

YEAR-END REPORT JANUARY—DECEMBER 2022

A stable fourth quarter concluded a record year

Fourth quarter 2022

- Sales volume decreased by 1.8 per cent to 110.3 ktonnes (112.3) and net sales increased to SEK 5,366 million (4,857).
- Adjusted operating profit increased to SEK 153 million (139) and adjusted operating profit per tonne amounted to 1.4 kSEK (1.2).
- Operating profit amounted to SEK 153 million (–21) and includes no items affecting comparability (–159).
- Profit for the period increased to SEK 51 million (–23).
- Diluted earnings per share increased to SEK 0.48 (–0.21).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK 679 million (463).
- Revolving credit facility and term loans refinanced with sustainability-linked structure.
- Total carbon emissions intensity (scope 1+2+3) decreased to 8.8 tonnes CO₂e/tonne (9.3).
- The share of sourced recycled aluminium increased to 33.5 per cent (32.9).
- Dual Aluminium Stewardship Initiative sustainability certifications achieved for Gränges Americas, ensuring responsible sourcing and production across the supply chain.

January–December 2022

- Sales volume decreased by 2.0 per cent to 479.3 ktonnes (488.9) and net sales increased to SEK 24,492 million (18,130).
- Adjusted operating profit increased to SEK 1,150 million (1,008) and adjusted operating profit per tonne amounted to 2.4 kSEK (2.1).
- Operating profit was SEK 1,136 million (833) and includes items affecting comparability of SEK –14 million (–175).
- Profit for the period increased to SEK 700 million (595).
- Diluted earnings per share increased to SEK 6.59 (5.58).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK 618 million (607).
- Financial net debt increased to SEK 3,882 million at 31 December 2022 (SEK 3,059 million at 31 December 2021), corresponding to 1.9 times adjusted EBITDA (1.8 times at 31 December 2021).
- Total carbon emissions intensity (scope 1+2+3) decreased to 8.9 tonnes CO₂e/tonne (9.3), and is down 22 per cent compared with baseline 2017.
- The share of sourced recycled aluminium increased to 32.7 per cent (28.5).
- The Board of Directors proposes a dividend of SEK 2.50 (2.25) per share, corresponding to 38 per cent (40) of the profit for the year.

Financial summary

SEK million	Q4			Jan–Dec		
	2022	2021	Δ	2022	2021	Δ
Sales volume, ktonnes	110.3	112.3	–1.8%	479.3	488.9	–2.0%
Net sales	5,366	4,857	10.5%	24,492	18,130	35.1%
Adjusted operating profit ¹	153	139	10.2%	1,150	1,008	14.0%
Adjusted operating profit per tonne, kSEK	1.4	1.2	0.2	2.4	2.1	0.3
Operating profit	153	–21	n/a	1,136	833	36.4%
Profit for the period	51	–23	n/a	700	595	17.7%
Earnings per share diluted, SEK	0.48	–0.21	0.69	6.59	5.58	1.00
Adjusted cash flow before financing activities ²	679	463	46.4%	618	607	1.9%
Financial net debt	–	–	–	3,882	3,059	823
Financial net debt/Adjusted EBITDA ¹	–	–	–	1.9	1.8	0.1
Return on capital employed, %	–	–	–	9.4	10.0	–0.6 ppt

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.

COMMENTS BY THE CEO

A year of challenge and achievement

STABLE SALES VOLUME DESPITE VERY TOUGH EUROPEAN MARKET

The fourth quarter saw continued strong demand in North America. Demand in Asia was very strong, recovering from the first half-year. Demand in Europe stayed strong in automotive. In other European sectors, the energy crisis combined with continued high downstream inventory levels reduced demand and market pricing significantly. In total, global demand was about the same as in the fourth quarter of 2021.

Our sales volume was up slightly in North America, despite constraints in production capacity. In Eurasia, our sales volume followed demand—down sharply in Europe and up sharply in Asia. Our global sales volume decreased slightly in the fourth quarter. 2022 full-year sales volume declined about 2 per cent relative to 2021.

IMPROVED PROFIT DESPITE LOWER VOLUMES AND VOLATILE ENVIRONMENT

The demand and mix volatility in 2022 put pressure on our operations. We also faced a complete lock-down of our Shanghai plant and an unfortunate fire in Konin, while executing large expansion projects in Americas and Europe, all in the same year. We met this with flexibility and productivity, especially in Shanghai 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. This was not by chance but the result of systematic and focused work in close partnership with our customers on cost mitigation.



Focusing on capital efficiency and successfully renewing our main credit facilities ensured stable financial leverage and financial security.

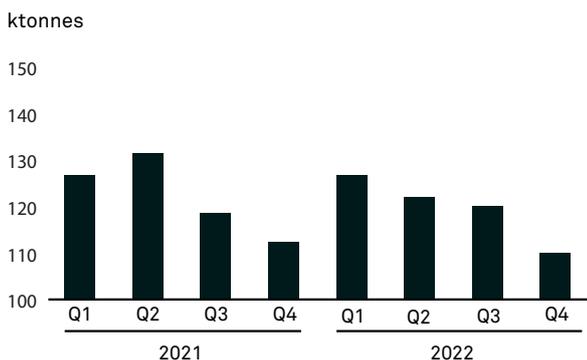
Taken together, we grew our profit despite these challenges. In fact, our adjusted operating profit increased by 14 per cent and our profit for the year by 18 per cent to all-time-high levels.

WORK STARTED TOWARD LONG-TERM SUSTAINABLE GROWTH

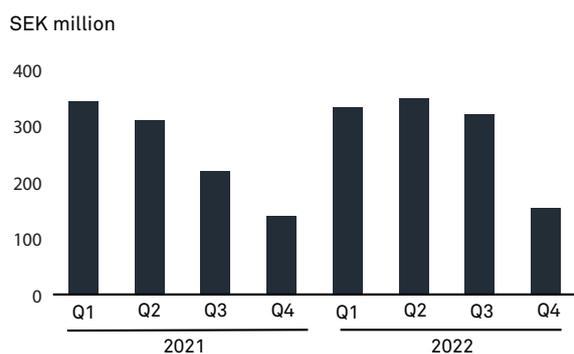
In 2022, Gränges launched the Navigate plan and set more ambitious targets for sustainable growth. The plan builds on the global megatrends toward regionalization of supply chains, electrification and demand for more sustainable solutions, and provides direction and purpose for the entire organization. We are well positioned to benefit from these trends due to our investment and expansion in recent years.

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Quarterly sales volume



Quarterly adjusted operating profit



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First, we intend to restore profitability by finalizing our ongoing expansion program, utilize it fully, and optimize its performance. Key projects are being completed in 2022–2023, such as new recycling and casting centres in Huntingdon and Konin, expanded capacity in Newport, and automation in Finspång. Second, we intend to build a world-leading aluminium technology company by continuous improvement, green sourcing and recycling, and innovation. An important focus area is safety, where we intensified our work towards industry-leading safety performance. Third, we intend to invest in sustainable growth.

MOVING FORWARD WITH BATTERY COMPONENTS

We see a very strong interest from world-leading battery manufacturers and automotive OEMs in our electrification solutions and battery components. During the year, we started production and sales of battery cathode foil in China. We intend to launch it in Europe in 2023 and in North America in 2024. To support the strong demand, we are accelerating capacity build-up. We have also secured contracts for battery casing and battery cooling systems. Although ramp-up times are generally long, securing this business is an important part of our long-term plan for sustainable growth.

CONTINUED IMPROVEMENT AND HIGHER AMBITION IN SUSTAINABILITY

Our relentless focus on sustainability led to our lowest-ever carbon footprint and our highest-ever recycling volumes. Total recycled volume increased to 3.6x our baseline 2017 level. The development was supported by a strong focus on decarbonization and continued investment in recycling.

All Gränges facilities in the US, Sweden and China are now certified by the Aluminium Stewardship Initiative (ASI), which ensures responsible sourcing and production across the entire supply chain. The renewed EcoVadis Platinum rating puts Gränges among the leading 1 per cent of the ranked companies.

Our progress motivates us to raise the ambition level. In 2022, we committed to climate neutrality by 2040 and joining the Science Based targets Initiative. We also launched Gränges Endure, a sustainable product brand which will help our customers on their decarbonization journey, and announced a further recycling investment in Gränges Americas.

SEQUENTIAL RECOVERY EXPECTED IN THE FIRST QUARTER OF 2023

The outlook for 2023 is uncertain. We expect customer focus in the beginning of 2023 to shift from securing supply to managing inventories. The exception is automotive, where backlogs, easing supply chains and a recovery in China may help production levels. On the other hand, there is a clear threat of a recession. On balance, we expect sales volume in the first quarter of 2023 to improve around 10 per cent relative to the fourth quarter of 2022. Our ambition, as before, is to fully offset year-on-year cost increases with price increases.

BEST-EVER YEAR GIVES CONFIDENCE FOR THE FUTURE

In 2022, we achieved all-time-high financial and sustainability results despite severe challenges. We also worked systematically to execute our Navigate plan for sustainable growth. Our approach in 2023 will be the same: to stay focused on the long term while meeting any short-term challenges with flexibility. I have every confidence that this will lead to continued increased performance.

I'd like to thank the global Gränges team for your outstanding efforts in 2022.

Jörgen Rosengren
President and CEO



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 40 per cent, HVAC representing 22 per cent, Speciality packaging and Other niches representing 18 per cent and 20 per cent respectively of sales volume for the full year 2022.

Short-term sales to the Automotive industry is 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 fourth quarter of 2022, demand from Gränges' end-customer markets showed mixed development. Sales to automotive customers increased by 15 per cent compared with the same quarter last year, primarily driven by Asia where the market continued to recover after the extensive COVID-19 related lockdowns in the second quarter. Sales of HVAC materials decreased by 5 per cent in the fourth quarter of 2022. Sales of Speciality packaging materials increased by 6 per cent in the fourth quarter, and sales to Other niches decreased by 32 per cent compared to the same quarter last year due to softening market demand in combination with high customer inventory levels in Europe.

SALES DEVELOPMENT

Gränges' sales volume in the fourth quarter of 2022 decreased by 1.8 per cent to 110.3 ktonnes (112.3) while net sales increased by 10 per cent to SEK 5,366 million (4,857) compared to the same quarter previous year. The increase in net sales was primarily driven by a higher average fabrication price. Changes in foreign exchange rates had a net positive effect of SEK 605 million.

For Gränges Americas, external sales volume increased by 1.4 per cent to 57.7 ktonnes (56.9) and external net sales rose to SEK 2,842 million (2,498) in the fourth quarter of 2022. The increase in sales volume was mainly driven by higher sales to Automotive and Specialty packaging. Changes in foreign exchange rates had a net positive effect on net sales of SEK 481 million.

For Gränges Eurasia, external sales volume decreased by 5.1 per cent to 52.6 ktonnes (55.4) and external net sales rose to SEK 2,524 million (2,362) in the fourth quarter of 2022. The decrease in sales volume was primarily driven by lower sales to Speciality packaging and Other niches due to softening market demand in combination with high customer inventory levels in Europe. Changes in foreign exchange rates had a net positive effect on net sales of SEK 124 million.

For the full year 2022, Gränges' sales volume decreased by 2.0 per cent to 479.3 ktonnes (488.9) compared to the corresponding period previous year. Net sales amounted to SEK 24,492 million (18,130) and changes in foreign exchange rates had a net positive effect on net sales of SEK 2,523 million.

For Gränges Americas, sales volume decreased to 249.0 ktonnes (252.4) and net sales rose to SEK 13,115 million (9,488) during the period January–December 2022. For Gränges Eurasia, sales volume decreased to 254.5 ktonnes (263.5) and net sales rose to SEK 12,633 million (9,648).

OPERATING PROFIT

Adjusted operating profit for the fourth quarter of 2022 increased to SEK 153 million (139), corresponding to adjusted operating profit per tonne of 1.4 kSEK (1.2). The increase in adjusted operating profit was primarily driven by favourable changes in foreign exchange rates as price increases balanced cost increases. The adjusted operating profit includes restructuring costs of SEK -7 million. Changes in foreign exchange rates had a net positive impact of SEK 33 million in the quarter.

Operating profit for the fourth quarter of 2022 increased to SEK 153 million (-21) and includes no items affecting comparability (-159).

For the full year 2022, adjusted operating profit amounted to SEK 1,150 million (1,008), and adjusted operating profit per tonne was 2.4 kSEK (2.1). Changes in foreign exchange rates had a net positive impact of SEK 124 million for the full year 2022. Operating profit amounted to SEK 1,136 million (833) and includes items affecting comparability of SEK -14 million (-175). For further information see Note 5.

External sales volume growth

Q4 2022

End-customer	Automotive		HVAC		Speciality packaging		Other niches		Total	
Gränges Americas	9%	↗	-5%	↘	12%	↗	-9%	↘	1%	↗
Gränges Eurasia	17%	↗	-	-	-11%	↘	-43%	↘	-5%	↘
Total	15%	↗	-5%	↘	6%	↗	-32%	↘	-2%	↗

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax for the fourth quarter of 2022 increased to SEK 60 million (-46). Finance income and costs was SEK -93 million (-25). The increase in finance costs is related to a higher financial net debt and higher market interest rates. Income tax for the fourth quarter of 2022 was SEK -9 million (23) which corresponds to an effective tax rate of 15 per cent. The profit for the period increased to SEK 51 million (-23) and diluted earnings per share rose to SEK 0.48 (-0.21).

For the full year 2022, profit before tax increased to SEK 884 million (743). Finance income and costs was SEK -254 million (-92). Income tax for the period was SEK -184 million (-147) which corresponds to an effective tax rate of 21 per cent (20). The profit for the period increased to SEK 700 million (595) and diluted earnings per share rose to SEK 6.58 (5.58).

CASH FLOW

Cash flow from operating activities was SEK 919 million (630) in the fourth quarter of 2022. Working capital impacted cash flow positively with SEK 599 million. Cash flow from investing activities fully relates to capital expenditure and amounted to SEK -403 million (-338) in the quarter. Of this, SEK 240 million refers to investments to maintain and improve efficiency in current production facilities and SEK 163 million refers to investments related to the expansion of the production facilities.

Cash flow before financing activities adjusted for expansion investments and acquisitions amounted to SEK 679 million (463) in the fourth quarter of 2022. Cash flow from financing activities was SEK -837 million (-580) in the fourth quarter of 2022 and includes new loans of SEK 3,600 million and repayment of loans of SEK -4,317 million.

For the full year 2022, cash flow from operating activities was SEK 1,102 million (988). Cash flow from investing activities fully relates to capital expenditure and amounted to SEK -993 million (-926) in the period. Of this, SEK 484 million relates to investments to maintain and improve efficiency in current production facilities and SEK 509 million refers to investments related to the expansion of the production facilities.

For the full year 2022, cash flow before financing activities amounted to SEK 109 million (62). Cash flow from financing activities was SEK -86 million (-793) and includes new loans of SEK 14,707 million and repayment of loans of SEK -14,302 million.

Cash and cash equivalents amounted to SEK 879 million on 31 December 2022 (SEK 809 million 31 December 2021).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 17,530 million on 31 December 2022 (SEK 15,767 million on 31 December 2021). The equity to assets ratio was 46.8 per cent on 31 December 2022 (44.0 per cent on 31 December 2021).

Financial net debt was SEK 3,882 million on 31 December 2022 (SEK 3,059 million on 31 December 2021), corresponding to 1.9 times adjusted EBITDA (1.8 times on 31 December 2021).

EMPLOYEES

The average number of employees was 2,682 (2,682) in the fourth quarter of 2022 and 2,694 (2,648) during the full year 2022.

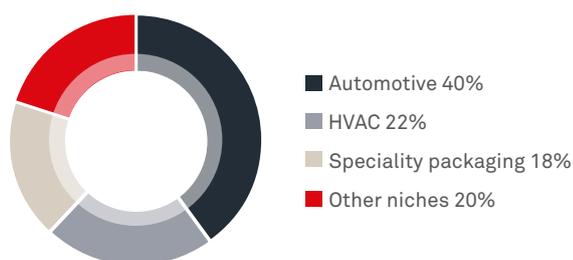
PARENT COMPANY

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 full year 2022, net sales in the parent company was SEK 133 million (142). Profit for the year was SEK -8 million (-63).

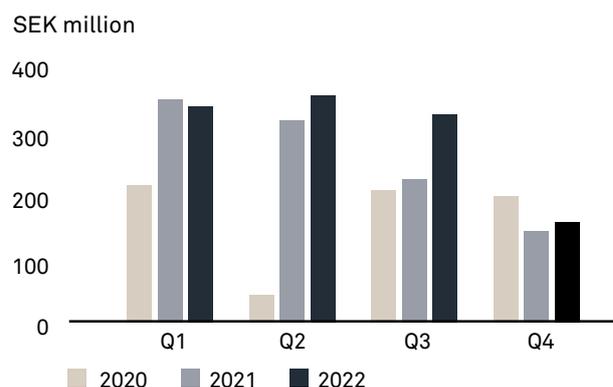
INVENTORY ADJUSTMENT AFFECTING PRIOR QUARTERS

As a result of Gränges' review of the annual accounts, a non-cash inventory write-down was done relating to raw materials imported by Gränges Americas in the first three quarters of 2022. The write-down impacts the full-year adjusted operating profit by SEK -80 million. In order to show more representative comparables for future periods, the inventory adjustment has been recognized as increased cost of materials in the first three quarters of 2022 in accordance with IFRS. For more information see Note 1.

12 months rolling sales volume per end-customer



Quarterly adjusted operating profit



GRÄNGES AMERICAS

- Continued stable market conditions
- Price increases fully compensated for cost increases
- Reduced production output from Salisbury facility restricted sales volume

MARKET AND SALES

Gränges Americas experienced strong demand from Automotive and Speciality packaging customers in the fourth quarter. Demand from HVAC customers decreased compared with the same quarter last year due to a return to normal seasonality effects. Production output in the Salisbury facility remained restricted.

The sales volume in the fourth quarter increased by 1.4 per cent to 57.7 ktonnes (56.9) while net sales rose to SEK 2,834 million (2,485) compared with the same quarter last year. The increase in net sales is driven by a higher average fabrication price in combination with higher sales volume.

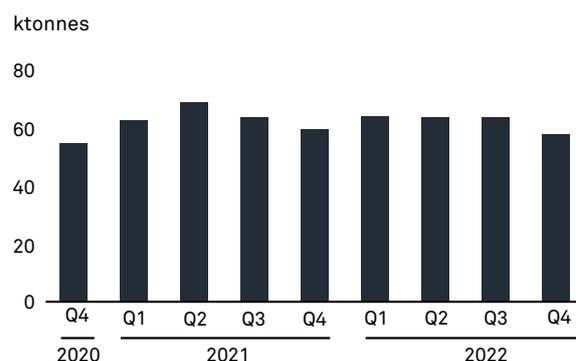
For the full year, 2022 the sales volume decreased by 1.4 per cent to 249.0 ktonnes (252.4).

OPERATING PROFIT

The adjusted operating profit for the fourth quarter 2022, increased to SEK 99 million (73). This corresponds to an adjusted operating profit per tonne of 1.7 kSEK (1.3). The increase in adjusted operating profit was a combination of favourable changes in foreign exchange rates and increased average fabrication price that offset the continued high external cost inflation during the quarter. Net changes in foreign exchange rates had a positive impact of SEK 20 million in the quarter.

For the full year 2022, the adjusted operating profit increased to SEK 795 million (655). By December 31, the return on capital employed was 15.1 per cent (16.9) on a rolling 12-months basis.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q4			Jan–Dec		
	2022	2021	Δ	2022	2021	Δ
Sales volume external, ktonnes	57.7	56.9	1.4%	248.9	252.4	-1.4%
Sales volume internal, ktonnes	-	-	-	-	-	-
Total sales volume, ktonnes	57.7	56.9	1.4%	248.9	252.4	-1.4%
Net sales, external	2,842	2,498	13.8%	13,136	9,502	38.2%
Net sales, internal	-8	-13	n/a	-21	-14	n/a
Total net sales	2,834	2,485	14.0%	13,115	9,488	38.2%
Adjusted operating profit	99	73	35.7%	795	655	21.4%
Operating profit	100	109	-8.4%	782	691	13.1%
Adjusted operating profit per tonne, kSEK	1.7	1.3	33.8%	3.2	2.6	23.0%
Return on capital employed, %	-	-	-	15.1	16.9	-1.8 ppt

GRÄNGES EURASIA

- Very weak demand in Europe except in Automotive
- Strong post- COVID-19 recovery in China
- Price increases not fully compensating for cost increases

MARKET AND SALES

Gränges Eurasia experienced a mixed market development in the fourth quarter 2022. Demand from Automotive customers in Asia was strong as the Chinese market continued to recover after the extensive COVID-19 related lockdowns in the second quarter. The growth in Asia was partly offset by very weak demand and high inventory levels in Europe for most end-customer markets, except for Automotive that increased in the quarter driven by a large order backlog at customer level.

The sales volume in the fourth quarter decreased by 1.5 per cent to 58.1 ktonnes (59.0), while net sales increased by 11 per cent to SEK 2,807 million (2,526) compared to the same quarter previous year. The increase in net sales is primarily driven by a higher average fabrication price.

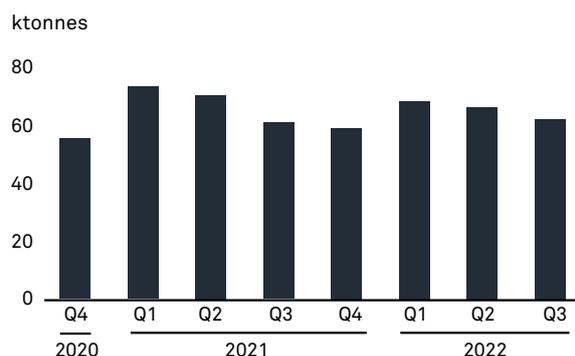
For the full year 2022 the sales volume decreased by 3.4 per cent to 254.5 ktonnes (263.5).

OPERATING PROFIT

The adjusted operating profit for the fourth quarter 2022 increased to SEK 55 million (47), corresponding to an adjusted operating profit per tonne of 0.9 kSEK (0.8). The increase in adjusted operating profit was driven by a higher average fabrication price in combination with net changes in foreign exchange rates that had a positive impact of SEK 13 million in the quarter. This was offset by continued high external cost inflation, especially related to energy costs in Europe, that could not be fully passed on to customers in the quarter. The adjusted operating profit further includes restructuring costs of SEK -7 million.

For the full year 2022, the adjusted operating profit amounted to SEK 448 million (446). By 31 December, the return on capital employed was 6.0 per cent (6.8) on a rolling 12-months basis.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q4			Jan– Dec		
	2022	2021	Δ	2022	2021	Δ
Sales volume external, ktonnes	52.6	55.4	-5.1%	230.4	236.6	-2.6%
Sales volume internal, ktonnes	5.5	3.6	53.9%	24.2	26.9	-10.2%
Total sales volume, ktonnes	58.1	59.0	-1.5%	254.5	263.5	-3.4%
Net sales, external	2,524	2,362	6.9%	11,356	8,627	31.6%
Net sales, internal	283	164	72.4%	1,277	1,021	25.1%
Total net sales	2,807	2,526	11.1%	12,633	9,648	30.9%
Adjusted operating profit	55	47	16.6%	448	446	0.6%
Operating profit	48	-102	146.9%	441	280	57.4%
Adjusted operating profit per tonne, kSEK	0.9	0.8	18.3%	1.8	1.7	4.1%
Return on capital employed, %	-	-	-	6.0	6.8	-0.8 ppt

SUSTAINABILITY

- Continued increase of aluminium recycling ending the year at record level.
- Lowest ever carbon emissions intensity driven by strong focus on decarbonization.
- Dual ASI certifications achieved for Gränges Americas.

EMISSIONS AND CLIMATE IMPACT

In the fourth quarter 2022, Gränges' total carbon emissions intensity (scope 1+2+3) decreased by 6 per cent to 8.8 tonnes CO₂e/tonne (9.3). Scope 1+2 intensity decreased by 15 per cent to 0.82 tonnes CO₂e/tonne (0.96) driven by increased use of renewable energy and improved energy intensity. Scope 3 intensity decreased by 4 per cent to 8.0 tonnes CO₂e/tonne (8.4), driven by a higher share of recycled aluminium.

For the full year 2022, total carbon emissions intensity decreased to 8.9 tonnes CO₂e/tonne, a reduction of 5 per cent versus 2021 and 22 per cent compared to baseline 2017. This performance is well on track against Gränges' 2025 targets.

RECYCLING AND CIRCULARITY

In the fourth quarter 2022, Gränges increased the share of sourced recycled aluminium by 0.5 percentage points to 33.5 per cent (32.9) of total sourced metal inputs. This was mainly driven by continued progress in Gränges Americas and Gränges Asia replacing primary aluminium with sourced recycled aluminium. Total volume of sourced recycled aluminium amounted to 40 ktonnes (41).

For full year 2022, the share of sourced recycled aluminium increased by 4.3 percentage points to record high 32.7 per cent (28.5). Total volume of sourced recycled aluminium reached 169 ktonnes (150), corresponding to 3.6x the volume in baseline 2017.

GOOD PROGRESS ON OTHER SUSTAINABILITY PRIORITIES

In 2022, Gränges also made good progress against many of its other 2025 sustainability targets. The share of products with third-party verified sustainability information increased to 79 per cent (35), training participation in the Code of Conduct and anti-corruption trainings reached 100 per cent (100), and five sites (two) achieved Aluminium Stewardship initiative (ASI) certifications.

ASI SUSTAINABILITY CERTIFICATIONS IN GRÄNGES AMERICAS

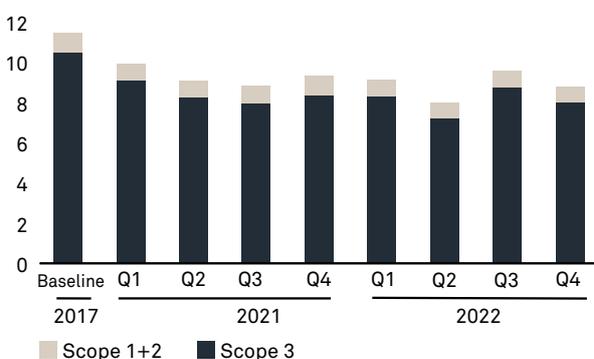
In December, Gränges Americas achieved dual certification against the ASI Performance Standard and Chain of Custody Standard, covering all three production sites as well as the corporate office in Franklin, the US.

GRÄNGES AWARDED ECOVADIS PLATINUM RATING

In December, Gränges was awarded a Platinum rating from EcoVadis for the second consecutive year. The Platinum rating is the highest rating awarded by EcoVadis and it places Gränges among the leading 1 per cent of companies globally in the industry.

Carbon emissions intensity²

tCO₂e/tonne



Sourced recycled aluminium

ktonnes



Sustainability performance

Sustainability metrics ²	Q4			Jan–Dec			Baseline	
	2022	2021	Δ	2022	2021	Δ	2017	Δ
Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	8.8	9.3	-6%	8.9	9.3	-5%	11.4	-22%
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.82	0.96	-15%	0.82	0.88	-7%	0.96	-15%
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	8.0	8.4	-4%	8.1	8.4	-4%	10.5	-23%
Sourced recycled aluminium, %	33.5	32.9	0.5 ppt	32.7	28.5	4.3 ppt	11.5	21.3 ppt

¹ Quarterly data for baseline 2017 not available.

² Quarterly data for 2022 has been adjusted following the annual validation of emission factors. Scope 2 data is calculated with a market-based approach. Baseline 2017 is recalculated to include Gränges Konin for carbon emissions intensity data.

SIGNIFICANT EVENTS DURING THE PERIOD

Gränges Americas achieved dual ASI certifications covering three production facilities and the corporate office in the US.

Gränges refinanced part of its debt portfolio and entered two new credit facility agreements with sustainability-linked structures.

SIGNIFICANT EVENTS AFTER THE PERIOD

As a result of Gränges' review of the annual accounts, it was decided to make a non-cash inventory write-down relating to raw materials imported by Gränges Americas in the first three quarters of 2022. The write-down will affect the full-year adjusted operating profit by SEK –80 million.

26 January, 2023, Gränges announced plans to invest SEK 600 million in increased battery cathode foil production in Finspång to meet growing marked demand in Europe.

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 11,703 on 31 December 2022, according to Euroclear.

Largest shareholders in Gränges at 31 December 2022¹

Shareholder	Number of shares	Share of capital and votes %
Fourth Sw. National Pension Fund	9,864,534	9.3
AFA Insurance	7,069,366	6.6
Swedbank Robur Funds	6,675,327	6.3
Dimensional Fund Advisors	4,468,405	4.2
Handelsbanken Funds	4,175,584	3.9
Norges Bank	3,678,608	3.5
Vanguard	3,636,750	3.4
Fidelity Investments	2,593,247	2.4
Allianz Global Investors	2,518,021	2.4
Unionen	2,369,999	2.2
Total 10 largest shareholders	47,049,841	44.3
Other	59,258,777	55.7
Total	106,308,618	100.0

¹ Source: Modular Finance.

OTHER

Annual and Sustainability Report 2022

Gränges' Annual and Sustainability Report for 2022 is planned to be published on 16 March 2023 on the company's website. A printed version of the report can be ordered at reports@granges.com

Dividend

The Board of Directors proposes 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' 2023 Annual General Meeting will be held on Thursday 27 April 2023 at 17.00 CEST at IVA Conference Center (Wallenbergsalen), Grev Turegatan 16, Stockholm. Shareholders who wish to have a matter considered at the Annual General Meeting should normally submit such requests seven weeks before the meeting at the latest.

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 47–52 in Gränges' 2021 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, 26 January 2023

Jörgen Rosengren
President and CEO

This year-end report has not been reviewed by the auditors of the company.



GRÄNGES INVESTS IN INCREASED BATTERY FOIL PRODUCTION IN FINSPÅNG

Gränges has invested in the battery market since 2021 with solutions including battery foil, battery casing and thermal management components. Battery cathode foil (BCF) is a critical component in the lithium-ion battery cells necessary for a transition to electric vehicles.

Gränges has an ambitious launch plan for BCF starting in Asia 2022, Europe 2023 and Americas 2024. Recently, Gränges has experienced very high interest from battery manufacturers and automotive OEMs. To meet the growing demand for battery components in Europe, Gränges plans to invest SEK 600 million over two years to double its production capacity for battery cathode foil in Finspång, Sweden.

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 26 January 2023 at 07.30 CEST.

Webcasted presentation

Thursday, 26 January 2023, at 10.00 CEST Gränges' CEO Jörgen Rosengren and CFO Oskar Hellström will present the year-end report 2022.

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 2023

16 March	Annual and Sustainability Report 2022
27 April	Interim Report, January–March 2023
27 April	Annual General Meeting 2023
14 July	Half-year Report January–June 2023
26 October	Interim Report January–September 2023

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Net sales	2	5,366	4,857	24,492	18,130
Cost of materials	5	-3,767	-3,523	-17,311	-12,443 ¹
Payroll and other operating expenses		-1,255	-1,035	-5,117	-4,016
Depreciation, amortization and impairment charges		-191	-161	-914	-678
Items affecting comparability	5	-	-159	-14	-159
Operating profit		153	-21	1,136	833
Profit or loss from joint ventures	4	0	1	2	2
Finance income and costs		-93	-25	-254	-92
Profit before tax		60	-46	884	743
Income tax	6	-9	23	-184	-147
Profit for the period		51	-23	700	595
Profit for the period attributable to					
– owners of the parent company		51	-23	700	595
– non-controlling interests		0	0	0	0
Earnings per share					
Earnings per share basic, SEK		0.48	-0.21	6.59	5.60
Earnings per share diluted, SEK		0.48	-0.21	6.58	5.58

¹ Includes items affecting comparability of SEK -16 million, see Note 5 for further information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Profit for the period	51	-23	700	595
Items not to be reclassified to profit/loss in subsequent periods				
Remeasurement of pensions after tax	20	-4	110	17
Items to be reclassified to profit/loss in subsequent periods				
Change in hedging reserve after tax	70	27	89	-88
Translation effects	-231	186	602	466
Comprehensive Income for the period	-90	187	1,501	990
Comprehensive income for the period attributable to				
– owners of the parent company	-90	187	1,501	990
– non-controlling interests	0	0	0	0

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Intangible assets		1,499	1,407
Property, plant and equipment		7,271	6,498
Right-of-use assets		246	226
Deferred tax assets		33	55
Investments in joint ventures	4	19	16
Other non-current receivables	3	182	122
Non-current assets		9,249	8,323
Inventories		4,270	3,933
Receivables	3	3,093	2,696
Interest-bearing receivables	3	38	5
Cash and cash equivalents		879	809
Current assets		8,280	7,444
TOTAL ASSETS		17,530	15,767
EQUITY AND LIABILITIES			
Equity		8,206	6,932
Interest-bearing liabilities	3	2,863	2,414
Provisions and other non-current liabilities	3	920	882
Non-current liabilities		3,783	3,297
Interest-bearing liabilities	3	2,197	1,694
Provisions and other current liabilities	3	3,344	3,844
Current liabilities		5,541	5,539
TOTAL EQUITY AND LIABILITIES		17,530	15,767

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	31 Dec 2022	31 Dec 2021
Opening balance	6,930	5,968
Profit for the period	700	595
Other comprehensive income for the period	801	395
Total comprehensive income for the period	1,501	990
Dividend	-239	-117
Option premium	7	-
Share swap	5	88
Total transactions with owners	-227	-29
Equity attributable to owners of the parent company	8,204	6,930
Equity attributable to non-controlling interests	2	2
Closing balance	8,206	6,932

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

SEK million	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Operating profit		153	–21	1,136	833
Depreciation, amortization and impairment charges		191	161	914	678
Other non-cash items		–	199	–148	215
Change in working capital etc.		599	319	–736	–623
Income taxes paid		–24	–28	–65	–116
Cash flow from operating activities		919	630	1,102	988
Acquisitions		–	–12	–	–90
Investments in property, plant, equipment and intangible assets		–403	–325	–993	–836
Cash flow from investing activities		–403	–338	–993	–926
Cash flow before financing activities		516	292	109	62
Dividend		–	–	–239	–117
Share swap		–	–	5	–
Option premium		–	–	7	–
Interest paid and received		–119	–20	–264	–82
New loans		3,600	2,417	14,707	6,466
Repayment of loans		–4,317	–2,976	–14,302	–7,061
Cash flow from financing activities		–837	–580	–86	–793
Cash flow for the period		–321	–288	23	–732
Cash and cash equivalents at beginning of period		1,234	1,074	809	1,473
Cash flow for the period		–321	–288	23	–732
Exchange rate differences in cash and cash equivalents		–33	22	48	67
Cash and cash equivalents at end of period		879	809	879	809

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Net sales	40	52	133	142
Payroll and other operating expenses	–36	–102	–217	–253
Depreciation, amortization and impairment charges	0	–2	–1	–8
Operating profit/loss	4	–51	–86	–119
Dividends from subsidiaries	0	0	0	0
Finance income and costs	–1	14	57	41
Profit/loss after financial items	2	–37	–29	–78
Appropriations	34	0	34	0
Income tax	–10	5	–13	15
Profit/loss for the period	26	–32	–8	–63

PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	31 Dec 2022	31 Dec 2021
ASSETS		
Intangible assets	0	0
Property, plant and equipment	0	2
Shares in Group companies	2,986	2,906
Deferred tax assets	35	47
Receivables from Group companies	2,281	2,659
Other non-current receivables	116	105
Non-current assets	5,418	5,718
Receivables from Group companies	2,885	649
Other receivables	112	129
Cash and cash equivalents	229	446
Current assets	3,227	1,224
TOTAL ASSETS	8,645	6,942
EQUITY AND LIABILITIES		
Equity	3,187	3,422
Interest-bearing liabilities	2,649	1,095
Provisions and other non-current liabilities	43	34
Non-current liabilities	2,692	1,129
Liabilities to Group companies	598	696
Interest-bearing liabilities	1,982	1,474
Provisions and other current liabilities	185	221
Current liabilities	2,766	2,391
TOTAL EQUITY AND LIABILITIES	8,645	6,942

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) 2021. 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 2022 or later have not had any material impact on this financial report.

The interim information on pages 2–18 is an integrated part of these financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

As a result of Gränges' review of the annual accounts, a non-cash inventory write-down was done relating to raw materials imported by Gränges Americas in the first three quarters of 2022. The write-down impacts the full-year adjusted operating profit by SEK –80 million. In order to show representative comparables for future periods the inventory adjustment has been recognized as increased cost of materials in the first three quarters of 2022. Below are the effects that the inventory adjustment had on previously presented financial statements.

SEK million	Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Jan–Sep 2022
Consolidated income statement				
Cost of materials	–27	–27	–27	–80
Operating profit	–27	–27	–27	–80
Profit before tax	–27	–27	–27	–80
Income tax	6	6	6	17
Profit for the period	–21	–21	–21	–63

Profit for the period attributable to

– owners of the parent company	–21	–21	–21	–63
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Earnings per share

Earnings per share basic, SEK	–0.20	–0.20	–0.20	–0.59
Earnings per share diluted, SEK	–0.20	–0.20	–0.20	–0.59

SEK million	Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Jan–Sep 2022
Consolidated statement of comprehensive income				
Profit for the period	–21	–21	–21	–63

Items to be reclassified to profit/loss in subsequent periods

Translation effects	0	–3	–5	–7
Comprehensive Income for the period	–21	–24	–26	–70

Comprehensive income for the period attributable to

– owners of the parent company	–21	–24	–26	–70
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SEK million	31 Mar 2022	30 Jun 2022	30 Sep 2022
Consolidated balance sheet			
Deferred tax assets		6	12
Non-current assets		6	12
Inventories		–26	–57
Current assets		–26	–57
Total assets		–21	–45
Equity		–21	–45

SEK million	31 Mar 2022	30 Jun 2022	30 Sep 2022
Consolidated changes in equity			
Profit for the period		–21	–42
Other comprehensive income for the period		0	–3
Total comprehensive income for the period		–21	–45
Equity attributable to owners of the parent company		–21	–45
Closing balance		–21	–70

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. Other revenue for the period January–December 2022 includes an insurance compensation of SEK 181 million for a fire in the Konin facility. The tables below show Gränges' net sales by business area divided by type of revenue.

SEK million	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Net sales by business area				
<i>Gränges Americas</i>				
Fabrication revenue	1,147	746	4,542	3,182
Raw material and other revenue	1,682	1,736	8,553	6,251
Revenue from contracts with customers	2,829	2,482	13,095	9,432
Other revenue	4	4	20	56
Total net sales Gränges Americas	2,834	2,485	13,115	9,488
<i>Gränges Eurasia</i>				
Fabrication revenue	1,180	892	5,112	3,861
Raw material and other revenue	1,621	1,630	7,318	5,773
Revenue from contracts with customers	2,800	2,522	12,430	9,633
Other revenue	6	4	203	15
Total net sales Gränges Eurasia	2,807	2,526	12,633	9,648
<i>Other and eliminations</i>				
Fabrication revenue	-187	-87	-771	-588
Raw material and other revenue	-88	-67	-485	-419
Revenue from contracts with customers	-274	-153	-1,256	-1,007
Other revenue	-	-	-	-
Total net sales other and eliminations	-274	-153	-1,256	-1,007
Total fabrication revenue	2,141	1,551	8,883	6,454
Total raw material and other revenue	3,214	3,299	15,386	11,604
Total revenue from contracts with customers	5,355	4,850	24,269	18,059
Total other revenue	11	7	223	71
Total net sales	5,366	4,857	24,492	18,130

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 Dec 2022	31 Dec 2021
Non-current assets	170	105
Current assets	131	134
Non-current liabilities	13	1
Current liabilities	202	249

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.

Gränges' interest-bearing liabilities consists of financing from banks, institutions, and the credit market. During the fourth quarter of 2022, Gränges refinanced a Revolving Credit Facility of SEK 3,500 million and term loans of USD 160 million and SEK 200 million. The new agreements have a sustainability-linked structure, where the applicable loan margin will be impacted by Gränges sustainability performance. The Revolving Credit Facility was unutilized as per 31 December 2022. Financing from banks and institutions also includes additional term loans of SEK 200 million and working capital loans of CNY 100 million. Financing from the credit market includes corporate bonds issued under Gränges MTN programme and commercial papers. 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 1,633 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		–	416	1,249	1,665
Bonds in MTN programme	3,000	300	–	600	900
Commercial papers	2,000	1,633	–	–	1,633
Revolving Credit Facilities	3,500	–	–	–	–
Lease liabilities		47	43	171	261
Other interest-bearing liabilities		217	–	–16	201
Total interest-bearing liabilities		2,197	459	2,404	5,060

Interest-bearing liabilities are measured at amortized cost and the carrying amount as of 31 December 2022 was SEK 5,060 million (SEK 4,109 million as of 31 December 2021). The fair value of interest-bearing liabilities amounted to SEK 5,077 million as of 31 December 2022 (SEK 4,117 million as of 31 December 2021). 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 2021 Annual Report. During the period there have been no significant transactions with related parties.

NOTE 5 ITEMS AFFECTING COMPARABILITY

SEK million	Financial statement line	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Loss on open aluminium position	Items affecting comparability	–	–	–76	–
Write-down of intangible assets	Items affecting comparability	–	–158	–	–158
Restructuring costs	Items affecting comparability	–	–42	–	–42
Insurance compensation	Items affecting comparability	–	40	62	40
Realisation of fair value inventory step-up on acquired business	Cost of materials	–	–	–	–16
Items affecting comparability		–	–159	–14	–175

There are no items affecting comparability in the fourth quarter of 2022 but in the second quarter of 2021 a fire occurred in one of the rolling mills in the US. The event was covered by property damage and interruption insurance. Insurance compensation corresponding to the costs for the fire was reported as part of adjusted operating profit. Insurance compensation in addition to cost coverage and deductible, amounting to SEK 40 million, was handled as an item affecting comparability in 2021. The insurance claim was finally settled in the second quarter of 2022 and additional obtained insurance compensation of SEK 62 million was reported as an item affecting comparability.

In the fourth quarter 2021 Gränges decided to simplify its organization by decentralizing the responsibility for innovation, digitalization and continuous improvement. The decentralization of digitalization led to that certain investments in group-wide IT systems no longer were relevant and written down by SEK 138 million. Remaining write-down of SEK 19 million referred to other intangible assets. The simplified organization also led to restructuring costs of SEK 42 million in 2021.

Residual item affecting comparability in 2021 of SEK –16 million relates to realisation of fair value step-up on acquired inventory as part of business combination.

NOTE 6 TAX

Gränges' Chinese subsidiary has for tax purpose received a pre-qualification as a High and New-Technology Enterprise for the three-year period 2022 to 2024. The pre-qualification mean that the company preliminarily pay 15 per cent in corporate income tax instead of the ordinary tax of 25 per cent for the period. In order to finally obtain the lower tax rate, the company must meet special requirements established by the authorities in China for each one of the three years. Gränges currently considers that the special requirements will be met for the financial year 2022 and therefore applies a tax rate of 15 per cent for the Chinese subsidiary.

CONSOLIDATED QUARTERLY DATA

SEK million	2022				2021			
	Q4	Q3 ³	Q2 ³	Q1 ³	Q4	Q3	Q2	Q1
Sales volume, ktonnes	110.3	119.8	122.5	126.7	112.3	118.5	131.4	126.7
Income statement								
Net sales	5,366	6,172	6,875	6,080	4,857	4,621	4,609	4,043
Adjusted EBITDA ¹	344	583	636	501	299	420	468	499
Adjusted operating profit ¹	153	319	348	331	139	219	309	342
Operating profit	153	243	410	331	-21	219	309	326
Profit for the period	51	135	274	240	-23	153	226	239
Adjusted EBITDA margin, %	6.4	9.5	9.3	8.2	6.2	9.1	10.2	12.3
Adjusted operating margin, %	2.8	5.2	5.1	5.4	2.9	4.7	6.7	8.5
Adjusted operating profit per tonne, kSEK	1.4	2.7	2.8	2.6	1.2	1.8	2.4	2.7
Operating margin, %	2.8	3.9	6.0	5.4	-0.4	4.7	6.7	8.1
Net margin, %	0.9	2.2	4.0	3.9	-0.5	3.3	4.9	5.9
Balance sheet								
Non-current assets	9,249	9,233	8,926	8,446	8,323	8,099	8,003	8,062
Current assets	8,280	10,150	10,353	9,603	7,444	7,399	6,810	6,009
Equity	8,206	8,291	7,981	7,226	6,932	6,745	6,546	6,424
Non-current liabilities	3,783	3,865	4,027	3,634	3,297	3,425	2,761	2,780
Current liabilities	5,541	7,227	7,271	7,189	5,539	5,327	5,505	4,867
Cash flow								
Operating activities	919	530	793	-1,140	630	-34	395	-3
Investing activities	-403	-218	-218	-154	-338	-186	-156	-247
Before financing activities	516	313	575	-1,294	292	-220	239	-250
Financing activities	-837	-285	-84	1,115	-580	263	169	-646
Cash flow for the period	-321	28	491	-179	-288	43	409	-896
Capital structure								
Net debt	4,377	4,894	4,917	4,991	3,643	3,810	3,532	3,690
Equity to assets, %	46.8	42.8	41.4	40.0	44.0	43.5	44.2	45.7
Data per share, SEK²								
Earnings per share basic	0.48	1.27	2.58	2.26	-0.21	1.44	2.12	2.25
Earnings per share diluted	0.48	1.27	2.58	2.25	-0.21	1.44	2.12	2.24
Equity	77.18	77.97	75.06	67.86	65.09	63.26	61.40	60.25
Cash flow from operating activities	8.64	4.99	7.46	-10.70	5.91	-0.32	3.71	-0.03
Share price at the end of the period	85.30	71.70	76.50	92.70	106.10	105.50	118.90	113.50
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	106,322.6	106,345.0	106,333.8	106,495.4	106,498.1	106,615.3	106,623.1	106,620.7

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

² Calculated on weighted outstanding ordinary shares, diluted.

³ Data has been recalculated following inventory adjustment, see Note 1 for further information.

CONSOLIDATED QUARTERLY DATA

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume by business area, ktonnes								
Gränges Americas	57.7	63.5	63.8	64.0	56.9	63.8	69.0	62.7
Gränges Eurasia	58.1	62.1	66.1	68.3	59.0	60.9	70.4	73.2
Other and eliminations	-5.5	-5.8	-7.4	-5.5	-3.6	-6.1	-8.0	-9.2
Total	110.3	119.8	122.5	126.7	112.3	118.5	131.4	126.7
Sales volume by end-customer, ktonnes								
Automotive	49.1	49.8	46.0	44.9	42.7	44.3	51.4	55.3
HVAC	20.2	27.8	28.0	28.5	22.1	27.1	30.4	26.1
Speciality packaging	22.4	21.0	21.3	22.1	21.0	22.7	22.8	19.1
Other niches	18.6	21.2	27.2	31.3	26.5	24.4	26.8	26.2
Total	110.3	119.8	122.5	126.7	112.3	118.5	131.4	126.7
Net sales by business area, SEK million								
Gränges Americas	2,834	3,397	3,692	3,193	2,485	2,562	2,426	2,015
Gränges Eurasia	2,807	3,087	3,593	3,147	2,526	2,301	2,482	2,339
Other and eliminations	-274	-312	-410	-260	-153	-242	-299	-312
Total	5,366	6,172	6,875	6,080	4,857	4,621	4,609	4,043
Employees								
Average number of employees	2,682	2,697	2,712	2,686	2,682	2,664	2,645	2,602
Sustainability¹								
Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	8.8	9.6	8.0	9.1	9.3	8.9	9.1	10.0
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.82	0.80	0.80	0.85	0.96	0.88	0.81	0.88
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	8.0	8.8	7.2	8.3	8.4	8.0	8.3	9.1
Sourced recycled aluminium, %	33.5	31.1	35.4	31.0	32.9	28.7	26.9	25.6

¹ Quarterly data for 2022 has been adjusted following the annual validation of emission factors. Scope 2 data is calculated with a market-based approach.

Sales volume, ktonnes	Automotive		HVAC		Speciality packaging		Other niches		Total	
	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021
Gränges Americas	10.8	10.0	20.2	21.4	18.2	16.3	8.4	9.2	57.7	56.9
Gränges Eurasia	43.4	36.1	0.4	0.9	4.2	4.7	10.2	17.3	58.1	59.0
Other and eliminations	-5.1	-3.4	-0.4	-0.2	-	-	-	-	-5.5	-3.6
Total	49.1	42.7	20.2	22.1	22.4	21.0	18.6	26.5	110.3	112.3

CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	Jan 2022 – Dec 2022	Oct 2021 – Sep 2022 ²	Jul 2021 – Jun 2022 ²	Apr 2021 – Mar 2022 ²	Jan 2021 – Dec 2021	Oct 2020 – Sep 2021	Jul 2020 – Jun 2021	Apr 2020 – Mar 2021
Sales volume, ktonnes	479.3	481.3	480.0	488.9	488.9	479.9	448.1	387.5
Income statement								
Net sales	24,492	23,984	22,433	20,167	18,130	16,421	14,375	11,987
Adjusted EBITDA ¹	2,064	2,020	1,856	1,689	1,686	1,729	1,641	1,355
Adjusted operating profit ¹	1,150	1,136	1,036	997	1,008	1,063	1,048	780
Operating profit	1,136	962	938	838	833	1,020	979	707
Adjusted EBITDA margin, %	8.4	8.4	8.3	8.4	9.3	10.5	11.4	11.3
Adjusted operating margin, %	4.7	4.7	4.6	4.9	5.6	6.5	7.3	6.5
Adjusted operating profit per tonne, kSEK	2.4	2.4	2.2	2.0	2.1	2.2	2.3	2.0
Operating margin, %	4.6	4.0	4.2	4.2	4.6	6.2	6.8	5.9

Capital structure and return indicators

Capital employed	12,292	11,886	11,265	10,708	10,117	9,453	8,866	8,495
Return on capital employed, %	9.4	9.6	9.2	9.3	10.0	11.2	11.8	9.2
Equity	7,725	7,433	7,084	6,773	6,521	6,024	5,550	5,174
Return on equity, %	9.1	8.4	9.1	8.8	9.1	12.0	12.5	9.1
Financial net debt/Adjusted EBITDA	1.9	2.1	2.4	3.0	1.8	1.8	1.7	2.0

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

² Data has been recalculated following inventory adjustment, see Note 1 for further information.

Sustainability³

Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	8.9	9.0	8.8	9.1	9.3	–	–	–
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.82	0.85	0.87	0.87	0.88	–	–	–
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	8.1	8.1	7.9	8.2	8.4	–	–	–
Sourced recycled aluminium, %	32.7	32.6	32.0	29.9	28.5	–	–	–

³ Quarterly data for 2022 has been adjusted following the annual validation of emission factors. Scope 2 data is calculated with a market-based approach.

FINANCIALS PER BUSINESS AREA

SEK million	Oct–Dec 2022				Oct–Dec 2021			
	Gränges Americas	Gränges Eurasia	Other and eliminations	Total	Gränges Americas	Gränges Eurasia	Other and eliminations	Total
Sales volume external, ktonnes	57.7	52.6	–	110.3	56.9	55.4	–	112.3
Sales volume internal, ktonnes	–	5.5	–5.5	0	–	3.6	–3.6	0
Total sales volume	57.7	58.1	–5.5	110.3	56.9	59.0	–3.6	112.3
Income statement								
Net sales, external	2,842	2,524	–	5,366	2,498	2,362	–2	4,857
Net sales, internal	–8	283	–274	0	–13	164	–151	0
Total net sales	2,834	2,807	–274	5,366	2,485	2,526	–153	4,857
Adjusted operating profit ¹	99	55	–2	153	73	47	18	139
Operating profit	100	48	5	153	109	–102	–28	–21
Adjusted operating profit per tonne, kSEK	1.7	0.9	n/a	1.4	1.3	0.8	n/a	1.2
Capital structure and return indicators								
Capital employed ²	5,528	7,527	–473	12,583	4,076	6,815	–316	10,574
Return on capital employed, % ³	15.1	6.0	n/a	9.4	16.9	6.8	n/a	10.0

SEK million	Jan–Dec 2022				Jan–Dec 2021			
	Gränges Americas	Gränges Eurasia	Other and eliminations	Total	Gränges Americas	Gränges Eurasia	Other and eliminations	Total
Sales volume external, ktonnes	249.0	230.4	–	479.3	252.4	236.6	–	488.9
Sales volume internal, ktonnes	–	24.2	–24.2	0	–	26.9	–26.9	0
Total sales volume	249.0	254.5	–24.2	479.3	252.4	263.5	–26.9	488.9
Income statement								
Net sales, external	13,136	11,356	–	24,492	9,502	8,627	–	18,130
Net sales, internal	–21	1,277	–1,256	0	–14	1,021	–1,007	0
Total net sales	13,115	12,633	–1,256	24,492	9,488	9,648	–1,007	18,130
Adjusted operating profit ¹	795	448	–93	1,150	655	446	–92	1,008
Operating profit	782	441	–87	1,136	691	280	–138	833
Adjusted operating profit per tonne, kSEK	3.2	1.8	n/a	2.4	2.6	1.7	n/a	2.1

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							
	2022				2021			
	Q4	Q3 ¹	Q2 ¹	Q1 ¹	Q4	Q3	Q2	Q1
Sales volume external, ktonnes	57.7	63.5	63.8	64.0	56.9	63.8	69.0	62.7
Sales volume internal, ktonnes	–	–	–	–	–	–	–	–
Total sales volume, ktonnes	57.7	63.5	63.8	64.0	56.9	63.8	69.0	62.7
Income statement								
Net sales, external	2,842	3,391	3,698	3,206	2,498	2,567	2,425	2,012
Net sales, internal	–8	6	–6	–13	–13	–5	1	3
Total net sales	2,834	3,397	3,692	3,193	2,485	2,562	2,426	2,015
Adjusted operating profit ²	99	227	244	225	73	172	219	191
Operating profit	100	151	306	225	109	172	219	191
Adjusted operating profit per tonne, kSEK	1.7	3.6	3.8	3.5	1.3	2.7	3.2	3.0
Capital structure and return indicators								
Capital employed ³	5,528	6,124	5,579	5,005	4,076	4,066	3,761	3,895
Return on capital employed, % ⁴	15.1	15.5	15.9	16.6	16.9	17.9	17.2	13.1

SEK million	Gränges Eurasia							
	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume external, ktonnes	52.6	56.3	58.7	62.8	55.4	54.8	62.4	64.0
Sales volume internal, ktonnes	5.5	5.8	7.4	5.5	3.6	6.1	8.0	9.2
Total sales volume, ktonnes	58.1	62.1	66.1	68.3	59.0	60.9	70.4	73.2
Income statement								
Net sales, external	2,524	2,780	3,177	2,874	2,362	2,054	2,184	2,028
Net sales, internal	283	306	416	273	164	248	298	311
Total net sales	2,807	3,087	3,593	3,147	2,526	2,301	2,482	2,339
Adjusted operating profit ²	55	87	172	135	47	69	136	193
Operating profit	48	87	172	135	–102	69	136	177
Adjusted operating profit per tonne, kSEK	0.9	1.4	2.6	2.0	0.8	1.1	1.9	2.6
Capital structure and return indicators								
Capital employed ³	7,527	7,609	7,841	7,590	6,815	6,840	6,647	6,483
Return on capital employed, % ⁴	6.0	6.0	5.9	5.6	6.8	8.7	9.0	6.7

¹ Data has been recalculated following inventory adjustment, see Note 1 for further information.

² Adjusted for items affecting comparability, see Note 5 for further information.

³ Closing balance at end of the period.

⁴ 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 25.

SEK million	Q4		Jan-Dec	
	2022	2021	2022	2021
Adjusted operating profit				
Operating profit	153	-21	1,136	833
Items affecting comparability	-	159	14	175
Adjusted operating profit	153	139	1,150	1,008
Adjusted operating profit per tonne				
Adjusted operating profit	153	139	1,150	1,008
Sales volume, ktonnes	110.3	112.3	479.3	488.9
Adjusted operating profit per tonne, kSEK	1.4	1.2	2.4	2.1
Adjusted EBITDA				
Adjusted operating profit	153	139	1,150	1,008
Depreciation, amortization and impairment charges	191	161	914	678
Adjusted EBITDA	344	299	2,064	1,686
Return on capital employed				
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	-	-	17,022	13,717
Non-interest-bearing liabilities, rolling 12 months average	-	-	-5,022	-3,948
Pensions, rolling 12 months average	-	-	291	348
Capital employed	-	-	12,292	10,117
Adjusted operating profit	-	-	1,150	1,008
Return on capital employed, %	-	-	9.4	10.0
Financial net debt/Adjusted EBITDA				
Cash and cash equivalents and interest-bearing receivables	-	-	-917	-814
Interest-bearing liabilities	-	-	5,060	4,109
Lease liabilities	-	-	-261	-236
Financial net debt	-	-	3,882	3,059
Adjusted EBITDA, rolling 12 months	-	-	2,064	1,686
Financial net debt/Adjusted EBITDA	-	-	1.9	1.8
Equity to assets				
Equity	-	-	8 206	6,932
Total assets	-	-	17,530	15,767
Equity to assets, %	-	-	46.8	44.0
Adjusted cash flow before financing activities				
Cash flow before financing activities	516	292	109	62
Cash flow from expansion investments	163	159	509	456
Cash flow from acquisitions and other capital transactions	-	12	-	90
Adjusted cash flow before financing activities	679	463	618	607

Cont. on next page

Cash conversion

Adjusted cash flow before financing activities	679	463	618	607
Adjusted operating profit	153	139	1,150	1,008
Cash conversion, %	444	334	54	60

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 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 aluminium scrap

Sourced aluminium scrap 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 580 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 new long-term plan 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.