8018227 Canada Inc.

Financial Statements and Related Notes As of March 31, 2020

(Unaudited)

8018227 Canada Inc.

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CERTIFICATION

I, Nichole Robinson, have reviewed the attached unaudited standalone financial statements for 8018227 Canada Inc. and certify that the information included therein accurately reflects the financial position of 8018227 Canada Inc. as of 31 March 2020 and the results of its operations for the year then ended.

By: _____
Name: Nichole Robinson
Title: Vice President
Date: May 29, 2020

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8018227 Canada Inc.

STATEMENT OF OPERATIONS (unaudited)

(In thousands)

	Year Ended March 31,	
	2020	**2019**
Interest expense — related party	$ 19,188	$ 19,135
Dividend income — related party	(14,886)	-
Other (income) expense - net	371	-
	4,673	19,135
Loss before income taxes	(4,673)	(19,135)
Income tax provision	856	833
Net loss	$ (5,529)	$ (19,968)

See accompanying notes to financial statements.

8018227 Canada Inc.

STATEMENT OF COMPREHENSIVE LOSS (unaudited)

(In thousands)

	Year Ended March 31,	
	2020	**2019**
Net loss	$ (5,529)	$ (19,968)
Comprehensive loss	$ (5,529)	$ (19,968)

See accompanying notes to financial statements.

8018227 Canada Inc.

BALANCE SHEET (unaudited)

(In thousands, except number of shares)

	March 31,	
	2020	**2019**
ASSETS		
Current assets		
Cash and cash equivalents	$ 4	$ 4
Total current assets	4	4
Investment in subsidiary	253,663	253,663
Total assets	$ 253,667	$ 253,667
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current liabilities		
Accrued expenses and other current liabilities		
— third parties	$ 963	$ 833
— related party	24,639	19,240
Total current liabilities	25,602	20,073
Long–term debt, net of current portion		
— related party	318,923	318,923
Total liabilities	$ 344,525	$ 338,996
Shareholder's deficit		
Common stock, no par value; unlimited number of shares authorized; 1 share issued and outstanding as of March 31, 2020 and 2019	-	-
Accumulated deficit	(90,858)	(85,329)
Total shareholder's deficit	(90,858)	(85,329)
Total liabilities and shareholder's deficit	$ 253,667	$ 253,667

See accompanying notes to financial statements.

8018227 Canada Inc.

STATEMENT OF CASH FLOWS (unaudited)

(In thousands, except number of shares)

	Year Ended March 31,	
	2020	**2019**
OPERATING ACTIVITIES		
Net (loss) income	$ (5,529)	$ (19,968)
Other, net	-	-
Other current liabilities	5,529	19,968
Net cash provided by operating activities	-	-
INVESTING ACTIVITIES		
Net cash provided by (used in) investing activities	-	-
FINANCING ACTIVITIES		
Net cash (used in) financing activities	-	-
Net (decrease) increase in cash and cash equivalents	-	-
Cash and cash equivalents — beginning of period	4	4
Cash and cash equivalents — end of period	$ 4	$ 4
Supplemental discloures:		
Income taxes paid	$ 726	$ -

See accompanying notes to financial statements.

8018227 Canada Inc.

STATEMENT OF SHAREHOLDER'S DEFICIT (unaudited)

(In thousands, except number of shares)

	Common Shares		Accumulated	Total
	Shares	Amount	Deficit	Deficit
Balance as of March 31, 2018	1	$ -	$ (65,361)	$ (65,361)
Net loss	-	-	(19,968)	(19,968)
Balance as of March 31, 2019	1	-	(85,329)	(85,329)
Net loss	-	-	(5,529)	(5,529)
Balance as of March 31, 2020	1	$ -	$ (90,858)	$ (90,858)

See accompanying notes to financial statements.

8018227 Canada Inc.

NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

References herein to the "Company," "we," "our," or "us" refer to 8018227 Canada Inc. unless the context specifically indicates otherwise.

Organization and Description of Business.

8018227 Canada Inc. was formed in Canada on November 10, 2004. All 8018227 Canada Inc. common shares are directly held by Novelis Inc. (Canada). The Company's functional and reporting currency is United States Dollar (USD).

Use of Estimates and Assumptions

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires us to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as on 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) the fair value of derivative financial instruments; (2) impairment of goodwill; (3) impairment of long lived assets and other intangible assets; (4) impairment and assessment of consolidation of equity investments; (5) actuarial assumptions related to pension and other postretirement benefit plans; (6) tax uncertainties and valuation allowances; and (7) 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 consolidated 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.

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 direct parent, Novelis Inc. and our ultimate parent, Hindalco Industries Limited, and those consolidated financial statements are publicly available.

U.S. Generally Accepted Accounting Principles (U.S. GAAP) require 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 8018227 Canada Inc. 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.

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.

Cash and Cash Equivalents

"Cash and cash equivalents" includes 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.

Investments in Subsidiaries

For purposes of these standalone financial statements, we account for our investments in subsidiaries using the cost method. See Note 2 - Investments in Subsidiaries and Related Party Transactions for further discussion.

Financing Costs

We amortize financing costs and premiums, and accrete discounts, over the remaining life of the related debt using the effective interest amortization method. The expense is included in "Interest expense and amortization of debt issuance costs" in our statement of operations. We record discounts or premiums as a direct deduction from, or addition to, the face amount of the financing.

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 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. See Note 5 — Income Taxes for further discussion.

2. 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, 2020 and March 31, 2019 (in thousands) using the cost method.

	March 31,		Participation
	2020	2019	
Shareholdings - Common Stock			
Novelis Korea Limited	$ 253,663	$253,663	31.95%

Included in the accompanying financial statements are transactions and balances arising from business we conduct with wholly-owned subsidiaries and majority owned subsidiaries over which we exercise control, 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 consolidated balance sheets (in thousands).

	March 31,	
	2020	2019
Accrued expenses and other current liabilities — related party	$ 24,639	$ 19,240

Below is interest expense related to the long term loans we have with Novelis Inc., which is shown as related party in the accompanying statement of operations (in thousands). See Note 4 — Debt for additional discussion.

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	March 31,	
	2020	2019
Interest expense — related party	$ 19,188	$ 19,135

Below is the dividend income related to the investment we have in our subsidiary, which is shown as related party in the accompanying statement of operations (in thousands).

	March 31,	
	2020	2019
Dividend Income - I/P	$ 14,886	$ -

3. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

"Accrued expenses and other current liabilities" consists of the following (in thousands).

	March 31,	
	2020	2019
Accrued withholding tax	$ 963	$ 833
Accrued expenses and other current liabilities — third parties	$ 963	$ 833
Accrued interest payable - related party (A)	$ 24,639	$ 19,240
Accrued expenses and other current liabilities — related party	$ 24,639	$ 19,240

(A) This represents interest on related party debt with Novelis Inc. and Novelis Holdings. See Note 4 — Debt for additional information on related party debt with Novelis Inc.

4. DEBT

Debt consists of the following (in thousands).

	March 31, 2020				March 31, 2019		
	Interest Rates (A)	Principal	Unamortized Carrying Value Adjustments	Carrying Value	Principal	Unamortized Carrying Value Adjustments	Carrying Value
Related party debt:							-
Fixed rate debt due June 2, 2022	6.00%	$ 318,923	$ -	$ 318,923	$ 318,923	$ -	$ 318,923
Total debt —related party (B)		318,923	-	318,923	318,923	-	318,923
Current portion of long term debt		-	-	-	-	-	-
Long-term debt, net of current portion — related party:		$ 318,923	$ -	$ 318,923	$ 318,923	$ -	$ 318,923

(A) Interest rates are the stated rates of interest on the debt instrument (not the effective interest rate) as of March 31, 2020. We present stated rates of interest because they reflect the rate at which cash will be paid for future debt service.

(B) This represents related party debt with our direct parent, Novelis Inc.

Principal repayment requirements for our total debt over the next five years and thereafter are as follows (in thousands).

As of March 31, 2020	Amount
Short-term borrowings and Current portion of long term debt due within one year	$ -
2 years	-
3 years	318,923
4 years	-
5 years	-
Thereafter	-
Total	$ 318,923

Guarantees of Indebtedness

On September 14, 2016, Novelis Corporation issued $1.5 billion in aggregate principal amount of 5.875% Senior Notes Due 2026 (the 2026 Notes). In January 2020, Novelis Corporation issued $1.6 billion in aggregate principal amount of 4.75% Senior Notes due 2030 (the 2030 Notes, together with the 2026 Notes, the Notes). The Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries. We have issued guarantees on behalf of Novelis Corporation's (the Issuer) 2026 Notes and 2030 Notes. As of March 31, 2020, no contingent loss has been recorded related to the guarantee of debt.

The Notes contain customary covenants and events of default that will limit our ability and, in certain instances, the ability of certain of our subsidiaries to (1) incur additional debt and provide additional guarantees, (2) pay dividends or return capital beyond certain amounts and make other restricted payments, (3) create or permit certain liens, (4) make certain asset sales, (5) use the proceeds from the sales of assets and subsidiary stock, (6) create or permit restrictions on the ability of certain of the Company's subsidiaries to pay dividends or make other distributions to the Company, (7) engage in certain transactions with affiliates, (8) enter into sale and leaseback transactions, (9) designate subsidiaries as unrestricted subsidiaries and (10) consolidate, merge or transfer all or substantially all of our assets and the assets of certain of our subsidiaries. During any future period in which either Standard & Poor's Ratings Group, Inc. or Moody's Investors Service, Inc. have assigned an investment grade

credit rating to the Notes and no default or event of default under the indenture has occurred and is continuing, most of the covenants will be suspended. The Notes include a cross-acceleration event of default triggered if (1) any other indebtedness with an aggregate principal amount of more than $100 million is (1) accelerated prior to its maturity or (2) not repaid at its maturity. As of March 31, 2020, we were in compliance with the covenants in the Notes. The Notes also contain customary call protection provisions for our bond holders that extend through September 2024 for the 2026 Notes and through January 2028 for the 2030 Notes.

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 Canadian and local income taxes. The domestic (Canada) components of our "(Loss) Income before income taxes" are as follows (in thousands).

	Year Ended March 31,	
	2020	2019
Domestic (Canada)	$ (4,673)	$ (19,135)
Pre-tax (loss) income	$ (4,673)	$ (19,135)

The components of the "Income tax benefit (provision)" are as follows (in thousands), which are related to withholding taxes.

	Year Ended March 31,	
	2020	2019
Current provision (benefit):		
Domestic (Canada)	$ 856	$ 833
Total current	856	833
Deferred provision (benefit):		
Domestic (Canada)	-	-
Total deferred	-	-
Income tax provision (benefit)	$ 856	$ 833

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.

At March 31, 2020 the Company had total deferred tax assets of approximately $37,748 thousand arising from net operating losses. At March 31, 2019 the Company had total deferred tax assets of approximately $32,565 thousand arising from net operating losses.

ASC 740 requires that we reduce our deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. After consideration of all evidence, both positive and negative, management concluded that it is more likely than not that we will be unable to realize a portion of our deferred tax assets and that valuation allowances of $37,748 thousand and $32,565 thousand were necessary as of March 31, 2020 and 2019, respectively

It is reasonably possible that our estimates of future taxable income may change within the next 12 months, resulting in a change to the valuation allowance.

As of March 31, 2020, we had net operating loss carryforwards of approximately $37,748 thousand (tax effected), which will be available to offset future taxable income. The carryforwards begin expiring in fiscal 2032. As of March 31, 2020, a valuation allowance of $37,748 thousand had been recorded against the net operating loss carryforwards, where it appeared more likely than not that such benefits will not be realized. The net operating loss carryforwards are located in Canada.

As of March 31, 2019, we had net operating loss carryforwards of approximately $32,565 thousand (tax effected), which will be available to offset future taxable income. The carryforwards begin expiring in fiscal 2032. As of March 31, 2019, a valuation allowance of $32,565 thousand had been recorded against the net operating loss carryforwards, where it appeared more likely than not that such benefits will not be realized. The net operating loss carryforwards are located in Canada.

The Company has not provided deferred taxes on undistributed earnings of its non-domestic subsidiaries, as the Company does not currently plan to initiate any action that would result in these earnings being repatriated. It is not practicable to determine the income tax liability that would be payable if such earnings were not reinvested indefinitely.