151	83,353	201,416	15,652,735
Due from companies under the control of parent companies	0	1,260,982	1,665,760	0	0	2,916,742
Tax receivables	3,221,185	0	0	0	0	3,221,185
Due from others	38,435	1,891,746	0	0	0	1,930,181
Total	**12,664,549**	**8,918,614**	**1,852,911**	**83,353**	**201,416**	**23,720,843**

Current financial assets

The item, equal to € 3,790,944 (€ 1,043,348 in the previous financial year) reflected the valuation of financial derivative instruments with a positive *fair value*, entered into with Novelis AG. For further information, please refer to the section "Financial instruments" in Other information.

Cash and cash equivalents

The cash and cash equivalents included in current assets totalled € 4,732,343 (€ 3,865,611 in the previous financial year). The balance included € 4,625,926, not available as a consequence of the factoring contract.

ACCRUED INCOME AND PREPAID EXPENSES

Accrued income and prepaid expenses amounted to € 467,223 (€ 451,924 in the previous financial year). This item includes portions of income and expenses relative to periods prior or subsequent to their numerical manifestation; leaving aside the date of payment or collection of the related income and charges, common to two or more years and distributable on the basis of time.

At 31 March 2021, there were no accruals and deferrals with a duration of more than five years.

The break-down and changes in individual items are shown below:

	Opening balance	Closing balance	Change
Prepaid expenses – insurance	293,880	307,145	13,265
Prepaid expenses - EDP costs	13,366	28,546	15,180
Prepaid expenses – commercial information	12,825	14,326	1,501
Sundry	131,853	117,206	(14,647)
Total	**451,924**	**467,223**	**15,299**

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

The Shareholders' equity at the end of the financial year was equal to € 67,440,628 (€ 60,340,096 in the previous financial year).

The changes in Shareholders' equity are provided in the following table:

	Share capital	Legal reserve	Other reserves	Retained earnings (accum. losses) carried forward	Net income (loss) for the year	Total
31 March 2018	**96,000,000**	**656,109**	**10,000,000**	**(41,129,838)**	**(1,446,861)**	**64,079,410**
Allocation of the result				(1,446,861)	1,446,861	0
Result for the year 2018/19					(278,198)	(278,198)
31 March 2019	**96,000,000**	**656,109**	**10,000,000**	**(42,576,699)**	**(278,198)**	**63,801,212**
Allocation of the result				(278,198)	278,198	0
Share capital reduction pursuant to Art. 2446 of the Italian Civil Code	(42,144,000)	(656,109)	0	42,800,109	0	0
Result for the year 2019/20					(3,461,116)	(3,461,116)
31 March 2020	**53,856,000**	**0**	**10,000,000**	**(54,788)**	**(3,461,116)**	**60,340,096**
Allocation of the result				(3,461,116)	3,461,116	0
Result for the year 2020/21					7,100,532	7,100,532
31 March 2021	**53,856,000**	**0**	**10,000,000**	**(3,515,904)**	**7,100,532**	**67,440,628**

The Shareholders' meeting of 30 April 2020 resolved to carry forward the net loss of € 3,461,116.

Availability and utilisation of the Shareholders' equity items

Below is given the information required by Art. 2427 point 7-bis of the Italian Civil Code regarding the Shareholders' equity items, broken-down by origin, possibility of utilisation, possibility of distribution and the uses made in the previous financial years:

Description	Amount	Possible utilisation (*)	Available portion	Distributions made in the 3 previous periods for loss coverage	Distributions made in the 3 previous periods for other reasons
Share capital	53,856,000			(42,144,000)	0
Legal reserve	0	B		0	0
Other reserves	10,000,000	A,B	10,000,000	(656,109)	0
Retained earnings (accum, losses) carried forward	(3,515,904)		0	42,800,109	0
Total	**60,340,096**		**10,000,000**	**0**	
Non-distributable portion			**10,000,000**		
Remaining non-distributable portion			**0**		

(*) A = for capital increase; B = for loss coverage; C = for distribution to shareholders

Below is provided the information required by Art. 2427, point 17 of the Italian Civil Code relating to the data on the shares making up the Company's share capital, the number and the nominal value of the shares subscribed in the year:

Description	Nominal value	Number of shares at the beginning of financial year	Value of shares at the end of financial year
Ordinary shares	1,000	60,000	561
Preferred shares	1,000	36,000	561
Total	**1,000**	**96,000**	**561**

With deed of 31 March 2021, the Shareholders Novelis Deutschland GmbH and Novelis Europe Holdings Limited gave as pledge the Company's shares in favour of third parties lenders, for a value of € 53,856,000

PROVISIONS FOR RISKS AND CHARGES

The provisions for risks and charges were recorded under liabilities for € 1,692,912 (€ 5,929,420 in the previous financial year).

The break-down and changes in individual items are shown below:

	Opening balance	Charge for the year	Utilisation	Closing balance
Retirement benefit obligations	404,882	7,077	2,164	409,795
Derivative liabilities	5,200,394	0	4,476,741	723,653
Others:				
Provision for sales returns	167,526	108,278	167,526	108,278
Provision for restructuring	0	173,719	173,719	0
Provision for sundry risks	156,618	294,568	0	451,186
Total	**5,929,420**	**583,641**	**4,820,149**	**1,692,912**

The item "Retirement benefit obligations" was made up by the provisions to cover indemnities in case of termination of agency relationship.

The item "Derivative liabilities", equal to € 723,653 reflected the valuation of derivative contracts with a negative *fair value*, entered into with Novelis AG. For further information, please refer to the section "Financial instruments" in Other information.

The "Provision for sales returns" reflected the estimate of the liabilities deriving from the credit notes that the Company shall issue against the return goods for sundry complaints.

The charge relating to the "Provision for restructuring" for costs of unemployment benefits deriving from the agreements made was utilised in the course of the financial year.

STAFF LEAVING INDEMNITY (TFR)

The staff leaving indemnity was recognised under liabilities for a total amount of € 2,295,314 (€ 2,616,321 in the previous financial year).

The changes of the item are shown below:

	Opening balance	Charge for the year	Utilisation	Transfers to pension funds	Closing balance
Staff leaving indemnity	2,616,321	1,186,330	370,210	1,137,127	2,295,314

The transfer to the pension funds took place in compliance with the regulations in force (Law no. 296 of 27 December 2007).

PAYABLES

Payables were recorded under liabilities for a total of € 63,342,836 (€ 64,573,483 in the previous financial year).

The break-down of the individual items is shown as follows:

	Opening balance	Closing balance	Change
Other financial debt	4,136,846	4,625,926	489,080
Trade payables	30,765,661	30,092,919	(672,742)
Due to parent companies	205,341	92,467	(112,874
Due to companies under the control of parent companies	25,177,867	23,884,835	(1,293,032)
Tax payable	285,466	901,626	616,160
Due to insurance and pension institutes	1,301,420	1,063,371	(238,049)
Other payables	2,700,882	2,681,692	(19,190)
Total	**64,573,483**	**63,342,836**	**(1,230,647)**

The item "Other financial debt" reflected the payable for collections to be transferred to the factoring company.

"Trade payables" were stated net of trade discounts; cash discounts were instead recorded upon payment. The nominal value of these payables has been adjusted, on the occasion of returns or rebates (invoicing adjustments), to the amount set with the counterpart.

The item "Due to companies under the control of parent companies", equal to € 23,884,835 is composed by:

	Opening balance	Closing balance	Change
Cash pooling payables to companies under the control of parent companies	8,517,494	3,027,420	(5,490,074)
Due to companies under the control of parent companies	16,660,373	20,857,415	4,197,042
Total	25,177,867	23,884,835	(1,293,032)

Since October 2011 the Company has been adhering to the group cash-pooling managed by the related concern Novelis AG.
The related credits and debits have been remunerated at market rates and governed by a specific contract.

Due to parent companies and due to companies under the control of the latter are detailed in the Directors' Report.

In the item "Tax payable within 12 months" were recorded payables to Tax authorities for source withheld taxes.

The item "Other payables" consists of:

	Opening balance	Closing balance	Change
Payables to employees for vacations accrued, year-end bonus, fourteenth-month pay, bonuses	2,067,927	2,035,977	(31,950)
Others	515,283	526,743	11,460
Payables towards Statutory Auditors for emoluments	117,672	118,972	1,300
Total	**2,700,882**	**2,681,692**	**(19,190)**

Payables – break-down by maturity dates

Below is the break-down of payables by maturity dates, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Within 12 months	Total
Other financial debt	4,625,926	4,625,926
Trade payables	30,092,919	30,092,919
Due to parent companies	92,467	92,467
Due to companies under the control of parent companies	23,884,835	23,884,835
Tax payable	901,626	901,626
Due to insurance and pension institutes	1,063,371	1,063,371
Other payables	2,681,692	2,681,692
Total	**63,342,836**	**63,342,836**

Payables – break-down by geographical area

Below is the break-down of payables by geographical area, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Italy	Other EU countries	Rest of Europe	Africa and Middle East	Other	Total
Other financial debt	0	4,625,926	0	0	0	4,625,926
Trade payables	22,377,964	5,528,463	108,064	2,043,212	35,215	30,092,919
Due to parent companies	0	0	0	0	92,467	92,467
Due to companies under the control of parent companies	0	13,483,273	10,401,562	0	0	23,884,835
Tax payable	901,626	0	0	0	0	901,626
Due to insurance and pension institutes	1,063,371	0	0	0	0	1,063,371
Other payables	2,681,692	0	0	0	0	2,681,692
Total	**27,024,653**	**23,637,662**	**10,509,626**	**2,043,212**	**127,682**	**63,342,836**

ACCRUED LIABILITY AND DEFERRED INCOME

Accrued liability and deferred income, amounting to € 218,433, included the part of the tax credit that can be used in subsequent years, as regards investments in capital equipment equal to € 222,744, net of the part pertaining to the current tax period, equal to € 4,311.
All accruals and deferrals have a duration of more than 5 years.

INCOME STATEMENT

For the comments on the trend of operating income and expenses, please refer to the Directors' Report.

VALUE OF PRODUCTION

	Prior period	Current period	Change
Revenues from sales and rendering of services	233,277,409	194,849,582	(38,427,827)
Change in inventories	(4,322,285)	1,274,357	5,596,642
Other revenues and income	3,462,094	1,219,725	(2,242,369)
Total	**232,417,218**	**197,343,664**	**(35,073,554)**

Revenues from sales and rendering of services – Break-down by type of activities

The following table contains the break-down of revenues by type of activities in accordance with Art. 2427, para. 1, point 10 of the Italian Civil Code:

	Prior period	Current period	Change
Sale of products	229,683,958	191,289,450	(38,394,508)
Sale of goods	3,592,958	3,560,097	(32,861)
Sale of ancillary materials	493	35	(458)
Total	**233,277,409**	**194,849,582**	**(38,427,827)**

The table reflects a decrease in the sale of products, mainly due to the significant reduction recorded by the sales to North America, as better outlined in the Directors' Report.

Revenues from sales and rendering of services - Break-down by geographical area

The following table contains the break-down of revenues by geographical area in accordance with Art. 2427, para. 1, point 10 of the Italian Civil Code:

	Prior period	Current period	Change
Italy	82,417,678	72,661,615	(9,756,064)
Other EU countries	111,842,180	110,960,439	(881,742)
Rest of Europe	5,202,695	5,128,155	(74,540)
Africa and Middle East	1,943,323	1,796,718	(146,606)
Asia	212,779	1,830,986	1,618,207)
North America and Canada	31,658,754	2,471,671	(29,187,083)
Total	**233,277,409**	**194,849,582**	**(38,427,827)**

Intra-group sales are outlined in the Directors' Report.

Other revenues and income

Other revenues and income were recorded under Value of production in the Income Statement for a total of € 1,219,725 (€ 3,462,094 in the previous financial year).

The break-down of the individual items is shown below:

	Prior period	Current period	Change
Services to Group companies	2,963,072	822,414	(2,140,658)
Reimbursement of expenses	67,172	54,361	(12,811)
Grants related to income	10,452	33,272	22,820
Prior-year over-accruals	340,591	252,812	(87,779)
Sundry revenues and income	80,807	56,865	(23,942)
Total	**3,462,094**	**1,219,725**	**(2,242,369)**

The reduction in "Other revenues and income" was mainly due to the absence of the Market assistance fee compared to a total of € 2.0 million received in the previous financial year.

PRODUCTION COSTS

	Prior period	Current period	Change
Raw, ancillary and consumable materials	166,900,606	129,631,681	(37,268,925)
Costs of services	33,472,822	30,642,110	(2,830,712)
Leases and rentals	1,099,208	1,031,757	(67,451)
Wages and salaries	17,102,565	16,077,391	(1,025,174)
Social security contributions	6,592,479	5,942,349	(650,130)
Staff leaving indemnity	1,217,090	1,186,330	(30,760)
Other personnel costs	808,685	688,146	(120,539)
Amortisation of intangible assets	29,547	21,258	(8,289)
Depreciation of property, plant and equipment	6,378,575	6,663,824	285,249
Write-downs of receivables included under current assets	107,165	3,672	(103,493)
Change in inventories of raw materials	(1,565,119)	2,979,725	4,544,844
Other operating expenses	1,096,707	1,098,780	2,073
Total	**233,240,330**	**195,967,023**	**(37,273,307)**

Raw, ancillary and consumable materials

The item "Raw, ancillary and consumable materials" included the purchases with the Group companies (Novelis Deutschland GMBH, Novelis Switzerland SA and Novelis PAE), as reported in the Directors' Report.

Costs of services

Costs of services were recognised under Production costs in the Income Statement for a total of € 30,642,110 (€ 33,472,822 in the previous financial year).

The break-down of the item is as follows:

	Prior period	Current period	Change
Purchases of services	3,550,862	3,358,099	(192,763)
Transport	5,446,917	4,274,603	(1,172,314)
External processes	1,212,078	1,111,732	(100,346)
Electric power	4,844,026	5,074,137	230,111
Gas	4,103,598	4,004,099	(99,499)
Water	156,259	164,075	7,816
Maintenance and repair costs	3,267,742	3,464,943	197,201
Technical counselling and services	4,000	31,863	27,863
Emoluments to Statutory Auditors and Independent Auditors	141,343	145,340	3,997
Commission expense	409,067	396,975	(12,092)
Advertising	10,005	4,105	(5,900)
Legal expenses and advice	115,364	80,866	(34,498)
Tax, administrative and commercial advice	84,682	104,982	20,300
Telephone expenses	9,847	15,473	5,626
Insurance	419,463	585,099	165,636
Entertainment expenses	538	0	(538)
Travelling expenses	333,768	61,595	(272,173)
Refresher and training expenses	33,228	35,930	2,702
Charge for termination of agency relationships	5,725	7,077	1,352
Other	9,324,310	7,721,117	(1,603,193)
Total	**33,472,822**	**30,642,110**	**(2,830,712)**

The item “Other” included the services supplied by the Group companies, as outlined in the Directors’ Report.

Leases and rentals

Leases and rentals were recognised under Production costs in the Income Statement for a total of € 1,031,757 (€ 1,099,208 in the previous financial year).

The break-down of the items is shown below:

	Prior period	Current period	Change
Rents and leases	247,099	255,880	8,781
Leasing	852,109	775,877	(76,232)
Total	**1,099,208**	**1,031,757**	**(67,451)**

Personnel costs

Personnel costs were recognised under Production costs in the Income Statement for a total of € 23,894,216 (€ 25,720,819 in the previous financial year).

This item comprised all subordinate employee costs, including merit payments, promotions, cost-of-living increases, cost of untaken holidays and provisions allocated as required by law and collective agreements.

Amortisation and depreciation

Amortisation of intangible assets and depreciation of property, plant and equipment were recorded under Production costs in the Income Statement for a total of € 6,685,082 (€ 6,408,122 in the previous financial year).
As to depreciation, take note that it has been calculated based on the asset's useful life and its use in the production phase.

Other operating expenses

Other operating expenses were recognised under Production costs in the Income Statement for € 1,098,780 (€ 1,096,707 in the previous financial year).

The break-down of the item is shown below:

	Prior period	Current period	Change
Stamp duties	948	801	(147)
ICI/IMU (Local property tax)	403,088	393,484	(9,604)
Registration tax	822	2,341	1,519
Chamber of Commerce dues	5,458	4,105	(1,353)
Losses on receivables	19,238	(10,598)	(29,836)
Prior-year charges and losses	558,955	282,298	(276,657)
Non-financial capital losses	77,673	96,190	18,517
Miscellaneous	30,525	330,159	299,634
Total	**1,096,707**	**1,098,780**	**2,073**

FINANCIAL INCOME AD CHARGES

Interest and other financial charges

The following table contains the analysis of "Interest and other financial charges" in accordance with Art. 2427, para. 1, point 12 of the Italian Civil Code:

	Prior period	Current period	Change
Related to companies under the control of parent companies	106,649	81,599	(25,050)
Others:			
Related to bank borrowings	3	171	168
Other charges	238,878	179,168	(59,710)
Total	**345,530**	**260,938**	**(84,592)**

Interest related to the companies under the control of parent companies reflected the cash-pooling debit position, while other financial charges referred to interest and fees related to factoring.

Exchange gains and losses

Below is given the information regarding the break-down of exchange gains and losses deriving from valuation at year-end and those actually realised:

	Prior period	Current period	Change
Exchange gains	533,456	145,855	(387,601)
Exchange losses	500,450	108,485	(391,965)
Total	33,006	37,370	4,364

The amount of unrealised exchange gains at 31 March 2021 was not significant.

CURRENT AND DEFERRED INCOME TAXES FOR THE YEAR

The composition of the individual items is tabled below:

	Prior period	Current period	Change
Current taxes:			
IRES *(Corporate Income Tax)*	0	0	0
IRAP *(Regional tax on productive activities)*	15,144	101,792	86,648
Prior years' taxes	(40,617)	(156)	40,461
Deferred tax assets and liabilities	100,277	0	(100,277)
Total	**74,804**	**101,636**	**26,832**

Deferred taxation

It should be mentioned that no deferred tax assets or liabilities were recognised in these Financial Statements.

However, for the sake of providing complete information, below are tabled theoretical deferred tax assets and liabilities (i.e. not recognised in the financial statements) according to the schedule proposed by OIC.

Theoretical deferred tax assets and liabilities and related effects

Description	Temporary differences at the beginning of the year	Tax decreases	Tax increases	Temporary differences at the end of the year	Theoretical fiscal effect on final temporary differences	
					IRES 24%	IRES 24%
Deferred tax assets:						
Provisions for risks and charges and other temporary changes	324,791	(698,346)	542,962	169,407	40,658	6,525
Costs fiscally deductible in future financial years	69,009	0	0	69,009	16,562	2,691
Provision for doubtful accounts	592,518	0	0	592,518	142,204	0
TOTAL DEFERRED TAX ASSETS	**986,318**	**(698,346)**	**542,962**	**830,934**	**199,424**	**9,216**
Deferred tax liabilities:						
Revaluation	12,060,894	0	0	12,060,894	(2,894,615)	(470,375)
TOTAL DEFERRED TAX LIABILITIES	**12,060,894**	**0**	**0**	**12,060,894**	**(2,894,615)**	**(470,375)**
TOTAL NET	**(11,074,576)**	**(698,346)**	**542,962**	**(11,229,960)**	**(2,695,190)**	**(461,159)**
Tax losses that can be carried forward:						
Tax losses available to a limited extent	40,522,657	(7,370,910)	0	35,151,746	8,436,419	0
Tax losses available to a full extent	10,291,657	(1,742,022)	0	8,549,635	2,051,912	0
Total tax losses that can be carried forward	**52,814,314**	**(9,112,933)**	**0**	**43,701,381**	**10,488,331**	**0**

With regard to the movement of the tax losses, that can be carried forward, it should be noted the following.

The decrease in "tax losses available to a limited extent", equal to € 7,370,910, is composed by:

- € 6,968,088 as a 80% reduction of the taxable income relating to the current tax period;
- € 402,822 as adjustment made in the tax-return (Unico 2020) on the prior fiscal year's tax losses.

The decrease in "tax losses available to a full extent", equal to € 1,742,022, reflects a 20% reduction of the taxable income relating to the current tax period.

Deferred tax assets

Deferred tax assets were not recognised for prudential reasons in the amount of € 208,640 (made up of € 199,424 and € 9,216).

With regard to "total tax losses that can be carried forward" shown in the schedule (€ 43,701,381), it should be noted that no deferred tax assets were recognised for prudential reasons, though they can be carried forward without timing limitation.

Deferred tax liabilities

The Company did not recognise deferred tax liabilities for € 3,364,990 (sum made up of € 2,894,615 and € 470,375), in relation to the revaluation made, pursuant to Legislative Decree 185/2008, on the revalued land, since there are no the conditions relative to the taxation of the same.

Tax charge reconciliation

In order to allow a reconciliation between the tax charge from the accounts and the theoretical tax charge, in accordance with the appropriate accounting principles (OIC document no. 25) below are reported the differences relevant for IRES and IRAP purposes.

RECONCILIATION BETWEEN TAX CHARGE FROM THE ACCOUNTS AND THEORETICAL TAX CHARGE (IRAP)				
Difference between production value and cost			**1,376,641**	
Costs not relevant for Irap purposes		23,897,888		
	Total		**25,274,529**	
Theoretical tax charge (3.9% tax rate)				985,707
Temporary differences:				
- Deductible in subsequent years:				
Charge to the provision for risks and charges		108,278		
Other costs		0		
	Tot.		108,278	
- Taxable in subsequent years:				
	Tot.		0	
Reversal from previous years:				
Release from provision for risks and charges		(203,609)		
Release from other provisions		0		
	Tot.		(203,609)	
Permanent differences:				
- For the year:				
Losses on receivables		25,485		
IMU (Municipal property tax)		360,545		
Other non-deductible items		286,872		
Other non-deductible costs		618,362		
Other decreases		(360,902)		
	Tot.		930,363	
Gross taxable income (tax loss)			**26,109,561**	
Tax wedge		(22,699,505)		
Net taxable income			**3,410,056**	
Current IRAP tax for the period				**132,992**
ACE receivables (amounts paid-in for future capital increase)		10,000,000	Tax rate 1.3% at 24%	(31,200)
Total IRAP tax for the period				**101,792**

RECONCILIATION BETWEEN TAX CHARGE FROM THE ACCOUNTS AND THEORETICAL TAX CHARGE (IRES)			
Pre-tax result (loss)		**7,100,532**	
Theoretical tax charge (27.5% tax rate)			**1,952,646**
Temporary differences:			
- Deductible in subsequent years:			
Charge to the provision for risks and charges	542,962		
Charge to the provision for doubtful accounts	0		
Other costs	0		
		542,962	
- Taxable in subsequent years:			
Tot.		0	
Reversal from previous years:			
Release from provision for risks and charges	(698,346)		
Release from provision for doubtful accounts			
Release from deferred tax assets			
Tot.		(698,346)	
Permanent differences:			
- For the year :			
Non-deductible amortisation/depreciation	999,835		
Telephone expenses	27,529		
Travelling expenses	9,239		
Non-deductible tax and duties	360,545		
Prior-year operating costs	115,365		
Other non-deductible costs	618,362		
Staff indemnity leaving (TFR)	(45,485)		
Prior years' taxes	(31,044)		
10% Irap deduction	(4,182)		
Deductible Irap related to personnel costs	(16,182)		
60% recovery related to IMU (*Municipal property tax*)	(216,327)		
Expenses and other items not deducted in prior years	0		
Income taxes for the year	132,992		
Other decreases	(185,682)		
Tot.		1,764,963	
Gross taxable income (tax loss)		**8,710,111**	
Tax losses that can be carried forward from prior years	52,411,492		
Net taxable income (tax losses that can be carried forward)		**(43,701,381)**	
Current IRES income tax for the year			**0**

OTHER INFORMATION

Employment data

The average size of the Company's workforce, broken-down by category, recorded the following changes compared to the previous financial year:

Staff	2021 FY	2020 FY
Executives	6	6
Office workers	129	131
Manual workers	236	237
Fixed-term contracts (manual workers)	12	23
Total	**383**	**397**

The relevant national labour contract in force is the contract applicable to the metal and mechanical industry.

Remuneration to the Corporate bodies

The compensation given to the Board of Statutory Auditors, equal to € 64,750, remained unchanged from the previous financial year.

Directors were not entitled to any compensation being all employed by the Novelis Group.

Fees to the auditing firm

Below is reported the information concerning the fees due to the auditing firm, pursuant to Art. 2427 para. 1, point 16 bis of the Italian Civil Code:

Description	Prior period	Current period	Change
Legal audit of the accounts	63,000	63,000	0
Services other than the legal audit	14,000	15,000	1,000
Total	**77,000**	**78,000**	**1,000**

Information on exceptional costs and revenues

The Company, in the course of the financial year, did not record any exceptional costs and revenues as contemplated by Art. 2427, para. 1, point 13 of the Italian Civil Code.

Financial instruments

Pursuant to Art. 2427-bis, para. 1, point 1) of the Italian Civil Code, below are provided the fair value and the information on the entity and nature of the outstanding transactions related to the exchange rate risk management and to the metal price risk management (Fixed Forward Price):

Type of contract	Currency	Amount in currency	Amount in Euro	Positive FV	Negative FV	Total FV in Euro
Purchase	USD	21,418,355	18,267,254	166,168	(586,511)	(420,343)
Sale	USD	3,854,276	3,287,229	-	(53,119)	(53,119)
Sale	GBP	490,986	576,214	-	(12,289)	(12,289)
				166,168	**(651,918)**	**(485,750)**
Type of contract	**Tons**	**Amount in currency (USD)**	**Amount in Euro**	**Positive FV**	**Negative FV**	**Total FV in Euro**
Purchase of metal	11,091	20,307,802	17,320,087	**3,624,776**	**(71,735)**	**3,553,041**

The counterpart of the above-mentioned transactions is the company Novelis AG, which is subject to the control of the parent companies.

Positive and negative balances related to the forward contracts outstanding at 31 March 2021 and valued as hedging instruments were recorded respectively in the Balance Sheet items “Derivative assets” under Current financial assets and “Derivative liabilities” under Provisions for risks and charges.

Contingent liabilities

With regard to the main tax assessments received and to the pending litigation concerning direct and indirect taxes, it should be noted the following.

2005 taxable period (financial year closed as at 31 December 2005)

As already outlined in the Notes to the Financial Statements of the previous financial year, in the course of 2013 the Company was unsuccessful in the appeal – filed by the Revenue Authorities before the Milan Provincial Tax Commission – in relation to the notice of assessment for VAT pertaining to the 2005 taxable period (€ 263,853 plus interest and penalties).

Against this judgment of second instance, the Company filed:

- an appeal to the Court of Cassation;
- an appeal for partial revocation to the Milan Provincial Tax Commission.

The Milan Provincial Tax Commission upheld the appeal for revocation of the judgment of second instance filed by the Company, thereby cancelling the notice of assessment in the amount € 167,804 for taxes (plus any related interest and penalties). It should be noted that the revocation judgment in favour of the Company became final, given that the Revenue Authorities had not filed any appeal to the Court of Cassation within the deadline provided for by the law.

The judgment of the Commission was declared, on the basis of the opinion expressed by an expert, voidable for vices, which may be brought before the Court of Cassation.

Consequently, the Company – which in any case has been waiting for a hearing before the Court of Cassation – has not set aside any provisions for risks.

The Company completed the instalment payment plan for the amount not covered by the revocation and for which an appeal was made to the Court of Cassation.

2007 taxable period (financial year closed as at 31 December 2007)

A notice of assessment for the 2007 taxable year was served in relation to the IRES tax (€ 841,043), IRAP tax (€ 108,626), VAT (€ 509,722), withholdings on interest (€ 17,825), as well as penalties and interest for €2,440,370.

With regard to this assessment, the Company filed an appeal to the Milan Provincial Tax Commission, which was upheld in full.

Against this favourable judgement, the Revenue Authorities appealed to the Milan Provincial Tax Commission. The Company thus appeared before the judge by presenting its counter-deductions to the Milan Provincial Tax Commission on 11 April 2014.

The judgement of second instance, unfavourable to the Company, was challenged before the Court of Cassation.

On 22 April 2015, the Company received a notice from Equitalia (Italian State owned *tax collection* agency) requiring a payment of € 2,227,601.

The Company filed an appeal to suspend the collection, which was instead rejected by the Milan Provincial Tax Commission.

Consequently, the Company paid by instalments the requested amounts, which have been recorded in the item “Tax receivables”, pending the judgment of the Court of Cassation, since the Company is deemed to have valid defensive arguments.

Taxable period closed as at 31 March 2013 (2012 calendar year)

On 21 November 2017 the Revenue Authorities served a notice of assessment concerning the non-application of withholdings on royalties for the 2012 calendar year for an amount of € 149,706, in addition to penalties (€ 164,677) and interest (€ 32,058). The Company appealed against the said notice of assessment. Moreover, the Company filed an appeal to suspend the proceedings in order to settle the dispute in a facilitated way pursuant to Art. 6 of Legislative Decree 119/2018, with the payment of €149,706 corresponding to the higher taxes assessed and it has been awaiting any possible agreement. The Company arranged to set aside a specific amount in the Financial Statements as at 31 March 2019. On 29 May 2019, the Company sent electronically the request to settle the dispute in a facilitated way to the Revenue Authorities, also paying € 73,436.60 equal to 90% of the higher taxes ascertained, net of the amount already paid provisionally after filing the appeal (149,706 * 90% - 61,298.80). Pursuant to paragraph 10, Art. 6 of Legislative Decree 1149/2018, the Company filed the request to suspend the proceedings until 31 December 2020. The dispute has been now settled, since the Revenue Authorities did not raise any objections within the terms concerning the payments. However, the Company has been awaiting the formal procedure to dismiss the case.

Taxable period closed as at 31 March 2014 (2013 calendar year)

On 3 August 2018, the Revenue Authorities served a notice of assessment concerning the non-application of withholdings on royalties for the 2013 calendar year for an amount of € 99,304, in addition to penalties (€120,158) and interest (€ 17,054). The Company appealed against the said notice of assessment. Pending the appeal, the Company, as provided for by the regulations in force, on 16 September 2019, paid 1/3 of the

assessed tax plus interest and collecting fees for an amount of about € 42 thousand (recorded in the item "Tax receivables"). The hearing was held on 14 November 2019. The judgment no. 621, unfavourable to the Company, was filed on 21 February 2020. On 18 September 2020, the Company – following the unfavourable judgement of first instance – paid 2/3 of the assessed tax plus interest and penalties (for a total of € 122,532), net of the amount already paid upon the filing of the appeal. The Company filed an appeal against this judgement on 20 November 2020. The hearing for the dispute has not been set yet.

Taxable period closed as at 31 March 2015 (2014 calendar year)

The Revenue Authorities served, on 18 July 2019, a notice of assessment concerning the non-application of withholdings on royalties for the 2014 calendar year for an amount of € 114,633, in addition to penalties (€ 138,706) and interest (€ 22,901). The Company appealed against the said notice of assessment. Pending the appeal, the Company, as provided for by the regulations in force, paid 1/3 of the assessed tax plus interest and collecting fees for an amount of about € 49 thousand (recorded in the item "Tax receivables"). The hearing for the dispute was held on 6 February 2020. On 4 August 2020, the Milan Provincial Tax Commission published the judgement no. 1534, in favour of the Company. The Revenue Authorities filed an appeal against this judgement on 18 February 2021. The Company presented its counter-deductions on 12 April 2021.

Taxable period 01 April 2014 – 31 March 2015

Assessment 1

On 20 June 2018, the Company received a notice of assessment relating to the re-determination of the losses available to a full extent, reducing them from € 10,827,009 to € 4,226,768.
The Company filed an appeal, deeming this notice to be unfounded as it does not take into account the effects of the favourable judgment on the 2006 taxable year. The hearing for the dispute was held on 20 June 2019. During the hearing, the Revenue Authorities accepted a partial tax relief in respect of the assessment notice by acknowledging the losses relating to the 2006 dispute, which had ended in favour of the Company (with the judgment becoming final). The non-cancelled part of the notice (corresponding to €2,548,614 of losses) was discussed before the Judges. The Milan CTP (Expert appointed by the Party) issued the judgment on 21 October 2019 whereby it has been declared:

- to terminate the dispute for the part already cancelled by the Revenue Authorities;
- to postpone the judgment on the remaining part (losses of € 2,548,614), pending the judgment of the Court of Cassation on the year 2007.

Assessment 2

On 25 July 2019, the Company received a new notice of assessment from the Revenue Authorities regarding the undue deduction of the depreciation charge for a negligible amount of some € 140. In the scope of this notice of assessment, the Office, while recalculating the accumulated losses, did not recognise € 2,548,614 of losses linked to the assessment referred to in the previous point.

The Company filed an appeal. The hearing for the dispute was held on 6 February 2020.

On 4 August 2020, the Milan Provincial Tax Commission published the judgement no. 1534 in favour of the Company, whereby:

- it upheld the appeal relating to the depreciation charge of € 140;
- it postponed the judgement on the remaining part (losses of € 2,548,614) pending the judgment of the Court of Cassation on the year 2007.

The Revenue Authorities filed an appeal against this judgement on 18 February 2021. The Company presented its counter-deductions on 12 April 2021.

Taxable period closed as at 31 March 2016 (2015 calendar year)

On 8 June 2020, the Revenue Authorities notified a questionnaire concerning the 2015 taxable year to the Company. Specifically, the Revenue Authorities asked for:

- documents relating to the withholdings on royalties paid during the 2015 calendar year to the related concern Novelis Services Ltd (based in the UK).

The Company produced all the documents requested by the Revenue Authorities on 8 July 2020.

Taxable period 01 April 2015 – 31 March 2016

On 8 October 2020, the Company received a new notice of assessment from the Revenue Authorities regarding the undue deduction of the depreciation charge for a negligible amount of some € 140. In the scope of this notice of assessment, the Office, while recalculating the accumulated losses, did not recognise € 2,548,614 of losses linked to Assessment 1 at point "Taxable period 01 April 2014 – 31 March 2015".

The Company filed an application for the assessment with acceptance on 03 December 2020. Failing this attempt, the Company filed an appeal on 2 March 2021.

Taxable period 01 April 2016 – 31 March 2017

On 12 October 2020, the Company received a new notice of assessment from the Revenue Authorities regarding the undue deduction of the depreciation charge for a negligible amount of some € 140. In the scope of this notice of assessment, the Office, while recalculating the accumulated losses, did not recognise € 2,548,614 of losses linked to Assessment 1 at point "Taxable period 01 April 2014 – 31 March 2015".

The Company filed an application for the assessment with acceptance on 03 December 2020. Failing this attempt, the Company filed an appeal on 5 March 2021.

Taxable period closed as at 31 March 2017 (2016 calendar year)

On 8 March 2021, the Revenue Authorities notified a questionnaire concerning the 2016 taxable year to the Company. Specifically, the Revenue Authorities asked for:

- documents relating to the withholdings on royalties paid during the 2016 calendar year to the related concern Novelis Services Ltd (based in the UK).

The Company produced all the documents requested by the Revenue Authorities on 2 April 2021, and it has been awaiting a reply from the Revenue Authorities.

Related party transactions

In order to ensure a correct transparency in the accounts, it should be noted that, in the financial year under review, related party transactions were carried out at arm's length. For further information on the related parties, please refer to the Directors' Report.

Information on government grants

The Company did not receive, during the financial year, any government grants from the national public administration for services that have not been performed within the business ordinary activities, nor has it signed assignments against payment with the same counterpart that are not related to the aforementioned activity.

With reference to subsidies, grants and economic benefits of any kind provided by the public administration, there were no collections for the current year.

This section has been prepared to also fulfil the disclosure obligations contemplated by Law no. 124, Art. 1, para. 125-129 of 4 August 2017.

Tax credit pursuant to Art. 125 of Legislative Decree no. 34/2020 (the so-called "Credit for Sanitising and purchase of PPE")

The Company recorded a tax credit of € 28,298 for sanitising and for the purchase of Personal Protective Equipment. The income linked to this credit has been recorded in the Income Statement under "Grants related to income" and is not relevant for tax purposes.

Tax credit for investments in capital equipment, pursuant to Law 160/2019 (2020 Budget Law) and Law 178/2020 (2021 Budget Law)

The Company recorded a tax credit of € 222,744 for investments in capital equipment. The income linked to this credit, for the part pertaining to the current tax period, equal to € 4,311, has been recorded in the Income Statement among capital grants and is not relevant for tax purposes.

Agreements not resulting from the Balance Sheet

The Company had no agreements in place not resulting from the Balance Sheet, which may have a significant impact on the financial position and results of operations of the Company pursuant to Art. 2427, para. 1, point 22-Ter of the Italian Civil Code.

Significant events subsequent to year-end

No significant events occurred after the year end, except for the situation linked to the spread of the COVID-19 pandemic in Italy, in Europe and all over the world.

For a more comprehensive analysis of any possible impact on the Company, please refer to the Directors' Report.

These Financial Statements, comprising the Balance Sheet, the Income Statement, the Cash Flow Statement and these Notes to the Financial Statements, give a true and fair view of the financial position and results of operations for the year ended 31 March 2021, and are in agreement with the accounting records.

Allocation of the result for the year and loss coverage

The following resolution has been proposed:

the Shareholders' Meeting, having heard the Board of Directors' remarks and taken due note of the Independent Auditor's Report and the Report of the Board of Auditors, unanimously resolved to approve the Financial Statements as at 31 March 2021 and the Directors' Report, as well as proposed, in accordance with the current provisions and the Company's by-laws, that the net income for the year of € 7,100,532 be allocated as follows:

- € 355,030 to legal reserve replenishment;
- and the remaining part as a reduction of the accumulated losses carried forward.

Cesare Gale'
Member of the Board of Directors
Bresso, 27 April 2021