

INVITATION TO SUBSCRIBE FOR SHARES IN GRÄNGES AB (PUBL)

NOTE THAT THE SUBSCRIPTION RIGHTS ARE EXPECTED TO HAVE A FINANCIAL VALUE

In order for the value of the subscription rights not to be lost, holders must either:

- exercise the subscription rights received and subscribe for new shares by 11 December 2020 at the latest or according to the instructions from their respective nominee(s); or
- sell the subscription rights received that have not been exercised by 9 December 2020 at the latest.

Note that shareholders with nominee-registered shareholdings must subscribe for new shares through their respective nominee(s).

The distribution of this Offering Circular and subscription for new shares are subject to restrictions in certain jurisdictions, see "*Important information for investors*".

JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

Danske Bank

Handelsbanken Capital Markets

Nordea

IMPORTANT INFORMATION FOR INVESTORS

This offering circular (the "**Offering Circular**") has been prepared in connection with the offer to the existing shareholders in Gränges AB (publ) (a Swedish public limited company) (Reg.No. 556001-6122) to subscribe, with preferential rights, for new shares in the Company according to the terms and conditions in the Offering Circular (the "**Rights Issue**"). In this Offering Circular the terms "**Gränges**", the "**Company**" or the "**Group**" refer to Gränges AB (publ), the Group in which Gränges is the Parent Company or a subsidiary of the Group, depending on the context. "**Joint Global Coordinators**" and "**Joint Bookrunners**" refer to Handelsbanken Capital Markets, part of Svenska Handelsbanken AB (publ) (Reg.No. 502007-7862) ("**Handelsbanken Capital Markets**"), Danske Bank A/S, Denmark, Sweden Branch (Reg.No. 516401-9811) ("**Danske Bank**") and Nordea Bank Abp, branch in Sweden (Reg.No. 516411-1683) ("**Nordea**"). See section "**Definitions**" for definitions of these and other terms used in the Offering Circular. A separate Swedish prospectus has been approved by the Swedish Financial Supervisory Authority which is the competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Swedish Financial Supervisory Authority approves the prospectus provided that it meets the criteria of completeness, clarity and consistency as stated in the Prospectus Regulation. This approval is not to be regarded as any form of endorsement of the issuer described in the Offering Circular. Nor should this approval be regarded as any form of endorsement of the quality of the securities described in the prospectus, and investors should use their own judgement on whether or not it is appropriate to invest in these securities. The Swedish prospectus has been prepared as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. This Offering Circular and the Rights Issue are subject to the laws of Sweden. Disputes relating to the contents of this Offering Circular, the Rights Issue and related legal matters are to be settled by a Swedish court exclusively. The Offering Circular has been prepared by Gränges based on its own information and information from sources that Gränges deems reliable. No undertaking or guarantee, neither expressed nor implied, is made by the Joint Bookrunners or on behalf of the Joint Bookrunners or any of Gränges' or the Joint Bookrunners' subsidiaries, or any of their respective board members, senior managers or employees, nor by any other person, regarding the accuracy, completeness and fairness of the information contained in this Offering Circular or incorporated herein by reference. Gränges has not taken, nor will it take, any steps to provide a public offering in any jurisdictions other than Sweden. The Rights Issue is not intended for persons residing in Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the United States or any other jurisdiction where participation would require an additional offering circular, registration or measures besides those required by Swedish law. Consequently, this Offering Circular may not be distributed in or to the above-named countries or any other country or any other jurisdiction in which distribution or the Rights Issue as described in this Offering Circular which requires such measures or otherwise would be in conflict with regulations in that country or jurisdiction. Any subscription for shares and acquisition of securities in violation of the restrictions described above may be invalidated. Recipients of this Offering Circular are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions described may constitute a violation of applicable securities laws. All investors should consult with their own advisor before exercising subscription rights or acquiring paid subscribed shares (BTA) or new shares. Investors should make an independent assessment of the legal, fiscal, commercial, financial or other consequences of their investment. Investors should not interpret the contents of this Offering Circular as legal advice, investment advice or tax advice. Neither Gränges nor the Joint Bookrunners have taken or will take any action to permit the content or distribution of this Offering Circular (or any other offering or official materials or application forms relating to the Rights Issue) in countries where such distribution may be in violation of laws or legal requirements. Failure to comply with the restrictions described may constitute a violation of applicable securities laws.

When making an investment decision, investors must rely on their own assessment of Gränges and the Rights Issue based on the Offering Circular, including the facts and risks presented. Before making an investment decision, investors should engage their own professional advisers and carefully evaluate and consider their investment decision. Investors should only rely on the information in this Offering Circular and any annex to this Offering Circular. No person is or has been authorized to provide any information or make any statements other than those contained in this Offering Circular and, if given or made, such information or statements must not be deemed as having been authorized by Gränges, and Gränges is not responsible for any such information or statements and such information or statements should not be relied upon. Neither the publication of this Offering Circular nor any transactions made in respect hereof shall under any circumstances be deemed to imply that the information in this Offering Circular is correct and applicable at any time other than on the date of the publication of this Offering Circular, or that there have been no changes in Gränges' business since that date. In the event of any material changes to the information in this Offering Circular, such changes will be announced in accordance with the provisions of the Prospectus Regulation. One condition for subscribing for new shares under the Rights Issue described in this Offering Circular is that any person subscribing for new shares will be considered to have provided or, in certain cases, be asked to provide, guarantees and undertakings upon which Gränges and its clients will rely. Gränges reserves the right, at its sole and absolute discretion, to declare invalid any subscription for shares that Gränges or its clients believe may give rise to a breach or violation of any law, rule or regulation in any jurisdiction.

Information to investors in the United States

No subscription rights, paid subscribed shares or shares in Gränges, (collectively called "**Securities**") have been registered or will be registered under the United States Securities Act from 1933 ("**Securities Act**"), or securities laws in any state or other jurisdiction in the United States, and the Securities may not, directly or indirectly, be exercised, offered, sold, resold, delivered or in another way transferred within or to the United States, other than according to applicable exceptions from the registration requirements in the Securities Act, and in accordance with securities laws in the state or other jurisdiction in question in the United States. The Securities are offered outside the United States in compliance with Regulation S of the Securities Act. No offer will be made to the public in the United States. In the United States qualified institutional buyers ("**QIBs**") as defined in and applying Rule 144A may exercise subscription rights and purchase paid subscribed shares and new shares in accordance with the exceptions for private placements according to Section 4(a)(2) of the Securities Act. Investors who are not QIBs may therefore not participate in the Rights Issue, subscribe for new shares or exercise subscription rights. The Joint Bookrunners will not execute any transactions or arrange or attempt to arrange the purchase or sale of any securities in or to the United States in connection with the Rights Issue. The Securities have neither been approved nor refused approval by the US Securities and Exchange Commission (SEC), any state securities agency or other authority in the United States. Nor have any of the aforementioned authorities evaluated or expressed an opinion on the Rights Issue or the accuracy or reliability of this document. Any representation to the contrary is a criminal offence in the United States. This Offering Circular does not constitute an offer to sell or an invitation to acquire securities other than subscription rights, paid subscribed shares or new shares, or an invitation to acquire subscription rights, paid subscribed shares or new shares if such an offer or invitation is unlawful. One condition for exercising subscription rights or the right to subscribe for paid subscribed shares or new shares is that each existing shareholder or person who has registered to subscribe for shares will be considered to have provided or, in certain cases, be asked to provide, guaran-

tees and undertakings upon which Gränges and its clients will rely. Gränges reserves the right, at its sole and absolute discretion, to declare invalid any such subscription for paid subscribed shares or new shares that Gränges or its representatives believe may give rise to a breach or violation of any law, rule or regulation in any jurisdiction.

Notice to investors in Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa and certain other jurisdictions

The Rights Issue is not intended for persons residing in Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa or any other jurisdiction where participation would be against the law.

Information to investors within the EEA

No public offering of Securities is made within the United Kingdom and the European Economic Area ("**EEA**") to any member states other than Sweden. In other member states of the European Union ("**EU**") an offer of this kind may be made only under the exceptions in the Prospectus Regulation. In other member states of the EEA that have implemented the Prospectus Regulation in their national legislation, an offer of this kind may be made only under the exceptions in the Prospectus Regulation and/or in accordance with each relevant implementation measure. In other member states of the EEA that have not implemented the Prospectus Regulation in their national legislation, an offer of this kind may be made only under applicable exceptions in their national legislation. This Offering Circular is only being distributed to and is only intended for (i) persons who are outside the United Kingdom, or (ii) investment professionals falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities falling within Articles 49 (2) (a) to (d) of the Order, and other persons to whom it may lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Circular is only intended for relevant persons and must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons and will only be directed at relevant persons.

Information to distributors

Due to the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments ("**MiFID II**"), (b) articles 9 and 10 of the Commission Delegated Directive (EU) No 2017/593 supplementing MiFID II, and (c) chapter five in the Swedish Financial Supervisory Authorities regulations regarding investment services and activities, FFFS 2017:2 (jointly referred to as "**MiFID II's product governance requirements**"), and without liability to pay damages for claims that may rest with a "manufacturer" (in accordance with MiFID II's product governance requirements) that may otherwise be relevant, the shares, subscription rights and paid subscribed shares in the Company have been subject to a product approval process in which the target market for the Company's shares, subscription rights and paid subscribed shares are (i) retail clients and investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II (the "**target market**"), and (ii) suitable for distribution through all distribution channels permitted by MiFID II. Notwithstanding the target market assessment, distributors are to note the following: the value of the Company's shares, subscription rights and paid subscribed shares may decrease and it is not certain that investors will recover all or portions of the amount invested; the Company's shares, subscription rights and paid subscribed shares offer no guaranteed income and no capital protection; and an investment in the Company's shares, subscription rights and paid subscribed shares is only suitable for investors who do not require a guaranteed income or capital protection, who (either themselves or together with an appropriate financial or other adviser) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The target market assessment does not affect the requirements of any contractual, legal or regulatory sales restrictions in relation to the Rights Issue. The target market assessment is not to be considered as: (a) an assessment of suitability or appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, acquire or take any other action regarding the shares in the Company. Each distributor is responsible for performing its own target market assessment regarding the Company's shares, subscription rights and paid subscribed shares and for deciding on suitable distribution channels.

Forward-looking statements

This Offering Circular contains various forward-looking statements that reflect Gränges' current views with respect to future events and financial and operational performance. Terms such as "intended to", "considered", "expected", "may", "plans to", "believes", "estimates" and other expressions that involve indications or predictions regarding future progress or trends, and that are not based on historical facts, are forward-looking statements. Forward-looking statements are by their nature associated with both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not constitute any guarantee regarding future performance or progress, and actual outcomes may differ materially from that which is stated in forward-looking statements. Factors that may cause Gränges' future performance and progress to deviate from what is stated in forward-looking statements include, but are not limited to, those described in the section "**Risk factors**". Forward-looking statements in this Offering Circular only apply as of the date of the publication of this Offering Circular. Gränges does not undertake to publish updates or revisions of forward-looking statements resulting from new information, future events or similar circumstances other than as required by the laws in effect.

Presentation of financial information

The figures in certain financial and other information presented in this Offering Circular have been rounded off in order to make the information more accessible for the reader. Consequently, in certain columns the numbers do not exactly tally with the stated total amount.

Industry and market information

This Offering Circular includes industry and market information pertaining to Gränges' business and the market in which Gränges operates. Such information is based on the Company's analysis of multiple sources. Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market information contained in this Offering Circular that was extracted or derived from such industry publications or reports. Industry and market information is inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such information is based on market research, which itself is based on sampling and subjective judgments by both researchers and respondents, including judgments about what types of products and transactions should be included in the relevant market. Information provided by third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain through comparison with other information published by the third parties concerned, no details have been omitted in a way that could render the information reproduced inaccurate or misleading.

SUMMARY OF THE RIGHTS ISSUE

Preferential right

As of the record date 25 November 2020, one (1) share in Gränges entitles the holder to one (1) subscription right. Eleven (11) subscription rights entitle the holder to subscribe for four (4) new shares. In addition, investors are invited to subscribe for shares without preferential rights.

Subscription price

SEK 60 per share. No commission will be charged.

Record date for participating in the Rights Issue with preferential rights

25 November 2020.

Subscription period

27 November–11 December 2020.

Trading in subscription rights

27 November–9 December 2020.

Trading in paid subscribed shares

27 November–16 December 2020.

Subscription with preferential rights

Subscription by exercise of subscription rights will take place during the subscription period through simultaneous cash payment. Shareholders whose shares are nominee-registered are to notify their nominee according to instructions from the nominee.

Subscription without subscription rights

Application to subscribe without subscription rights is to take place according to the instructions in the section "Terms and conditions". Shareholders whose shares are nominee-registered are to notify their nominee according to instructions from the nominee.

Other information

Ticker: GRNG

ISIN code for shares: SE0006288015

ISIN code for subscription rights: SE0015221965

ISIN code for paid subscribed shares: SE0015221973

LEI code: 5493006UG44TYSIXOB13

SOME DEFINITIONS

The following definitions are used in the Offering Circular:

Depending on the context, "Gränges" or the "Company" refer to Gränges AB (publ) (Reg. No. 556001-6122) or the Group in which Gränges AB (publ) is the Parent Company. The "Group" refers to Gränges and its subsidiaries.

"Handelsbanken Capital Markets" refers to Handelsbanken Capital Markets, part of Svenska Handelsbanken AB (publ) (Reg.No. 502007-7862), "Danske Bank" refers to Danske Bank A/S, Denmark, Sweden Branch (Reg. No. 516401-9811), and "Nordea" refers to Nordea Bank Abp, branch in Sweden (Reg. No. 516411-1683). "Joint Global Coordinators" and "Joint Bookrunners" refer to Handelsbanken Capital Markets, Danske Bank and Nordea.

"Euroclear Sweden" refers to Euroclear Sweden AB.

Depending on the context, "Nasdaq Stockholm" refers to the regulated market Nasdaq Stockholm or Nasdaq Stockholm Aktiebolag.

"SEK", "EUR" and "PLN" refer to Swedish kronor, euro and Polish zloty, respectively. "SEK billion" refers to billions of Swedish kronor. "SEK million" refers to millions of Swedish kronor. "SEK thousand" refers to thousands of kronor. "PLN million" refers to millions of Polish zloty.

FINANCIAL CALENDAR

Year-end report 2020 28 January 2021

Interim report January–March 2021, Q1 22 April 2021

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SUMMARY

INTRODUCTION AND WARNINGS

Introduction and warnings

This summary should be read as an introduction to the Offering Circular. Any decision to invest in the securities should be based on consideration of the Offering Circular in its entirety by the investor. Investors may lose all or part of their invested capital.

Where a claim relating to information contained in an offering circular is brought before a court, the investor who is the plaintiff may, under national legislation, be required to bear the costs of translating the offering circular before the legal proceedings are initiated. Civil liability may attach to the persons who produced the summary, including any translation thereof, only if the summary is misleading, inaccurate or inconsistent with other parts of the offering circular or if, together with other parts of the offering circular, it fails to provide key information to help investors when considering investing in such securities.

The issuer and the securities

Gränges AB (publ)
 Corporate registration number: 556001-6122
 Address: Linnégatan 18, SE-114 47 Stockholm, Sweden
 LEI code: 5493006UG44TYSIXOB13
 Ticker: GRNG
 ISIN code: SE0006288015

Competent authority

The Swedish Financial Supervisory Authority, is the competent authority responsible for approval of the Offering Circular.
 The Swedish Financial Supervisory Authority's address for visitors: Brunnsgatan 3, SE-111 38 Stockholm, Sweden.
 The Swedish Financial Supervisory Authority's postal address: Box 7821, SE-103 97 Stockholm, Sweden.
 Email: finansinspektionen@fi.se
 Telephone: +46 8 408 980 00
 The Swedish Financial Supervisory Authority's website is www.fi.se/en/.
 The Offering Circular was approved by The Swedish Financial Supervisory Authority on 24 November 2020.

KEY INFORMATION ABOUT THE ISSUER

WHO IS THE ISSUER OF THE SECURITIES?

Information about the issuer

The issuer of the Securities is Gränges AB (publ) Reg. No. 556001-6122. The Company is domiciled in Stockholm, Sweden. The Company is a Swedish public limited company formed and incorporated in Sweden according to Swedish law. The business is conducted in accordance with Swedish law. The Company's legal form is regulated by the Swedish Companies Act (2005:551). The Company's LEI code is 5493006UG44TYSIXOB13.

Primary business of the issuer

Gränges is a global supplier of rolled aluminium products for heat exchanger applications for the automotive and HVAC (heating, ventilation and air conditioning) industries, as well as other niche markets, such as aluminium foil for transformers and food packaging. Gränges develops innovative materials and solutions, enabling customers to increase their productivity and energy efficiency. Over the years Gränges has developed a large number of products with enhanced properties, increased stability and improved sustainability. Gränges' focus on technology, manufacturing processes and material properties enables the Company to create smaller, lighter and more designable heat exchangers for higher energy efficiency and reduced environmental impact.

Cont.**Primary business of the issuer**

Gränges offers a comprehensive range of clad and unclad rolled aluminium products that are used in applications with a high degree of functionality and performance. Depending on the specific needs of a certain application, Gränges offers aluminium strips with up to five layers, so called multi-layer products. The layers are based on aluminium but with different alloys, giving the products a variety of properties (such as melting point, corrosion resistance, etc.). This variety provides significant possibilities for customized solutions based on carefully selected alloy combinations, delivery conditions, cladding thickness and geometries. Leading-edge technology and industrial craftsmanship ensure materials with consistent quality. Gränges is a global player and has production, customized product development, as well as sales offices and technical support on three continents: Europe, Asia and Americas. Thanks to product development and production capacity on three continents, Gränges has a solid platform to meet complex customer requirements and new trends in an efficient and sustainable way. In 2019 Gränges had net sales of SEK 11,978 million and the average number of employees was 1,805.

Electrification of the automotive industry requires lighter vehicles, new products and more sustainable product offerings. Gränges is contributing to the electrification transformation by developing a product offering for battery systems and other components, but also by continuing to focus on sustainability, e.g. by increasing the percentage of recycled aluminium in the Company's products.

The issuer's principal shareholders

As of 31 October 2020, Gränges had, according to Euroclear Sweden, 10,276 shareholders. Below is a summary of the Company's ownership structure as of 31 October 2020 and any known subsequent changes¹⁾.

Shareholders	Number of shares	Shares (%)	Votes (%)
Fourth Swedish National Pension Fund	7,233,994	9.6	9.6
AFA Insurance	6,866,585	9.1	9.1
Handelsbanken Funds	5,517,188	7.3	7.3
Swedbank Robur Funds	4,710,411	6.2	6.2
Franklin Templeton	3,567,641	4.7	4.7
Dimensional Fund Advisors	3,188,092	4.2	4.2
Allianz Global Investors	2,866,950	3.8	3.8
Paradice Investment Management	2,437,367	3.2	3.2
Columbia Threadneedle	1,935,585	2.6	2.6
Fidelity Investments (FMR)	1,913,352	2.5	2.5
Total ten largest shareholders	40,237,165	53.3	53.3
Others	35,280,221	46.7	46.7
Total	75,517,386	100	100

Source: Monitor by Modular Finance AB.

¹⁾ Through the issue in kind that was carried out in connection with the completion of the acquisition of Aluminium Konin and registered with Swedish Companies Registration Office on 9 November 2020, Boryszew S.A. acquired 2,442,268 shares in the Company, meaning that Boryszew S.A. as of the day of the Offering Circular owns 3.13 per cent of the total number of outstanding shares and votes in the Company. For more information on the issue in kind, see section "Legal considerations and supplementary information – Material agreements – Acquisitions and divestments – The acquisition of Aluminium Konin".

Most important administrative directors

The Company's Board of Directors consists of Fredrik Arp, Ragnhild Wiborg, Mats Backman, Hans Porat, Carina Andersson, Peter Carlsson, Katarina Lindström, Øystein Larsen, Konny Svensson, Elin Lindfors and Fredrika Pettersson.

The Company's senior management team consists of Johan Menckel (CEO), Oskar Hellström (CFO and deputy CEO), Magnus Carlström (SVP Human Resources), Bilal Chebaro (CIO), Sofia Hedeväg (SVP Sustainability), Patrick Lawlor (President Americas), Niclas Nelson (General Counsel), Paul Neutjens (SVP Process Engineering & Operational Development), Kent Schölin (SVP Technology & Innovation), Torbjörn Sternsjö (President Europe), Camilla Weiner (SVP Corporate Responsibility & Communications) and Colin Xu (President Asia).

Auditor

The Company's auditor has been Ernst & Young AB since 2007 and was re-elected at the Annual General Meeting 2020 for the time until the end of the Annual General Meeting 2021. Erik Sandström (born 1975) is the Auditor in Charge.

KEY FINANCIAL INFORMATION ON THE ISSUER

Summarized key financial information

Selected income statement items

(SEK million)	Financial year (audited)		Jan-Sep (reviewed)	
	2019	2018	2020	2019
Net sales	11,978	12,910	7,858	9,295
Operating profit	836	940	417	721
Profit for the period	600	688	257	553
Earnings per share basic, SEK	7.95	9.11	3.40	7.32
Earnings per share diluted, SEK	7.95	9.11	3.40	7.32

Selected balance sheet items

(SEK million)	Financial year (audited)		Jan-Sep (reviewed)	
	2019	2018	2020	2019
Total assets	10,480	8,773	10,155	10,762
Equity	4,314	3,873	4,442	4,382
Total equity and liabilities	10,480	8,773	10,155	10,762

Selected cash-flow statement items

(SEK million)	Financial year (audited)		Jan-Sep (reviewed)	
	2019	2018	2020	2019
Cash flow from operating activities	1,441	1,351	1,096	1,152
Cash flow from investing activities	-1,590	-819	-401	-1,368
Cash flow from financing activities	440	-825	-478	509

SPECIFIC KEY RISKS FOR THE ISSUER

Material risk factors specific to the issuer

The main risks relating to Gränges consist of the following:

- Gränges is exposed to risks relating to changed market conditions, environmental transition and economic trends leading to variations in demand and pricing.
- The Company is exposed to supplier risk related to input materials and to stoppages and production disruptions within the Group or in the supplier chain.
- Gränges relies on maintaining its reputation and brand to obtain new customers, suppliers and partners, and to sustain existing relationships with these.
- Gränges is exposed to health and safety risks at the Company's production facilities and if the Company is unsuccessful in implementing safety procedures or if procedures in place are not effective, this could result in personal injury and/or damage to property.
- A shortage of skilled employees could have an adverse effect on Gränges' long-term growth and success.
- Risks relating to stoppages and interruptions in the Company's IT infrastructure may have a direct impact on production, financial reporting and other important business processes.
- Gränges is exposed to the risk of interruptions in the energy supply and to changes in the price of electricity, natural gas and other forms of energy.
- Gränges is exposed to risks relating to business ethics, import and export controls, tariffs and compliance failures.
- Gränges runs, and has for many years run, industrial operations in several localities. This exposes the Group to environmental and regulatory risks.
- Gränges is exposed to risk relating to intellectual property used in Gränges' services and products.
- Gränges is exposed to currency risk when purchasing or selling materials or services in a currency other than the subsidiaries' local currency, and when translating the subsidiaries' balance sheets and income statements in foreign currencies to SEK, and is exposed to commodity price risk as a result of fluctuations in market prices for commodities.

KEY INFORMATION ON THE SECURITIES

THE SECURITIES' KEY PROPERTIES

Securities offered	The Offering Circular describes the issue of a maximum of 28,348,964 new shares (ISIN: SE0006288015) with preferential rights for Gränges' shareholders. Shares in Gränges are issued according to Swedish law, fully paid for and denominated in SEK. The quota value per share is approximately SEK 1.339776. As of the date of this Offering Circular there are 77,959,654 shares in Gränges.
Rights attached to the Securities	Each share in the Company entitles the holder to one (1) vote at shareholders' meetings, and each shareholder is entitled to vote for the full number of shares they hold in the Company. If the company issues new shares, warrants or convertibles in a cash issue or an offset issue, the shareholders as a general rule have a preferential right to subscribe for the securities in relation to the number of shares they held before the issue. All shares registered in the share register maintained by Euroclear Sweden on the record date determined by the Annual General Meeting entitle the holder to dividends. All shares in the Company confer equal entitlement to dividends, and to the Company's assets and any surplus in the event of liquidation.
Transfer restrictions	The shares in the Company are not subject to any transfer restrictions.
Dividend and dividend policy	Gränges' dividend policy is to distribute over time 30–50 per cent of the annual profits. Decisions on dividends are to reflect the Company's financial position, cash flow and future outlook.

WHERE WILL THE SECURITIES BE TRADED?

Admission to trading	Gränges' shares are admitted to trading on Nasdaq Stockholm, Mid Cap. The ticker for the shares on Nasdaq Stockholm is GRNG. The shares to be issued in this new issue will also be admitted for trading on Nasdaq Stockholm.
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WHAT ARE THE MAIN RISKS SPECIFIC TO THE SECURITIES?

Material risk factors specific to the Securities	<p>The main risks relating to Gränges' shares consist of the following:</p> <ul style="list-style-type: none"> • The share price may be volatile and there is a risk that there will not at any time be an active and liquid market for trading in Gränges' shares, which could affect the ability of investors to recover their invested capital. • Shareholders in the United States and other jurisdictions may be subject to restrictions that could, for example, prevent them from participating in rights issues or render their participation difficult or otherwise restricted. • Certain shareholders with large holdings in Gränges have undertaken to subscribe for shares in the Rights Issue and the remainder of the Rights Issue is guaranteed by the Joint Global Coordinators. These subscription and guarantee undertakings are not secured, which means there is a risk that one or more of the shareholders or Joint Global Coordinators will not be able to meet its respective guarantee or subscription undertaking. • The guarantee agreement with the Joint Global Coordinators can be cancelled by the Joint Global Coordinators, in the event, for example, of a violation of the guarantees provided by the Company, if the terms and conditions established for the undertaking are not met, if there is a material negative change in the Company's business or if other events occur that impact the ability to issue new shares or the climate in the financial markets in general, which could have an adverse effect on the Company's ability to proceed with the Rights Issue.
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KEY INFORMATION ON OFFERING THE SECURITIES TO THE PUBLIC AND ADMISSION TO TRADING ON A REGULATED MARKET

WHAT ARE THE TERMS AND CONDITIONS AND DURING WHICH PERIOD CAN I INVEST IN THESE SECURITIES?

General terms and conditions and anticipated schedule

Anyone registered as of 25 November 2020 as a Gränges shareholder has a preferential right to subscribe for new shares in the Rights Issue, where eleven (11) subscription rights entitle the holder to subscribe for four (4) new shares in Gränges. Only a whole number of new shares can be subscribed for. It is also possible to subscribe for new shares without having preferential rights. The new shares in the Rights Issue will be issued at a subscription price of SEK 60 per share. No brokerage fee is included and Gränges will not charge investors for any other fees or costs. Gränges' costs in connection with the Rights Issue are estimated at SEK 38 million. The subscription period for new shares in the Rights Issue will be from 27 November 2020 up to and including 11 December 2020.

The Subscription Rights will be traded on Nasdaq Stockholm from 27 November 2020 up to and including 9 December 2020 under the symbol GRNG TR. If a shareholder does not exercise some or all of the Subscription Rights by paying for them no later than 11 December 2020, and does not sell the Subscription rights no later than 9 December 2020, the shareholder's unexercised Subscription Rights will expire with no value and the holder will not receive any compensation. The holdings of shareholders who choose not to participate in the Rights Issue may be diluted by approximately 26.7 per cent through the issuance of new shares.

In the event that not all shares are subscribed for by virtue of subscription rights, the Board of Directors shall, within the framework of the Rights Issue, decide on the allocation of shares which have not been subscribed for by virtue of subscription rights. In such case, shares shall firstly be allocated to those who also subscribed for shares by virtue of subscription rights, regardless if they were shareholders on the record date or not, and in case of oversubscription, in proportion to the number of subscription rights each have exercised for subscription of shares or, to the extent this is not possible, by the drawing of lots. Secondly, allotment shall be made to others whom have subscribed for shares without virtue of subscription rights, and in case of oversubscription, in proportion to the number of shares specified in each subscription application or, to the extent this is not possible, by the drawing of lots. Thirdly, allotment shall be to the Fourth Swedish National Pension Fund and Unionen in accordance with the separate guarantee undertakings they have signed. Lastly, allocation shall be made to Handelsbanken Capital Markets, part of Svenska Handelsbanken AB, Danske Bank A/S, Danmark, Sweden Branch and Nordea Bank Abp, branch in Sweden in accordance with the underwriting agreement.

The paid subscribed shares will be traded on Nasdaq Stockholm from 27 November 2020 up to and including 16 December 2020 under the ticker GRNG BTA. The ISIN code for paid subscribed shares is SE0015221973. Securities institutions with the necessary licences are available to assist as brokers and with the sale of paid subscribed shares. The new shares in the Rights Issue will be admitted for trading on Nasdaq Stockholm in connection with the completion of the Rights Issue. Trading in new shares in the Rights Issue subscribed for using the Subscription Rights is expected to commence around 22 December 2020 and in new shares in the Rights Issue that were not subscribed for using Subscription Rights around 4 January 2021.

WHY WAS THIS OFFERING CIRCULAR PRODUCED?

Background and reasons

On 28 November 2019, Gränges announced that the Company had signed an agreement to acquire all of the shares in Impexmetal S.A., whose sole asset upon completion of the acquisition consisted of the operations of Aluminium Konin, from Boryszew S.A. for around SEK 2,200 million on a cash-free and debt-free basis. The acquisition was completed on 6 November 2020 after approval from the relevant competition authorities had been obtained.

Aluminium Konin is a Polish manufacturer of flat rolled aluminium products with a wide assortment and a strong position within niche markets. The production takes place in a well-developed and cost efficient integrated rolling mill located in Konin, Poland. Gränges' Board of Directors deems the acquisition as a good strategic fit and the acquired business will contribute with new capabilities and new capacity, which enables a broader customer offering and new solutions for the automotive industry of the future, and other industries strengthens Gränges' presence in emerging markets and enables synergies. In connection with the completion of the acquisition, Aluminium Konin changed its name to Gränges Konin.

In conjunction with the announcement of the acquisition of Aluminium Konin on 28 November 2019, Gränges also communicated its intention to carry out a rights issue of approximately SEK 2,000 million with preferential rights for existing shareholders. The purpose of the rights issue is to finance the acquisition of Aluminium Konin, maintain Gränges' financial strength and to finance future growth investments in line with Gränges' strategy.

Issue proceeds and purpose

On the condition that the Rights Issue is fully subscribed, the issue proceeds raised for Gränges will be approximately SEK 1,701 million before issue costs. Issue costs will be deducted from the issue proceeds in an estimated amount of SEK 38 million (including compensation paid to the Joint Global Coordinators for their guarantee undertaking). Gränges intends to use the net issue proceeds of around SEK 1,663 million for the following purposes, listed in order of priority:

- Around SEK 1,300 million will be used to finance the acquisition of Aluminium Konin and to repay the bridge loan facility maturing on 26 May 2021.
- Around SEK 363 million will be used to repay loans within Gränges' commercial paper program as well as be retained as cash and cash equivalents, and thereby increase Gränges' liquidity and for future growth investments in accordance with Gränges' strategy.

The Company deems the existing working capital as being insufficient to meet the needs over the coming twelve-month period. The Company deems that the need of working capital over the coming twelve-month period amounts to approximately SEK 1,500 million. In this context, the need of working capital refers to the Company's possibilities to gain access to liquid capital required for the Company to fulfil its payment obligations as they fall due for payment. The primary reason for this being that the Company raised a bridge loan facility with an overall sum of SEK 2,300 million, whereof SEK 1,300 million has been utilized, in connection with the acquisition of Aluminium Konin. The bridge loan facility will mature on 26 May 2021. Based on the assumption that the bridge loan facility needs to be repaid on the maturity date and without consideration taken to the proceeds from the Rights Issue, there will be a working capital deficit in May 2021.

If the Rights Issue is fully subscribed, the Company will raise approximately SEK 1,663 million after deductions for costs related to the Rights Issue, which are estimated to amount to approximately SEK 38 million. Out of the issue proceeds that the Company may raise, approximately SEK 1,300 million will be used to repay the bridge loan facility which is intended to be repaid in full in December 2020. The remaining approximately SEK 363 million will be used to repay loans within Gränges' commercial paper program as well as be retained as cash and cash equivalents, and thereby increase Gränges' liquidity and for future growth investments in accordance with Gränges' strategy. If the Rights Issue is fully subscribed, the Company's Board of Directors deem that the Company's working capital will be sufficient for the coming twelve-month period following completion of the Rights Issue.

If the Rights Issue cannot be completed or if the proceeds from the Rights Issue are not sufficient, the Company may be forced to utilize current unutilized loan facilities, cash and cash equivalents and seek alternative loan financing to repay the bridge loan facility. The Company's current unutilized loan facilities, as well as cash and cash equivalents, amounted to approximately SEK 1,000 million as of the Offering Circular. The Company assesses that this scope will last until the bridge loan facility matures. In addition to the amount of approximately SEK 1,000 million that the Company estimates that the current unutilized loan facilities and cash and cash equivalents amounts to, the Company may be forced to seek alternate financing for the remaining part of the bridge loan facility in the form of other loan financing. The Company considers the possibilities of securing such loan financing to be good.

Subscription and guarantee undertakings

The Company's shareholders, the Fourth National Pension Fund, AFA Insurance, Boryszew S.A. and Unionen, which holds 9.3, 8.8, 3.1 and 2.4 per cent, respectively, of the total number of shares and votes in Gränges as of the date of the Offering Circular, have undertaken to subscribe for new shares corresponding to their respective pro rata shares of the Rights Issue in the Company, that is new shares corresponding to their shareholdings in the Company, totalling approximately 23.6 per cent of the Rights Issue. Furthermore, Handelsbanken Fonder, Swedbank Robur Fonder, Lupus Alpha and PriorNilsson Fonder have undertaken to subscribe for new shares corresponding to approximately 16.4 per cent of the total number of shares and votes in Gränges before the Rights Issue.

In addition to the undertakings to subscribe for their respective pro rata shares, the Fourth National Pension Fund (Box 3069, SE-103 61 Stockholm) and Unionen (Olof Palmes gata 17, SE-105 32 Stockholm) have entered into underwriting commitments to subscribe for an additional share, corresponding to approximately 26.5 per cent of the Rights Issue. The underwriting agreement between the Fourth National Pension Fund and the Company was entered into on 16 November 2020 and the underwriting agreement between Unionen and the Company was entered into on 13 November 2020. These commitments, together with the other undertakings entered into by the shareholders in accordance with the above, amounts to approximately 66.4 per cent of the shares in the Company.

The Joint Global Coordinators have guaranteed the subscription of the portion of the Rights Issue that is not subscribed for by the above-mentioned subscription undertakings and underwriting commitments up to an amount of around SEK 572, which constitutes around 33.6 per cent of the Rights Issue. The Company will pay around SEK 11 million for this underwriting commitment, and also compensate the Joint Global Coordinators for legal advice and other expenses arising in connection with the Rights Issue. The underwriting agreement between the Company and the Joint Global Coordinators was entered into on 18 November 2020.

Conflicts of interest

Gränges' financial advisors for the Rights Issue are Handelsbanken Capital Markets, part of Svenska Handelsbanken AB (publ), Danske Bank A/S, Denmark, Sweden Branch, and Nordea Bank Abp, branch in Sweden. The Joint Global Coordinators and Joint Bookrunners have provided and may in future provide, various banking, financial, investment, commercial and other services to Gränges for which they have received, or may in the future receive, compensation. The Joint Global Coordinators and Joint Bookrunners are also serving as underwriters and bookrunners for a bridge loan facility of SEK 2,300 million with a maturity of 18 months. The intention is to repay this via bank loans, bond loans and with proceeds from the Rights Issue.

RISK FACTORS

This section describes the risks and important circumstances that are considered material for the Group's business and future development. The risk factors relate to the Group's business, industry and markets, and also consist of operational risks, legal risks, regulatory risks, corporate governance risks, fiscal risks, financial risks, risks relating to the securities and risks relating to the Rights Issue. The assessment of the importance of each risk factor is based on the likelihood that it will materialize and the anticipated extent of its adverse effects. In accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "Prospectus Regulation") the risk factors described below are limited to risks that are specific to the Company and/or the Securities, and are important in order to make an informed investment decision.

The account below is based on information available as of the date of this Offering Circular. The risk factors currently considered to be the most material are presented first in each category, while the following risks factors are presented in no particular order.

Business, industry and market-related risks

Gränges is subject to risks relating to changed market conditions, environmental transition and economic trends

Gränges is a leading supplier of rolled aluminium products for heat exchanger applications and other niche markets. The Company develops, manufactures and markets advanced materials that increase the efficiency of the customers' manufacturing processes and the performance of end products. Gränges' geographical markets are Europe, Asia and Americas, and Gränges has production facilities in Sweden, Poland, Germany, France, China and the United States with customers in around 40 countries. Markets and operations are affected by the political and economic environments within and between these countries. Demand for Gränges' products and services is dependent on the general economic climate in the segment and sectors to which Gränges offers its products and services, which in turn is impacted by macroeconomic factors in the countries and regions where Gränges operates, including the growth rate of the global economy, currency fluctuations, tariffs and other global trade restrictions, commodity prices and inflation. For example, the production of light vehicles is an important driver of Gränges' sales as the automotive industry is responsible for around half of Gränges' total sales volume. The building of new residences have also had a great impact on Gränges as approximately 25 per cent of Gränges' sales go to the HVAC industry.

The general environmental transition and an increased focus on the sustainable performance of products is leading to changes in market conditions, resulting in high expectations with respect to the ability to deliver sustainable product offerings. For example, electrification within the automotive sector requires new solutions and components for cooling and heating. If Gränges does not follow, develop and participate in this transition to a sustainable society, this could have a negative impact on the Company's reputation, or if Gränges is not successful in meeting the demand for new products (within electrification), this could adversely affect the Company's ability to win procurements and lead to reduced demand and decreased revenue and profits.

There is a risk of changes in market conditions and trends resulting, for example, from a changed external and security climate, outbreak of pandemics or infectious diseases, economic decline, changed political priorities, new laws, and technical development and digitalization leading to reduced demand for Gränges' products and services. Reduced demand from the customers and sectors to which Gränges offers its products and services could affect Gränges' production levels, investment plans and financial ability, and lead to reduced access to, and thereby also less advantageous terms for, financing etc. For example, Gränges' business, profits and financial position have been adversely impacted by COVID-19 and the extraordinary measures that governments, authorities and other actors have taken and may take to reduce the spread of infection. During the period January–September 2020, for example, Gränges' sales volume amounted to 247.4 tonnes, representing a decrease of 8.2 per cent compared to the same period in 2019. This resulted in a decrease in the adjusted operating profit during the same period of SEK 266 million. This is largely due to the fact that the automotive industry, which accounted for around 49 per cent of Gränges' sales volume in 2019, closed its production plants for a period of time and therefore did not need Gränges' products.

In a recession there is also a risk that Gränges will find it difficult to maintain profitable price levels and may not be paid in a timely manner. An increase/reduction in Gränges' selling prices of +/-1 per cent, based on the situation as of 31 December 2019, would have affected Gränges' revenue and operating profit by around +/- SEK 50 million. There is therefore a risk of negative economic development and changes in customers' purchasing behaviour having a material adverse effect on Gränges' business, profits and financial position.

Gränges may be impacted by trade restrictions introduced by authorities in countries where Gränges operates, or countries where Gränges may operate in the future, and by sanctions or other measures by associations or organizations such as the EU and UN. The above factors could restrict the Company's operations, delay or prevent planned investments or in another way impact Gränges' ability to meet its customers' needs in the short and long term, and thereby impact Gränges' business and financial results.

A significant portion of Gränges' business is in China and Gränges is therefore subject to Chinese laws and regulations, and in particular those applied to wholly owned foreign investments in China. The Chinese legal system is developing rapidly, and interpretation of many laws and regulations is associated with uncertainties that may limit protection for foreign investments, such as the Company's production facility in Shanghai. Since government agencies do not always issue detailed implementation regulations, it is not always possible to predict how to interpret laws and regulations in effect. There is a risk that national and local authorities will not apply the laws, rules and regulations in a consistent manner, which could make it difficult, or in certain cases impossible, to be aware of the content of the rules and regulations and thereby also impossible to fully comply with the laws and regulations. For example, changed rules and regulations on dividends and tax on dividends could impact the ability of the pro-

duction plant in Shanghai to efficiently provide dividends to the Parent Company. In disputes, for example, there are sometimes limited possibilities to successfully approach the authorities or courts to secure legal rights and contractual rights. Administrative authorities and courts have significant powers to discretionary interpret and apply laws, contractual terms, and circumstances outside the legal issue on a certain matter or dispute may impact the authorities' decisions. It is therefore more difficult to predict the outcome of certain proceedings and which level of protection is available in China.

Gränges is exposed to supplier risks and production disruptions

Gränges relies on having an adequate supply of input materials, such as primary aluminium, recycled aluminium, alloying elements and indirect materials to be able to manufacture its products. Gränges has supplier agreements with a limited number of suppliers of aluminium and other commodities. Regional delivery restrictions have arisen in the industry and further restrictions could follow based on increased demand. One specific risk in this regard is access to ingots for Gränges' special alloys. Ingots of a high quality may in the future be difficult to obtain at current prices since ingots are not a standardized commodity and require suppliers with specific qualifications. Gränges is also to a certain extent dependent on being able to purchase recycled materials, mainly aluminium, for its business. Since the suppliers of recycled aluminium are not usually bound by long-term agreements and are not obliged to sell the metal to the Company, they may, during periods when metal prices are low, decide to hold onto their recycled materials and wait for prices to rise. This could impact Gränges' ability to run its business efficiently and/or may have an adverse effect on the Company's financial position.

Gränges may also be impacted if suppliers suffer from financial or operational difficulties, if they raise their prices or if they are unable to deliver as agreed. Primary aluminium manufacturers in the supply chain have been affected by sanctions that significantly impacted the price of aluminium in the global market. Sanctions on actors in the supply chain, regardless of whether or not these are Gränges' suppliers, could have negative consequences for Gränges' ability to purchase aluminium. Incorrect, delayed or absence of deliveries from suppliers could lead to delays or shortcomings in Gränges' products. Cutbacks or closures by larger suppliers could impact Gränges' ability to manufacture and deliver its products and have an adverse effect on Gränges' margins. If any of these risks were to materialize, this could result in increased costs, delayed deliveries and possible claims from customers, which in turn could have an adverse effect on Gränges' operations, financial position or profits.

Gränges' reputation could be adversely affected if suppliers fail to manage social, environmental or ethical risks effectively. Social risk in Gränges' supply chain and human rights violations are mainly related to the extraction, melting and mining operations where suppliers may circumvent local rights. This also involves a risk of forced or child labour, even if this is seldom reported in aluminium mining. Health and safety risks exist throughout the value chain. Environmental risk exists in the supplier chain, above all in mining operations where there are risks

associated with water use, leakage, noise from heavy vehicles, air pollution and significant encroachment on landscapes due to open-pit mines. If these environmental risks materialize, this could also result in loss of biological diversity, increased climate emissions and soil erosion. Furthermore, refining and electrolysis are very energy and water intensive processes. Corruption risks relating to the supplier chain may be associated with mining permits, regardless of the country's economic development level or political system. A few countries in Gränges' supplier chain are considered to have a higher risk of corruption according to the Transparency International 2019 Corruption Perceptions Index. If any of these risks were to materialize, this could result in increased costs, delayed deliveries and possible claims from customers, which in turn could have an adverse effect on Gränges' reputation, operations, financial position or profits.

Damage to the production plants of suppliers and the Group, caused, for example, by stoppages, disruptions in any part of the production process, such as breakdown, access to spare parts, weather conditions, geographical circumstances, labour conflicts, terror activities, natural disasters, pandemics and other circumstances could result in negative consequences. These negative consequences could, for example, consist of direct damage to property, but could also give rise to production stoppages, preventing or making it harder for Gränges to meet its commitments to its customers. Fires occur at Gränges' production facilities, mainly in cold rolling processes, but also in other parts of the production process. Carbon dioxide extinguishers are installed to put out fires. If the extinguishing system were to be defective or not function as planned this could result in damage to production equipment and even personal injury. Unplanned stoppages at production facilities could also result in faulty products or products of inferior quality, which could result in customers choosing other suppliers. Power failures or cuts could, for example, lead to breaks in the coils in the cold-rolling process, resulting in the need to discard the coils. Power failures or cuts could also lead to sparks, which increases the risks of fire. Such failures or disruptions could have an adverse effect on the Company's business, financial position and profit.

Gränges is dependent on maintaining its reputation and important relationships with customers

Gränges relies on its reputation and its brand to obtain new customers, suppliers and partners and to sustain existing relationships with these. Gränges' reputation and brand are above all dependent on the reliability and quality of the Company's products and services. Reduced production quality and customer service are also examples of factors that affect the trust placed in Gränges by customers and consequently also Gränges' reputation and brand. Deficient quality in Gränges' products could lead to products being recalled from end-customers and result in significant costs if insurance policies are not sufficient or cannot be sufficiently utilized. If Gränges' products and services are not in compliance with laws, regulations or decisions by authorities, or if they cause harm to persons or property, there is a risk that a customer may choose to end its relationship with Gränges. Certain customer relationships are very important to Gränges, either because a cer-

tain customer accounts for a large and recurring portion of the net sales of a business area, or because a certain customer provides access to an important market or region. Gränges has, for example, certain important and long-term customer relationships with global automotive manufacturers. If the Company loses a long-term or important customer or another relationship ends, or if the Company fails to maintain its reputation, there is a risk that this will affect demand for Gränges' products and services, and thus adversely affect the Group's net sales and growth.

The risk of negative publicity and negative opinions being expressed has increased with the many information and media channels now available, making it more difficult for Gränges to control how its brand is perceived in the markets. A loss of reputation due to negative publicity about Gränges' business (regardless of whether it is true or false) could therefore result in the loss of customers and reduced profits. Furthermore, possible negative events, negative publicity or unmet expectations, even if Gränges is not directly involved and such events or publicity relate to Gränges' suppliers, distributors or other partners, could damage Gränges' reputation. Extensive negative publicity on regulatory or legal proceedings, serious violations of laws or regulations, failure to meet important contractual obligations or deadlines, could also damage Gränges' reputation and brand and undermine customers' or other stakeholders' trust in Gränges, which could have a material adverse effect on the Group's business, profits and financial position.

Gränges is exposed to health and safety risks

At Gränges' facilities employees and other individuals who work at the plants often come into direct contact with mechanical equipment, moving vehicles, chemicals and manufacturing processes that can be harmful if they are not managed correctly. Health and safety risks are mainly related to incidents or accidents at production facilities, the most common ones being finger, hand, foot or leg injuries, but there may be other risks such as exposure to hazardous chemicals. There is also a risk of fire which can lead to explosion or breakdown in a production facility.

Gränges is responsible for safety at its facilities and must therefore implement safety procedures. If implementation of such procedures fails or if procedures implemented are not effective, employees and other individuals could be harmed. During the period January–September 2020, 8 reportable injuries occurred that resulted in absence from work. The total number of days employees were absent from work due to reportable accidents was 273. During the 2019 financial year there were 23 reportable injuries and the total number of days employees were absent from work due to reportable injuries totalled 620. Workplaces with safety risks may also increase employee turnover and raise operating costs. Facilities may also be affected by stoppages if Gränges fails to implement safety procedures or if procedures implemented are not effective and could, if they are not remedied quickly and efficiently, prevent employees from proceeding with their normal work duties. Each of the above-mentioned circumstances could have an adverse effect on Gränges' business, reputation, financial position or profits.

Gränges is exposed to employee-related risks

Gränges' employees are an important asset and are key to long-term growth and success. Gränges is therefore dependent on being able to attract, develop, retain and motivate employees with key expertise in, for example, product and service development, manufacturing, sales and marketing, business development, strategy and project management and IT security.

In a labour market characterized by tough competition it is important to attract and retain employees with the right skills, experience and values. This can, however, be particularly challenging in a traditional industry where competition for qualified employees is high, workplaces are located outside metropolitan areas and the pool of talent is limited. This may in turn lead to increased compensation levels, which has an adverse effect on Gränges' profits. During the 2019 financial year salaries, other remuneration and social insurance costs, including pension for employees amounted to SEK 1,410 million. An increase of Gränges' payroll costs (including social security expenses) of 1 per cent, based on the situation as of 31 December 2019, would have adversely affected Gränges' operating profit by around SEK 14 million. If, on the other hand, Gränges were to offer low compensation levels, this could lead to employees leaving the company, which could have an adverse effect on Gränges' competitiveness and business.

If Gränges fails to attract, develop, retain and motivate qualified personnel to meet the needs of the business, this would make it more difficult for the Group to deliver goods and services in line with customer expectations. There is also a risk that talented employees will leave Gränges and go to work for competitors or customers. If employees who leave the company with good knowledge of Gränges and its customers and products also take other qualified employees with them, this could accentuate the risk as it could, for example, affect Gränges' ability to obtain new accounts. There is a risk that this could lead to a significant future loss of revenue, increased costs and a lack of diversity, which could have a material adverse effect on Gränges' business, profits and financial position.

Gränges is exposed to risks relating to IT security

Risk relating to disruptions in important IT systems or the digital infrastructure can have a direct impact on production, financial reporting and other important business processes. Gränges is therefore exposed to risk relating to interruptions and disruptions in its IT infrastructure which could cause computer viruses etc. (e.g. Ransomware), power failure, human or technical errors, sabotage, weather or nature-related events or problems caused by failures in care and maintenance. IT attacks, errors or damage to IT systems, operational disruptions and incorrect or faulty deliveries of IT services from Gränges' IT providers leading to extensive production stoppages could have a material adverse effect on Gränges' business.

Furthermore, the implementation of new business and production systems can lead to unexpected costs and take longer than expected. There is also a risk that new systems will prove to be inadequate or faulty. Some of Gränges' facilities use systems developed in-house with local adaptations. Such systems can be complex and costly to manage and develop, and replace when the systems become obsolete. If Gränges' business systems do not function satisfactorily, resulting in inefficiency and significant operational disruptions, this could have a material adverse effect on Gränges' reputation and operations.

Gränges is exposed to changes in energy prices and disruptions in the energy supply

Both melting and casting of aluminium are energy-intensive processes and energy costs are Gränges' third largest expense, after metal and payroll costs. Gränges primarily uses energy in the form of natural gas, electricity and liquefied petroleum gas, and mainly uses energy in furnaces where aluminium is re-melted either via direct combustion or via induction. Gränges is mainly

exposed to price changes in electricity and natural gas, but the price of other energy commodities may also affect Gränges' operating profit directly and indirectly. Energy prices have historically varied and may continue to vary significantly as a result of political and economic factors that are outside Gränges' control, such as access to and demand on local and regional markets, government regulations and the introduction of additional energy taxes. Furthermore, Gränges' ability to manufacture products may be temporarily negatively affected by disruptions in energy deliveries. Such disruptions may also arise due to loss of energy supply agreements or the Company failing to enter into new energy supply agreements on commercially acceptable terms. Natural disasters and similar events could also impact the energy grid and disrupt the energy supply to Gränges' production facilities. Such disruptions or increased energy costs resulting from the above-mentioned or other circumstances could have an adverse effect on Gränges' business, financial position or profits.

Legal risks

Gränges is exposed to risks relating to business ethics and compliance failures

Gränges operates in a global environment and is therefore exposed to various risks, such as corruption risk. Examples of misconduct, fraud, violation of laws and regulations, or other improper acts carried out by Gränges' employees, representatives or partners, could have an adverse effect on Gränges' business and reputation. Such action could involve a breach of applicable regulations on public procurement, secrecy, prohibition against bribes and other corruption, regulations on employee compensation and other contractual costs, regulations against lobbying or similar activity, regulations on internal control of financial reporting, laws and regulations on the environment, trade, competition and monopoly prevention and other applicable laws and regulations. If the Company does not comply with applicable laws and regulations or if misconduct is committed, Gränges could be subject to penalties, fines or cancellation of or exclusion from agreements. This could adversely affect the Company's reputation, which would make it more difficult for the Company to win procurements and lead to decreased revenue and profits.

A significant portion of Gränges' sales take place in Asia. In certain Asian countries where Gränges has its sales there is a higher risk of corruption according to the Transparency International Corruption Perceptions Index. Violation of anticorruption laws may result in extensive fines and other sanctions of a criminal, civil or administrative nature, and in Gränges for extended periods being excluded from participation in public procurement procedures. Any violation of anticorruption laws by the Company would have a material adverse effect on Gränges' reputation, business, profits and financial position. Corruption-related incidents or accusations against suppliers, distributors and other partners with which Gränges has a business relationship that leads to negative publicity – even if Gränges is not involved – could damage Gränges' reputation.

Gränges' product portfolio is such that it is exposed to risks relating to import and export controls and tariffs. Several large commercial actors around the world are tightening and broadening their national regulations in terms of, for example, export controls, tariffs and national security in today's social climate, which means there is an increased risk that Gränges' products and services in the future may be subject to more significant export controls and tariffs, which would require increased future cash flows, more administration, added internal controls and in some cases

trade restrictions. For example, the tariffs introduced by the United States in 2017 and subsequently, mainly on Chinese imports of aluminium products, resulted in Gränges having to move production from China to Sweden, which increased the Company's costs.

Gränges' is also dependent on its employees, suppliers, distributors and other partners following the law and complying with regulations, internal governing documents and policies. Violation of or failure to comply with applicable laws and regulations could adversely affect Gränges' business and reputation. Such action may, for example, include non-compliance with laws and regulations relating to public procurement and competition, money laundering, IT security and data protection (including GDPR), corporate governance, export controls and sanctions, IFRS and other regulations relating to accounting and financial reporting, the environment and work environment, business ethics and equal treatment. Since Gränges' business is global, it is complex and time-consuming to monitor and verify compliance with internal policies and codes of conduct throughout the organization. If Gränges' employees, suppliers, distributors or other partners are in serious violation of existing laws and internal and external policies, or in some way act in a manner that is not consistent with the level of business ethics and integrity that Gränges has undertaken to uphold, this could have a material adverse effect on Gränges' reputation, business, profits and financial position.

Gränges is exposed to environmental risks

Gränges runs, and has for many years run, industrial operations in several locations, which exposes the Group to environmental risks. Gränges' production processes can generate emissions to water, soil and air or the release of environmentally hazardous substances caused by incidents and accidents in Gränges' production facilities, such as fire, oil spill or leakage of hazardous substances. There are, for example, emissions to air, including carbon dioxide, nitrogen oxides and particulate matter from burning fossil fuels and particularly natural gas and liquefied petroleum gas. Oil spills could occur at the cold rolling mills where oil is used to cool down the mill and lubricate the surface between the rolls and the material. The Group is subject to a large number of environmental laws and regulations. For example, the operations that are and have historically been in various locations in Sweden are subject to the rules in the Swedish Environmental Code (1998:808) and therefore are exposed to liability risks associated with emissions. It may be difficult for the Company to estimate possible costs arising as a result of such emissions. For example, groundwater pollution can spread to other properties and therefore be difficult and costly to investigate, remediate and control. There is also a risk that discovery of past unknown or new contamination, or demands for investigation and remediation of past unknown contamination at Gränges' current or past facilities, could lead to substantial and unexpected costs. In such cases, significant costs could be incurred for Gränges, including fines, penalties, civil and criminal sanctions, investigations, clean-up costs and third party claims for damages for property or personal injury as a result of violations or liability under applicable environmental laws, environmental regulations or similar regulations. Furthermore, Gränges could be liable for costs as a consequence of environmental responsibility in contractual relationships with property owners or other parties. If any of the risks above materialize, this could have a material adverse effect on the Company's business, profits and financial position.

Furthermore, some of Gränges' production operations are subject to permit, reporting and/or registration requirements, which

means that Gränges is required to continually check the operations' impact on their surroundings. Since Gränges' production is divided between six production facilities across three continents (Asia, Europe and Americas), compliance with such requirements can be complex and time-consuming. If the Company does not successfully comply with these regulations there is a risk that Gränges' business, reputation and ultimately, its financial position will be adversely affected.

Gränges is exposed to risks relating to legal and administrative proceedings

Occasionally Gränges is named as a party in a law suit, sometimes relating to the environment, health and safety, product liability, insurance claims, employees, taxes, personal injury, contractual issues and other matters. Gränges is therefore from time to time involved in civil, work environmental related and administrative proceedings that arise in the course of doing business. Gränges' products are essential components in heat exchangers used in vehicles and if any of these products were to be defective, the Company may have to be involved in a recall of the products. Gränges' could thus, for example, be involved in product liability disputes aimed at Gränges, or investigations of Gränges which, regardless of whether the claims are justified or not, could be costly to dispute or conform to and could require the attention of the management and utilize Gränges' operational resources.

It may be difficult to predict the risk, or possible outcome, of legal proceedings, disputes and cases. Some may have unfavourable outcomes and have a material adverse effect on the Group's profits and financial position. In these cases there is a risk that Gränges will incur significant costs and also a risk that the steps taken to protect against the impact of such costs may not be sufficient. Negative publicity in connection with legal proceedings could also damage Gränges' reputation. There is thus a risk that legal and administrative proceedings may have a material adverse effect on Gränges' business, profits and financial position.

Gränges is exposed to risks relating to intellectual property rights

Gränges' business is dependent on a number of intellectual property rights, including but not limited to a number of the Company's own and joint patents, trademarks, other protected information and company secrets which are used in Gränges' services and products. Gränges may be unable to retain these intellectual property rights, protected information or company secrets. The Group's intellectual property rights could be declared invalid, be circumvented or be disputed. Gränges may also be unable to successfully protect its brand, company name or company secrets, or achieve or maintain competitive advantages.

Some of Gränges' intellectual property rights are owned jointly with other parties. Accordingly, Gränges' ability to use such intellectual property rights may be at risk as it is not solely at the Company's disposal.

There is a risk that laws in countries where Gränges operates may not be able to offer sufficient protection for the Company's intellectual property rights. For example, the status, validity and extent of intellectual property rights is uncertain and developing in China, as well as some other countries, and Gränges may be exposed to significant risks in this regard. Infringement of Gränges' intellectual property rights in China has occurred. Furthermore, legal proceedings and processes, as well as other measures to protect intellectual property rights, may involve significant costs, consume resources and cause serious harm to Gränges' business. Any inability to maintain protection of the

intellectual property rights, other protected information or company secrets, and any invalidation of intellectual property rights or infringement with respect to Gränges, could adversely affect the Company's competitiveness which could have an adverse effect on its business, financial position or profits.

Gränges is exposed to tax risks

Gränges conducts its business through subsidiaries in other countries. For the 2019 financial year Gränges' tax expenses amounted to SEK 86 million and the Company's effective tax rate was 12 per cent. The management of tax issues in the Group is based on interpretations of existing tax legislation, tax treaties and other tax regulations in the countries concerned as well as standpoints from tax authorities concerned. Moreover, Gränges routinely obtains advice from independent tax experts on these matters. The Company and its subsidiaries are occasionally subject to tax audits and reviews. There is a risk that tax audits or reviews will result in additional taxes being charged or made deductions being denied. If the Group's interpretation of tax laws, tax treaties and other tax regulations, or the incorrect application of these, or if the laws, agreements, regulations in effect, or the interpretation of these or the administrative practice in relation to these, changes, including changes with retroactive effect, the Group's past and current management of tax matters may be called into question. If tax authorities are successful in such claims, this could result in increased tax expense, including supplemental tax and interest, and have an adverse effect on the Group's profits.

The jurisdictions in which Gränges operates have transfer pricing regulations which requires that transactions with associated companies must be made on market terms. The management of matters regarding transfer pricing within the Group is based on OECD's guidelines and national regulations for transfer pricing as well as documented principles for determining prices in associated party transactions. Gränges routinely obtains advice from independent experts on these matters. Transactions between the Group's subsidiaries, such as distribution of goods, management services and intra-group loans, are made, in Gränges' opinion, on commercial terms through the application of existing international guidelines and national regulations. There is a risk that tax authorities in some of the jurisdictions where Gränges operates are of the opinion that the transfer pricing is not made on market terms. If a tax authority successfully objects to such a pricing, this may result in an increased tax expense, including tax surcharges and interest. This could have a material adverse effect on Gränges' profits and financial position.

Gränges' Chinese subsidiary has, for tax purposes, been granted pre-qualification as a High and New Technology Enterprise for the three-year period 2019 to 2021. This pre-qualification means that the Company pays a preliminary rate of 15 per cent in corporate income tax instead of the normal rate of 25 per cent for the period. However, in order to ultimately secure the lower tax rate, the Company must meet specific requirements established by the authorities in China for each of the three years. There is a risk that the Chinese authorities will change the requirements with retroactive effect or make a different assessment, and that Gränges may be subject to a tax rate of 25 per cent instead of the current 15 per cent for the three-year period 2019 to 2021.

Gränges is exposed to risks relating to its pension obligations

Gränges has pension plans in Sweden and the United States. Around 72 per cent of the employees in Sweden are covered by defined contribution pension plans and the remainder are cov-

ered by defined benefit pension plans. All permanent full-time employees in the United States are entitled to defined contribution pension plans. Around 18 per cent of the full-time employees in the United States are entitled to participate in defined benefit pension plans.

Defined contribution pension plans are arrangements in which a company has an obligation to pay annual contributions to its employees' pension plans and where future pensions are determined by the amount of contributions paid and the return on the pension assets.

There are three main risk categories associated with defined benefit pension plans that can lead to increased costs for Gränges. The first category consists of risk factors that affect the pension payments. Increased lifespan and salary and pension inflation are the main risk factors that could raise future payments under defined benefit pension plans and thereby also increase the pension obligation. The second risk category relates to returns. Allocated pension funds are invested in a multitude of different securities and are affected by market fluctuation. A low return on investments may reduce the value of pension funds and result in them not being sufficient to cover future pension payments. The final category of risks relates to the calculation of the pension liability in the accounts. The discount rate that is used to calculate the present value of pension obligations may vary, which affects the calculation of the value of the defined benefit obligation. The discount rate also affects the size of interest income and costs reported under financial items and service costs.

As of 30 September, pension expenses accounted in the income statement for Gränges' defined benefit pension plans were SEK 24 million. For 2020 Gränges is expected to pay out SEK 32 million for defined benefit pension plans. Based on the situation as of 30 September, a change in the discount rate of +/-0.5 per cent would have affected Gränges' pension liabilities in the amount of SEK 49 million, while an anticipated rate of salary increase of +/-0.5 per cent would have affected Gränges' pension liabilities in the amount of SEK 10 million. A change in the average lifespan of +/-1 year would have affected Gränges' pension liabilities in the amount of SEK 31 million. A lower return on plan assets, changes in the markets, interest rate fluctuation, inflation changes and negative changes in other significant actuarial assumptions could thus have an adverse effect on Gränges' profits and financial position.

Gränges is exposed to labour law risks

As of 30 September 2020 Gränges had 1,771 employees in eight countries. Of these 1,771 employees, approximately 40 per cent are covered by collective bargaining agreements or other agreements with labour organizations in Sweden and to some extent in the United States. The majority of the employees covered by collective bargaining agreements belong to the trade unions The Swedish Association of Graduate Engineers, Unionen, Ledarna, IF Metall and United Steel Workers Union. There is a risk that Gränges will not be able to maintain stable relations with the trade unions, negotiate or renegotiate terms of employment or pay agreements that meet the trade unions' expectations or demands, or will be impacted by conflicts at the national level where Gränges or its suppliers, distributors or other partners may be involved in labour conflicts and/or affected by strikes and work stoppages before or during a negotiation process. The Company has, however, not been subject to actions in the form of strikes during the 21st century, but there is no guarantee that the Company will not in future be involved in conflicts resulting in strikes or other actions that could lead to opera-

tional disruptions and delays. In addition, conflicts with trade unions or labour organizations can arise as a direct result of redundancy, for example due to efficiency measures or rationalization within the organization or discontinued production where a process is not well managed and executed in mutual understanding with the unions or organizations, which could lead to Gränges' reputation as an employer being damaged, resulting in labour actions being taken and a worsening of the Company's reputation and relations with labour organizations. Legal disputes that lead to significant negative publicity and damage the Company's reputation may ultimately lead to production disruptions and increased payroll costs, and therefore have a material adverse effect on the Group's business, operating profit and financial position.

Financial risks

Gränges is exposed to currency and commodity risks

Currency risk is the risk that changes in exchange rates may have an adverse effect on the Group's income statement, balance sheet or cash flow. Gränges is exposed to currency risk when purchasing or selling materials or services in a currency other than the respective subsidiaries' local currency (transaction risk), and when translating the subsidiaries' balance sheets and income statements in foreign currencies to SEK (translation risk). Gränges' global operations give rise to substantial cash flows in foreign currencies. Gränges is mainly exposed to changes in the rates of EUR, USD and CNY in relation to SEK, but there is also significant exposure to changes in USD in relation to CNY. In 2019 a change of (+/-) 10 per cent EUR/SEK would have affected Gränges' operating profit, not including currency hedges, by (+/-) SEK 56 million. The corresponding figure for a change of (+/-) 10 per cent in USD/SEK was (+/-) SEK 35 million and for (+/-) USD/CNY (+/-) SEK 54 million. A 10-per cent improvement in SEK against USD would, for example, have affected Gränges' operating profit negatively in the amount of SEK 35 million with respect to the above effect. Exchange rate changes could therefore have an adverse effect on Gränges' competitiveness, business, financial position and profits.

Gränges is also exposed to risks of suitable hedging items for the type of risk exposure that the Group is exposed to not being available at a reasonable cost. There are also risks relating to the use of hedging instruments so that Gränges, for example, has no possibility of taking advantage of favourable currency exchange rates. Hedging may therefore lead to significant losses. These losses may arise for various reasons, such as a counterparty not meeting its obligations under a hedging contract, a contract having shortcomings or Gränges' internal hedging policies and procedures not being complied with or working properly.

Commodity price risks are linked to Gränges procuring large volumes of aluminium for the Company's production facilities in Sweden, China and the United States for manufacturing at these facilities. Purchase prices in Europe and the United States are in general based on the trading price on the London Metal Exchange ("LME"). The price of aluminium delivered to the plant in Shanghai correlates to the trading price on Shanghai Futures Exchange ("SHFE"), but variations in the commodity price and the trading price on SHFE may occur. The revenue model for rolled aluminium products is based on a pricing model whereby the commodity price is passed onto the customer while Gränges receives payment for processing by the customer, in addition to the commodity costs, by paying a fabrication price. This means that, although the commodity price risk is mainly passed onto the customer, Gränges is still exposed to fluctuations in the market price for aluminium, for example as a result of a delay effect arising when

the commodity is purchased earlier and perhaps for a different price than when the product is sold to the customer. Furthermore, differences between the prices on the LME and SHFE may lead to lower profit margins on products exported from Shanghai, and to reduced profitability. The market commodity price is also affected by a so-called metal premium, e.g. the Mid West Premium which is a "fee" over and above the LME price when metal is traded in certain markets in the United States. The premiums vary in size based on factors such as local demand, and it is possible for the premiums to vary in a way that is not beneficial for Gränges' purchasing and selling. Gränges' ability to reduce the effect of fluctuations in the market price through currency hedging is dependent on many factors, such as the liquidity of financial contracts and other factors that are outside the Company's control. All of these factors could have an adverse effect on Gränges' business, financial position and profits.

Gränges is exposed to interest risks

Interest risk is the risk of an adverse effect on profits and cash flow in the event of a fast or unforeseen change in the market interest rate negatively impacting Gränges' interest expenses. Given the same level of debt and the same fixed interest period as applied on 31 December 2019, an increase in the market interest rate of 1 percentage point would increase Gränges' interest expense by around SEK 24 million on an annual basis, not taking into account the fixed interest period of the debt. Increased market interest rates that significantly impact Gränges' interest expenses would have an adverse effect on the Group's profits and financial position.

Gränges is exposed to liquidity and refinancing risks

Liquidity and refinancing risks are the risks of limited financing opportunities when loans are to be converted, and if payment obligations cannot be met due to insufficient liquidity. Gränges may need to upgrade its current production capacity, acquire new facilities or new equipment to meet future needs or take advantage of growth opportunities such as acquisitions, joint ventures or other opportunities for growth, such as potential additional expansion in Europe, North America and/or Asia. To finance such investments Gränges may need to use available financial assets and/or obtain additional financing, for example by taking out new loans or issuing new shares. Access to additional financing of this kind depends on various factors, such as market conditions, general credit availability and access to the financial markets, as well as Gränges' creditworthiness. It is possible that Gränges will not be able to obtain sufficient funds, on favourable terms or at all, either through private or public financing, or through strategic partnerships or other agreements, to meet future capital requirements. Negative trends in sales or margins, or possible unforeseen obligations, changed schedules for tax payments, debt payments or customer receivables, could lead to strained liquidity and working capital, and increase the possible need for additional financing in the form of capital financing, debt financing or other forms of financing. Furthermore, any possible access to debt financing could be associated with restrictive covenants.

If any of the above-mentioned risks were to materialize, Gränges could be forced to seek additional capital or reconstruct or refinance its debt, delay obtaining financing, be subject to a higher expense for such financing, reduce or delay investments, or sell assets or operations at unfavourable times and/or with unfavourable prices or other terms. This could limit Gränges' possibility to fulfil its business plan, reduce the Group's profitability and reduce financial flexibility significantly. Consequently, the

factors described above could have a material adverse effect on Gränges' business, financial position and profits.

Gränges is exposed to credit risks

Credit risk is the risk of losses if a counterparty does not meet its obligations. Gränges' maximum exposure to credit risk is equivalent to the carrying amount of financial assets, which as of 30 September 2020 amounted to SEK 1,665 million, of which SEK 1,299 million consisted of accounts receivable (of which SEK 211 million were overdue). Exposure to outstanding accounts receivable is highest in China and the United States. If Gränges is not able to collect its accounts receivables or other operating receivables, this could have a material adverse effect on Gränges' profits and financial position.

Share-related risks

The share price can be volatile and its development can depend on a number of factors

Since an investment in shares can fall in value, there is a risk that investors will not recover the capital they invested. Gränges' share is listed on Nasdaq Stockholm. During the period 1 October 2019 – 30 September 2020 the daily volume-weighted average price of the Gränges share was at the lowest SEK 47.17 and at the highest SEK 102.47. The share price can thus be volatile and there may also from time to time be limited liquidity in the share. Share price development depends on a series of factors, some of which are company-specific, while others are tied to the stock market as a whole. The share price may, for example, be affected by supply and demand, variations in actual or anticipated results, an inability to meet the performance expectations of analysts, failure to achieve financial and operating targets, changes in the general economic climate, regulatory changes and other factors. The price of Gränges' share is also to some extent impacted by the activities and market position of competitors. There is a risk that at times there may not be an active and liquid market for trading in Gränges' shares, which could affect the possibility of investors to recover invested capital. This constitutes a significant risk for individual investors.

Gränges' ability to pay out dividends is dependent on multiple factors

Dividends can only be paid out if Gränges has distributable funds in amounts that make it justifiable to pay a dividend taking into account the requirements that the risk, nature and scope of the business place on the amount of equity needed, as well as Gränges' consolidation requirements, liquidity and financial position in general for a certain financial year. Gränges' ability to pay out dividends can also be affected by changes to regulations and codes of corporate governance. Gränges' ability to pay out dividends in the future is affected by the Group's future profits, financial position, cash flows, operating capital requirements and other factors. Gränges' current policy is to pay a dividend of between 30 and 50 per cent of the profit for the year.

The newly issued shares entitle the holder to dividends from the first record date after the Rights Issue has been registered with the Swedish Companies Registration Office. For the 2019 financial year the intention was to pay out a dividend of SEK 3.40 per share, but in March 2020 the Company's Board of Directors decided to withdraw its previously communicated proposal to the 2020 Annual General Meeting. The Board's decision was made based on the prevailing climate due to the outbreak of COVID-19 and its effects on the world and markets, and the risk of the outbreak's potential financial impact on Gränges' business and prof-

its. There is still a risk that distributable funds will not be available for one or more financial years.

Shareholders in the United States and other jurisdictions are exposed to particular share-related risks

Gränges' share is only listed in SEK and any dividends will be paid out in SEK. This means that shareholders outside Sweden may experience a negative effect on the value of their holding and any dividends when these are converted into other currencies if the SEK decreases in value in relation to the other currency. The recent weak development of the SEK has thus had an adverse effect on the value of shareholdings denominated in other currencies. Furthermore, tax laws in both Sweden and the shareholders' home countries can affect income from any dividends that are paid out.

In certain jurisdictions there may be limitations in national securities laws resulting in shareholders in such jurisdictions not being permitted to participate in new issues and other public offerings of transferable securities. Gränges' has shareholders in the United States and Australia where securities laws include such restrictions. If Gränges in the future issues new shares with preferential rights for the Company's shareholders, the shareholders may in certain jurisdictions, including the countries named and in the same way as applies for the Rights Issue, be subject to restrictions that may, for example, prevent them from participating in rights issues or that their participation is made difficult or is otherwise restricted.

Risks relating to the Rights Issue

There is a risk that trading in subscription rights and paid subscribed shares will be restricted

Any shareholder who on the record date is registered as a shareholder in Gränges will receive subscription rights in proportion to the shareholder's existing shareholding. The subscription rights are expected to have a financial value that will only go to the holder if the holder either exercises them to subscribe for new shares no later than 11 December 2020 or sells them no later than 9 December 2020. After 11 December 2020 any subscription rights not exercised will be removed, without prior notification, from the holders' securities deposit, at which point the holder will lose all the anticipated financial value of the subscription rights. Both subscription rights and paid subscribed shares that, after payment has been made, are registered on a securities account belonging to the party who subscribed for new shares will be admitted for trading for a limited time on Nasdaq Stockholm. Trading in these instruments may be limited, which could make it difficult for individual holders to sell their subscription rights and/or paid subscribed shares and thus prevent the holder from being compensated for the financial dilution effect that the Rights Issue will have (see "*Shareholders not participating in the Rights Issue will be affected by dilution*" below), and during the period when the paid subscribed shares are expected to be traded on Nasdaq Stockholm (27 November 2020 up to and including 16 December 2020). Investors therefore run the risk of not being able to realize the value of their paid subscribed shares. Such circumstances would constitute a significant risk for individual investors. Limited liquidity may also strengthen fluctuations in the market price for subscription rights and/or paid subscribed shares. The price structure of these instruments could therefore be incorrect or misleading.

Shareholders not participating in the Rights Issue will be affected by dilution

If shareholders choose not to exercise or sell their subscription rights in the Rights Issue in accordance with the procedure described in this Offering Circular, the subscription rights will expire without value and the holder will not be entitled to compensation. As a consequence, the proportional ownership and voting rights of such shareholders will be reduced. The holdings of shareholders who choose not to participate in the Rights Issue may be diluted by up to around 26.7 per cent through a maximum of 28,348,964 new shares (equivalent to an increase in the number of shares of around 36 per cent) being issued. Furthermore, such shareholders will not be compensated for the dilution of Gränges' earnings per share of up to 26.7 per cent that the Rights Issue could cause. The relative proportion of Gränges' equity will also decrease. If shareholders choose to sell the subscription rights they did not exercise or if the subscription rights are sold on behalf of the shareholder, there is a risk that the compensation the shareholder receives for the subscription rights in the market will not be equivalent to the financial dilution of the shareholders' holding in Gränges after the completion of the Rights Issue.

Subscription and guarantee undertakings for the Rights Issue are not secured

Certain larger shareholders in Gränges have pledged to subscribe for a total of around 40.0 per cent of the Rights Issue. In addition to the undertakings to subscribe for new shares corresponding to their respective pro rata share, the Fourth National Pension Fund and Unionen have entered into guarantee commitments to subscribe for an additional share jointly corresponding to approximately 26.5 per cent of the Rights Issue. Altogether, the subscription undertakings and guarantee commitments made by shareholders amounts to approximately 66.4 per cent of the Rights Issue. The remainder of the Rights Issue is guaranteed by the Joint Global Coordinators. These subscription and guarantee undertakings are not secured. Consequently, there is a risk that one or more of the shareholders or Joint Global Coordinators will not be able to meet its respective guarantee or subscription undertaking. If the above-mentioned undertakings are not fulfilled this could have an adverse effect on Gränges ability to successfully implement the Rights Issue.

Risks related to the terms and conditions in the underwriting agreements not being fulfilled

Under the underwriting agreement with the Joint Global Coordinators, which is subject to customary terms and conditions, the agreement can be cancelled by the Joint Global Coordinators in the event, for example, of a violation of the warranties provided by the Company and if the terms and conditions established for the undertakings are not met. The Joint Global Coordinators also have the right to cancel the agreement if there is a significantly negative change in the Company's business or other events occur that impact the conditions (financial or otherwise) for issuing new shares or the circumstances in the financial markets in general. Such events, if they occur, could have an adverse effect on the Company's ability to implement the Rights Issue.

INVITATION TO ACQUIRE SHARES IN GRÄNGES

The shareholders in Gränges are hereby invited to subscribe, exercising preferential rights, for new shares in the Company with ISIN code SE0006288015, in accordance with the terms and conditions in this Offering Circular.

The Board of Directors of Gränges decided on 18 November 2020, based on authorization provided at the Annual General Meeting on 25 June 2020, to issue shares in Gränges with preferential rights for existing shareholders.

The Rights Issue will increase Gränges' share capital by a maximum of around SEK 37,981,239.53, from the current SEK 104,448,412.72 to a maximum of SEK 142,429,652.25 by issuing a maximum of 28,348,964 new shares. Following the new share issue the number of shares in Gränges will amount to a maximum of 106,308,618 shares. Gränges' existing shareholders have preferential rights to subscribe for new shares in proportion to the number of shares the shareholder already holds. The record date to establish which shareholders are entitled to subscribe for new shares with preferential rights is 25 November 2020. If new shares are not subscribed for with preferential rights, they will be allotted to shareholders and other investors in accordance with the information presented in the section "Terms and conditions". Shareholders who have also subscribed for shares based on subscription rights will receive the allotment first.

The subscription period for the shares is 27 November 2020 up to and including 11 December 2020, or the latter date as determined by the Board of Directors, and otherwise according to the information presented in the section "Terms and conditions".

The subscription price has been set at SEK 60 per new share, which means that the Rights Issue, if fully subscribed, will result in proceeds for Gränges of up to approximately SEK 1,701 million before issue costs. The new shares will give the holder the same rights as the current shares.

The holdings of shareholders who choose not to participate in the Rights Issue may be diluted by up to around 26.7 per cent. They will, however, have a chance for financial compensation for the dilution effect by selling their subscription rights in accordance with the information presented in the section "Terms and conditions".

Subscription undertaking and issue guarantees¹⁾

The Company's shareholders, the Fourth National Pension Fund, AFA Insurance, Boryszew S.A. and Unionen, which holds 9.3, 8.8, 3.1 and 2.4 per cent, respectively, of the total number of shares and votes in Gränges as of the date of the Offering Circular, have undertaken to subscribe for new shares corresponding to their respective pro rata shares of the Rights Issue in the Company, that is new shares corresponding to their shareholdings in the Company, totalling approximately 23.6 per cent of the Rights Issue. Furthermore, Handelsbanken Fonder, Swedbank Robur Fonder, Lupus Alpha and PriorNilsson Fonder have undertaken to subscribe for new shares corresponding to approximately 16.4 per cent of the total number of shares and votes in Gränges before the issue.

In addition to the undertakings to subscribe for their respective pro rata shares, the Fourth National Pension Fund and Unionen have entered into underwriting commitments to subscribe for an additional share, corresponding to approximately 26.5 per cent of the Rights Issue. These commitments, together with the other undertakings entered into by the shareholders in accordance with the above, amounts to approximately 66.4 per cent of the shares in the Company.

The Joint Global Coordinators have undertaken to guarantee the remaining amount, subject to the customary terms and conditions. The Rights Issue is therefore fully guaranteed.

Stockholm, 24 November 2020

Gränges AB (publ)
Board of Directors

¹⁾ See also "Subscription undertakings and underwriting commitments" in the section "Legal considerations and supplementary information".

BACKGROUND AND REASONS

On 28 November 2019, Gränges announced that the Company had signed an agreement to acquire all of the shares in Impexmetal S.A., whose only asset upon completion of the acquisition consisted of the Aluminium Konin operations, from the Boryszew S.A. for around SEK 2,200 million on a cash and debt free basis. The acquisition was completed on 6 November 2020 after approval from the relevant competition authorities had been obtained. In addition to the purchase price, Gränges paid approximately SEK 400 million for accrued costs related to an ongoing expansion project.

Aluminium Konin is a Polish manufacturer of flat rolled aluminium products with a wide assortment and a strong position within niche markets. The production takes place in a well-developed and cost efficient integrated rolling mill located in Konin, Poland. Gränges' Board of Directors deems the acquisition as a good strategic fit and the acquired business will contribute with new capabilities and new capacity, which enables a broader customer offering and new solutions for the automotive industry of the future, and other industries strengthens Gränges' presence in emerging markets and enables synergies. In connection with the completion of the acquisition, Aluminium Konin changed its name to Gränges Konin.

In conjunction with the announcement of the acquisition of Aluminium Konin on 28 November 2019, Gränges also communicated its intention to carry out a rights issue of approximately SEK 2,000 million with preferential rights for existing shareholders. The purpose of the rights issue is to finance the acquisition of Aluminium Konin, maintain Gränges' financial strength and to finance future growth investments in line with Gränges' strategy. On 7 October 2020 Gränges and Boryszew S.A., as a part of the acquisition of Aluminium Konin, agreed on a new structure for the purchase price and approximately SEK 203 million of the purchase price was paid with shares in Gränges through an issue in kind. The issue in kind in combination with Gränges positive financial development, has in the assessment of the Board of Directors decreased the Company's capital requirements and the scope of the Rights Issue has been reduced with approximately SEK 300 million to approximately SEK 1,701 million, while the Company's financial strength is maintained.

Use of issue proceeds

Provided that the Rights Issue is fully subscribed, the issue proceeds will amount to approximately SEK 1,701 million before deduction of issue costs. From the issue proceeds a deduction estimated to amount to SEK 38 million (including compensation paid to the Joint Global Coordinators for the underwriting commitment) for the issue expenses will be made. Gränges intends to use the net issue proceeds of approximately SEK 1,663 million for the following purposes, listed in order of priority:

- Around SEK 1,300 million will be used to finance the acquisition of Aluminium Konin and to repay the bridge loan facility maturing on 26 May 2021.
- Around SEK 363 million will be used to repay loans within Gränges' commercial paper program as well as be retained as cash and cash equivalents, and thereby increase Gränges' liquidity and for future growth investments in accordance with Gränges' strategy.

The Company deems the existing working capital as being insufficient to meet the needs over the coming twelve-month period. The Company deems that the need of working capital over the coming twelve-month period amounts to approximately SEK 1,500 million. In this context, the need of working capital refers to the Company's possibilities to gain access to liquid capital required for the Company to fulfil its payment obligations as they fall due for payment. The primary reason for this being that the Company raised a bridge loan facility with an overall sum of SEK 2,300 million, whereof SEK 1,300 million has been utilized, in connection with the acquisition of Aluminium Konin. The bridge loan facility will mature on 26 May 2021. Based on the assumption that the bridge loan facility needs to be repaid on the maturity date and without consideration taken to the proceeds from the Rights Issue, there will be a working capital deficit in May 2021.

If the Rights Issue is fully subscribed, the Company will raise approximately SEK 1,663 million after deductions for costs related to the Rights Issue, which are estimated to amount to approximately SEK 38 million. Out of the issue proceeds that the Company may raise, approximately SEK 1,300 million will be used to repay the bridge loan facility which is intended to be repaid in full in December 2020. The remaining approximately SEK 363 million will be used to repay loans within Gränges' commercial paper program as well as be retained as cash and cash equivalents, and thereby increase Gränges' liquidity and for future growth investments in accordance with Gränges' strategy. If the Rights Issue is fully subscribed, the Company's Board of Directors deem that the Company's working capital will be sufficient for the coming twelve-month period following completion of the Rights Issue.

If the Rights Issue cannot be completed or if the proceeds from the Rights Issue are not sufficient, the Company may be forced to utilize current unutilized loan facilities, cash and cash equivalents and seek alternative loan financing to repay the bridge loan facility. The Company's current unutilized loan facilities, as well as cash and cash equivalents, amounted to approximately SEK 1,000 million as of the Offering Circular. The Company assesses that this scope will last until the bridge loan facility matures. In addition to the amount of approximately SEK 1,000 million that the Company estimates that the current unutilized loan facilities and cash and cash equivalents amounts to, the Company may be forced to seek alternate financing for the remaining part of the bridge loan facility in the form of other loan financing. The Company considers the possibilities of securing such loan financing to be good.

In other respects, reference should be made to the full particulars of this Offering Circular, which has been prepared by the Company's Board of Directors for the purpose of the Rights Issue.

The Company's Board of Directors is responsible for the contents of this Offering Circular and to the best of the Board of Directors' knowledge, the information contained in this Offering Circular is in accordance with the facts and the Offering Circular makes no omissions likely to affect its meaning.

Stockholm, 24 November 2020
Gränges AB (publ)
 Board of Directors



TERMS AND CONDITIONS

This section contains terms and conditions for participation in the Rights Issue. For further information concerning the new shares being issued, see section “*Share capital and ownership structure*”.

Preferential rights and subscription rights

Those who are registered as shareholders in Gränges on the record date of 25 November 2020 will receive one (1) subscription right for each share held in Gränges, subject to the restrictions presented in the section “*Shareholders residing in certain unauthorized jurisdictions*”. The subscription rights entitle the holder to subscribe with preferential rights for new shares in the Rights Issue, where eleven (11) subscription rights entitle the holder to subscribe for four (4) new shares in Gränges. Only a whole number of new shares can be subscribed for. It is also possible to subscribe for new shares without subscription rights by using the form “*Subscribing for new shares on the basis of subscription rights*”. See also “*Subscribing for new shares without subscription rights*” below.

The holdings of shareholders who choose not to participate in the Rights Issue may be diluted by up to 26.7 per cent. The shareholders will, however, have a chance to receive financial compensation for the dilution effect by selling their subscription rights. When a subscription right is transferred, the preferential right is transferred to the new holder of the subscription right.

Subscription price

The new shares will be issued at a subscription price of SEK 60 per share. No commission will be charged.

Record date

The record date at Euroclear Sweden to establish which shareholders are entitled to receive subscription rights in the Rights Issue is 25 November 2020. Shares in Gränges will be traded excluding the right to receive subscription rights with effect from 24 November 2020 and the last day for trading in the share with the right to receive subscription rights was thus 23 November 2020.

Subscription period

The subscription period for new shares is from 27 November 2020 up to and including 11 December 2020. The Company’s Board of Directors has the right to extend the subscription period.

Issue statement

Directly registered shareholders

Shareholders who, as of the record date, are registered in the share register maintained for Gränges by Euroclear Sweden will receive a pre-printed issue statement with a bank giro transfer slip attached, with the exception of shareholders who reside in certain jurisdictions where participation is not authorized. The pre-printed issue statement indicates, among other things, the number of subscription rights received and the full number of new shares that can be subscribed for on the basis of subscription rights. A notice confirming registration of subscription rights on a shareholder’s securities account will not be sent out.

Shareholders who are registered in a separate list in the share register of pledgees and nominees will not receive an issue statement but will instead be notified separately.

Nominee-registered holdings

Shareholders in Gränges whose holdings as of the record date are nominee-registered with a bank or other nominee will not receive an issue statement from Euroclear Sweden. Subscription and payment for nominee-registered shareholders will take place according to instructions from the respective bank or securities institution, or if the shareholding is registered with multiple securities institutions, from each of these.

Shareholders residing in certain unauthorized jurisdictions

Allotment of subscription rights and the issuance of new shares based on subscription rights to individuals who reside in countries other than Sweden may be affected by securities law in such countries. Accordingly, shareholders whose shares are registered directly in a securities account with registered addresses in Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the US or any other jurisdiction where participation would require an additional offering circular, registration or other approval by an authority, will not receive this Offering Circular. Nor will they receive any subscription rights in their respective securities accounts. The subscription rights that would otherwise have been allotted to such shareholders will instead be sold and the proceeds of the sale, less costs, will be paid out to these shareholders. Amounts of less than SEK 100 will not be automatically paid out however. The above information notwithstanding, the Company, independently of and without participation from the Joint Global Coordinators who have entered into the Guarantee Agreement, may permit existing shareholders in the US who are qualified institutional buyers (QIBs) as defined by Rule 144A of the Securities Act to subscribe for shares based on subscription rights in accordance with the exceptions for private placements according to Section 4(a)(2) of the Securities Act.

Banks and other nominees holding shares for shareholders in Gränges whose holding as of the record date is nominee-registered are not permitted to send this Offering Circular or the pre-printed issue statement to shareholders with an address in, or who are located or residing in Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the US, or any other jurisdiction where participation in the Rights Issue requires an additional offering circular, registration or other approval from an authority, without pre-approval from Gränges.

Trading in subscription rights

The subscription rights in the Rights Issue will be traded on Nasdaq Stockholm. Trading will take place during the period 27 November 2020 up to and including 9 December 2020 under the ticker GRNG TR. Securities institutions with the necessary licences are available to mediate purchases and sales of subscription rights. Subscription rights not exercised for subscription must be sold in order not to expire without value. The ISIN code for the subscription rights is SE0015221965.

Subscribing for new shares on the basis of subscription rights

The subscription period for new shares based on exercising subscription rights with simultaneous cash payment is 27 November 2020 up to and including 11 December 2020. After the end of the subscription period, subscription rights not exercised will be invalid and will expire without any value. Any subscription rights not exercised will be de-registered from the respective shareholder's securities account with no notification from Euroclear Sweden. In order not to lose the value of the subscription rights, the holder must either:

- exercise the subscription rights received and subscribe for new shares no later than 11 December 2020, which is the last day of the subscription period; or
- sell the subscription rights not exercised to subscribe for new shares no later than 9 December 2020, which is the last day of trading of the subscription rights on Nasdaq Stockholm.

Subscribers whose holding is on a custody account with a bank or other nominee are to subscribe for shares or sell subscription rights in accordance with instructions from their nominee or nominees. The last day to subscribe or sell may then deviate from what is stated above.

Subscription for new shares on the basis of subscription rights is irrevocable and cannot be withdrawn or modified.

Shareholders residing in Sweden whose shares are directly registered

Subscription for new shares on the basis of subscription rights is to be made through simultaneous cash payment. Subscription and payment is to take place by using the pre-printed bank giro transfer slip or by using a specific application form together with immediate payment, during the subscription period from 27 November 2020 up to and including 11 December 2020, based on one of the following options:

Bank giro payment slip: If, as of the record date, all subscription rights received that can be exercised to subscribe for shares are to be exercised, the pre-printed bank giro transfer slip from Euroclear Sweden is to be used for subscription through payment. In this case a separate application form is not to be used. No additions or changes are to be made to the payment slip.

Application form: If subscription rights have been acquired or sold, or for some other reason a different number of subscription rights than those indicated on the pre-printed issue statement are exercised for subscription, a special application form is to be used as a basis for subscription through payment. Payment is to be made at the same time as the application is submitted according to the instructions on the application form. The application form and payment must be received by Handelsbanken Capital Markets, Emission, no later than 11 December 2020. The application form can be obtained from Handelsbanken Capital Markets, Emission, email address: emissionsavdelningen@handelsbanken.se. The pre-printed bank giro transfer slip is not to be used in this case.

Information to shareholders with directly registered shareholdings residing outside Sweden

Shareholders in Gränges who reside outside Sweden and who are not subject to the restrictions described in "Shareholders residing in certain unauthorized jurisdictions" and who wish to participate in the Rights Issue are to subscribe using the application form

sent out. When submitting the application form to the address given below, payment is to be made in SEK to the bank account indicated below. Please note that directly registered shareholders who live outside Sweden and have access to a Swedish online banking service may use the pre-printed bank giro transfer slip for subscription and payment.

Bank: Handelsbanken Capital Markets, Emission, SE-106 70 Stockholm, Sweden

Email: emissionsavdelningen@handelsbanken.se

IBAN number: SE08 6000 0000 0002 1231 5161

Bank account: 6028 212 315 161

SWIFT/BIC: HANDSESS

When making the payment, the subscriber must provide their name and address and the securities account number or payment ID indicated on the issue statement. The application form and payment must be received by Handelsbanken Capital Markets, Emission, no later than 11 December 2020. Application forms for shareholders residing outside Sweden can be obtained from Handelsbanken Capital Markets, Emission, email: emissionsavdelningen@handelsbanken.se.

Each such shareholder will, by sending in the application form and making the payment, or by approving delivery of the subscription rights or the new shares, be considered to have declared, provided assurance of and confirmed they are not at the current time, nor will they be at the time they receive or subscribe for subscription rights or the new shares, located or residing in Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the US or any other jurisdiction where participation requires an additional offering circular, registration or other approval by authorities, and that they are not acting on a non-discretionary basis at the request of, or for the benefit of, any such person.

Shareholders with nominee-registered shares

Shareholders in Gränges whose holdings as of the record date are nominee-registered with a bank or other nominee will not receive an issue statement from Euroclear Sweden. For these shareholders, subscription and payment for new shares with subscription rights is to be done through the respective nominee and in accordance with instructions from the nominee or, where applicable, the nominees.

Paid subscribed shares

Shares subscribed for and paid for on the basis of subscription rights will be registered with Euroclear Sweden as soon as this can be done, which normally means that registration takes place up to two banking days after payment. Thereafter the subscriber will receive a notification confirming registration of the paid subscribed shares on the subscribers securities account. After the new share issue has been registered with the Swedish Companies Registration Office, which is expected to take place on 17 December 2020, the paid subscribed shares will be converted into new shares without notification from Euroclear Sweden. The new shares are expected to appear on the respective securities account around 22 December 2020. Subscribers with custody accounts with a nominee will receive paid subscribed shares and information in accordance with their nominee's procedures.

The paid subscribed shares will be traded on Nasdaq Stockholm from 27 November 2020 up to and including 16 December 2020 under the ticker GRNG BTA. The ISIN code for paid sub-

scribed shares is SE0015221973. Securities institutions with the required permits are at the service of brokering and selling paid subscribed shares.

Subscribing for new shares without subscription rights

Application for subscribing for new shares without subscription rights are to be submitted during the same period of time as applications to subscribe for shares with subscription rights, i.e. during the period 27 November 2020 up to and including 11 December 2020. Registering an interest in subscribing for shares without subscription rights is to be done using the application form which is to be filled out, signed and sent or submitted to Handelsbanken Capital Markets, Emission, at the address on the application form or by email to: emissionsavdelningen@handelsbanken.se. The application form can be obtained from Handelsbanken Capital Markets, Emission, email: emissionsavdelningen@handelsbanken.se. The original application form must be received by Handelsbanken Capital Markets, Emission, no later than 11 December 2020.

Only one application form per person or company will be considered. If more than one application form is submitted, only the one received last will be considered. Incomplete or incorrectly completed application forms may be disregarded.

Shareholders with nominee-registered holdings

For shareholders whose holding is registered with a bank or other nominee, subscription for new shares without subscription rights is to be made to the nominee in question or, where applicable, the nominees and in accordance with their instructions. Banks and other nominees must read and comply with the restrictions described in "Shareholders residing in certain unauthorized jurisdictions" above.

Allotment of new shares when subscribing without subscription rights

In the event that not all shares are subscribed for by virtue of subscription rights, the Board of Directors shall, within the framework of the Rights Issue, decide on the allocation of shares which have not been subscribed for by virtue of subscription rights. In such case, shares shall firstly be allocated to those who also subscribed for shares by virtue of subscription rights, regardless if they were shareholders on the record date or not, and in case of oversubscription, in proportion to the number of subscription rights each have exercised for subscription of shares or, to the extent this is not possible, by the drawing of lots. Secondly, allotment shall be made to others whom have subscribed for shares without virtue of subscription rights, and in case of oversubscription, in proportion to the number of shares specified in each subscription application or, to the extent this is not possible, by the drawing of lots. Thirdly, allotment shall be to the Fourth Swedish National Pension Fund and Unionen in accordance with the separate guarantee undertakings they have signed. Lastly, allocation shall be made to Handelsbanken Capital Markets, part of Svenska Handelsbanken AB, Danske Bank A/S, Denmark, Sweden Branch and Nordea Bank Abp, branch in Sweden in accordance with the underwriting agreement.

Notice of allotment is provided by a contract note being sent out around 17 December 2020. New shares subscribed for and allotted are to be paid for in cash according to the instructions on the contract note, but no later than three banking days from the date the contract note was dispatched. Notification will only be sent to

those who have been allotted shares. The expected settlement date for shares subscribed for without subscription rights is around 22 December 2020. If payment is not made on time the shares may be transferred to others. In the event that the selling price is lower than the subscription price at the time of such transfer, the party that was first allotted the shares will be responsible for payment of all or part of the difference. After payment for shares subscribed for and allotted has been settled and when the shares have been registered with the Swedish Companies Registration Office, a notification will be sent out by Euroclear Sweden confirming that the subscription and allotment of shares has been registered on the subscriber's securities account.

Listing of the new shares

The share in Gränges is admitted to trading on Nasdaq Stockholm. After the Swedish Companies Registration Office has registered the new shares, they will be admitted to trading on Nasdaq Stockholm. Registration with the Swedish Companies Registration Office of the new shares subscribed for with subscription rights is expected to take place around 17 December 2020. Trading in the new shares is expected to commence around 22 December 2020, provided that they have been registered. The new shares subscribed for without subscription rights are expected to be registered with the Swedish Companies Registration Office around 29 December 2020 and the shares are expected to be registered on the respective securities account around 4 January 2021 and be admitted to trading around 4 January 2021, provided that they have been registered.

Right to dividends

The new shares entitle to dividends for the first time on the record date for dividend distribution that occurs after the shares have been registered in the share register kept by Euroclear Sweden and the Rights Issue has been registered with the Swedish Companies Registration Office.

Terms and conditions for completion of the offering

The Board of Directors of Gränges does not have the right to suspend, revoke or temporarily withdraw the offering to subscribe for shares in Gränges in accordance with the terms of this Offering Circular. The Board of Directors of Gränges has the right to extend, on one or more occasions, the application period for subscription and payment. Any extension of the subscription period will be announced in a press release.

Announcement of the outcome of the Rights Issue

The outcome of the Rights Issue will be announced in a press release from Gränges, which is expected to take place around 16 December 2020.

Other information

In the event of overpayment by a subscriber, Handelsbanken Capital Markets will arrange for the surplus to be repaid. Subscription for shares is irrevocable and the subscriber cannot cancel or modify any subscription for shares. Incomplete or incorrectly completed application forms may be disregarded. If the subscription payment is late, insufficient or is settled incorrectly, the subscription application may not be processed or subscription may take place for a lower amount. Any amounts paid that are not applied for subscription will be repaid. Only one application form will be accepted. If multiple application forms of the

same category are received, only the form received last by Handelsbanken Capital Markets will be considered. Late payment of amounts of less than SEK 100 will be repaid only upon request. Handelsbanken is receiving and processing the application forms and subscription payments for the Rights Issue on behalf of Gränges. This means that there will be no customer/bank relationship between the subscriber and Handelsbanken Capital Markets other than Handelsbanken Capital Markets receiving and processing application forms and subscription payments.

Important information about NID and LEI codes when subscribing for shares without subscription rights

NID code requirement for natural persons

According to Directive 2014/65/EU of the European Parliament and of the Council (“**MiFID II**”), all investors must, as of 3 January 2018, have a global identification code, national ID or a National Client Identifier (“**NID code**”) in order to execute a securities transaction. Under this requirement, natural persons must provide their NID code in order to execute a securities transaction. For natural persons who only have Swedish citizenship, the NID code consists of the designation “SE” followed by the individual’s personal identity number. If the person in question has more than one citizenship or is a citizen of a country other than Sweden, the NID code will be a different type of number. It is important for applicants to find out what their NID code is well in advance, as the code must be provided on the application form. If the code is not provided, Handelsbanken Capital Markets may not be able to execute the transaction for the natural person concerned. For more information on how to obtain a NID code, contact your bank.

LEI code requirement for legal entities

The Legal Entity Identifier (“**LEI**”) is a global identification code for legal entities. Under MiFID II, with effect from 3 January 2018, legal entities must have a LEI code in order to execute a securities transaction. If there is no LEI code, Handelsbanken Capital Markets may not be able to execute the transaction. Registration of LEI codes can be done by any of the providers in the market. It is important for applicants to register their LEI code well in advance as it must be confirmed on the application form.

Information on processing of personal data

Svenska Handelsbanken AB (publ) is the party responsible (data controller) for processing the personal data that you provide on your application form or that is otherwise registered in connection with this application. Detailed information of Svenska Handelsbanken AB (publ)’s processing of personal data and your rights in connection with this process is available at www.handelsbanken.se.

Important information on taxation

Tax legislation in the investors home country and in Sweden may affect any income received from shares in Gränges. The taxation of any dividends as well as capital gains taxation and rules concerning capital losses in connection with disposal of securities, depend on the specific situation of each individual shareholder. Special tax rules apply to certain categories of taxpayers and certain types of investment forms. Each holder of shares should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the application and effect of foreign tax rules and tax treaties.

Estimated schedule

Event	Date
First day of trading without the right to receive subscription rights	24 November 2020
Record date for participating in the Rights Issue	25 November 2020
Subscription period begins	27 November 2020
Trading in subscription rights begins	27 November 2020
Trading in paid subscribed shares begins	27 November 2020
Last day for trading in subscription rights	9 December 2020
Subscription period ends	11 December 2020
Last day for trading in paid subscribed shares	16 December 2020
Estimated date of announcement of the outcome of the Rights Issue	16 December 2020
First day of trading in shares subscribed for with subscription rights	Around 22 December 2020
First day of trading in shares subscribed for without subscription rights	Around 4 January 2021

HOW TO SUBSCRIBE

Terms and conditions

For each share held in Gränges you will receive one (1) subscription right. Eleven (11) subscription rights entitle you to subscribe for four (4) new shares in Gränges.

Subscription price

SEK 60 per share.

Record date for participation in the Rights Issue

25 November 2020.

Subscription period

27 November–11 December 2020.

Trading in subscription rights

27 November–9 December 2020.

SUBSCRIBING FOR NEW SHARES ON THE BASIS OF SUBSCRIPTION RIGHTS

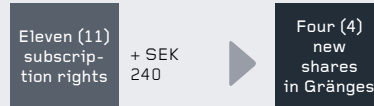
1. You are allotted subscription rights

For each share in Gränges that you hold as of 25 November 2020 you will receive one (1) subscription right.



2. How to exercise your subscription rights

Eleven (11) subscription rights + SEK 240 (60 * 4) give you four (4) new shares in Gränges.



3. Are you a directly registered shareholder or do you hold shares through a nominee?¹⁾

You have a Swedish securities account (i.e. directly registered) and you live in Sweden	▶	If you are exercising all of your subscription rights, use the pre-printed bank giro transfer slip you received from Euroclear Sweden.
You have a Swedish securities account (i.e. directly registered) and you live outside Sweden	▶	If you have purchased, sold or transferred subscription rights to/from your securities account, a separate application form is to be used. This application form is available from Handelsbanken Capital Markets, Emission, email address: emissionsavdelningen@handelsbanken.se. The pre-printed bank giro transfer slip is not to be used.
You have a custody account (i.e. you have a nominee)	▶	See section "Terms and conditions – Information to shareholders with directly registered shareholdings residing outside Sweden".
You have a custody account (i.e. you have a nominee)	▶	If your shares in Gränges are in one or more custody accounts with a bank or securities institution you will receive information from your nominee(s) on the number of subscription rights. Follow the instructions you receive from your nominee(s).

SUBSCRIBING FOR SHARES WITHOUT SUBSCRIPTION RIGHTS (FOR SHAREHOLDERS AND OTHERS)²⁾

You have a Swedish securities account	▶	Use the application form to subscribe without subscription rights. You can obtain this form from Handelsbanken Capital Markets, Emission, email address: emissionsavdelningen@handelsbanken.se.
You have a custody account (i.e. you have a nominee)	▶	Subscription and payment are to take place through the nominee(s). Follow the instructions you receive from your nominee(s).

Note that a shorter registration period may apply for certain nominees. Check the instructions from the respective nominee.

¹⁾ Note that special rules apply to shareholders residing in the US and certain other jurisdictions. See section "Terms and conditions – Shareholders residing in certain unauthorized jurisdictions".

²⁾ Any allotment will be made based on the information provided in section "Terms and conditions – Subscribing for new shares without subscription rights". Note that special rules apply to shareholders residing in the US and certain other jurisdictions. See section "Terms and conditions – Shareholders residing in certain unauthorized jurisdictions".

BUSINESS OVERVIEW

OVERVIEW

Gränges is a global supplier of rolled aluminium products for heat exchanger applications for the automotive and HVAC (heating, ventilation and air conditioning) industries, as well as other niche markets, such as aluminium foil for transformers and food packaging. Gränges develops innovative materials and solutions, enabling customers to increase their productivity and energy efficiency. Over the years Gränges has developed a large number of products with improved end-characteristics, increased stability and enhanced sustainability. Gränges' focus on technology, manufacturing processes and material properties enables the Company to create smaller, lighter and more designable heat exchangers for higher energy efficiency and reduced environmental impact.

Gränges offers a comprehensive range of clad and unclad rolled aluminium products used in applications with a high degree of functionality and performance. Depending on the specific needs of a certain application, Gränges offers aluminium strips with up to five layers, so called multi-layer products. The layers are based on aluminium but with different alloys, giving the products a variety of properties (such as melting point, corrosion resistance, etc.). This variety provides significant possibilities to create customized solutions based on carefully selected alloy combinations, delivery condition, cladding thickness and geometries. Leading-edge technology and industrial craftsmanship ensure materials with consistent quality. Gränges is a global player and has production operations, customized product devel-

opment, and sales offices and technical support on three continents: Europe, Asia and Americas. Thanks to product development and production capacity on three continents, Gränges has a solid platform to meet complex customer requirements and new trends in an efficient and sustainable way. In 2019 Gränges had net sales of SEK 11,978 million and the average number of employees was 1,805.

Electrification of the automotive industry sets new requirements of vehicles to be lighter, new products and more sustainable product offerings. Gränges is contributing to the electrification transformation by developing a product offering for battery systems and other components, but also by continuing to focus on sustainability, e.g. by increasing the percentage of recycled aluminium in the Company's products.

On 28 November 2019 Gränges announced that the Company had signed an agreement to acquire all of the shares in Impexmetal S.A., whose assets upon completion of the acquisition consisted of the operations of Aluminium Konin, from Boryszew S.A.. Aluminium Konin is a Polish flat rolled aluminium producer and the acquisition was completed on 6 November 2020. Strategically, the acquisition is a very good fit for Gränges. It strengthens the Company's platform of sustainable, profitable growth by expanding the product offering and providing a strong position in new, attractive niche markets. In 2019 Aluminium Konin had net sales of SEK 2 862 million (PLN 1,171 million)¹⁾ and the average number of employees was 741.

1) Exchange rate PLN/SEK: 2.44.



HISTORY

The foundations for today's Gränges were laid in 1896 in Grängesberg, Sweden. A variety of industrial enterprises subsequently became part of the Group, including Grängesberg mines, the TGOJ railway business, Oxelösund ironworks and a shipping business. In 1969, the Group acquired Svenska Metallverken which, among other things, manufactured aluminium products. These operations would subsequently become Gränges. In 1972 development and production of aluminium strips for heat exchangers began in Finspång.

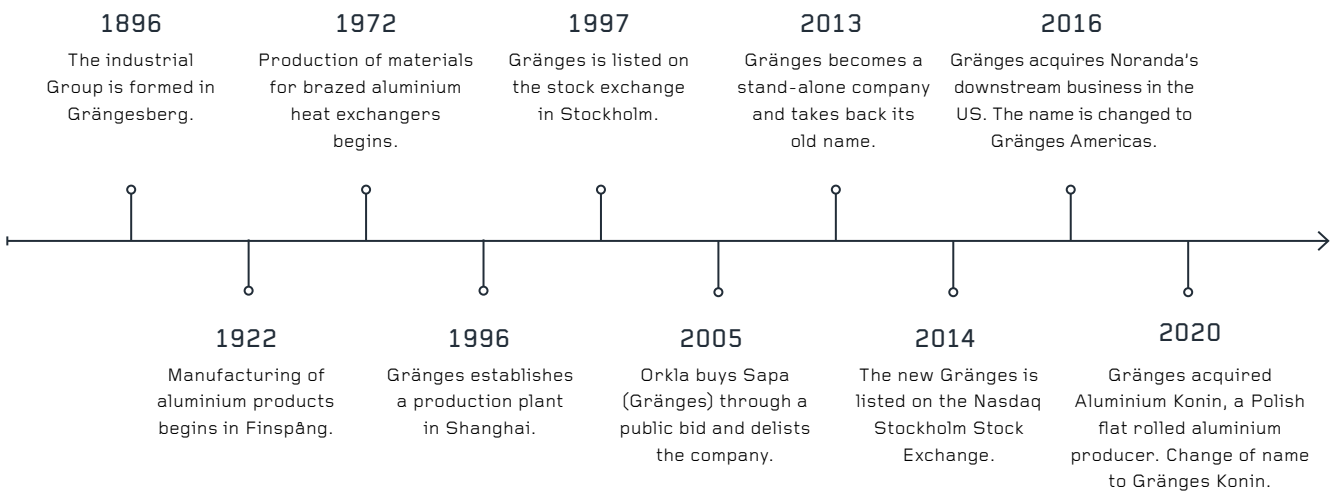
After the Gränges Group was acquired by Electrolux in 1980, a number of structural changes were implemented, resulting in the sale of most of Gränges' businesses. Gränges retained its aluminium production operations.

In 1996 Gränges established a global presence by opening a production facility in Shanghai. In 1997 Gränges was listed in Stockholm, and in 2000 changed its name to Sapa.

In 2005 Sapa was acquired and delisted after the Norwegian company Orkla made a bid for the company. At that time Sapa had two lines of business: rolled aluminium products and extruded aluminium profiles. In 2013, the rolled products business took back the name Gränges and in 2014 Orkla decided to list Gränges on Nasdaq Stockholm.

In 2016 Gränges acquired Noranda's rolled aluminium operations in the US and the acquired business changed its name to Gränges Americas.

In 2020 Gränges acquired the remaining shares in Getek GmbH and the company changed its name to Gränges Powder Metallurgy GmbH at the same time as the business area with the same name was created. In 2020, Gränges also acquired Aluminium Konin, a Polish manufacturer of flat rolled aluminium, and changed the name of the business to Gränges Konin. The transaction was completed on 6 November 2020.





VISION AND VALUES

GRÄNGES' VISION

Gränges' vision is to transform the world through innovative aluminium engineering.

GRÄNGES' CORE VALUES

Gränges' corporate culture and values are important in attracting and retaining employees. The core values signal that Gränges promotes being dedicated to serving its customers and other stakeholders, making things happen, constantly seeking new and better solutions and collaborating actively. The core values guide the employees in their daily actions and lay the foundation for conducting business responsibly and ethically.



Committed

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

- We never compromise on safety
- We are engaged and work with passion
- We keep our promises, strive to do our very best and provide high-quality products and services



Action oriented

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

- We are proactive and drive change
- We are agile and make timely decisions with short lead times
- We continuously strive to improve our performance by follow-up and feedback



Innovative

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

- We embrace change, question old habits and take on challenges
- We share best practice and develop improved solutions to exceed customers' expectations
- We encourage an innovative culture built on deep knowledge, collaboration and individual responsibility



Accessible

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

- We listen, collaborate and communicate actively
- We have an open-minded and unassuming attitude
- We promote equal opportunities and fairness at our workplace

BUSINESS MODEL

Gränges supports its customers with research and innovation, product development and technical support throughout the life-cycle of the products. Material properties and design – Gränges’ core competence – contribute to the efficiency and sustainability performance of customers’ products and processes. Sustainability is a natural part of Gränges’ core business and strategy. By running its business in a sustainable and responsible way, Gränges is able to strengthen its long-term competitiveness and value creation – both financially and operationally.

Strong customer relationships

Gränges’ long-term customer relationships are characterized by customer-driven development and close collaboration, with a strong focus on meeting the customers’ critical needs to achieve reliable, sustainable and high-quality products. Business relationships are typically long term and a majority of the customers have been with Gränges for more than ten years.

Technical leadership

Gränges has, in the Company’s assessment, a world-leading expertise in metallurgy and understanding of the production process, particularly in the development of alloys, hot rolling of clad materials, thermo-mechanical processing and slitting. Product developers and engineers work closely with customers to optimize the interface between the materials and customers’ machinery and processes.

Specialized and lean manufacturing

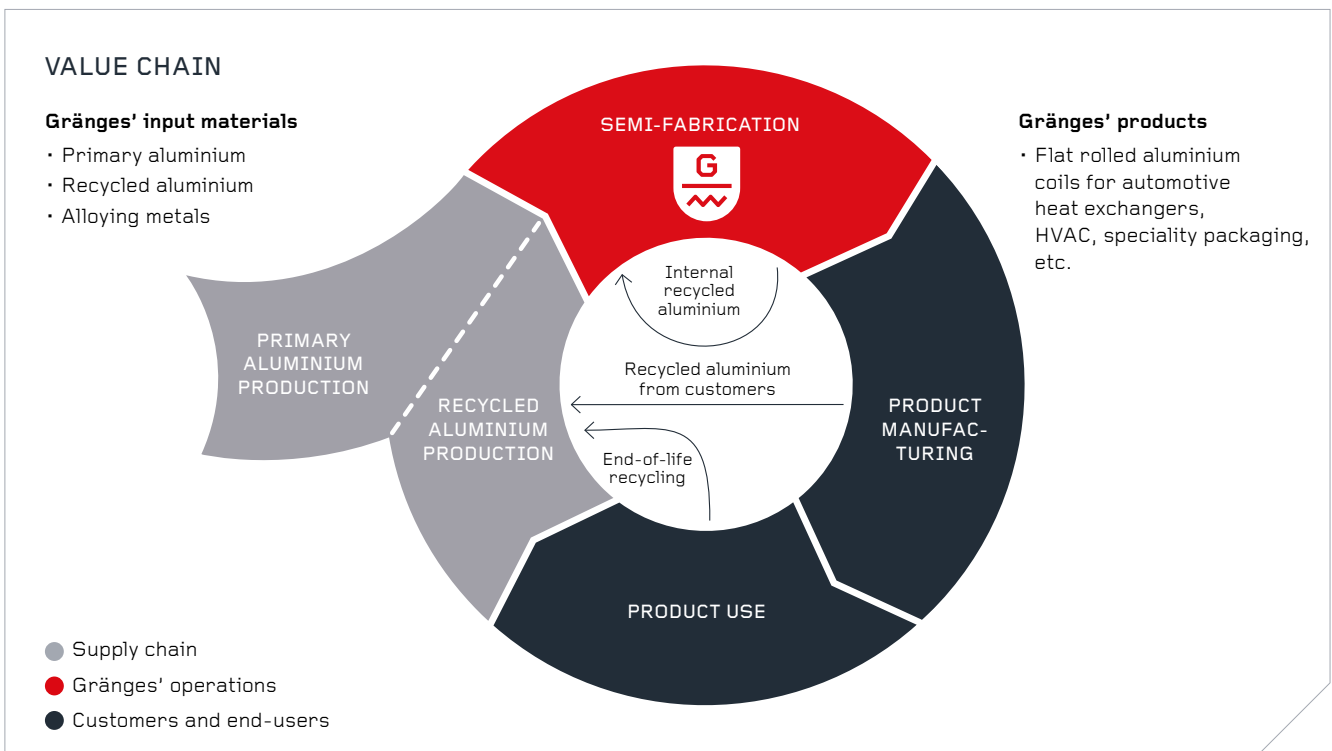
Gränges’ production facilities are optimized according to lean principles. Production is demand-driven, and the company emphasises continuous improvements to increase productivity, process stability and efficiency, while reducing operational waste. Gränges’ own concept for lean manufacturing – the Gränges Production System (GPS) – is implemented in all production plants in Sweden, the US and China.

Strong experience and expertise

Gränges’ many years of specialization in developing and manufacturing advanced rolled aluminium products has resulted in significant experience and expertise in material characteristics and manufacturing processes. The Company collaborates globally to share best practice, valuable knowledge and experience.

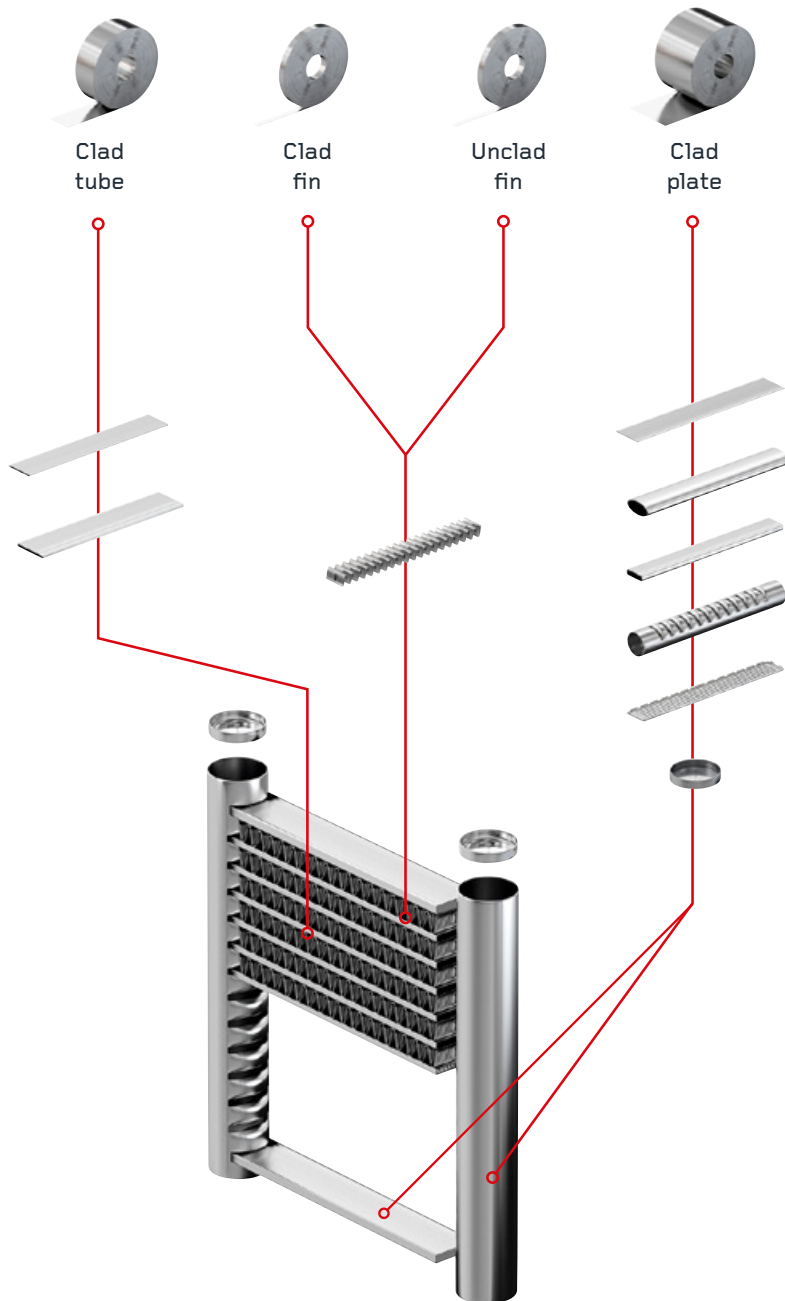
Proven revenue model

Gränges generates revenue by selling advanced materials manufactured for specific customers and applications under long-term contracts. Pricing is based on the added value that Gränges provides in terms of material properties and product complexity. The cost of aluminium, which is the primary input material, is passed onto customers. If there is a time lapse between the price of aluminium purchased and sold, Gränges uses financial hedges to minimize the impact of the commodities component on profits.



PRODUCT OVERVIEW AND END-CUSTOMER MARKETS

MAIN PRODUCT GROUPS



Gränges focuses on rolled aluminium products for heat exchanger applications and other niche markets. Aluminium products for heat exchanger applications can be divided into four main groups:

Clad tube

Tube products for both welded and folded tube designs supporting the current trend for downgauging and increasing demand for corrosion resistance, brazeability and strength.

Clad fin

Clad fin developed for excellent brazeability to withstand core dissolution or high-temperature sagging and to enable downgauging for lighter heat exchangers.

Unclad fin

The most basic heat exchanger material, unclad fin consist of only one alloy without clad layers and is used for applications such as radiators, heaters, charge-air coolers and evaporators.

Clad plate

Consists of a core alloy clad with braze clad on one or two sides. The rolled product is stamped or shaped by the customer depending on the application and used in most kinds of heat exchanger applications, either for cooling plates or manifolds.

The Company's customers are in the automotive and HVAC industries and in niche markets such as transformers and food packaging. In the Company's assessment, Gränges holds a market-leading position in rolled products for brazed heat exchangers with an estimated global market share within the automotive industry of around 20 per cent. The automotive industry was responsible for around 49 per cent of Gränges' total sales volume measured in tonnes in 2019, the HVAC industry for around 25 per cent and other end-customer markets (such as transformers and food packaging) for the remaining 26 per cent.

The automotive industry includes all types of vehicles, from light to heavy and both hybrid and electric. In the Company's assessment, the increasing number of hybrid and electric vehicles is expected to contribute to a general increase in heat exchanger materials, as not least the hybrid vehicles have a traditional combustion engine in combination with a battery with appurtenant electric motors. As aluminium has multiple properties in demand in the electric vehicle market (such as light weight), Gränges believes that new vehicles running on electricity from batteries will require new types of aluminium products, such as battery boxes, foil and cooling plates. This is expected to provide good opportunities for Gränges to deliver new products to a growing end-customer market in addition to Gränges' traditional products for heat exchanger applications.

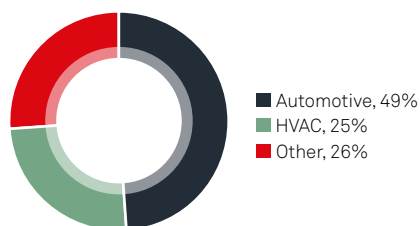
The HVAC industry includes systems for heating, ventilation and air conditioning in homes, commercial premises and industrial properties. Market growth is driven by demands for energy efficiency and new construction. Demands to reduce energy consumption and for recyclability and restrictions on coolants are driving improved design of HVAC products and as a result, Gränges' materials are increasingly in demand, in particular as a replacement for copper-based solutions. Gränges delivers materials for both brazed and mechanically assembled aluminium heat exchangers. North America is Gränges' most important

HVAC market. In the Company's assessment, Gränges holds a market-leading position in this market.

Examples of other industries that Gränges serves are winding material for transformers, aluminium foil for food packaging, bottle sealing, heat exchanger solutions for industrial applications, wind turbines and automotive structural applications. In North America, aluminium plays an important role in the design of electrical distribution and large power transformers thanks to its significant cost and weight advantages compared with copper. Aluminium foil provides a complete barrier to light, oxygen, moisture and bacteria, making it ideal for food packaging. Gränges is a major supplier of aluminium foil for food packaging and winding material for transformers in North America.

The innovative business area, Gränges' Powder Metallurgy, is making it possible to grow in new material technology areas in a fast-growing market for powder materials and additive manufacturing, also called industry 3D printing.

Sales volume per end-customer market, 2019



GRÄNGES' PRODUCTS IN SOCIETY

Gränges' products are used inside some of the world's most demanding applications.



HVAC

- Heat exchangers
- Evaporators
 - Condensers
 - Radiators
 - Microchannel heat exchangers



WIND TURBINES

- Heat exchangers
- Oil coolers

AUTOMOTIVE

- Heat exchangers
- Radiators
 - Low temperature radiators
 - Heaters
 - Condensers
 - Evaporators
 - Oil coolers
 - Chillers
 - Charge-Air-Coolers
 - Battery cooling plates
 - Electronics cooling plates

Other

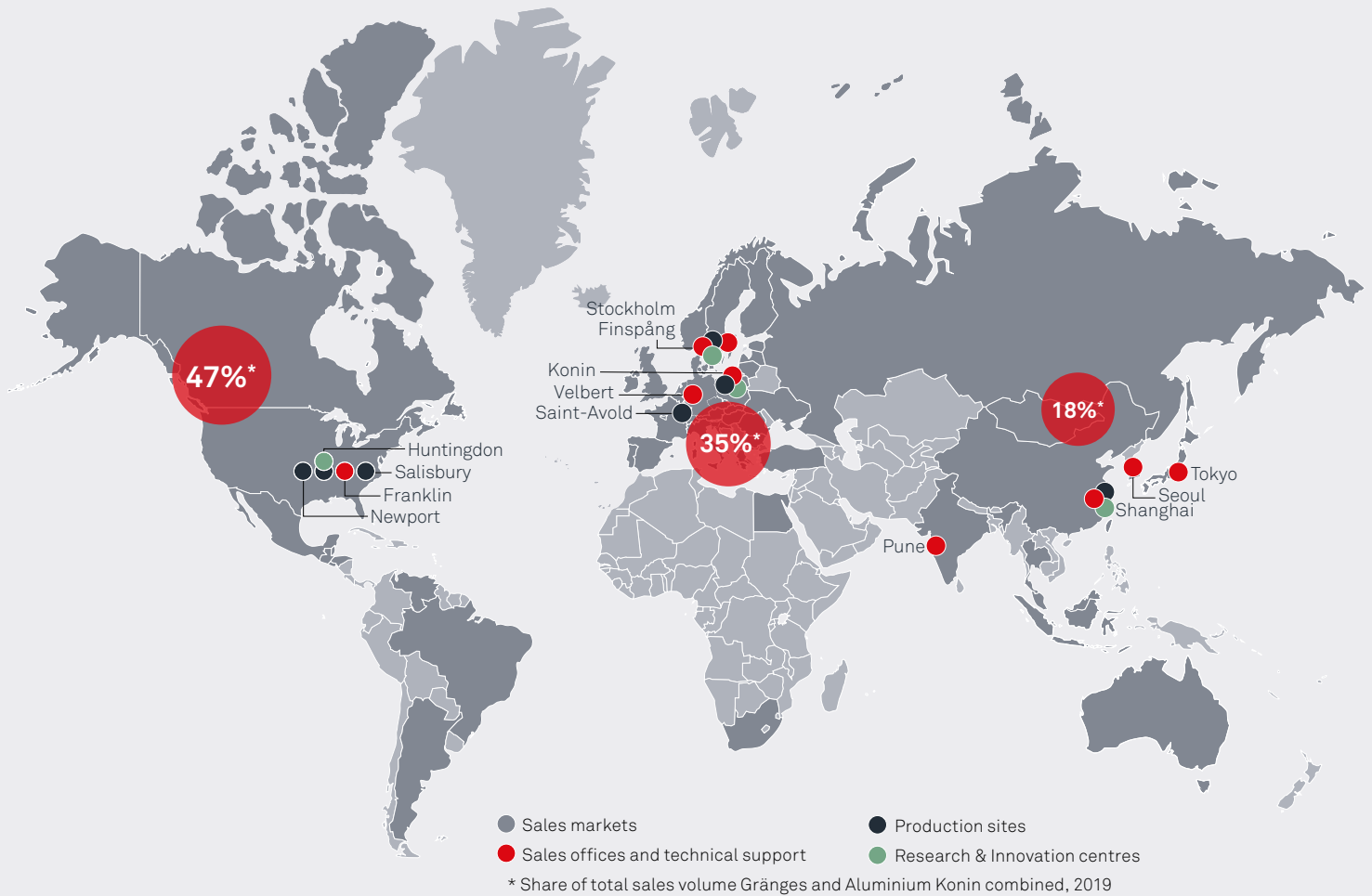
- Structural applications
- Heat shields

TRANSFORMERS

- Conductor strip
- Cable wrap

SPECIALITY PACKAGING

- Converter foil
- Pharmaceutical foil
- Confectionery foil
- Lidding foil
- Closures



GRÄNGES IN THE WORLD

Gränges' assessment is that the Company holds a leading position in rolled aluminium materials for brazed heat exchangers with product development, manufacturing, sales and technical support on three continents. The sales percentages below are based on Gränges' sales volume measured in tonnes.

Asia

In the Company's assessment, Gränges holds a leading position in rolled products for brazed aluminium heat exchangers in Asia. China is the main market and other key markets include India, Thailand and South Korea. In 2019, the automotive business accounted for 90 per cent of Gränges' sales in Asia, where global customers accounted for 50 per cent of the sales volume.

Europe

Gränges holds a strong position in rolled products for brazed aluminium heat exchangers in Europe. The Czech Republic, Sweden, Germany and Poland are the largest markets. In 2019, the automotive industry accounted for about 90 per cent of Gränges' sales in Europe. Europe is a consolidated market with global customers accounting for 78 per cent of the sales volume.

Americas

Gränges estimates itself to hold one of the leading positions in rolled aluminium products for HVAC and is, in the Company's assessment, the second largest supplier of rolled aluminium for brazed heat exchangers to the automotive industry. The Company also holds strong positions in niche markets such as transformers and food packaging. The main markets are the US and Mexico. In 2019, the automotive industry accounted for 22 per cent of Gränges' sales in the Americas and 78 per cent of sales were to HVAC and other end customers. Global customers accounted for 16 per cent of total sales in the Americas.

SUSTAINABILITY

Sustainability is a natural part of Gränges' core business and strategy. By running its business in a sustainable and responsible way, Gränges works to strengthen its long-term competitiveness and value creation, both financially and operationally. Sustainable business value is achieved both by reducing undesired impacts of the Company's operations and by increasing the positive contributions that emerge from integrating sustainability aspects into the business.

Gränges has implemented a group-wide sustainability framework aimed at integrating sustainability in a structured way throughout the organization and the value chain. The sustainability framework is based on input from ongoing dialogue with stakeholders and is divided into five pillars: Sustainable product offerings, Responsible and sustainable sourcing, Sustainable operations, Diverse and high-performing teams and Ethical business practices. Each area is governed by a representative from Group Management and has accompanying targets for 2025.

Gränges participates in various industry initiatives to ensure that aluminium is mined, produced and used sustainably. Gränges has participated in the UN Global Compact since October 2016 and undertakes to fulfil the principles relating to human rights, labour, environment and anti-corruption. The principles also lay the foundation for the Company's Code of Conduct and Supplier Code of Conduct. Furthermore, Gränges wishes to contribute to Agenda 2030 and to the global sustainable development goals.

Sustainable product offerings

With the global push for sustainable development and the transformation into a more circular and resource-efficient economy, Gränges' customers are increasingly recognizing the importance of using sustainable materials. Gränges develops products that

can help them and other actors in the value chain to improve resource efficiency and climate performance. Gränges' aluminium products with lightweighting properties and its recyclability for example help to increase fuel efficiency in vehicles and energy efficiency in buildings.

Gränges is committed to designing and developing products which improves customers' sustainability performance. Incorporating sustainability into product development expands the scope of sustainability considerations beyond production processes to the entire life-cycle of the products. Gränges is preparing to declare its products' sustainability impact to enable customers to evaluate Gränges' products from a sustainability perspective. The Company has set a target for 2025 that 80 per cent of its products should have verified sustainability information available, and as from the end of 2020 the Company plans to start to communicate the sustainability performance of selected products. These sustainability declarations will include the climate footprint of products.

Climate impact, resource efficiency and circularity

Gränges is committed to combatting climate change and reducing the climate impact of its operations and along the value chain, and thereby improve/reduce the climate footprint of its products. The Company's strategy is to reduce climate emissions per tonne from purchased materials and services as well as from the Company's own operations and purchased energy. The Company is also working on integrating sustainability into product development and customer collaboration to reduce the climate impact in the production manufacturing and in the user phase.

Gränges has a 2025 climate target to reduce carbon emissions intensity from its own operations and purchased energy by 25 per cent compared to 2017 levels, and to reduce carbon emissions

KEY PRIORITIES TO REDUCE CLIMATE IMPACT

SUPPLY CHAIN

1) Sourced recycled aluminium: Increase sourcing of recycled aluminium and develop innovative alloys which allow for a higher share of recycled aluminium.

GHG Protocol: Scope 3

2) Renewable energy in supply chain: Expand sourcing of primary aluminium produced using renewable energy.

GHG Protocol: Scope 3

93% of total emissions

GRÄNGES' OPERATIONS

3) Energy intensity: Increase energy efficiency in own operations through various internal improvement activities.

GHG Protocol: Scope 1

4) Renewable energy in own operations: Increase the sourcing and use of renewable energy in own operations.

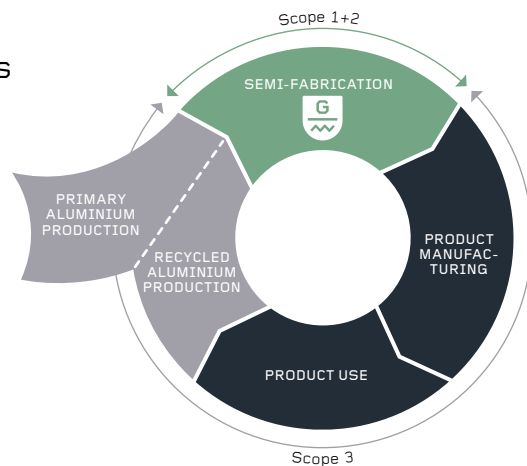
GHG Protocol: Scope 2

7% of total emissions

CUSTOMERS AND END-USERS

5) Eco-responsible innovation: Incorporate sustainability into product development and customer collaboration to reduce climate impact in the product manufacturing and use phases.

GHG Protocol: Scope 3



intensity from purchased materials and services. In 2019 Gränges reduced its total carbon intensity by 6 per cent compared to 2018 and 12 per cent compared to the 2017 baseline.

Carbon intensity from the Company's own operations and purchased energy increased in 2019 by 8 per cent compared to 2018 and by 1 per cent compared to the 2017 baseline due to higher energy intensity, which was mainly a result of lower production volumes. The Company has set a 2025 target to reduce energy intensity by 17 per cent compared to the 2017 baseline. To achieve this, Gränges carries out energy audits and implements improvements and ensures to choose the right technology for new investments. Efficient management of energy and materials is critical for Gränges as it improves the Company's profitability, competitiveness and environmental performance.

Gränges reduced its carbon intensity from purchased materials and services by 7 per cent compared to 2018 and 12 per cent compared to the 2017 baseline, driven by increased sourcing and use of recycled aluminium. The Company has set a 2025 target to increase sourced recycled aluminium to 20 per cent. The Company reached 19.8 per cent for 2019, mainly driven by Gränges' operations in the Americas where sourcing via commodities brokers and customer collaboration increased. Recycled aluminium has a high economic value and unused recycled aluminium is often sold externally, albeit for a discounted price.

Responsible and ethical business

Gränges is committed to ethically sound business practices and operating in compliance with applicable laws and regulations. The Company's Code of Conduct lays the foundation for how employees are to act and conduct business responsibly – both internally and in dealings with business partners. Employees are to conduct annual training in the Company's Code of Conduct and in anti-corruption. To detect any irregularities that could seriously damage Gränges' business or harm its employees, Gränges pro-

vides a whistleblower service managed by an external company.

Providing a safe working environment is of utmost importance and the Company is committed to providing an injury-free workplace. The Company operates in line with the guidelines in its global EHS policy, and focuses on preventative risk identification and analysis. Examples of activities to promote a safe workplace are the Company's behaviour-based programme for safety, frequent safety training and sharing of best practice through internal safety assessments. The 2025 target is that the number of recordable accidents per million hours worked (TRR) is lower than 3.0. In 2019 the TRR reached 4.4, an improvement of 28 per cent compared to 2018.

Gränges is committed to offering good working conditions and interesting career development opportunities to attract, develop and retain qualified employees. Leadership development is mainly done through opportunities for training, talent management and succession planning. In accordance with Gränges' Diversity Policy, no employee is to experience discrimination based on gender, age, world view, background, sexual orientation, ethnicity, physical ability or similar. Diversity is a competitive advantage, and an inclusive working environment leads to a more innovative, competitive and productive organization. Gränges has set a 2025 target that at least 30 per cent of senior management is women. The Company is also committed to increasing the number of women in the total workforce.

The Company is also committed to ensure that operations in the supply chain are run in a responsible and sustainable way. Gränges integrates sustainability criteria into sourcing agreements and partnerships, and significant suppliers are to sign and comply with Gränges' Supplier Code of Conduct. The Company has set a target that 100 per cent of all significant suppliers comply with Gränges' Supplier Code of Conduct, or an equivalent standard. In 2019 the Company reached a 99 per cent target fulfilment.

STRATEGY

By offering customized products with high technical content, Gränges aims to grow above market rate, with sustained and sustainable profitability. Gränges' ambition is to be the market leader within rolled aluminium heat exchanger materials in all regions.

Gränges' strategy has four pillars:

Drive growth through innovation

Gränges wants to lead the development of heat exchanger materials and other advanced aluminium materials and solutions to be the customers' preferred choice.

Create value from sustainability

Gränges has a strong commitment to develop sustainable products, minimize the environmental impact of its operations, upholding ethical business practices, and providing a safe and good working environment.

Increase efficiency through continuous improvement

Gränges will increase productivity, process stability and energy efficiency, while reducing waste in its operations.

Grow presence through structural expansion

Gränges plans to invest in production capacity and capabilities, and to expand into adjacent markets.

LONG-TERM FINANCIAL TARGETS

Linked to Gränges' strategy, the Company has established the financial targets presented below. All statements in this section are forward-looking statements. Forward-looking statements do not constitute any guarantee of future results or development, and actual outcomes may differ significantly from the forward-looking statements presented. See also "*Important information for investors – Forward-looking statements*".

Growth

Increase sales volume at least in line with the Company's end markets.

Return on capital employed

Generate a return on capital employed of 15–20 per cent over time.

Capital structure

Have a net debt which should normally be 1–2 times adjusted EBITDA over the last 12-month period.

Dividend policy

Pay a dividend of 30–50 per cent of the profit for the year. Decisions on dividends will reflect the Company's financial position, cash flow and outlook.

STRENGTHS AND COMPETITIVE ADVANTAGES

Leader in attractive niche markets

Gränges' assessment is that the Company holds a leading position in rolled products for brazed heat exchangers. In 2019, the Company's estimated total market share within the automotive industry was 20 per cent. It is also Gränges' assessment that the Company is a market leader in rolled aluminium products in the HVAC industry in North America. The Company offers products in the automotive and HVAC industry and in niche markets, such as transformers and food packaging. The automotive industry represents approximately half of Gränges' sales, the HVAC industry for approximately 25 per cent and other end-customer markets (such as transformers and food packaging) for the remaining 26 per cent. In the Company's assessment, Gränges is well-positioned to participate in the electrification of the automotive industry. Gränges is a global player and has production, customized product development, and sales branches and technical support on three continents: Europe, Asia and Americas.

Distinct industrial focus

Gränges develops and produces advanced materials that enhance the efficiency in its customers' manufacturing processes as well as the performance of the end-customers' products. Gränges is focused on rolled products for heat exchangers and selected niche applications and offers a comprehensive range of clad and unclad rolled aluminium products used in applications requiring a high degree of functionality and performance. Depending on specific needs for specific applications, Gränges offers up to five layers in its multi-layer products. This variety provides significant possibilities to create customized solutions based on carefully selected alloy combinations, delivery condition, cladding thickness and geometries. Leading-edge technology and industrial craftsmanship ensure materials with consistent quality.

Research and development capacity

Gränges' Research & Innovation organization has around 70 highly educated employees working on product development around the world. They include metallurgists, chemists, metallographers, physicists, mechanical engineers and technicians, and all are specialists in rolled aluminium products for heat exchangers and other advanced applications. Work is conducted cross-functionally within Gränges, in cooperation with external customers and, in selected key areas, with leading universities and research institutes. Gränges' advanced aluminium products are the result of a long-term commitment to research and innovation, and close collaboration involving ongoing interaction with the Company's customers.

Strong profit and cash-flow generation

Since 2017 Gränges has made significant investments in the production facilities in the US and investment projects have also been made in Europe. All in all, the investments have resulted in increased production stability and production volumes, which in turn has increased the cash flow from operations activities of the Company. Gränges expects the cash flow from the operation to be sufficient to finance both further growth and dividends to shareholders.

Focus on sustainability

Sustainability is an important consideration for the customers and is therefore a significant driver in the development of the customer offering and Gränges' business. By developing new, sustainable product offerings, services and business models, the Company can meet new demand and proactively help to create a more sustainable future. Sustainability is an integral part of Gränges' business and plays a central role in the Group's growth and value creation.

To reduce climate impact from sourced materials and services (GHC Protocol: Scope 3), Gränges has, for example, partnered with Alcoa, a supplier of primary aluminium where the rolling slabs have no more than 4.0 tonnes CO₂e per tonne of aluminium, including emissions from bauxite extraction and refining of aluminium oxide. In comparison, the average global climate footprint of primary aluminium is around 16.5 tonne CO₂e per tonne of aluminium²⁾.

2) Source: <http://www.world-aluminium.org/publications/#887>.

DESCRIPTION OF THE ALUMINIUM KONIN ACQUISITION

Description of the acquisition

On 28 November 2019 Gränges announced that it had signed an agreement to acquire all of the shares in Impexmetal S.A., whose assets upon completion of the acquisition consisted of the operations of Aluminium Konin, a Polish flat rolled aluminium producer, from Boryszew S.A. and the acquisition was completed on 6 November 2020. The acquisition strengthens Gränges' product offering and presence in Europe and it gives the Group a strong position in new, attractive niche markets. Aluminium Konin will add new capabilities and capacity to expand Gränges' offering for future transportation solutions, such as electric vehicles, and will also help to strengthen the Group's position in growth markets. Strategically, the acquisition is a very good fit for Gränges and it strengthens the Company's platform for sustainable and profitable growth. Aluminium Konin will during 2020 change its name to Gränges Konin.

Aluminium Konin in brief

Aluminium Konin is a Polish flat rolled aluminium producer, offering products to the automotive and other industries that include heat exchangers, automotive structural parts and to several niche markets for speciality packaging and various electronic applications, such as components for light sources and TVs. In addition to its more advanced products, Aluminium Konin also provides aluminium coil and sheet for more general applications. The products are mainly sold to customers in Poland and in other parts of Europe.

Aluminium Konin's operations date back to 1966 when a smelting plant and foundry were established in Konin. A few years later the company was expanded to include a rolling mill. The company was privatized in 1995. In 2008 Aluminium Konin merged with Impexmetal Group and the following year the smelting plant was shut down.

3) Exchange rate PLN/SEK: 2.44.

In 2019 Aluminium Konin had sales of SEK 2,862 million³⁾ (PLN 1,171 million) and EBITDA of SEK 380 million³⁾ (PLN 156 million). Aluminium Konin produces its products in Poland and is selling its products to approximately 35 countries. During 2019, the average number of employees at Aluminium Konin was 741, and approximately 80 per cent of the employees work in production.

Product overview and end-customer markets

Around 33 per cent of the sales of Aluminium Konin's products 2019 are to the automotive industry, out of which products for heat exchangers accounted for 27 per cent and automotive structural applications and other components accounted for 6 per cent. Aluminium Konin sells products to the packaging industry, mainly thin aluminium foil that is used for, among other things, sealing bottles. This business accounted for 18 per cent of the sales in 2019. Aluminium Konin sells products to the electronics industry, which accounted for 9 per cent of the sales in 2019, that are used in, for example, lightning. The remaining approximately 40 per cent of Aluminium Konin's products in 2019 consisted of aluminium coil and sheet, which are mainly sold to distributors whose end-customers are, for example, in the construction or transport industries.

For the 2019 financial year, Poland was the largest market, accounting for 43 per cent of sales. Aluminium Konin mainly exports to other European countries but has customers throughout the world, exporting to countries such as Brazil, India, South Africa and the US. The two largest markets outside Poland are Germany and the Czech Republic, which each accounted for 12 per cent of sales in 2019.



Reasons for the transaction

Additional production capacity and capabilities for solutions for future vehicles. Aluminium Konin brings a modern and cost-efficient production facility with a location close to key customers. Gränges will get additional capacity for growth and capabilities to broaden the offering of solutions for future vehicles.

New, attractive niche markets. Aluminium Konin brings a strong position in several attractive niche markets with good growth potential. Gränges will get a more diversified business portfolio and a stronger position in the overall market for rolled aluminium.

Stronger market presence in Europe. Aluminium Konin is primarily serving the European market and complements Gränges' geographical footprint. Gränges will get a stronger presence in Europe and can leverage the European organization to realize synergies within the areas of sales and product development, operations, sustainability and sourcing.

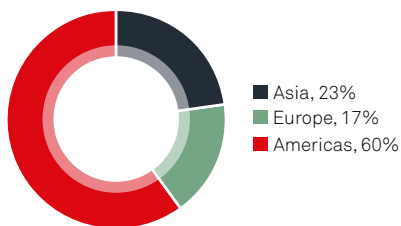
Synergies

Gränges expects the acquisition of Aluminium Konin to generate sourcing savings in the short term and synergies in sales, product development and manufacturing in the medium term. Sales and product development synergies will come from consolidation of the companies' organizations and synergies within manufacturing from Gränges' ability to optimize the product mix by planning manufacturing at the facilities where they can be most efficient, and by implementing the Gränges Production System (GPS). The acquisition is also expected to generate synergies within the framework of Gränges' sustainability efforts by, among other things, the introduction of closed loop recycling.

SHARE OF SALES

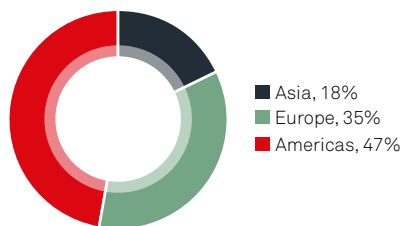
Through the acquisition of Aluminium Konin, Gränges can strengthen its market position in rolled aluminium products for heat exchanger applications and other niche markets. On an amalgamated basis, the total sales volume in 2019 is 446 ktonnes. The acquisition also involves diversification and a greater spread of risk associated with the Company's revenues over more product segments, while also allowing Gränges to strengthen its position in Europe.

Gränges sales volume per region, 2019



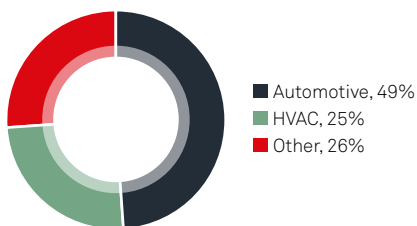
Total sales volume 347 tonnes.

Combined Gränges and Aluminium Konin sales volume per region, 2019



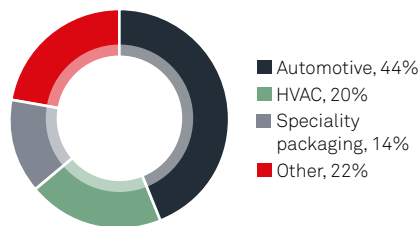
Total sales volume 446 tonnes.

Gränges sales volume per end-use market, 2019



Total sales volume 347 tonnes.

Combined Gränges and Aluminium Konin sales volume per end-use market, 2019



Total sales volume 446 tonnes.

PRODUCTION FACILITIES AND ORGANIZATIONAL STRUCTURE

Production facilities

Many of Gränges' customers operate largely on a global level, which means that Gränges also needs to have a global presence and reach. With production capacity on three continents, Gränges has created a platform to meet the customers' complex needs and which enables a continued global expansion.

Before the acquisition of Aluminium Konin, Gränges had a total annual production capacity of 460 ktonnes, divided between five production facilities on three continents. The facilities are located in Shanghai in China, Finspång in Sweden, and in Huntingdon (Tennessee), Salisbury (North Carolina) and Newport (Arkansas) in the US. The production facilities in Finspång, Shanghai and Huntingdon also have important centres of excellence for research and innovation, working in close partnership with customers. Gränges' acquisition of Aluminium Konin brings an established and cost-effective, integrated rolling mill located in Konin, Poland, with an annual capacity of 100 ktonnes. Gränges intends to complete an investment, which was initiated 2018, to an amount corresponding to SEK 1,100 million in Aluminium Konin. The investment will increase the production capacity of an additional 40 ktonnes and provide access to new processing capabilities in finishing, such as new slitting mills.

The production facility in Finspång has a capacity of 100 ktonnes and a project was launched in 2018 to increase capacity by 20 ktonnes. This project is currently on hold due to the outbreak of COVID-19. The expansion project will also improve production efficiency and logistics, and reduce transportation and emissions.

The facility has produced aluminium products since 1922 and aluminium products for brazed heat exchangers since 1972.

The production facility in Shanghai was opened in 1996 and since that time, Gränges has focused on increasing capacity to keep up with market growth. The current capacity is 120 ktonnes.

Gränges has three production facilities in the US with a combined production capacity of 260 ktonnes, of which 20 ktonnes are gradually becoming available as investments in Newport are completed. In April, the Company decided to temporarily close the production facility in Salisbury, but it was re-opened during the third quarter 2020 due to the increased demand on the American market. In 2019 the expansion of the production facility in Huntingdon was completed. This represented an investment of around USD 110 million and increased the annual production capacity from 160 ktonnes to around 200 ktonnes to meet a growing demand for HVAC products, foil products, and products for the automotive industry and for selected niche markets. The investment of USD 26 million to upgrade the Newport facility's existing rolling mills and equipment proceeded according to plan in 2019 and will, once completed, add 20 ktonnes of new capacity to meet growing demand in the light gauge aluminium foil market in the US. During the third quarter of 2020, the Company announced that it had decided to complete the expansion of the production facility in Newport, which had been postponed due to COVID-19. The expansion of the Huntingdon and Newport facilities began in 2017 and 2018, respectively, in order to further strengthen Gränges' position in North America and serves as an important platform for growth.

PRODUCTION PLANTS

Gränges has six production facilities on three continents with a combined annual capacity of 560 ktonnes.

Finspång

100 ktonnes. Automotive.

Konin

100 ktonnes. Automotive, speciality packaging, electronics, sheet and coil, other.

Shanghai

120 ktonnes.
Automotive and HVAC.

Huntingdon

200 ktonnes. HVAC, automotive, food packaging, transformers, other.

Salisbury

40 ktonnes. HVAC, auto heat shield, other.

Newport

20 ktonnes¹⁾. HVAC, food packaging, converter foil.

Gränges also has a wholly owned subsidiary, Gränges Powder Metallurgy GmbH, which manufactures aluminium billets through advanced spray-forming technology. The company has two facilities, one in St Avold in France and one in Velbert in Germany, with an annual production capacity of a total of 3,500 tonnes.

1) Capacity when fully completed.



Gränges also owns the production company Gränges Powder Metallurgy GmbH which has plants in Velbert, Germany and in St. Avold, France. The company produces aluminium billets through advanced spray-forming technology and aluminium powder for additive manufacturing (also called industrial 3D printing). Gränges also owns 50 per cent of a company in Shanghai that is active in metal stamping.

Organizational structure

Gränges’ head office is in Stockholm and the Group has operations in nine countries. Under 2019 the average number of Gränges employees was 1,805 and of these, 518 are in Sweden, 8 in other European countries, 513 in China, 8 in other Asian countries and 758 in the US. At Gränges’ operations in Finspång in Sweden, 75 employees were given notice of termination in August 2020. The cut back is expected to be completed in 2020. A total of around 67 per cent of the employees work in production.

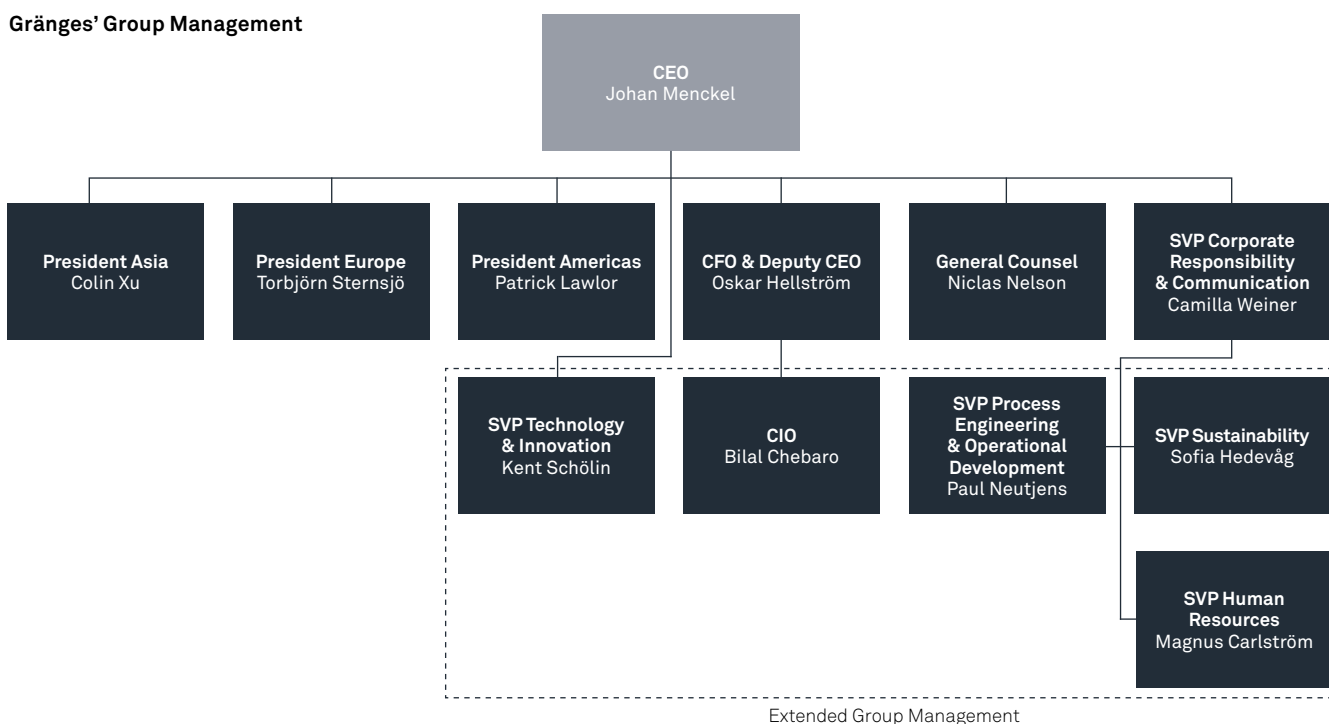
Gränges’ Group Management is responsible for developing and implementing the Group’s overall strategies, such as product and customer strategies, as well as the acquisition and sale of companies. Group Management prepares the strategies for the Board of Directors to make a decision. The Chief Executive Officer is appointed by the Board and is responsible for the day-to-day management of the company in accordance with the Board’s instructions and guidelines. Group Management consists of seven individuals: the CEO, CFO, President Asia, President Europe, President Americas, General Counsel as well as SVP Corporate Responsibility

& Communication. In addition, the SVP Human Resources, SVP Process Engineering & Operational Development, SVP Technology & Innovation, SVP Technology & Innovation, SVP Sustainability and the CIO are part of the extended Group Management team. Group Management holds meetings on a monthly basis to monitor the Group’s and the subsidiaries’ performance and financial position. Strategy issues, budget follow-up and forecasts are other topics covered at Group Management meetings. Subsidiaries are also monitored more directly due to the CEO serving as Chairman of the Board of the four largest subsidiaries’ boards. Other members of Group Management and employee representatives also serve on these boards. The subsidiaries’ boards monitor ongoing operations and establish the respective subsidiaries’ strategy and budget.

Average number of employees

	Jan-Sep 2020	Jan-Sep 2019	2019	2018
Sweden	406	523	518	500
Rest of Europe	7	7	8	-
China	509	514	513	517
Rest of Asia	9	7	8	8
US	692	761	758	675
Total	1,623	1,812	1,805	1,699

Gränges’ Group Management



SELECTED HISTORICAL FINANCIAL INFORMATION

The financial information presented below is taken from Gränges' audited annual reports for the financial years ending in 2018 and 2019 and from interim reports for the periods 1 January 2019 – 30 September 2019 and 1 January 2020 – 30 September 2020, all

of which have been incorporated by reference in this Offering Circular, see section "Documents incorporated by reference" and which were prepared in accordance with IFRS unless otherwise stated.

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Jan-Sep 2020	Jan-Sep 2019	2019	2018
Net sales	7,858	9,295	11,978	12,910
Cost of materials ¹⁾	-4,796	-5,911	-7,620	-8,601
Payroll and other operating expenses	-2,203	-2,327	-3,031	-3,016
Depreciation, amortization and impairment charges	-404	-336	-461	-353
Items affecting comparability ¹⁾	-37	-	-30	-
Operating profit	417	721	836	940
Profit or loss from joint ventures	1	1	1	22
Financial income and costs	-95	-115	-152	-113
Profit before tax	323	608	686	849
Income tax	-66	-55	-86	-161
Profit for the period	257	553	600	688
Earnings per share basic, SEK	3.40	7.32	7.95	9.11
Earnings per share diluted, SEK	3.40	7.32	7.95	9.11

1 For items affecting comparability, see note 1 below.

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	2020-09-30	2019-09-30	2019-12-31	2018-12-31
Assets				
Intangible assets	822	897	874	761
Property, plant and equipment	4,954	5,178	5,101	3,651
Deferred tax assets	28	54	28	54
Interests in joint ventures	13	12	12	10
Interest-bearing receivables	2	2	2	2
Other non-current receivables	6	10	8	11
Non-current assets	5,825	6,153	6,025	4,489
Inventories	1,606	1,948	1,957	1,968
Receivables	1,770	1,887	1,748	1,859
Interest-bearing receivables	32	–	3	–
Cash and cash equivalents	923	775	747	457
Current assets	4,330	4,609	4,455	4,285
Total assets	10,155	10,762	10,480	8,773
Equity and liabilities				
Share capital	101	101	101	101
Retained earnings	4,341	4,281	4,213	3,772
Equity	4,442	4,382	4,314	3,873
Interest-bearing liabilities	2,332	2,785	2,901	2,117
Provisions and other non-current liabilities	573	495	513	406
Non-current liabilities	2,905	3,280	3,414	2,522
Interest-bearing liabilities	1,045	1,233	953	515
Provisions and other current liabilities	1,763	1,867	1,799	1,862
Current liabilities	2,808	3,100	2,752	2,378
Total equity and liabilities	10,155	10,762	10,480	8,773

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Jan-Sep 2020	Jan-Sep 2019	2019	2018
Operating profit	417	721	836	940
Depreciation, amortization and impairment charges	404	336	461	353
Other non-cash items	25	-	-	64
Change in net working capital etc.	279	153	236	98
Income taxes paid	-29	-58	-92	-105
Cash flow from operating activities	1,096	1,152	1,441	1,351
Acquisition	-	-	-	24
Investments in property, plant and equipment and intangible assets	-352	-1,368	-1,590	-843
Divestments of property, plant and equipment	-	-	-	4
Other capital transactions	-49	-	-	-3
Cash flow from investing activities	-401	-1,368	-1,590	-819
Cash flow before financing activities	695	-216	-148	531
Dividend	-	-242	-242	-227
Interest paid and received	-105	-101	-137	-98
New loans	2,589	3,960	5,546	3,078
Repayment of loans	-2,963	-3,108	-4,727	-3,579
Cash flow from financing activities	-478	509	440	-825
Cash flow for the period	217	293	292	-294
Cash and cash equivalents at beginning of the period	747	457	457	742
Cash flow for the period	217	293	292	-294
Translation difference on cash and cash equivalents	-41	25	-2	9
Cash and cash equivalents at the end of the period	923	775	747	457

NOTE 1 – ITEMS AFFECTING COMPARABILITY

SEK million	Financial statement line	Jan–Sep 2020	Jan–Sep 2019	2019	2018
M&A costs	Items affecting comparability	-12	-	-16	-
Restructuring costs	Items affecting comparability	-25	-	-14	-
Inventory effect due to changed distribution model	Cost of materials	-	-	-	-64
Total items affecting comparability		-37	-	-30	-64

M&A costs for the period January–September 2020 of SEK 12 million and of SEK 16 million for the year 2019 are attributable to the acquisition of Aluminium Konin. The restructuring costs for the period January–September 2020 amounting to SEK 25 million are attributable to adjustments of Gränges operations in Sweden for the prevalent market conditions. In total 75 positions were subject for notice of termination, out of which 50 were blue-collar employees and 25 were white-collar employees. No employee has yet left the operations. The restructuring costs for the year 2019 amounting to SEK 14 million are also attributable restructuring in relation to a reduction of the number of employees, particularly within the Swedish operations. Items affecting comparability amounting to SEK 64 million for the year 2018 were attributable to costs which occurred due to a changed distribution model for the import of heat exchanger materials to the customers of Gränges in North America.

ALTERNATIVE PERFORMANCE MEASURES

The Offering Circular contains certain performance measures that are not defined in accordance with IFRS (alternative performance measures). Gränges believes these performance measures are widely used by some investors, securities analysts and other stakeholders as supplementary measures of profit development and financial position. Gränges' alternative performance

measures cannot necessarily be compared with similar measures presented by other companies and have some limitations as analysis tools. They should therefore not be considered separately from, or as a substitute for, the Group's financial information prepared in accordance with IFRS.

SEK million	Jan-Sep 2020	Jan-Sep 2019	2019	2018
Sales volume, ktonnes	247.4	269.5	347.3	375.0
Sales volume growth, %	-8.2	-6.3	-7.4	0.5
Operating margin, %	5.3	7.8	7.0	7.3
Adjusted operating profit	455	721	866	1,005
Adjusted operating margin, %	5.8	7.8	7.2	7.8
EBITDA	822	1,058	1,297	1,293
EBITDA margin, %	10.5	11.4	10.8	10.0
Adjusted EBITDA	859	1,058	1,327	1,357
Adjusted EBITDA margin, %	10.9	11.4	11.1	10.5
Return on capital employed (rolling 12 months), %	7.7 ¹⁾	12.8 ²⁾	11.7 ³⁾	16.5 ⁴⁾
Net debt / Adjusted EBITDA (rolling 12 months), times	2.5 ¹⁾	2.7 ²⁾	2.6 ³⁾	1.8 ⁴⁾

1) Refers to the period October 2019–September 2020.

2) Refers to the period October 2018–September 2019.

3) Refers to the period January 2019–December 2019.

4) Refers to the period January 2018–December 2018.

RECONCILIATION TABLES

Sales volume and sales volume growth

Ktonnes	Jan-Sep 2020	Jan-Sep 2019	2019	2018
Sales volume	247.4	269.5	347.3	375.0
Sales volume corresponding period previous year	269.5	287.5	375.0	373.0
Sales volume growth, %	-8.2	-6.3	-7.4	0.5

Operating margin

SEK million	Jan-Sep 2020	Jan-Sep 2019	2019	2018
Operating profit	417	721	836	940
Net sales	7,858	9,295	11,978	12,910
Operating margin, %	5.3	7.8	7.0	7.3

Adjusted operating profit and adjusted operating margin

SEK million	Jan-Sep 2020	Jan-Sep 2019	2019	2018
Operating profit	417	721	836	940
Items affecting comparability	37	–	30	64
Adjusted operating profit	455	721	866	1,005
Net sales	7,858	9,295	11,978	12,910
Adjusted operating margin, %	5.8	7.8	7.2	7.8

EBITDA and EBITDA margin

SEK million	Jan-Sep 2020	Jan-Sep 2019	2019	2018
Operating profit	417	721	836	940
Depreciation, amortization and impairment charges	404	336	461	353
EBITDA	822	1,058	1,297	1,293
Net sales	7,858	9,295	11,978	12,910
EBITDA margin, %	10.5	11.4	10.8	10.0

Adjusted EBITDA and adjusted EBITDA margin

SEK million	Jan-Sep 2020	Jan-Sep 2019	2019	2018
Adjusted operating profit ¹⁾	455	721	866	1,005
Depreciation, amortization and impairment charges	404	336	461	353
Adjusted EBITDA	859	1,058	1,327	1,357
Net sales	7,858	9,295	11,978	12,910
Adjusted EBITDA margin, %	10.9	11.4	11.1	10.5

1) Adjusted for items affecting comparability.

Return on capital employed

SEK million	Jan-Sep 2020 (refers to the period Oct 2019 -Sep 2020)	Jan-Sep 2019 (refers to the period Oct 2018 -Sep 2019)	2019 (refers to the period Jan 2019 -Dec 2019)	2018 (refers to the period Jan 2018 -Dec 2018)
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	9,706	9,074	9,375	7,999
Non-interest-bearing liabilities, rolling 12 months average	-2,311	-2,298	-2,311	-2,194
Pensions, rolling 12 months average	378	334	348	293
Capital employed	7,773	7,109	7,411	6,098
Adjusted operating profit (rolling 12 months)	599	913	866	1,005
Return on capital employed (rolling 12 months), %	7.7	12.8	11.7	16.5

Net debt/adjusted EBITDA

SEK million	Jan-Sep 2020	Jan-Sep 2019	2019	2018
Cash and cash equivalents and interest-bearing receivables	-957	-777	-752	-459
Interest-bearing liabilities	3,155	3,765	3,595	2,632
Lease liabilities	222	253	259	-
Pensions	392	365	363	321
Net debt	2,812	3,606	3,465	2,494
Adjusted EBITDA (rolling 12 months)	1,129 ¹⁾	1,341 ²⁾	1,327 ³⁾	1,357 ⁴⁾
Net debt / Adjusted EBITDA (rolling 12 months), times	2.5 ¹⁾	2.7 ²⁾	2.6 ³⁾	1.8 ⁴⁾

1) Refers to the period October 2019–September 2020.

2) Refers to the period October 2018–September 2019.

3) Refers to the period January 2019–December 2019.

4) Refers to the period January 2018–December 2018.

DEFINITIONS AND EXPLANATION FOR USE

PERFORMANCE MEASURE	DEFINITION	EXPLANATION FOR USER
Sales volume	Volume sold in metric tonnes	Sales volume is a performance measure to assess the Company's sales in relation to total sold volume on the Company's end markets
Sales volume growth	The sales volume for the period less the corresponding period in the previous year's sales volume in relation to the corresponding period in the previous year's sales volume	Sales volume growth is a performance measure to assess whether the Company's growth strategy has been fulfilled and is one of the Company's financial targets
Operating margin	Operating profit in relation to net sales	Operating margin is relevant in assessing the Company's profitability
Adjusted operating profit	Operating profit excluding items affecting comparability	Relevant in assessing the Company's operating profit development excluding non-recurring income and expenses
Adjusted operating margin, %	Operating profit excluding items affecting comparability in relation to net sales	Operating margin is relevant in assessing the Company's profitability excluding non-recurring income and expenses
EBITDA	Operating profit before depreciation and impairment charges	EBITDA is a key performance measure to assess the Company's profit development over time
EBITDA margin, %	Operating profit before depreciation and impairment charges in relation to net sales	EBITDA margin is relevant in assessing the Company's profitability
Adjusted EBITDA	Adjusted operating profit before depreciation and impairment charges	Relevant in assessing the Company's operating profit development excluding non-recurring income and expenses
Adjusted EBITDA margin, %	Adjusted operating profit before depreciation and impairment charges in relation to net sales	Adjusted EBITDA margin is relevant in assessing the Company's profitability excluding one-time revenue and costs
Return on capital employed, %	Adjusted operating profit divided by the average capital employed during the past 12-month period	Relevant in assessing the Company's operating profit development in relation to capital tied up
Net debt/adjusted EBITDA, times	Net debt in relation to adjusted EBITDA	Net debt / adjusted EBITDA is relevant in assessing the Company's ability to carry out strategic investments and fulfil its financial commitments, and is one of the Company's financial targets

CAPITALIZATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section show the Company's capitalization and indebtedness at the Group level as of 30 September 2020. See section "Share capital and ownership structure" for further information on the Company's share capital and shares. The tables

below should be read in conjunction with the Company's financial statements and accompanying notes, which can be found elsewhere in this Offering Circular.

CAPITALIZATION

SEK million	As of 30 September 2020	Adjustments	Adjusted for the new share issue in connection with the Rights Issue
Current liabilities			
Guaranteed	–	–	–
Against collateral	–	–	–
Unsecured credits	985	2,385 ¹⁾	3,371
Total current liabilities	985	2,385	3,371
Non-current liabilities			
Guaranteed	–	–	–
Against collateral	–	–	–
Unsecured credits	2,166	–	2,166
Total non-current liabilities (excluding the current component of non-current liabilities)	2,166	–	2,166
Equity			
Share capital	101	41 ²⁾	142
Share premium	49	1,836 ²⁾	1,885
Reserves	448	–	448
Retained earnings	3,844	–	3,844
Total Equity	4,442	1,877	6,319
Total capitalization	7,593	4,263	11,856

1) Adjustment amounting to SEK 2,385 million for unsecured credits refers to bridge loan facility of SEK 1,300 million and commercial papers of SEK 1,085 million.

2) Adjustment amounting to SEK 41 million for share capital and SEK 1,836 million for other contributed capital refer to the issue in kind as of 6 November 2020, for which the Company raised approximately SEK 215 million in book equity as well as the Rights Issue, which is estimated to raise Gränges approximately SEK 1,663 million following deductions for issue expenses of approximately SEK 38 million.

NET INDEBTEDNESS

Gränges' net debt as of 30 September 2020 is presented in the table below. The table only includes interest-bearing liabilities.

The Company had contingent liabilities of SEK 17 million as of 30 September 2020.

SEK million	As of 30 September 2020	Adjustments	Adjusted for the new shares issued in connection with the Rights Issue
(A) Cash	923	2,848 ¹⁾	3,771
(B) Cash and cash equivalents	–	–	–
(C) Readily realisable securities	–	–	–
(D) Liquidity (A)+(B)+(C)	923	2,848	3,771
(E) Current financial receivables	32	–	–
(F) Current bank loans	1,045	1,300 ²⁾	1,366
(G) Current portion of non-current liabilities	–	–	–
(H) Other current liabilities	–	1,805 ³⁾	2,004
(I) Current liabilities (F)+(G)+(H)	1,045	2,385	3,371
(J) Net current indebtedness (I)–(E)–(D)	90	–463	–401
(K) Long-term bank loans	1,732	–	1,866
(L) Bonds issued	600	–	300
(M) Other non-current loans	–	–	–
(N) Non-current liabilities (K)+(L)+(M)	2,330	–	2,166
(O) Net indebtedness (J)+(N)	2,420	–463	1,765

1) Adjustment amounting to SEK 2,848 million for cash refers to the net of the acquisition financing of SEK 2,385 million, transferred compensation for the acquisition of SEK -1,200 million as well as the Rights Issue, which is estimated to raise Gränges approximately SEK 1,663 million following deductions for issue expenses of approximately SEK 38 million.

2) Adjustment amounting to SEK 1,300 million for current bank loans refers to used bridge loan facility.

3) Adjustment amounting to SEK 1,085 million for other current liabilities refers to commercial papers.

In November 2020, Gränges completed the acquisition of Aluminium Konin. The purchase price amounted corresponding to approximately SEK 2,200 million on a cash and debt free basis, as well as approximately SEK 400 million for accrued costs related to an expansion project. It was initially financed in part by the bridge loan facility, which is intended to be repaid using part of the proceeds from the Rights Issue. For more information on the acquisition of Aluminium Konin, see section "Legal considerations and supplementary information – Material agreements – Acquisitions and divestments – The acquisition of Aluminium Konin".

WORKING CAPITAL STATEMENT

The Company deems the existing working capital as being insufficient to meet the needs over the coming twelve-month period. The Company deems that the need of working capital over the coming twelve-month period amounts to approximately SEK 1,500 million. In this context, the need of working capital refers to the Company's possibilities to gain access to liquid capital required for the Company to fulfil its payment obligations as they fall due for payment. The primary reason for this being that the Company raised a bridge loan facility with an overall sum of SEK 2,300 million, whereof SEK 1,300 million has been utilized, in connection with the acquisition of Aluminium Konin. The bridge loan facility will mature on 26 May 2021. Based on the assumption that the bridge loan facility needs to be repaid on the maturity date and without consideration taken to the proceeds from the Rights Issue, there will be a working capital deficit in May 2021.

If the Rights Issue is fully subscribed, the Company will raise approximately SEK 1,663 million after deductions for costs related to the Rights Issue, which are estimated to amount to approximately SEK 38 million. Out of the issue proceeds that the Company may raise, approximately SEK 1,300 million will be used to repay the bridge loan facility which is intended to be repaid in full in December 2020. The remaining approximately SEK 363 million will

be used to repay loans within Gränges' commercial paper program as well as be retained as cash and cash equivalents, and thereby increase Gränges' liquidity and for future growth investments in accordance with Gränges' strategy. If the Rights Issue is fully subscribed, the Company's Board of Directors deem that the Company's working capital will be sufficient for the coming twelve-month period following completion of the Rights Issue.

If the Rights Issue cannot be completed or if the proceeds from the Rights Issue are not sufficient, the Company may be forced to utilize current unutilized loan facilities, cash and cash equivalents and seek alternative loan financing to repay the bridge loan facility. The Company's current unutilized loan facilities, as well as cash and cash equivalents, amounted to approximately SEK 1,000 million as of the Offering Circular. The Company assesses that this scope will last until the bridge loan facility matures. In addition to the amount of approximately SEK 1,000 million that the Company estimates that the current unutilized loan facilities and cash and cash equivalents amounts to, the Company may be forced to seek alternate financing for the remaining part of the bridge loan facility in the form of other loan financing. The Company considers the possibilities of securing such loan financing to be good.

INVESTMENTS

Gränges intends to complete an investment program equivalent to SEK 1,100 million in Aluminium Konin by 2022. As of 30 October 2020,

approximately SEK 400 million had been invested and the remaining SEK 700 million will be invested up to and including year 2022.

The investment, which will increase the capacity by 40 ktonnes, will also provide access to new processing capabilities, such as new slitting mills. The investment in Aluminium Konin is expected

to be financed by future cash flow from operating activities, available bank financing and in part by new bank financing.

TRENDS

In the sections *Risk factors* and *Business overview*, electrification in the automotive industry and development towards a more sustainable society are highlighted as material for Gränges' future operations. The percentage of traditional combustion engines in vehicle fleets will be reduced and instead the trend is going towards vehicles with varying degrees of electrification. This requires Gränges' being able to adapt its product offering and meet the demand through partially new applications for rolled aluminium. In order to be relevant in the future market it will also be crucial to continually develop and improve the sustainability performance of the product offering.

The trend within the HVAC segment is going towards more energy-efficient heat exchangers, which is expected to favour brazed heat exchangers, and components in the heat exchangers being replaced with aluminium components for cost- and sustainability reasons.

For a number of years, the extent of various trade obstacles, duties and tariffs between countries have increased. This has partially changed customer behaviour and from which geography customers purchase their products. If this trend continues, the importance of having production facilities on more continents and in more countries will increase.

SIGNIFICANT CHANGES SINCE 30 SEPTEMBER 2020

After 30 September 2020, Gränges completed the acquisition of Aluminium Konin and part of the above-mentioned bridge loan facility of SEK 2,300 million has been paid to the Company, see section "*Legal considerations and supplementary information – Material agreements*" for more information on the acquisition of Aluminium Konin and the bridge loan facility.

On 1 October 2020, Gränges completed the acquisition of the remaining 49 per cent of the shares in Getek GmbH. The acquisition agreement also include the Dispal® operations, with, inter alia, product facilities and intellectual property rights which will be transferred in the first quarter 2021. The acquisition cost of Getek and Dispal® amounted to EUR 8.5 million.

On 7 October 2020, the Company and the seller of Aluminium Konin, Boryszew S.A., agreed on a new structure regarding the purchase price for the acquisition of Aluminium Konin. The new structure resulted in a part of the purchase price consisting of an issue in kind of shares in Gränges to Boryszew S.A. The issue in kind amounted to approximately 10 per cent of the of the Enterprise Value (approximately SEK 2.2 billion or PLN 938 million on a cash and debt free basis), corresponding to approximately SEK 200 million. The price per share and the number of shares were determined on market terms. The Rights Issue was reduced in connection with entering into the agreement with an amount corresponding to the size of the issue in kind. Furthermore, Boryszew S.A. committed to subscribe for its share in the Rights Issue and to retain the shares for at least 6 months after the completion of the transaction.

On 8 October 2020, Gränges communicated that the Company expected to report sales volume and adjusted operating profit for the third quarter 2020 which would exceed the markets' expectations. The operating profit in the third quarter had been positively impacted by a stronger market demand and increased effects from cost reduction initiatives.

On 6 November 2020, Gränges completed the acquisition of Aluminium Konin for SEK 2.2 billion, or PLN 938 million, on a debt free basis (Enterprise Value), corresponding to an EV/EBITDA multiple of 6.9x LTM (Last Twelve Months) June 2020 EBITDA. A part

of the purchase price consisted of an issue in kind of 2,442,268 newly issued shares in Gränges, corresponding to SEK 203 million, to the seller, Boryszew S.A.. Gränges announced, in connection to the completion of the acquisition, that the Company will complete an expansion program initiated by the seller, of SEK 1.1 billion over three years, to further strengthen Aluminium Konin's capabilities and expand the annual capacity to 140 ktonnes. Gränges paid around SEK 400 million for the part of program which had been completed up until the completion of the transaction. The acquired business will be a wholly owned subsidiary of Gränges and a part of Gränges' operations in Europe.

On 9 November 2020, Gränges announced that the Company, in connection to the completion of the acquisition of Aluminium Konin, had appointed a new management for the operations in Europe.

- Torbjörn Sternsjö (previous SVP Technology & Business Development at Gränges Group) was appointed President Europe and took up his position on 9 November 2020.

- Fredrik Spens (currently Marketing & Sales Director for the operations in Finspång) was appointed Managing Director of Gränges Finspång and will take up his position on 1 January 2021.

- Piotr Szeliga (previous CEO of Impexmetal and in charge of the Konin plant) was appointed Managing Director and responsible for Gränges Konin and took up his position on 9 November 2020.

- Jörgen Abrahamsson (currently President Europe and Managing Director for the operations in Finspång) was appointed VP Integration & Operational Excellence and will take up his new position on 1 January 2021 but continues as Managing Director for the operations in Finspång up to and including 31 December 2020.

Furthermore, the Company announced that the name of the acquired operations in Poland (Aluminium Konin) will be changed to Gränges Konin S.A., and the name of the Swedish unit will be changed from Gränges Sweden AB to Gränges Finspång AB.

Apart from what is stated above, there have been no significant changes to Gränges' financial position or profits since 30 September 2020.

BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITOR

BOARD OF DIRECTORS

Gränges' Board of Directors consists of seven (7) ordinary members, including the Chairman of the Board of Directors, with no deputy board members. The ordinary members have been elected for the period until the end of the Annual General Meeting 2021. The Board of Directors includes two (2) employee representatives and two (2)

deputy employee representatives. The table below presents the members of the Board of Directors, when they were first elected to the Board of Directors and whether or not they are independent in relation to the Company and/or the largest shareholders.

Name	Position	Member since	Independent in relation to	
			The Company and the senior management	Larger shareholders
Fredrik Arp	Chairman of the Board of Directors	2020	Yes	Yes
Ragnild Wiborg	Board member	2014	Yes	Yes
Mats Backman	Board member	2018	Yes	Yes
Hans Porat	Board member	2016	Yes	Yes
Carina Andersson	Board member	2014	Yes	Yes
Peter Carlsson	Board member	2016	Yes	Yes
Katarina Lindström	Board member	2016	Yes	Yes
Øystein Larsen	Employee representative	2014	No	No
Konny Svensson	Employee representative	2014	No	No
Elin Lindfors	Deputy employee representative	2016	No	No
Fredrika Pettersson	Deputy employee representative	2020	No	No



FREDRIK ARP

Born in 1953. Chairman of the Board of Directors since 2020. Chairman of the Remuneration Committee.

Education: MSc Economics and Ec. Doctor h.c., Lund University.

Other current positions: Chairman of the Board of Directors in Arpsund AB, Bravida Holding AB, Nolato Aktiebolag, Nolato Incentive AB and Hövding Sverige AB (publ). Board member in Swedfund International AB.

Previous positions (past five years): Chairman of the Board of Directors in Parques Reunidos SA. Board member in Vattenfall AB, Nuevolution AB (publ) and Technology S.p.a.

Own and related parties' shareholding: 10,000 shares.



RAGNHILD WIBORG

Born in 1961. Board member since 2014. Member of the Audit Committee.

Education: MSc Business Administration, Stockholm School of Economics.

Other current positions: Chairman of the Board of Directors in Cerebrum Invest, EAMSolar and FXNor. Board member and CEO in Wiborg Kapitalförvaltning AB. Board member in Brunsbica, EWS Foundation, Ins, Intrum AB, Jesem, Kistefos, and Sbanken ASA.

Previous positions (past five years): Board member in Rec Silicon ASA, Borregaard ASA, IMS AS and InterOil ASA.

Own and related parties' shareholding: 1,176 shares.



MATS BACKMAN

Born in 1968. Board member since 2018. Chairman of the Audit Committee.

Education: MSc Business Administration, Stockholm University.

Other current positions: Chairman of the Board of Directors in Veoneer AB. Chief Financial Officer in Veoneer Group.

Previous positions (past five years): CFO in Autoliv. Board member and CEO in Autoliv Aktiebolag and Autoliv Holding AB. Deputy board member in ZENUITY AB. Acting CEO and Chief Financial Officer in Sandvik Group.

Own and related parties' shareholding: 5,000 shares.



HANS PORAT

Born in 1955. Board member since 2016. Member of the Remuneration Committee.

Education: MSc Engineering, Material Science, Royal Institute of Technology.

Other current positions: Board member in Ecolan Aktiebolag.

Previous positions (past five years): Chairman of the Board of Directors in Autoropa Aktiebolag. Board member and CEO in Nolato Aktiebolag. Board member in Cloetta AB, Essentra Herfila AB, DIAB Group AB, Lindab International AB.

Own and related parties' shareholding: 0 shares.



CARINA ANDERSSON

Born in 1964. Board member since 2014. Member of the Remuneration Committee.

Education: M.Sc. Engineering, Material Science, Royal Institute of Technology.

Other current positions: Chairman of the Board of Directors in eiCandersson AB. Board member in Beijer Alma AB, Systemair Aktiebolag, BE Group AB (publ), Detection Technology Oyj and Swedish Stirling AB.

Previous positions (past five years): Board member in SinterCast Aktiebolag.

Own and related parties' shareholding: 2,402 shares.



PETER CARLSSON

Born in 1970. Board member since 2016. Member of the Remuneration Committee.

Education: MSc Economics, Luleå University of Technology.

Other current positions: Board member and CEO in Northvolt AB. Board member in QCG Sweden AB and Glue AB.

Previous positions (past five years): Chairman of the Board of Directors in The Murmarks AB. External CEO in Northvolt AB. Board member in Fingerprint Cards AB and Rosti Group AB. Deputy board member in Aurora Lithium AB.

Own and related parties' shareholding: 0 shares.



KATARINA LINDSTRÖM

Born in 1965. Board member since 2016. Member of the Audit Committee.

Education: MSc Engineering, Material Science, Royal Institute of Technology.

Other current positions: COO and Executive Vice President in Hempel A/S. Board member in Hempel A/S.

Previous positions (past five years): President Operations at Munters AB. Chairman of the Board of Directors in Munters China and Munters Czechoslovakia. Senior Vice President International Manufacturing and Senior Vice president Industrial strategy and Supplychain Volvo AB.

Own and related parties' shareholding: 5,000 shares.



ØYSTEIN LARSEN

Born in 1957. Employee representative since 2014.

Description: IS/IT architect and Cyber Security Manager, employed at Gränges since 1979. Employee representative of the Board of Directors since 2014. Representing Unionen. Employee representative in Gränges Sweden AB.

Own and related parties' shareholding: 470 shares.



KONNY SVENSSON

Born in 1954. Employee representative since 2014.

Description: Maintenance electrician, employed at Gränges since 1997. Employee representative of the Board of Directors since 2014. Representing IF Metall. Employee representative in Gränges Sweden AB.

Own and related parties' shareholding: 235 shares.

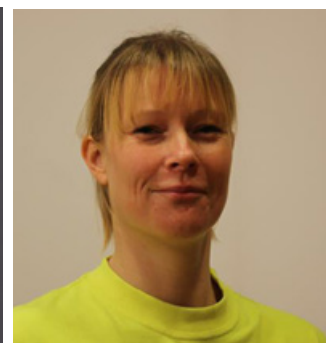


ELIN LINDFORS

Born in 1988. Deputy employee representative since 2016.

Description: Technical manager re-melting, employed at Gränges since 2013. Employee representative of the Board of Directors since 2016. Representing the Swedish Association of Graduate Engineers and the Union for Professionals. Deputy board member in LindArp Konsult AB.

Own and related parties' shareholding: 420 shares.



FREDRIKA PETERSSON

Born in 1980. Deputy employee representative since 2020.

Description: Heavy conveyor/machine operator, employed at Gränges since 2017. Deputy employee representative on the Board of Directors since 2020. Senior safety representative and Vice president in Verkstadsklubben IF Metall in Finspång as well as assignments on the department and union level.

Own and related parties' shareholding: 0 shares.

SENIOR MANAGEMENT

**JOHAN MENCKEL**

Born in 1971. CEO since 2013.
Education: MSc Engineering, Royal Institute of Technology.
Other current positions: Chairman of the Board of Directors in Gränges Sweden AB and Gränges Skultuna AB. Board member in SAAB Aktiebolag and Nederman Holding Aktiebolag. Deputy board member in The Menckels AB and Erik Menckel AB. Member of the steering committee of the World Materials Forum.
Previous positions (past five years): Board member in YPO Service AB and Svenska Postkodlotteriet. Holder of J. Menckel Consulting.
Own and related parties' shareholding: 38,000 shares and 225,000 call options.

**OSKAR HELLSTRÖM**

Born in 1979. CFO since 2013 and deputy CEO since 2017.
Education: MSc Engineering, Linköping University, and MSc Economics, Stockholm University.
Other current positions: Board member in Beijer Alma AB and Gränges Sweden AB.
Previous positions (past five years): Authorized external signatory of Gränges AB.
Own and related parties' shareholding: 15,000 shares and 150,000 call options.

**MAGNUS CARLSTRÖM**

Born in 1966. SVP Human Resources since 2017.
Education: LL.M. and Bachelor of Arts/Science behavioral science, Uppsala University and Executive MBA, Behavioural Science, Stockholm School of Economics.
Other current positions: Chairman of the Board of Directors and deputy CEO in Ortho Human AB. Deputy board member in Gränges Skultuna AB.
Previous positions (past five years): Board member in CNG Curt Nicolin Gymnasiet Holding AB and Ortho Human AB. Authorized external signatory in Gränges Sweden AB.
Own and related parties' shareholding: 2,200 shares and 27,000 call options.

**BILAL CHEBARO**

Born in 1967. CIO since 2015.
Education: University studies in IT, Law and Sociology, Université Libanaise and American University of Beirut.
Other current positions: –
Previous positions (past five years): –
Own and related parties' shareholding: 1,000 shares and 33,000 call options.

**SOFIA HEDEVÅG**

Born in 1980. SVP Sustainability since 2020.
Education: MSc Business Administration, Stockholm School of Economics and courses at Harvard Business School.
Other current positions: –
Previous positions (past five years): VP Sustainability of Gränges. VP Group Business Control and authorized external signatory in Swedish Match AB.
Own and related parties' shareholding: 2,200 shares and 33,000 call options.

**PATRICK LAWLOR**

Born in 1964. President Americas since 2016.
Education: BSc Economics and certified Accountant, College of Commerce Dublin.
Other current positions: Board member in Canart Extrusions LLP and Aluminum Association in USA.
Previous positions (past five years): President Americas in Sapa Extrusions.
Own and related parties' shareholding: 0 shares and 0 call options.

**NICLAS NELSON**

Born in 1964. General Counsel since 2014.
Education: LL.M., Lund University.
Other current positions: Chairman of the Board of Directors in Gränges India. Board member in Gränges Aluminium Shanghai, Gränges Americas Inc, Gränges International Inc., Gränges Sweden AB and Gränges Skultuna AB.
Previous positions (past five years): –
Own and related parties' shareholding: 5,000 shares and 77,000 call options.

**PAUL NEUTJENS**

Born in 1959. SVP Process Engineering & Operational Development since 2017.
Education: MSc Engineering, Metallurgy and Applied Material Science, Catholic University of Louvain.
Other current positions: CEO in Leanlight Consulting vof.
Previous positions (past five years): –
Own and related parties' shareholding: 4,000 shares and 0 call options.

**KENT SCHÖLIN**

Born in 1964. SVP Technology & Innovation since 2020.

Education: MSc Engineering, Material Science, Royal Institute of Technology.

Other current positions: –

Previous positions (past five years): SVP Research & Innovation in Gränges 2017–2020. External CEO in Gränges Sweden AB.

Own and related parties' shareholding:

6,705 shares and 47,000 call options.

**TORBJÖRN STERNSJÖ**

Born in 1962. President Europe since 2020.

Education: MSc Engineering, Linköpings' University and EMBA, China European International Business School.

Other current positions: Board member in Altris AB. Deputy board member in Helioray AB.

Previous positions (past five years): SVP Technology & Business Development in Gränges 2017–2020. CEO in Sapa Chalco Aluminium Products Chongqing.

Own and related parties' shareholding:

15,605 shares and 80,000 call options.

**CAMILLA WEINER**

Born in 1968. SVP Corporate Responsibility & Communications since 2020.

Education: MSc Economics, Uppsala University.

Other current positions: Board member and CEO in Weiner Kommunikation AB. Board member and CEO in Kommunikation, Hållbarhet och Inredning Stockholm AB.

Previous positions (past five years): –

Own and related parties' shareholding:

0 shares and 88,000 call options.

**COLIN XU**

Born in 1976. President Asia since 2011.

Utbildning: MSc Economics and Business Administration, MBA, China Europe International Business School.

Other current positions: Supervisor in Shanghai Realman Energy Technology Co., Ltd.

Previous positions (past five years): –

Own and related parties' shareholding:

0 shares and 0 call options.

OTHER DISCLOSURES REGARDING THE BOARD OF DIRECTORS AND SENIOR MANAGERS

There are no family ties between any of the board members or senior managers.

There are no conflicts of interest or potential conflicts of interest between the board members' and the senior managers' commitments to the Company's, and their personal interests and/or other commitments.

Over the past five years, no board member nor senior manager has (i) been found guilty in any fraud-related case, (ii) represented a company that has been declared bankrupt or liquidated, or been subject to receivership, (iii) been the subject of an accusation and/or sanction by any authority authorized by law or regulation (including recognized professional associations) or (iv) been prohibited by a court of law from being a member of any issuer's administrative, management or supervisory body or from holding a senior or overarching position of any issuer.

All board members and senior managers can be reached at the Company's address: Linnégatan 18, SE-114 87 Stockholm, Sweden.

AUDITOR

The Company's auditor has been Ernst & Young AB since 2007 and was re-elected at the Annual General Meeting 2020 for the time until the end of the Annual General Meeting 2021. Erik Sandström (born 1975) is the Auditor in Charge. Erik Sandström is an Authorized Public Accountant and member of FAR (trade association of authorized public accountants). Ernst & Young AB's office address is Jakobsbergsgatan 24, SE-103 99 Stockholm, Sweden. Ernst & Young AB has served as auditor throughout the period for which the historical financial information for Gränges in this Offering Circular covers.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

General information

According to the Company's Articles of Association the share capital may not be less than SEK 100,000,000 and not exceed SEK 400,000,000, and the number of shares may not be less than 75,000,000 and not exceed 300,000,000. As of the date of this Offering Circular, the Company has a total of 77,959,654 shares outstanding. The Company only has one outstanding class of share.

On 6 November 2020, the Board of Directors resolved, by virtue of an authorization granted by the Annual General Meeting on 25 June 2020, on an issue in kind of 2,442,268 shares in Gränges, corresponding to an increase in the share capital of SEK 3,272,090. The share price was set at SEK 83.19 per share, corresponding to the volume-weighted average share price during the ten trading days calculated before 6 November 2020. The issue was registered with the Swedish Companies Registration Office on 9 November 2020. Apart from the issue in kind, there have been no changes to the number of shares or the share capital from 31 December 2019 up to the date of the Offering Circular. The shares are denominated in SEK and each share has a quota value of approximately SEK 1.339776.

All shares in the Company have been issued pursuant to Swedish law. All issued shares are fully paid and are freely transferable.

The offered shares are not subject to any mandatory offering, redemption right or sell-out obligation. No public takeover bid has been made for the offered shares during the current or preceding financial year.

The Rights Issue

The forthcoming Rights Issue will, if fully subscribed, increase the number of shares in Gränges from 77,959,654 shares to 106,308,618 shares, representing an increase of not more than approximately 36 per cent.

Dilution

A shareholder who choose not to participate in the Rights Issue will be subject to a dilution effect of approximately 26.7 per cent through the issue of a maximum of 28,348,964 new shares (equivalent to an increase in the number of shares by not more than approximately 36 per cent).

The table below presents the net asset value per share before and after the Rights Issue based on equity as of 30 September 2020 and the maximum number of shares that may be issued in the Rights Issue. The subscription price in the Rights Issue is SEK 60 per new share.

	Before the Rights Issue (as of 30 September 2020)	After the issue in kind ¹⁾	After the Rights Issue ²⁾
Equity, SEK million	4,442	4,657	6,357
Number of shares	75,517,386	77,959,654	106,308,618
Net asset value per share, SEK	58.82	59.73	59.80

1) Refers to the issue in kind which was registered on 9 November 2020, of which 2,442,268 shares were issued by the Company and capital contributed in kind amounted to a value of SEK 214,553,244.

2) Refers to the circumstances after the issue in kind and the Rights Issue. Equity refers to the Group's equity as of 30 September 2020 increased with the equity contributed to the Company in connection to the issue in kind as well as the issue proceeds from the Rights Issue before deduction of issue costs. Number of shares refers to the number of shares as of 30 September 2020 increased with the number of shares issued in connection to the issue in kind as well as the number of shares that can be issued in connection with the Rights Issue.

Information on public takeover bids

The shares in Gränges are not subject to any public takeover bids. No public takeover bids for Gränges shares have been made during the current or preceding financial year.

According to the Stock Market (Takeover Bids) Act (2006:451), a company is only permitted to take action, following a resolution adopted at the general meeting, aimed at making it more difficult for an offering to be made or implemented if the CEO or Board of Directors have valid reasons to assume that the offer is imminent.

Certain rights associated with the shares

The shares offered are all of the same class. The rights associated with shares issued by the Company, including those described in the Articles of Association, may only be changed according to the procedures set out in the Swedish Companies Act (2005:551).

Shareholders' meetings

Notice to attend shareholders' meetings shall be published in the Swedish Official Gazette (Sw: *Post- och Inrikes Tidningar*) and on the Company's website. An announcement is also to be placed in Svenska Dagbladet informing the public that a notice has been issued. Shareholders wishing to participate in negotiations at shareholders' meetings are to notify the company of this no later than the date stated on the notice to attend the meeting. This date must not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and not fall earlier than the fifth weekday prior to the shareholders' meeting.

Voting rights

Each share in the Company entitles the holder to one (1) vote at shareholders' meetings, and each shareholder is entitled to exercise voting rights for all the shares they hold in the Company.

Preferential rights to new share

If the company issues new shares, warrants or convertibles in a cash issue or an offset issue, the shareholders will as a principal rule have preferential rights to subscribe for such securities in proportion to the number of shares they held before the issue.

Right to dividends and surplus in the event of liquidation

All shares in the Company carry equal right to dividends and to the Company's assets and any surplus in the event of liquidation.

Resolutions regarding dividends are made at a shareholders' meeting. All shareholders recorded in the share register maintained by Euroclear Sweden on the record date determined by the shareholders' meeting are entitled to receive dividends. Dividends are normally paid to shareholders through Euroclear Sweden in a cash amount per share, but the payment may also be exercised in another form than cash. If a shareholder cannot be reached through Euroclear Sweden, the shareholder retains its claim on the Company for the dividend amount, subject to a statutory limitation period of 10 years. At the end of the statutory period, the dividend belongs to the Company.

Neither the Swedish Companies Act nor Gränges' Articles of Association contain any restrictions regarding the right to dividends for shareholders outside Sweden. Other than possible restrictions imposed by banking and clearing systems in relevant jurisdictions, payment will be made to shareholders in the same way as to shareholders domiciled in Sweden. Tax laws in both Sweden and the shareholders home country may affect income from any dividends that are paid out. See section "Terms and conditions – Important information on taxation".

Dividend policy and dividend history

Gränges' dividend policy is to distribute 30–50 per cent of the annual profits over time. Resolutions on dividends are to reflect the Company's financial position, cash flow and outlook.

The Company's Board of Directors resolved in March 2020 to withdraw its previously communicated proposal to the Annual General Meeting 2020 of a dividend of SEK 3.40 per share for the financial year 2019. The Board of Directors' decision was based on the prevailing climate due to the outbreak of Covid-19 and its effects on the world and markets, and the outbreak's potential financial impact on Gränges' business and profits. The Annual General Meeting resolved, based on the Board of Directors' proposal, to carry forward the full amount of the Company's earnings of SEK 1,588,580,143 at the Annual General Meeting's disposal.

Ownership structure

As of 31 October 2020, Gränges had, according to Euroclear Sweden, 10,276 shareholders. Below is a summary of the Company's ownership structure as of 31 October 2020 and any known subsequent changes¹⁾.

Shareholders	Number of shares	Shares (%)	Votes (%)
Fourth Swedish National Pension Fund	7,233,994	9.6	9.6
AFA Insurance	6,866,585	9.1	9.1
Handelsbanken Funds	5,517,188	7.3	7.3
Swedbank Robur Funds	4,710,411	6.2	6.2
Franklin Templeton	3,567,641	4.7	4.7
Dimensional Fund Advisors	3,188,092	4.2	4.2
Allianz Global Investors	2,866,950	3.8	3.8
Paradice Investment Management	2,437,367	3.2	3.2
Columbia Threadneedle	1,935,585	2.6	2.6
Fidelity Investments (FMR)	1,913,352	2.5	2.5
Total 10 largest shareholders	40,237,165	53.3	53.3
Others	35,280,221	46.7	46.7
Total	75,517,386	100	100

Source: Monitor by Modular Finance AB.

Authorizations

The Annual General Meeting on 25 June 2020, resolved to authorize the Board of Directors to, on one or several occasions before the next Annual General Meeting, resolve to issue new shares. The shares may be issued with or without deviation from the shareholders' preferential rights. Through a resolution on the basis of the authorization, a total number of new shares not exceeding the equivalent of issue proceeds totalling SEK two (2) billion may be issued (based on the subscription price and/or the value of assets in kind in the issue). If the shares are paid for in kind, and where parties other than the shareholders have the right to subscribe, a total number of shares may be issued not exceeding the equivalent of ten (10) per cent of the total number of outstanding shares in the Company at the time of the Annual General Meeting's authorization. The purpose of the authorization is to enable shares to be issued to finance the acquisition of Impxmetal S.A. (Aluminium Konin) and to enable other investments to be made to meet the Company's long-term strategic goals.

Share swap agreement

Gränges has, in accordance with the resolution at the Annual General Meeting 25 June 2020, entered into a share swap agreement in order to deliver shares to the senior managers participating in the investment programme, IP 2020 adopted by the Annual General Meeting. The total number of shares in the share swap amounts to approximately 2.0 million shares, corresponding to approximately 2.6 per cent of the number of shares in the Company prior to the Rights Issue.

Central securities register

The Company's shares are registered in a CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register is maintained by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. No share certificates have been issued for the Company's shares. The ISIN code for the shares is SE0006288015.

Shareholder agreements etc.

As far as the Board of Directors is aware, there are no shareholder agreements or other arrangements between the Company's shareholders for the purpose of having a joint influence over the Company. As far as the Board of Directors is aware, there are no other agreements or equivalent arrangements that could result in a change in control over the Company.

¹⁾ Through the issue in kind that was carried out in connection with the completion of the acquisition of Aluminium Konin and registered with Swedish Companies Registration Office on 9 November 2020, Boryszew S.A. acquired 2,442,268 shares in the Company, meaning that Boryszew S.A. at the date of this Offering Circular owns 3.13 per cent of the total number of outstanding shares and votes in the Company. For more information on the issue in kind, see section "Legal considerations and supplementary information – Material agreements – Acquisitions and divestments – The acquisition of Aluminium Konin".

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

Approval of the Swedish prospectus

A separate prospectus in Swedish has been approved by the Swedish Financial Supervisory Authority as competent authority pursuant to Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority only approves the prospectus to the extent that it meets the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. This approval should not be considered as any form or endorsement of the issuer referred to the prospectus. Nor should this approval be considered as any form of endorsement of the quality of the securities that are subject to the prospectus and investors should make their own assessment as to the suitability of investing in these securities. The prospectus has been prepared as a simplified prospectus in accordance with article 14 of Regulation (EU) 2017/1129.

The prospectus was approved by the Swedish Financial Supervisory Authority on 24 November 2020. The validity period of the prospectus end on 24 November 2021. The obligation to supplement the prospectus in the event of significant new circumstances, factual errors or material inaccuracies does not apply once the validity of the prospectus has ended.

General information on the company and the group

Gränges

The Company's company name is Gränges AB (publ). Gränges' corporate registration number is 556001-6122 and the Board of Directors is domiciled in the county of Stockholm, in the municipality of Stockholm. The Company was founded in Sweden on 30 July 1896 and was registered with the Swedish Companies Registration Office on 29 November 1897. The Company is a Swedish publicly listed company regulated by the Swedish Companies Act (2005:551). Gränges LEI code is 529900JY9ZB-GUXGRKQ86. Gränges' shares have been listed on Nasdaq

Stockholm since 10 October 2014. The shares are traded on Nasdaq Stockholm under the ticker GRNG. The address to Gränges' website is www.granges.com. The information on the website does not constitute part of this Offering Circular.

Material agreements

Acquisitions and divestments

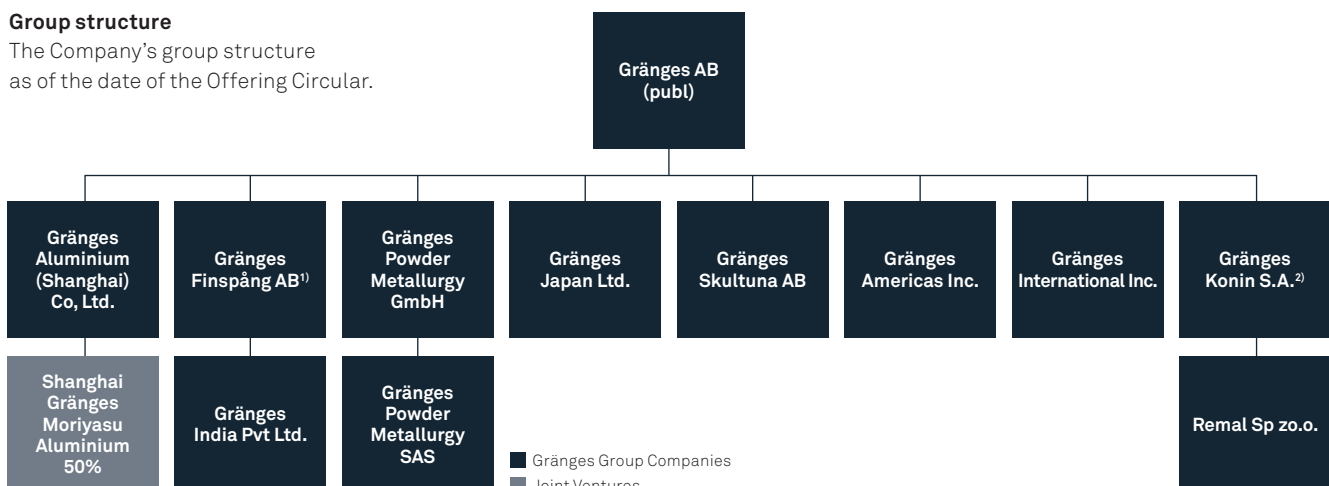
The acquisition of Aluminium Konin

On 28 November 2019, Gränges announced that the Company had signed an agreement to acquire all of the shares in Impexmetal S.A., whose only assets upon completion of the acquisition consisted of Aluminium Konin's operations, from the Boryszew S.A. for approximately SEK 2,200 million on a cash and debt free basis. On 7 October 2020, the Company announced that Gränges and Boryszew had agreed on a new structure regarding the purchase price for the acquisition of Aluminium Konin, whereby a part the purchase price would consist of an issue in kind of shares in Gränges to Boryszew. The issue in kind amounted to approximately 10 per cent of the Enterprise Value (approximately SEK 2.2 billion or PLN 938 million on a debt free basis), equivalent to approximately SEK 200 million. The price per share and number of shares were determined based on market terms and the issue was registered on 9 November 2020. Gränges also paid approximately SEK 400 million for accrued costs related to an expansion program in Aluminium Konin. The transaction was otherwise subject to regulatory approval by the relevant competition authorities, which the Company obtained from the European Commission on 23 September 2020. The transaction was completed on 6 November 2020.

The share transfer agreement contains customary guarantees on the company's accounts, material agreements, tax, disputes, regulatory compliance, employees and intellectual property rights.

Group structure

The Company's group structure as of the date of the Offering Circular.



1) In the process of change of name from Gränges Sweden AB.

2) In the process of change of name from Impexmetal S.A..

The acquisition of GETEK GmbH

In October 2017, Gränges invested in a production company, GETEK GmbH, jointly with German company Erbslöh Aluminium GmbH for manufacturing of aluminium billets through advanced spray-forming technology. Under Gränges' agreement with Erbslöh Aluminium, Gränges invested EUR 4.4 million in cash and obtained 51 per cent of GETEK GmbH. Erbslöh, which contributed production assets, personnel and competence, obtained the remaining 49 per cent of GETEK GmbH.

On 17 September 2020, the Company announced that it had signed an agreement on the acquisition of the remaining 49 per cent of the shares in GETEK GmbH and the Dispal® operations, including assets, intellectual property rights and the trademark Dispal®, for EUR 8.5 million from Erbslöh Aluminium GmbH, which is part of the WKW.group. On 1 October 2020, the Company announced that the acquisition of the shares in GETEK GmbH has been completed and that the acquisition of the Dispal® operations will be completed with effect from 1 January 2021. In 2020, GETEK GmbH will change its name to Gränges Powder Metallurgy GmbH.

The share transfer agreement, as well as the assets and liabilities transfer agreement, contain customary warranties on the company's accounts, material agreements, tax, disputes, regulatory compliance, employees and intellectual property rights.

Financial agreements

On November 27 2019, Gränges raised a bridge loan facility of SEK 2.3 billion with Danske Bank, Svenska Handelsbanken AB (publ) and Nordea for the purpose of financing the acquisition of Aluminium Konin. The bridge loan facility originally matured on 27 May 2020 but has, through the exercise of extension options, been extended until 26 May 2021. Gränges intends to, inter alia, use the net issue proceeds to repay the outstanding amount under the bridge loan facility. The bridge loan facility run with an interest rate which amounts to applicable STIBOR interest base rate (subject to a floor of zero per cent) plus applicable margin. The margin increases by predetermined steps the sixth, ninth and twelfth month, respectively, after the agreement was entered into.

On 29 March 2019, Gränges entered into a loan agreement with Danske Bank, Svenska Handelsbanken AB (publ), New York Branch, Svenska Handelsbanken AB (publ), Nordea and Nordea Bank Abp, New York Branch for the purpose of financing general corporate purposes. The loan agreement gives Gränges Americas access to a term loan facility of USD 100 million with a final maturity date of five years from the date of entering into the loan agreement. Furthermore, the loan agreement gives Gränges access to a revolving facility of SEK 2 billion with a final maturity date of three years from the date of entering into the loan agreement with a possibility of extension for one year at a time. As a part of the revolving facility, Gränges can establish short-term swingline loans with other terms and conditions regarding, for example, interest and maturity. The credit facilities run with an interest rate amounting to the applicable IBOR interest base rate (subject to a floor of zero per cent) plus applicable margin that varies depending on the ratio between net indebtedness and EBITDA.

Gränges also has access to a term loan facility of USD 25 million with AB Svensk Exportkredit for the purpose of financing general corporate purposes. The loan was raised on 14 December 2017 and matures on 22 December 2022. The interest rate is based on applicable LIBOR plus margin.

The credit agreements contain customary commitments, undertakings, and financial covenants for Gränges and the Company's subsidiaries, subject to certain agreed exceptions and qualifications. There are negative pledge clauses as well as restrictions regarding divestments and acquisitions amongst the undertakings. The financial covenants require that the financial performance measures net debt / EBITDA and EBITDA / financial expenses may not violate certain levels specified in the loan agreements. If Gränges does not fulfill its commitments and provisions stated in the loan agreement, the lenders have the right to terminate the relevant credit facilities and demand repayment of outstanding loans.

Gränges has corporate bonds of SEK 600 million, issued under the Medium Term Note programme with an overall sum of SEK 3 billion, which was established in 2019. Gränges also has a commercial paper program in SEK with an overall sum of SEK 1,500 million. A total of SEK 900 million in commercial papers was issued as of 31 December 2019.

Other financial agreements

Gränges Shanghai has a utilized working capital facility with ABC bank of CNY 50 million, as well as a credit of USD 10 million related to cash pool arrangements in Gränges' American operations.

Gränges is also a guarantor for the subsidiary Gränges Americas' for commitments under a credit facility of a total of USD 50 million from Svenska Handelsbanken AB (publ), New York Branch and Nordea Bank Abp, New York Branch as well as a credit facility of USD 25 million from AB Svensk Exportkredit.

Subscription undertakings and underwriting commitments**Subscription undertakings**

The Company's shareholders, the Fourth National Pension Fund, AFA Insurance, Boryszew S.A. and Unionen, which holds 9.3, 8.8, 3.1 and 2.4, respectively, per cent of the total number of shares and votes in Gränges as of the date of the Offering Circular, have undertaken to subscribe for new shares corresponding to their respective pro rata shares of the Rights Issue in the Company, that is new shares corresponding to their shareholdings in the Company, totalling approximately 23.6 per cent of the Rights Issue.

Furthermore, Handelsbanken Fonder, Swedbank Robur Fonder, Lupus Alpha and PriorNilsson Fonder have undertaken to subscribe for new shares corresponding to approximately 16.4 per cent of the total number of shares and votes in Gränges before the issue. The undertakings in the above thereby amounts to a total of approximately 40.0 per cent of the Rights Issue (the "Subscription Undertakings").

Underwriting commitments

In addition to the undertaking to subscribe for new shares equivalent to current holdings, the Fourth National Pension Fund (Box 3069, SE-103 61 Stockholm) and Unionen (Olof Palmes gata 17, SE-105 32 Stockholm) have entered into underwriting commitments to subscribe for an additional share, corresponding to 26.5 per cent of the Rights Issue. The underwriting agreement between the Fourth National Pension Fund and the Company was entered into on 16 November 2020 and the underwriting agreement between Unionen and the Company was entered into on 13 November 2020. These commitments, together with the other undertakings entered into by the shareholders in accordance with the above, amounts to 66.4 per cent of the shares in the Company. The Joint Global Coordinators have, up to an amount of approximately SEK 572 million, representing approximately 33.6 per cent of the Rights Issue, guaranteed the subscription of the portion of the Rights Issue that is not covered by the above-mentioned subscription undertakings underwriting commitments. For this underwriting commitment, the Company will pay compensation totalling approximately SEK 11 million, and in addition thereto reimburse the Joint Global Coordinators for costs relating to legal advisers and other expenses incurred in connection with the Rights Issue. The underwriting agreement between the Company and the Joint Global Coordinators was entered into on 18 November 2020. Allotment of shares subscribed for under the underwriting commitment is made in accordance with the principles described in the section “*Terms and conditions – Subscribing for new shares without subscription rights*”.

The Company has provided customary warranties and indemnities for the Joint Global Coordinators’ underwriting commitments, which is also subject to customary terms and conditions, including that the Joint Global Coordinators shall be provided with legal disclosures and customary disclosures from the Company’s auditors with respect to the Rights Issue. The underwriting commitment is further subject to the Fourth National Pension Fund, AFA Insurance, Boryszew S.A., Unionen, Handelsbanken Fonder, Swedbank Robur Fonder, Lupus Alpha and PriorNilsson Fonder, who, as described above, have undertaken to exercise their preferential rights in the Rights Issue, fulfilling their subscription undertakings and, as for the Fourth National Pension Fund and Unionen who, as described above, have undertaken to subscribe for an additional share, jointly corresponding to approximately 26.5 per cent of the Rights Issue, fulfilling their underwriting commitments by the date on which the Company announces the final results of the Rights Issue at the latest. The Joint Global Coordinators’ commitment is also subject to customary termination provisions, whereby the Joint Global Coordinators have the right to terminate the agreement for breach of the guarantees provided

by the Company and if the conditions set for the commitments are not met. As is customary, the Company has also undertaken not to carry out a capital increase, issue or similar measure, sell shares or certain share-related instruments, execute a transaction with derivatives or synthetic instruments, or other similar measures which would result in the transfer of economic rights associated with the shares (with some exceptions), without the prior written consent from the Joint Global Coordinators during a period of 180 days from the date of the underwriting commitment.

Non secured commitments and underwriting commitments

The above-mentioned subscription undertakings and underwriting commitments are not secured. Consequently, there is a risk that one or more of the shareholders concerned will not be able to fulfil their commitments. See also section “*Risk factors – Subscription and guarantee undertakings regarding the Rights Issue are not secured*”.

Total undertakings

Altogether, the subscription undertakings and underwriting commitments total 100 per cent of the Rights Issue. Thus, the Rights Issue is fully subscribed.

Lock-up undertakings

Boryszew has undertaken not to reduce its holdings in the Company for a certain period of time, a so called lock-up undertaking. This undertaking applies for the period up to and including 180 days after the 6 November 2020.

Administrative proceedings, legal proceedings and arbitration

From time to time, disputes arise in the ongoing operations. The Group regularly makes assessments and provisions if necessary in the accounts. Furthermore, the Group has conducted industrial production for a long time at facilities in Finspång, Västerås and Upplands Väsby. In light of the public review of potentially polluted areas in Sweden that is being conducted by the Swedish Environmental Protection Agency and country administrative boards, Gränges may be involved in reviews and investigations relating to facilities where industrial production has historically taken place. For instance, industrial production has been conducted by various operators at Gränges’ facility in Finspång since the 16th century. However, the group has not been part to any administrative procedures, legal proceedings or arbitration proceedings (including not yet settled cases and cases that the Company is aware of that might arise) that recently had or could have material effects on the Company’s financial position or profitability during the last twelve months.

Related-party transactions

No related-party transactions that individually or combined are material to Gränges have occurred from 30 September 2020 up to the date of this Offering Circular. For more information on related-party transactions, see Note 4 in the interim report for the period January–September 2020 and Note 8 and 33 in Gränges' annual report for the financial year 2019 and Note 8 and 32 in Gränges' annual report for the financial year 2019 with respect to senior executives and members of the Board of Directors.

A summary of information which has been published according to the Market Abuse Regulation

Below is a summary of the information that the Company has published according to the Market Abuse Regulation (596/2014) ("MAR") over the past twelve (12) months and which is relevant as of the date of this Offering Circular.

Financial reports etc.

- On 30 January 2020, Gränges published its year-end report for the period January–December 2019.
- On 30 April 2020, Gränges published its interim report for the period January–March 2020.
- On 16 July 2020, Gränges published its half-year report for 2020.
- On 8 October 2020, Gränges announced that the Company's sales volume and operating profit for the third quarter of 2020 is expected to be higher than the market's expectations.
- On 22 October 2020, Gränges published its interim report for the period January–September 2020.

Agreements

- On 28 November 2019, Gränges announced that the Company had entered into an agreement to acquire Aluminium Konin for approximately SEK 2.2 billion (PLN 938 million) on a debt free basis (Enterprise Value).
- On 17 September 2020, Gränges announced that the Company had entered into an agreement to acquire the remaining 49 per cent of GETEK GmbH and the Dispal® operations.
- On 7 October 2020, Gränges announced that the Company and Boryszew had agreed on a new structure regarding the purchase price for Aluminium Konin.
- On 6 November 2020, Gränges announced that the Company completed the acquisition of Aluminium Konin and that the Company will carry out an issue in kind as a part of the purchase price for the acquisition of Aluminium Konin.
- On 9 November 2020, Gränges announced that the Company had appointed a new management for the European operations.

Impact of COVID-19 and efficiency improvement as well as adaptation of Gränges' European operations

- On 26 March 2020, Gränges announced that the Company would withdraw its dividend proposal, delay the Annual General Meeting and take measures to reduce the impact of the coronavirus outbreak.
- On 26 August 2020, Gränges announced that the Company is making efficiency improvements and adapting the European operations through structural changes in the Swedish operations and by giving notice of termination to employees in Gränges' operations in Finspång.

The Rights Issue

- On 18 November 2020, Gränges announced that the Company has resolved on a fully guaranteed rights issue and publishes the terms and conditions of the issue.

Costs of the Rights Issue

As compensation for the Joint Global Coordinators' and Joint Bookrunners' work in connection with the Rights Issue, the Joint Global Coordinators and Joint Bookrunners, subject to certain limitations, will be compensated by the Company for external expenses incurred.

Gränges' costs in connection with the Rights Issue are estimated to amount to approximately SEK 38 million. Such costs are mainly related to expenses for compensation for the underwriting commitment, sales commission for the Joint Global Coordinators and Joint Bookrunners, auditors, lawyers, printing of the Offering Circular, costs relating to presentations by management etc.

Advisors' interests

Gränges' financial advisors in connection with the Rights Issue are Handelsbanken Capital Markets, part of Svenska Handelsbanken AB (publ), Kungsträdgården 2, SE-106 70 Stockholm, Sweden, Danske Bank A/S, Denmark, Sweden branch, Norrmalmstorg 1, SE-111 46 Stockholm, Sweden and Nordea Bank Abp, branch in Sweden, Smålandsgatan 17, SE-111 46 Stockholm, Sweden. The Joint Global Coordinators and Joint Bookrunners have provided, and may in future provide, various banking, financial, investment, commercial and other services to Gränges for which they have received, respectively may in future receive, compensation. The Joint Global Coordinators and Joint Bookrunners are also serving as underwriters and bookrunners for the bridge loan facility of SEK 2,300 million with a maturity of 18 months. The intention is to repay the bridge loan facility through bank loans, bond loans and through the Rights Issue.

Advokatfirman Vinge KB has acted as legal advisors to the Company in connection with the Rights Issue. Advokatfirman Vinge KB may provide additional legal advice to the Company.

Documents available

Gränges' articles of association and certificate of registration are available in electronic format on Gränges' website (<https://www.granges.com/sv/om-granges/bolagsstyrning/bolagsordning/>).

DOCUMENTS INCORPORATED BY REFERENCE

The information below is incorporated by reference and constitutes part of the Offering Circular and should be read as part thereof. The financial reports can be found in Gränges' annual report and consolidated financial statements for the financial years 2019 and 2018, and in Gränges' interim report for the period January–September 2020, where reference is made as follows:

- i. annual report 2019: Board of Directors' report (p. 38–40), Consolidated income statement (p. 53), Consolidated statement of comprehensive income (p. 54), Consolidated balance sheet (p. 55), Consolidated cash flow statement (p. 57), Consolidate statement of changes in equity (p. 56), Notes (p. 58–79) and audit report (p. 94–96);
- ii. annual report 2018: Board of Directors' report (p. 52–54), Consolidated income statement (p. 67), Consolidated statement of comprehensive income (p. 68), Consolidated balance sheet (p. 69), Consolidated cash flow statement (p. 71), Consolidate statement of changes in equity (p. 70), Notes (p. 72–93) and audit report (p. 109–111);
- iii. interim report January–September 2020: Consolidated income statement (p. 10), Consolidated statement of comprehensive income (p. 10), Consolidated balance sheet (p.11), Consolidated cash flow statement (p. 12), Consolidated statement of changes in equity (p. 11), Notes (p. 14–16) and auditor's review report (p. 9).

The Group's annual reports for 2019 and 2018 have been audited by the Company's auditors. The Group's interim report for the period 1 January–30 September 2020 has been reviewed by the Group's auditors.

Other information in the Offering Circular has not been audited by the auditors unless explicitly stated otherwise. The parts of the respective financial reports not referenced contain information that can be found in other parts of this Offering Circular or that is not deemed relevant to investors in connection with this Rights Issue. The documents incorporated by reference are available during the Offering Circular's period of validity on Gränges' website www.granges.com. In addition to the information incorporated in the Offering Circular by reference, the information on Gränges' website is not included in this Offering Circular and it has not been examined nor approved by the competent authority.

DEFINITIONS

Aluminium Konin

Refers to the Aluminium Konin operations, a Polish flat rolled aluminium producer offering products to, inter alia, the automotive industry, owned by Gränges' wholly owned subsidiary Impexmetal.

Gränges' or the Company

Refers to, depending on the context, Gränges AB (publ) (Reg.No. 556001-6122) or the Group in which Gränges AB (publ) is the parent Company.

Danske Bank

Refers to Danske Bank A/S, Denmark, Sverige Branch (Reg.No. 516401-9811).

Impexmetal

Refers to Impexmetal S.A. (Polish corp. Reg. No. 011135378) the assets of which include, inter alia, Aluminium Konin.

The Group

Refers to Gränges and its subsidiaries.

Handelsbanken Capital Markets

Refers to Handelsbanken Capital Markets, part of Svenska Handelsbanken AB (publ) (Reg.No. 502007-7862).

Nordea

Refers to Nordea Bank Abp, branch in Sweden (Reg.No. 516411-1683).

EUR

Refers to euro.

Euroclear Sweden

Refers to Euroclear Sweden AB.

The Rights Issue

Refers to the right issue as described in this Offering Circular.

Joint Global Coordinators and Joint Bookrunners

Refers to Handelsbanken Capital Markets, Danske Bank and Nordea.

SEK billion

Refers to billions of Swedish kronor.

PLN million

Refers to millions of Polish zloty.

SEK million

Refers to millions of Swedish kronor.

Nasdaq Stockholm

Refers to, depending on the context, the regulated market Nasdaq Stockholm or Nasdaq Stockholm Aktiebolag.

PLN

Refers to Polish zloty.

Offering Circular

Refers to this offering circular.

SEK

Refers to Swedish kronor.

SEK thousand

Refers to thousands of Swedish kronor.

GLOSSARY

Alloy

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

Aluminium ingot

A small block of aluminium, typically used as input material for re-melting.

Aluminium strip

Rolled aluminium in coil form.

Annealing

Heat treatment to partially or fully remove hardening in the material after cold rolling.

Brazing

Joining of metals through melting and solidification of a braze metal.

Casting

Method to convert molten metal into a desired solid form.

Cladding

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

Electric vehicle

Light vehicle entirely or partly powered by electricity. They are often divided into Battery Electric Vehicles (BEV) and Hybrid Electric Vehicles (HEV) and in some cases Plug-in Hybrid Vehicles (PHEV).

Foil

A flat rolled product with a thickness less than 0.2 mm.

Heat exchanger

A device for transforming heat from one medium to another.

HVAC

Abbreviation for heating, ventilation and air conditioning systems containing heat exchangers. Sometimes used to define the stationary heat exchanger market.

LME

London Metal Exchange.

SHFE

Shanghai Futures Exchange.

Rolled aluminium

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

Spray-forming

Deposit of semi-solid sprayed droplets onto a substrate.

Slab

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

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