

STRATEGY

Trends

Navigate – the strategy

Long-term targets

Financial

Sustainability

Case: Shanghai during COVID-19



Trends

Three global trends impacting businesses and society create great opportunities for Gränges: sustainability, electrification, and regionalization. Gränges' strategy builds on these three trends to generate sustainable growth.



SUSTAINABILITY

Sustainability is high on the agenda in today's world, including all markets where Gränges is active. New legislation, and requirements from governments, investors, and customers will drive the transformation to a more sustainable society and circular business models. This will require a transition to fossil-free and renewable energy sources, improved material technologies and increased recycling.

For Gränges, with a leading position and deep skills in recycling and sustainable aluminum solutions, this creates growth opportunities in partnerships with suppliers and customers.



ELECTRIFICATION

Electrification is reshaping the transportation industry, impacting everything from supply chains and vehicle designs to the automotive companies themselves. Growth in electric vehicles in turn fuels demand for batteries which require rolled aluminium for battery cathode foil and casing. In addition, thermal management of batteries and other components is critical for the reliability and safety of electric vehicles.

For Gränges, this means multiple new growth opportunities, where the company's sales and R&D experts can leverage decades of experience in highly demanding automotive applications.



REGIONALIZATION

Several factors drive the development of more regionalized supply chains. Recent developments and uncertainties have further intensified this trend. The effects of the pandemic including lockdowns and other instabilities in parts of the world lead to supply shortages as well as logistical challenges. Other factors include the environmental effects from transports, changes in market conditions and changes in trade regulations.

Gränges, with a global manufacturing and sales set-up, and a strong presence in the Americas, in Asia and in Europe, can serve customers globally while still serving regionalized supply chains on all three continents.

Navigate – Gränges' strategy for long-term sustainable growth

The Navigate strategy is based on three parts – restore, build and invest – where the long-term target is sustainable growth. It is about continuing to build the company based on Gränges' business model. People and sustainability, areas where Gränges believes it outperforms most other companies in the industry, are at the core of the strategy.



The Navigate strategy is based on three parts – restore, build and invest – where the long-term target is sustainable growth

Gränges has had many years of strong value creation. However, the positive trend was broken in 2019, and following the COVID-19 pandemic in 2020 the return on capital employed declined below the cost of capital. This called for action and a new strategy that would bring the company back to a solid long-term performance. And thus, the Navigate plan was born.

The Navigate strategy is based on three parts – restore, build and invest – where the long-term target is sustainable growth. The aim is to build the world's best aluminium technology company. The Navigate plan is about continuing to build the company based on Gränges' business model – improve, innovate and grow, and source green and recycle. People and sustainability, areas where Gränges believes it outperforms most other companies in the industry, are at the core of the strategy.

Committed to 15 per cent return on capital employed

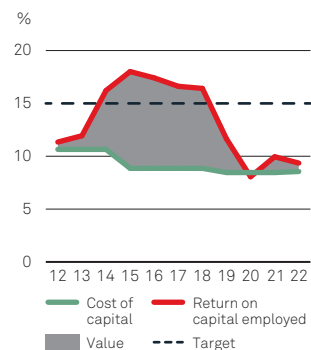
The aim of the Navigate strategy is to get back to a stable return on capital employed (ROCE) above 15 per cent. Gränges' financial targets were updated and the sustainability targets were supplemented in conjunction with the launch of the strategy.

Global and regional perspectives combined

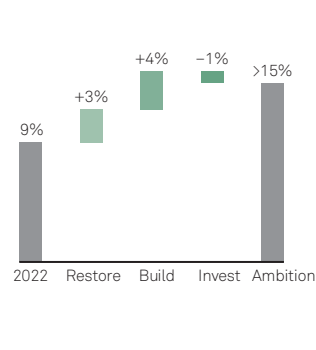
The strategy and plans have been developed both bottom-up, in our three regions, and top-down from the group level. This will

provide a solid plan going forward, anchored in the regional business. Execution and follow-up will be carried out by the regions, close to their employees, customers and production. Global core teams are responsible for best practice exchange, KPI development and follow-up, and recommendations to the Group Management Team. This way of working will enable focus, entrepreneurship and responsibility in each region, and at the same time drive the Group's performance and strategy globally without slow, costly and bureaucratic overhead.

STRONG HISTORIC VALUE CREATION



AIMING FOR A ROCE ABOVE 15%



Restore leading value creation

Gränges' current platform and the finalization of ongoing investments, coupled with improvement and optimization plans throughout the company, aim to restore the Group's high value creation performance.

FINALIZE CAPACITY EXPANSION

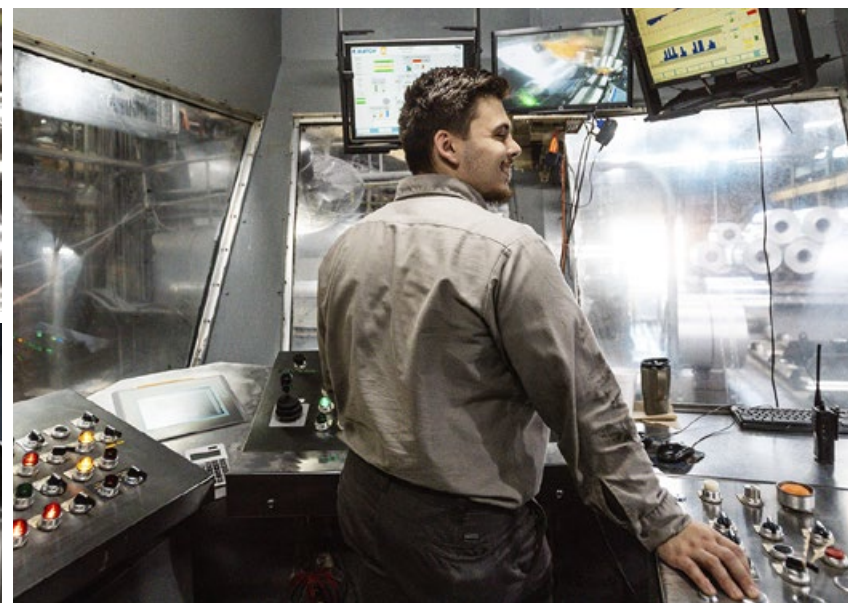
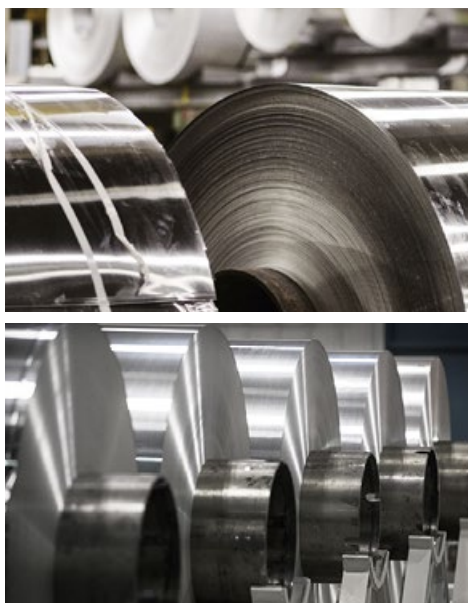
The goal is to finalize the rolling capacity expansion amounting to an increase to 640 ktonnes at the Newport, Finspång and Konin as well as the two new casting centres in Huntingdon. These investments will reach their full potential in 2024.

UTILIZE POSITION TO GAIN MARKET SHARE

The Group also aims to utilize Gränges' position to gain additional market share in Europe and the Americas. The acquisition of Konin and additional new capacity create growth opportunities in packaging, the expansive battery market including several applications for battery casing and module battery materials, and other niches such as structural components for the automotive industry.

OPTIMIZE FOR HIGHER, MORE STABLE RETURNS

Finally, Gränges' works to optimize production and pricing to secure higher and more stable returns. A higher utilization rate will be achieved by further optimizing volumes within and between plants through greater flexibility. Working actively with its pricing strategy will enable the company to compensate for higher inflation.



Build the world's best aluminium technology company

People

To remain successful in the future, Gränges believes there is a need to be even more value driven than today. Gränges will continue to invest in three areas during the coming years: in the team, in talent and leadership, and in values and culture.

For Gränges, people and company culture are key to past and future success. It is hard to copy a successful company culture and strong teams. Therefore, the company will continue to invest in its people and raise its ambitions in this area. There are joint efforts covering all regions ongoing, but Gränges also take advantage of the differences between the regions, such as their culture, society, history and business situations.

Invest in the team

Gränges aims to be the preferred employer in each region. This includes a competitive compensation package, but also other things like a good social and physical work environment, continuous training and interesting development opportunities.

The aim is to engage the entire team. Activities are driven by a people plan for each region, with clear target and regular follow-up.

Most importantly, workplace safety always comes first. Safety needs continuous attention and must always be taken seriously and continuously be improved. Read more about the safety work under the section Improve.

Invest in talent and leadership

Good leaders are of the utmost importance to remaining successful over time. How leaders act is critical to the success of Navigate. In addition to offering development opportunities for all employees, Gränges has a structured process for working with talents and aims to develop one of the best talent programmes in the industry for



The Navigate strategy is about continuing to build the company based on Gränges' business model – improve, innovate & grow and source green & recycle.

managers, senior managers, and key experts. Mentorships and job rotation are important factors in addition to leadership training. Another key to success is Gränges' view on local autonomy, which encourages employees to take initiative and be accountable while still utilizing the power of a global company.

Invest in values and company culture

Strong values and a company culture that employees embrace are important for the success of the company. The external business environment changes over time, as do people's preferences. Gränges' ambition level and other factors such as sustainability, learnings from COVID-19 and work-life balance need to be reflected in the culture. Gränges has a long history in the aluminium industry and has expanded over the years through acquisitions. While Gränges' values need to be shared across the entire Group, the company culture also needs to be flexible in order to accommodate the differences between regions.

COMMITTED

We are committed to serving our customers and acting responsible towards each other and our communities.

ACTION-ORIENTED

We are action-oriented, make things happen and continuously learn from our experiences.

Core values

INNOVATIVE

We are innovative, promote creativity and constantly seek new and better solutions.

ACCESSIBLE

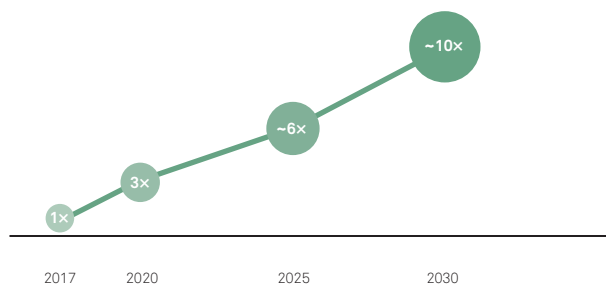
We are accessible to each other, our customers and our business partners.

Sustainability

As part of the execution of Navigate, Gränges will continue to invest in three areas during the coming years: in sustainable supply and recycling, in sustainable operations, and in sustainable customers and sectors.

Sustainability is a strong driver and enabler of long-term competitiveness and value creation for Gränges. The company upgraded its sustainability strategy as part of Navigate. The strategy shifts the focus from a period of organizing and integrating sustainability into the business to a period of investments, partnerships, and decarbonization to drive sustainable growth. The company works actively to reduce the climate impact along the aluminium value chain. The strategy includes an ambitious commitment to climate neutrality by 2040 as well as a raised circularity ambition.

RAISED AMBITION FOR RECYCLING AND CIRCULARITY



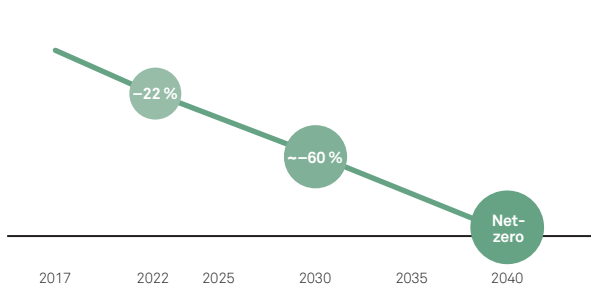
Gränges' recycled volumes have more than tripled since 2017, and have grown at a much faster pace than total sourced metals which has led to a higher share of recycled aluminium. As recycling is one of the main pathways towards climate neutrality, the company has set a new ambitious direction to tenfold the recycled volumes by 2030 versus 2017.

Invest in sustainable supply and recycling

Gränges will invest in process and technology innovation to increase recycling capabilities, in strategic partnerships with customers to enable closed-loop collaboration, and in supplier partnerships with recycling companies and traders to secure recycled aluminium.

Using renewable energy is key to reducing the company's climate impact from its own operations. All regions are actively investigating how to increase the usage of renewable energy.

COMMITTING TO CLIMATE NEUTRALITY BY 2040



Gränges has reduced its total carbon footprint by 22 per cent 2022, compared to baseline 2017. The decrease has mainly been driven by increased recycling volumes reducing scope 3 emissions. Gränges new ambitious climate target is to reach net-zero by 2040.

Gränges is also committed to promoting responsible and sustainable practices in the company's supply chain and to incorporating sustainability criteria into its sourcing agreements.

Invest in sustainable operations

Gränges works actively to increase energy efficiency, for example by considering the best available technology for new investments and refurbishments. The company also minimizes waste and hazardous materials through process optimization and recycling. Workplace safety is one of the company's top strategic priorities, and Gränges aims to continuously improve the work environment. Gränges is committed to running its business in an ethical and responsible way. To ensure this, the company conducts annual trainings based on the Code of Conduct and Anti-Corruption Policy. In addition, Gränges regularly conducts internal audits of its local businesses.

Invest in sustainable customers and sectors

Gränges aims to develop industry-leading sustainable aluminium solutions. The company works to leverage the advantages of aluminium by designing and manufacturing products and solutions that can improve customers' operational performance as well as the sustainability performance of their products. In addition, the company invests in sustainable markets to ensure it is part of the transition to a sustainable economy.

The sustainability strategy is presented on pages 32–48.

Improve

Gränges works with continuous improvements related to three themes: always safe, always better and always smarter. The company's success in these areas will largely depend on the people and their mindset.

The success of Gränges' business depends on a high utilization rate, competitive variable costs, and continuous pricing. In the capital-intensive industry in which Gränges operates, rapidly ramping up new investments to ensure that anticipated project paybacks are secured is key to enhancing earnings.

Always safe

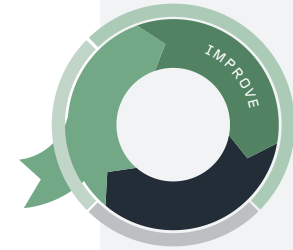
Gränges' safety performance should be the best in the industry. To achieve this goal by 2025, the company needs to scale up its efforts to build an awareness-based safety programme at all levels. Gränges works towards a sustainable step change in its safety performance.

The Group has launched and is working on a two-pronged improvement plan focusing on (1) High risk programmes and (2) Safety leadership and culture. This plan prioritizes major improvements in selected areas that have the highest potential to result in serious injury or fatality events. Leadership and culture efforts aim to increase personal time on safety, reduce tolerance against hazardous situations as well as strengthen accountability. The programme focuses both on leaders, on white-collar employees and on operators.

Always better and smarter

Gränges works continuously on better and smarter improvements. For Gränges' existing assets, the utilization rate should make a maximum contribution to growth. After investments are completed, productivity improvements will be implemented in the company's new asset processes. The aim will be, at the very least, to outstrip inflation, which is likely to be higher going forward. Gränges will optimize the ramp-up of its major investment projects in Europe and the US. Furthermore, the company will invest in debottlenecking that has a rapid payback. Digitalization is ongoing with the aim of improving utilization, yield and variable costs.

Energy and resource efficiency are other areas of importance. The choice of technology as well as the technique when running the hot operations such as casting, furnaces will impact efficiency. Time spent in the hot operations is optimized based on specifications for the end-product. Artificial Intelligence (AI) is used and is playing a bigger role, also in energy and resource efficiency work. Finally, to keep up an excellent quality in the production process through making it right from the start is improving efficiency.



“ Gränges works towards a sustainable step change in its safety performance.



Innovate & grow

Gränges has a long history of innovation and growth, which are part of the company's DNA.

To be able to grow, it is crucial to understand the markets and choose "where to play." This proactive, pre-emptive approach is part of the development of Gränges' business.

Gränges has great evidence of the company's previous success:

- Annual growth of 17 per cent of adjusted operating profit between 2011 and 2021.
- Technology and sales-driven global market leadership in the automotive HEX niche.
- Recent acquisitions and subsequent expansion, which have enabled significant diversification.

Mix and price improvements

Gränges will continue to execute a focused, market-based pricing strategy to deliver the most profitable mix. One regional example of the company's success in this area is its growth in flexible packaging through investments in the Newport plant, which have made a positive contribution with respect to mix optimization. It is important to work closely with customers, for example when it comes to implementing surcharges to help offset extreme inflation.

Mix optimization for higher flexibility

Further optimizing volumes within and between plants through greater flexibility will create a higher utilization rate. The strategy to invest directly will create opportunities for high utilization of assets. These investments will enable Gränges to continue growing together with its customers.

Diversify further

The strategy focuses on further diversification, especially in China and Europe, and on investing in new growth niches such as battery cathode foil. Two good examples of instances when the company decided "where to play" are its entry into China and its investment in the foil market in the US. Specific plans have been established for each region, depending on the local market conditions.

Strengthen long-term customer relations

Gränges has strong, long-standing partnerships with its customers. Some key customers have been partners for 15 to over 40 years. Gränges will continue to strengthen its customer relationships by investing in increasing capacity and continuous technology development, which will also provide a competitive advantage.



Innovation focus – New growth niches and sustainability

The ability to innovate will be critical to continued portfolio optimization and evolution in all end-customer markets. In addition, innovation initiatives will help to continue differentiating the company from the competition. Gränges' approach to research and innovation (R&I) has been reinforced through the addition of an R&I team responsible for prioritizing and delivering key projects. The team has developed a cross-functional approach incorporating the R&I, Operations, Technical Sales, Quality, and Commercial teams. Each project will have a direct correlation to adjusted operating profit.

The company's innovation initiatives will be focused on battery foil development and sustainable and circular offerings under the Gränges Endure concept. Read more in the Sustainability section on pages 47–48.

Resources and expertise in areas such as recycled aluminium, metallurgy and process engineering will be added when and where needed. Important to facilitate development of sustainable products and offerings, will be to increase the level of engagement in sustainability at all levels of the organization.



Gränges has a long history of innovation and the ability to innovate will be critical to continued growth in all end-customer markets.

Source green & recycle

In this part of the strategy Gränges has three focus areas: recycling and circularity, sourcing of low-carbon primary aluminium, and sourcing of renewable energy.



Gränges expects sustainable solutions to command a premium in terms of growth and price. For aluminium, this often means new material flows for recycling and sustainable metal. This will require investments in vertical partnerships. It is about building and expanding partnerships with Gränges' customers. But it is also about supplier collaborations, for example in the areas of energy supply and sourcing of primary and recycled aluminium. New technical solutions and investments in remelting will be required, as will sourcing of renewable energy. Gränges is focused on enhancing its skills in these areas.

Recycling and circularity

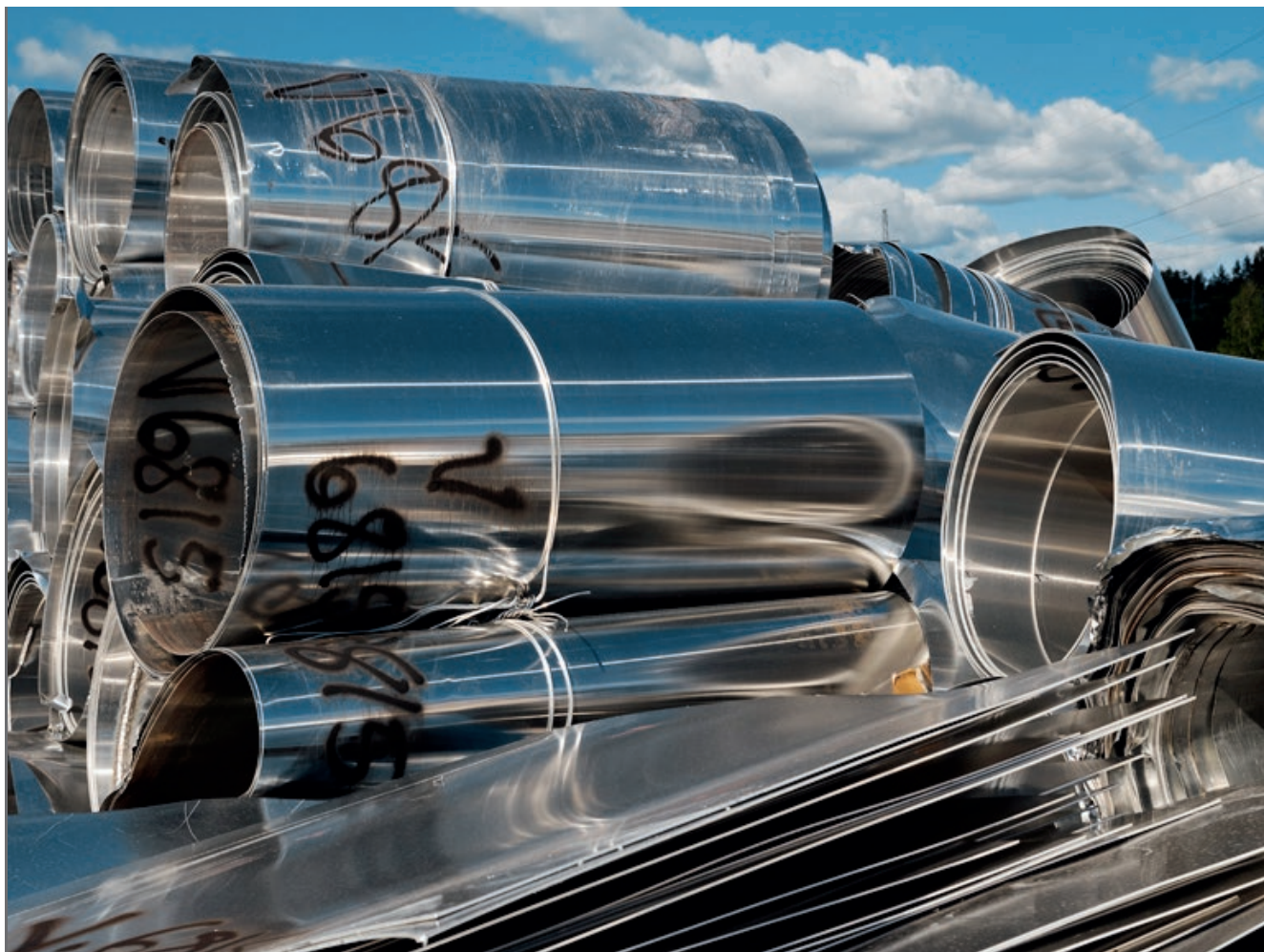
Increased recycling is about Gränges' ability to build circular systems together with customers, recycling companies, and customers' customers. The expansion of in-house remelting and recycling in Konin and Huntingdon will increase circularity, lower costs, and increase productivity.

Sourcing of low-carbon primary aluminium

Gränges works actively to source low-carbon primary aluminium. The company has a technical collaboration with Hydro, for example, in which the two companies work together to develop sustainable solutions.

Sourcing of renewable energy

Gränges works to source electricity from renewable sources. During 2022, Gränges facility in Konin partly used renewable electricity and the site in Newport signed a long-term contract with the local utility provider to partly source renewable electricity. Creating partnerships is a crucial part of the Navigate plan.



Invest in sustainable growth

Gränges has an ambitious plan for Invest, the third area of the Navigate strategy.



Although Gränges works on restoring solid growth and returns, the company will evaluate opportunities to create value through further investments. These investments should focus on areas that are likely to generate growth as well as attractive, stable returns in combination with the company's existing business and to contribute positively to the company's sustainability ambitions.

The investment areas include recycling and optimization, but Gränges will also evaluate new markets as well as acquisitions and new partnerships.

Recycling is about investing in recycling and remelting capacity in terms of new technology but also new partnerships along the

value chain. It is also about maintaining Gränges' already leading expertise in metallurgy, sustainability and energy efficiency.

Optimization is about picking high-return investments in debottlenecking, automation and digitalization. When evaluating new markets, selected niches within areas such as electrification and thermal management are of particular interest. The ambition is that the investments should leverage Gränges' technology skills and customer partnerships.

“ Investing in sustainable growth with the aim to leverage Gränges' technology skills and customer partnerships.



RECYCLING

- Recycling/remelting capacity, technology and partnerships
- Expertise in metallurgy, sustainability and energy efficiency



OPTIMIZATION

- High-return investments in debottlenecking, automation and digitalization
- Increase throughput, improve yield and/or lower variable costs



NEW MARKETS

- Selected niches
- Sustainability focus
- Leverage technology skills and customer partnerships



M&A AND PARTNERSHIPS

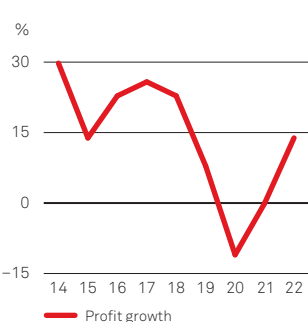
- Continue successful opportunistic M&A strategy
- Partnerships for green energy and aluminium

Long-term targets

Financial

At the Capital Markets Day on 21 June 2022, Gränges presented a new long-term plan for sustainable growth. As a result of the new strategy, Gränges also updated its financial targets for profit growth, profitability, capital structure and dividend.

PROFIT GROWTH

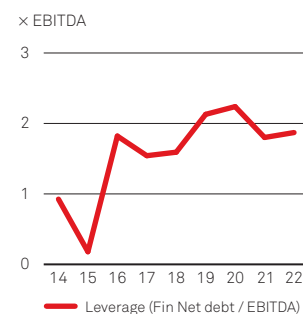


>10%

Average yearly operating profit growth above 10 per cent.

Comment: In 2022, operating profit increased by 14 percent primarily driven by higher prices towards customers. The increase in operating profit was partly offset by continued high inflationary pressure on operating costs as well as lower volumes.

CAPITAL STRUCTURE

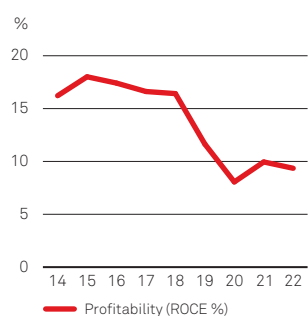


1–2× EBITDA

Financial net debt normally between 1–2 times adjusted EBITDA.

Comment: In 2022, financial net debt increased by SEK 823 million to SEK 3,882 million, corresponding to 1.9 times adjusted EBITDA. High metal prices and continuing expansion investments, with yet limited returns contributed to the increase in financial net debt.

PROFITABILITY

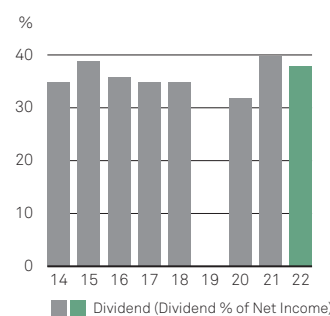


>15%

Return on capital employed above 15 per cent.

Comment: In 2022, return on capital employed decreased by 0.6 percentage points to 9.4 per cent. The increase in adjusted operating profit was negatively offset by higher capital tie-up, following the ongoing expansion investments and higher working capital due to increased metal prices.

DIVIDEND



30–50%

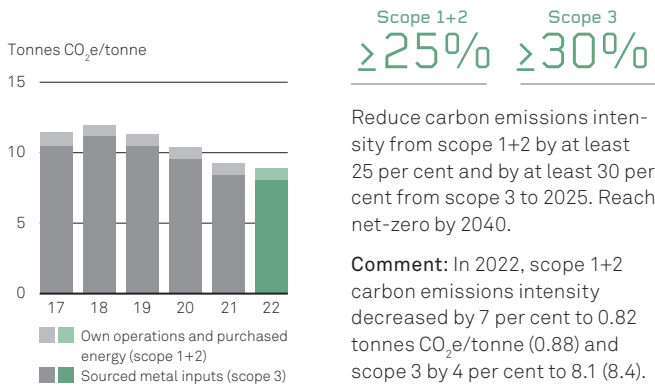
Dividend between 30–50 per cent of profit for the year.

Comment: The Board of Directors proposes a dividend of SEK 2.50 (2.25) per share for the 2022 fiscal year, corresponding to 38 per cent (40) of the profit for the year.

Sustainability

To drive the development of sustainable solutions, Gränges has adopted sustainability targets for 2025 and has set an ambitious climate target to reach net-zero by 2040 as well as to tenfold the recycling volumes by 2030 versus baseline 2017.

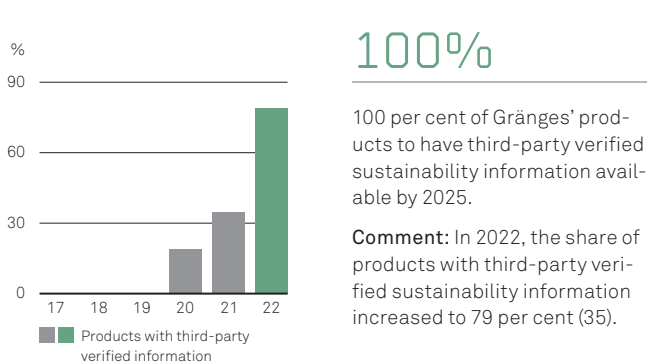
EMISSIONS AND CLIMATE IMPACT



Reduce carbon emissions intensity from scope 1+2 by at least 25 per cent and by at least 30 per cent from scope 3 to 2025. Reach net-zero by 2040.

Comment: In 2022, scope 1+2 carbon emissions intensity decreased by 7 per cent to 0.82 tonnes CO₂e/tonne (0.88) and scope 3 by 4 per cent to 8.1 (8.4). Total carbon emissions intensity (scope 1+2+3) has now been reduced by 22 per cent versus baseline 2017.

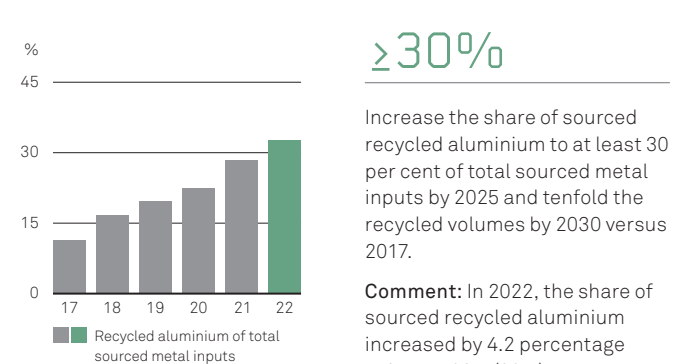
SUSTAINABLE INNOVATION



100 per cent of Gränges' products to have third-party verified sustainability information available by 2025.

Comment: In 2022, the share of products with third-party verified sustainability information increased to 79 per cent (35).

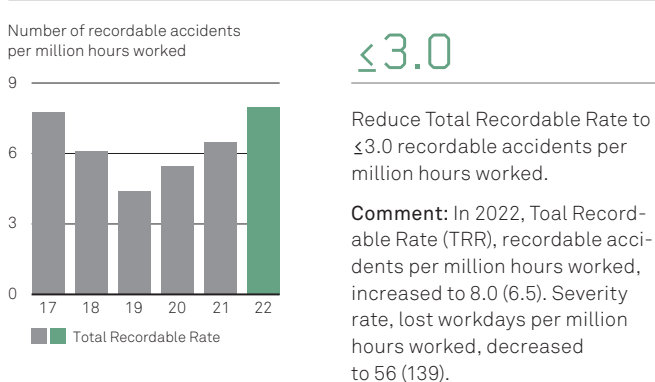
SOURCED RECYCLED ALUMINIUM



Increase the share of sourced recycled aluminium to at least 30 per cent of total sourced metal inputs by 2025 and tenfold the recycled volumes by 2030 versus 2017.

Comment: In 2022, the share of sourced recycled aluminium increased by 4.2 percentage points to 32.7 (28.5).

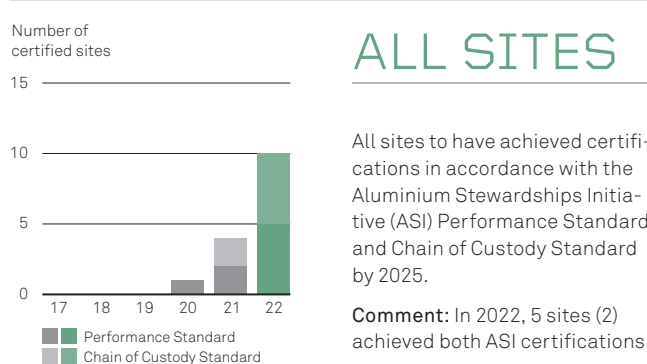
WORKPLACE SAFETY



Reduce Total Recordable Rate to ≤ 3.0 recordable accidents per million hours worked.

Comment: In 2022, Total Recordable Rate (TRR), recordable accidents per million hours worked, increased to 8.0 (6.5). Severity rate, lost workdays per million hours worked, decreased to 56 (139).

RESPONSIBLE SOURCING AND PRODUCTION



All sites to have achieved certifications in accordance with the Aluminium Stewardships Initiative (ASI) Performance Standard and Chain of Custody Standard by 2025.

Comment: In 2022, 5 sites (2) achieved both ASI certifications.