ALERIS ALUMINUM NETHERLANDS B.V.

Amsterdam, the Netherlands

ANNUAL REPORT
31 December 2020

Aleris Aluminum Netherlands B.V.

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Aleris Aluminum Netherlands B.V.

1. Managing Directors' Report

The Managing Directors herewith submit the financial statements of Aleris Aluminum Netherlands B.V (hereinafter "the Company") for the financial year ended 31 December 2020.

Overview of activities
In accordance with Article 2 of its Articles of Association the principal activities of the Company are the participation in and management and financing of other companies and enterprises. During the year under review the Company acted as a holding company for the Novelis group with ultimate parent company Novelis Inc. (hereinafter "Group").

Result for the year
During the year under review the Company realised a loss of EUR 64,326,422 (2019: profit of EUR 34,554,306). The decrease of profit compared with previous year is mainly due to results on sales and liquidations of participations.

Research and development
The Company does not participate in or execute any research and/ or development programme.

Risk and uncertainties
Exposure to market, credit, interest rate and currency risks arises in the normal course of the Company's business.

Credit risk
Credit risk is the risk of financial loss of the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans to group companies. Since all significant loans are receivable from group companies, credit risk is concentrated at these counterparties.

The credit risk is considered negligible since all funding is obtained on behalf of the Group and passed on directly to the group companies. Management of the Company assesses and reviews risk for the group and does not expect that the group of companies will fail to meet its obligations.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity and/or credit facilities to meets its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity risk of Aleris Aluminum Netherlands B.V. is considered negligible.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risk is considered not material despite the fact that transactions have taken place in foreign currencies.

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards or corporate behaviour. Operational risks could arise from all of the Company's operations.

Due to the nature of the Company's operations, the operational risk is considered negligible.

Internal controls
Within the Novelis Group a single overall control framework is in place, which is designed to manage rather than eliminate the risk of failure to achieve business objectives, and only provides reasonable and not absolute assurance against material misstatement or loss. Londen & Van Holland evaluated the effectiveness of the Company's internal control over financial reporting in all material aspects as adequate in 2020. Hence the managing directors consider the Company's internal risk management and control system to be adequate and appropriate.

Future outlook
It is to be expected that the Company's activities will remain unchanged.

Post balance sheet events

On 25 February 2021, Aleris Aluminum Netherlands BV issued a EUR 165,000,000 short term note to Novelis Holdings Inc.

No further events have occurred since 31 December 2020 that would make the present financial position substantially different from that shown in the balance sheet as at balance sheet date

Directors
The Company currently has two managing directors (2019: 3). The managing directors who held office at the end of the financial year and at signing of these accounts had no disclosable interest in the shares of the Company.

It was resolved to honourably discharge Messrs. E.M. Rychel, P.C.J.M. Berger and H.M. van der Donk from their positions as managing directors and to appoint Mr F.L. Lucido as managing director instead, effective 14 April 2020.

It was further resolved to appoint Mr H.M. van der Donk as managing director, effective 29 April 2020.

Furthermore it was resolved to honourably discharge Mr H.M. van der Donk from his position as managing director, effective 21 August 2020, and to appoint Mr. M.P.J. Bottenheft as managing director instead, effective 22 August 2020.

Amsterdam, July 2021

M.P.J. Bottenheft

F.L. Lucido

2 Financial statements

2.1 Balance sheet as at 31 December 2020

Before result appropriation

		31 December 2020		31 December 2019	
Assets		€	€	€	€
Fixed assets					
Financial fixed assets	1				
Participations in group companies	2	424,619,406		769,833,988	
Long-Term Receivable - 3rd Party	3	94,083,481		-	
Other investments	4	-		254,410,000	
Deferred taxes		-		63,889	
			518,702,887		1,024,307,877
Current assets					
Receivables					
Short term Receivables - 3rd Party		15,540,642		-	
Receivables from group and related companies	5	148,971,511		45,844	
			164,512,153		45,844
			683,215,040		**1,024,353,721**
Shareholder's equity and liabilities					
Shareholder's equity	6				
Issued share capital		754,096,540		754,096,540	
Share premium reserve		11,720,459		11,720,459	
Accumulated results		(20,628,531)		(55,182,837)	
Result for the year		(64,326,422)		34,554,306	
			680,862,046		745,188,468
Long term liabilities					
Long term loans from shareholder	7		-		254,410,000
Short-term liabilities					
Short term liabilities to group and related compar	8	2,112,704		24,585,134	
Corporate Tax Payable		132,970		-	
Other liabilities and accrued expenses	9	107,320		170,119	
			2,352,994		24,755,253
			683,215,040		**1,024,353,721**

2.2 Profit and Loss account for the year 2020

		2020		2019	
		€	€	€	€
Interest income		18,502,287		17,819,866	
Interest expense		(16,087,356)		(17,165,514)	
Other operating income	10	459,759		305,060	
Gross Margin			2,874,690		959,412
Personnel expenses	11	326,277		333,218	
Management and administration expenses	12	249,414		321,888	
Exchange results		27,944		(45,165)	
Total operating expenses			603,635		609,941
Net Margin			2,271,055		349,471
Net Income before Taxation			2,271,055		349,471
Taxation	13		(196,859)		(361,111)
			2,074,196		(11,640)
Result on participations	14		(66,400,618)		34,565,946
Net result after taxation			**(64,326,422)**		**34,554,306**

2.3 Notes to the financial statements as at 31 December 2020

General

Aleris Aluminum Netherlands B.V. (hereinafter the 'Company') is a private limited liability company, having its statutory seat in Delfzijl, the Netherlands and its registered office at Herikerbergweg 238, Luna ArenA, 1101 CM Amsterdam, the Netherlands. The Company was incorporated under the laws of the Netherlands on 13 January 1998. The Company is a wholly owned subsidiary of Dutch Aluminum C.V., registered at Amsterdam, the Netherlands. The ultimate parent company was Aleris Corporation, Cleveland, Ohio, USA. In April 2020 Aleris Corporation was acquired by Novelis Inc., Atlanta, Georgia, U.S.A. The Company is registered at the trade register under number 33299643.

On 31 March 2021 the Articles of Association were partly amended whereby it was decided that the book year started 1 January 2021 would end on 31 March 2021 and all future book years will run from 1 April to 31 March of the next calendar year.

The principal activities of the Company are the participation in and management and financing of other companies and enterprises.

With reference to the Guidelines for Annual Reporting in the Netherlands (RJ360.106), the Company did not include a cash flow statement. Reference is made to the cash flow statement as included in the consolidated financial statements of Novelis Inc. These consolidated financial statements will be filed with the Commercial Register in the Netherlands.

The accompanying accounts have been prepared in accordance with the provisions of EU Directives as implemented in Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standard Board.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are stated at face value. Income and expenses are accounted for on the accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account, if they have become known before preparation of the financial statements.

Disclosure of going concern

Early 2020 the world faced the outbreak of the COVID-19 virus. This will probably have a substantial negative impact on the world economy. Under observance of the subordination of claims of the shareholder, the directors see at this point no significant additional risk due to the outbreak relating to the Company's ability to continue operating as a going concern and to be able to settle its liabilities when they fall due in the foreseeable future The Company can however be impacted through the effects the outbreak may have on the results and financial position of clients and debtors. At this moment the exact and full impact on the Company cannot be determined. The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the company.

Consolidation exemption according article 408

The financial statements of the company and its subsidiaries for the year ended 31 December 2020 have been taken up in the consolidated financial statements of Novelis Inc., Atlanta, Georgia, United States of America for the year ended 31 March 2021, a copy of which will be filed with the Trade Register of the Chamber of Commerce in the Netherlands. In accordance with the provisions of Article 408 of Title 9 of Book 2 of the Dutch Civil Code, the financial statements of the subsidiaries have not been consolidated in these financial statements.

2.3 Notes to the financial statements as at 31 December 2020 (continued)

Reporting currency

The Company uses its functional currency being the Euro, as its reporting currency.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. In the process of applying the Company's accounting policies, management has exercised judgment in making the following key assumptions concerning the future and other key sources of estimation and uncertainty at balance sheet dates. There is a significant risk that changes to these assumptions may cause a material adjustment to the carrying amounts of assets and liabilities within the next year.

Impairment testing
The Company tests fixed assets for impairment on an annual basis when an indication of impairment exists. When considering impairment, the Company's policy is to compare the carrying value of the item being considered to either a discounted cash flow calculation or by reference to known market value, if available. The Company's estimate of future cash flows is based on assumptions about a number of factors, including future operating performance, realisation of sales forecasts, economic conditions and technological changes, and may differ from actual future cash flows. Also, the evaluation of fair value using discounted cash flows means that assumptions about the timing of cash flows, relative to the date of the evaluation, impact upon the result of that evaluation.

Accounting policies in respect of the valuation of assets and liabilities

General

The principles of valuation are based on the historical cost. Assets and liabilities are stated at face value, unless otherwise indicated.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

A liability is disclosed in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Financial fixed assets

Participations in group companies
Participations and other investments are valued at their cost of acquisition, fixed in euros at the date of acquisition and reduced by provisions as necessary to reflect any permanent loss of value. Impairment losses are recognised when the carrying amount of an investment in a subsidiary exceeds its recoverable amount.

Receivables
Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value and then gains and losses are recognised in the Profit and Loss Account when the loans are derecognised or impaired.

Taxes
A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off.

2.3 Notes to the financial statements as at 31 December 2020 (continued)

Deferred tax liabilities and deferred tax assets are carried on the basis of the tax consequences of the realization or settlement of assets, provisions, liabilities or accruals and deferred income as planned by the company at the balance sheet date. Deferred tax liabilities and deferred tax assets are carried at non-discounted value.

Deferred and other tax assets and liabilities are netted off if the general conditions for netting off are met. Taxes are calculated on the result disclosed in the profit and loss account, taking account of tax-exempt items and partly or completely non-deductible expenses.

Other liabilities

Upon initial recognition, liabilities are stated at fair value and then valued at amortised cost.

Accounting policies in respect of result determination

Result
Profits on transactions are recognised in the year they are realised. Losses are recognised when foreseen.

Operating expenses
Expenses are based on the historical cost convention and attributed to the financial year to which they pertain.

Net financial result
Interest income and expenses consist of interest received from or paid to third parties.

Dividend
Dividend income is recognised in the income statement at the time that the entitlement of the entity to payment is confirmed.

Deferred tax assets

	31-12-2020	31-12-2019
	EUR	EUR
Carry forward losses	-	63,889
	-	63,889

The deferred tax asset relating to available carry forward losses has been fully utilized in 2020. The deferred tax is calculated at the applicable rate based on the result before taxation shown in the Profit and loss account and taking into account tax allowances and tax adjustments. Deferred tax assets arising from tax losses carry forwards are only recognized if recovery is reasonably certain. The amount of EUR 0 (2019: EUR 255,557) in losses qualify for the carry-forward of losses.

2.3 Notes to the financial statements as at 31 December 2020 (continued)

1. Financial fixed assets

	Participations in group companies	Long term receivable 3rd party	Other investments	Defered tax	Total
Balance as at 1 January 2020	769,833,988	-	254,410,000	63,889	1,024,307,877
Investments	388,282,146	-	-	-	388,282,146
Return of Capital	-	-	-	-	-
Liquidation of participation	(10,917,538)	-	-	-	(10,917,538)
Reclasify	-	-	-	-	-
Recognition deferred tax	-	-	-	(63,889)	(63,889)
Sale of participations	(722,579,190)	94,083,481	-	-	(628,495,709)
Repayment of CPECS	-	-	(254,410,000)	-	(254,410,000)
Balance as at 31 December 2020	424,619,406	94,083,481	-	-	518,702,887

	Shares in issued capital in %	
	2020	**2019**
Aleris Asia Pacific Limited, Hong Kong, China	100.00%	100.00%
Aleris Switzerland GmbH, Neuhausen am Rheinfall, Switzerland	100.00%	100.00%

No details of the equity values attributable to the Company's participations and the Company's share of the results are included here in accordance with the provisions of Article 379, paragraph 2(c) of Part 9 of Book 2 of the Dutch Civil Code and because use is being made of the provisions of Article 408 not to consolidate the financial statements of the company's participations

2. Participations in group companies

	31-12-20	31-12-19
Aleris Holding Luxembourg S.a.r.l	-	10,917,538
Aleris Deutschland Holding GmbH	-	210,368,612
Aleris Asia Pacific Ltd	424,619,406	402,046,130
Aleris Switzerland GmbH*	-	-
Aleris Aluminum Duffel BVBA	-	146,501,708
	424,619,406	769,833,988

*The investment in Aleris Switzerland GmbH amounts to EUR 53,174,510. The investment was fully impaired in 2010.

2.3 Notes to the financial statements as at 31 December 2020 (continued)

Aleris Holding Luxembourg S.a.r.l.	31-12-20	31-12-19
Book value as at 1 January	10,917,538	10,917,538
Liquidation	(10,917,538)	-
Book value as at 31 December	-	10,917,538

Aleris Deutschland Holding GmbH	31-12-20	31-12-19
Book value as at 1 January	210,368,612	210,368,612
Capital Contribution	365,708,870	-
Sale	(576,077,482)	-
Book value as at 31 December	-	210,368,612

Aleris Asia Pacific Ltd	31-12-20	31-12-19
Book value as at 1 January	402,046,130	392,118,090
Investments	22,573,276	9,928,040
Book value as at 31 December	424,619,406	402,046,131

Aleris Aluminium Duffel BVBA	31-12-20	31-12-19
Book Value as at 1 January	146,501,708	146,501,708
Sale	(146,501,708)	-
Book value as at 31 December	-	146,501,708

3. Long Term Receivable – 3rd Party

As per 30 September 2020 the sale of Aleris Aluminum Duffel BVBA was completed. This company was sold for an amount of EUR 310 million, with EUR 100 million of that amount subject to arbitration prior to being paid. This receivable is valued at a discounted rate. The discounted interest for the year ended 31 December 2020 was EUR 1,140,617. The net balance outstanding at 31 December 2020 is EUR 94,083,481.

4. Other investments

Aleris Holding Luxembourg S.a.r.l. Equity Certificates (CPEC)	31-12-20	31-12-19
Bookvalue as at 1 January	254,410,000	254,410,000
Prepayment	(254,410,000)	-
Bookvalue as at 31 December	0	254,410,000

2.3 Notes to the financial statements as at 31 December 2020 (continued)

5. Receivables from group and related companies

	31-12-20	31-12-19
Aleris International Inc	41,356	18,595
Aleris Rolled Products Germany GmbH (Koblenz)	2,113,921	17,851
Novelis AG Cash Pool	146,816,234	-
Aleris Aluminium (Zhenjiang) Co Ltd	-	2,793
Dutch Aluminum CV	-	6,605
	148,971,511	45,844

6. Shareholder's equity

Movements in equity were as follows:

	Issued Share Capital	Share Premium Reserve	General Reserve	Result for the year	Total Equity
Balance at 1 January 2020	754,096,540	11,720,459	(55,182,837)	34,554,306	745,188,468
Capital Increase	-	-	-	-	-
Capital Contribution	-	-	-	-	-
Distribution	-	-	-	-	-
Appropriation of result	-	-	34,554,306	(34,554,306)	-
Result for the year	-	-	-	(64,326,422)	(64,326,422)
Balance at 31 December 2020	754,096,540	11,720,459	(20,628,531)	(64,326,422)	680,862,046

The authorised share capital of the company consists of 2,000 shares of EUR 1,880,540 nominal value each. The issued share capital as at 31 December 2020 and 2019 consists of 401 shares of EUR 1,880,540 nominal value each, all of which are fully paid.

The net result for the loss will be added to the Accumulated losses.

7. Long term loans from shareholder

Dutch Aluminum C.V.	31-12-20	31-12-19
Beginning of the year	254,410,000	254,410,000
Prepayment	(254,410,000)	-
End of the year	-	254,410,000

2.3 Notes to the financial statements as at 31 December 2020 (continued)

8. Short term liabilities to group and related companies

	31-12-20	31-12-19
Dutch Aluminum C.V. Interest payable	-	2,763,660
Aleris Rolled Products Germany GmbH (Koblenz)	2,041,170	-
Aleris Aluminium Duffel BVBA		21,712,704
Aleris Aluminium Duffel BVBA interest payable	-	88,299
Aleris Holding Luxembourg S.a.r.l		-
Aleris International Inc	71,534	20,472
Novelis AG	-	-
	2,112,704	24,585,134

9. Other liabilities and accrued expenses

	31-12-20	31-12-19
Salaries payable	27,639	54,348
Wage tax payable	14,114	20,592
Creditors & accrued expenses	65,567	95,179
	107,320	170,119

Off-balance-sheet rights, obligations and arrangements

Lease obligations

The Company entered into lease agreement for a motor vehicle in May 2020. The term of this agreement is 45 months. The lease obligation will end in February 2024. Further there is another lease contract for 48 months, starting in March 2017, which matured in March 2021. These contracts contain a total obligation in accordance with the contracts of EUR 32,966, at year-end.

Guarantees

On 11 March 2016, the company issued a Comfort Letter in favour of EADS Deutschland GmbH (renamed Airbus Defence & Space GmbH) whereby the Company undertakes to guarantee the performance by two group companies under the Procurement Frame Contract entered into these companies with EADS Deutschland GmbH. The maximum exposure of this comfort letter amounts to 40% of the aggregate product sales revenue of the previous 12 months. The Letter of Comfort has effect as of 1 January 2017.

Cash sweep agreement

In September 2020 the Company entered into a cash sweep agreement with Novelis AG as head, Deutsche Bank and various European group companies.

2.3 Notes to the financial statements as at 31 December 2020 (continued)

10. Other operating income (expense)

	2020	2019
Commission	439,562	412,218
Other	20,197	(107,158)
	459,759	305,060

11. Personnel expenses

	2020	2019
Wages and salaries	283,251	291,401
Social security premiums and pension costs	43,027	41,817
	326,277	333,218

Directors remuneration
One of the directors received a remuneration of EUR 14,545 (excluding VAT) for the year under review.

Directors
For the year under review the Company had two (2019: three) managing directors and no Supervisory Directors.

Average number of employees
The average number of staff was two for the year under review (2019: two).

12. Management and administration expenses

	2020	2019
Professional fees	230,503	294,997
Travel expenses	6,505	11,848
Car costs	12,406	15,043
	249,414	321,888

2.3 Notes to the financial statements as at 31 December 2020 (continued)

13. Taxation on result of ordinary activities

The corporate income tax (expense) in the Company's income statement can be broken down as follows:

	2020	2019
	EUR	EUR
Income tax current year	(132,970)	-
Deferred tax - carry forward losses	(63,889)	(361,111)
	(196,859)	(361,111)

14. Result on participations

	2020	2019
Dividend Aleris Aluminium Duffel BVBA	17,000,000	34,565,946
Profit sale Aleris Aluminum Duffel BVBA	171,551,993	-
Loss sale Aleris Deutschland Holding GmbH	(255,893,149)	-
Liquidation result Aleris Holding Luxembourg S.a.r.l	940,538	-
	(66,400,618)	34,565,946

15. Subsequent events

On 25 February 2021, Aleris Aluminum Netherlands BV issued a EUR 165,000,000 short term note to Novelis Holdings Inc.

No further events have occurred since 31 December 2020 that would make the present financial position substantially different from that shown in the balance sheet as at balance sheet date.

Amsterdam, .. July 2021

Managing Directors,

M.P.J. Bottenheft

F.L. Lucido

3. Supplementary information

Appropriation of result

In accordance with Article 23 of the Articles of Association, profit shall be at the disposal of the Annual General Meeting of Shareholders. Profit distribution can only be made to the extent that Shareholder's Equity exceeds the issued and paid up share capital and legal reserves. Dutch law stipulates that distributions may only be made to the extent the Company's equity is in excess of the reserves it is required to maintain by law and its Articles of Association. Moreover, no distributions may be made if the Management Board is of the opinion that, by such distribution, the Company will not be to fulfil its financial obligations in the foreseeable future.