Brecha Energética Ltda.

Financial statements at
March 31, 2020

Brecha Energética Ltda.

Balance sheet at March 31

All amounts in Reais

Assets	2020	2019	Equity	2020	2019
Current assets			Equity		
Cash and cash equivalents	1,000	1,000	Share capital	1,000	1,000
Total assets	1,000	1,000	Total equity	1,000	1,000

The accompanying notes are an integral part of these financial statements.

Brecha Energética Ltda.

Statement of changes in equity

All amounts in Reais

	Share capital	Retained earnings	Total
Capital subscription (articles of organization of 4/25/14)	1,000	-	1,000
At March 31, 2017	1,000	-	1,000
At March 31, 2018	1,000	-	1,000
At March 31, 2019	1,000	-	1,000
At March 31, 2020	1,000	-	1,000

The accompanying notes are an integral part of these financial statements.

1. General information

Brecha Energética Ltda.

Brecha Energética Ltda. is a limited liability company controlled by Novelis do Brasil Ltda., headquartered in the city of Ponte Nova, in the state of Minas Gerais, primarily engaged in the generation, transmission, distribution and wholesale trade of electric energy upon appropriate authorization from the National Electric Energy Agency (Aneel).

The Company is dormant since its incorporation on April 25, 2014, without any activity carried out until the end of its fiscal year on March 31, 2020.

Novelis Group

Novelis do Brasil Ltda. (the “Company” or “Novelis”) is a wholly-owned subsidiary of Novelis Inc., headquartered in Atlanta, Georgia, USA. All of the common shares of Novelis Inc. are owned directly by AV Metalis Inc. and indirectly by Hindalco Industries Limited, a leader in the aluminum, copper and metals sector of the Aditya Birla Group, headquartered in Mumbai, India.

The Novelis Group is a leading producer globally of aluminum rolled products and aluminum recycling. Based on its production capacity, commitment to innovation and technology leadership, Novelis offers sustainable solutions for the most demanding applications, which include automobiles, beverage cans, architecture materials and electronic goods. The Novelis Group has approximately 12.230 employees, and is present in ten countries across four continents (North America, South America, Asia and Europe) and has 24 plants, including 13 recycling units.

Novelis is headquartered in the city of São Paulo, and has two plants located in Pindamonhangaba and Santo André, both in the State of São Paulo, which together carry out aluminum sheet and foil rolling and recycling operations. Novelis also has 11 collection centers distributed across the states of São Paulo (4), Minas Gerais (2), Bahia (1), Pernambuco (1), Pará (1), Rio Grande do Norte (1) and Paraná (1) and one distribution center in the State of Espírito Santo.
It also has four collection centers that will start to operate in the next fiscal year, namely: Bauru, Brasilia, João Pessoa and São Gonçalo.

In the main South America unit in Pindamonhangaba, Brazil, investments in additional capacity are being made to meet the increasing demand for aluminum cans for beverages. Construction is currently in progress to add 100 kt of rolling capacity and 60 kt of recycling capacity, the conclusion is expected for the end of 2021.
The issue of these financial statements was authorized by the Company's Board of Directors on May 13, 2020.

The main accounting policies applied to the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, except for the changes required by the new accounting pronouncements, interpretations and amendments approved by the International Accounting Standards Board (IASB), which became effective as of 2019, as follows:

IFRS 16 / CPC 06 (R2) - Leases

The new standard requires lessees to recognize the liability for the future payments and the right of use of the leased asset for virtually all lease contracts, with limited exceptions. The Company elected to use the exemptions proposed by the standard for lease contracts with terms of 12 months or less from the initial adoption date, and

lease contracts an equivalent value of up to US$ 5,000. The criteria for recognition and measurement of leases in the financial statements of the lessors are substantially unchanged.

Management assessed the impacts of the new standard and concluded that there were no impacts on its financial statements.

IFRIC 23 / ICPC 22 – Uncertainty over Income Tax Treatments

This new interpretation establishes recognition and measurement requirements in situations where the Company has applied tax treatments in process of calculation of the taxes on income (income tax and social contribution) which it considers could be questioned by the tax authorities.

In situations where certain treatments are uncertain, the Company defines the probability of acceptance by the tax authorities and present them separately, determining any contingency if it concluded that the tax authorities will not accept such treatment.

Management assessed the impacts of the new standard and concluded that there were no impacts on its financial statements since the date it became effective on April 1, 2019.

2.1 Basis of preparation

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Cash and cash equivalents

Cash and cash equivalents include deposits with banks.

3. Equity

(a) Share capital

The share capital, subscribed and paid up on April 24, 2014, in the amount of R$ 1,000, is represented by 1,000 quotas with par value of R$ 1.00 each.