Aleris Rolled Products Inc.

Financial Statements and Related Notes As of March 31, 2021

(Unaudited)

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CERTIFICATION

I, Stephanie Rauls, have reviewed the attached unaudited standalone financial statements for Aleris Rolled Products Inc. and certify that the information included therein accurately reflects the financial position of Aleris Rolled Products 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 25, 2021

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

	Period Ended March 31, 2021
Net sales	447,393
Cost of goods sold (exclusive of depreciation and amortization)	400,232
Selling, general and administrative expenses	68,800
Depreciation and amortization	48,573
Interest expense	74
Research and development expenses	6
Restructuring and impairment, net	4,719
Other income, net	(1,361)
Integration related costs	39
	521,082
Loss before income taxes	**(73,690)**
Income tax provision	—
Net loss from continuing operations	(73,690)
Loss from discontinued operations, net of tax	8,376
Loss on sale of discontinued operations, net of tax	(158,562)
Net loss	**(223,876)**
Other comprehensive income (loss):	
Net change in pension and other benefits	5,667
Other comprehensive income before income tax effect	5,667
Income tax provision (benefit) related to items of other comprehensive income	—
Other comprehensive income , net of tax	5,667
Comprehensive loss	**(218,209)**
Comprehensive loss attributable to our common shareholder	**(218,209)**

See accompanying notes to financial statements.

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

	March 31, 2021
ASSETS	
Current assets	
Accounts receivable, net	
— third parties (net of uncollectible accounts of $0)	48,597
— related parties	17,499
Inventories	51,671
Prepaid expenses and other current assets	18,117
Total current assets	**135,884**
Property, plant and equipment, net	220,782
Goodwill	374,269
Intangible assets, net	372,392
Deferred income tax assets	43,929
Other long–term assets	
— third parties	196
Investment in subsidiaries	534,923
Long-term assets of discontinued operations	—
Total assets	**1,682,375**
LIABILITIES AND SHAREHOLDER'S EQUITY	
Current liabilities	
Current portion of long–term debt	567
Accounts payable	
— third parties	35,824
— related parties	217,566
Accrued expenses and other current liabilities	20,421
Total current liabilities	**274,378**
Long–term debt, net of current portion	997
Accrued postretirement benefits	16,424
Other long–term liabilities	15,178
Long-term liabilities of discontinued operations	—
Total liabilities	**306,977**
Shareholder's equity	
Common stock, no par value; unlimited number of shares authorized; 10 shares issued and outstanding	—
Additional paid–in capital	1,593,607
Retained earnings	(223,876)
Accumulated other comprehensive loss	5,667
Total equity	**1,375,398**
Total liabilities and equity	**1,682,375**

See accompanying notes to financial statements.

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

	Period ended March 31, 2021
OPERATING ACTIVITIES	
Net loss	(223,876)
Net income from Discontinued Operations	150,186
Adjustments to determine net cash provided by operating activities:	
Depreciation and amortization	48,573
Loss on sale of assets	430
Changes in assets and liabilities:	
Inventories	(7,063)
Accounts receivable	(18,778)
Due From Related Parties	39,304
Accounts payable	25,778
Other current assets	(801)
Other current liabilities	1,116
Other noncurrent assets	(16,018)
Other noncurrent liabilities	(11,328)
Net cash used in operating activities - discontinued operations	16,513
Net cash used in operating activities	**4,036**
INVESTING ACTIVITIES	
Capital expenditures	(18,030)
Proceeds from sales of assets, third party, net	5,869
Net cash provided by investing activities - discontinued operations	18,885
Net cash provided by investing activities	**6,724**
FINANCING ACTIVITIES	
Principal payments of long-term and short-term borrowings, net	(889)
Additional investment from parent	(8,521)
Net cash used in financing activities - discontinued operations	(1,350)
Net cash used in financing activities	**(10,761)**
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents — beginning of period	-
Cash and cash equivalents — end of period	-

See accompanying notes to financial statement

Aleris Rolled Products Inc.
STATEMENT OF SHAREHOLDER'S DEFICIT (UNAUDITED)
(In thousands, except number of shares)

	Common Shares		Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income	Total Equity
	Shares	Amount				
Balance as of April 14, 2020	10	-	1,602,128			1,602,128
Return of capital			(8,521)			(8,521)
Net loss	-	-	-	(223,876)	5,667	(218,209)
Balance as of March 31, 2021	**10**	-	**1,593,607**	**(223,876)**	**5,667**	**1,375,398**

See accompanying notes to financial statements.

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

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In these unaudited financial statements, references herein to the "Company," "we," "our," or "us" refer to Aleris Rolled Products 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 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 Rolled Products INC is engaged in manufacturing of rolled aluminum. It operates through multiple rolling plants in USA. Novelis acquired Aleris on April 14, 2020. The Company has its direct investment in Aleris Rolled Products LLC, Aleris Rolled Products Sale Corporation, IMCO Recycling of OHIO LLC, Nichols Aluminums LLC. All the common shares of Aleris Rolled Products 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 impairment of goodwill; impairment of long-lived assets and other intangible assets; tax uncertainties and valuation allowances; and 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.

Cash and Cash Equivalents

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

We maintain amounts on deposit with various financial institutions, which may, at times, exceed federally insured limits. However, management periodically evaluates the creditworthiness of those institutions, and we have not experienced any losses on such deposits.

Accounts Receivable-Third Party

We do not obtain collateral relating to our accounts receivable. We do not believe there are any significant concentrations of revenues from any customer or group of customers that would subject us to any significant credit risks in the collection of our accounts receivable. We report accounts receivable at the estimated net realizable amount we expect to collect from our customers.

Additions to the allowance for credit losses are made by means of the provision for credit losses. We write-off uncollectible accounts receivable against the allowance for credit losses after exhausting collection efforts. For each of the periods presented, we performed an analysis of our historical cash collection patterns and considered the impact of any known material events in determining the allowance for credit losses. Refer Note-2 for further discussion.

Inventories

We carry our inventories at the lower of their cost or net realizable value, reduced for obsolete and excess inventory. We use the average cost method to determine cost. Included in inventories are stores inventories, which are carried at average cost.

Property, Plant and Equipment

We record land, buildings, and machinery and equipment at cost. We record assets under finance lease obligations at the lower of their fair value or the present value of the aggregate future minimum lease payments as of the beginning of the lease term. We generally depreciate our assets using the straight-line method over the shorter of the estimated useful life of the assets or the lease term, excluding any lease renewals, unless the lease renewals are reasonably certain. We assign useful lives to and depreciate major components of our property, plant and equipment.

The ranges of estimated useful lives are as follows:

	Years
Buildings	30 to 40
Leasehold improvements	7 to 20
Machinery and equipment	2 to 25
Furniture, fixtures and equipment	3 to 10
Equipment under finance lease obligations	5 to 15

Most of our large-scale machinery, including hot mills, cold mills, continuous casting mills, furnaces, and finishing mills have useful lives of 15 to 25 years. Supporting machinery and equipment, including automation and work rolls, have useful lives of 2 to 15 years.

Maintenance and repairs of property and equipment are expensed as incurred. We capitalize replacements and improvements that increase the estimated useful life of an asset. We also capitalize construction costs and interest incurred while major construction and development projects are in progress. These amounts are capitalized as construction in progress within property, plant and equipment until the asset is placed into service. Once placed into service, the asset, including the associated capitalized interest, is reclassified from construction in progress to the appropriate property, plant and equipment component and depreciation commences.

We retain fully depreciated assets in property and accumulated depreciation accounts until they are removed from service. In the case of sale, retirement, or disposal, the asset cost and related accumulated depreciation balances are removed from the respective accounts, and the resulting net amount, after consideration of any proceeds, is included as a gain or loss in other expenses, net or gain on assets held for sale in our statements of operations.

We account for operating leases under the provisions of ASC 842, Leases. This pronouncement requires us to recognize escalating rents, including any rent holidays, on a straight-line basis over the term of the lease for those lease agreements where we receive the right to control the use of the entire leased property at the beginning of the lease term.

Goodwill

Goodwill is on account of push down accounting upon acquisition of Aleris by Novelis.

Novelis test for impairment at least annually as of the last day of each fiscal year, unless a triggering event occurs that would require an interim impairment assessment. Novelis do not aggregate components of operating segments to arrive at our reporting units and, as such, our reporting units are the same as our operating segments.

In performing our goodwill impairment test, Novelis has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value of a reporting unit is less than it is carrying amount. If they perform a qualitative assessment and determine that an impairment is more likely than not, then we perform the one-step quantitative impairment test, otherwise no further analysis is required. Novelis also may elect not to perform the qualitative assessment and, instead, proceed directly to the one-step quantitative impairment test. The ultimate outcome of the goodwill impairment assessment will be the same whether we choose to perform the qualitative assessment or proceed directly to the one-step quantitative impairment test.

No goodwill impairment was identified for fiscal period April 14, 2020 to March 31, 2021.

Novelis uses the present value of estimated future cash flows to establish the estimated fair value of our reporting units as of the testing date. This approach includes many assumptions related to future growth rates, discount factors, and tax rates, among other considerations. Changes in economic and operating conditions impacting these assumptions could result in goodwill impairment in future periods. Additionally, Novelis uses the market approach to corroborate the estimated fair value. Both approaches are weighted equally when calculating our estimated fair value. If the carrying amount of a reporting unit's goodwill exceeds its estimated fair value, Novelis would recognize an impairment charge in an amount equal to that excess in our statements of operations. During our analysis for the period April 14, 2020 to March 31, 2021 the estimated fair value of each of our reporting units exceeded the carrying amount of the reporting unit's goodwill, and thus, we did not fail step one of testing.

When a business within a reporting unit is disposed of, goodwill is allocated to the gain or loss on disposition using the relative fair value methodology.

Long-Lived Assets and Other Intangible Assets

We amortize the cost of intangible assets over their respective estimated useful lives to their estimated residual value. See Note 6 – Goodwill and Intangible Assets for further details.

We assess the recoverability of long-lived assets (excluding goodwill) and finite-lived intangible assets, whenever events or changes in circumstances indicate that we may not be able to recover the asset's carrying amount. We measure the recoverability of assets to be held and used by a comparison of the carrying amount of the asset (groups) to the expected, undiscounted future net cash flows to be generated by that asset (groups), or, for identifiable intangible assets, by determining whether the amortization of the intangible asset balance over its remaining life can be recovered through undiscounted future cash flows. The amount of impairment of identifiable intangible assets is based on the present value of estimated future cash flows. We measure the amount of impairment of other long-lived assets and intangible assets (excluding goodwill) as the amount by which the carrying value of the asset exceeds the fair value of the asset, which is generally determined as the present value of estimated future cash flows or as the appraised value. Impairments of long-lived assets and intangible assets are included in restructuring and impairment, net in the statement of operations. See Note 1 – Restructuring and Impairment for further discussions.

Maintenance and repairs of property and equipment are expensed as incurred. We capitalize replacements and improvements that increase the estimated useful life of an asset. We also capitalize construction costs and interest incurred while major construction and development projects are in progress. These amounts are capitalized as construction in progress within property, plant and equipment until the asset is placed into service. Once placed into service, the asset, including the associated capitalized interest, is reclassified from construction in progress to the appropriate property, plant and equipment component and depreciation commences.

We retain fully depreciated assets in property and accumulated depreciation accounts until they are removed from service. In the case of sale, retirement, or disposal, the asset cost and related accumulated depreciation balances are removed from the respective accounts, and the resulting net amount, after consideration of any proceeds, is included as a gain or loss in other expenses, net or gain on assets held for sale in our statements of operations.

We account for operating leases under the provisions of ASC 842, Leases. This pronouncement requires us to recognize escalating rents, including any rent holidays, on a straight-line basis over the term of the lease for those lease agreements where we receive the right to control the use of the entire leased property at the beginning of the lease term.

Net Sales

We recognize revenue in accordance with the FASB Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606").

Cost of Goods Sold (Exclusive of Depreciation and Amortization)

Cost of goods sold (exclusive of depreciation and amortization) includes all costs associated with inventories, including the procurement of materials, the conversion of such materials into finished products, and the costs of warehousing and distributing finished goods to customers. Material procurement costs include inbound freight charges as well as purchasing, receiving, inspection and storage costs. Conversion costs include the costs of direct production inputs such as labor and energy, as well as allocated overheads from indirect production centers and plant administrative support areas. Warehousing and distribution costs include inside and outside storage costs, outbound freight charges and the costs of internal transfers.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include salaries, travel and office expenses of administrative employees and contractors; and legal and professional fees.

Restructuring Activities

Restructuring charges, which are recorded within restructuring and impairment, net, include employee severance and benefit costs, impairments of assets, and other costs associated with exit activities. Restructuring costs are determined based on estimates prepared at the time the restructuring actions were approved by management and are periodically updated for changes. Restructuring costs include expenses that are recorded through the restructuring liability. We apply the provisions of ASC 420, Exit or Disposal Cost Obligations ("ASC 420") and ASC 712, Compensation — Nonretirement Postemployment Benefits ("ASC 712"). Severance costs accounted for under ASC 420 and/or ASC 712 are recognized when management with the proper level of authority has committed to a restructuring plan and communicated those actions to employees. Impairment losses are based upon the estimated fair value less costs to sell, with fair value estimated based on existing market prices for similar assets. Other exit costs include environmental remediation costs and contract termination costs, primarily related to equipment and facility lease obligations. At each reporting date, we evaluate the accruals for restructuring costs to ensure the accruals are still appropriate.

Research and Development

We incur costs in connection with research and development ("R&D") programs that are expected to contribute to future earnings and charge such costs against income as incurred. R&D costs consist primarily of salaries and administrative costs.

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 Rolled Products 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.

Pensions and Postretirement Benefits

Our pension obligations relate to funded defined benefit pension plans in the U.S., unfunded pension plans in the U.S. Our other postretirement obligations include unfunded health care and life insurance benefits provided to retired employees in the U.S.

We account for our pensions and other postretirement benefits in accordance with ASC 715, Compensation — Retirement Benefits ("ASC 715"). We recognize the funded status of our benefit plans as a net asset or liability, with an offsetting adjustment to accumulated other comprehensive loss in shareholder's equity. The funded status is calculated as the difference between the fair value of plan assets and the benefit obligation. For the fiscal periods ended March 31, 2021, we used March 31 as the measurement date.

We use standard actuarial methods and assumptions to account for our pension and other postretirement benefit plans. Pension and postretirement benefit obligations are actuarially calculated using management's best estimates of the rate used to discount the future estimated liability, the long-term rate of return on plan assets, and several assumptions related to the employee workforce (compensation increases, health care cost trend rates, expected service period, retirement age, and mortality). Pension and postretirement benefit expense includes the actuarially computed cost of benefits earned during the current service period, the interest cost on accrued obligations, the expected return on plan assets based on fair market value and the straight-line amortization of net actuarial gains and losses and adjustments due to plan amendments, curtailments, and settlements. Net actuarial gains and losses are amortized over periods of 15 years or less, which represent the group's average future service life of the employees or the group's average life expectancy. See Note 15 – Postretirement Benefit Plans for further discussion.

Recently Adopted Accounting Standards

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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.	No impact on Company's financial statements
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 2018-15, 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 Rolled Products INC
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – (Continued)
(In thousands, except number of shares)

1. RESTRUCTURING AND IMPAIRMENT

"Restructuring and impairment, net" for the year ended March 31, 2021 was $4,719 as included in Statement of Operations. As of March 31, 2021 $655 is included in Accrued Expenses and Other Current Liabilities

The following table summarizes our restructuring liability activity.

	March 31, 2021
	Total restructuring liabilities
Balance as of March 31, 2021	
Activity during the period:	
Expenses	4,719
Cash payments	4,064
	655

2. ACCOUNTS RECEIVABLE

"Accounts receivable, net" consists of the following.

	March 31, 2021
Trade accounts receivable	48,547
Other accounts receivable	50
Accounts receivable - third party	**48,597**
Accounts receivable, net - related parties	17,499
Accounts receivable, net	**66,096**

(a) Refer Note 8 Investment in Subsidiaries and Related Party Transactions for further details

3. INVENTORIES

"Inventories" consists of the following.

	March 31, 2021
Finished goods	12,288
Work in process	27,172
Raw materials	8,971
Supplies	3,240
Inventories	**51,671**

4. PREPAID EXPENSE AND OTHER CURRENT ASSETS

"Prepaid Expense and Other Current Assets" consists of the following.

	March 31, 2021
Prepaid - General	718
Prepaid - Insurance	746
Other Current Assets	16,653
	18,117

5. PROPERTY, PLANT AND EQUIPMENT

"Property, plant and equipment, net" consists of the following.

	March 31, 2021
Land and property rights	15,188
Buildings	57,782
Machinery and equipment	169,583
	242,553
Accumulated depreciation and amortization	(32,400)
	210,153
Construction in progress	10,629
Property, plant and equipment, net	**220,782**

Depreciation expense related to property, plant, and equipment; net is shown in the table below.

	Period ended March 31, 2021
Depreciation expense related to property, plant and equipment, net	32,400

6. GOODWILL AND INTANGIBLE ASSETS

The components of "Goodwill" are as follows.

	March 31, 2021		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value
Goodwill	374,269	-	374,269

The components of "Intangible assets, net" are as follows.

	March 31, 2021			
	Weighted Average Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and software	10 years	13,133	(1,221)	11,912
Customer-related intangible assets	20 years	375,432	(14,952)	360,480
		388,565	**(16,173)**	**372,392**

Amortization expense related to Intangible assets, net is shown in the table below.

	March 31, 2021
Total amortization expense related to intangible assets	**16,173**

Estimated total amortization expense related to intangible assets, net for each of the five succeeding fiscal years is as follows:

Fiscal Year Ending March 31,	
2022	20,075
2023	20,075
2024	20,075
2025	20,075
2026	20,075

7. LEASES

We lease certain land, buildings and equipment under non-cancelable operating lease arrangements and certain office space under finance lease arrangements.

We used the following policies and/or assumptions in evaluating our lease population:

- Lease determination: we consider a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.
- Discount rate: When our lease contracts do not provide a readily determinable implicit rate, we use the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by region and asset class.
- Variable payments: We includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. Other variable lease payments include, but are not limited to, maintenance, service, and supply costs. These costs are disclosed as a component of total lease costs.
- Purchase options: Certain leases include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

- Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at our sole discretion.
- Residual value guarantees, restrictions, or covenants: Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.
- Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to selling, general and administrative expenses on the statements of operations.
- Non-lease components: Leases that contain non-lease components (primarily equipment maintenance) are accounted for as a single component and recorded on the balance sheets for certain asset classes including real estate and certain equipment. Non-lease components include, but are not limited to, common area maintenance, service arrangements, and supply agreements.

The table below presents the classification of leasing assets and liabilities.

Leases		Classification	March 31, 2021
Right to use Assets			
Operating lease assets		Other long-term Assets	196
Finance lease assets		Property Plant and Equipment, net	2,088
		Accumulated Depreciation	(522)
Finance lease assets, net			**1,567**
Total leased assets			**1,762**
Liabilities			
Current			
	Operating leases liabilities	Accrued expenses and other current liabilities	135
	Finance leases liabilities	Current portion of long–term debt	567
Long term			
	Operating leases liabilities	Other long–term liabilities	63
	Finance leases liabilities	Long–term debt, net of current portion	997
Total leased liabilities			**1,762**

The table below presents the classification of lease related expenses or income as reported on the statements of operations. Amortization of and interest on liabilities related to finance leases were $563 during the period ended March 31, 2021.

Expense Type	Income Statement Classification	Period Ended March 31, 2021
Operating lease cost (1)	Selling, general and administrative expenses	246

(1) – Operating lease costs include short term leases.

Future minimum lease payments as of March 31, 2021, for our operating leases having an initial or remaining non-cancelable lease term in excess of one year, are as follows.

Maturity of Lease Liabilities	Operating Leases	Finance Leases
2022	133	616
2023	18	546
2024	18	402
2025	18	75
2026	17	2
After 2026		
Total lease payments	203	1,641
Less: Interest	(6)	(77)
Present value of lease liabilities	**198**	**1,564**

The following table presents the weighted-average remaining lease term and discount rates.

Lease Term and Discount Rate	March 31, 2021
Weighted-average remaining lease term (years)	
Operating leases	2.7
Finance leases	3.1
Weighted-average discount rate	
Operating leases	3%
Finance leases	3%

The following table presents supplemental information on our operating and finance leases for the fiscal period ended March 31, 2021-

Other Information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	226
Operating cash flows from finance leases	38
Financing cash flows from finance leases	909
Leased assets obtained in exchange for new finance lease liabilities	94
Leased assets obtained in exchange for new operating lease liabilities	20

8. INVESTMENTS IN SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

The following table summarizes our ownership percentage of our subsidiaries in which we have an investment as of March 31, 2021-

Shareholdings - Common Shares	March 31, 2021	Ownership
Aleris Rolled Products, LLC	318,493	100%
IMCO Recycling of Ohio, LLC	20,432	100%
Nichols Aluminum, LLC	195,950	100%
Aleris Rolled Products Sales Corporation	48	100%
	534,923	

Included in the accompanying financial statements are transactions and balances arising from business we conduct with our indirect parent and affiliates 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 Rolled Products, LLC	9,265
IMCO Recycling of Ohio, LLC	8,234
Accounts receivable-related parties	**17,499**
Aleris International, Inc.	155,478
Aleris RM, Inc.	2,852
Nichols Aluminum, LLC	48,309
Aleris Rolled Products Sales Corporation	9,218
Novelis Corporation	1,630
Aleris Rolled Products Germany GmbH	79
Nichols Aluminum Alabama LLC	1
Accounts payable-related parties	**217,566**

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

"Accrued expenses and other current liabilities" consist of the following-

	March 31, 2021
Accrued compensation and benefits	9,015
Accrued interest payable	1
Accrued environmental reserves	2,257
Other current liabilities	9,148
Accrued expenses and other current liabilities - third parties	**20,421**

10. OTHER INCOME

"Other net income" consists of the following.

	Period ended March 31,2021
Realized losses on change in fair value of derivative instruments, net	143
Loss on sale of assets, net	430
Non-operating net periodic benefit cost	317
Others	(2,251)
Other income, net	**(1,361)**

11. 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 $ 1,602,128. 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:

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	Amount
Allocated purchase consideration	1,602,128
Allocated to:	
Accounts receivable	29,613
Inventories	48,310
Prepaid expenses and other current assets	964
Property, plant and equipment, net	568,357
Intangible assets	389,406
Goodwill & Org. Costs, Net	373,427
Other long-term assets	1,060
Interest in subsidiaries	534,923
Current portion of long–term debt	(1,976)
Accounts Payable	(34,875)
Accounts payable, net - related party	(160,738)
Accrued expenses and other current liabilities	(111,976)
Long–term debt, net of current portion	(17,767)
Other long–term liabilities	(16,600)
Total	**1,602,128**

12. 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 (loss) before income taxes" are as follows.

	Period Ended March 31 2021
Domestic (US)	(73,690)
Pre-tax income	(73,690)

		Period Ended March 31 2021
Current provision (benefit):		
Federal		
State		
Total current	$	-
Deferred provision (benefit):		
Federal		41,298
State		2,630
Total deferred		43,929
Income tax provision	$	43,929

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 valuation allowances recorded against deferred tax assets of $41,003, to reduce certain deferred tax assets to amounts that are more likely than not to be realized. Valuation allowances relate primarily to the U.S. federal effects of net operating losses, interest expense carryforwards and amortization. We will maintain valuation allowances against our net deferred tax assets in the U.S.until objective positive evidence exists to reduce or eliminate the valuation allowance.

Aleris Rolled Products Inc. is part of a US consolidated group for tax filing purposes. As such, certain tax attributes recognized in the company's standalone financial statements, such as net operating losses and tax credit carryforwards, may be available and absorbed by other entities in the company's consolidated tax return group.

13. DISCONTINUED OPERATION

On April 14, 2020, Novelis closed the acquisition of Aleris for $2,775,000. As a result of the antitrust review processes in the U.S., required for approval of the acquisition, we were obligated to divest Aleris North American automotive assets, including plant in Lewisport, Kentucky ("Lewisport"). On November 8, 2020, Novelis entered into a definitive agreement with American Industrial Partners for the sale of Lewisport and closed the sale on November 30, 2020. Upon closing, we received $180,000 in cash proceeds. In addition, we have recorded a $17,000 receivable for net working capital adjustments. For the period ended March 31, 2021, the results of operations of Lewisport have been presented within loss from discontinued operations, net of tax in the statements of operations and cash flows of Lewisport have been presented as discontinued operations in the statements of cash flows Loss on Sale of Discontinued Operations.

As a result of the transactions above, for the fiscal year ended March 31, 2021 we recorded a loss on sale of discontinued operations of $182,000, net of taxes, associated with the sales of Lewisport. Cash flows from the sales of Duffel and Lewisport are included in the statements of cash flows as net cash provided by investing activities - discontinued operations. An offsetting $28,000 in net cash provided by investing activities - discontinued operations relates primarily to capital expenditures and outflows from the sale of derivative instruments for Lewisport during the period prior to their divestiture.

14. REVENUE FROM CONTRACT WITH CUSTOMERS

The Company's contracts with customers are comprised of purchase orders with standard terms and conditions. These contracts typically consist of the manufacture of products, which represent single performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time.

The Company's revenue for the period April 14, 2020 to March 31, 2021 comprises of below-

	Period ended March 31, 2021
Net sales to third parties	369,208
Net sales to related parties	78,185
	447,393

The Company's sales to third parties and related parties are all situated in North America, and hence the Company does not have major disaggregation of revenue over the geographical region.

15. POSTRETIREMENT BENEFIT PLANS

Employer Contributions to Plans

For pension plans, our policy is to fund an amount required to provide for contractual benefits attributed to service to-date and amortize unfunded actuarial liabilities typically over periods of 15 years or less.

We contributed the following amounts to all plans.

	March 31, 2021
Funded pension plans	$ 2,238
Unfunded pension plans	$ 14,186
Total contributions	**$ 16,424**

Contributions to funded pension plans of $5,000 and unfunded pension plans of $1,000 are attributable to discontinued operations.

Benefit Obligations, Fair Value of Plan Assets, Funded Status, and Amounts Recognized in Financial Statements

Aleris Rolled Products INC
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – (Continued)
(In thousands, except number of shares)

The following tables present the change in benefit obligation, change in fair value of plan assets, and the funded status for pension and other benefits.

	Period ended March 31, 2021	
	Pension benefits	**Other benefits**
Benefit obligation as at April 14, 2020	**$ 38,473**	**$ 13,984**
Service cost	608	199
Interest cost	1,169	452
Benefits paid	(3,613)	(529)
Actuarial losses (gains)	(631)	80
Benefit obligation at end of period	**$ 36,006**	**$ 14,186**
Benefit obligation of funded plans	$ 36,006	$ -
Benefit obligation of unfunded plans	-	14,186
Benefit obligation at end of period	**$ 36,006**	**$ 14,186**

	Period ended March 31, 2021
	Pension Benefits
Change in fair value of plan assets	
Fair value of plan assets at beginning of period	$ 28,632
Actual return on plan assets	6,902
Members' contributions	-
Benefits paid	(4,142)
Company contributions	2,376
Fair value of plan assets at end of period	**$ 33,768**

	March 31, 2021	
	Pension Benefits	Other Benefits
Funded status		
Funded status at end of period:		
Assets less the benefit obligation of funded plans	$ (2,238)	
Benefit obligation of unfunded plans		(14,186)
	$ (2,238)	**$ (14,186)**
Accrued postretirement benefits	(2,238)	(14,186)
	$ (2,238)	**$ (14,186)**

Aleris Rolled Products INC
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) – (Continued)
(In thousands, except number of shares)

The postretirement amounts recognized in accumulated other comprehensive loss, before tax effects, are presented in the table below and includes the impact related to our equity method investments. Amounts are amortized to net periodic benefit cost over the group's average future service life of the employees or the group's average life expectancy.

	March 31, 2021	
	Pension Benefits	Other Benefits
Net actuarial (loss) / gain	$ (5,747)	$ 80
Total postretirement amounts recognized in Accumulated other comprehensive (loss) income	**$ (5,747)**	**$ 80**

Pension Plan Obligations

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets are presented in the table below.

	March 31, 2021	
The projected benefit obligation and accumulated benefit obligation for all defined benefit pension plans:		
Projected benefit obligation	$	36,006
Accumulated benefit obligation	$	50,192
Pension plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligation	$	36,006
Fair value of plan assets	$	33,768
Pension plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligation	$	-
Fair value of plan assets	$	-

Future Benefit Payments

Expected benefit payments to be made during the next ten fiscal years are listed in the table below.

	Pension Benefits		Other Benefits	
2022	$	4,533	$	622
2023	$	3,155	$	722
2024	$	2,923	$	815
2025	$	2,516	$	870
2026	$	2,506	$	874
2027 through 2031	$	11,167	$	4,670
Total	$	26,800	$	8,573

Components of Net Periodic Benefit Cost

The components of net periodic benefit cost for the respective periods are listed in the table below.

	Period ended March 31, 2021	
	Pension Benefits	Other Benefits
Net periodic benefit cost		
Service cost	$ 608	$ 199
Interest cost	$ 1,169	$ 452
Expected return on assets	$ (1,786)	$ -
Net periodic benefit cost (income)	**$ (9)**	**$ 651**

Actuarial Assumptions and Sensitivity Analysis

The weighted average assumptions used to determine benefit obligations and net periodic benefit cost for the respective periods are listed in the table below.

	Period ended March 31, 2021	
	Pension Benefits	Other Benefits
Weighted average assumptions used to determine benefit obligations		
Discount rate	3.4%	3.4%
Average compensation growth	N/A	NA
Weighted average assumptions used to determine net periodic benefit cost		
Discount rate	3.4%	3.4%
Average compensation growth	N/A	NA
Expected return on plan assets	6.9%	NA

In selecting the appropriate discount rate for each plan, for pension and other postretirement plans in the U.S., we used spot rate yield curves and individual bond matching models.

Investment Policy and Asset Allocation

The Company's overall investment strategy is to achieve a mix of approximately 50% of investments for long-term growth (equities, real estate) and 50% for near-term benefit payments (debt securities, other) with a wide diversification of asset categories, investment styles, fund strategies and fund managers. Since the defined benefit plans are closed to new entrants, we expect this strategy to gradually shift more investments toward near-term benefit payments.

Funded pension plans is governed by an Investment Fiduciary, who establishes an investment policy appropriate for the pension plan. The Investment Fiduciary is responsible for selecting the asset allocation for each plan, monitoring investment managers, monitoring returns versus benchmarks and monitoring compliance with the investment policy. The targeted allocation ranges by asset class, and the actual allocation percentages for each class are listed in the table below.

	Target Allocation Ranges	Allocation in Aggregate as of March 31, 2021
Equity	59%-61%	60%
Fixed income		
Real estate	0%	0%
Other	41%-39%	40%

Fair Value of Plan Assets

We record certain assets and liabilities, primarily derivative instruments, on our consolidated balance sheets at fair value. Our objective in measuring fair value is to estimate an exit price in an orderly transaction between market participants on the measurement date. We consider factors such as liquidity, bid/offer spreads and nonperformance risk, including our own nonperformance risk, in measuring fair value. We use observable market inputs wherever possible. To the extent observable market inputs are not available, our fair value measurements will reflect the assumptions we used. We grade the level of the inputs and assumptions used according to a three-tier hierarchy:

Level 1 — Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities we have the ability to access at the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 — Unobservable inputs for which there is little or no market data, which require us to develop our own assumptions based on the best information available as what market participants would use in pricing the asset or liability.

	March 31, 2021			
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Equity	$ -	$ 33,768	$ -	$ 33,768
Total	**$ -**	**$ 33,768**	**$ -**	**$ 33,768**

16. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the change in the components of accumulated other comprehensive loss, excluding noncontrolling interests, for the periods presented.

	Post retirment benefit plans
Other comprehensive (loss) income for the period	5,667
Balance as at March 31, 2021	**5,667**