Aleris RM Inc.

Financial Statements and Related Notes As of March 31, 2021

(Unaudited)

TABLE OF CONTENTS

PAGE

STATEMENT OF OPERATIONS (UNAUDITED) **5**

BALANCE SHEET (UNAUDITED) **6**

STATEMENT OF CASH FLOWS (UNAUDITED) **7**

STATEMENT OF SHAREHOLDER'S EQUITY (UNAUDITED) **8**

1. ACCOUNTS RECEIVABLE **14**

2. RELATED PARTY TRANSACTIONS **14**

3. OTHER INCOME **14**

4. PUSH DOWN ACCOUNTING **15**

5. INCOME TAXES **15**

CERTIFICATION

I, Stephanie Rauls, have reviewed the attached unaudited standalone financial statements for Aleris RM Inc. and certify that the information included therein accurately reflects the financial position of Aleris RM Inc. as of March 31, 2021 and the results of its operations for the period April 14, 2020 to March 31, 2021.

By: Stephanie Rauls

Name: Stephanie Rauls
Title: Chief Accounting Officer and Controller
Date: May 20, 2021

Aleris RM Inc.
STATEMENT OF OPERATIONS (UNAUDITED)
(In thousands, except number of shares)

	Period Ended March 31,2021
Net sales	-
Selling, general and administrative expenses	8
Other expense (income), net	(19)
	(11)
Income before income taxes	**11**
Income tax provision	245
Net income	**(234)**

See accompanying notes to financial statements.

Aleris RM Inc.
BALANCE SHEET (UNAUDITED)
(In thousands, except number of shares)

	March 31,2021
ASSETS	
Current assets	
Accounts receivable, net	
— related parties	21,749
Total current assets	**21,749**
Total assets	**21,749**
LIABILITIES AND SHAREHOLDER'S EQUITY	
Current liabilities	
Accounts payable	
— related parties	20,716
Total current liabilities	**20,716**
Deferred income tax liabilities	245
Total liabilities	**20,961**
Shareholder's equity	
Common stock, no par value; unlimited number of shares authorized; 10 shares issued and outstanding	—
Additional paid–in capital	1,022
Retained earnings	(234)
Total equity	**788**
Total liabilities and equity	**21,749**

See accompanying notes to financial statements.

Aleris RM Inc.
STATEMENT OF CASH FLOWS (UNAUDITED)
(In thousands, except number of shares)

	Period Ended March 31,2021
OPERATING ACTIVITIES	
Net income	(234)
Adjustments to determine net cash provided by operating activities:	
Loss on change in fair value of derivative instruments, net	161
Deferred income taxes	245
Changes in assets and liabilities:	
Accounts receivable	28,453
Due From related parties	(11,653)
Accounts payable	(18,081)
Net cash used by operating activities	**(1,109)**
INVESTING ACTIVITIES	
Proceeds from settlement of derivative instruments, net	(209)
Net cash used in investing activities	**(209)**
Net cash used in financing activities	**-**
Net decrease in cash and cash equivalents	**(1,318)**
Cash and cash equivalents — beginning of period	1,318
Cash and cash equivalents — end of period	-

See accompanying notes to financial statements.

Aleris RM Inc.
STATEMENT OF SHAREHOLDER'S EQUITY (UNAUDITED)
(In thousands, except number of shares)

	Common Shares		Additional Paid-in Capital	Retained Earnings	Total Equity
	Shares	Amount			
Balance as of April 14, 2020	**10**	-	**1,022**		**1,022**
Net income	-	-	-	(234)	(234)
Balance as of March 31, 2021	**10**	-	**1,022**	**(234)**	**788**

See accompanying notes to financial statements.

Aleris RM Inc
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
(In thousands, except number of shares)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In this unaudited financial statements, references herein to the "Company," "we," "our," or "us" refer to Aleris RM Inc unless the context specifically indicates otherwise. References herein to "Novelis" refer to Novelis Inc. Novelis acquired Aleris Corporation ("Aleris") in April 2020. Unless otherwise specified, the period referenced is the current fiscal period. Reference to "fiscal 2021," refers to the fiscal period ended April 14, 2020 to March 31, 2021. These financial statements have been prepared after considering the "push down effect" of value adjustments arising out of the acquisition of the Company by Novelis.

.

Organization and Description of Business

Aleris RM Inc is engaged in manufacturing of rolled aluminum and act as the global hedging company for Aleris. Novelis acquired Aleris on April 14, 2020. All the common shares of Aleris RM Inc are owned directly by Aleris International Inc. The Company's functional and reporting currency is United States Dollar (USD).

Basis of Presentation

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

U.S. GAAP requires that wholly owned subsidiaries, majority-owned subsidiaries over which we exercise control, entities in which we have a controlling financial interest and entities for which we are deemed to be the primary beneficiary be consolidated. The books and records of the Company are prepared and recorded under U.S. GAAP. Accordingly, we have presented these financial statements on a standalone unconsolidated basis, which is a deviation from U.S. GAAP as it is not feasibly possible to present these statements in another basis of accounting other than books and records of the subsidiary. Otherwise, these separate financial statements are prepared in accordance with U.S. GAAP.

These statements have not been audited, as there is no local jurisdictional requirement to present audited standalone subsidiary financial statements. When applicable, Investments in subsidiaries are presented using the cost method.

Use of Estimates and Assumptions

The preparation of our financial statements in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The principal areas of judgment relate to (1) tax uncertainties and valuation allowances; (2) assessment of loss contingencies, including environmental and litigation liabilities. Future events and their effects cannot be predicted with certainty, and accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. We evaluate and update our assumptions and estimates on an ongoing basis and may employ outside experts to assist in our evaluations. Actual results could differ from the estimates we have used.

Risks and Uncertainties

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

Risks & Uncertainty resulting from COVID-19

Beginning late in the fourth quarter of fiscal year ended March 31, 2020 and carrying into the current fiscal year, the COVID-19 pandemic, and its unprecedented negative economic implications, have affected production and sales across a range of industries around the world.

Our global operations, similar to those of many other large, multi-national corporations, were also impacted. Early in fiscal year 2021, we were required to partially shut down or temporarily close certain facilities in the United States ("U.S.") and abroad to comply with state orders and governmental decrees and adjust schedules at some of our facilities based on customer demand. The plant shutdowns and adjusted schedules resulting from the COVID-19 pandemic resulted in disruptions to our supply chain, interruptions to our production, and delays of shipments to our customers, mainly during the first quarter of the current fiscal year.

While much of our customer demand and shipments recovered in the majority of our end markets during the second fiscal quarter and remained robust through the remainder of fiscal 2021, the overall extent of the impact of the COVID-19 pandemic on our operating results, cash flows, liquidity, and financial condition will depend on certain developments, including the duration and spread of the outbreak and its impact on our customers, employees, and vendors. We believe this will be primarily driven by the severity and duration of the pandemic, the pandemic's impact on the U.S. and global economies and the timing, scope, and effectiveness of federal, state, and local governmental responses, including the distribution and adoption of vaccines.

Our application of U.S. GAAP requires the pervasive use of estimates and assumptions in preparing the unaudited financial statements. The global COVID-19 pandemic has required greater use of estimates and assumptions. More specifically, those estimates and assumptions that are utilized in our forecasted cash flows that form the basis in developing the fair values utilized in impairment assessments as well as annual effective tax rate. This has included assumptions as to the duration and severity of the pandemic, timing and amount of demand shifts amongst sales channels (primarily in the automotive industry), workforce availability, and supply chain continuity. We have experienced short-term disruptions and anticipate such disruptions may continue for the foreseeable future but anticipate an eventual return to normal demand. Although we have made our best estimates based upon current information, the effects of the COVID-19 pandemic on our business may result in future changes to our estimates and assumptions based on its duration. Actual results could materially differ from the estimates and assumptions developed by management. If so, we may be subject to future impairment charges as well as changes to recorded reserves and valuations.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include office expenses of administrative employees and professional fees.

Income Taxes

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

We used the benefits-for-loss method of tax allocation so that net operating losses are characterized as realized (or realizable). Net operating losses (or other current or deferred tax attributes) are characterized as realized (or realizable) when those tax attributes are realized (or realizable) by the group of Novelis Holdings Inc. even if Aleris RM Inc would not otherwise have realized the attributes on a stand-alone basis.

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

Recently Adopted Accounting Standards

THIS SPACE HAS BEEN LEFT BLANK INTENTIONALLY

Standard	Adoption	Description	Disclosure Impact
Accounting Standards Update ("ASU") 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting along with additional technical improvements and clarifications since issued (Issued March 2020)	April 1, 2020	The standard provides transitional guidance and optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships which reference LIBOR or another reference rate expected to be discontinued.	The Company has evaluated the impact of this standard, noting that there is no impact to our current contracts or hedging relationships. The Company will monitor the impact on future transactions through December 31, 2022.
ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (Issued December 2019)	April 1, 2020	The standard simplifies the accounting for income taxes by eliminating certain exceptions in ASC 740 related to the methodology for calculating income taxes in an interim period. It also clarifies and simplifies other aspects of the accounting for income taxes, improving the consistent application and simplification of U.S. GAAP.	No impact on Company's financial statements
ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments	April 1, 2020	The standard provides various codification updates and improvements to address comments received.	No impact on Company's financial statements
ASU 2018-17, Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities (Issued October 2018)	April 1, 2020	This standard eliminates the requirement that entities consider indirect interests held through related parties under common control in their entirety when assessing whether a decision-making fee is a variable interest. Instead, the reporting entity must consider such indirect interests on a proportionate basis.	No impact on Company's financial statements
ASU 2018-15, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (Issued August 2018)	April 1, 2020	This standard requires capitalization of implementation costs incurred in a hosting arrangement that is a service contract. This change will better align with requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected.	No impact on Company's financial statements

ASU 2018-14, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans (Issued August 2018)	April 1, 2020	This standard added requirements for new disclosures such as requiring a narrative description of the reasons for significant gains and losses affecting the benefit obligation for the period and also an explanation of any other significant changes in the benefit obligation or plan assets that are not otherwise apparent in the other disclosures required by ASC 715. Further, the standard removes some currently required disclosures such as (a) the requirement (for public entities) to disclose the effects of a one-percentage-point change on the assumed health care costs and the effect of this change in rates on service cost, interest cost, and the benefit obligation for postretirement health care benefits and (b) the amounts in accumulated other comprehensive income expected to be recognized in net periodic benefit costs over the next fiscal year.	No impact on Company's financial statements
ASU 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment (Issued January 2017)	April 1, 2020	This standard removes Step 2 from the goodwill impairment test. As amended, the goodwill impairment test will consist of one step comparing the fair value of a reporting unit with its carrying amount. Under the simplified model, a goodwill impairment is calculated as the difference between the carrying amount of the reporting unit and its fair value, but not to exceed the carrying amount of goodwill allocated to that reporting unit. This standard will need to be considered each time Novelis performs an assessment of goodwill for impairment under the quantitative test.	No impact on Company's financial statements
ASU 2016-13, Financial Instrument-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments along with additional technical improvements and clarifications since issued (Issued June 2016)	April 1, 2020	The standard provides financial statement users with more decision-useful information about expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The current expected credit loss ("CECL") model requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts.	No impact on Company's financial statements
ASU 2018-18, Collaborative Arrangements (Topic 808): Clarifying the interaction between Topic 808 and Topic 606 (Issued November 2018)	October 1, 2020	The standard clarifies the interaction between Topic 808, collaborative agreements, and Topic 806, Revenue from Contracts with Customers. Targeted improvements served to clarify when transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606.	No impact on Company's financial statements

Aleris RM Inc
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – (Continued)
(In thousands, except number of shares)

1. ACCOUNTS RECEIVABLE

"Accounts receivable, net" consist of the following.

	March 31,2021
Accounts receivable, net - related parties	21,749
Accounts receivable, net	**21,749**

Refer Note 2. related party transactions for further details.

2. RELATED PARTY TRANSACTIONS

Included in the accompanying financial statements are transactions and balances arising from business we conduct with our indirect parent and direct/indirect subsidiaries which we classify as related party transactions and balances. The following table describes the period-end account balances that we had with these related parties, shown as related party balances in the accompanying balance sheet.

	March 31,2021
Aleris International, Inc.	18,248
Aleris Rolled Products, Inc.	2,852
Nichols Aluminum, LLC	649
Accounts receivable-related parties	**21,749**
Aleris Rolled Products, LLC	20,716
Accounts payable-related parties	**20,716**

3. OTHER INCOME

"Other Income" consist of the following-

	Period ended March 31,2021
Loss (gain) on remeasurement of monetary assets and liabilities, net	(180)
Loss on change in fair value of derivative instruments, net	161
Other income	**(19)**

The following table summarizes the gains (losses) associated with the change in fair value of derivative instruments recognized in "Loss on change in fair value of derivative instruments, net".

	Period ended March 31,2021
Metal contracts	160
Currency exchange contracts	1
Loss on change in fair value of derivative instrument, net	**161**

4. PUSH DOWN ACCOUNTING

Effective April 14, 2020, Novelis acquired 100% equity interest in Aleris for a purchase consideration of $ 2,775,000. Pursuant to this, Novelis allocated the purchase consideration to the Company and all the other group entities. The allocated purchase consideration amounted to $1,022. The Company accounted the acquisitions by following the purchase method of accounting wherein allocated purchase consideration was allocated to all the acquired assets-and-assumed-liabilities. The Company has elected to push-down the effects of accounting for the acquisitions under the purchase method from the date of acquisitions, and accordingly all such adjustments are reported in these financial statements. The purchase price paid was allocated as follows:

	Amount
Allocated purchase consideration	1,022
Allocated to:	
Cash and cash equivalents	1,318
Accounts receivable	28,453
Fair value of derivative instrument liability	(47)
Accounts Payable	(18,081)
Accounts Payable -related party	(10,621)
Total	**1,022**

5. INCOME TAXES

We used the benefits-for-loss method of tax allocation so that net operating losses are characterized as realized (or realizable). We are subject to United States federal and state income taxes. The domestic components of our "Income before income taxes" are as follows.

	Period ended March 31, 2021
Domestic (US)	$ 11
Pre-tax income	$ 11

	Period ended March 31, 2021
Current provision (benefit):	
Federal	
State	
Total current	$ -
Deferred provision (benefit):	
Federal	28
State	217
Total deferred	245
Income tax provision	$ 245

Deferred Income Taxes

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

On March 31, 2021 we had recorded deferred tax liabilities of $245.

Although realization is not assured, management believes it is more likely than not that all the remaining net deferred tax assets will be realized. In the near term, the amount of deferred tax assets considered realizable could be reduced if we do not generate sufficient taxable income in certain jurisdictions.