

INTERIM REPORT JANUARY—MARCH 2023

Operating profit on record level and strong cash flow

First quarter 2023

- Sales volume decreased by 5.2 per cent to 120.2 ktonnes (126.7) and net sales decreased to SEK 5,968 million (6,080).
- Adjusted operating profit increased to SEK 401 million (331) and included energy cost compensation of SEK 32 million.
- Adjusted operating profit per tonne increased to 3.3 kSEK (2.6).
- Operating profit was SEK 401 million (331).
- Profit for the period increased to SEK 254 million (240).
- Diluted earnings per share increased to SEK 2.38 (2.25).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK 287 million (–1,224).
- Financial net debt was SEK 3,897 million at 31 March 2023 (SEK 3,882 million at 31 December 2022), corresponding to 1.8 times adjusted EBITDA (1.9 times at 31 December 2022).
- Total carbon emissions intensity (scope 1+2+3) was 9.1 tonnes CO₂e/tonne (9.1).
- The share of sourced recycled aluminium increased to 37.6 per cent (31.0).

Summary

SEK million	Q1		Δ	12 months rolling	Full year
	2023	2022		Apr 2022– Mar 2023	2022
Sales volume, ktonnes	120.2	126.7	–5.2%	472.7	479.3
Net sales	5,968	6,080	–1.8%	24,380	24,492
Adjusted operating profit ¹	401	331	21.1%	1,220	1,150
Adjusted operating profit per tonne, kSEK	3.3	2.6	0.7	2.6	2.4
Operating profit	401	331	21.1%	1,206	1,136
Profit for the period	254	240	5.7%	714	700
Earnings per share diluted, SEK	2.38	2.25	0.13	6.71	6.58
Adjusted cash flow before financing activities ²	287	–1,224	n/a	2,129	618
Financial net debt	–	–	–	3,897	3,882
Financial net debt/Adjusted EBITDA ¹	–	–	–	1.8	1.9
Return on capital employed, %	–	–	–	9.6	9.4
Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne ³	9.1	9.1	–1.0%	8.9	8.9
Share of sourced recycled aluminium, %	37.6	31.0	6.6 ppt	34.4	32.7

¹ Adjusted for items affecting comparability, see Note 5 for further information.

² Adjusted for expansion investments and acquisitions, see alternative performance measures for further information.

³ Carbon emissions (scope 1+2+3) are defined in accordance with the Greenhouse Gas Protocol, see Definitions for further information.

COMMENTS BY THE CEO

Good start to the year

OPERATING PROFIT ON RECORD LEVEL ON THE BACK OF SALES VOLUME RECOVERY

In the first quarter, sales volume recovered as expected from the seasonal dip in the fourth quarter but was down 5 per cent relative to the strong first quarter of 2022.

In Gränges Americas, quarterly market demand was significantly lower than last year. HVAC customers, as expected, shifted focus from securing supply to managing inventory and cash in a softer market. In packaging, domestic customers struggled with low-priced imports of finished products. We were able to partly mitigate this by gaining new business. Sales volume was unchanged from the previous quarter, but about 6 per cent lower than in the first quarter of 2022. Nevertheless, good work on price and productivity led to improved operating margin and profit.

In Gränges Eurasia too, demand was lower than in 2022. In Europe, we saw good demand from automotive customers as supply chains started to clear up, but lower demand in other sectors than in the very strong first quarter of 2022. In Asia, we had good growth supported by order backlog despite lower vehicle production than last year. Eurasia's sales volume recovered significantly from the fourth quarter and was almost level with the very strong first quarter of 2022. We fully compensated cost increases with productivity and price, and we also benefited from energy cost compensation. As a result, operating margin and profit improved significantly.

In summary, sales volume recovered as expected despite weak demand in the quarter. By fully compensating for year-on-year cost increases with productivity and price, we reached an adjusted operating profit of SEK 401 million.

This is our best quarterly result ever, and one we're very proud of achieving in such challenging external circumstances.



SIGNIFICANTLY IMPROVED CASH FLOW

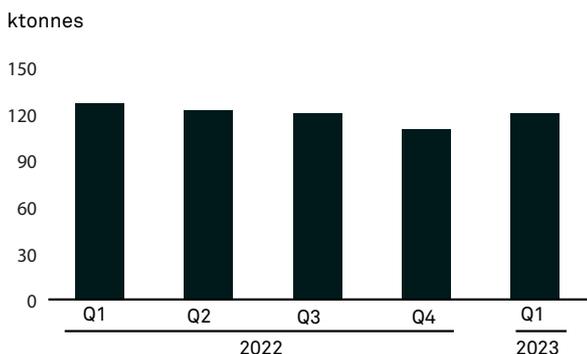
In the first quarter, we normally experience a seasonal build-up of working capital. This year, we mitigated this by successful working capital reduction actions, which improved our cash flow significantly. The good cash flow further strengthened our balance sheet in line with our financial targets, which brings flexibility and stability for the future.

IMPORTANT ADVANCES IN NAVIGATE BUILD SUSTAINABLE GROWTH

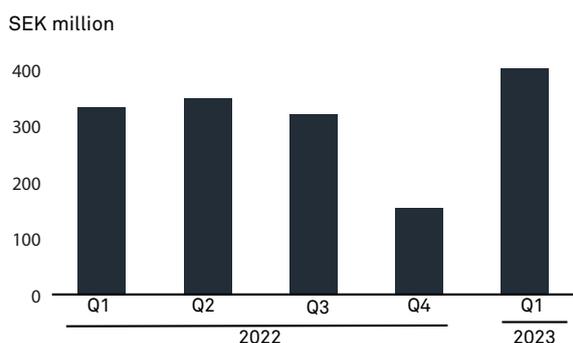
To reach our ambition of carbon neutrality by 2040, we need much more recycling. In the first quarter, we inaugurated our new recycling and casting centre in Huntingdon, which is now in full use. This and other improvements resulted in all-time high recycling volumes and share. In the quarter, we also shifted to renewable electricity supply in Asia, leading to record-low emissions from our own energy use. Despite these achievements, total carbon emissions intensity was the same as in 2022, mainly due to the phase-out of low-carbon primary aluminium supply from Russia.

Cont. on next page

Quarterly sales volume



Quarterly adjusted operating profit



Cont. from previous page

In Asia, access to low-carbon aluminium is scarce, leading to higher carbon emissions than elsewhere. We are therefore very proud to have agreed on a joint venture with Shandong Innovation Group to build a recycling and casting operation in Yunnan in China. It will secure access to low-carbon primary aluminium and renewable energy. Once fully operational, the new partnership will enable a dramatic reduction of our carbon footprint and allow us to meet customer demand for sustainable aluminium solutions in Asia.

We continued our work to meet the growing worldwide demand for battery components, which are critical to the electrification of transportation and other industries. In Asia, sales started already in 2022 and continued to grow in the first quarter. In Europe, production is now up and running in the new facility for battery cathode foil. We also announced a new investment in January, which will double our cathode foil capacity by 2025. In Gränges Americas, construction of our battery foil facility continued as planned. We keep investing in our team and continue to see a very high level of interest from leading global customers.

STABLE OUTLOOK DESPITE UNCERTAIN MARKET

Market uncertainty remains high in all regions. However, Gränges has shown that flexibility, productivity, and good commercial execution can help offset market fluctuations.

In the second quarter, we expect continued good momentum with automotive customers but softer demand in other markets. We also intend to flexibly meet demand variation with new business growth. In total, we currently expect sales volume to remain stable at or slightly below the strong second quarter of 2022. We aim to continue to offset year-on-year cost increases with productivity improvement and price increases, and we expect a positive impact on cost and efficiency of the new recycling and casting centre in Huntingdon.

BEST-EVER QUARTER THANKS TO STRONG TEAM EFFORT

This year has started with our best-ever quarterly adjusted operating profit, and the fifth consecutive quarter of year-on-year profit improvement. We have also taken important steps forward in the execution of our Navigate plan for sustainable growth, and gotten closer to our ambitious targets for growth, profitability, and sustainability. Delivering on this level despite challenging markets does not happen by chance. Growth and innovation, operational improvement and building recycling solutions and partnerships are the result of commitment, teamwork, and dedication.

I would like to thank our customers worldwide for their continued support, and the whole Gränges team for a very good start to 2023.

Jörgen Rosengren
President and CEO



In the first quarter, Gränges inaugurated new production equipment: The new recycling and casting centre in Huntingdon, the battery foil production line and clean-room environment in Finspång, and a folded tube production line in Shanghai.

MARKET DEVELOPMENT

Gränges is an aluminium technology company and a leading global supplier of rolled aluminium products and solutions for thermal management systems, speciality packaging and selected niche applications. Gränges' key end-customer markets are Automotive currently representing 42 per cent, HVAC representing 21 per cent, Speciality packaging and Other niches representing 18 per cent and 19 per cent respectively of sales volume for the last 12 months.

Short-term sales to the Automotive industry are primarily driven by the number of vehicles produced. Medium and long term, the increasing share of electric vehicles is expected to have a further positive impact on demand for Gränges' products. Sales to the HVAC industry are influenced in the short-term by consumer confidence and the general activity within building and construction, whereas increased requirements on energy efficiency of HVAC units are expected to have a further positive impact on the demand for Gränges' products in the medium and long term. The demand for materials for Speciality packaging is relatively stable in its nature and sales to Other niche applications are largely driven by the general economic activity.

In the first quarter of 2023, demand from Gränges' end-customer markets showed a mixed development. Sales to automotive customers increased by 14 per cent compared with the same quarter last year, with strong demand across all regions as vehicle production continued to recover after last years' supply chain disruptions. Sales of HVAC materials decreased by 13 per cent in the first quarter of 2023 due to softening demand at end-customer level combined with continued destocking among HVAC manufacturers. Sales of Speciality packaging materials decreased by 5 per cent in the first quarter, and sales to Other niches decreased by 26 per cent due to lower market demand in combination with continued high inventory levels in Europe.

SALES DEVELOPMENT

Gränges' sales volume in the first quarter of 2023 decreased by 5.2 per cent to 120.2 ktonnes (126.7) and net sales decreased by 1.8 per cent to SEK 5,968 million (6,080) compared to the same quarter previous year. The decrease in net sales was primarily driven by a lower sales volume. Changes in foreign exchange rates had a net positive effect of SEK 383 million.

For Gränges Americas, the external sales volume decreased by 6.0 per cent to 60.1 ktonnes (64.0) and external net sales decreased to SEK 3,111 million (3,206) in the first quarter of 2023. The decrease in sales volume was mainly driven by lower sales to HVAC customers. Changes in foreign exchange rates had a net positive effect on net sales of SEK 307 million.

For Gränges Eurasia, the external sales volume decreased by 4.4 per cent to 60.0 ktonnes (62.8) and external net sales decreased to SEK 2,857 million (2,874) in the first quarter of 2023. The decrease in sales volume was primarily driven by lower sales to Other niches. Changes in foreign exchange rates had a net positive effect on net sales of SEK 76 million.

OPERATING PROFIT

Adjusted operating profit for the first quarter of 2023 increased to SEK 401 million (331), corresponding to adjusted operating profit per tonne of 3.3 kSEK (2.6). The adjusted operating profit in the quarter was negatively impacted by the lower sales volume, while increased average fabrication price and improved productivity offset the effects from continued high external cost inflation. Further, the adjusted operating profit included SEK 32 million related to energy cost compensation in Poland for the calendar year 2022. Changes in foreign exchange rates had a net positive impact of SEK 63 million in the quarter.

Operating profit for the first quarter of 2023 increased to SEK 401 million (331) and includes no items affecting comparability (-). For further information see Note 5.

External sales volume growth

Q1 2023

End-customer	Automotive		HVAC		Speciality packaging		Other niches		Total	
Gränges Americas	5%	↗	-13%	↘	-2%	→	-3%	→	-6%	↘
Gränges Eurasia	17%	↗	-	-	-15%	↘	-36%	↘	-4%	↘
Total	14%	↗	-13%	↘	-5%	↘	-26%	↘	-5%	↘

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax for the first quarter of 2023 increased to SEK 315 million (305). Finance income and costs was SEK –86 million (–26). The increase in finance costs is related to higher market interest rates. Income tax for the first quarter of 2023 was SEK –62 million (–65) which corresponds to an effective tax rate of 20 per cent (21). The profit for the period increased to SEK 254 million (240) and diluted earnings per share rose to SEK 2.38 (2.25).

CASH FLOW

Cash flow from operating activities was SEK 336 million (–1,140) in the first quarter of 2023. The seasonal working capital build-up was limited to SEK 247 million as a result of successful working capital reduction efforts. Cash flow from investing activities fully relates to capital expenditure and amounted to SEK –252 million (–154) in the quarter. Of this, SEK –49 million refers to investments to maintain and improve efficiency in current production facilities and SEK –203 million refers to investments related to the expansion of the production facilities.

Cash flow before financing adjusted for expansion investments and acquisitions amounted to SEK 287 million (–1,224) in the first quarter of 2023. Cash flow from financing activities was SEK –217 million (1,115) in the first quarter of 2023 and includes new loans of SEK 1,831 million and repayment of loans of SEK –1,957 million.

Cash and cash equivalents amounted to SEK 752 million on 31 March 2023 (SEK 879 million on 31 December 2022).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 17,753 million on 31 March 2023 (SEK 17,530 million on 31 December 2022). The equity to assets ratio was 47.4 per cent on 31 March 2023 (46.8 per cent on 31 December 2022).

Financial net debt was SEK 3,897 million on 31 March 2023 (SEK 3,882 million on 31 December 2022), corresponding to 1.8 times adjusted EBITDA (1.9 times on 31 December 2022).

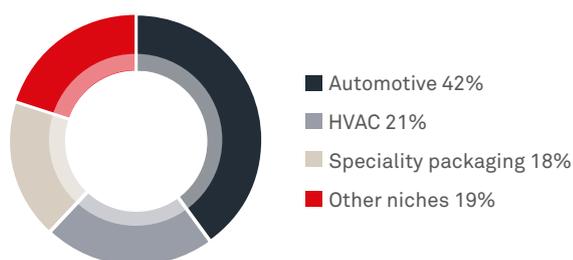
EMPLOYEES

The average number of employees was 2,667 (2,686) in the first quarter of 2023.

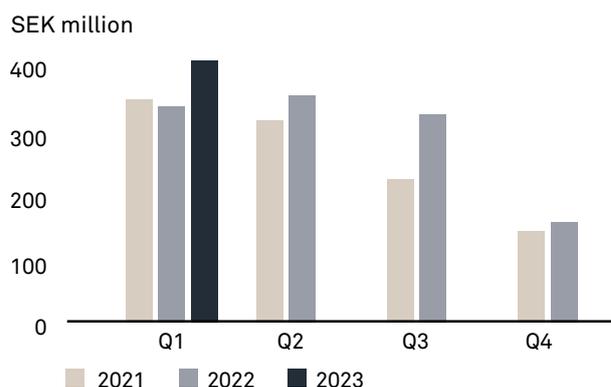
PARENT COMPANY

Gränges AB is the parent company of the Gränges Group. The operations include Group Management and Group functions such as finance, treasury, sustainability and communication. For the first quarter of 2023, net sales in the parent company was SEK 31 million (30). Result for the first quarter was SEK –4 million (–16).

12 months rolling sales volume per end-customer



Quarterly adjusted operating profit



GRÄNGES AMERICAS

- Softer market conditions except in Automotive
- Price increases fully compensated for cost increases
- Successful launch of new recycling and casting centre

MARKET AND SALES

Gränges Americas experienced strong demand from Automotive customers in the first quarter of 2023. Sales to HVAC customers decreased driven by softening end-customer demand combined with continued destocking at HVAC manufacturers. Sales of speciality packaging materials decreased as domestic customers faced increased competition from low-priced imports. In total the sales volume in the first quarter decreased by 6.0 per cent to 60.1 ktonnes (64.0) while net sales decreased to SEK 3,111 million (3,193). The decrease in net sales is primarily driven by a lower volume and was partly offset by a higher average fabrication price and positive changes in foreign exchange rates.

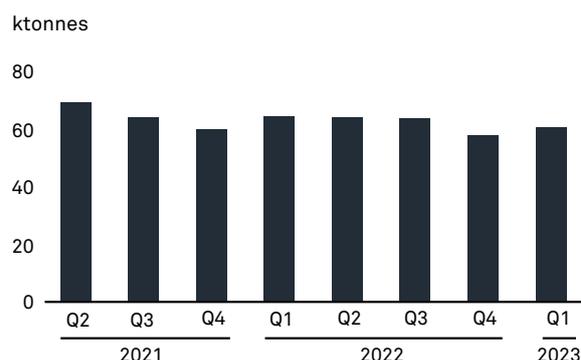
ADJUSTED OPERATING PROFIT

The adjusted operating profit for the first quarter of 2023 increased to SEK 269 million (225). This corresponds to an adjusted operating profit per tonne of 4.5 kSEK (3.5). The increase in adjusted operating profit was primarily driven by an increased average fabrication price and productivity which more than offset the effects of lower sales volume and external cost inflation during the quarter. Net changes in foreign exchange rates had a positive impact of SEK 25 million in the quarter. By 31 March, 2023, the return on capital employed was 15.0 per cent (16.6) on a rolling 12-months basis.

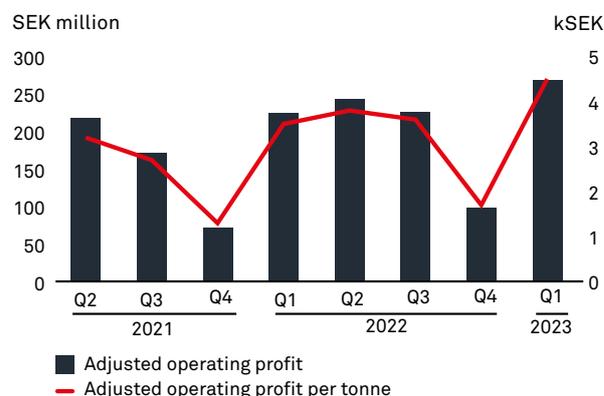
NEW RECYCLING CENTRE IN OPERATION

The first of two investments in new recycling and casting centres in Huntingdon was completed in December 2022 and successfully ramped-up during the first quarter of 2023. The investment reduces raw material cost and started to contribute positively to earnings in the first quarter. It is expected to have a further positive impact on earnings in the second quarter. In addition, the investment will support Gränges' sustainability ambitions by improving both energy and carbon emission intensity.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q1		Δ	12 months rolling	Full year
	2023	2022		Apr 2022-Mar 2023	2022
Sales volume external, ktonnes	60.1	64.0	-6.0%	245.1	248.9
Sales volume internal, ktonnes	-	-	-	-	-
Total sales volume, ktonnes	60.1	64.0	-6.0%	245.1	248.9
Net sales, external	3,111	3,206	-3.0%	13,042	13,136
Net sales, internal	-	-13	n/a	-8	-21
Total net sales	3,111	3,193	-2.6%	13,033	13,115
Adjusted operating profit	269	225	19.7%	839	795
Adjusted operating profit per tonne, kSEK	4.5	3.5	27.3%	3.4	3.2
Return on capital employed, %	-	-	-	15.0	15.1

GRÄNGES EURASIA

- Continued strong recovery in China
- Weak market conditions in Europe except in Automotive
- Price increases not fully compensating for cost increases

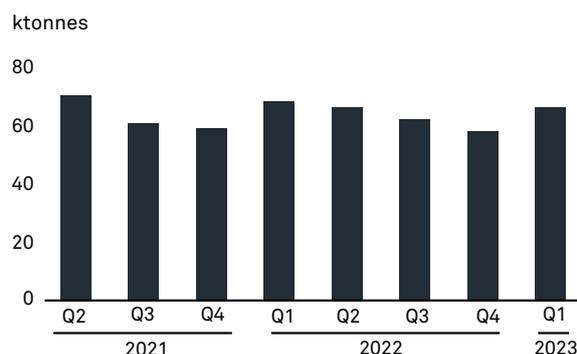
MARKET AND SALES

Gränges Eurasia experienced a mixed market development in the first quarter 2023. Demand from Automotive customers in both Asia and Europe was strong, fueled by large order backlogs at most car makers and cleared up supply chains. The growth in Automotive was offset by lower sales to Other niche customers in Europe, due to lower market demand in combination with continued high downstream inventory levels. The sales volume in the first quarter decreased by 2.9 per cent to 66.3 ktonnes (68.3), while net sales increased by 1 per cent to SEK 3,184 million (3,147). The increase in net sales was primarily driven by a higher average fabrication price and positive changes in foreign exchange rates.

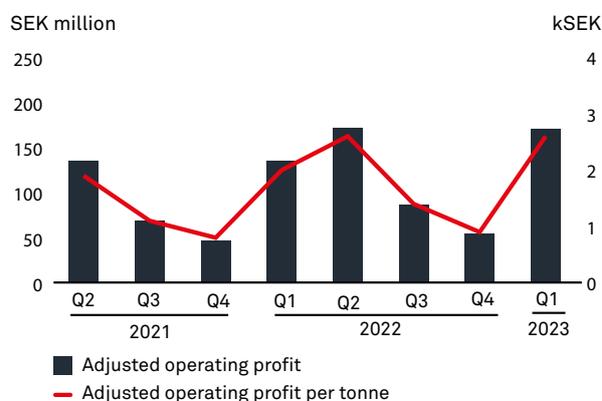
ADJUSTED OPERATING PROFIT

The adjusted operating profit for the first quarter 2023 increased to SEK 171 million (135), corresponding to an adjusted operating profit per tonne of 2.6 kSEK (2.0). The adjusted operating profit in the quarter was negatively impacted by the lower sales volume and by continued external cost inflation that was only partly offset by higher average fabrication price. Further, the adjusted operating profit included SEK 32 million related to energy cost compensation in Poland for calendar year 2022. Changes in foreign exchange rates had a net positive impact of SEK 39 million in the quarter. By 31 March, 2023, the return on capital employed was 6.3 per cent (5.6) on a rolling 12-months basis.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q1		Δ	12 months rolling	Full year
	2023	2022		Apr 2022-Mar 2023	2022
Sales volume external, ktonnes	60.0	62.8	-4.4%	227.6	230.4
Sales volume internal, ktonnes	6.2	5.5	13.3%	24.9	24.2
Total sales volume, ktonnes	66.3	68.3	-2.9%	252.5	254.5
Net sales, external	2,857	2,874	-0.6%	11,339	11,356
Net sales, internal	327	273	20.0%	1,332	1,277
Total net sales	3,184	3,147	1.2%	12,671	12,633
Adjusted operating profit	171	135	27.1%	485	448
Adjusted operating profit per tonne, kSEK	2.6	2.0	30.9%	1.9	1.8
Return on capital employed, %	-	-	-	6.3	6.0

SUSTAINABILITY

- All time high recycling driven by circularity focus.
- Record low scope 1+2 intensity as a result of higher supply of renewable electricity.
- New strategic partnership to ensure sourcing of sustainable metals and energy.

EMISSIONS AND CLIMATE IMPACT

In the first quarter of 2023, Gränges' total carbon emissions intensity (scope 1+2+3) was flat at 9.1 tonnes CO₂e/tonne (9.1) compared to the same quarter previous year. Scope 1+2 intensity decreased by 8 per cent to record low 0.79 tonnes CO₂e/tonne (0.85), driven by Gränges Asia converting to 100 per cent renewable electricity. Scope 3 intensity was flat at 8.3 tonnes CO₂e/tonne (8.3). A strong recycling performance was offset by lower volumes of low-carbon aluminium as a result of Gränges' continued efforts to phase out primary ingots produced in Russia.

During the last rolling 12 months, the total carbon emissions intensity was 8.9 tonnes CO₂e/tonne, a reduction of 23 per cent compared to baseline 2017.

RECYCLING AND CIRCULARITY

Gränges reached all-time high recycling volumes and share in the first quarter of 2023. The volume increased by 5 ktonnes to 48 ktonnes (42) compared to the same quarter previous year. This equals to 37.6 per cent recycled aluminium of total sourced metal inputs (31.0). The strong performance was driven by increased recycling in all regions. Gränges Americas hit record recycling volumes with its new recycling and casting successfully ramped-up.

During the last rolling 12 months, the total volume of sourced recycled aluminium reached 174 ktonnes, corresponding to 3.7 times the volume in baseline 2017.

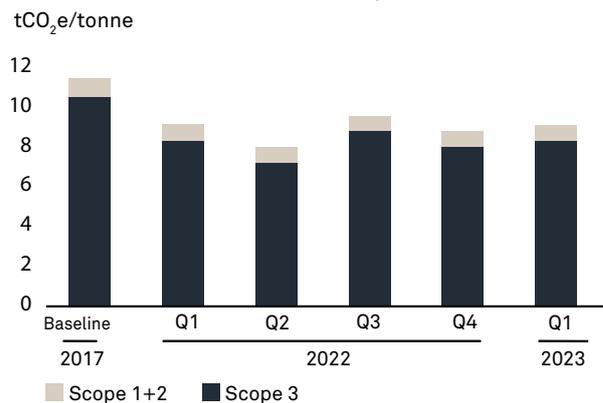
STRATEGIC PARTNERSHIP IN SUSTAINABLE ALUMINIUM

Gränges agreed to form a partnership with Shandong Innovation Group (SIG) to build a recycling and casting operation in China. This partnership will secure access to low-carbon primary aluminium with energy efficient delivery for the Shanghai facility as well as secure renewable energy for the casting operations.

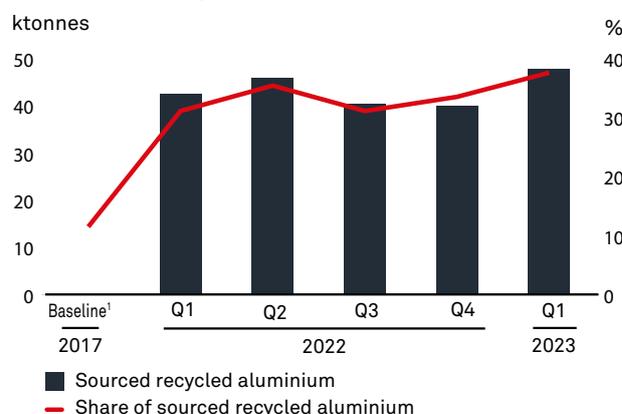
GRÄNGES JOINED POLESTAR 0 PROJECT

In February, Gränges joined the Polestar 0 project. The aim of the project is to create a climate-neutral car by 2030, by eliminating all sources of CO₂e throughout the supply chain. Gränges will contribute to research and development of circular and low-climate impact aluminium materials and processes.

Carbon emissions intensity²



Sourced recycled aluminium



Sustainability performance

Sustainability metrics	Q1		Δ	12 months rolling	Full year		Baseline	
	2023	2022		Apr 2022–Mar 2023	2022	Δ	2017	Δ
Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne ²)	9.1	9.1	-1%	8.9	8.9	0%	11.4	-23%
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne ²)	0.79	0.85	-8%	0.80	0.82	-2%	0.96	-16%
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne ²)	8.3	8.3	0%	8.1	8.1	0%	10.5	-23%
Sourced recycled aluminium, ktonnes	48	42	13%	174	169	3%	47	273%
Sourced recycled aluminium, %	37.6	31.0	6.6 ppt	34.4	32.7	1.7 ppt	11.5	22.9 ppt

¹ Baseline does not include Gränges' production facility in Konin.

² Quarterly data may be adjusted in the year-end report when annual emission factors have been confirmed. Scope 2 data is calculated with a market-based approach. Baseline 2017 is recalculated to include the production facility in Konin for carbon emissions intensity data.

SIGNIFICANT EVENTS DURING THE PERIOD

- Gränges announced plans to invest SEK 600 million in increased battery cathode foil production in Finspång to meet growing marked demand in Europe.
- Gränges joined the Polestar 0 project aiming at creating a truly climate-neutral car by 2030. Gränges will contribute to research and development of circular and low-climate impact aluminium materials and processes.
- Gränges agreed to form a joint venture with Shandong Innovation Group (SIG) to build a recycling and casting operation in Yunnan, China. This will enable Gränges to drive a dramatic reduction of its carbon footprint and meet customer demand for sustainable aluminium solutions in Asia. The completion is subject to customary regulatory approvals.

SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events after the period.

THE SHARE

The share capital in Gränges amounts to SEK 142 million split on 106,308,618 shares, each with a quota value of SEK 1.339775.

Gränges has only one class of shares.

OWNERSHIP STRUCTURE

The number of known shareholders in Gränges was 11,757 on 31 March 2023, according to Euroclear.

Largest shareholders in Gränges at 31 March 2023¹

Shareholder	Number of shares	Share of capital and votes %
Fourth Sw. National Pension Fund	9,864,534	9.3
AFA Insurance	7,085,516	6.7
Swedbank Robur Funds	6,775,678	6.4
Dimensional Fund Advisors	4,662,078	4.4
Handelsbanken Funds	3,995,995	3.8
Vanguard	3,830,725	3.6
Norges Bank	3,639,432	3.4
Fidelity Investments	2,559,095	2.4
Allianz Global Investors	2,518,021	2.4
Third Sw. National Pension Fund	2,486,637	2.3
Total 10 largest shareholders	47,417,711	44.6
Other	58,890,907	55.4
Total	106,308,618	100.0

¹ Source: Modular Finance.

OTHER

Dividend

The Board of Directors has proposed a dividend of SEK 2.50 (2.25) per share for the 2022 fiscal year, in total SEK 266 million (239). The proposed dividend corresponds to 38 per cent (40) of the profit for the year 2022. The record date for the dividend will be communicated in conjunction with the notice to the Annual General Meeting.

Annual General Meeting 2023

Gränges has resolved on a new date for the Annual General Meeting 2023. The Annual General Meeting will be held on Wednesday 14 June 2023 at 4.00 p.m. CEST at Finlandshuset Konferens, Stockholm. Notice of the Annual General Meeting will be published no later than four weeks prior to the new date.

RISKS AND UNCERTAINTY FACTORS

As a global group with operations in different parts of the world, Gränges is exposed to various risks and uncertainties such as raw material price risk, market risk, operational and legal risk, as well as financial risks related to foreign exchange rates, interest rates, liquidity and refinancing. Gränges' risk management process entails to identify, assess and reduce risks related to the Group's business and operations. More information about risk management is available on pages 53–59 in Gränges' 2022 Annual and Sustainability Report.

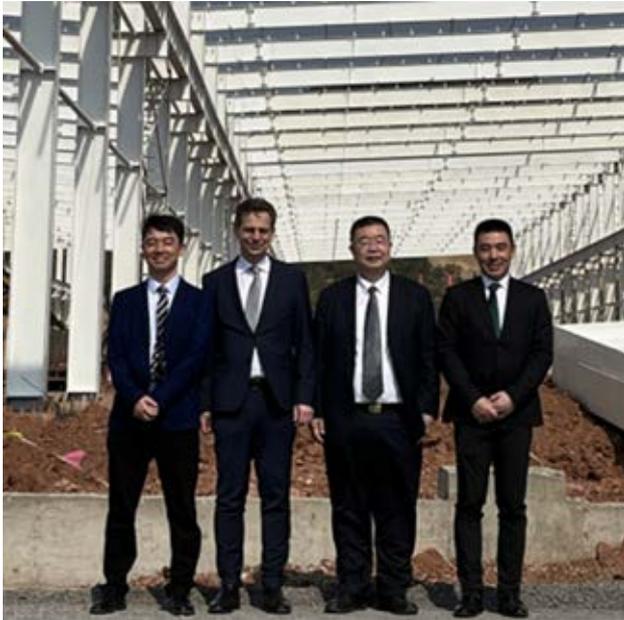
SEASONAL VARIATIONS

Gränges' customers are found in the automotive industry, the HVAC industry, the packaging industry, as well as in many other niche markets. Gränges' sales to the automotive industry is highly correlated with the production of light vehicles. Sales to the HVAC industry are impacted by factors such as construction investments, new regulations for energy efficiency and climate impact, and it is usually higher during the summer period driven by a seasonally higher demand for cooling systems. Sales to the packaging and other industries are fairly stable throughout the year. Major annual maintenance work in Gränges' production facilities mainly occurs in the fourth quarter. Overall, the fourth quarter is usually the weakest quarter and the second quarter usually the strongest quarter of the year.

Stockholm, 27 April 2023

Jörgen Rosengren
President and CEO

*This interim report has not been reviewed by
the auditors of the company.*



STRATEGIC PARTNERSHIP IN SUSTAINABLE ALUMINIUM

Gränges has agreed to form a joint venture with Shandong Innovation Group (SIG) to build a recycling and casting operation in the hydro-power rich province Yunnan, China. This partnership will secure access to low-carbon primary aluminium as well as renewable energy for the casting operations. Once fully operational, the new partnership will enable a dramatic reduction of Gränges' carbon footprint and allow the company to meet customer demand for sustainable aluminium solutions in Asia. The completion of the joint venture is subject to customary regulatory approvals in China.

For additional information, please contact:

Oskar Hellström, CFO and Deputy CEO
Email: oskar.hellstrom@granges.com
Phone: +46 8 459 59 00

Lukas Östman, IR Coordinator
Email: lukas.ostman@granges.com
Phone: +46 72 224 39 87

This information is information that Gränges AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, on Thursday 27 April 2023 at 07.30 CEST.

Webcasted presentation

Thursday, 27 April 2023, at 10.00 CEST Gränges' CEO Jörgen Rosengren and CFO Oskar Hellström will present the interim report for January – March 2023.

The webcast will be available live on www.granges.com/investors. To participate in the Q&A, please register a few minutes prior to the webcast. Upon registration, phone numbers and a conference ID to access the webcast will be provided. The presentation will be in English.

Financial calendar

14 June, 2023	Annual General Meeting 2023
14 July, 2023	Half-year Report January–June 2023
26 October, 2023	Interim Report January–September 2023
25 January, 2024	Year-end Report 2023

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Net sales	2	5,968	6,080	24,492
Cost of materials		-4,044	-4,371	-17,311
Payroll and other operating expenses		-1,331	-1,208	-5,117
Depreciation, amortization and impairment charges		-192	-170	-914
Items affecting comparability	5	-	-	-14
Operating profit		401	331	1,136
Profit or loss from joint ventures	4	0	0	2
Finance income and costs		-86	-26	-254
Profit before tax		315	305	884
Income tax		-62	-65	-184
Profit for the period		254	240	700
Profit for the period attributable to				
– owners of the parent company		254	240	700
– non-controlling interests		0	0	0
Earnings per share				
Earnings per share basic, SEK		2.39	2.26	6.59
Earnings per share diluted, SEK		2.38	2.25	6.58

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Profit for the period	254	240	700
Items not to be reclassified to profit/loss in subsequent periods			
Remeasurement of pensions after tax	-	-	110
Items to be reclassified to profit/loss in subsequent periods			
Change in hedging reserve after tax	-43	-92	89
Translation effects	1	147	602
Comprehensive Income for the period	212	295	1,501
Comprehensive income for the period attributable to			
– owners of the parent company	212	295	1,501
– non-controlling interests	0	0	0

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS				
Intangible assets		1,492	1,410	1,499
Property, plant and equipment		7,351	6,627	7,271
Right-of-use assets		241	222	246
Deferred tax assets		40	58	33
Investments in joint ventures	4	19	17	19
Other non-current receivables	3	147	111	182
Non-current assets		9,290	8,446	9,249
Inventories		4,207	5,031	4,270
Receivables	3	3,497	3,877	3,093
Interest-bearing receivables	3	6	40	38
Cash and cash equivalents		752	655	879
Current assets		8,463	9,603	8,280
TOTAL ASSETS		17,753	18,049	17,530
EQUITY AND LIABILITIES				
Equity		8,417	7,226	8,206
Interest-bearing liabilities	3	2,852	2,745	2,863
Provisions and other non-current liabilities	3	972	889	920
Non-current liabilities		3,824	3,634	3,783
Interest-bearing liabilities	3	2,060	2,592	2,197
Provisions and other current liabilities	3	3,451	4,596	3,344
Current liabilities		5,511	7,189	5,541
TOTAL EQUITY AND LIABILITIES		17,753	18,049	17,530

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Opening balance	8,204	6,930	6,930
Profit for the period	254	240	700
Other comprehensive income for the period	-42	55	801
Total comprehensive income for the period	212	295	1,501
Dividend	-	-	-239
Option premium	0	-	7
Share swap	-	-	5
Total transactions with owners	-	-	-227
Equity attributable to owners of the parent company	8,416	7,225	8,204
Equity attributable to non-controlling interests	1	2	2
Closing balance	8,417	7,226	8,206

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

SEK million	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Operating profit		401	331	1,136
Depreciation, amortization and impairment charges		192	170	914
Other non-cash items		–	–	–148
Change in working capital etc.		–247	–1,625	–736
Income taxes paid		–10	–15	–65
Cash flow from operating activities		336	–1,140	1,102
Investments in property, plant, equipment and intangible assets		–252	–154	–993
Cash flow from investing activities		–252	–154	–993
Cash flow before financing activities		84	–1,294	109
Dividend		–	–	–239
Share swap		–	–	5
Option premium		0	–	7
Interest paid and received		–91	–21	–264
New loans		1,831	4,727	14,707
Repayment of loans		–1,957	–3,591	–14,302
Cash flow from financing activities		–217	1,115	–86
Cash flow for the period		–133	–179	23
Cash and cash equivalents at beginning of period		879	809	809
Cash flow for the period		–133	–179	23
Exchange rate differences in cash and cash equivalents		5	26	48
Cash and cash equivalents at end of period		752	655	879

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	31	30	133
Payroll and other operating expenses	–37	–63	–217
Depreciation, amortization and impairment charges	0	0	–1
Operating profit/loss	–6	–33	–86
Finance income and costs	–3	13	57
Profit/loss after financial items	–9	–20	–29
Appropriations	–	–	34
Income tax	4	4	–13
Profit/loss for the period	–4	–16	–8

PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Property, plant and equipment	0	1	0
Shares in Group companies	2,986	2,906	2,986
Deferred tax assets	41	51	35
Receivables from Group companies	1,472	3,469	2,281
Other non-current receivables	135	94	116
Non-current assets	4,634	6,521	5,418
Receivables from Group companies	3,429	776	2,885
Other receivables	103	157	112
Cash and cash equivalents	172	326	229
Current assets	3,704	1,259	3,227
TOTAL ASSETS	8,337	7,780	8,645
EQUITY AND LIABILITIES			
Equity	3,183	3,405	3,187
Interest-bearing liabilities	2,664	1,393	2,649
Provisions and other non-current liabilities	48	39	43
Non-current liabilities	2,711	1,431	2,692
Liabilities to Group companies	431	500	598
Interest-bearing liabilities	1,893	2,111	1,982
Provisions and other current liabilities	119	332	185
Current liabilities	2,443	2,943	2,766
TOTAL EQUITY AND LIABILITIES	8,337	7,780	8,645

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

The Gränges Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting principles adopted are consistent with those described in the Annual Report for Gränges AB (publ) 2022. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Reporting for Legal Entities.

New standards, amendments and interpretations effective from 1 January 2023 or later have not had any material impact on this financial report.

The interim information on pages 2–17 is an integrated part of these financial statements.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Gränges' revenue is generated through sale of material that is produced for a certain customer and application. Revenue is recognized at the point in time when control is transferred to the customer. The transaction price for Gränges' products is based on the added value Gränges offers in terms of material properties and production complexity (fabrication price), and the price of the raw material, aluminium. The fabrication price is to a large extent pre-defined while the aluminium price is variable and based on metal price clauses connected to the market price. The table below show Gränges' net sales by business area divided by type of revenue.

SEK million	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Net sales by business area			
<i>Gränges Americas</i>			
Fabrication revenue	1,309	1,029	4,542
Raw material and other revenue	1,798	2,163	8,553
Revenue from contracts with customers	3,106	3,193	13,095
Other revenue	5	–	20
Total net sales Gränges Americas	3,111	3,193	13,115
<i>Gränges Eurasia</i>			
Fabrication revenue	1,373	1,272	5,112
Raw material and other revenue	1,806	1,872	7,318
Revenue from contracts with customers	3,179	3,143	12,430
Other revenue	6	4	203
Total net sales Gränges Eurasia	3,184	3,147	12,633
<i>Other and eliminations</i>			
Fabrication revenue	–206	–155	–771
Raw material and other revenue	–121	–105	–485
Revenue from contracts with customers	–327	–260	–1,256
Other revenue	–	–	–
Total net sales other and eliminations	–327	–260	–1,256
Total fabrication revenue	2,475	2,146	8,883
Total raw material and other revenue	3,482	3,930	15,386
Total revenue from contracts with customers	5,957	6,076	24,269
Total other revenue	10	4	223
Total net sales	5,968	6,080	24,492

NOTE 3 FINANCIAL INSTRUMENTS

The Group's financial assets consist of lending, accounts receivable, cash and cash equivalents as well as derivatives. The Group's financial liabilities consist of borrowings and accounts payable as well as derivatives. The table below shows the fair value of the derivatives (foreign exchange, aluminium and interest rate derivatives) included in the balance sheet.

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current assets	135	94	170
Current assets	169	194	131
Non-current liabilities	28	7	13
Current liabilities	126	524	202

All derivatives are measured at fair value and are classified according to level 2, i.e., all significant inputs required for measurement of the instruments are observable. Fair value of foreign exchange derivatives is calculated by discounting the difference between the contracted forward rate and the forward rate that can be contracted on the balance sheet date for the remaining contract period. Aluminium derivatives are measured at observable quoted prices on LME (London Metal Exchange) and SHFE (Shanghai Futures Exchange) for similar assets and liabilities. Interest rate derivatives are measured at forward rates from observable interest rate curves and discounting of contractual cash flows.

Gränges' interest-bearing liabilities consist of financing from banks, institutions, and the credit market. As per March 31, 2023, the amount of outstanding term loans from banks and institutions was USD 160 million and SEK 400 million, whereof USD 160 million and SEK 200 million have a sustainability-linked structure. Financing from banks and institutions also includes a sustainability-linked Revolving Credit Facility of SEK 3,500 million which was unutilized as per 31 March 2023. Financing from the credit market includes corporate bonds issued under Gränges' MTN programme and commercial papers. As per March 31, 2023, the total volume of outstanding bonds was SEK 900 million, whereof SEK 600 million was sustainability-linked bonds. The outstanding volume of commercial papers was SEK 1,567 million.

The loan facilities are subject to covenants, which are Net Debt/EBITDA and Interest coverage ratio.

SEK million	Limit/Program amount	Year			Total
		< 1	1–2	> 2	
Term loans					
SEK		–	–	400	400
USD		–	414	1,242	1,656
Bonds in MTN programme	3,000	300	–	600	900
Commercial papers	2,000	1,567	–	–	1,567
Revolving Credit Facilities	3,500	–	–	–	–
Lease liabilities		50	44	163	257
Other interest-bearing liabilities		144	–	–11	133
Total interest-bearing liabilities		2,060	458	2,394	4,913

Interest-bearing liabilities are measured at amortized cost and the carrying amount as of 31 March 2023 was SEK 4,913 million (SEK 5,060 million as of 31 December 2022). The fair value of interest-bearing liabilities amounted to SEK 4,928 million as of 31 March 2023 (SEK 5,077 million as of 31 December 2022). For other receivables and liabilities, which are short-term, the carrying amount is considered to reflect the fair value.

NOTE 4 RELATED PARTY TRANSACTIONS

No changes have been made to the Group or parent company in relations or transactions with related parties, compared to what is described in the 2022 Annual Report. During the period there have been no significant transactions with related parties.

NOTE 5 ITEMS AFFECTING COMPARABILITY

SEK million	Financial statement line	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Loss on open aluminium position	Items affecting comparability	–	–	–76
Insurance compensation	Items affecting comparability	–	–	62
Items affecting comparability		–	–	–14

There are no items affecting comparability in the first quarter of 2023.

In the third quarter of 2022 a non-recurring loss of SEK 76 million occurred related to an open aluminium position in one of the Gränges subsidiaries. When the exposure was identified the open position was immediately closed.

In the second quarter of 2021, a fire occurred in one of the rolling mills in the US. The incident was covered by property damage and interruption insurance. Insurance compensation less deductibles corresponding to the costs of the fire was reported as part of the adjusted operating profit, while compensation in addition to cost coverage was treated as an item affecting comparability. The insurance claim was finally settled in the second quarter of 2022.

CONSOLIDATED QUARTERLY DATA

SEK million	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume, ktonnes	120.2	110.3	119.8	122.5	126.7	112.3	118.5	131.4
Income statement								
Net sales	5,968	5,366	6,172	6,875	6,080	4,857	4,621	4,609
Adjusted EBITDA ¹	593	344	583	636	501	299	420	468
Adjusted operating profit ¹	401	153	319	348	331	139	219	309
Operating profit	401	153	243	410	331	-21	219	309
Profit for the period	254	51	135	274	240	-23	153	226
Adjusted EBITDA margin, %	9.9	6.4	9.5	9.3	8.2	6.2	9.1	10.2
Adjusted operating margin, %	6.7	2.8	5.2	5.1	5.4	2.9	4.7	6.7
Adjusted operating profit per tonne, kSEK	3.3	1.4	2.7	2.8	2.6	1.2	1.8	2.4
Operating margin, %	6.7	2.8	3.9	6.0	5.4	-0.4	4.7	6.7
Net margin, %	4.2	0.9	2.2	4.0	3.9	-0.5	3.3	4.9
Balance sheet								
Non-current assets	9,290	9,249	9,233	8,926	8,446	8,323	8,099	8,003
Current assets	8,463	8,280	10,150	10,353	9,603	7,444	7,399	6,810
Equity	8,417	8,206	8,291	7,981	7,226	6,932	6,745	6,546
Non-current liabilities	3,824	3,783	3,865	4,027	3,634	3,297	3,425	2,761
Current liabilities	5,511	5,541	7,227	7,271	7,189	5,539	5,327	5,505
Cash flow								
Operating activities	336	919	530	793	-1,140	630	-34	395
Investing activities	-252	-403	-218	-218	-154	-338	-186	-156
Before financing activities	84	516	313	575	-1,294	292	-220	239
Financing activities	-217	-837	-285	-84	1,115	-580	263	169
Cash flow for the period	-133	-321	28	491	-179	-288	43	409
Capital structure								
Net debt	4,388	4,377	4,894	4,917	4,991	3,643	3,810	3,532
Equity to assets, %	47.4	46.8	42.8	41.4	40.0	44.0	43.5	44.2
Data per share, SEK²								
Earnings per share basic	2.39	0.48	1.27	2.58	2.26	-0.21	1.44	2.12
Earnings per share diluted	2.38	0.48	1.27	2.58	2.25	-0.21	1.44	2.12
Equity	79.13	77.18	77.97	75.06	67.86	65.09	63.26	61.40
Cash flow from operating activities	3.16	8.64	4.99	7.46	-10.70	5.91	-0.32	3.71
Share price at the end of the period	98.75	85.30	71.70	76.50	92.70	106.10	105.50	118.90
Weighted outstanding ordinary shares, basic in thousands	106,308.6	106,308.6	106,308.6	106,308.6	106,308.6	106,308.6	106,308.6	106,308.6
Weighted outstanding ordinary shares, diluted in thousands	106,374.6	106,322.6	106,345.0	106,333.8	106,495.4	106,498.1	106,615.3	106,623.1

¹ Adjusted for items affecting comparability, see Note 5 for further information.

² Calculated on weighted outstanding ordinary shares, diluted.

CONSOLIDATED QUARTERLY DATA

	2023		2022				2021			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2		
Sales volume by business area, ktonnes										
Gränges Americas	60.1	57.7	63.5	63.8	64.0	56.9	63.8	69.0		
Gränges Eurasia	66.3	58.1	62.1	66.1	68.3	59.0	60.9	70.4		
Other and eliminations	-6.2	-5.5	-5.8	-7.4	-5.5	-3.6	-6.1	-8.0		
Total	120.2	110.3	119.8	122.5	126.7	112.3	118.5	131.4		
Sales volume by end-customer, ktonnes										
Automotive	51.4	49.1	49.8	46.0	44.9	42.7	44.3	51.4		
HVAC	24.9	20.2	27.8	28.0	28.5	22.1	27.1	30.4		
Speciality packaging	20.9	22.4	21.0	21.3	22.1	21.0	22.7	22.8		
Other niches	23.0	18.6	21.2	27.2	31.3	26.5	24.4	26.8		
Total	120.2	110.3	119.8	122.5	126.7	112.3	118.5	131.4		
Net sales by business area, SEK million										
Gränges Americas	3,111	2,834	3,397	3,692	3,193	2,485	2,562	2,426		
Gränges Eurasia	3,184	2,807	3,087	3,593	3,147	2,526	2,301	2,482		
Other and eliminations	-327	-274	-312	-410	-260	-153	-242	-299		
Total	5,968	5,366	6,172	6,875	6,080	4,857	4,621	4,609		
Employees										
Average number of employees	2,667	2,682	2,697	2,712	2,686	2,682	2,664	2,645		
Sustainability¹										
Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	9.1	8.8	9.6	8.0	9.1	9.3	8.9	9.1		
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.79	0.82	0.80	0.80	0.85	0.96	0.88	0.81		
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	8.3	8.0	8.8	7.2	8.3	8.4	8.0	8.3		
Sourced recycled aluminium, ktonnes	48	40	40	46	42	41	37	37		
Sourced recycled aluminium, %	37.6	33.5	31.1	35.4	31.0	32.9	28.7	26.9		

¹ Quarterly data may be adjusted in the year-end report when annual emission factors have been confirmed. Scope 2 data is calculated with a market-based approach.

Sales volume, ktonnes	Automotive		HVAC		Speciality packaging		Other niches		Total	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Gränges Americas	9.8	9.3	24.9	28.5	16.6	17.0	8.9	9.2	60.1	64.0
Gränges Eurasia	47.3	40.8	0.5	0.3	4.3	5.1	14.2	22.1	66.3	68.3
Other and eliminations	-5.6	-5.2	-0.5	-0.3	-	-	-0.1	-	-6.2	-5.5
Total	51.4	44.9	24.9	28.5	20.9	22.1	23.0	31.3	120.2	126.7

CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	Apr 2022 – Mar 2023	Jan 2022 – Dec 2022	Oct 2021 – Sep 2022	Jul 2021 – Jun 2022	Apr 2021 – Mar 2022	Jan 2021 – Dec 2021	Oct 2020 – Sep 2021	Jul 2020 – Jun 2021
Sales volume, ktonnes	472.7	479.3	481.3	480.0	488.9	488.9	479.9	448.1
Income statement								
Net sales	24,380	24,492	23,984	22,433	20,167	18,130	16,421	14,375
Adjusted EBITDA ¹	2,156	2,064	2,020	1,856	1,689	1,686	1,729	1,641
Adjusted operating profit ¹	1,220	1,150	1,136	1,036	997	1,008	1,063	1,048
Operating profit	1,206	1,136	962	938	838	833	1,020	979
Adjusted EBITDA margin, %	8.8	8.4	8.4	8.3	8.4	9.3	10.5	11.4
Adjusted operating margin, %	5.0	4.7	4.7	4.6	4.9	5.6	6.5	7.3
Adjusted operating profit per tonne, kSEK	2.6	2.4	2.4	2.2	2.0	2.1	2.2	2.3
Operating margin, %	4.9	4.6	4.0	4.2	4.2	4.6	6.2	6.8
Capital structure and return indicators								
Capital employed	12,738	12,292	11,886	11,265	10,708	10,117	9,453	8,866
Return on capital employed, %	9.6	9.4	9.6	9.2	9.3	10.0	11.2	11.8
Equity	8,023	7,725	7,433	7,084	6,773	6,521	6,024	5,550
Return on equity, %	8.9	9.1	8.4	9.1	8.8	9.1	12.0	12.5
Financial net debt/Adjusted EBITDA	1.8	1.9	2.1	2.4	2.6	1.8	1.8	1.7
¹ Adjusted for items affecting comparability, see Note 5 for further information.								
Sustainability²								
Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	8.9	8.9	9.0	8.8	9.1	9.3	–	–
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.80	0.82	0.85	0.87	0.87	0.88	–	–
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	8.1	8.1	8.1	7.9	8.2	8.4	–	–
Sourced recycled aluminium, ktonnes	174	169	170	166	157	150	–	–
Sourced recycled aluminium, %	34.4	32.7	32.6	32.0	29.9	28.5	–	–

² Quarterly data may be adjusted in the year-end report when annual emission factors have been confirmed. Scope 2 data is calculated with a market-based approach.

FINANCIALS PER BUSINESS AREA

SEK million	Jan–Mar 2023				Jan–Mar 2022			
	Gränges Americas	Gränges Eurasia	Other and eliminations	Total	Gränges Americas	Gränges Eurasia	Other and eliminations	Total
Sales volume external, ktonnes	60.1	60.0	–	120.2	64.0	62.8	–	126.7
Sales volume internal, ktonnes	–	6.2	–6.2	0	–	5.5	–5.5	0
Total sales volume	60.1	66.3	–6.2	120.2	64.0	68.3	–5.5	126.7
Income statement								
Net sales, external	3,111	2,857	–	5,968	3,206	2,874	–	6,080
Net sales, internal	–	327	–327	0	–13	273	–260	0
Total net sales	3,111	3,184	–327	5,968	3,193	3,147	–260	6,080
Adjusted operating profit ¹	269	171	–39	401	225	135	–29	331
Adjusted operating profit per tonne, kSEK	4.5	2.6	n/a	3.3	3.5	2.0	n/a	2.6
Capital structure and return indicators								
Capital employed ²	5,673	7,718	–585	12,805	5,005	7,590	–377	12,217
Return on capital employed, % ³	15.0	6.3	n/a	9.6	16.6	5.6	n/a	9.3

¹ Adjusted for items affecting comparability, see Note 5 for further information.

² Closing balance at end of the period.

³ Calculated on the average capital employed during the past 12-months period.

FINANCIALS PER BUSINESS AREA

SEK million	Gränges Americas							
	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume external, ktonnes	60.1	57.7	63.5	63.8	64.0	56.9	63.8	69.0
Sales volume internal, ktonnes	–	–	–	–	–	–	–	–
Total sales volume, ktonnes	60.1	57.7	63.5	63.8	64.0	56.9	63.8	69.0
Income statement								
Net sales, external	3,111	2,842	3,391	3,698	3,206	2,498	2,567	2,425
Net sales, internal	–	–8	6	–6	–13	–13	–5	1
Total net sales	3,111	2,834	3,397	3,692	3,193	2,485	2,562	2,426
Adjusted operating profit ¹	269	99	227	244	225	73	172	219
Adjusted operating profit per tonne, kSEK	4.5	1.7	3.6	3.8	3.5	1.3	2.7	3.2
Capital structure and return indicators								
Capital employed ²	5,673	5,528	6,124	5,579	5,005	4,076	4,066	3,761
Return on capital employed, % ³	15.0	15.1	15.5	15.9	16.6	16.9	17.9	17.2

SEK million	Gränges Eurasia							
	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume external, ktonnes	60.0	52.6	56.3	58.7	62.8	55.4	54.8	62.4
Sales volume internal, ktonnes	6.2	5.5	5.8	7.4	5.5	3.6	6.1	8.0
Total sales volume, ktonnes	66.3	58.1	62.1	66.1	68.3	59.0	60.9	70.4
Income statement								
Net sales, external	2,857	2,524	2,780	3,177	2,874	2,362	2,054	2,184
Net sales, internal	327	283	306	416	273	164	248	298
Total net sales	3,184	2,807	3,087	3,593	3,147	2,526	2,301	2,482
Adjusted operating profit ¹	171	55	87	172	135	47	69	136
Adjusted operating profit per tonne, kSEK	2.6	0.9	1.4	2.6	2.0	0.8	1.1	1.9
Capital structure and return indicators								
Capital employed ²	7,718	7,527	7,609	7,841	7,590	6,815	6,840	6,647
Return on capital employed, % ³	6.3	6.0	6.0	5.9	5.6	6.8	8.7	9.0

¹ Adjusted for items affecting comparability, see Note 5 for further information.

² Closing balance at end of the period.

³ Calculated on the average capital employed during the past 12-months period.

Alternative performance measures

Gränges makes use of the alternative performance measures Return on capital employed, Financial net debt, Equity to assets ratio and Cash conversion. Gränges believes that these performance measures are useful for readers of the financial reports as a complement to other performance measures when assessing the possibility of dividends, the implementation of strategic investments, and the Group's ability to meet financial commitments. Further, Gränges uses the alternative performance measures Adjusted operating profit, Adjusted operating profit per tonne and Adjusted EBITDA, which are measures that Gränges considers to be relevant for investors who want to understand the profit generation excluding items affecting comparability. For definitions of the measures, see page 24.

SEK million	Q1		12 months rolling	Full year
	2023	2022	Apr 2022 – Mar 2023	2022
Adjusted operating profit				
Operating profit	401	331	1,206	1,136
Items affecting comparability	–	–	14	14
Adjusted operating profit	401	331	1,220	1,150
Adjusted operating profit per tonne				
Adjusted operating profit	401	331	1,220	1,150
Sales volume, ktonnes	120.2	126.7	472.7	479.3
Adjusted operating profit per tonne, kSEK	3.3	2.6	2.6	2.4
Adjusted EBITDA				
Adjusted operating profit	401	331	1,220	1,150
Depreciation, amortization and impairment charges	192	170	937	914
Adjusted EBITDA	593	501	2,156	2,064
Return on capital employed				
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	–	–	17,430	17,022
Non-interest-bearing liabilities, rolling 12 months average	–	–	–4,961	–5,022
Pensions, rolling 12 months average	–	–	268	291
Capital employed	–	–	12,738	12,292
Adjusted operating profit	–	–	1,220	1,150
Return on capital employed, %	–	–	9.6	9.4
Financial net debt/Adjusted EBITDA				
Cash and cash equivalents and interest-bearing receivables	–758	–695	–758 ¹	–917
Interest-bearing liabilities	4,913	5,338	4,913 ¹	5,060
Lease liabilities	–257	–233	–257 ¹	–261
Financial net debt	3,897	4,409	3,897¹	3,882
Adjusted EBITDA, rolling 12 months	–	–	2,156	2,064
Financial net debt/Adjusted EBITDA	–	–	1.8	1.9
Equity to assets				
Equity	8,417	7,226	8,417 ¹	8,206
Total assets	17,753	18,049	17,753 ¹	17,530
Equity to assets, %	47.4	40.0	47.4¹	46.8
Adjusted cash flow before financing activities				
Cash flow before financing activities	84	–1,294	1,488	109
Cash flow from expansion investments	203	70	642	509
Adjusted cash flow before financing activities	287	–1,224	2,129	618

Cont. on next page

Cash conversion

Adjusted cash flow before financing activities	287	-1,224	2,129	618
Adjusted operating profit	401	331	1,220	1,150
Cash conversion, %	72	n/a	175	54

¹ Closing balance at the end of the period.

Definitions

Adjusted EBITDA

Adjusted operating profit before depreciation and impairment charges.

Adjusted cash flow before financing activities

Cash flow before financing activities excluding cash flow from non-maintenance investments and acquisitions.

Adjusted operating profit

Operating profit excluding items affecting comparability.

Adjusted operating profit per tonne

Adjusted operating profit divided by sales volume.

Average number of employees

The average number of employees converted to full-time positions.

Capital employed

Total assets less cash and cash equivalents and interest-bearing receivables, minus non-interest-bearing liabilities, excluding pensions.

Carbon emissions scope 1+2

Direct emissions from Gränges' operations and indirect emissions from purchased electricity, heat and steam consumed by Gränges.

Carbon emissions scope 3

Emissions from extraction, production and processing of main purchased materials, fuel and energy related activities (not included in scope 1 or scope 2), upstream and downstream goods transportation as well as business travel.

Carbon emissions intensity

Total emissions of greenhouse gases [tonnes CO₂e] divided by the total packed products [tonnes].

Cash conversion

Adjusted cash flow before financing activities divided by adjusted operating profit.

Cash flow before financing activities

Cash flow from operating activities plus cash flow from investing activities.

Earnings per share

Profit for the period divided by the total number of shares.

Equity to Assets

Equity divided by total assets.

Financial net debt

Cash and cash equivalents and interest-bearing receivables minus interest-bearing liabilities, excluding lease liabilities.

Financial net debt/Adjusted EBITDA

Financial net debt divided by adjusted 12-months rolling EBITDA.

Items affecting comparability

Non-recurring income and expenses.

ktonnes

Volume expressed in thousands of metric tonnes.

Operating profit

Profit before net financial items and tax.

Return on capital employed

Adjusted operating profit divided by average capital employed during the past 12-months period.

Return on equity

Profit for the period divided by average equity during the past 12-months period.

Sales volume

Volumes sold in metric tonnes.

SEK

Swedish Krona.

Share of sourced recycled aluminium

Sourced recycled aluminium used as input materials [tonnes] divided by total sourced metal input materials [tonnes].

Glossary

Alloy

Material composed of one metal with additions of other metals and/or elements.

Aluminium strip

Rolled aluminium in coil form.

Brazing

Joining of metals through melting and solidification.

Cladding

A layer of metal bonded to a dissimilar metal or alloy.

Heat exchanger

A device for transferring heat from one medium to another.

HVAC

Heating, Ventilation and Air Conditioning systems including heat exchangers.

LME

London Metal Exchange.

Rolled aluminium

Aluminium that has been hot and/or cold rolled to desired gauge.

SHFE

Shanghai Futures Exchange.

Slab

Input material to the rolling process that is produced by casting.



Head office

Gränges AB (publ)
Box 5505
SE-114 85 Stockholm
Sweden

Visiting address

Linnégatan 18
114 47 Stockholm

Tel: +46 8 459 59 00
www.granges.com
Reg. no. 556001-6122

ABOUT GRÄNGES

Gränges is an aluminium technology company that drives the development of lighter, smarter, and more sustainable aluminium products and solutions. The company offers advanced materials that enhance efficiency in the customers' manufacturing process and the performance of the final products. Gränges' innovative engineering has transformed the industry for more than 125 years, and the company holds leading positions in rolled products for thermal management systems, speciality packaging and selected niche applications. Gränges has production facilities and conducts sales in three regions, Asia, Europe, and Americas. The annual production capacity amounts to 610 ktonnes. Gränges has 2,700 employees and the share is listed on Nasdaq Stockholm. More information on Gränges is available at www.granges.com

PURPOSE AND PROMISE

Gränges' purpose is to develop lighter, smarter and more sustainable aluminium products and solutions. Gränges' promise is to use expertise, flexibility and speed to deliver to the needs of today and tomorrow.

BUSINESS MODEL

Gränges' business model is based on long-term customer relationships. Revenue is generated through sale of material that is produced for a certain customer and application. Prices are expressed in metric tonnes and are based on the added value that Gränges offers in terms of material properties and production complexity, and the price of the raw material; aluminium. The cost for the material is passed on to the customer.

STRATEGY

Gränges has established a long-term plan, Navigate, for sustainable growth involving three steps: to restore profitability, to build a world-leading aluminium technology company, and to invest in sustainable growth. The new plan also targets continued fast progress toward climate neutrality by 2040. Together with Gränges' strong company culture and committed employees, this will further strengthen Gränges' competitiveness and value creation as well as enabling Gränges to fulfil its purpose and promise.