

A year of extraordinary challenges and achievement

Stable volume. Best-ever profit. Lowest carbon emission intensity and highest recycling levels ever. Strengthened team, operations, and partnerships. Large expansion projects in Americas and Europe. In a turbulent year marked by unprecedented challenges, the entire Gränges team demonstrated commitment and drive to succeed beyond the ordinary.



Stable performance in a volatile environment

For Gränges, 2022 was a year of extraordinary challenges and achievements. Volatile demand puts pressure on our operations. We also faced a complete lockdown of our Shanghai plant, an unfortunate fire in Konin and the terrible war in Ukraine, all in the same year. We met this with flexibility and productivity. Especially impressive was how our team in Shanghai maintained deliveries to our customers during the lockdown.

The volatility coincided with other challenges for Gränges. Supply constraints, unprecedented cost increases in energy and other input costs, and the highest inflation and interest rates in decades put pressure on our profitability. The aluminium price reaching record levels burdened our cash flow. We tackled these challenges one by one.

Most importantly, we managed to more than offset all cost increases by working in close partnership with our customers on productivity and cost mitigation. Focusing on capital efficiency and successfully renewing our main credit facilities ensured stable financial leverage and financial security.

Taken together, we grew our profit despite these challenges. In fact, our adjusted operating profit increased by 14 per cent and our earnings per share by 18 per cent to all-time-high levels.

New long-term plan for sustainable growth

In connection with our Capital Markets Day in June, Gränges presented the long-term Navigate plan for sustainable growth, together with updated financial targets. The plan has three steps: to restore profitability, build a world-leading aluminium technology company, and to invest in sustainable growth.

The plan aims to capitalize on our major investments in recent years, and to benefit from the regionalization of supply chains, the electric vehicle revolution and customer demands for more sustainable solutions. We aim for a return to a 15 per cent return on capital employed and 10 per cent yearly operating profit growth.

While solving the short-term challenges, the global team stayed focused on the long-term Navigate plan. Key projects are being completed in the near future, such as new recycling and casting centres in Huntingdon and Konin, expanded capacity in Newport, and automation in Finspång.

We intend to build a world-leading aluminium technology company through continuous improvements, green sourcing and recycling, and innovation – with people and sustainability at the centre. We intensified our work towards industry-leading safety performance and took action accordingly.



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Commercial wins and investments in battery solutions

Serving the rapidly growing market for battery and electrification components is a high priority in Gränges' Navigate plan. Gränges is targeting the battery market drawing on the company's global production footprint and capability, our sustainable solutions and leading expertise in aluminium alloy and process know-how.

In 2022, we took important steps to support the strong demand from battery manufacturers and automotive OEMs. We started sales and production of battery cathode foil in China. We made investments in battery cathode foil production in the US making Gränges the first domestic producer with commercial deliveries planned to begin in 2024. We secured commercial contracts for the initially planned capacity in Finspång. Consequently, at the beginning of 2023, we announced plans to invest in doubling the capacity for battery foil production in Finspång. In parallel with this, we also secured important customer contracts in other product categories related to electrification, such as battery cooling plate and battery casing.

Good progress towards ambitious sustainability targets

Sustainability is at the heart of Gränges. It's a strong driver and enabler of Gränges' long-term competitiveness and value creation. In 2022, we set our ambition even higher and committed to climate neutrality by 2040, and we joined the Science Based

Targets initiative. Since 2016 we are a signatory to and support the principles of the UN Global Compact and we are also committed to helping fulfil the 2030 Agenda and Sustainable Development Goals.

Our high ambition and systematic work resulted in the lowest-ever carbon footprint and highest-ever recycling volumes in 2022. Total recycled volume increased to 3.6x our baseline 2017 level. We also increased products with third-party verified sustainability information to 79 per cent from 35 percent the previous year. The development was supported by a strong focus on decarbonization and continued investments in recycling. We launched Gränges Endure, a sustainable product brand which will help our customers on their decarbonization journey.

The facility in Shanghai achieved its second certification against the Aluminium Stewardship Initiative (ASI), and Gränges Americas achieved dual certifications for all three production sites and its corporate office. This means that we can prove to our customers that our products are responsibly sourced and produced across the entire supply chain. All sites in the US, Sweden and China are now certified and Gränges continues the work to certify its plant in Konin.

Gränges was also awarded Platinum rating from EcoVadis for the second year, which puts Gränges among the leading 1 per cent of companies assessed globally in our industry.

Strong team and proven results give confidence for the future

In 2022, we achieved all-time-high financial and sustainability results despite severe headwinds. We also worked systematically to execute our Navigate plan for sustainable growth. Our approach in 2023 remain the same: to stay focused on the long term while meeting any short-term challenges with flexibility. I have strong faith that this will lead to continued improved performance and a positive development for Gränges overall.

I would like to thank all my 2,700 colleagues for exceptional efforts and accomplishments in 2022. Together, we will continue to build an even stronger and more sustainable company for the future.

Jörgen Rosengren, President and CEO