







## PURPOSE

We develop lighter, smarter and more sustainable aluminium products and solutions.

### 2022 IN BRIEF

- 02 Key events
- 03 Performance
- 04 CEO comment

### ABOUT GRÄNGES

- 07 This is Gränges
- 08 Global presence
- 09 Products and value chain
- 11 Case: Battery innovation

### STRATEGY

- 13 Trends
- 14 Navigate – the strategy
- 22 Long term targets
  - Financial
  - Sustainability
- 24 Case: Shanghai during COVID-19

### THE BUSINESS

- 26 Markets
- 28 Gränges Eurasia
- 30 Gränges Americas

### SUSTAINABILITY

- 33 Strategy and framework
- 35 Climate strategy
- 37 Sustainable supply and recycling
- 41 Case: Partnership in solar energy
- 42 Sustainable operations
- 47 Sustainable customers and sectors
- 49 Case: Arconic Architectural

### INVEST IN GRÄNGES AND THE SHARE

- 50 Reasons to invest in Gränges
- 51 The share and owners

### RISK MANAGEMENT

- 53 Market risks
- 55 Operational risks
- 58 Financial risks

### CORPORATE REPORTS AND FINANCIAL STATEMENTS

- 61 Board of Directors' Report
- 68 Chairman's comment
- 69 Corporate Governance Report
- 78 Board of Directors and Management team
- 81 Financial Statements
- 112 Five-year summary
- 113 Financial Statement Parent company
- 121 Proposed appropriation of retained earnings
- 122 Auditor's Report
- 126 Sustainability notes
- 144 GRI index

### 149 GLOSSARY

### 150 ANNUAL GENERAL MEETING 2023

### 151 GRÄNGES' MILESTONES



Gränges' formal Annual and Sustainability Report according to the Swedish annual accounts act comprises pages 33–48, 61–121, and 126–143. The report is published in Swedish and in an English translation. The Swedish version takes precedence in the event of any discrepancies between the two versions.



# Key events

## Q1

- Gränges Shanghai achieved certification against the Aluminium Stewardship Initiative Chain of Custody (CoC) Standard, an important step in the commitment to develop sustainable aluminium products and solutions.

## Q2

- Gränges invested USD 52 million in expansion of recycling and casting operations in Huntingdon, US, which will enable a market launch of near-zero carbon aluminium solutions in 2024.
- As the first domestic producer in the US, Gränges invested in battery foil production in its production facility in Newport.
- A fire broke out in the newly built cold rolling mill in Gränges' production facility in Konin, Poland. There were no injuries, however, production equipment was damaged.
- Gränges committed to climate neutrality by 2040 and joined the Science Based Targets initiative.
- On its Capital Markets Day, Gränges presented a new long-term strategy for sustainable growth, Navigate, with updated targets.
- Gränges launched a new product brand for sustainable and circular solutions, Gränges Endure, making it easier for customers to select sustainable aluminium products.

## Q3

- Gränges published an updated MTN prospectus. The MTN programme has a framework amount of SEK 3 billion for loans.

## Q4

- Gränges Americas achieved dual ASI certifications covering three production facilities and the corporate office in the US.
- Gränges refinanced part of its debt portfolio and entered into two new credit facility agreements with sustainability-linked structures.

## PERFORMANCE SUMMARY

Financial summary	2022	2021	Change
Sales volume, ktonnes	479.3	488.9	-2.0%
Net sales, SEK million	24,492	18,130	35.1%
Adjusted operating profit <sup>1)</sup> , SEK million	1,150	1,008	14.0%
Adjusted operating margin, %	4.7	5.6	-0.9 ppt
Adjusted operating profit per tonne, kSEK	2.4	2.1	0.3
Operating profit, SEK million	1,136	833	36.4%
Operating margin, %	4.6	4.6	0.0 ppt
Profit for the year, SEK million	700	595	17.7%
Earnings per share basic	6.59	5.60	0.99
Earnings per share diluted	6.58	5.58	1.00
Adjusted cash flow before financing activities <sup>2)</sup> , SEK million	618	607	1.9%
Equity/assets, %	46.8	44.0	2.8 ppt
Financial net debt, SEK million	3,882	3,059	823
Financial net debt/EBITDA SEK million	1.9	1.8	0.1
Return on capital employed, %	9.4	10.0	-0.6 ppt

# +14%

increase in  
adjusted operating  
profit

Sustainability summary	2022	2021	Change
Total Recordable Rate <sup>3)</sup>	8.0	6.5	23.1%
Carbon emissions intensity (scope 1+2), tonnes CO <sub>2</sub> e/tonne	0.82	0.88	-6.8%
Carbon emissions intensity (scope 3), tonnes CO <sub>2</sub> e/tonne	8.1	8.4	-4.3%
Sourced recycled aluminium, %	32.7	28.5	4.2 ppt
ASI certifications, number of sites <sup>4)</sup>	5	2	3

1) Adjusted for items affecting comparability.

2) Adjusted for expansion investments and acquisitions.

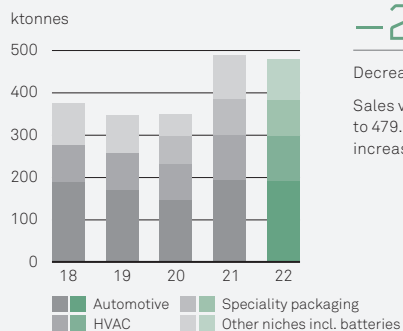
3) Number of recordable accidents per million hours worked.

4) Number of sites with Performance Standard and Chain of Custody Standard.



# Performance

## SALES VOLUME

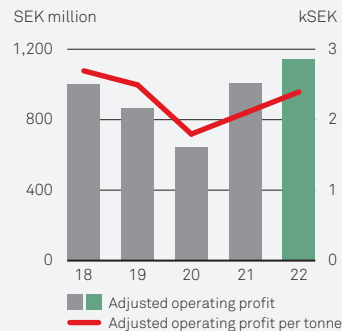


-2%

Decrease in volume

Sales volume decreased by 2.0 per cent to 479.3 ktonnes (488.9). Net sales increased to SEK 24,492 million (18,130).

## ADJUSTED OPERATING PROFIT <sup>1) 2)</sup>

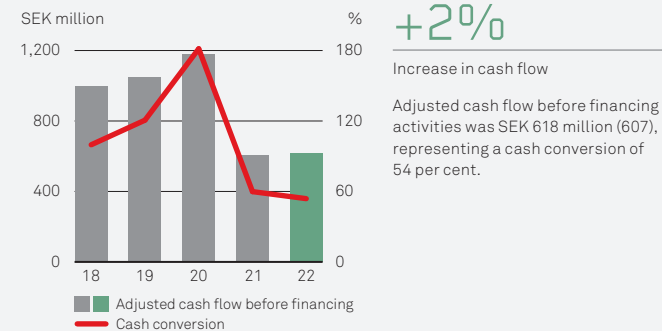


+14%

Increase in profit

Adjusted operating profit<sup>1)2)</sup> amounted to SEK 1,150 million (1,008) and adjusted operating profit per tonne was 2.4 kSEK (2.1).

## ADJUSTED CASH FLOW BEFORE FINANCING <sup>2)</sup>

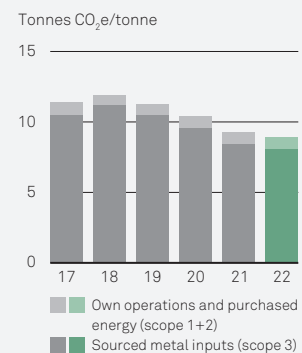


+2%

Increase in cash flow

Adjusted cash flow before financing activities was SEK 618 million (607), representing a cash conversion of 54 per cent.

## CARBON EMISSIONS INTENSITY

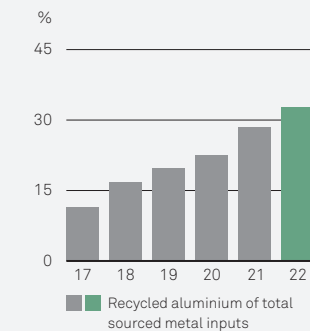


-5%

Reduction of total carbon emissions intensity (scope 1+2+3)

Carbon emissions intensity amounted to 0.82 tonnes CO<sub>2</sub>e/tonne for scope 1+2 and 8.1 tonnes CO<sub>2</sub>e/tonne for scope 3. Total carbon emissions intensity (scope 1+2+3) has now been reduced by 22 per cent versus baseline 2017<sup>3)</sup>.

## SOURCED RECYCLED ALUMINIUM <sup>4)</sup>



+4.2 PPT

Increase of sourced recycled aluminium

The share of sourced recycled aluminium increased to 32.7 per cent (28.5), which is above the 2025 target level.

## RESPONSIBLE SOURCING AND PRODUCTION

5 SITES

Number of sites with ASI Performance Standard and Chain of Custody Standard.

5 sites (2) have achieved certifications in accordance with the Aluminium Stewardships Initiative (ASI) Performance Standard and Chain of Custody Standard.

1) Adjusted for items affecting comparability. Read more on page 87, Note 14.  
 2) Read more about alternative performance measures on page 101.  
 3) Baseline 2017 recalculated to include the facility in Konin.  
 4) 2017–2020 exclude Gränges Powder Metallurgy and the facility in Konin.

## A year of extraordinary challenges and achievement

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



### Stable performance in a volatile environment

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

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

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

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

### New long-term plan for sustainable growth

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

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

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

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



Key projects are being completed in the near future, such as new recycling and casting centres in Huntingdon and Konin, expanded capacity in Newport, and automation in Finspång.



**Our high ambition and systematic work resulted in the lowest-ever carbon emission and highest-ever recycling volumes in 2022.**

### **Commercial wins and investments in battery solutions**

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

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

### **Good progress towards ambitious sustainability targets**

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

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

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

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

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

### **Strong team and proven results give confidence for the future**

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

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

Jörgen Rosengren, President and CEO





# ABOUT GRÄNGES

**This is Gränges**

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**Global presence**

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**Products and value chain**

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**Case: Battery innovation**

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# Gränges – a leading aluminium technology company

Gränges is an aluminium technology company that drives the development of lighter, smarter, and more sustainable aluminium products and solutions.

## Innovating together with the customers

With customized product development, production capacity, sales offices and technical support globally, Gränges meets customers' complex needs and new trends in an efficient and sustainable way. This also creates the foundation for Gränges' continued expansion.

Product developers and technicians at Gränges offer advanced technical support and a wide range of services to optimize Gränges' products to fit customers' production lines, processes and applications. Gränges validation capabilities saves time and cost for the customers when it comes to product development and market introduction.

## Leading-edge technology and craftsmanship

Gränges develops and produces advanced materials that enhance the efficiency in the customer's manufacturing processes, as well as the performance of their products.

The product range comprise a variety of rolled aluminium for thermal management systems, speciality packaging and other niche markets, and a comprehensive range of clad and unclad rolled aluminium products used for applications with a high degree of functionality and performance.

Depending on the specific needs, Gränges chooses the right alloys, manufacturing parameters and layering for each product. This variety provides virtually unlimited possibilities for customized solutions based on carefully selected alloy combinations, delivery conditions, cladding thickness and geometries. Gränges leading-edge technology and true industrial craftsmanship ensure materials with consistent quality.

## Sustainability at the core of the strategy

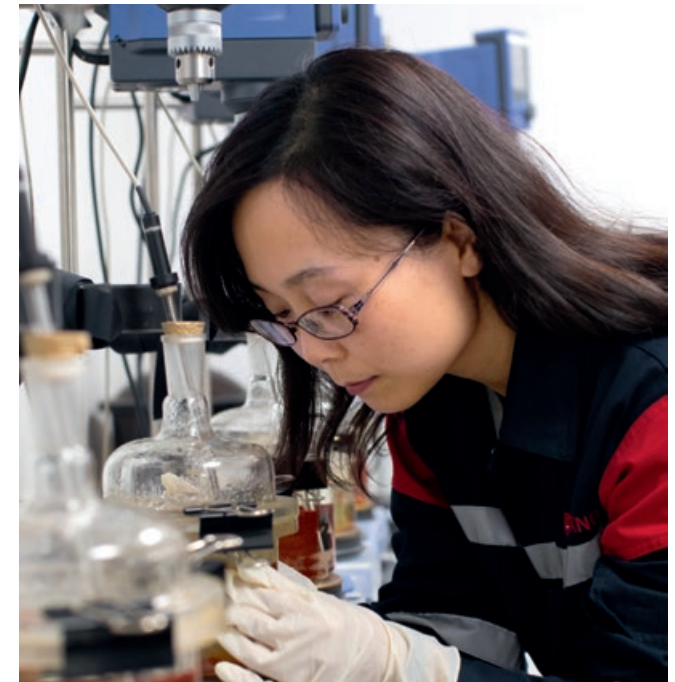
Sustainability is at the core of Gränges' business and strategy, integrated across the operations through a structured way of working. Gränges has a strong commitment to minimize the environmental impact of its operations, uphold ethical business practices, and provide a safe and good working environment. The aim is to develop sustainable aluminium products and solutions which have a low-carbon impact, are circular and resource efficient and are responsibly sourced and produced.

## GRÄNGES – THE GLOBAL MARKET LEADER IN HEAT EXCHANGERS

- #1 IN EUROPE
- #1 IN ASIA
- #2 IN NORTH AMERICA

## 2022 IN NUMBERS

- Sales volume 479 ktonnes
- Net sales SEK 24.5 billion
- Employees 2,700
- Total annual production capacity 580 ktonnes
- Adjusted operating profit SEK 1,150 million



## Global presence

Gränges has two business areas: Gränges Eurasia and Gränges Americas. Gränges Eurasia comprises Asia Pacific and Europe and Gränges Americas includes North and South America. The business areas are grouped based on production technology and end-customer markets. It reflects recent years extended production footprint and a more diverse product portfolio.

### Gränges Eurasia

#### Asia Pacific

China is the main market and other key markets include India, Thailand, South Korea and Japan. Gränges has a leading position in rolled products for brazed aluminium heat exchangers in Asia Pacific. In 2022, the automotive business accounted for 87 per cent (85) of Gränges' sales in Asia Pacific.

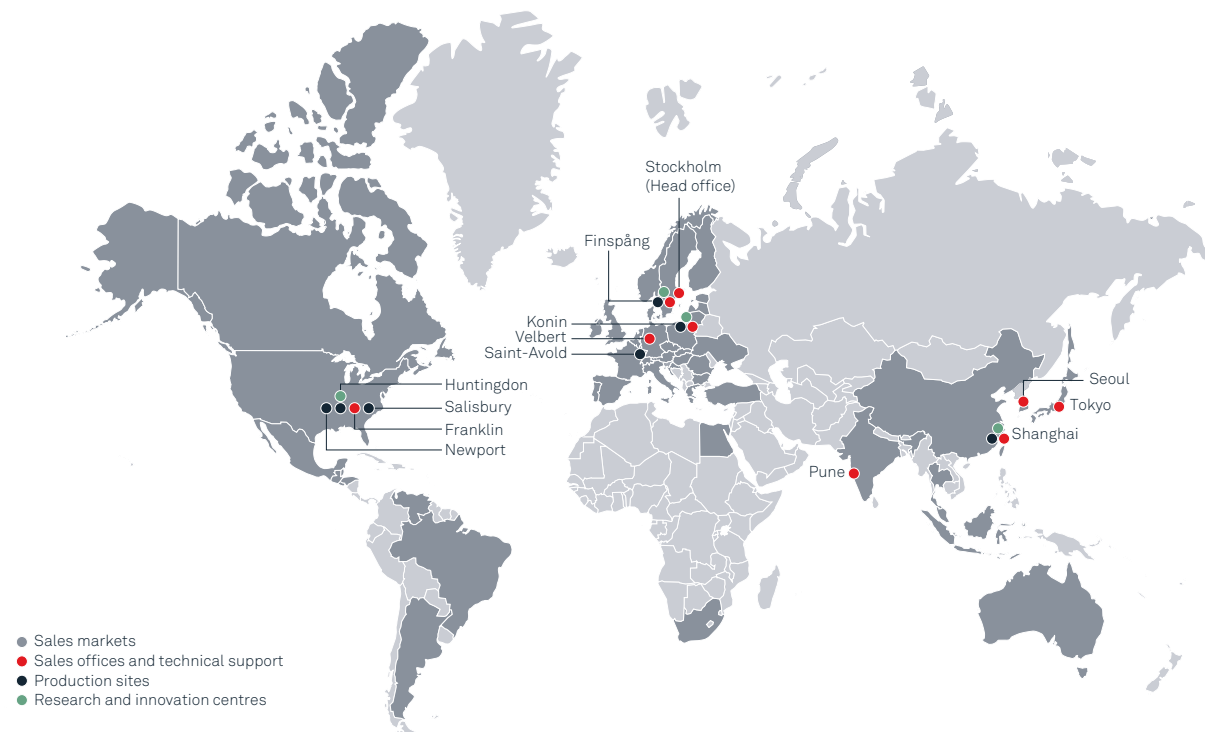
#### Europe

Poland, Czech Republic, Sweden, France and Germany are the largest markets. Gränges has a strong position in rolled products for brazed aluminium heat exchangers in Europe. In 2022, the automotive business accounted for 51 per cent (51) of Gränges' sales in Europe.

### Gränges Americas

#### North and South America

Main markets are the US and Mexico. Gränges holds a leading position in rolled aluminium products for HVAC and is the second largest supplier of rolled aluminium for brazed heat exchangers to the automotive industry. In addition, the company has leading positions in niche markets such as transformers and food packaging. In 2022, HVAC and other end-customer markets accounted for 41 per cent (39) and 41 per cent (41) respectively of Gränges Americas' sales, and the automotive business accounted for 18 per cent (20).



### PRODUCTION SITES AND CAPACITY

Globally on the production sites, about 2,000 blue-collar workers keep the production running.

**Finspång, Sweden** 120 ktonnes. Automotive heat exchangers, battery cathode foil, general coil and sheet.

**Konin, Poland** 110 ktonnes. Automotive heat exchangers, automotive structures, speciality packaging, general coil and sheet.

**Saint-Avold, France** 3 ktonnes. Powder Metallurgy. Aluminium billets and powder for additive manufacturing.

**Huntingdon, USA** 200 ktonnes. HVAC, automotive heat exchangers, speciality packaging, transformers.

**Salisbury, USA** 40 ktonnes. HVAC, automotive heat shields.

**Newport, USA** 20 ktonnes. HVAC, speciality packaging.

**Shanghai, China** 120 ktonnes. Automotive heat exchangers, battery cathode foil.

### RESEARCH & INNOVATION CENTERS

Around 70 highly experienced employees worldwide, including metallurgists, chemists, metallographers, physicists, mechanical engineers and technicians forms the core of Gränges R&I organization.

**Finspång, Sweden** Materials and solutions for brazed heat exchangers and battery applications.

**Huntingdon, Tennessee, USA** Continuous cast materials and solutions for HVAC, speciality packaging, battery applications and selected niche markets.

**Konin, Poland** Automotive structural applications, speciality packaging, electronics, general coil and sheet.

**Shanghai, China** Materials and solutions for brazed heat exchangers, solutions for electric vehicles, battery applications and other new materials and applications.

**Velbert, Germany** Aluminium powder and additive manufacturing.

# A product portfolio that enables a sustainable society

Gränges' products are used in a variety of the world's most demanding applications. The products' properties, like light weight and recyclability, contribute well to the journey towards net-zero emissions.

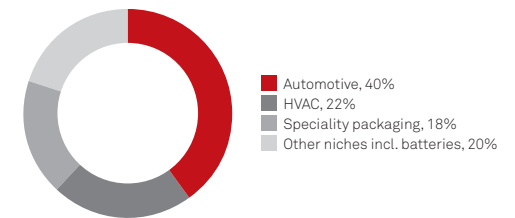
## Cutting-edge technology and true industrial craftsmanship

Gränges offers rolled aluminium in many different alloys. Cutting-edge technology and true industrial craftsmanship ensure materials with consistent quality.

The material is used in heat exchangers for the automotive industry, speciality packaging and growing niche products like lithium-ion batteries. Today, around 40 per cent of sales derive from customers in the automotive industry and 22 per cent from the HVAC industry.

Electric vehicles have a strong need for highly efficient heat exchangers for the thermal management of batteries and battery cathode foil (BCF) is a critical component in the lithium-ion battery cells. Demand for BCF is expected to grow by over 25 per cent annually for many years to come.

SALES VOLUME PER END-CUSTOMER MARKET, 2022



### AUTOMOTIVE

#### Heat exchangers

- Radiators
- Battery cooling plates
- Heaters
- Condensers
- Evaporators
- Oil coolers

- Chillers
- Charge Air-Coolers

#### Other

- Structural applications
- Heat shields

### BATTERY

- Cathode foil
- Casing
- Boxes

### HVAC

- Evaporators
- Condensers
- Radiators
- Microchannel heat exchangers

### SPECIALITY PACKAGING

- Containers – food
- Closures – beverages
- Household foil
- Converter foil

### OTHER NICHES

- General engineering coil and strip
- Wind turbines – oil coolers
- Transformers – conductor strip
- Building products



# A strong contributor to the circular economy

Gränges is committed to improving the overall footprint of the aluminium value chain and contributing positively to the circular economy. In this work, good collaboration and partnerships are key factors.

## PRIMARY ALUMINIUM PRODUCTION

**Extraction, refining and smelting of primary aluminium:** Bauxite is extracted from mines and refined into pure aluminium oxide, called alumina. Molten aluminium is extracted from the alumina through an electrolytic process called smelting. Gränges sources primary aluminium through commodity traders and directly from smelters.

## ALUMINIUM RECYCLING

**Collecting, sorting and recycling of aluminium:** Recycled aluminium is collected and sorted. Efficient systems are critical to help retain the value of the alloy elements in the loop. Gränges strives to recirculate all scrap from its own production process. In addition, the company buys recycled aluminium from customers and recycling companies as well as scrap from end-of-life products.

## SEMI-FABRICATION

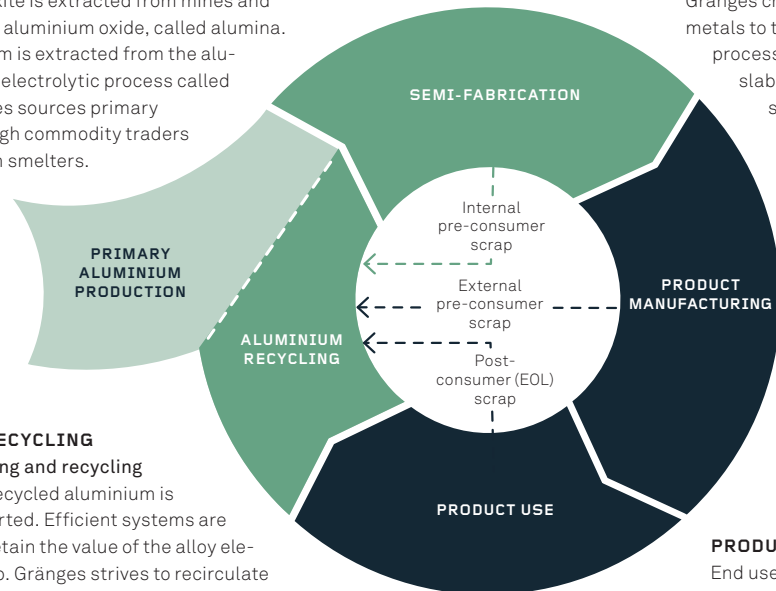
**Re-melting and casting, rolling and slitting:** Gränges creates customized alloys by adding other metals to the molten aluminium in a re-melting process. The molten alloys are solidified into slabs in a casting process, and the alloyed slabs are transformed into coils and sheets in the rolling and slitting process.

## PRODUCT MANUFACTURING

Customers use the coils and sheets sourced from Gränges to produce a range of products for improved efficiency and sustainability performance in different applications, including automotive heat exchangers, HVAC and speciality packaging.

## PRODUCT USE

End users use the applications containing Gränges' heating, ventilation and air conditioning in buildings, speciality packaging, as well as aluminium foil in food packaging.



● Gränges' operations ● Customers and end-users ● Supply chain

## GRÄNGES ENDURE

In 2022, Gränges launched a product brand for sustainable and circular solutions, Gränges Endure. The brand makes it easier for customers to select sustainable aluminium products and solutions of the highest quality at the lowest sustainability impact. Gränges Endure products are based on low-carbon and recycled input materials.



Gränges Endure products have a third-party verified carbon footprint of maximum 4.0 tonnes CO<sub>2</sub>e/tonne, cradle-to-gate. They are also verified by a third party to be responsibly sourced and produced.



## Aluminium – a key enabler for the electrification revolution

The battery industry is expecting a strong annual growth in the coming years due to the high demand for electrification. Gränges has recently accelerated its investments in battery cathode foil in Europe and has the capability to take a leading position in all its markets. A strong track record of successful innovations and commitment to sustainable solutions make Gränges a key partner.

Bill Shannon, SVP for the Global Battery Foil Programme at Gränges with over 30 years of experience serving the battery industry, shares his view on Gränges' role and potential in the battery value chain.

### What does the market for battery components look like?

The battery market is growing exponentially and will continue to do so for many years. A strong underlying driver is the increasing consumer demand for more sustainable products such as electrical vehicles and Energy Storage System. As Gränges aims to invest in sustainable markets and customers, the battery market also fits right into this strategy.

Our customers are global battery manufacturers who support automotive and energy sectors. The market potential for batteries is greater than 2,500 Gigawatt hours per year by 2030 which translates into approximately 35 million cars.

### How is aluminium used and what makes it a critical material in batteries?

The main benefits of aluminium are its electrical characteristics, its light weight and better thermal properties as well as cost compared to other materials.

Rolled aluminium is used both in battery systems, such as battery casings and cooling plates, and in the battery cells themselves as the cathode foil. Cathode foil is thinner than what is typically produced for the automotive market. It is actually as thin as 12–15 microns, or more than four times thinner than a human hair. This puts high demands on the production as well as the characteristics of the material as such. The foil is absolutely critical for the performance of the lithium-ion battery cell and therefore consistently high quality is an absolute must.

### A new battery supply chain is being established. What makes Gränges a preferred supplier of aluminium cathode foil?

With the existing and planned capacity at our facilities in Europe, the US and China, we will meet the need for regional supply chains.

We have a strong global team at Gränges, including Research & Innovation, production, sustainability, marketing and sales, which all play an important role here. The product development requires specific competences and deep material know-how. It is also about the ability of handling process development successfully and not least, to meet the sustainability requirements.

Our long tradition of working closely together with our customers while developing new products and solutions is also proven to be

extremely important. The possibility to understand our customers' needs in terms of quality requirements as well as their sustainability targets early in the process is key. The collaboration is also valuable when estimating the market potential.

### The electric vehicle industry is highly focused on reducing the climate impact. How can Gränges contribute?

Gränges has the ambition to be a leader in sustainability. This is proven by the fact that we already offer low-carbon products to our customers. Partnerships with companies who share the same ambition will be key. One such example is the Polestar 0 project which Gränges joined recently. The ambition is to create a truly climate-neutral car by 2030. As one of many different technology partners, we will bring our expertise around circular and low-climate impact aluminium materials and processes.

### What are the next steps in Gränges expansion plans?

Our ambition is to be a leading supplier of battery cathode foil. With strong annual market growth of over 30 per cent, we have a tremendous opportunity, particularly in Europe and the US where the market is growing even faster and supply chains need development.

We've invested in cathode foil production in all regions and commercial deliveries started in Asia in 2022. Europe will follow in 2023 and our investments in Americas are planned to go on line 2024 and will bring us to a first mover position in the US. Following commercial wins in Europe we are now accelerating by investing in doubling our capacity in Finspång. Gränges approach is to expand capacity in pace with growing demand, and I'm looking forward to taking further steps with the Gränges team and our partners!



# STRATEGY

Trends

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Navigate – the strategy

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Long-term targets

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Financial

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Sustainability

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Case: Shanghai during COVID-19

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## Trends

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



### SUSTAINABILITY

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

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



### ELECTRIFICATION

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

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



### REGIONALIZATION

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

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

# Navigate – Gränges' strategy for long-term sustainable growth

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



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

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

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

### Committed to 15 per cent return on capital employed

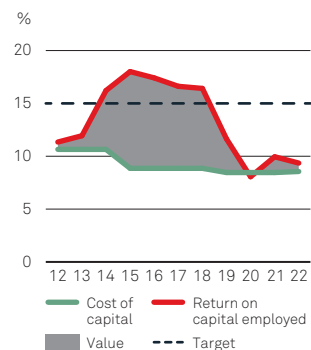
The aim of the Navigate strategy is to get back to a stable return on capital employed (ROCE) above 15 per cent. Gränges' financial targets were updated and the sustainability targets were supplemented in conjunction with the launch of the strategy.

### Global and regional perspectives combined

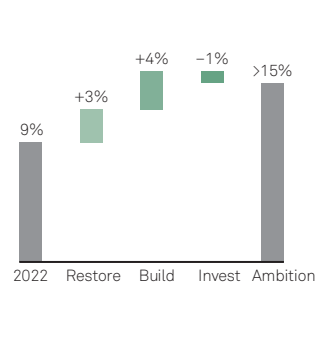
The strategy and plans have been developed both bottom-up, in our three regions, and top-down from the group level. This will

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

STRONG HISTORIC VALUE CREATION



AIMING FOR A ROCE ABOVE 15%





## Restore leading value creation

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

### FINALIZE CAPACITY EXPANSION

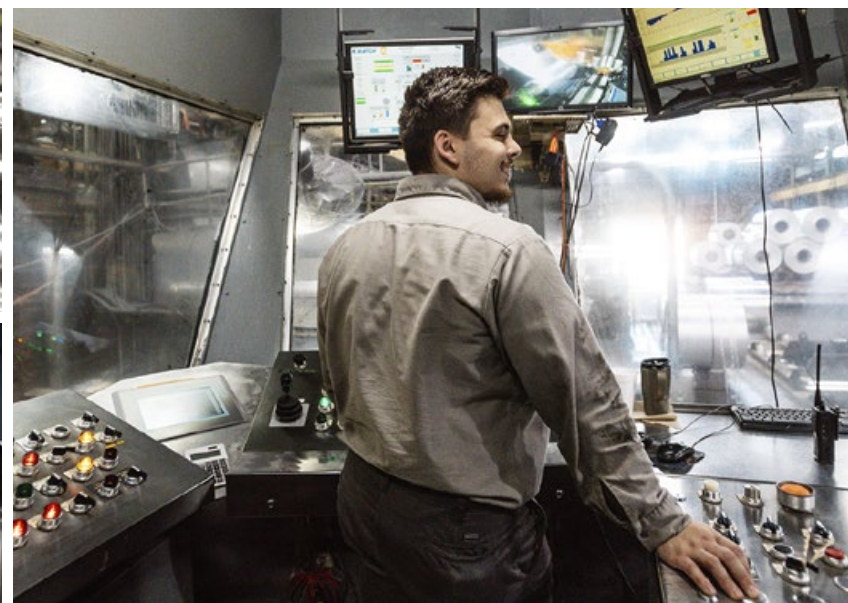
The goal is to finalize the rolling capacity expansion amounting to an increase to 640 ktonnes at the Newport, Finspång and Konin as well as the two new casting centres in Huntingdon. These investments will reach their full potential in 2024.

### UTILIZE POSITION TO GAIN MARKET SHARE

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

### OPTIMIZE FOR HIGHER, MORE STABLE RETURNS

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





# Build the world's best aluminium technology company

## People

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

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

### Invest in the team

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

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

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

### Invest in talent and leadership

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



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

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

### Invest in values and company culture

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

### COMMITTED

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

### ACTION-ORIENTED

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

Core values

### INNOVATIVE

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

### ACCESSIBLE

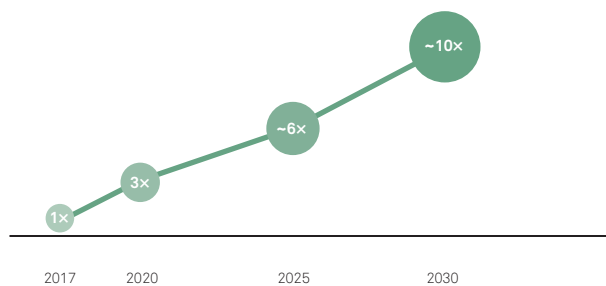
We are accessible to each other, our customers and our business partners.

# Sustainability

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

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

## RAISED AMBITION FOR RECYCLING AND CIRCULARITY



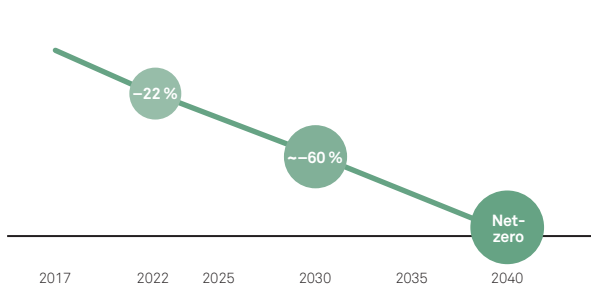
Gränges' recycled volumes have more than tripled since 2017, and have grown at a much faster pace than total sourced metals which has led to a higher share of recycled aluminium. As recycling is one of the main pathways towards climate neutrality, the company has set a new ambitious direction to tenfold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

## Invest in sustainable supply and recycling

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

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

## COMMITTING TO CLIMATE NEUTRALITY BY 2040



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

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

## Invest in sustainable operations

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

## Invest in sustainable customers and sectors

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

The sustainability strategy is presented on pages 32–48.

## Improve

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

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

### Always safe

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

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

### Always better and smarter

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

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



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



## Innovate & grow

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

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

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

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

### Mix and price improvements

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

### Mix optimization for higher flexibility

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

### Diversify further

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

### Strengthen long-term customer relations

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



### Innovation focus – New growth niches and sustainability

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

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

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



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

## Source green & recycle

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



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

### Recycling and circularity

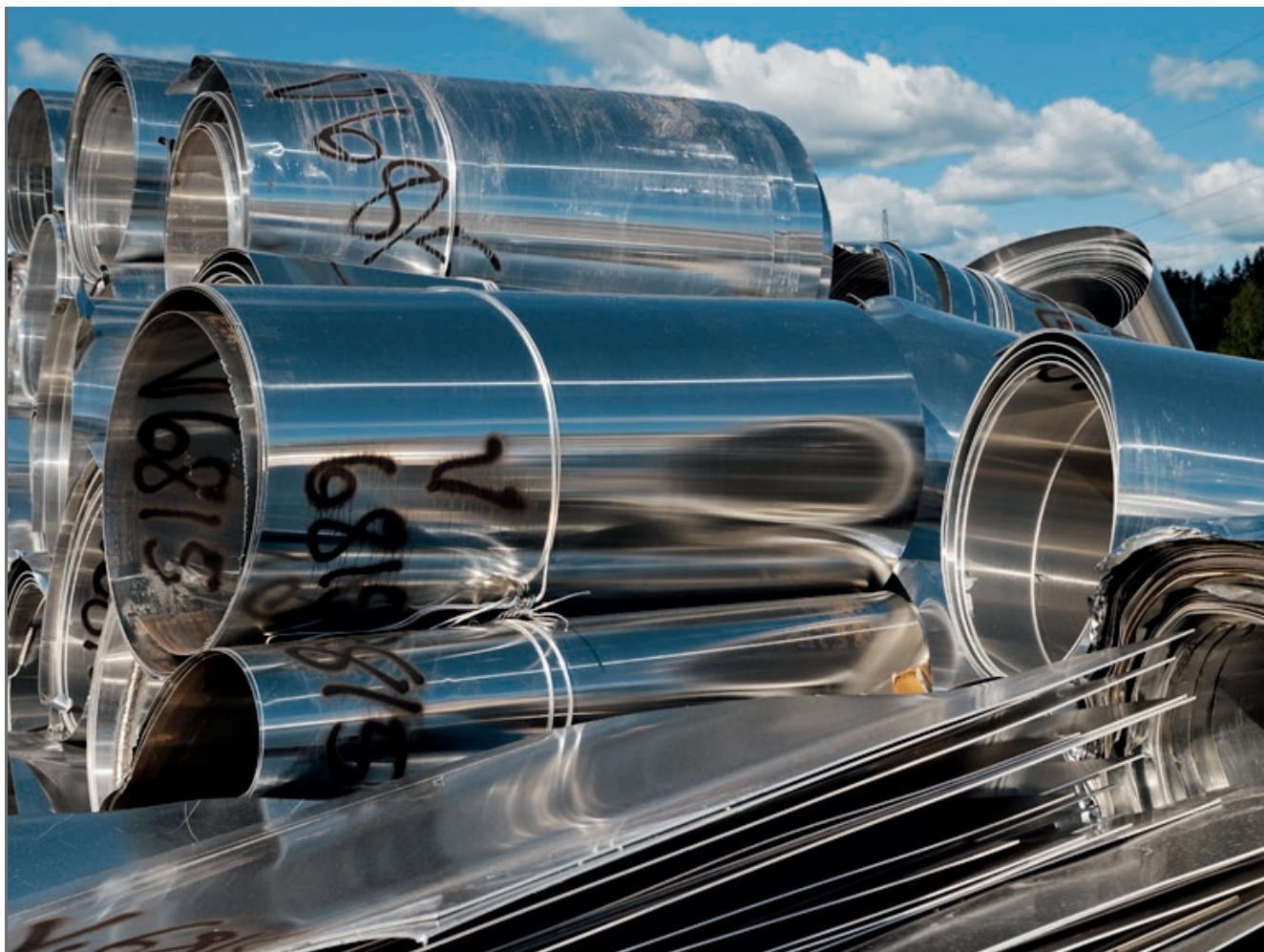
Increased recycling is about Gränges' ability to build circular systems together with customers, recycling companies, and customers' customers. The expansion of in-house remelting and recycling in Konin and Huntingdon will increase circularity, lower costs, and increase productivity.

### Sourcing of low-carbon primary aluminium

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

### Sourcing of renewable energy

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



# Invest in sustainable growth

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



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

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

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

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

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

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



## RECYCLING

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



## OPTIMIZATION

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



## NEW MARKETS

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



## M&A AND PARTNERSHIPS

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

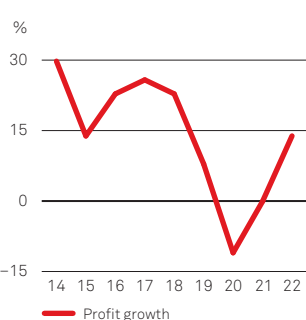


# Long-term targets

## Financial

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

### PROFIT GROWTH

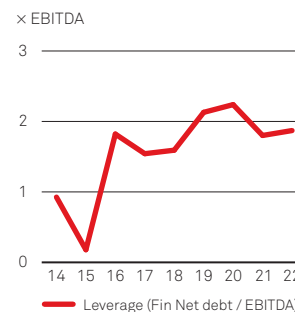


>10%

Average yearly operating profit growth above 10 per cent.

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

### CAPITAL STRUCTURE

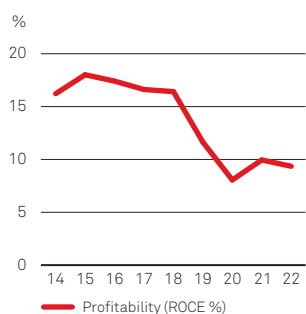


1–2x EBITDA

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

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

### PROFITABILITY

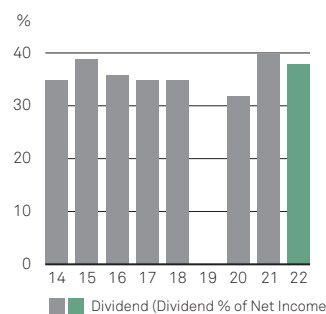


>15%

Return on capital employed above 15 per cent.

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

### DIVIDEND



30–50%

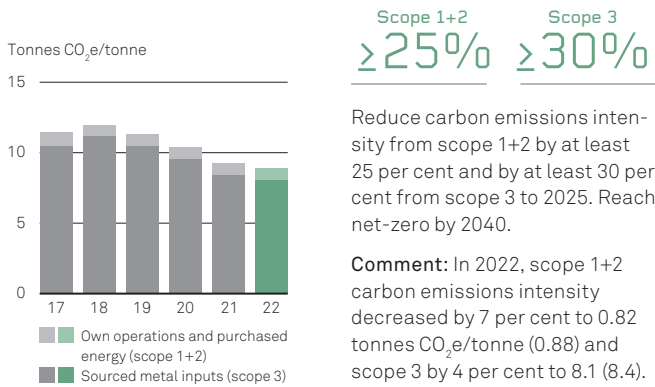
Dividend between 30–50 per cent of profit for the year.

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

# Sustainability

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

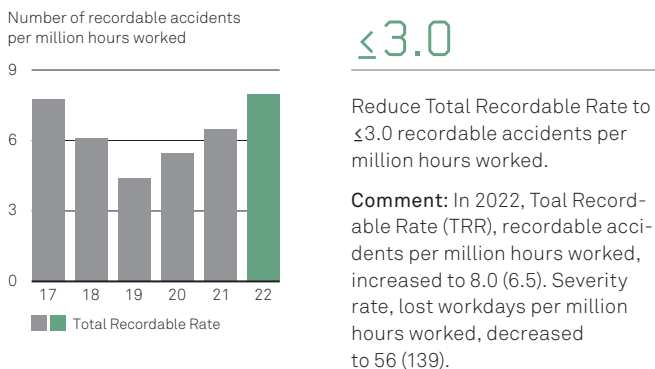
## EMISSIONS AND CLIMATE IMPACT



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

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

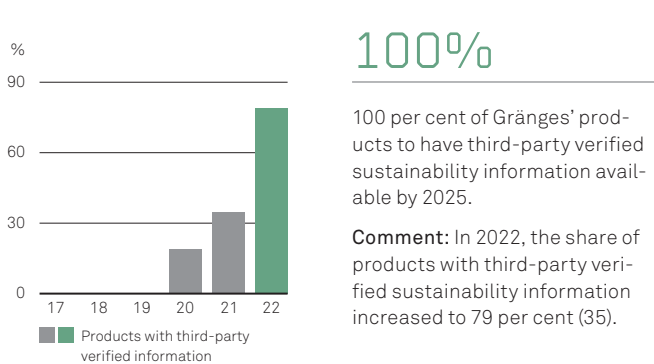
## WORKPLACE SAFETY



Reduce Total Recordable Rate to  $\leq 3.0$  recordable accidents per million hours worked.

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

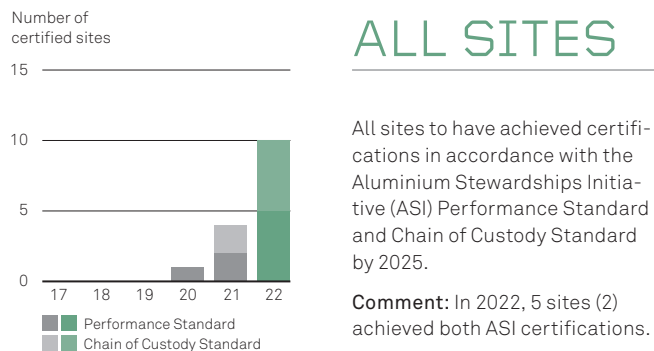
## SUSTAINABLE INNOVATION



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

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

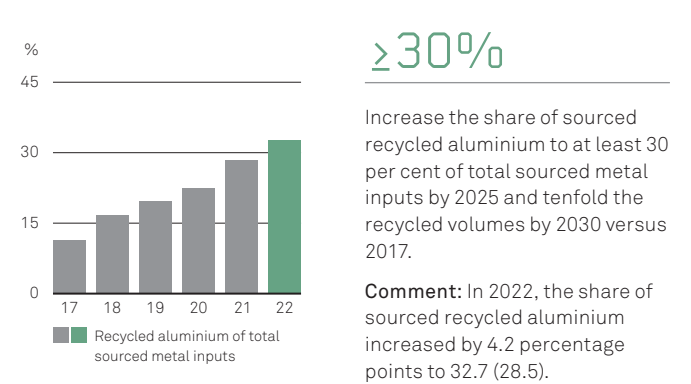
## RESPONSIBLE SOURCING AND PRODUCTION



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

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

## SOURCED RECYCLED ALUMINIUM



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

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



## The Shanghai team made the impossible possible

An extraordinary effort was made by the employees at the Shanghai production site in spring 2022. While Shanghai city was in complete lockdown employees volunteered to work and live at the site to keep the production going.

**Customer success and employee wellbeing**  
CunXian Yue, SVP Operation Asia, gives his view.

### What made you stay at the site?

We were fully booked at first half of the year and our customer had full production. A stop in our production would give us a big challenge for a long period.

### How did you work to get your employees to volunteer?

We had a thorough review and open communication with our employees. Luckily many of our employees were willing to support Granges. To be considered as a volunteer you needed to be free to leave home without quarantine and it should not impact the family negatively – children or old parents. Our commitment to our employees was to offer a balanced workload. Around half of the workforce decided to volunteer.

### What challenges did you face?

Initially, we planned for two weeks but ended up with a lockdown that lasted for over two months. The uncertainty of the time span was of course a challenge psychologically for us and our employees. Furthermore, to prepare for decent accommodation to be able to have a good sleep and privacy. From a production perspective we had a logistical challenge since transports in Shanghai were limited, both for receiving raw material and delivering our products to customers. We need good communication internally and externally and a lot of creativity and drive in these situations!

### How did you manage to live a decent life for over two months?

We got the special permission from the authorities to allow the canteen service to be open. It was important to engage in other things than work, so we arranged sports activities and competitions in football and basketball. Luckily, we already had such facilities on the site. We also gave extra support to employee families to get food, such as gift packages of meat, rice, egg and vegetables.

### Coming out stronger as a team

Albert Zhang, EHS manager Asia, reflects on the period.

### What were the toughest challenges for you from a health & safety perspective?

That was to make sure each person had a good mental well-being. As responsible for EHS at the production site I had to deal with things we never have faced before, including living conditions, epidemic

prevention supplies, support to government in organizing covid tests and ensuring a good work life balance. We had to create a safe and socially stable working environment.

### What was your recipe for succeeding?

I believe it was a lot about daily communication with the employees and teams. Being there, listen, take immediate actions to improve and arrange games and other activities. We got an unexpected achievement by having one common goal and sharing common values. The challenge became a successful team effort where we all believed we must be able to overcome all sorts of issues. I feel honoured and lucky to be part of this team!

### To conclude CunXian Yue reflects on results and learnings.

I would say that we made an outstanding effort! We ended up with zero interruptions and infection cases of the volunteers. We kept 70 days of sustainable operation successfully and in October we finally reached record high volume which exceeded expectations. Our cross-functional meetings for fast communications and quick decisions made it possible to keep flexibility to prioritize customers' orders.

We can conclude that we have a strong company culture, great management team, loyal employees and excellent teamwork inside and outside the plant together. All these factors make the difference! We are proud of our achievements as a whole team and got many valuable experiences. This will make us more confident when we face new challenges.





# THE BUSINESS

## Markets

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Gränges Eurasia

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Gränges Americas

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# Markets

Gränges is a leading global supplier of rolled aluminium products for thermal management systems, speciality packaging, battery components, and selected niche applications. In materials for brazed heat exchangers, Gränges is the global leader with a market share of approximately 25 per cent.

### Market characteristics

The market for rolled aluminium materials is in general characterized by advanced technology, complex production processes, and customer-driven development with long-term relationships. There is also a market for more standardized products with lower degree of customization and a lower general product complexity.

### Advanced technology and production processes

The market is relatively difficult to enter. Partly, this is due to the capital-intensive nature of the industry and the high level of competence and experience required to develop and produce new and customized materials. These skills are also critical to operate flexible and efficient production processes, and to be able to guarantee a high degree of delivery performance in terms of volume, time and quality. All this requires well-tuned manufacturing capabilities and processes refined over a long time, as well as effective customer service and for some end-customer markets a global supply capacity.

### Customer-driven development

Manufacturers are constantly facing new and increased customer demand for materials with for instance lower weight, greater strength, higher corrosion resistance or lower environmental impact. The development of new materials, products and solutions is conducted in close cooperation with customers, based on long-term relationships. A core challenge is to meet the requirements of new applications and demands of end-customers, as well as trends that impact the business. Gränges strives to be at the forefront of developing adaptable and customized aluminium materials.

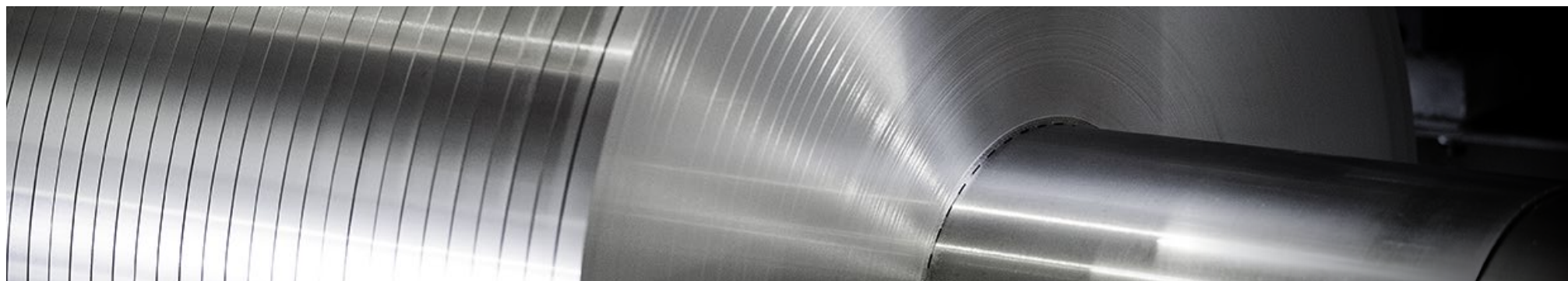
### Competitors

The competition varies in size and strategic focus and differs between regions and end-customer markets. Global contestants such as Arconic, Novelis and UACJ are present on several geographical markets while also local competitors are present in the different regions. Examples of local competition in the EU are Constellium, AMAG and Speira. JW is one example of a local competitor in the US while Huaфон is the biggest competitor in Asia.

25%

Gränges' share in brazed heat exchangers

Gränges rolled aluminium is used in a variety of products. The material has a positive contribution on the climate impact all the way through to the end-user product.



## End-customer markets

Gränges' end-customers are found in the automotive, HVAC, speciality packaging, and battery industries as well as in other niche markets such as transformers and wind turbines.

### Automotive

The automotive industry includes all types of vehicles, from light to heavy vehicles and both combustion engine, electric and hybrid electric. Light vehicle production is an important driver of Gränges' sales of heat exchanger materials. An increasing share of electric vehicles is expected to further increase the demand for Gränges' heat exchanger materials.

As aluminium has multiple properties that are in demand in the electric vehicle market, for example low weight and recyclability, the demand for new types of aluminium products, such as battery cathode foil, battery casing and battery cooling plates, is expected to increase. This provides good opportunities for Gränges to deliver new products to a growing end-customer market in addition to the company's traditional products for heat exchanger applications.

Gränges holds a leading position in rolled aluminium materials for brazed heat exchangers with an estimated global market share in the automotive industry of approximately 25 per cent. According to the international research firm S&P Global, global light vehicle production showed a 6 per cent growth during 2022.

### HVAC

The HVAC industry includes systems for heating, ventilation and air conditioning in homes, commercial buildings and industrial properties. Market growth is driven by consumer confidence, the general activity within building and construction and energy efficiency requirements. Demand for reduced energy consumption, recyclability and restrictions on coolants is driving improved design of HVAC products resulting in increased demand for Gränges' materials, 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 and the company holds a leading position in this market. US shipments of HVAC units is a key driver of Gränges' sales. According to the North American trade association AHRI, US shipments of HVAC units increased by 2 per cent in 2022.

### Speciality packaging

Aluminium foil provides a complete barrier to light, oxygen, moisture, and bacteria, making it ideal for packaging. Aluminium packaging is extremely versatile and can be used in a wide range of different applications for the food, beverage and pharmaceutical industries. Aluminium is very suitable for packaging as it can withstand great differences in temperature, from freezing to heating, and the material can be recycled and reused an infinite number of times.

Gränges is a major supplier of aluminium foil for food packaging in North America. One example is semi-rigid containers which are among the most flexible of all types of packaging and are widely used for pre-packaged food. Gränges has also a range of products within packaging for the European market. One example is bottle closures, which are made of aluminium sheets and used in the food and beverage industries.

For decades, the use of foil has grown steadily and the demand for Gränges' materials is expected to increase, not least driven by decarbonization and the role of aluminium in reaching climate neutrality.

### Battery

The lithium-ion battery industry is experiencing exponential growth, mainly driven by the electrification of the automotive industry. The industry is well developed in Asia, and battery cell producers have during the past years announced new gigafactories in both Europe and North America.

Regional supply chains are under transition, but there is a shortage of battery materials and components in both these regions. Aluminium is an important material in batteries and can be found both inside the cells as battery cathode foil, as casings surrounding the cells, and in the battery modules and boxes. Today, Gränges is a supplier of battery cathode foil and prismatic casing material.

According to S&P Global the battery material market, where Gränges is present, is expected to have a yearly growth of 30 per cent 2021–2025. Investment projects for battery cathode foil are ongoing in Shanghai, China, Finspång, Sweden and Newport, US. Gränges' global operations, long experience from the automotive industry, and strong focus on sustainability creates a strong foundation to establish a leading position in the industry.

### Other niches

Examples of other niche markets are transformers, heat exchangers for industrial applications, wind turbines and coil and sheet for general engineering applications. Gränges is a major supplier of winding material for transformers in North America. Thanks to the significant cost and weight advantages of aluminium compared with copper, aluminium plays an important role in the design of electricity networks and large power transformers in that region.

The business unit Gränges Powder Metallurgy creates opportunities for growth in new materials technology in the fast-growing market for powder materials and additive manufacturing.



# Gränges Eurasia

2022 was a year with a turbulent macro environment for Gränges Eurasia that contained a war in Ukraine, COVID-19 related lockdowns in China and high global inflationary pressure on external costs. However, due to a strong team performance, Gränges Eurasia limited the sales volume reduction to just below 3 per cent while operating profit increased.

The trend of regionalization of supply chains supported sales during the year and is expected to continue going forward. Important development projects such as battery materials progressed well during 2022 and there is a strong interest for the new products among customers. Although external factors may impact the daily business, Gränges Eurasia will continue executing on its strategy leading to long-term value creation.

## Market and sales

Gränges Eurasia experienced volatile market conditions in 2022 with big swings in both geographical regions and end-customer markets. In the first part of the year demand from Automotive was hampered as shortage of semiconductors impacted vehicle production negatively. In addition, the COVID-19 lockdown in Shanghai impacted demand in Asia and production capacity from the Gränges production facility in Shanghai in the second quarter. In this period Gränges Europe demonstrated good flexibility and succeeded to shift volumes to other niches where the demand was high.

In the second half of the year however, the situation shifted. Automotive demand was stable on healthy levels, partly due to the pent-up demand in Asia following the lockdowns. On the other hand, demand in Europe for products to Other niches reduced drastically due to high inventory levels as distributors and stockists had built up significant stock in anticipation of EU implementation of anti-dumping duties against China. For 2022 in total sales volume decreased by 2.6 per cent to 230.4 ktonnes (236.6) and net sales increased by 31 per cent to SEK 12,633 million (9,648).

## Operating profit

The adjusted operating profit in 2022 for Gränges Eurasia increased to SEK 448 million (446), corresponding to an adjusted operating profit per tonne of 1.8 kSEK (1.7). Reduced demand for Other niches in the last quarter of the year impacted volumes and margins negatively for Gränges Europe while Gränges Asia enjoyed the pent-up demand from Automotive following the lock-down in the second quarter.

## Heartening Polish support to Ukrainian neighbours

The devastating development in Ukraine, since the Russian invasion on February 24, has sent shockwaves globally. Poland, as a neighbour country to Ukraine, has been heavily impacted by the situation and has stepped up tremendously in offering support to its neighbours and opened its borders to millions of Ukrainians in need for a temporary safe place to live. Gränges is extremely proud over its colleagues in Poland who in countless examples have opened their homes for people in need, but also continued to supply its Ukrainian customers even under very challenging and risky conditions.

## Extraordinary team effort by Gränges Asia during COVID-19 lockdown

2022 was in general a year where COVID-19 loosened its grip on societies and markets, with China and Shanghai as one big exception. Near the end of March, in the face of a growing COVID-19 outbreak, officials in Shanghai instituted strict lockdown controls which was the start of what would become two months of tight restrictions. Gränges Asia, with its production facility in the

## PERFORMANCE SUMMARY

Financial summary, SEK million	2022	2021	Change
Sales volume external, ktonnes	230.4	236.6	-2.6%
Sales volume internal, ktonnes	24.2	26.9	-10.2%
<b>Total volume</b>	<b>254.5</b>	<b>263.5</b>	<b>-3.4%</b>
Total revenue external	11,356	8,627	31.6%
Total revenue internal	1,277	1,021	25.1%
<b>Total net sales</b>	<b>12,633</b>	<b>9,648</b>	<b>30.9%</b>
Adjusted operating profit	448	446	0.6%
Operating profit	441	280	57.4%
Adjusted operating margin, %	3.5	4.6	-1.1ppt
Adjusted operating profit per tonne, kSEK	1.8	1.7	4.1%
Return on capital employed, %	6.0	6.8	-0.8ppt
<b>Sustainability summary</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>
Total Recordable Rate <sup>1)</sup>	5.7	6.2	-6.8%
Carbon emissions intensity (scope 1+2), tonnes CO <sub>2</sub> e/tonne	0.74	0.86	-14.0%
Carbon emissions intensity (scope 3), tonnes CO <sub>2</sub> e/tonne	10.5	10.4	0.8%
Sourced recycled aluminium, %	20.2	20.0	0.2ppt

1) Number of recordable accidents per million hours worked.

lock-down area, had to find ways to keep the wheels turning under extreme conditions. More than 200 employees volunteered to live and work at the facility to secure operations. The extraordinary team effort limited sales volume reduction to only 4 ktonnes and no customers run out of supply. This achievement, and sacrifice by many colleagues, is well recognized and appreciated in Gränges. It is the ultimate proof of a strong and committed team (for further information see case story on page 24).

#### Continued inflationary pressure

During the complete year of 2022, costs for freight, energy, aluminium and alloying metals has been at high historical levels. Increasing energy prices that accelerated after the Russian invasion of Ukraine impacted primarily Gränges Europe due to the high dependency on the European energy market. Gränges Europe managed to offset the majority of inflationary cost increases by raising prices to customers and improving the mix and cost. These efforts will continue into 2023.

#### Strengthened trend towards regionalization of supply chains

The trend of increasing regionalization of global supply chain has been strengthened primarily in Europe during 2022, which in the long term will drive increased demand for Gränges production in Europe. The trend is driven by sustainability, global freight congestion and trade limitation. During 2022 the European Commission removed the suspension of anti-dumping duty for aluminium produced in China, which together with the war in Ukraine, is expected to further drive the development towards regionalization.

#### Strong customer interest in battery products

The efforts to increase presence within battery materials for electric vehicles is progressing according to plan. Customer interest in Gränges' capabilities in battery products is very high. The investment programs for increasing production capacity of battery cathode foil in Shanghai and Finspång are progressing well and commercial deliveries of battery cathode foil has started in Asia. Deliveries from Finspång is expected to start in 2023.

#### Fire in Konin

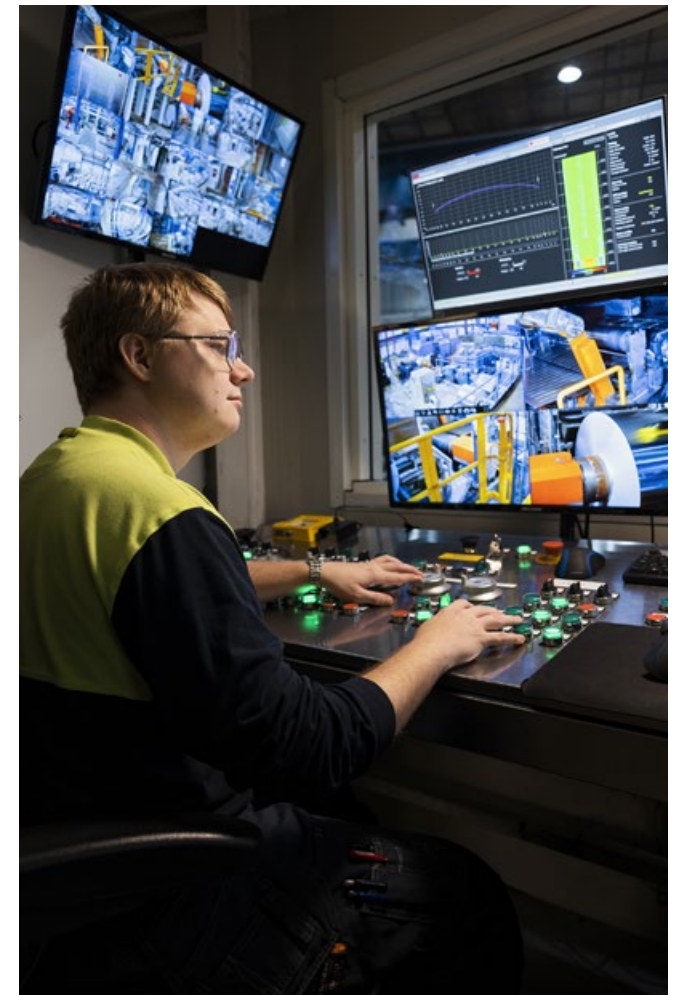
On 13 May 2022, there was a fire in a cold rolling mill under commissioning in the Konin facility. There were no injuries, however, production equipment was damaged for which there is insurance coverage. A decision on how to rebuild the damaged mill has not yet been made. In the meantime, the Konin facility will continue to operate with the existing cold rolling mills.

#### Progress towards 2025 sustainability targets

During 2022, the production sites in Finspång, Konin and Shanghai continued to make progress towards the 2025 sustainability targets. The capacity for aluminium recycling was expanded during 2022, mainly in the Shanghai facility where the share of recycled aluminium was increased with 5 percentage points compared to last year. Further, the facility in Konin sourced renewable electricity which had a positive effect on scope 1+2 emissions. Also, Konin has, as the last facility in Gränges Eurasia, prepared for ASI certifications and is expected to achieve certification in 2023.

#### Ongoing investments

- Capabilities for battery foil, Finspång
- Capacity expansion, Konin



# Gränges Americas

Gränges Americas delivered a record profit during 2022 supported by strong market positions. Despite the challenging environment, with inflationary pressure and high employee turnover, Gränges Americas managed to keep focus on long-term value creation with continued investments in sustainable facilities taking advantage of the strong macro trends – regionalized supply chains and sustainability.

## Market and sales

Gränges Americas experienced a continued strong market situation in 2022. The underlying demand for HVAC products, speciality packaging and other niche products was strong during the year, whereas demand from automotive continued to be affected by supply chain issues. Volume was limited by Gränges Americas limitation on capacity, partly driven by reduced production from the Salisbury facility, partly compensated by increased production from the Huntingdon and Newport facilities. Gränges Americas operates its facilities on a continuous shift pattern 350 days a year, 7 days a week, 24 hours a day. The remaining 15 days are used for annual preventative maintenance activities. In total, sales volume in 2022 decreased by 1.4 per cent to 248.9 ktonnes (252.4) and net sales increased by 38 per cent to SEK 13,115 million (9,488), constituting a record for a calendar year.

## Record operating profit

The adjusted operating profit for 2022 increased by 21.4 per cent to SEK 795 million (655), corresponding to an adjusted operating profit per tonne of 3.2 kSEK (2.6). The improvement was driven by higher prices, whereas operating costs rose due to increased inflationary pressure as well as reduced output from the Salisbury facility. Gränges Americas continued to optimize product mix to achieve higher prices and the syncing of commercial and operational priorities continued to have a positive impact on margins.

## Navigating a challenging operational environment and focus on safety

Some of the major challenges during the year included an ongoing challenging labour market which led to high employee turnover, in combination with a high inflationary cost environment.

Nevertheless, Gränges Americas delivered a steady volume and a record year in terms of operating profit, while building an even stronger position for the future. In addition, employee turnover was reduced by 20 per cent. During the year, a tragic fatal accident occurred in the Salisbury facility, which led to a temporary shutdown of the facility and reduced output in the second half of the year. Following the accident, intense work has been undertaken, using inside and external resources to develop Gränges Americas into an industry-leading safety performer in the future.

## Well positioned for regionalized supply chains

During the past years, Gränges Americas has invested heavily to modernize its production facilities and to expand capacity and capabilities. These investments will ensure that Gränges Americas maintains its leading position with capable and efficient plants. The demand for Gränges' products during 2022 was however higher than available capacity. The high demand was partly due to customers' regionalizing global supply chains to mitigate risk and avoid import tariffs. This trend is expected to continue into 2023 and beyond. Gränges, with its global production footprint, is well positioned to benefit from increased regionalization.

Following the ramp-up of the new casting line at the Huntingdon facility in the end of 2022, casting capacity will be increased by approximately 25 ktonnes. Additional investments have been announced, including additional casting capacity in Huntingdon as well as investment in finishing and clean room equipment for the production of battery cathode foil at the Newport facility. These investments are expected to start up in 2024.

## PERFORMANCE SUMMARY

Financial summary, SEK million	2022	2021	Change
Sales volume external, ktonnes	248.9	252.4	-1.4%
Sales volume internal, ktonnes	–	–	–
<b>Total volume</b>	<b>248.9</b>	<b>252.4</b>	-1.4%
Total revenue external	13,136	9,502	38.2%
Total revenue internal	-21	-14	n/a
<b>Total net sales</b>	<b>13,115</b>	<b>9,488</b>	<b>38.2%</b>
Adjusted operating profit	795	655	21.4%
Operating profit	782	691	13.1%
Adjusted operating margin, %	6.1	6.9	-0.8ppt
Adjusted operating profit per tonne, kSEK	3.2	2.6	23.0%
Return on capital employed, %	15.1	16.9	-1.8ppt
<b>Sustainability summary</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>
Total Recordable Rate <sup>1)</sup>	10.7	7.3	47.6%
Carbon emissions intensity (scope 1+2), tonnes CO <sub>2</sub> e/tonne	0.91	0.90	1.2%
Carbon emissions intensity (scope 3), tonnes CO <sub>2</sub> e/tonne	5.3	6.1	-13.5%
Sourced recycled aluminium, %	48.3	39.0	9.3ppt

1) Number of recordable accidents per million hours worked.



### Ongoing progress in sustainability

In 2022, Gränges Americas continued to expand the sourcing and use of recycled aluminium, both in collaboration with scrap processing companies and through closed-loop customer programmes where Gränges takes back scrap from customers' manufacturing processes. The volume of sourced recycled aluminium reached 111.1 ktonnes or 48.3 percent of total sourced metal inputs. This led to a reduced carbon intensity from sourced metal inputs (scope 3) by 13 per cent versus 2021 and 35 per cent versus baseline 2017. Gränges Americas also continued its sustainability certification programme where the site in Salisbury achieved ISO 50001 certification and Newport was certified in accordance with the ISO 14001 standard. Gränges Americas has also certified all three facilities and the corporate office in Franklin according to the Aluminium Stewardship Initiative (ASI) Performance Standard and Chain of Custody Standard. In addition, Huntingdon and Salisbury implemented a third-party verified life-cycle and carbon footprint assessment tool enabling declaration of environmental impacts on product level.

### Ongoing investments

- Capabilities for battery foil, Newport
- Recycling and casting centre, Huntingdon

+21%

increase in adjusted operating profit



# SUSTAINABILITY

Strategy and framework

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Climate strategy

---

Sustainable supply and recycling

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Case: Partnership in solar energy

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Sustainable operations

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Sustainable customers and sectors

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Case: Arconic Architectural

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## Contributing to a circular and sustainable economy

By managing its business in a sustainable way, Gränges strengthens its long-term competitiveness and creates financial and operational value for the company and its stakeholders.

### A light-weight and circular material

Aluminium plays an important role in the transition towards a circular and sustainable economy. The material is for example used to produce lightweight vehicles, energy-efficient buildings, and resource-efficient packaging. Lightweighting is an important feature in today's global climate and resource challenge. With lighter products, emissions and energy usage can be reduced. Recyclability is another key feature of aluminium. Since it takes up to 95 per cent less energy to recycle aluminium than to produce primary aluminium, there are also large climate gains to be achieved.

### Sustainable aluminium solutions

Gränges has a strong position to make a difference through its commitment to sustainability. The company works actively to reduce the climate impact along the aluminium value chain, to increase circularity through collaboration and partnerships upstream and downstream, and to promote responsible business practices among the company's business partners.

Gränges has an ambition to develop industry-leading aluminium solutions that can help its customers and end-users become more sustainable. In 2022, Gränges announced the launch of the product brand Gränges Endure, which will help customers decarbonize and guide them towards Gränges' most sustainable solutions.

### Ambitious 2025 sustainability targets

To drive the development of sustainable solutions, Gränges in 2018 adopted ambitious sustainability targets for 2025. Since then, the company has delivered good progress on many of the company's sustainability priorities. For example, the climate impact has been reduced by 22 per cent and the recycling volumes have tripled compared to a baseline 2017 driven by successful recycling activities in the company.

To demonstrate Gränges' strong commitment to and focus on reaching the targets, the company has issued a Sustainability-Linked Bond linking the financing cost to the achievement of its climate and recycling targets.

### Upgraded strategy and new long-term targets

To stay ahead of customers' requirements and policy changes, Gränges in 2022 upgraded its sustainability strategy to better support the Navigate strategy. In conjunction with the Capital Markets Day in June, Gränges announced a new ambitious climate neutrality target by 2040 and that the company had joined the Science Based Targets initiative (SBTi). Gränges also announced its raised circularity ambition which is to tenfold its recycling volumes versus the 2017 baseline.

The sustainable growth strategy will be executed by investing in three areas: sustainable supply and recycling, sustainable operations, and sustainable customers and sectors. In conjunction with the upgraded strategy, Gränges also performed a new materiality assessment to align the new strategy with stakeholders' expectations and the company's largest sustainability impacts.

### Sustainability commitments and initiatives

Gränges is a signatory to the UN Global Compact and undertakes to fulfil the principles relating to human rights, labour, environment, and anti-corruption. The principles also form the foundation of the company's Code of Conduct and Supplier Code of Conduct. Gränges is also committed to helping fulfil the 2030 Agenda and Sustainable Development Goals (SDGs). The company also participates in various industry initiatives to ensure that aluminium is mined, produced, and used sustainably.

### NEW MATERIALITY ASSESSMENT

In 2022, Gränges conducted a new materiality assessment based on a comprehensive stakeholder dialogue. The purpose of the assessment was to ensure that the company continues to focus on those sustainability topics that have the greatest impact and are the most important among key stakeholders. The results confirmed in large that Gränges' current strategy is still relevant. Read more about the results from the materiality assessment on pages 127–128.





## Sustainability framework and targets

Gränges' group-wide sustainability framework covers 14 sustainability topics, that are deemed to have the highest impact and are assessed by stakeholders to be most important for the company to address.

SUSTAINABLE SUPPLY AND RECYCLING	SUSTAINABLE OPERATIONS	SUSTAINABLE CUSTOMERS AND SECTORS
<b>MATERIAL TOPICS</b>		
<ul style="list-style-type: none"> <li>• Emissions and climate impact (scope 3)</li> <li>• Recycling</li> <li>• Responsible sourcing</li> <li>• Sustainable energy</li> <li>• Sustainable materials</li> </ul>	<ul style="list-style-type: none"> <li>• Emissions and climate impact (scope 1+2)</li> <li>• Energy intensity</li> <li>• Waste</li> <li>• Water</li> <li>• Workplace safety</li> </ul>	<ul style="list-style-type: none"> <li>• Business ethics</li> <li>• Career and leadership</li> <li>• Diversity and inclusion</li> <li>• Employee wellbeing</li> <li>• Emissions and climate impact (scope 3)</li> <li>• Sustainable innovation</li> </ul>
<b>SUSTAINABILITY TARGETS TO 2025</b>		
<ul style="list-style-type: none"> <li>• <math>\geq</math> 30 per cent carbon emissions intensity reduction from sourced metal inputs (scope 3)<sup>1)</sup></li> <li>• <math>\geq</math> 30 per cent of total sourced metal inputs to be recycled aluminium</li> <li>• 100 per cent of significant suppliers<sup>2)</sup> to be committed to Gränges' Supplier Code of Conduct or equivalent standard</li> <li>• <math>\geq</math> 20 per cent renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• <math>\geq</math> 25 per cent carbon emissions intensity reduction from own operations and purchased energy (scope 1+2)<sup>1)</sup></li> <li>• -17 per cent energy intensity<sup>1)</sup></li> <li>• All Gränges' production sites to have implemented a local water management plan</li> <li>• <math>\leq</math> 3.0 Total Recordable Rate</li> <li>• <math>\leq</math> 50 Severity Rate</li> </ul>	<ul style="list-style-type: none"> <li>• 100 per cent of employees to be trained annually in Gränges' Code of Conduct</li> <li>• 100 per cent of white-collar employees to be trained annually in anti-corruption</li> <li>• 100 per cent of employees to have annual performance and development discussion</li> <li>• <math>\geq</math> 30 per cent of senior management to be women</li> <li>• <math>\geq</math> 85 Employee engagement index</li> <li>• 100 per cent of Gränges' products to have third-party verified sustainability information available</li> </ul>
<ul style="list-style-type: none"> <li>• All sites to have achieved ASI sustainability certifications<sup>3)</sup></li> </ul>		

Note: Links to relevant Sustainable Development Goals can be found on page 130.

1) Versus baseline 2017. Gränges follows the Greenhouse Gas Protocol Standards to calculate its climate impact.

2) All metal suppliers and other suppliers with a purchase value above SEK 5 million or equivalent in local currency.

3) Certifications in accordance with the Aluminium Stewardship Initiative (ASI) Performance Standard and Chain of Custody Standard.

# Reducing the climate impact

Gränges works actively to reduce the climate impact along the value chain and across the life-cycles of its products. This means a full life-cycle focus from the extraction of bauxite until the products' end-of-life.

### A life-cycle perspective

Gränges is committed to combatting climate change and reducing the climate impact from its business and along the value chain. Gränges' main drivers to achieve this are increased recycling, renewable energy, and low-carbon primary aluminium. In 2022, 91 per cent of Gränges' total climate impact originated from sourced metal inputs (scope 3) and 9 per cent from own operations and purchased energy (scope 1+2).

### Ambitious climate targets

Gränges' climate targets cover the full value chain (scope 1+2+3). By 2025, Gränges aims to reduce the climate impact from own operations and purchased energy (scope 1+2) by at least 25 per cent, and from sourced metal inputs (scope 3) by at least 30 per cent versus baseline 2017. By 2040, the company aims to be climate neutral. This implies that emissions need to be reduced by approximately 60 per cent by 2030 compared with baseline 2017.

### Committing to SBTi

In conjunction with the launch of the new climate neutrality target, Gränges also committed to setting a net-zero and near-term science-based targets through the Science Based Targets initiative (SBTi). In 2022, Gränges focused on conducting a full greenhouse gas inventory to prepare for and align with the SBTi reporting criteria. At the same time, Gränges' local business units prepared regional targets and decarbonization pathways.

### Strong climate performance

During the last five years, Gränges has made strong progress towards its climate targets. Total carbon emissions intensity has been reduced by 5 per cent in 2022 compared to 2021, which equals a 22 per cent reduction versus baseline 2017. The main reason for the positive progress is a reduction of scope 3 emis-

sions driven by a higher share of recycled aluminium. The carbon emissions intensity from own operations and purchased energy (scope 1+2) amounted to 0.82 tonnes CO<sub>2</sub>e/tonne (0.88) and from sourced metal inputs (scope 3) to 8.1 tonnes CO<sub>2</sub>e/tonne (8.4).

### Partnerships and collaboration

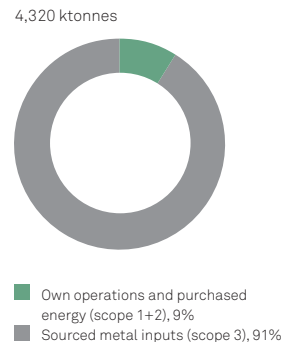
Since the largest environmental impacts originate up and downstream in Gränges' value chain, it is important for the company to collaborate with suppliers, customers, and other business partners to reduce the climate impact. Supplier collaborations include sourcing of recycled aluminium, low-carbon primary aluminium and energy from renewable sources. Design and development of sustainable aluminium solutions as well as recycling are other important areas to develop together with customers. All facilities also have dialogue with customers on closed-loop partnerships.

## PERFORMANCE SUMMARY

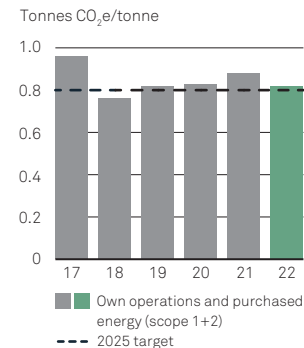
Key performance indicator	2025 target	2022 (2021) performance
Carbon emissions intensity from own operations and purchased energy (scope 1+2), % reduction vs. 2017	-25	-14 (-8)
Carbon emissions intensity from sourced metal inputs (scope 3), % reduction vs. 2017	-30	-23 (-20)

**Comment:** In 2022, the carbon intensity was reduced by 14 per cent for scope 1+2 and 23 per cent for scope 3 versus baseline 2017. The reduction in scope 1+2 intensity was driven by increased use of renewable electricity in the Konin facility. The reduction in scope 3 intensity was driven by a higher share of sourced recycled aluminium in Gränges Americas and the facility in Shanghai.

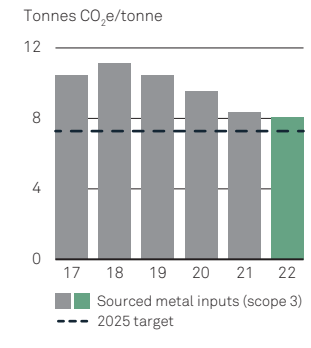
TOTAL CARBON FOOTPRINT, 2022



CARBON EMISSIONS INTENSITY, SCOPE 1+2<sup>1)</sup>



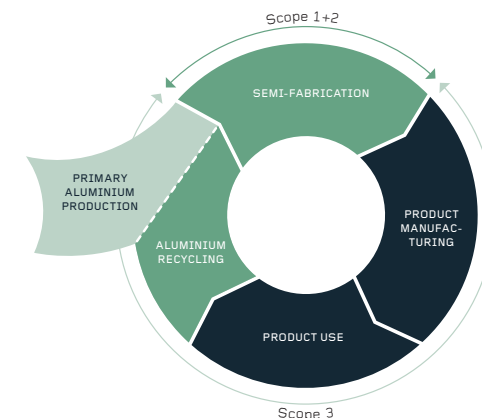
CARBON EMISSIONS INTENSITY, SCOPE 3<sup>1)</sup>



<sup>1)</sup> Baseline 2017 has been recalculated to include Konin. 2018–2020 exclude Konin and Gränges Powder Metallurgy.

## Climate impact along the value chain

Gränges strives to be a positive contributor to the circular economy and is committed to improving the overall footprint of the aluminium value chain.



	SUPPLY CHAIN	GRÄNGES' OPERATIONS			CUSTOMERS AND END-USERS	
	PRIMARY ALUMINIUM PRODUCTION	ALUMINIUM RECYCLING	SEMI-FABRICATION	PRODUCT MANUFACTURING	PRODUCT USE	
<b>Description in brief</b>	Extraction, refining and smelting of primary aluminium.	Collecting, sorting, and recycling of aluminium.	Remelting and casting, rolling, and slitting.	Manufacturing of products containing Gränges' materials, e.g. vehicles, buildings, and packaging.	Using products containing Gränges' materials.	
<b>Climate impact</b>	Mainly from the energy-intensive electrolytic smelting process. Smaller impacts also from the extraction and refining processes.	Mainly from processing and transporting of recycled materials. By using recycled aluminium, Gränges can save up to 95 per cent of the energy and climate impact that would have been needed in primary aluminium production.	Mainly from fuels and electricity used in Gränges' operations.	Mainly from customers' product manufacturing when materials sourced from Gränges are processed.	Mainly from using products containing Gränges' materials. Aluminium's lightweighting properties can lead to substantial fuel and carbon emissions savings compared to other materials.	
<b>Gränges' priorities</b>	<ul style="list-style-type: none"> <li>Actively choose input material and supplier based on climate performance and reduction targets and activities.</li> <li>Collaborate with suppliers to expand sourcing of primary aluminium produced using renewable energy.</li> <li>Promote responsible sourcing and increased supply chain traceability through dialogue with commodity traders.</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with customers and recycling companies to expand sourcing of recycled aluminium.</li> <li>Design and innovate alloys, processes and applications which allow for a higher share of recycled aluminium and which are efficiently dismantled, collected, sorted, and recycled after products end-of-life.</li> </ul>	<ul style="list-style-type: none"> <li>Increase energy efficiency and the use of renewable energy in own operations.</li> <li>Increase resource efficiency and remelting of recycled aluminium in own operations.</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with customers to design and develop sustainable aluminium products and solutions, including alloys that are resource efficient in the product manufacturing and use phase, and which are recyclable at the end-of-life.</li> </ul>		
<b>GHG Protocol category and subcategories</b>	Scope 3 • Purchased goods and services.	Scope 3 • Purchased goods and services. • End-of-life treatment of sold products.	Scope 1+2	Scope 3 • Processing of sold products.	Scope 3 • Use of sold products.	



# Sustainable supply and recycling

## Sustainable materials and energy

Increasing sourcing and usage of sustainable materials and energy are vital for Gränges to reduce the climate impact from scope 3, and the company already shows good progress in these areas.

### Increased recycling drives decarbonization

Using recycled aluminium can save up to 95 per cent of the energy needed to produce primary aluminium. Gränges sources pre-consumer used materials from customers and recycling companies and post-consumer used materials from recycling companies. The company also recirculates processed aluminium from its own operations.

In 2022, Gränges launched a new directional target to tenfold the recycled volumes by 2030 versus 2017. To achieve this ambition Gränges will invest in process and technology innovation to increase recycling capabilities, in strategic partnerships with customers to build closed-loop collaboration and in supplier partnerships with recycling companies and traders to secure recycled aluminium.

### Key recycling challenges and actions

The conditions and availability of recycled aluminium differ geographically and the feasibility to increase usage depends on the type of production as well as local availability. Since aluminium is often used as a long-lasting material in buildings and vehicles with long lifespans, the availability of recycled aluminium can be a significant constraint. It can also be a challenge to recycle aluminium as it is often used in combination with other materials, and an efficient process requires good sorting, separating, and re-melting technologies.

Gränges has several ways of dealing with the challenges. In 2022, all regions increased their recycling capabilities through different activities. Examples include the Shanghai

facility who developed digital modelling to improve the clad scrap recycling rate. Gränges Konin cooperated with external partners to increase the volume of contaminated scrap sourced and investigate modification of chemical composition to increase recycling capabilities.

### Sustainable primary aluminium supply

Expanding the use of low-carbon primary aluminium reduces Gränges' climate impact from sourced metal inputs, especially in regions where the primary aluminium production is largely dependent on fossil energy sources. The availability of low-carbon primary aluminium produced using renewable energy varies to a large extent depending on geography and renewable energy supply.

Gränges discusses with slab suppliers encouraging them to increase the share of sourced recycled aluminium in their products.

# 32.7%

sourced recycled aluminium in 2022, above 2025 target

### PERFORMANCE SUMMARY

Key performance indicator	2025 target	2022 (2021) performance
Sourced recycled aluminium, %	≥30	32.7 (28.5)
Renewable energy, %	≥20	16 (15)

**Comment:** In 2022, the share of sourced recycled aluminium increased to 32.7, per cent, above the 2025 target. This was a result of expanded sourcing mainly in Gränges Americas and in the Shanghai facility. The share of renewable energy increased to 16 per cent driven by increased use of renewable electricity in Konin.



**Sustainable energy supply**

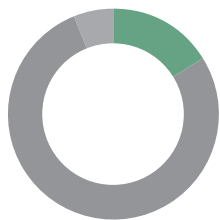
Using renewable energy is key to reduce the company’s climate impact from own operations. Gränges has a target to increase the usage of renewable energy in its own operations to at least 20 per cent by 2025. In 2022, the total share of renewable energy was 16 per cent (15).

The opportunities to source renewable energy vary across Gränges’ production facilities. Finspång sources 100 per cent specified electricity from hydro power. In Gränges Americas, Shanghai and Konin, electricity is sourced from regulated markets with a high share of non-renewable sources in the energy mix.

All regions are actively investigating how to increase the usage of renewable energy. In 2022, Gränges Americas signed a 10-year contract with the electricity company Entergy Arkansas subscribing to approximately 25 per cent of its capacity for the Gränges’ Newport site from renewable energy sources. The facility in Konin sourced approximately 20 per cent of its electricity from renewable sources during the year.

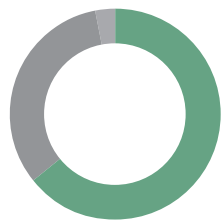
The site in Finspång investigates the possibility to install solar panel systems at the facility and Shanghai plans to start installation of solar panels in 2023.

**SOURCED ENERGY MIX, 2022**



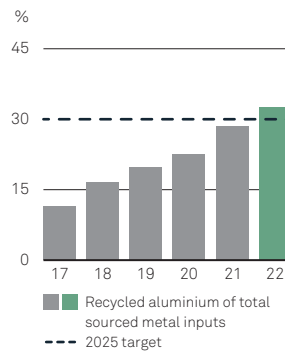
Renewable energy, 16%  
Non-renewable energy, 77%  
Nuclear energy, 6%

**SOURCED METAL INPUTS, 2022**



Primary aluminium (ingots + slabs), 65%  
Recycled aluminium, 33%  
Alloying elements, 3%

**SOURCED RECYCLED ALUMINIUM, 2017–2022**



Recycled aluminium of total sourced metal inputs  
2025 target

**SOURCED RECYCLED ALUMINIUM PER CATEGORY, 2022**



Pre-consumer used materials, 71%  
Post-consumer used materials, 29%



## Responsible sourcing

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

### Promoting responsible sourcing practices

With a supplier base of 3,900 suppliers globally, Gränges has an indirect impact on both environmental and social aspects through its suppliers. Therefore, it is essential for the company to engage with its suppliers and together improve sustainability performance and mitigate sustainability risks in the supply chain. Sourcing activities are mainly managed by the local procurement organization and the supplier base is generally geographically close to the respective markets.

Gränges is committed to operating in accordance with responsible, ethical and sound business principles and expects its suppliers to maintain similarly high sustainability standards. The company has implemented a responsible sourcing programme to enforce sustainability practices in the supply chain, see page 40. In short, the process covers clear supplier sustainability requirements, a robust risk screening tool, desktop sustainability assessments as well as active follow-up and engagement. Gränges has a target that 100 per cent of significant suppliers have committed to the Supplier Code of Conduct by 2025. In 2022, 97 per cent had signed it.

### ASI certifications to ensure responsible sourcing practices

To promote responsible production, sourcing, and stewardship of aluminium across the aluminium industry, Gränges has been a member of Aluminium Stewardship Initiative (ASI) since 2019. ASI is a global non-profit organization which defines standards for sustainability performance and chain-of-custody in the aluminium value chain. In 2022, Gränges' facilities in Americas and the corporate office in Franklin were certified against both the Performance Standard and the Chain of Custody Standard. This means that five of Gränges' production sites are now certified against both standards.

### Standing up for human rights

Gränges respects the human rights of all individuals that may be affected by the company's operations. Risks related to human rights are greatest in the company's supply chain where human rights violations are mainly related to indigenous rights in the extraction, mining and smelting activities. Extractive activities also carry a risk of forced and child labour, although there are few reports of this in aluminium mining.

Gränges has clear expectations on suppliers to mitigate human rights risks, stipulated in the company's Supplier Code of Conduct. Performance is followed-up as part of Gränges responsible sourcing process.

5  
SITES

certified against  
ASI Performance  
Standard and  
Chain of Custody  
Standard

## PERFORMANCE SUMMARY

Key performance indicator	2025 target	2022 (2021) performance
Supplier Code of Conduct commitment, % of purchase value	100	97 (98)
ASI certifications, number of sites <sup>1)</sup>	All	5 (2)

1) Number of sites with ASI Performance Standard and Chain of Custody Standard.

**Comment:** In 2022, Supplier Code of Conduct commitment reached 97 per cent (98). Gränges Americas achieved dual ASI certifications covering three production facilities and the corporate office in the US. In total five sites are now certified against both standards.

## A GLOBAL SUPPLY CHAIN

In 2022, the company had approximately 3,900 number of suppliers of which 278 were defined as significant. 85 per cent of the purchase value from significant suppliers was direct materials (primary aluminium ingots, slabs, recycled aluminium and alloying elements) whereas indirect materials and services accounted for 15 per cent. In total, 70 per cent of the direct materials was sourced from commodity traders. The supplier base is generally geographically close to the respective markets.



## GRÄNGES' RESPONSIBLE SOURCING PROGRAMME

In line with Gränges' Responsible Sourcing Policy, all sites are to operate a local responsible sourcing programme covering its significant suppliers. The programme is used as a platform to enforce sustainable practices, ensure continuous improvements, develop collaboration, and build lasting relationships with suppliers.

### GLOBAL SUPPLIER SUSTAINABILITY REQUIREMENTS

Significant suppliers are requested to sign Gränges' Supplier Code of Conduct based on the ten principles of the UN Global Compact. The policy includes basic sustainability requirements on suppliers including human rights, labour rights, business ethics and environmental performance.

### SUSTAINABILITY RISK SCREENING

Significant suppliers are annually screened in a desktop tool for potential environmental, social and corruption risks based on the purchasing category and country of origin. The aim is to identify and mitigate sustainability risks in the supply chain.

### SUSTAINABILITY DESKTOP ASSESSMENT

Suppliers categorized as medium or high-potential risk suppliers are required to complete a desktop sustainability assessment, currently managed by EcoVadis. The questionnaire aim to grade suppliers' performance within all sustainability areas and has an evidence-based approach.

### FOLLOW-UP AND ENGAGEMENT

Results from the desktop assessments are integrated into local supplier review procedures, e.g. supplier scorecards as well as supplier discussions and on-site visits, as applicable locally.

### DEVIATION MANAGEMENT

Gränges uses an internal escalation process to decide on appropriate actions in cases where a supplier declines to participate in any of the previous mentioned steps or receive a low score in the EcoVadis assessment. All sites have a local escalation team and routine in place and deviations can lead up to blocked purchase orders and business termination.

97%

significant suppliers are committed to Gränges' Supplier Code of Conduct





## Solar energy helps Gränges' customers reaching their climate goals

External partnerships are important in Gränges' strategy for sustainable growth. One key area is the investment in new supplier collaborations within solar energy.

In the US, Gränges recently signed a 10-year contract with the electricity company Entergy Arkansas on solar energy for Gränges' production site in Newport, Arkansas. Under the contract, Gränges subscribes to approximately 25 per cent of its capacity for the Newport site. The availability will continue to increase each year with more solar electricity coming online.

"Our customers are looking for solutions that help them reduce their climate impact. They have their own sustainability and climate goals and are looking to us for help to meet those goals. Increasing our renewable electricity is a strategic priority for us, since it contributes to a more sustainable future for our customers and ourselves", says Rosa Laxamana, VP Sustainability Gränges Americas.

Investing in renewable energy reduces Gränges' carbon footprint (scope 1+2) and is an important part of the company's decarbonization journey. Gränges has a goal to increase the usage of renewable energy in its own operations to at least 20 per cent by 2025. In 2022, the total share of renewable energy amounted to 16 per cent.

All regions are actively investigating how to increase the usage of renewable energy and have ongoing discussions with external partners to further increase sourcing.

In Gränges Europe, the operation in Finspång, Sweden sources 100 per cent of its electricity from hydro power, and in Konin, Poland 23 per cent derives from hydro power. The facility in Shanghai purchases 100 percent of its electricity from renewable sources as from January 2023 and will commence installation of solar panels on the roof-top of its production plant in 2023.



Increasing our renewable electricity is a strategic priority for us, since it contributes to a more sustainable future for our customers and ourselves.

Rosa Laxamana,  
VP Sustainability Gränges Americas

# Sustainable operations

## Resource efficiency

Gränges is committed to strengthening its operational efficiency, and enforcing continuous improvements to increase energy efficiency, reduce emissions to air and water and minimize waste.

### Increasing energy intensity

Gränges consumes energy mainly in its production processes related to remelting and casting. The main energy sources used are natural gas, electricity and liquified petroleum gas. To reduce both costs and the climate impact from own operations (scope 1+2), Gränges works actively to increase energy efficiency, for example by considering the best available technology for refurbishments and new investments. Other improvement measures are primarily linked to improved metal yield, thermal processes, and recovery of waste heat.

As a result of Gränges' increased focus on remelting recycled aluminium, the energy usage and consequently also operational (scope 1+2) emissions often increase compared to remelting primary aluminium ingots. The reduction in emissions from sourced metal inputs (scope 3) however more than offsets this negative impact, and the combined result is positive.

### Managing local water conditions

Gränges uses water mainly for cooling purposes, such as cooling production equipment and preventing overheating and production disruptions. Since the company's production sites are located in areas with various water stress and risks, Gränges manages water-related aspects based on local circumstances. Gränges annually reviews the water risk of all production sites with input from the World Resources Institute's Aqueduct Water Risk Atlas.

The company aims to implement local water management plans in all its locations which include local targets and activities to address water-related impacts. In 2022, three of Gränges' facilities had a local water management plan in place.

### Minimizing waste and hazardous materials

Gränges manages waste practices locally and in line with national law and regulations. All sites have a local waste handling procedure in place, and work actively to reduce material consumption. This is done through process optimization and recycling, where scrap generated in production is reused to the largest extent possible.

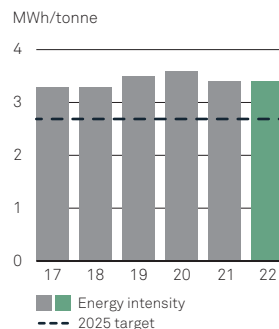
Gränges has an ambition to recycle and reuse waste in production where possible and reduce hazardous substances generation. Hazardous materials include aluminium dross and oil used to cool down the mill and lubricate the interface between the rolls and the material. The facility in Finspång recovers aluminium from dross on site through a dross press machine. Gränges Americas has invested in a woodchipper to recycle wood pallets instead of sending waste to landfill.

### PERFORMANCE SUMMARY

Key performance indicator	2025 target	2022 (2021) performance
Energy intensity, % reduction vs. 2017	-17	3 (5)
Water management plans, number of sites	All	3 (3)

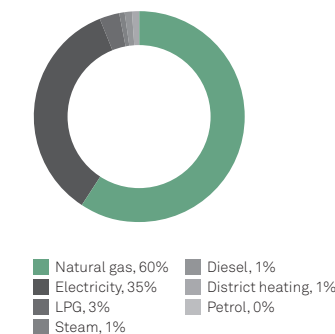
**Comment:** In 2022, energy intensity decreased by one per cent to 3.41 MWh/tonne (3.45) mainly due to ongoing operational improvements in all regions and increased re-roll purchase in Gränges Americas.

ENERGY INTENSITY, 2017-2022

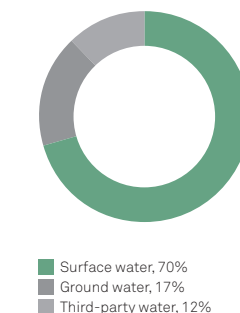


Note: 2018-2020 exclude Konin and Gränges Powder Metallurgy. Baseline 2017 recalculated to include Konin.

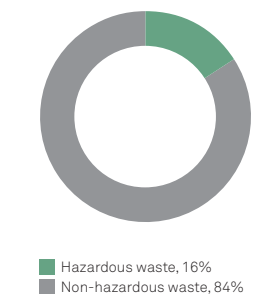
ENERGY USE BY TYPE, 2022



WATER WITHDRAWAL BY SOURCE, 2022



WASTE BY TYPE, 2022





## Workplace safety

Gränges is committed to providing a workplace that protects health and foster wellbeing for all.

### A safety first culture

Workplace safety is one of the highest strategic priorities for Gränges. In all its activities, the company attempts to continuously improve the working environment as well as the health and safety awareness and behaviour among employees.

A 5S system is implemented in all production facilities to ensure a clean, orderly and safe work environment with the objective to proactively and quickly remove safety hazards and to drive safe behaviours. Safety hazards are continually monitored, and all sites are actively deploying the critical 6 hazard categories; fall protection, molten metal, mobile equipment, confined spaces, and machine guarding – lockout and tagout and fire prevention. To assess the risk of injuries, job safety analysis involving identifying hazards associated with repetitive and non-repetitive work tasks is carried out. Actions are coordinated and prioritized by management and local safety representatives.

### Using a systematic approach

All sites operate an occupational health and management system (OHS) and Gränges plans to certify all production facilities in accordance with ISO 45001. The OHS system covers all individuals who are directly or indirectly related to Gränges' operations, e.g. employees and independent contractors and consultants who work onsite or offsite on behalf of Gränges.

Gränges' production facilities drive structured employee engagement programmes with measurable and relevant leading indicators, including a walk-observe-communicate (WOC) programme where employees and management observe activities and discuss risk behaviour and improvements. The facility in Shanghai formally initiated WOC during the year with many leaders participating in the activity.

Incidents and accidents are registered and classified with actual and potential consequences by employees in local incident reporting systems. Safety performance is reviewed by management weekly and monthly, and site-specific safety targets are set as part of the business planning cycle.

### Mandatory safety training

Gränges works actively to improve health and safety awareness and skills and provides regular health checks and training for all workers and managers. Comprehensive safety training is carried out for all workers and managers at least once a year. New employees are always trained before they start their position in Gränges. Regular trainings are conducted with respect to machine safety, personal protective equipment, fire safety, first aid, and emergency response. In addition, specific safety training is provided for production employees, including aspects such as hand and finger injury prevention. All safety trainings are mandatory.

### Safety activities in 2022

Gränges Americas launched an improvement plan focusing on high-risk programmes and safety leadership and culture. The region completed work on fire production, forklift/pedestrian safety and crane safety that have resulted in significant improvement in technical controls and employee performance. Gränges Europe created a Safety Core Team with safety managers and experts. A common EHS vision for 2025 was defined including roadmaps to achieve specific objectives. The facility in Shanghai focused on improving reporting of injury free events to increase employee engagement and number of reports. Falls, slips, and trips incidents improved as a result.

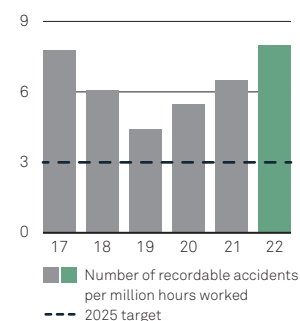
### PERFORMANCE SUMMARY

Key performance indicator	2025 target	2022 (2021) performance
Total Recordable Rate <sup>1)</sup>	≤3.0	8.0 (6.5)
Severity Rate <sup>2)</sup>	≤50	56 (139)

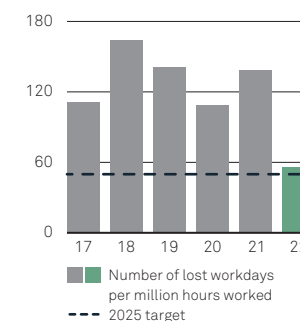
1) Number of recordable accidents per million hours worked.  
2) Number of lost workdays per million hours worked.

**Comment:** In 2022, the Total Recordable Rate ended at 8.0. The increase was mainly due to an increased number of recordable accidents in Gränges Americas as a result of an increased focus to improve reporting on all injuries. Severity Rate was significantly improved and decreased to 56.

TOTAL RECORDABLE RATE, 2017–2022



SEVERITY RATE, 2017–2022



Note: 2017–2020 exclude Gränges Powder Metallurgy and the facility in Konin.

## Sustainable workforce

Gränges is committed to ensuring that employees are motivated and engaged by being an open and inclusive employer.

### Promoting responsible workplace practices

Gränges believes that its people and company culture are key to past and future success. Gränges strives to provide a workplace where employees can realize their full potential and contribute to developing a high-performing organization.

Gränges' corporate culture and core values – committed, action oriented, innovative, and accessible – guide employees in their daily actions and lay the foundation for conducting business responsibly, ethically, and open-minded. The company is committed to being an open and inclusive employer, with zero tolerance of discrimination, which leverages employees' different perspectives, experiences, and ideas. A multifaceted workforce also reflects the international market in which Gränges operates. Important diversity aspects for Gränges include gender equality as well as ethnic diversity, where the latter aspect is mainly applicable for Gränges Americas. Diversity and inclusion matters are managed mainly on a local level, but group-wide principles lay the foundation for prioritized activities.

### Building a sustainable workforce

Gränges strives to offer good working conditions and interesting career opportunities to attract, develop and retain competent and talented people. The goal is to become the employer of choice and the aim will be to engage the whole team to set activities and offer the best development possible.

In 2022, several activities were initiated. An extended structure of global talent review and people plans were launched. Such plans cover both the individual and team perspective, with a stronger management accountability. Gränges also initiated a senior leadership programme with emphasis on each region's local needs.

Moreover, several local initiatives were taken to improve Gränges' attractiveness to become the local employer of choice. Gränges' operations in Finspång worked actively to meet the new workplace requirements from potential employees and held several targeted labour market days and study visits at the facility. Gränges Americas reviewed its incentive programme to hourly employees and provided extensive training to improve retention rate.

### Investing in talent and leadership

To keep employees engaged and motivated, Gränges runs a structured performance management process including training and competence development. All employees should also have an individual development plan to ensure continuous competence development, talent management, and succession planning.

Gränges strongly encourages employees at all levels to participate in job-related training and development activities to enhance skills and grow as professionals. The company conducts competence development and leadership trainings in line with regional needs and works actively to provide career and leadership opportunities for employees.

In 2022, the facility in Finspång implemented a leadership programme for first-line managers focusing on how to improve team building, provide constructive feedback and support the team members' professional growth. Gränges Americas will initiate a similar leadership training in 2023 as well as a four week on-boarding process and training for all new hires. Gränges' facility in Konin encourage employees to participate in trainings and raise ideas to improve working conditions at the facility through a mobile app. Due to the impact of COVID-19, the Shanghai facility conducted less in-house training but used a mobile platform to conduct annual trainings.

### PERFORMANCE SUMMARY

Key performance indicator	2025 target	2022 (2021) performance
Performance and development discussion, % of employees	100	73 (67)
Employee engagement index <sup>1)</sup> , 0–100	≥85	77 (-)

1) The employee survey is conducted every two years and was not conducted in 2021.

**Comment:** In 2022, 73 per cent of all employees had an annual performance and development discussion. The increase was mainly driven by the facility in Konin implementing performance reviews for white-collar employees during the year. Employee engagement index result stayed at the same level as the last conducted analysis in 2020.



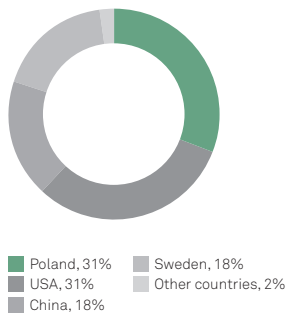
Gränges also recognizes individual and team performance through its Sustainable Growth Awards which are linked to the respective areas in the business strategy.

**Employee health and wellbeing**

Having engaged and healthy employees is a prerequisite for an innovative, competitive, and productive organization. Gränges follows up on employees' general motivation and wellbeing via the annual performance and development discussion. The company also conducts employee surveys every two years to track status. In 2022, the Employee Engagement index reached 77 compared with 78 in 2020. The company uses the result from the employee survey to set local action plans.

Gränges offers occupational health services on and off site, for example flexible work options, first-aid care, wellness grants and regular health checks. The company also offers non-occupational support such as dietary advice, stress reduction and mental health. Gränges maintains the confidentiality of all personal health-related information and keeps medical information in compliance with local legislation. During 2022, the facility in Shanghai implemented special arrangements for the COVID-19 lockdown period for employees including entertainment, exercising and family care activities.

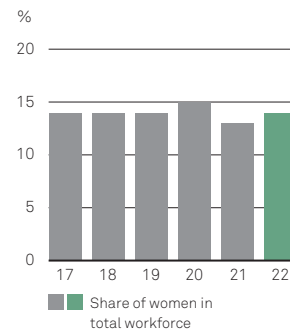
**AVERAGE NUMBER OF EMPLOYEES PER COUNTRY, 2022**



**WOMEN IN SENIOR MANAGEMENT, 2022**



**WOMEN IN TOTAL WORKFORCE, 2017–2022<sup>1)</sup>**



1) 2017–2020 exclude Konin and Gränges Powder Metallurgy.





## Ensuring business ethics

Gränges is committed to conducting business with high integrity and being an ethically sound partner in all its relations.

### Responsible business practices

Gränges is committed to conducting its business with high integrity in an ethical and responsible way, and to being a trusted and reliable partner in all its relations and in the local communities where it operates.

Gränges has zero tolerance for unethical or unlawful behaviour such as bribery, corruption, or unfair competition. To ensure compliance with international business standards and legislation, and to safeguard the company from economical or reputational damage, Gränges will always act rapidly and forcefully on discovering any unethical behaviour.

### Business ethics principles

Gränges' Global Code of Conduct outlines the company's ethical principles which are based on international standards on human rights, labour conditions, the environment, and anti-corruption, including the UN Global Compact and its ten principles. The Code of Conduct is available in local languages and applies to all employees and board members, temporary staff, intermediaries, agents, or others acting on behalf of Gränges.

Gränges' principles and efforts to prevent bribery and other types of corruption are summarized in the global Anti-Corruption Policy. Gränges also requires that significant suppliers commit to principles about prohibition of corruption, bribery, and improper benefits as outlined in the company's Supplier Code of Conduct.

### Monitoring the compliance

To ensure effective implementation of the Code of Conduct and Anti-Corruption Policy, Gränges conducts annual trainings which covers all employees, the Board of Directors as well as contracted workers.

In addition, Gränges regularly conducts internal audits of its local businesses. The internal audit programme includes criteria to ensure awareness of the policies and Whistleblower function, that relevant parties have conducted the policy trainings and verifies that the Supplier Code of Conduct has been implemented and signed by suppliers. In 2022, one internal audit was conducted in Gränges Americas.

If needed, Gränges also engages a third-party to conduct due diligence on business ethics. No due diligence was performed in 2022.

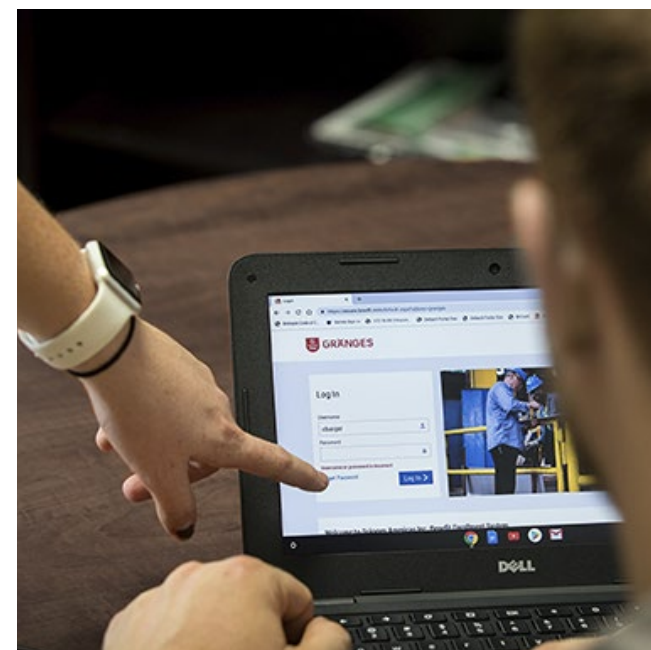
### Whistleblower function to detect irregularities

Gränges has an externally managed Whistleblower function that aims to detect irregularities that may seriously harm Gränges' business or employees. The function can be accessed via the company's webpage, intranet or by telephone. Employees and business partners can provide information anonymously without the fear of retaliation. In 2022, there were 3 cases (2) reported through the Whistleblower function. No confirmed incidents of corruption were detected, and no business contracts were breached or not renewed due to corruption.

### PERFORMANCE SUMMARY

Key performance indicator	2025 target	2022 (2021) performance
Code of Conduct training, % of employees	100	100 (100)
Anti-corruption training, % of white-collar employees	100	100 (100)

**Comment:** In 2022, 100 per cent of all employees conducted the group-wide Code of Conduct training and 100 per cent of all white-collar employees conducted the anti-corruption training.



# Sustainable customers and sectors

Gränges works to take a frontline position in markets where stricter sustainability performance requirements are set on products.

### Designing sustainable and circular solutions

Gränges works to leverage the advantages of aluminium by designing and manufacturing products and solutions which can improve customers' operational performance as well as the sustainability performance of their products. Lightweight aluminium can deliver significant energy and climate savings in the use phase, often entirely offsetting the initial energy consumption required to produce the metal.

Gränges has an ambition to design sustainable aluminium solutions that maximise the use of recycled materials and that can be efficiently dismantled, collected, sorted, and recycled downstream the value chain and after products' end -of-life.

### Product sustainability credentials

To enable customers to understand, evaluate and compare Gränges' products from a sustainability perspective, the company works to provide clear sustainability information and labelling, starting with the products' carbon footprint. Understanding products' individual carbon footprint also help Gränges to build a solid fact base for innovation and performance improvements, with the aim to further increase sustainability and circularity benefits.

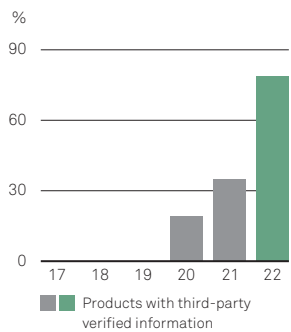
In 2022, 79 per cent of Gränges' products had a third-party verified product carbon footprint available. A detailed carbon footprint report outlining the methodology are available on Gränges' website.

### PERFORMANCE SUMMARY

Key performance indicator	2025 target	2022 (2021) performance <sup>1)</sup>
Products with third-party verified sustainability information available, %	100	79 (35)

**Comment:** In 2022, 79 per cent of Gränges' products had verified sustainability information available (35). Local product carbon footprint tools and certificates are now in use at Gränges facilities in Finspång, Shanghai, Huntingdon, and Salisbury.

### PRODUCTS WITH SUSTAINABILITY INFORMATION, 2017–2022



### Launching Gränges Endure

In 2022, Gränges launched a product brand for sustainable and circular solutions, Gränges Endure. The brand makes it easier for customers to select sustainable aluminium products and solutions of the highest quality at the lowest sustainability impact. Gränges Endure products have a third-party verified carbon footprint of maximum 4.0 tonnes CO<sub>2</sub>e/tonne, measured from extraction of bauxite to the delivery of Gränges' products to customers (cradle-to-gate). The products are also verified by a third party to be responsibly sourced and produced.

### Customer collaboration and partnerships

In the sustainable growth strategy, a key priority is to partner with customers both in terms of designing and developing sustainable and circular solutions but also in establishing closed-loop business models. Gränges runs several customer collaborations within the heat exchanger, HVAC, and battery markets with the aim to jointly develop sustainable alloys in line with customers' material characteristics requirements.

Gränges also collaborates with customers to take back recycled aluminium from customers' manufacturing process and re-melt it into new products. This has a positive impact on reducing the climate impact from sourced metal inputs (scope 3). One example is the facility in Konin that has created closed-loop recycling systems with customers whereby post-produced scrap is returned to Gränges. Remelting of the contaminated scrap is carried out in specific designed twin-chambers melting furnaces and the molten aluminium is re-used in production of closure-stock material.

### Investing in sustainable sectors

As part of Gränges' strategy, the company is investing in sustainable markets to ensure that the company is part of the transition towards a sustainable economy. Examples include the electric vehicle market, where Gränges is targeting the battery cathode foil and casing markets. Battery manufacturers are interested in Gränges' global production footprint and capabilities, its sustainable solutions, as well as its strong aluminium alloy and process know-how.







## Collaboration to create a world-leading recycled aluminium product

Arconic Architectural Products (AAP) and Gränges share the same sustainable ambition of offering high-performance aluminium that contain a high percentage of recycled materials. Arconic Architectural Products supplies the construction industry with high quality pre-painted aluminium based on Gränges rolled aluminium.

The collaboration began in 2018. Gränges focuses on excellent surface quality and development of recycled aluminium content and sustainable alloys is the foundation of our long standing relationship.

“We have been doing business for several years now and work closely to improve the sustainability standards while retaining the products qualities. End customers in building and construction

sectors demand products, like facades and roofing, with a low carbon footprint. Together we have the knowledge and expertise to create competitive products on these markets”, says Fredrik Sundell, VP Business Development Gränges Europe.

### Unique alloy recipes

Alloy development is a process to meet narrow requirements as formability, corrosion resistance and strength on the rolled products. Certain alloys are created by adding elements like copper, magnesium, and others to the liquid aluminium in the casting furnace. Every alloy has an “alloy recipe” with certain limits on recycled aluminium due to limits in the chemistry.

The real sustainability challenge arises when types of recycled aluminium and chemical compositions differ in the alloy recipes. An in-depth understanding of how recycled aluminium works in the casting furnace and knowledge of the chemical composition is key. The target for Gränges and Arconic Architectural Products is to use as much recycled aluminium as possible to lower the carbon footprint.

### Demand for tracking carbon footprint

The demand for products that require Environmental Product Declarations (EPD), which helps to track the products' lifespan and determine the products' carbon footprint throughout the whole value chain, is increasing.

“Moving from producing one single alloy towards producing several versions of this alloy to allow better recyclability and lower

carbon footprint is key to meet these increased requirements. We clearly see that we are moving faster and faster in this area”, Fredrik Sundell continues.

### Collaborate on common sustainability targets

“One target is about a product which reduces the carbon footprint to approximately 2 tonnes CO<sub>2</sub>e/tonne product, the other one is a product that allows very high share of recycled aluminium. By this we aim to capture the growing demand for sustainability products from the end customer market”, Fredrik Sundell says.

“The building and construction market is highly competitive, which means that our cooperation stresses the need of creating high quality products with good sustainability rating regarding carbon footprint and recyclability rate together with a competitive cost structure. Our ambition is to invest more time in technical development and future needs. We have a good relationship that allows us to focus on joint targets and to win business together”, Fredrik Sundell concludes.

### ARCONIC ARCHITECTURAL PRODUCTS SAS (AAP)

Arconic Architectural Products SAS (AAP) based in Merxheim, France, has been a supplier of quality products to the building and construction industry for almost 60 years.

The products are suitable for roofs, facade cladding and many other interior and exterior applications in the fields of building and roofing. Reynolux® pre-painted aluminium can be used in new construction as well as for renovations.

# Reasons to invest in Gränges

In the last ten years, Gränges has increased sales volume by more than 200 per cent, and the operating profit even more. With our Navigate strategy, we target sustainable growth also going forward, and climate neutrality by 2040.

Three global trends create large opportunities for Gränges: supply chain regionalization, vehicle electrification, and sustainability. Gränges has embraced these trends by building a strong, diversified presence in all regions, developing an ambitious programme for batteries and electric vehicles, and taking the industry lead in sustainability.

### Well positioned to meet the growing market demand

- Strong presence in all major regions globally and technical leadership. maintain and deepen Gränges' long-term customer relationships.
- Strong position in attractive niche markets.
- Commitment to sustainability as a key business driver, industry-leading ESG performance and ambitious targets for decarbonization, recycling and responsible sourcing and production
- Experienced, entrepreneurial, and empowered people offering deep expertise in innovative aluminum technology, solutions and operational excellence.

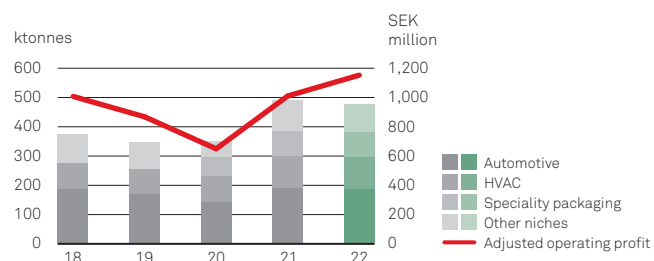
### Financially attractive business model

- Long track record of stable cash generation and margins, high profit growth, and strong returns
- Proven success in driving sustainability and financial improvement side-by-side

### Navigate strategy sets high ambition for sustainable growth

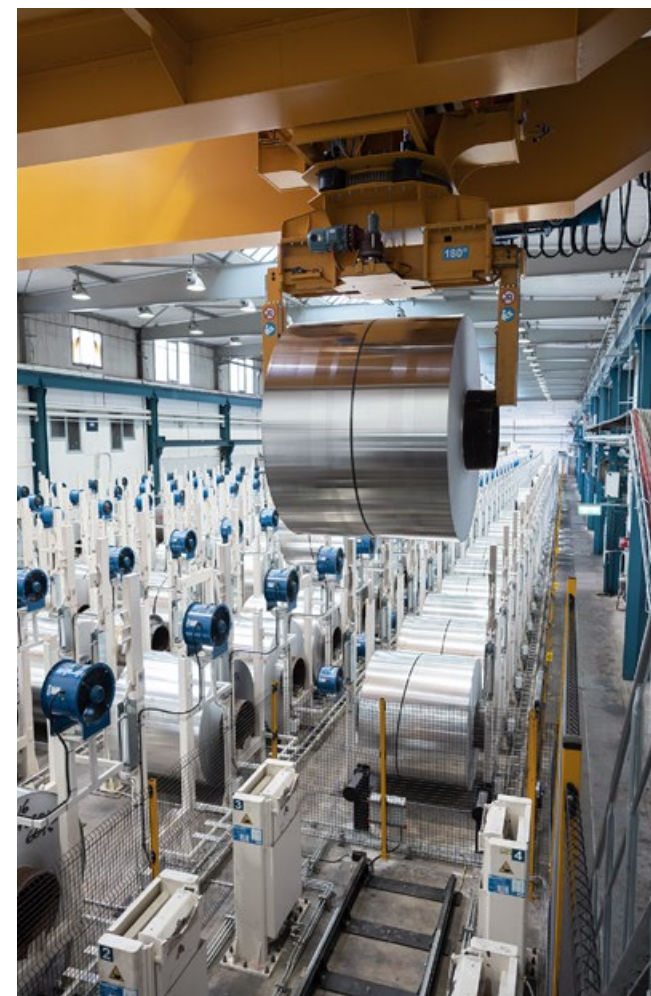
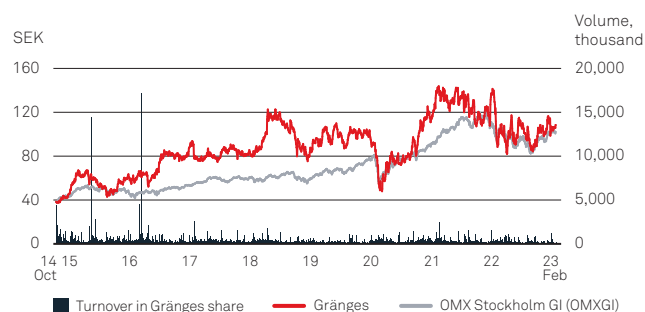
- **Restore** industry-leading financial performance
- **Build** the world's best aluminium technology company
- **Invest** in sustainable growth, including continued value-creating acquisitions
- ... aiming at 15 per cent ROCE, >10 per cent profit growth, and climate neutrality by 2040

### SALES VOLUME AND ADJUSTED OPERATING PROFIT



1) ESG = Environmental, Social, Governance.

### TOTAL SHAREHOLDER RETURN VS INDEX



## The share and owners

Gränges' shares are traded on Nasdaq Stockholm in the Mid Cap segment since October 2014. They are included in the Automobile & Parts category and traded under the ticker GRNG.

Since the IPO in October 2014 until the end of February 2023, the share price has risen by 134 per cent. During the same period, shareholders have received a total return of 181 per cent, including the reinvestment of dividends.

During 2022, the share price decreased by 19.6 per cent. At the end of 2022, the share price was SEK 85.30, corresponding to a market capitalization of SEK 9.1 billion. The highest price in 2022 was noted on 11 February at SEK 120.20, and the lowest price was SEK 71.65 on 10 October. The average daily turnover was 221,479 shares (299,232) and total turnover of shares during the year was approximately 56 million (76).

### Share capital and ownership

The share capital in Gränges amounts to SEK 142 million, distributed among 106,308,618 shares, each with a quota value of SEK 1.339775. Gränges has only one class of shares. On 31 December 2022, the number of known shareholders totaled 11,703 (10,970). The largest shareholder, The Fourth Swedish National Pension Fund (AP4), held 9.3 per cent of the total share capital, followed by AFA Insurance with 6.6 per cent, and Swedbank Robur Funds with 6.3 per cent. The ten largest shareholders held 44.3 per cent of the share capital and foreign-owned share ownership amounted to 47.2 per cent.

The Annual General Meeting (AGM) held on 4 May 2022 resolved, in accordance with the Board of Directors' proposal, to authorize the Board of Directors to, on one or more occasions until the AGM 2023, issue new shares and/or convertible bonds. An issue can be decided with or without regard to shareholders' pre-emption rights. Following this authorization, a total maximum number of shares equivalent to 10 per cent of the total number of outstanding shares in the company on the date of the AGM's authorization resolution, may be issued in new share issues and/or through the conversions of convertible bonds. There are no other pre-emption clauses, refusal clauses or other restrictions to the transfer of shares in the company by law, the company's articles of association or any other document to which the company is a party.

### Dividend and dividend policy

Gränges' dividend policy is to pay a dividend of between 30 and 50 per cent of the profit for the year. When determining the dividends, the Board of Directors considers the company's financial position, cash flow and outlook.

Gränges' Board of Directors proposes a dividend of SEK 2.50 (2.25) per share for the 2022 fiscal year, in total SEK 266 million (239). The proposed dividend corresponds to 38 per cent (40) of the profit for 2022.

# +181%

total shareholder  
return since the  
stock listing 2014

# 38%

proposed  
dividend's share  
of profit 2022





**SHARE CAPITAL DEVELOPMENT**

Date	Event	Change in number of shares	Total number of shares	Change in share capital, SEK	Total share capital, SEK
1 Jan 2014		–	37,319,693	–	932,992,325
14 Aug 2014	Decrease in share capital	–	37,319,693	–832,992,325	100,000,000
15 Sep 2014	Share split	37,319,693	74,639,386	–	100,000,000
18 Nov 2016	Rights issue	516,000	75,155,386	691,324	100,691,324
4 Apr 2017	Rights issue	20,000	75,175,386	26,796	100,718,120
31 May 2017	Rights issue	337,000	75,512,386	451,504	101,169,624
6 Dec 2017	Rights issue	5,000	75,517,386	6,699	101,176,323
9 Nov 2020	Issue in kind	2,442,268	77,959,654	3,272,090	104,448,413
17 Dec 2020	Rights issue	28,194,804	106,154,458	37,774,700	142,223,113
28 Dec 2020	Rights issue	154,160	106,308,618	206,540	142,429,652

**OWNERSHIP**

Largest shareholders	Shares	Share of capital and votes, %
Fourth Swedish National Pension Fund	9,864,534	9.3
AFA Insurance	7,069,366	6.6
Swedbank Robur Funds	6,675,327	6.3
Dimensional Fund Advisors	4,468,405	4.2
Handelsbanken Funds	4,175,584	3.9
Norges Bank	3,678,608	3.5
Vanguard	3,636,750	3.4
Fidelity Investments (FMR)	2,593,247	2.4
Allianz Global Investors	2,518,021	2.4
Unionen	2,369,999	2.2
<b>Total 10 largest shareholders</b>	<b>47,049,841</b>	<b>44.3</b>
Total other shareholders	59,258,777	55.7
<b>Total</b>	<b>106,308,618</b>	<b>100</b>

**GEOGRAPHICAL DISTRIBUTION**

Country	Number of known shareholders	Share of capital, %
Sweden	11,379	52.6
United States	42	18.1
Norway	28	4.4
Great Britain	27	2.9
Germany	11	2.9
Total other	216	7.3
Anonymous	n/a	11.7

Source: Monitor by Modular Finance AB as of 2022-12-31. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen). The verification date may vary for foreign shareholders.

**SHARE DISTRIBUTION**

Number of shares	Number of known shareholders	Share of capital, %
1–500	8,581	1.2
501–1,000	1,341	1.0
1,001–5,000	1,385	2.8
5,001–10,000	160	1.1
10,001–50,000	136	2.8
50,001–100,000	21	1.4
100,001–	79	77.9
Anonymous	n/a	11.7

**SHARE DATA**

	2022	2021
Earnings, SEK <sup>1)</sup>	6.58	5.58
Equity, SEK <sup>1)</sup>	77.14	65.04
Cash flow from operating activities, SEK <sup>1)</sup>	10.36	9.27
Share price at end of period, SEK	85.30	106.10
Dividend, SEK <sup>2)</sup>	2.50	2.25
Dividend rate, %	38.0	40.3
Dividend yield, %	2.93	2.12

1) Calculated on weighted outstanding ordinary shares, diluted.

2) The Board of Director's proposal to the AGM 2023.

**SHARE INFORMATION**

Market	Nasdaq Stockholm
Segment	Mid Cap Stockholm
Ticker symbol	GRNG
ISIN code	SE0006288015
Listed since	10 October 2014
Currency	SEK
Number of shares	106,308,618

## Risk management

As a Group with operations in different parts of the world, Gränges is exposed to various risks and uncertainties. Gränges' risk management process entails to identify, assess, and reduce risks related to the Group's business and operations.

Gränges works actively with risk management to monitor and minimize risks in a structured and proactive manner. Gränges' Group Management team is responsible for making an annual risk review, including identifying and quantifying risks as well as making plans for how to mitigate them. A systematic approach to risk management enables Gränges to maintain focus on its core business and its customers while spending less time on dealing with unwanted situations. Gränges promotes a risk awareness culture where employees are encouraged to speak up and pro-

pose improvements and actions to mitigate risks. Transparency is fundamental for dealing effectively with risks.

In 2022, Group Management conducted an extensive risk assessment exercise with the aim to validate the previous risk management framework established in 2019. The process started by initiating a gross list of market, operational and financial risks based on the previous risk management framework, benchmark with other companies as well as own input. The gross list was condensed and prioritized. Based on the condensed list, a quanti-

tative risk assessment survey was carried out where Group Management ranked and rated all risks from a severity, likelihood, and risk mitigation priority perspective. The risks were quantified and categorized, and a risk mitigation approach was decided where some risks will be owned by Group Management and some risks by the regional Presidents. A summary of Gränges' main risks can be found in the table below.

## Market risks

### RISK DESCRIPTION AND CONSEQUENCES

### RISK MITIGATING ACTIVITIES

#### MACRO AND REGULATORY

With its global production footprint and customer base, Gränges is exposed to macro and regulatory risks which could affect the political and economic environments within and between these countries. Such risks relate to external impact that could change the dynamics of the demand for Gränges' products or affect Gränges ability to meet demand for its products. Examples of external impact that could disrupt demand or otherwise affect Gränges ability to meet its customers' needs in short and long term are; general economic slowdown, cost inflation, pandemic, war, other force majeure event, access to labour, political priorities, trade barriers, sanctions, protectionism, environmental legislations etc.

Changes in macro and regulations could result in financial losses and/or cause other harm to the company or its customers. Changes could on the other hand also act to the benefit of Gränges.

- **Continuous monitoring:** Gränges continuously monitors legislative and regulatory developments in different markets, and proactively assess external risks and opportunities that may influence the company's strategy and operations.
- **Global presence:** Gränges' presence in three regions balances the shift in demand throughout the economic cycle and it adds flexibility to transfer production and re-route supply flows if macro or regulatory changes should have a negative impact on the current setup.
- **Diversified portfolio:** A diversified product portfolio reduces Gränges' cyclicity and reduces the company's dependence on a specific industry should macro or regulatory changes cause disruption.
- **Contingency and mitigating plans:** Gränges' contingency and mitigating plans were activated in 2020 due to COVID-19 outbreak. Since 2020, measures have been taken to mitigate the negative impact of COVID-19 pandemic and to adapt the operations to the new market situation. Gränges' highest priority is to ensure the health and safety of the employees, customers and other stakeholders while maintaining continuity and developing the business.
- **Attractive workplace:** Gränges strives to offer good working conditions and interesting career development opportunities to attract, develop and retain qualified employees. The company runs a structured recruitment process to ensure the company hires competent and skilled employees.

## RISK DESCRIPTION AND CONSEQUENCES

## RISK MITIGATING ACTIVITIES

**COMMERCIAL**

Commercial risks are primarily related to Gränges relations towards customers and external market competition which can have a direct negative impact on the financial performance. Example of such risks are customer relations, reputation and brand, contract risk, pricing, competition and substitution, quality, technology and R&D, as well as M&A and partnerships.

The most evident consequences from realized commercial risks are loss of ability to obtain new customers, suppliers and partners as well as to maintain such existing relationships. The risk of worsened customer relations through negative publicity has increased with the many information and media channels available, making it more difficult for Gränges to control how the company is perceived in the markets compared to relevant competitors.

- **Global customer satisfaction surveys:** Gränges conducts customer satisfaction surveys globally to track customers' perceptions of the company and its products.
- **Customer collaboration:** Gränges works closely with customers in product development for future applications to ensure a continued high quality and adherence to customer requirements.
- **Operational excellence programmes:** Gränges ensures high-quality products and efficient production processes through its programmes for lean operations.
- **Competitive cost level:** Gränges works on maintaining a low cost level based on its global presence which enables competitive pricing.
- **Research and innovation:** Extensive R&I enable Gränges to continue to develop advanced materials and solutions to meet new demands.
- **Strategy for partnerships and acquisitions:** Gränges adheres to an established process for finding and executing acquisitions as well as partnerships, validated through several historical corporate transactions.

**SUPPLY CHAIN**

Supply chain risks include critical suppliers' failure to deliver quality or material to Gränges, sustainability risks in the value chain as well as legal risks. Gränges' products use large amounts of input materials. Insufficient supply or inadequate quality of products delivered would imply that Gränges cannot produce certain products at the quality expected from customers. Also, reductions or shutdowns of larger suppliers could impact Gränges' ability to manufacture and deliver products.

Social risks and human rights violations are mainly related to indigenous rights in the extraction, mining and smelting activities. Extractive activities also carry a risk of forced and child labour, although there are few reports of this in aluminium mining. Environmental risks mainly occur in mining activities where there are risks related to e.g. biodiversity loss, leakage and air emissions. Further, refining and smelting activities are energy- and water intensive processes. Corruption risks are mainly linked to mining approvals, regardless of the country's level of economic development or political system.

Mismanagement of these risks may lead to undesirable effects on operational and financial results such as increased costs, delayed deliveries, and possible claims from customers. It can also lead to reputational losses.

- **Supplier agreements:** Gränges has agreements with suppliers in each market to ensure deliveries based on estimated volumes.
- **Own production:** Gränges has own cast houses in the production facilities which makes the company less sensitive to supply issues regarding for example aluminium slabs.
- **Responsible Sourcing Policy:** All sites are to operate a local responsible sourcing programme covering its significant suppliers. The programme is used as a platform to enforce sustainable practices, ensure continuous improvement, develop collaboration, and build supplier relationships.
- **Supplier Code of Conduct:** Significant suppliers are requested to sign Gränges Supplier Code of Conduct. By signing, suppliers declare to observe applicable laws and regulations, including the principles of the UN Global Compact, and to promote the implementation of these principles in their own supply chains.
- **Sustainability risk screening and desktop assessments:** Significant suppliers are annually screened in a desktop tool for potential environmental, social and corruption risks. Suppliers identified to have a potential medium or high sustainability risk are required to complete an evidence-based and third-party verified desktop sustainability assessment.
- **Follow-up and engagement:** The results from the desktop assessments are integrated into the local supplier review procedures, e.g. supplier scorecards, discussions and on-site visits, as applicable locally. The company also conducts on-site supplier audits depending on suppliers' strategic importance and performance.



## Operational risks

RISK DESCRIPTION AND CONSEQUENCES	RISK MITIGATING ACTIVITIES
<p><b>PRODUCTION AND DISRUPTION</b></p> <p>Production risks are connected to critical machine (both hardware or software) breakdowns as well as major incidents such as a fire or explosion, occurring in the production sites. Critical machine breakdowns could give rise to production stoppages, preventing or making it more difficult for Gränges to meet its commitments to its customers. Unplanned stoppages in production facilities could also result in defective products or products of inferior quality.</p> <p>Power failures or cuts could lead to breakage in the coils in the cold-rolling process, resulting in the need to discard the coils, or could lead to sparks, which increases the risk of fire.</p>	<ul style="list-style-type: none"> <li>• <b>Maintenance plans and machinery:</b> Gränges has maintenance plans to manage critical machinery. The company also ensures access to spare parts and service staff to continually maintain critical machinery. Furthermore, Gränges has invested in state-of-the-art fire protection systems and customary insurance policies.</li> <li>• <b>Fire protection:</b> Gränges works diligently with internal and external resources to strengthen its fire protection programmes, including equipment upgrades, training etc. Gränges also continues to work closely with relevant city fire departments at each facility to stage fire drills, improve response times, and define clear points of contact in case of an emergency.</li> </ul>
<p><b>WORKPLACE SAFETY</b></p> <p>Health and safety risks mainly relate to incidents or accidents in the cast house or rolling mills, which can cause damage on fingers, hands, feet and legs. Other risks are exposure to chemicals and risk of fire, which can be hazardous to employees' health. Also, employees and other individuals may be injured if the implementation of safety procedures is unsuccessful or inefficient.</p> <p>Unsafe workplaces can lead to increased employee turnover as well as higher operating costs and production interruptions. Safety and health incidents can also lead to reputational damages for the company. The facilities may be interrupted if Gränges fails to implement safety processes or if implemented processes are not efficient and, if they are not remedied quickly and time-efficiently, could prevent normal execution of the work. Each of the above can result in financial losses, which could have a negative impact on Gränges' operations, reputation, financial position or results.</p>	<ul style="list-style-type: none"> <li>• <b>Global EHS Policy:</b> Gränges EHS Policy covers principles regarding safety and environmental performance. All employees and contracted workers are required to follow the policy.</li> <li>• <b>Safety certifications:</b> Gränges aims to have all its sites certified in accordance with ISO 45001 safety management standards. The site in Shanghai is certified against this standard and the sites in US, Konin and Finspång are preparing for certifications.</li> <li>• <b>Daily monitoring and management:</b> Gränges has strict safety routines and continuously invests in safety measures to prevent and mitigate workplace accidents and injuries. A 5S system has been implemented to ensure a clean, orderly and safe work environment.</li> <li>• <b>Incident reporting:</b> Gränges focuses on preventing workplace injuries and ensuring safe behaviour.</li> <li>• <b>Safety training:</b> Gränges arranges safety training for all employees at least once a year. Targeted safety training is also carried out for specific safety aspects.</li> <li>• <b>Best practice sharing:</b> Gränges shares safety experiences and best practices through internal cross assessments and safety meetings.</li> </ul>

RISK DESCRIPTION AND CONSEQUENCES	RISK MITIGATING ACTIVITIES
<p><b>EMPLOYEE</b></p> <p>Employee risks are mainly related to lack of access to and difficulty to attract and retain qualified and skilled employees, due to high competition on the labour market. Gränges operates in a traditional industry where competition for qualified employees is high. Job opportunities are located outside metropolitan areas which tends to reduce the number of available qualified candidates. There are also risks relating to not having a diverse workforce as this is a prerequisite for a productive and innovative organization.</p> <p>If Gränges fails to attract, develop, retain and motivate qualified personnel needed in the business, it would make it more difficult for the company to deliver goods and services in accordance with customers' expectations. As a result, it could lead to significant future loss of revenue, increased costs and lack of diversity, which may have a significant negative impact on Gränges' operations, earnings and financial position</p>	<ul style="list-style-type: none"> <li>• <b>Attractive workplace:</b> Gränges strives to offer good working conditions and interesting career development opportunities to attract, develop and retain qualified employees.</li> <li>• <b>Structured recruitment process:</b> The company runs a structured recruitment process to ensure the company hires competent and skilled employees. All else being equal, individuals from underrepresented groups are given recruitment priority.</li> <li>• <b>Leadership development:</b> Gränges conducts regular performance and development discussions to ensure motivated and engaged employees. The company also works actively with training opportunities, talent management and succession planning as well as strengthening the corporate culture and core values.</li> <li>• <b>Local diversity plans:</b> Gränges supports an inclusive work environment which leverages employees' different perspectives, experiences, and ideas. Trainings are regularly held on the importance of inclusion and having a diversified workplace.</li> <li>• <b>Health and wellbeing:</b> Gränges offers its employees occupational and non-occupational health services including access to occupational health care, regular health checks and access to medical care.</li> </ul>
<p><b>ENVIRONMENTAL AND CLIMATE</b></p> <p>Environmental risks are mainly related to emissions to water, soil and air or releases of environmentally hazardous substances resulting from incidents and accidents in Gränges' production facilities, such as fire, oil spill, or leakages. Other environmental risks are related to natural resource scarcity. Such events may have financial, non-financial, as well as in some cases, regulatory repercussions.</p> <p>Climate transition risks include emerging regulation to incentivize reduced carbon emissions as well as carbon pricing mechanisms which could lead to higher costs for Gränges, e.g. increased costs in carbon taxes. Other transition risks include shifting customer and consumer preferences towards products carrying a lower climate impact, which could reduce the demand for Gränges' products.</p> <p>Climate physical risks are mainly related to acute physical risks with increased severity and frequency of extreme weather events. This could disturb not only direct operations but also the infrastructure supporting the production, including electricity supply and transportation. The potential financial consequences may include decreased revenue from reduced sales volumes and increased costs to repair potential damages at the sites.</p>	<ul style="list-style-type: none"> <li>• <b>Global EHS Policy:</b> Gränges EHS Policy covers principles regarding safety and environmental performance. All employees and contracted workers are required to follow the policy.</li> <li>• <b>Environmental management certifications:</b> Gränges aims to have all its sites certified in accordance with the ISO 14001 (environmental management) and ISO 50001 (energy management) standards. All sites are certified against ISO 14001. The sites in Finspång, Saint-Avold, Shanghai and Salisbury are certified against ISO 50001.</li> <li>• <b>Daily monitoring and management of emissions:</b> Gränges monitors and manages emissions to air as part of the daily operations. Local authorities continually monitor compliance to ensure that emissions of nitrogen oxides, sulphur dioxide, particulate matter, volatile organic compounds (VOC) and, in some regions, oil emissions, are within permissible limits.</li> <li>• <b>Incident reporting:</b> Gränges' employees report environmental risk observations in site-specific incident management systems. Risks are managed in accordance with standardized routines and integrated as part of daily operations. Key risks are raised to the regional management teams and mitigation activities are implemented accordingly. Gränges takes a precautionary approach to environmental risks.</li> <li>• <b>Ambitious climate agenda:</b> Gränges works actively to take product stewardship and reduce climate impact along its value chain.</li> <li>• <b>Continuous monitoring of legislation:</b> Gränges closely monitors changes in environmental policy and legislation.</li> <li>• <b>Emergency planning:</b> Emergency planning and preparations are integrated in management systems, maintained at the site level including assessment of emergency situations and crisis management action plans.</li> </ul>

RISK DESCRIPTION AND CONSEQUENCES	RISK MITIGATING ACTIVITIES
<p><b>ETHICAL AND COMPLIANCE</b></p> <p>Gränges operates in many different markets, with local laws and rules. It can sometimes be challenging as complex market conditions can lead to situations where employees are uncertain how to act. Misconduct, fraud, violation of laws and regulations and internal policies, or other improper acts carried out by Gränges' employees, representatives or partners could have an adverse effect on Gränges' business, reputation, profit and financial position. Such action could involve a breach of applicable regulations on e.g. public procurement, secrecy, contractual costs, internal control of financial reporting, the environment and trade.</p> <p>Risk of corruption and bribery exists in some markets where Gränges conducts business. Corruption can prevent economic development, distort competition, lead to increased costs and destroy confidence, reputation and brand.</p>	<ul style="list-style-type: none"> <li>• <b>Code of Conduct:</b> Gränges Code of Conduct outlines ethical principles and gives guidance to employees on how to act and conduct business. All employees and board members, as well as temporary staff, must follow the principles and all employees should annually conduct training in the Code of Conduct.</li> <li>• <b>Anti-Corruption Policy:</b> Gränges Anti-Corruption Policy outlines principles and efforts to prevent bribery and other types of corruption. All Gränges' employees and board members must adhere to the policy and all white-collar employees should annually conduct training in anti-corruption.</li> <li>• <b>Whistleblower function:</b> Gränges has a Whistleblower Function which is managed by an external company and can be accessed online or via telephone.</li> <li>• <b>Continuous monitoring and management:</b> Gränges continuously monitors legislative and regulatory developments through external partners, and through membership in various industry organizations.</li> <li>• <b>Communication and training:</b> Gränges regularly informs its employees of relevant changes that the company must follow. The company also trains relevant employees to ensure good knowledge and understanding of legal risks and requirements.</li> </ul>
<p><b>IT</b></p> <p>IT risks relate to disruptions in important IT systems or the digital infrastructure, which could 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 caused by computer viruses, power failure, human or technical errors, sabotage, weather or nature-related events, or problems caused by failures in care and maintenance.</p> <p>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. It could lead to inability to deliver products or services in time to customers or other stakeholders, which could lead to financial and reputational losses. Errors in the handling of financial systems could affect the company's financial reporting.</p> <p>The risk of unauthorized intrusion into Gränges' systems may result in financial losses and other damage. Failure to adequately restrict access to information may result in unauthorized knowledge or use of confidential information.</p>	<ul style="list-style-type: none"> <li>• <b>Information Security Policy:</b> Gränges has an established Group Information Security Policy which all employees and contractors must adhere to.</li> <li>• <b>IT security management:</b> Gränges has implemented processes to handle IT security and to mitigate risks related to incidents. These processes are continuously improved according to the latest best practice. The IT environment is proactively monitored, and abnormal patterns are acted upon.</li> <li>• <b>Regular audits:</b> Gränges conducts yearly audits to identify IT security risks, covering internal and external perspectives. These risks are raised to Group Management and mitigation activities are implemented accordingly.</li> <li>• <b>Communication and training:</b> Gränges conducts mandatory yearly training and informs its employees and contractors continuously to create information and cyber security awareness and understanding.</li> </ul>



## Financial risks

RISK DESCRIPTION AND CONSEQUENCES	RISK MITIGATING ACTIVITIES
<p><b>CURRENCY</b></p> <p>Currency risk arises when Gränges sales is denominated in other currencies than the costs. Sales contracts are mainly denominated in USD, EUR and CNY, depending on where the customers are located while costs are mainly in USD, CNY, PLN and SEK. Changes in foreign exchange rates have an impact on Gränges' income statement, balance sheet, and cash flow. Over time, changes in foreign exchange rates may also affect the company's long-term competitiveness and earnings capacity.</p>	<ul style="list-style-type: none"> <li>• <b>Financial Management Policy:</b> Gränges has a Financial Management Policy which regulates the company's management of foreign exchange risk.</li> <li>• <b>Financial instruments:</b> Gränges uses financial instruments, mostly forward contracts, to reduce the company's exposure to changes in foreign exchange rates. Gränges is hedging currency exposure in part up to 24 months depending on currency.</li> </ul>
<p><b>COMMODITY PRICE</b></p> <p>Commodity price risk is primarily related to the price of aluminium, which is Gränges' single most important input factor and largest expense. Besides aluminium, Gränges is also using various alloying metals in the production, such as Manganese, Magnesium, Silicon etc., although in significantly lower volumes. Price changes in aluminium and alloying metals can have a negative impact on Gränges operating profit in case these are not transferred to the customers.</p> <p>Aluminium is a standardized, exchange traded commodity. Gränges uses the market prices set on the London Metal Exchange and Shanghai Futures Exchange as basis both for purchases and sales. In addition to the global metal prices, there are also regional premiums that reflect the local availability of material which also affect the commodity price exposure.</p>	<ul style="list-style-type: none"> <li>• <b>Metal Management Policy:</b> Gränges has a Metal Management Policy which regulates the Groups management of metal price risk. The principle is that metal price risk should be passed on to customers and Gränges shall minimize the open exposure that occurs due to time lag or other imbalances.</li> <li>• <b>Natural hedge:</b> Gränges uses matching price clauses in the contractual agreements of purchases and sales, to the extent possible, to reduce the metal exposure.</li> <li>• <b>Financial instruments:</b> Gränges uses financial instruments to manage the metal price risks. Financial hedges are solely done to reduce exposure and not for the purpose of speculation.</li> </ul>
<p><b>ENERGY PRICE</b></p> <p>Energy price risks relate largely to changes in energy prices that can adversely affect Gränges' operating profit. Long-term changes in market prices will eventually affect Gränges' operating profit if these are not transferred to the customers.</p> <p>Both re-melting and casting of aluminium are energy-intensive processes and energy costs are Gränges' third largest expense, after metal and personnel 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. Energy prices may vary as a result of political and economic factors outside Gränges' control, such as access to and demand on local and regional markets, government regulations and the introduction of additional energy taxes.</p>	<ul style="list-style-type: none"> <li>• <b>Hedging and delivery agreements:</b> Gränges uses hedging and delivery agreements to secure future energy prices and supply.</li> <li>• <b>Energy reduction:</b> Gränges is working actively to reduce energy consumption from own operations and thereby reduce the energy price exposure. Furthermore, Gränges is diversifying and optimizing the energy mix by reducing the dependence on natural gas. Gränges is also able to mitigate the effect of increased energy prices through pricing mechanisms in sales agreements.</li> </ul>

RISK DESCRIPTION AND CONSEQUENCES	RISK MITIGATING ACTIVITIES
<p><b>INTEREST RATE</b></p> <p>Gränges' interest rate risk is primarily related to the Group's interest-bearing liabilities. The majority of Gränges' interest-bearing debt is denominated in SEK and USD and has floating interest rate. Changes in interest rates may affect the Group's results and cash flow and/or the fair value of financial assets and liabilities.</p>	<ul style="list-style-type: none"> <li>• <b>Financial Management Policy:</b> Gränges has a Financial Management Policy which regulates the company's management of interest rate risk and states the target for the duration of the interest-bearing debt portfolio.</li> <li>• <b>Duration of the interest-bearing debt portfolio:</b> Gränges can adjust the duration of the interest-bearing debt portfolio either by changing interest terms in underlying agreements or by entering into interest rate swaps. In 2022, no interest rate swaps were used to prolong the duration.</li> <li>• <b>Continuous follow-up:</b> Gränges monitors the development of interest rates and the impact that changes may have on the income statement. Sensitivity analysis are conducted on a regular basis.</li> </ul>
<p><b>LIQUIDITY</b></p> <p>The liquidity risk is related to Gränges' ability to meet all payment obligations. Cash flow from operations, future payment commitments, available cash and credit lines are factors that, among others, affect the liquidity risk. The liquidity risks are monitored on Group level.</p>	<ul style="list-style-type: none"> <li>• <b>Financial Management Policy:</b> Gränges has a Financial Management Policy which regulates a minimum level for available liquidity, including committed credit facilities from banks.</li> <li>• <b>Liquidity forecasts:</b> Gränges forecasts future payments and obligations for the upcoming 12 months on a regular basis. This is compared with incoming cash flows, available credit facilities and a strategic reserve to assess the available liquidity during the coming 12 months. Excess liquidity is managed by the Group's treasury function.</li> </ul>
<p><b>CREDIT</b></p> <p>Credit risks are related to counterparties not meeting its obligations towards Gränges. Credit risk can for instance be related to trade receivables or financial counterparties.</p>	<ul style="list-style-type: none"> <li>• <b>Continuous follow-up:</b> Gränges' trade receivables exposure is managed and followed up continuously in local credit committees. The need for provisions is tested every quarter, or when necessary, according to pre-defined criteria.</li> <li>• <b>Credit ratings and agreements:</b> Gränges manages credit risk on financial counterparties by choosing counterparties with a good credit rating, by limiting the actual exposure per counterparty and by using agreements such as ISDA Master Agreement.</li> </ul>
<p><b>REFINANCING</b></p> <p>Refinancing risk is the risk that loans or other financing sources cannot be prolonged or replaced when necessary, or that new financing only can be achieved at a significantly higher cost.</p>	<ul style="list-style-type: none"> <li>• <b>Financial Management Policy:</b> Gränges has a Financial Management Policy which regulates the refinancing risk.</li> <li>• <b>Financial planning:</b> Refinancing risk is limited through adequate financial planning, a robust financing strategy and a defined leverage target.</li> </ul>
<p><b>PROPERTY DAMAGE</b></p> <p>Property damage is the risk of damage to Gränges production plants (i.e. buildings and other constructions), machinery, equipment, stock and any other property caused for example by fires, floodings, windstorms and other perils. The consequences of a property damage could be loss of production, increased costs and unexpected financing need, which in turn may lead to difficulties for Gränges to obtain sufficient financing at a reasonable cost.</p>	<ul style="list-style-type: none"> <li>• <b>Insurance:</b> Gränges has customary insurance policies in order to minimize the financial exposure in the event of property damage and business interruption.</li> </ul>

# CORPORATE REPORTS AND FINANCIAL STATEMENTS

**Board of Directors' Report**

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**Chairman's comment**

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**Corporate Governance Report**

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**Board of Directors and Management team**

---

**Financial Statements**

---

**Five-year overview**

---

**Financial Statement Parent company**

---

**Proposed appropriation of retained earnings**

---

**Auditor's Report**

---

**Sustainability notes**

---

**GRI index**

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# Board of Directors' report

The Board of Directors and the Chief Executive Officer of Gränges AB (publ), corporate registration number 556001-6122, hereby submit the annual accounts and consolidated accounts for the financial year 1 January–31 December 2022.

## Operations

Gränges is an aluminium technology company that drives the development of lighter, smarter, and more sustainable aluminium products and solutions. The company develops and produces advanced materials that enhance the efficiency in the customer's manufacturing processes, as well as the performance of their products.

The product range comprise a variety of rolled aluminium for thermal management systems, speciality packaging and other niche markets, and a comprehensive range of clad and unclad rolled aluminium products used for applications with high demands on functionality and performance.

With customized product development, production capacity, sales offices and technical support globally, Gränges meets customers' complex needs and new trends in an efficient and sustainable way. This also creates the foundation for Gränges' continued expansion.

Product developers and technicians offer advanced technical support and a wide range of services to optimize Gränges' products to fit customers' production lines, processes and applications. Gränges validation capabilities saves time and cost for the customers when it comes to product development and market introduction.

Gränges has long-term customer relationships and in 2022, the company's ten largest customers accounted for 47 per cent of the net sales.

Gränges' geographical end-customer markets are Asia Pacific, Europe and North and South Americas. The end-customers are found in the automotive, HVAC, speciality packaging, and battery industries as well as in other niche markets such as transformers and wind turbines.

Gränges has seven production facilities. The facilities are located in Shanghai in China, Finspång in Sweden, Konin in

Poland, Saint-Avold in France as well as in Huntingdon (Tennessee), Salisbury (North Carolina), and Newport (Arkansas) in the US. The production facilities in Finspång, Shanghai, Huntingdon and Konin also have important centres of excellence for research and innovation, working in close partnership with customers. The total annual production capacity amounts to 580 ktonnes

Gränges has two business areas: Gränges Eurasia and Gränges Americas. Gränges Eurasia includes three production facilities with direct chill casting and hot rolling technology in Finspång (Sweden), Konin (Poland), and Shanghai (China), as well as the newly established Gränges Powder Metallurgy business unit in Saint-Avold (France). Gränges Americas uses continuous casting technology and includes three production facilities in Huntingdon, Salisbury, and Newport in the US. Gränges Eurasia is headed by the CEO and Gränges Americas is headed by the regional President for the Americas region. The grouping of the businesses into two business areas, Gränges Eurasia and Gränges Americas, is considered to constitute the Group's operating segments and is consistent with the internal reporting submitted to the highest executive decision maker, the CEO.

In addition to the wholly owned subsidiaries, Gränges owns 50 per cent of a Shanghai-based company, engaged in metal stamping.

The Group's parent company, Gränges AB, is a Swedish publicly listed company with its head office on Linnégatan 18, Stockholm.

The Gränges share is listed on Nasdaq Stockholm in the Mid Cap segment.

## Summary of the year

For Gränges, 2022 was a year of extraordinary challenges and achievements.

Volatile demand put pressure on the operations. There was a complete lockdown of the Shanghai plant, an unfortunate fire in Konin and the terrible war in Ukraine, all in the same year. Gränges

met this with flexibility and productivity. Especially impressive was how the operation in Shanghai maintained deliveries to the customers during the lockdown. The volatility coincided with other challenges for Gränges. Supply constraints, unprecedented cost increases in energy and other input costs, and the highest inflation and interest rates in decades put pressure on the profitability. The aluminium price reaching record levels burdened our cash flow. Gränges tackled these challenges one by one. Most importantly, Gränges managed to more than offset all cost increases by working in close partnership with their customers on productivity and cost mitigation. Focusing on capital efficiency and successfully renewing the main credit facilities ensured stable financial leverage and financial security. Taken together, Gränges grew their profit despite these challenges. In fact, Gränges' adjusted operating profit increased by 14 per cent and our earnings per share by 18 per cent to all-time-high levels.

## Strategy

On its Capital Markets Day on 21 June, Gränges presented a new long-term strategy for sustainable growth, Navigate.

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

The sustainable growth plan focuses on factors that Gränges can influence, while recognizing the volatility and unpredictability of the environment. Gränges will execute the plan in three steps. The first priority will be to restore profitability and to normalize leverage. In this phase, Gränges also aims at a step change improvement of the safety performance. In parallel, Gränges has an ambitious program to 2025 to build a world-leading aluminium



technology company in terms of people and sustainability, safety and profitability, innovation and growth. Finally, Gränges will start to invest in sustainable growth, with a focus on the period 2024–2030.

### Financial targets

As a result of the new strategy, Gränges also updated its financial targets. The new targets are:

- Profitability: Return on capital employed above 15 per cent. In 2022, return on capital employed decreased by 0.6 percentage points to 9.4 per cent. The increase in adjusted operating profit was negatively offset by increased assets following the ongoing expansion investments and higher working capital due to increase metal prices.

- Profit Growth: Average yearly operating profit growth above 10 per cent.

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

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

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

- Dividend between 30–50 per cent of profit for the year  
The Board of Directors proposes a dividend of SEK 2.50 (2.25) per share for the 2022 fiscal year, corresponding to 38 per cent (40) of the profit for the year.

### Market development

Gränges' key end-customer markets are the automotive industry representing 40 per cent of 2022 sales volume, HVAC representing 22 per cent of the sales volume, speciality packaging and other niches representing 18 per cent and 20 per cent respectively. Short term, sales to the automotive industry is primarily driven by the number of vehicles produced. According to the international research firm S&P Global, global light vehicle production showed a growth during 2022 of 6 per cent. In the longer term, the increasing share of hybrid and electric vehicles is expected to have a further positive impact on demand for Gränges' products. Sales to the HVAC industry is short term driven by consumer confidence and the general activity within building and construction, whereas increased requirements on energy efficiency of HVAC units is expected to have a further positive impact on the demand for Gränges' products in the longer term. The demand for materials for speciality packaging is relatively stable in its nature and sales to other niche applications are largely driven by the general economic activity.

In 2022, demand from Gränges' end-customer markets showed mixed development. Sales to automotive customers decreased by 2 per cent compared to last year, primarily due to a weak first-half due to COVID-19 related lockdowns in China which was not fully offset by the remainder of the year. Sales of HVAC materials increased by 1 per cent in 2022 and was driven by strong underlying demand with indications of a return to normal seasonality patterns. Sales of Speciality packaging materials increased by 1 per cent, while sales to Other niches decreased by 7 per cent compared to prior year due to softening market demand in combination with high customer inventory levels in Europe.

### Sales

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

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

### Operating profit

For 2022, adjusted operating profit amounted to SEK 1,150 million (1,008), and adjusted operating profit per tonne was 2.4 kSEK (2.1). Changes in foreign exchange rates had a net positive impact of SEK 124 million for the year.

Operating profit amounted to SEK 1,136 million (833) and includes items affecting comparability of SEK –14 million (–175), which refer to the net of a non-recurring loss of SEK 76 million related to an open aluminium position and received insurance compensation of SEK 62 million. For further information see Note 14.

### Profit for the period and earnings per share

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

### Cash flow

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

Cash flow before financing activities amounted to SEK 109 million (62). Cash flow from financing activities was SEK –86 million (–793) and includes new loans of SEK 14,707 million and repayment of loans of SEK –14,302 million.

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

### Financial position

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

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

### Gränges Eurasia

#### Market and sales

Gränges Eurasia experienced volatile market conditions in 2022 with big swings in both geographical regions and end-customer markets. In the first part of the year demand from Automotive was hampered as shortage of semiconductors impacted vehicle production negatively. In addition, the COVID-19 lockdown in Shanghai impacted demand in Asia and production capacity from the Gränges production facility in Shanghai in the second quarter.

In this period the Europe operation demonstrated good flexibility and succeeded to shift volumes to other niches where the demand was high.

In the second half of the year however, the situation shifted. Automotive demand was stable, partly due to the pent-up demand in Asia following the lockdowns. On the other hand, demand in Europe for products to Other niches reduced drastically due to high inventory levels as distributors and stockists had built up significant stock in anticipation of EU implementation of anti-dumping duties against China. For 2022 in total sales volume decreased by 2.6 per cent to 230.4 ktonnes (236.6) and net sales increased by 31 per cent to SEK 12,633 million (9,648).

#### Operating profit

The adjusted operating profit in 2022 for Gränges Eurasia increased to SEK 448 million (446), corresponding to an adjusted operating profit per tonne of 1.8 kSEK (1.7). Reduced demand for Other niches in the last quarter of the year impacted volumes and margins negatively for Gränges Europe while Gränges Asia enjoyed the pent-up demand from Automotive following the lock-down in the second quarter.

### Gränges Americas

#### Market and sales

Gränges Americas experienced a continued strong market situation in 2022. The underlying demand for HVAC products, speciality packaging and other niche products was strong during the year, whereas demand from automotive continued to be affected by supply chain issues. Volume was limited by Gränges Americas limitation on capacity, partly driven by reduced production from the Salisbury facility, partly compensated by increased production from the Huntingdon and Newport facilities. Gränges Americas operates its facilities on a continuous shift pattern 350 days a

year, 7 days a week, 24 hours a day. The remaining 15 days are used for annual preventative maintenance activities. In total, sales volume in 2022 decreased by 1.4 per cent to 248.9 ktonnes (252.4) and net sales increased by 38 per cent to SEK 13,115 million (9,488), constituting a record for a calendar year.

#### Operating profit

The adjusted operating profit for 2022 increased by 21.4 per cent to SEK 795 million (655), corresponding to an adjusted operating profit per tonne of 3.2 kSEK (2.6). The improvement was driven by higher prices, whereas operating costs rose due to increased inflationary pressure as well as reduced output from the Salisbury facility. Gränges Americas continued to optimize product mix to achieve higher prices and the syncing of commercial and operational priorities continued to have a positive impact on margins.

#### Outlook

The outlook for 2023 is uncertain. Gränges expect customer focus in the beginning of 2023 to shift from securing supply to managing inventories. The exception is automotive, where backlogs, easing supply chains and a recovery in China may help production levels. On the other hand, there is a clear threat of a recession.

Gränges ambition for 2023, as in 2022, is to fully offset cost increases with price increases.

#### Employees

The average number of employees was 2,694 (2,648) during 2022.

#### Research and development

Around 70 highly experienced employees worldwide, including metallurgists, chemists, metallographers, physicists, mechanical engineers and technicians forms the core of Gränges Research and Innovation (R&I) organization.

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

The company's innovative product initiatives will be focused on battery foil development and sustainable and circular offerings.

The Group is running a large number of development projects but the criteria for recognizing the projects as intangible assets are currently not met. Total costs for research and development projects amount to SEK 71 million (72) for 2022.

### Sustainability

Sustainability is at the core of Gränges' business and strategy, integrated across the operations through a structured way of working. Gränges has a strong commitment to minimize the environmental impact of its operations, uphold ethical business practices, and provide a safe and good working environment. The aim is to develop sustainable aluminium products and solutions which have a low carbon impact, are circular and resource efficient and are responsibly sourced and produced.

As part of the execution of Navigate, Gränges will continue to invest in three areas during the coming years: in sustainable supply and recycling, in sustainable operations, and in sustainable customers and sectors. To drive the development of sustainable solutions, Gränges has adopted sustainability targets for 2025 and has set an ambitious climate target to reach net-zero by 2040 as well as to tenfold the recycling volumes by 2030 versus baseline 2017.

Gränges' sustainability targets for 2025 includes:

- Emissions and climate impact: Reduce carbon emissions intensity from scope 1+2 by at least 25 per cent and by at least 30 per cent from scope 3.

In 2022, scope 1+2 carbon emissions intensity decreased by 7 per cent to 0.82 tonnes CO<sub>2</sub>e/tonne (0.88) and scope 3 by 4 per cent to 8.1 (8.4). Total carbon emissions intensity (scope 1+2+3) has now been reduced by 22 per cent compared to baseline 2017.

- Sustainable innovation: 100 per cent of Gränges' products to have third-party verified sustainability information available. In 2022, the share of products with third-party verified sustainability information increased to 79 per cent (35).
- Sourced recycled aluminium: Increase the share of sourced recycled aluminium to at least 30 per cent of total sourced metal. In 2022, the share of sourced recycled aluminium increased by 4.2 percentage points to 32.7 (28.5).
- Workplace safety: Reduce Total Recordable Rate to below 3.0 recordable accidents per million hours worked. In 2022, Total Recordable Rate (TRR) increased to 8.0 (6.5) recordable accidents per million hours worked. Severity rate decreased to 56 (139) lost workdays per million hours worked.
- Responsible sourcing and production: All sites to have achieved certifications in accordance with the Aluminium Stewardship Initiative (ASI) Performance Standard (PS) and Chain of Custody (CoC) Standard.

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

Gränges' 2022 sustainability report has been prepared in accordance with the Annual Reports Act on sustainability reporting as well as GRI Standards. The statutory Sustainability Report according to the Swedish Annual Accounts Act is found on pages 33–48, 64 and 126–143.

For Gränges' reporting according to the EU taxonomy see pages 131–133.

### Parent company

Gränges AB is the parent company of the Gränges Group. The operations include Group Management and Group functions such as finance, treasury, sustainability and communications. For the 2022, net sales in the parent company was SEK 133 million (142). Result for the full year was SEK –8 million (–63).

### The Gränges share and ownership

The share capital in Gränges amounts to SEK 142 million, divided into 106,308,618 shares, each with a quota value of SEK 1.339775. Gränges only has one class of shares.

At 31 December 2022 Gränges had no shareholder that owned more than 10 per cent of Gränges' capital and votes.

### Operating risks and uncertainty factors

As a Group with operations in different parts of the world, Gränges is exposed to various risks and uncertainties such as raw material price risk, market risk, operational and legal risk, as well as financial risks related to foreign exchange rates, interest rates, liquidity and refinancing. Gränges' risk management process entails to identify, assess and reduce risks related to the Group's business and operations. In the section risk management on pages 53–59 Gränges' risks and risk management is further described. For a more comprehensive description of the financial risks, see Note 30.

### Board of Directors issue authorization

The Board of Directors are authorized by the annual general meeting 2022 to, on one or more occasions until the next Annual General Meeting, issue new shares and/or convertible bonds.

An issue of new shares and/or convertible bonds can be done with or without regard to shareholders' pre-emption rights. Following this authorization, a total maximum number of shares equivalent to 10 per cent of the total number of outstanding shares in the company on the date of the General Meeting's

authorization resolution, may be issued in new share issues and/or through the conversions of convertible bonds (this does not prevent convertible bonds from being combined with conversion terms which, if applied, may result in a different number of shares).

#### **Current guidelines for remuneration to senior managers**

Current guidelines for remuneration to senior managers were adopted at the Annual General Meeting on 4 May 2022. Senior managers refer to the CEO and the Deputy CEO of the Group, and senior managers included in Gränges' Group Management.

Gränges shall offer remuneration levels and terms of employment which are necessary to recruit, develop, and retain individuals in Group Management. These individuals shall possess the expertise, motivation and capacity required to uphold, develop, and implement overall value-additive strategic targets for the Gränges Group and, moreover, to support its long-term interests. To obtain this, it is important to sustain fair and internally balanced terms that are at the same time competitive on the market with respect to structure, scope and remuneration levels. These guidelines ensure that individuals in Group Management, regardless of geographical market, may be offered competitive total remuneration, and is aimed at creating increased transparency on remuneration issues. Applicable laws and other relevant regulatory frameworks (both Swedish and foreign) in this area must be complied with at all times.

The basic principle is that the remuneration must be competitive and consist of a balanced combination of fixed salary, variable remuneration, pension benefits, other benefits and terms for dismissal/severance payment. Furthermore, the Board of Directors may prepare and the General Meeting resolve on, share and share-price related incentive programmes. Such a combination of remuneration fosters and supports management and achievement of objectives in both a short and long-term perspective. The various types of remuneration that may be paid out are described below.

#### **Fixed salary**

The fixed salary shall consist of customary base salary. The salary shall be based on responsibility, performance, expertise and the complexity and scope of the task. In the event of full payment of variable remuneration, the fixed annual base salary shall comprise 40 per cent of the total cash remuneration, with the exception for persons holding the position as Regional President, where the percentage is no less than 33.33 per cent.

#### **Variable remuneration – STI and LTI**

The variable remuneration shall comprise both short-term and long-term incentives, without there being any guarantee of variable remuneration.

An annual short-term incentive programme (STI), which provides a cash variable remuneration, shall be offered to the Group Management. The outcome of STI shall be governed by financial and non-financial parameters for the Gränges Group. The financial objective must be related to value creation and the non-financial objective must be linked to the carbon footprint of the business, which is a long-term sustainability goal. The objectives must be designed so that they both promote the Group's business strategy and long-term sustainability goals. At the end of the measurement period for fulfilment of the predefined parameters for payment of STI, a comprehensive evaluation shall be conducted to assess the extent to which these parameters have been met. With regards to financial objectives, the evaluation will be based on the latest financial information made public by the company. With regard to the sustainability objectives, the assessment shall be based on what the company has stated in the sustainability report.

Maximum remuneration for STI is 60 per cent of the fixed annual base salary for each individual in Group Management, with exception for the persons holding the position as Regional President, for whom the maximum remuneration can be up to 100 per cent of the fixed annual base salary.

The Board shall annually evaluate whether a long-term incentive programme (LTI) is to be adopted or, if a share or share price-related LTI programme, is to be proposed to the Annual General Meeting. These programmes can be cash-based or related to the share/share price. Share or share price-related LTI programmes are resolved upon by the Annual General Meeting and are therefore not covered by these guidelines. All LTI programmes must have a clear connection to the Group's business strategy and long-term sustainability goals.

The company does not have any potential deferral periods, but has since 2021, according to agreements, possibility to reclaim variable remuneration.

#### **Pension**

Pension shall be paid in accordance with relevant national legislation, applicable collective agreements, and suchlike and, for Swedish individuals in Group Management, is limited to the ITP plan (Industry and Trade Supplemental Pension). Accordingly, there are both premium-based and benefits-based undertakings, based on individual prerequisites and regulatory frameworks. There are two main variants of the ITP plan: ITP 1 applies to individuals born 1 January 1979 or later and ITP 2 applies to individuals born 31 December 1978 or earlier. In order to equalize the differences that can arise between participants in ITP 1 and ITP 2 – in other words, between different individuals in Group Management – certain adjustments are made in relation to the solution indicated by ITP 2 with regard to how much of the remuneration is pensionable. The pension premiums for premium defined pension shall be not more than 30 per cent of paid cash fixed and variable remuneration.

For the CEO, the pension premiums shall amount to 35 per cent, calculated on fixed monthly remuneration, and are thus premium defined. The retirement age for the CEO is 65 years of age.



For foreign individuals in Group Management, a corresponding structure shall apply, based on the circumstances in the relevant country. The pension terms and conditions shall be on market terms. For other individuals in Group Management, the retirement age is 60–65 years of age, depending on the country of employment.

For employments governed by rules other than Swedish, the pension may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### **Other benefits**

Benefits which are not directly related to fixed salary and variable remuneration, for example a company car and medical care benefits, shall promote the performance of the work and be consistent with standard practice on the market for this target group. The total costs as a consequence of such benefits may not exceed 20 per cent of the fixed annual base salary.

For employments governed by rules other than Swedish, other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### **Special remuneration**

Additional cash variable remuneration may be paid out under extraordinary circumstances, provided that such extraordinary arrangements are limited in time, and may only be awarded on an individual basis either for the purpose of recruiting or retaining individuals in Group Management or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 20 per cent of the fixed annual base salary and may not be awarded more than once per year and per individual. Any resolution on such remuneration shall be adopted by the Board of Directors based on a proposal from the Remuneration Committee.

#### **Remuneration to directors**

In certain cases, board directors elected by the General Meeting should be able to receive fees and other remuneration for work carried out on behalf of the company, alongside their work on the Board of Directors. Fees at market rates, approved by the Board of Directors, may be payable for such services.

#### **Terms for termination etc.**

There is a mutual notice of termination period of six months as between the CEO and the company. Upon termination by the company, severance remuneration without set-off is also paid for an additional twelve months. The mutual notice of termination period for the Deputy CEO and other individuals in Group Management shall correspond to six months. Upon termination by the company, severance remuneration for an additional twelve months is paid, without setting off the first six months.

#### **Salary and terms of employment for other employees**

In the preparation of this proposal on guidelines, salary and terms of employment for employees of the company have been taken into account by including information on the employees' total remuneration, the components of the remuneration, and increase and rate of increase of remuneration over time, in the Remuneration Committee's and the Board of Director's basis of decision when evaluating the reasonableness of the guidelines and appurtenant limitation.

#### **The decision-making process to determine, review and implement the guidelines**

The Board of Directors resolves, after preparation by the Remuneration Committee, on the structures of remuneration systems, as well as levels and forms of remuneration to individuals in Group Management. The Board of Directors shall prepare a proposal for

new guidelines at least every fourth year and submit it to the Annual General Meeting for adoption. The guidelines shall be in force until new guidelines are adopted by the General Meeting.

The Remuneration Committee shall monitor and evaluate programmes for variable remuneration for individuals in Group Management, the application of the guidelines, and the current remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and company management. The CEO and other members of Group Management do not participate in the Board of Director's and/or the Remuneration Committee's processing of, and resolutions regarding, remuneration-related matters insofar as they are affected by such matters. Conflicts of interest are counteracted in all resolutions and any potential conflicts of interest are handled in accordance with the company's framework for governance, consisting out of a code of conduct, policies and guidelines.

#### **Derogation from the guidelines**

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, part of the work of the Remuneration Committee is to prepare the Board of Director's resolutions regarding remuneration issues, which includes resolutions on derogations from the guidelines.

#### **Long-term incentive programme – LTI 2022**

In order to stimulate long-term involvement, during 2022 senior managers were offered a long-term incentive programme (LTI 2022) following the adoption of a resolution by the Annual General

Meeting on 4 May 2022. The programme is for a term of three years and is, essentially, structured as follows: An amount corresponding to the outcome of STI 2022 for each participant is reserved in a separate, so-called, LTI bank. Provided that employment with the Gränges Group has not terminated, the amount is paid out at a rate of one-third per year during 2024, 2025, and 2026, adjusted to take into account the total return on the Gränges share. The total outcome of STI and paid-out LTI during a single year is limited to 150 per cent of the fixed annual base salary, with the exception for persons holding the position as Regional President, whose total outcome is limited to 200 per cent of the fixed annual base salary.

#### **Investment programme – IP 2022**

At the Annual General Meeting on May 4, 2022, a resolution was passed in accordance with the Board of Directors' proposal to introduce a warrant programme ("IP 2022") by the company carrying out an issue of warrants and approving the transfer of these to senior managers and other key individuals in the company and its subsidiaries. The warrants have been transferred in accordance with the distribution shown below.

- a) Chief Executive Officer: 180,000 warrants.
- b) Group management: 90,000 warrants per person. and
- (c) Other key individuals: a maximum of 30,000 warrants per person.

In order to encourage participation in the warrant programme, a subsidy has been paid that, after deduction of tax and other applicable fees, amounts to 50 per cent of the premium paid for each warrant ("Net Contribution"). If the participant has terminated his or her employment or been terminated within three years of the payment of the option premium, an amount corresponding to the Net Contribution shall be refunded to Gränges. The same

applies if the participant has disposed of warrants acquired under the warrant programme for a period of three years from the payment of the warrant premium.

Upon transfer of the warrants, the market-based premium calculated in accordance with the Black & Scholes warrant valuation model has been paid for the warrants.

A custom cash-based alternative for foreign participants who do not have the opportunity to invest in Gränges' warrants has been designed.

#### **Information on previously resolved remuneration which is not yet payable**

In order to stimulate long-term involvement, senior managers were offered long-term incentive programmes (LTI 2020 and LTI 2021) following the adoption of the resolutions by the Annual General Meetings for 2020 and 2021. The programmes are for a term of three years. An amount corresponding to the outcome of the STI for the corresponding year for each participant is reserved in a separate, so-called, LTI bank. Provided that employment with the Gränges Group has not terminated, the amount is paid out at a rate of one-third per year, adjusted to take into account the total return on the Gränges share.

Senior managers and other members of the Group Management were in 2020 offered to participate in a long-term investment programme ("IP 2020"), which is a one-off programme aimed at increasing exposure to the Gränges share. The participants in IP 2020 invested an amount corresponding to up to 50 per cent of an annual basic salary before tax in call options and shares and received in connection thereto a cash contribution which, after tax, amounts to 50 per cent of the annual basic salary, which in the programme is called the "Net Contribution". If the participant has resigned or the participant's employment has been termi-

nated within three years from the date of payment of the Net Contribution the contribution has to be refunded to Gränges in its entirety.

#### **Events after the end of the year**

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

No other significant events have occurred after the year.

# Corporate Governance report

## Chairman's comment



Dear shareholder,

This Corporate Governance Report provides an overview of the work of the Board of Directors and management. Well-structured processes enable Gränges to operate responsibly, efficiently, and sustainably in the interest of our shareholders. It also builds trust with existing and potential owners, customers, suppliers, legislators, employees, the public and other stakeholders.

### An intensive year

2022 was a turbulent year in our industry as in many others. The global component shortages and supply chain constraints continued to impact our customers' business, especially in the first half of the year. The war in Ukraine and the difficult geopolitical situation put stress on European industry. We also saw

extraordinary price increases on metal, energy, as well as the highest interest rates and inflation since decades.

The Board worked closely with Gränges' management team to navigate these circumstances. With high professionalism and flexibility, the short-term issues were tackled one by one. At the same time Gränges kept focus on the long term, driving improvement programmes, accelerating its sustainability work, and building a stronger team.

It's pleasing to see that, in the end, 2022 was yet another record year for Gränges in terms of operating profit and sustainability, and that we have a new long-term strategy in place.

### A new strategy for sustainable growth

An important work item for the management and the Board in the first half year was to develop the Navigate strategy for sustainable growth, and to set new, more ambitious financial targets. The strategy builds on Gränges position and opportunity to take advantage of the global trends of regionalization, sustainability, and electrification of vehicles.

Within the framework of Navigate, the Board decided on several significant investments. Let me mention for instance the new recycling and casting centre in Huntingdon, which is an important part of our efforts in decarbonization and circularity, but will also reduce cost, increase productivity and improve flexibility for customers. We also took several steps on our expansion plans for the battery and electrical vehicle industries, with ongoing investments in all three regions.

In September, we made a very productive Board visit to Finspång. It was rewarding to meet local management and to see completed investment programmes now coming online. We also reviewed the opportunity for further investments in production of aluminium cathode foil in that site. Based on strong demand from leading global battery producers, we decided at the beginning of 2023 to invest in doubling the capacity in Finspång.

### Demonstrating sustainability leadership

Gränges also updated its targets for sustainability during 2022. We made important investments in decarbonization and in recycling. We continued to look into investment opportunities driven by the sustainability trend. We launched the sustainable product brand Gränges Endure. In 2022, Gränges also reached its lowest carbon emission intensity and highest recycling volumes ever.

The certification of the operations in Shanghai and Americas against the Aluminium Stewardship Initiative standards also demonstrated Gränges' commitment to responsibly sourced and produced products. Gränges was also awarded the Platinum rating from EcoVadis for the second year.

### Strong team, well positioned for sustainable growth

In summary, Gränges made good progress on its sustainable growth plan in 2022. In view of the improved financial results and stable financial situation and taking the market outlook and our investment opportunities into account, the Board proposes a dividend of SEK 2.50 (2.25) per share for the 2022 fiscal year. This means that 38 per cent of the net profit will be distributed to our shareholders.

I would like to take the opportunity to welcome Steven Armstrong to the Board. I would also like to thank Carina Andersson, who was not available for re-election in 2022, for taking a very active role in the Board since 2014. I'm grateful to all my fellow board members for your strong engagement, good collaboration, and constructive work.

Finally, I would like to thank Gränges' management and dedicated employees for their great efforts during an exceptionally challenging year. It's our firm belief that Gränges is very well positioned for an exciting future.

Stockholm, March 2023

Fredrik Arp, Chairman of the Board of Directors

# Corporate governance in Gränges

Good and sound corporate governance ensures that the company is run as responsibly, efficiently and sustainably as possible in the interests of the shareholders. Good corporate governance creates order and system for the Board of Directors and management and contributes to increased trust and confidence among existing and potential owners, customers, legislators, the public and other stakeholders. In this way, the business sector's freedom to develop is ensured, as is the supply of capital and competence.

Gränges' corporate governance is based on Swedish regulations and Swedish legislation, primarily the Swedish Companies Act and the Swedish Annual Accounts Act, Nasdaq Stockholm's regulatory structure for issuers, the Swedish Corporate Governance Code ("the Code"), the Articles of Association as well as other relevant internal and external regulations and policies.

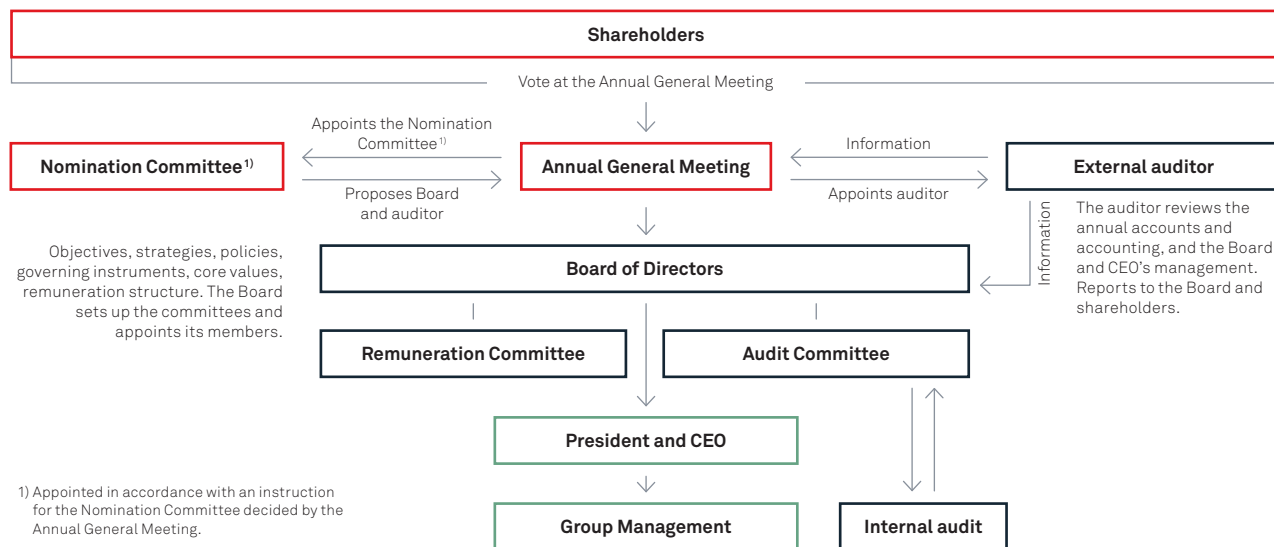
Gränges complies with the Swedish Corporate Governance Code and this Corporate Governance Report has been prepared as part of Gränges' application of the Code. Gränges does not report any deviations from the Code regarding the financial year 2022. The company's auditors have made a statutory examination of this corporate governance report. The Code is available on [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

During 2022, Gränges has followed Nasdaq Stockholm's regulatory framework for issuers and good practice in the stock market. No violations of applicable stock exchange rules or good practices in the stock market have been reported regarding Gränges by the Nasdaq Stockholm Disciplinary Board or the Stock Market Board in 2022. The CEO has no external commitments that can be considered as contrary to the company's interests. All relevant corporate governance related information is available on Gränges' website.

## Organization

Gränges is an aluminium technology company that drives the development of lighter, smarter, and more sustainable aluminium products and solutions. The Group has 2,700 employees and net

The governance, management, and control of Gränges are distributed among the shareholders at the Annual General Meeting, the Board of Directors and the CEO under Swedish Company Law, the Swedish Code of Corporate Governance, and the Articles of Association.



### EXAMPLES OF EXTERNAL STEERING INSTRUMENTS

- Swedish Companies Act
- Swedish Annual Accounts Act and IFRS
- Nasdaq Stockholm's regulatory structures for issuers
- EU Market Abuse Regulation, no 596/2014 (MAR)
- Swedish Corporate Governance Code ("The Code")

### EXAMPLES OF INTERNAL STEERING INSTRUMENTS

- Articles of Association
- Rules of Procedure for the Board of Directors and committees, instructions for CEO
- Code of Conduct (including regulations and guidance regarding whistleblowing)
- Insider Policy
- Financial Management Policy
- Accounting Manual
- Communication Policy
- Anti-Corruption Policy



sales of about SEK 24,5 billion. Gränges has production facilities and conducts sales in Asia Pacific, Europe, as well as North and South America. The total annual production capacity amounts to 580 ktonnes. The production facilities are located in Finspång (Sweden), Konin (Poland), Saint-Avold (France), Shanghai (China), as well as in Huntingdon (Tennessee), Salisbury (North Carolina), and Newport (Arkansas) in the US. Gränges also owns 50 per cent of a company located in Shanghai engaged in metal stamping.

Gränges has two business areas: Gränges Eurasia and Gränges Americas. Gränges Eurasia includes three production facilities with direct chill casting and hot rolling technology in Finspång (Sweden), Konin (Poland), and Shanghai (China), as well as Gränges Powder Metallurgy in Saint-Avold (France). Gränges Americas uses continuous casting technology and includes three production facilities in Huntingdon, Salisbury, and Newport in the US. Gränges Eurasia is headed by the CEO and Gränges Americas is headed by the President Americas.

The Group's parent company, Gränges AB, is a Swedish publicly listed company with reg.no. 556001-6122. Its registered office is in Stockholm with its head office on Linnégatan 18.

### The share and shareholders

Gränges' share has been traded on Nasdaq Stockholm's Mid Cap segment since 10 October 2014. The share capital in Gränges amounts to SEK 142 million, distributed among 106,308,618 shares that give the right to an equal number of votes and an equal share in the company's assets and profit. On 31 December 2022, the number of known shareholders totalled 11,703. The Fourth Swedish National Pension Fund (AP4) was the largest shareholder, followed by AFA Insurance and Swedbank Robur Funds. 73.3 per cent of the shareholders held 500 shares or fewer and the ten largest shareholders held 44.3 per cent of the total number of shares. Foreign-based share ownership amounted to 47.2 per cent of the capital. No shareholder had a holding of more

than 10 per cent of the total number of shares. There are no restrictions on how many votes each shareholder may represent and represent at a general meeting.

The Annual General Meeting (AGM) held on 4 May 2022 decided to authorize the Board of Directors to, on one or more occasions until the AGM 2023, issue new shares.

Information about the shareholdings of the Board and Group Management can be found on pages 78–80. More information about the Gränges share and shareholders, including a table of shareholdings as of 31 December 2022, can be found on pages 51–52.

### Annual General Meeting

The Annual General Meeting (AGM), which is the company's highest decision-making body, allows all shareholders to exercise the influence that their respective shareholdings represent.

### Annual General Meeting 2022

The AGM 2022 was held on 4 May 2022 at IVA Conference Centre (Wallenbergssalen), Grev Turegatan 16, Stockholm.

At the meeting, 50,4 per cent of the shares in the company were represented.

The AGM decided to re-elect Fredrik Arp, Mats Backman, Martina Buchhauser Peter Carlsson, Katarina Lindström and Hans Porat and new election of Steven Armstrong. Carina Andersson had declined re-election. The AGM re-elected Fredrik Arp as the Chairman of the Board of Directors.

The AGM granted the members of the Board of Directors and the Chief Executive Officer discharge from liability towards the company for management of the company in 2021.

The AGM re-elected the registered accounting company Ernst & Young AB as the company's auditor, and authorized public accountant Andreas Troberg was appointed by Ernst & Young AB as auditor in charge.

Other resolutions taken during the AGM included:

- To adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet for the 2021 financial year,
- To resolve on a dividend of SEK 2.25 per share, in total 239,194,391 SEK,
- To resolve, in accordance with the Nomination Committee's proposal, the Board of Directors (the Board) to consist of seven members elected by the AGM, with no alternates, for the period up to the close of the next AGM,
- To resolve, in accordance with the Nomination Committee's proposal, that fees for the period until the conclusion of the AGM 2022 will be in accordance with the following. The Chair of the Board will receive SEK 825,000 and each of the other elected Board members will receive SEK 350,000. Furthermore, a fee of SEK 125,000 will be paid to the Chair of the Audit Committee and SEK 55,000 to the other members. A fee of SEK 60,000 will be paid to the Chair of the Remuneration Committee and SEK 30,000 to the other members. All employee representatives shall receive unchanged SEK 40,000 each, for the corresponding period.
- To resolve that fee will be paid to the auditor in accordance with approved invoices,
- To resolve, in accordance with the Board's proposal, on approval of the Board's remuneration report on remuneration to CEO and Deputy CEO in accordance with Chapter 8, Section 53 a of the Swedish Companies Act,
- To resolve, in accordance with the Board's proposal, on approval of one long-term incentive programme, LTI 2022. The programme will run for three years and will be offered to senior managers to supplement the annual incentive programme ("STI 2022").

- To resolve, in accordance with the Board's proposal, introduce a warrant program, IP 2022, for senior executives and other key employees. The number of warrants shall not exceed 900,000 and shall be issued free of charge. Upon transfer of the warrants, a market-based premium calculated according to the Black & Scholes Option Pricing Model shall be paid.
- To resolve, in accordance with the Board's proposal, to authorise the Board, on one or more occasions until the next AGM, to decide on a rights issue and/or convertible bonds. An issue can be decided with or without regard to shareholders' pre-emption rights. Following this authorisation, a total maximum number of shares equivalent to 10 per cent of the total number of outstanding shares in the company on the date of the General Meeting's authorisation resolution, may be issued on a rights issue and/or through the conversions of convertible bonds.

The complete minutes of the AGM are available at [www.granges.com](http://www.granges.com).

### Nomination Committee

The Nomination committee represents Gränges' shareholders and proposes nominations for Chairman of the Board, Board members, auditor and auditor's fee, chairman of the AGM, as well as fees for Board and committee work to the AGM. In addition, the Nomination Committee shall submit proposals for Nomination Committee instructions if required.

Gränges' Nomination committee for the AGM 2023 consists of representatives of the company's three largest shareholders as of 31 August 2022 and the Chairman of the Board. The member representing the largest shareholder shall be Chairman of the Nomination committee, unless the Nomination Committee agrees otherwise.

As of 31 August 2022, Gränges' three largest shareholders were: The Fourth Swedish National Pension Fund (AP4), AFA Insurance and Swedbank Robur, which were invited to nominate candidates for the Nomination Committee. The Nomination Committee ahead of the AGM 2023 had the following composition: Jannis Kitsakis (AP4), Anders Algotsson (AFA Insurance), Jan Dworsky (Swedbank Robur) and Fredrik Arp (Chairman of the Board of Gränges). The Chairman of the Nomination Committee is Jannis Kitsakis.

### NOMINATION COMMITTEE FOR THE 2023 AGM

Appointed by/Name	Percentage of votes on 31 December 2022
AP4/Jannis Kitsakis <sup>1)</sup>	9.3
AFA Insurance/Anders Algotsson <sup>1)</sup>	6.6
Swedbank Robur/Jan Dworsky <sup>1)</sup>	6.3
Chairman of the Board of Gränges AB/Fredrik Arp <sup>2)</sup>	0.0

1) Independent in relation to the company and company management.

2) For exact number of shares, see page 78.

Shareholders have been able to submit proposals and comments to the Nomination Committee until 31 January 2023. The Nomination Committee's proposals are published through the notice to the AGM. In connection with the notice, the Nomination Committee publishes a motivated statement on the company's website that supports its proposals to the Board and a report on how the Nomination Committee's work has been conducted.

### Work of the Nomination Committee before the AGM 2023

Since the nomination committee was constituted in the autumn of 2022, it has had four meetings. No fee has been paid for the work of the Nomination Committee. At the second meeting of the Nomination Committee on 10 November 2022, the Chairman of the Board presented the Board evaluation that was carried out with

all Board members during the autumn. The Chairman of the Board carried out a comprehensive evaluation in terms of the number of questions. The result was consistently very positive.

Through the Nomination Committee, Gränges applies the rule 4.1 of the Code as diversity policy when preparing proposals for Board members. The rule means that the Board of Directors shall have a composition that is appropriate to the company's operations, stage of development and other circumstances, characterized by versatility and breadth regarding competence, experience and background of the members elected by the AGM. Gender balance shall be pursued.

Ahead of the 2023 Annual General Meeting, the Nomination Committee has assessed whether the composition of the current Board meets the requirements of the Code's diversity policy and has found that this is the case. However, the Nomination Committee also works continuously with the identification and evaluation of potential new Board members in order to broaden the Board in terms of background and competencies.

An assessment has also been made, as the previous year, of each individual board member's ability to devote sufficient time and commitment to the work of the board and the assessment has turned out positively.

The annual evaluation of the Board of Directors has been part of the basis for these assessments.

### The Board of Directors

The main responsibility of the Board of Directors (the Board) is to manage Gränges' affairs in the best interests of the company and shareholders, as well as to safeguard and promote a good corporate culture. The Board is also responsible for the organization and management of the Group.

The Board continuously assesses Gränges' financial position and ensures that the company's financial position can be satisfactorily verified. The Board decides on issues related to the

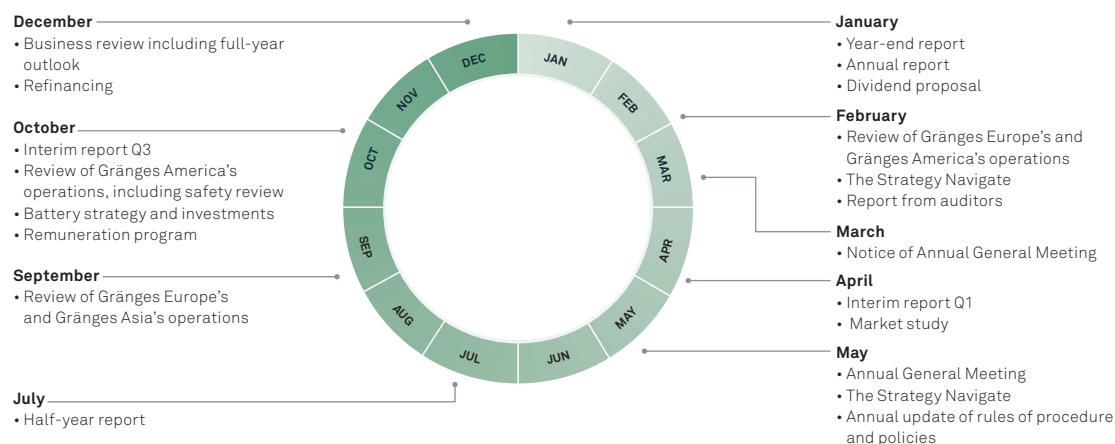
Group's strategic direction and organization, and decides on key acquisitions, investments and divestments. The Board continuously evaluates the work of the CEO and Group Management. Before AGM, and based on proposals from the Remuneration Committee, the Board prepares proposals for guidelines for remuneration to the CEO and other senior managers.

The basis is the Board's Rules of Procedure, the CEO instructions and the principles for division of duties between the CEO, Chairman of the Board, the Board and various committees established by the Board. The Board's Rules of Procedure and the CEO instructions are revised and updated annually. Through a systematic and structured process, the Board annually evaluates its work to develop procedures and efficiency. In 2022, the evaluation was carried out under the leadership of the Chairman of the Board. The outcome of the evaluation, which also is reported in the section about the Nomination Committee, was consistently very positive.

At the statutory Board meeting, following directly on the 2022 AGM, the Board's Rules of Procedure including Rules of Procedure for the Remuneration and Audit Committees was established, as well as the CEO instructions. The Rules of Procedure governs the work and responsibilities of the Board, the frequency of Board meetings, as well as the division of duties between the Board members, between the Board committees, and between the Board and the CEO.

Prior to each Board meeting, the members receive an agenda and basis for decisions. Each Board meeting includes a review of current business conditions, as well as the Group's earnings, financial position, and outlook. Other issues addressed include competition and market conditions. The Board regularly reviews the general risk situation from various aspects, and the Group's work on health and safety, including accident statistics. The Board also has a system for continuous follow-up of decisions and open questions.

### The Board's work in 2022



### Composition of the Board of Directors

According to the Articles of Association, Gränges' Board of Directors shall consist of at least four and at most eight AGM-elected members with a maximum of four deputies. The Board has a quorum if more than half of the board members, including employee representatives, are present. The Board should consist of a well-balanced mix of the competencies required to manage Gränges' work responsibly and successfully. The assessment is that Gränges' Board has a suitable composition, regarding the

company's operations, development phase and general circumstances, characterized by versatility and breadth regarding the competence, experience and background.

In accordance with the law on Board representation of private-sector employees, staff is entitled to appoint two Board members and two deputy Board members. The employee organizations have exercised this right in 2022. Information about Board members can be found on pages 78–79 and at [www.granges.com](http://www.granges.com).

### Chairman of the Board

The Chairman of the Board of Directors has a special responsibility to ensure that the work of the Board is well organized and conducted efficiently, and that the Board fulfils its duties and obligations. The Chairman of the Board organizes and leads the work, is responsible for contacts with the owners in ownership matters and ensures that the work of the Board is evaluated annually. The Chairman of the Board of Directors is responsible for the day-to-day contact with CEO. To enable the work, the Chairman ensures that there are appropriate instructions on the division of duties between the Board on one hand, and the CEO and the bodies set up by the Board on the other.

### The work of the Board of Directors in 2022

In 2022, 10 recorded Board meetings were held. The Board was in quorum at all meetings. Gränges' CEO and Deputy CEO, also CFO, have participated in all meetings. The Board has held sessions in the absence of Group Management at two occasions.

Among the significant issues dealt with by the Board in 2022 are the changed state of the surrounding world and Gränges' adjustments to this, the updated strategy Navigate, strategy and investments in products for the battery market, various investment decisions such as the investment in a new recycling center in the US. The Board has also continued the follow up on the integration of the acquisition in Poland done in 2020.

### Remuneration Committee

According to the Rules of Procedure for the Board of Directors, the Remuneration Committee shall comprise of the Chairman of the Board and one or more Board members, who should be independent in relation to the company and Group Management. During the year, the committee consisted of four members and three meetings were held.

The Remuneration Committee submits proposals to the Board on CEO's salary and other terms of employment and sets out limits for other Group Management's salaries and terms of employment by adopting guidelines for remuneration principles. The committee evaluates the application of these guidelines. The committee also has the task of monitoring and evaluating ongoing, and during the year completed, programs for variable remuneration to Group Management.

In 2022, the Remuneration Committee worked on an in-depth analysis and evaluation of the company's long-term incentive program in order to find an effective way for Gränges to increase the company's value through its employees.

Information about members of the Remuneration Committee can be found in the table below. A statement of remuneration to senior executives can be found in Note 10.

### BOARD COMPOSITION, ATTENDANCE AND REMUNERATION 2022

Name	Elected year	Independent in relation to the company/owners	Attendance			Board of Directors' fees, SEK	Audit Committee fees, SEK	Remuneration Committee fees, SEK	Total fees, SEK
			Board meetings	Audit Committee meetings	Remuneration Committee meetings				
Fredrik Arp	2020	X	10/10	n/a	3/3	808,333	–	60,000	868,333
Steven Armstrong <sup>1)</sup>	2022	X	5/5	n/a	2/2	233,333	–	20,000	253,333
Mats Backman	2018	X	10/10	4/4	n/a	341,667	125,000	–	466,667
Martina Buchhauser	2021	X	9/10	3/4	n/a	341,667	55,000	–	396,667
Peter Carlsson	2016	X	9/10	n/a	1/3	341,667	–	30,000	371,667
Katarina Lindström	2016	X	8/10	4/4	n/a	341,667	55,000	–	396,667
Hans Porat	2016	X	10/10	n/a	3/3	341,667	–	30,000	371,667
Carina Andersson <sup>2)</sup>	2014	X	5/5	n/a	1/1	108,333	–	10,000	118,333
Isabelle Jonsson	2022		4/4	n/a	2/2	20,000	–	–	20,000
Emelie Gunnstedt	2022		3/3	n/a	n/a	13,333	–	–	13,333
Öystein Larsen <sup>3)</sup>	2010		6/6	n/a	1/1	20,000	–	–	20,000
Konny Svensson <sup>3)</sup>	2013		10/10	4/4	n/a	40,000	–	–	40,000
Elin Lindfors <sup>3)</sup>	2016		8/9	n/a	n/a	40,000	–	–	40,000
Fredrika Pettersson <sup>3)</sup>	2020		5/5	n/a	n/a	23,178	–	–	23,178
<b>Total fees</b>						<b>3,014,845</b>	<b>235,000</b>	<b>150,000</b>	<b>3,399,845</b>

1) Elected as new Board member at the AGM on 4 May 2022.

2) Resigned as Board member at the AGM on 4 May 2022.

3) Resigned as Employee representatives in the Board in 2022.



### Audit Committee

According to the Rules of procedure for Board of Directors, the Audit Committee should comprise of at least three AGM-elected Board members, and the majority of them should be independent of the company and Group Management. The committee members should have specialist competence, experience of and interest in finance and accounting. The Board elects the Chairman of the Audit Committee who should not be Chairman of the Board. The Audit Committee meets before each quarterly report, and in addition if necessary. The Audit Committee supports the Board of Directors in fulfilling its responsibilities in internal control and accounting, and to ensure the quality of Gränges' financial reporting.

The Audit Committee analyses and highlights key accounting issues affecting the Group and monitors the financial reporting process to ensure quality. The Audit Committee also is informed of the company's impairment test and its assumptions, assists the Nomination Committee to prepare proposals for auditors and their fees, and assesses the independence of the external auditor.

The company's risk management process is based on production processes and flows. The Audit Committee considers the identified risk areas. Based on the outcome of that, the committee determines the focus and scope of the internal auditing and establishes an internal audit plan. Gränges' internal audit function reports to the Board and must ensure that the company has sufficient internal control systems for financial reporting. It is

performed on a rolling schedule and is conducted by the company's Group accounting function with support from the subsidiaries' accounting functions, except for the business that is the subject of the audit. The purpose of applying so called cross-functional audits between the units is to exchange experiences and achieve best practice within the Group.

In 2022, internal audit of Gränges' operation in Huntingdon, Tennessee, in the US, was conducted. In addition, to ensure the frequency of the audit, even if it has been difficult to travel due to restrictions linked to COVID-19, an external party was hired to carry out the internal audit of Gränges' Chinese operation.

In conjunction with the quarterly reviews of the company's financial performance and position, the Audit Committee takes part of management's assessment of the areas where estimates are important to the Group. One area that has received special focus during the year is the need for write-downs as a result of the fire that occurred in Gränges' Polish subsidiary in Konin during the spring.

The Audit Committee annually sets a number of focus areas and during the year these have been financing and the new strategy.

The Audit Committee had four meetings in 2022. The auditor attended all meetings during the year and reported on controls and audit planning throughout the year. More information about members of the Audit Committee can be found in the table on page 73.

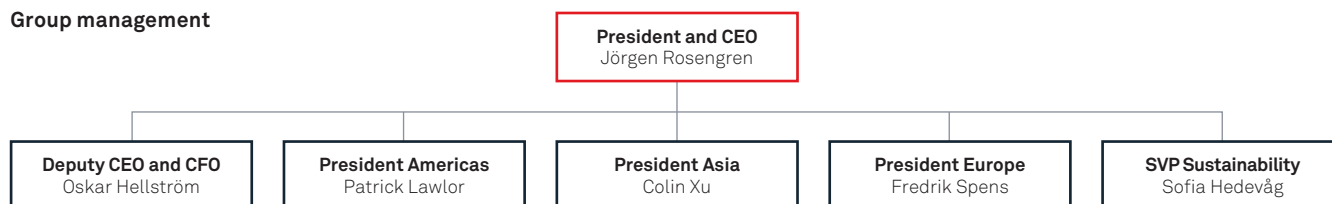
### Auditor

The auditor, elected at the AGM, is responsible for reviewing the annual accounts and accounting, and examining the Board's and CEO's management of the company.

According to the Articles of Association, Gränges should have at least one and at most two auditors. Registered auditing firms may be appointed as auditors. At the 2022 AGM, Ernst & Young AB was appointed auditor and announced that the authorized public accountant Andreas Troberg is auditor in charge until the 2023 AGM.

The external audit of the parent company and Group accounts, and of the administration of the Board of Directors and CEO, is conducted according to International Standards on Auditing (ISA), and with generally accepted auditing standards in Sweden. The auditor conducts a general review of the quarterly report for the third quarter and audits the Annual Report and the consolidated accounts. The auditor reports the results of his audit of the Annual Report and consolidated accounts as well as his review of the Corporate Governance Report through the auditor's report and a special report on the Corporate Governance Report, which is presented to the AGM. In addition, the auditor submits reports on audits performed to the Audit Committee twice a year and to the Board once a year.

Information about auditor fees can be found in Note 12.

**Group management****CEO and Group Management**

The CEO is appointed by the Board of Directors and is responsible for the day-to-day management of the company in accordance with the Board's instructions and guidelines. Group Management is responsible for developing and implementing the Group's overall strategies, for example product and customer strategies, and acquisitions and divestments. The matters are prepared by Group Management to be decided upon by the Board.

Gränges' Group Management comprises six members: President and CEO, Deputy CEO and CFO, President Asia, President Europe, President Americas and SVP Sustainability.

Group Management holds monthly meetings to review the results and financial position of the Group.

More information about Group Management can be found on page 80. Information about remuneration to senior executives can be found in Note 10.

**Sustainability governance**

Gränges' Group Management, which includes the SVP Sustainability, ensures that Gränges' global sustainability strategy, long-term targets and policies are aligned with the company's vision and strategy. Group Management also reviews and monitors regional sustainability performance against sustainability targets, as well as makes decisions related to global sustainability priorities. Gränges' CEO regularly presents global sustainability performance to the Board of Directors, who reviews and monitors performance against the company's targets. The Board of Directors

is the body which approves the company's global sustainability strategy, long-term targets, and policies, and adopts the annual sustainability report.

The Group's Sustainability department, headed by the SVP Sustainability, is responsible for leading the development and execution of Gränges' global sustainability strategy and long-term targets as well as issuing sustainability-related policies. Other responsibilities include regular communication and reporting on Gränges' sustainability performance and progress to internal and external stakeholders as well as coordinating a continuous stakeholder dialogue. The SVP Sustainability also leads a cross-regional sustainability team in which all regional sustainability leads are represented. The team is responsible for leading Gränges' global sustainability efforts, as well as developing global sustainability plans. Ensuring best practice sharing across the organization is also a key objective for the team.

The regional Presidents are responsible for developing and executing local sustainability plans and targets, aligned with the global strategy and the local needs. A systematic follow-up of all regions' sustainability efforts is done through regional semi-annual Sustainability Boards, which are chaired by SVP Sustainability and represented by the CEO.

Gränges has published a sustainability report each year since 2015 and intends to continue to publish a report annually. The sustainability information in this report has been prepared in accordance with GRI Standards. The report and its contents have partially been externally assured by the company's auditors EY.

The statutory sustainability report in accordance with the Swedish Annual Accounts Act has been issued by Gränges' Board of Directors. See details on page 64. The report relates to the financial year 2022 and covers all fully owned operations of the Group at the start of 2022. For more information, refer to page 118.

**Internal control and risk management regarding financial reporting**

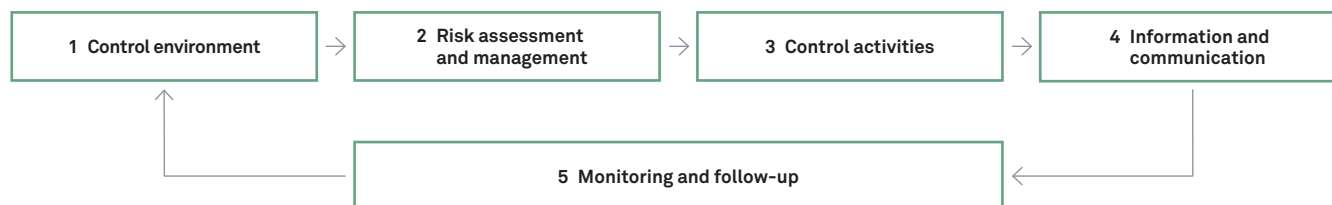
Under the Swedish Companies Act and the Code, the Board is responsible for ensuring that the company has good internal control and routines that ensure compliance with established principles for financial reporting and internal control. The Board must also ensure that financial reporting complies with the Companies Act, applicable accounting standards, and other requirements for listed companies.

**Framework**

Gränges' internal control complies with the established international framework Internal Control Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to the COSO model, review and assessment are carried out in the areas of Control environment, Risk assessment and risk management, Control activities, Information and communication, and Monitoring and follow-up.

Gränges' process for internal control is designed to ensure with reasonable certainty the quality and accuracy of financial reporting and ensure that reporting is prepared in accordance with applicable laws and regulations, accounting standards, and other requirements for listed companies in Sweden. This requires a healthy control environment, reliable risk assessment, established control activities, and that information, communication, and monitoring works satisfactorily.

## Internal control and risk management



### 1. Control environment

The control environment is defined by the Group's organizational structure, Group Management's working methods and values, and other roles and responsibilities within the organization. The Audit Committee assists the Board of Directors with essential accounting issues and monitors the internal control of the financial reporting. To maintain an effective control environment and robust internal controls, the Board has delegated the day-to-day responsibility to the CEO, who in turn has allocated responsibilities to other Group Management members.

Quality in the financial reporting is ensured through different measures and routines. The company has policies and manuals for financial reporting, including the Financial Management Policy, the Metal Management Policy, the Investment Policy and the Group Accounting Manual, which are reviewed annually. In addition to the above, there are important group-wide steering documents such as the Code of Conduct, the Insider Policy and the Communication Policy. There is continuous work to further develop policies and manuals.

Gränges has an externally managed Whistle-blower function which can be accessed via the company's intranet, the external website, by telephone or by mail. The function aims to detect

irregularities that may seriously harm Gränges' business or employees, and it enables employees and external business partners to provide information anonymously and without fear of retaliation. By quickly discover and remediate irregularities, Gränges is in a better position to deal with the underlying causes before they become unmanageable. Gränges takes great consideration of the protection of personal privacy and handles submitted information in line with applicable legislation and regulation.

In 2022, there were three cases (two) reported through the Whistle-blower function whereof none were qualified as a whistle-blower case in line with Swedish legislation. No confirmed corruption incidents were detected, and no business contracts were breached or not renewed due to corruption.

### 2. Risk assessment and management

To handle the internal and external risks that Gränges' organization is exposed to, regular risk assessments are carried out. Risks that may affect financial reporting are identified, measured, and managed. This is an integral part of the daily reporting to Group Management and the Board and forms the basis for assessing risks of errors in financial reporting.

Gränges' operations are characterized by processes with established routines and systems. Risk assessment therefore often occurs within the framework of these processes. At Group level, only general risk assessments are conducted. Managers identify, monitor, and evaluate risks, which creates the basis for making well-rounded and correct business decisions at all levels. Financial risks such as currency, commodity, refinancing, and counterparty risk, as well as interest rate and credit risk, are mainly handled by the parent company's accounting and finance functions according to the Financial Management Policy, the Metal Management Policy and Group Accounting Manual.

A description of the Group's risks and risk management can be found on pages 53–59.

### 3. Control activities

The main purpose of control activities is to prevent and discover material errors in financial reporting at an early stage, thereby being able to manage and resolve them. Control activities are conducted at a general level as well as at more detailed levels throughout the Group and are both manual and automated in nature. Routines and activities have been designed to manage and resolve material risks related to financial reporting, which are identified in the risk assessments. Depending on the character and type of control activity, corrective action, implementation, documentation, and quality assurance, occur at a group or subsidiary level. As is the case for other processes, each manager is responsible for the completeness and accuracy of the control activities.

The Group has a common consolidation system, where the legal entities report, which provides good internal control of financial reporting. Most controls and processes are automated and authorization to access IT systems is limited. Control activities

are performed at all levels of the Group. One example is the established controller function that analyses and monitors deviations and reports its findings to the Group.

Group Management has regular meetings with the subsidiary managers to discuss operations, financial position, and results, as well as key financial and operative key figures. The Board continually analyses reports on operations in which Group Management describes the previous period, and comments on the Group's financial position and results. Significant fluctuations and deviations are therefore followed up, which limits the risks of errors in the financial reporting.

The closing of the books and work on the annual reporting are processes where there are further risks of errors in financial reporting. Naturally, this work is less repetitive and often includes several parts where estimates are made. Important control activities include ensuring there is a well-functioning reporting structure in which subsidiaries report using standardized models, and important income and balance sheet items are specified and commented.

#### 4. Information and communication

Effective and correct internal and external information is important to ensure full and accurate financial reporting on time. Gränges' financial reporting follows Group guidelines and policies and is updated and communicated regularly by Group Management to all relevant employees.

The accounting function has operational responsibility for day-to-day financial reporting, and works to ensure that the Group's guidelines, policies, and instructions are applied uniformly across the Group. The accounting function also identifies and communicates deficiencies in financial reporting.

Policies, guidelines, and manuals are regularly updated and are available on the company's intranet.

All communication from Gränges must be timely, reliable, correct, and up to date. External communication should be in accordance with the Group's Communication Policy, Nasdaq's regulatory framework for issuers, and other applicable regulations. The financial information should provide the capital and equity markets with a comprehensive and clear picture of the company, its financial position, development, and strategy. All financial reports and press releases are published simultaneously to Nasdaq Stockholm, Finansinspektionen (FI) and the company's external website.

#### 5. Monitoring and follow-up

The Board's monitoring of the internal control of financial reporting takes place primarily through the Audit Committee, including the monitoring of the internal audit, and through contact with the external auditors. External auditors annually monitor selected areas of internal control within the framework of the Group audit and report the outcome of their audit to the Audit Committee and Group Management. Essential observations are also reported directly to the Board. Regarding the 2022 audit, the auditors have monitored the internal control in selected key processes and have reported their findings to the Audit Committee.

The governance, management, and control of Gränges are distributed among the shareholders at the Annual General Meeting, the Board of Directors and the CEO under Swedish Company Law, the Swedish Code of Corporate Governance, and the Articles of Association.

### INTERNAL STEERING DOCUMENTS

Gränges' Board of Directors has adopted a number of steering documents that apply to all Gränges Group employees globally. These documents provide a framework and guide for how the company conducts business at Gränges and outline how responsibility is divided between the Board, management and employees. In some cases, local steering documents are connected to the global steering documents.

#### Global Directives

The Global Directives set out the mandatory requirements for all Group companies and employees of Gränges. Directives can be in the form of policies, principles, guidelines and instructions. A policy is a guiding principle to set a direction and dictates what employees are supposed to do. The Global Directives are adopted by the Board.

- Code of Conduct
- Accounting Manual
- Anti-Corruption policy
- Authorization Policy
- Communication Policy
- Diversity Policy
- Financial Management Policy
- Global Privacy Policy
- Information Security Policy
- Insurance Policy
- Internal Control Policy
- Investment Policy
- Metal Management Policy
- Remuneration Policy



# Board of Directors



## FREDRIK ARP

Chairman of the Board

**Born:** 1953

**Education:** M.Sc. Economics and Ec. Doctor h.c., Lund University.  
**Position:** Chairman of the Board. Elected to the Board in 2020. Chairman of the Remuneration Committee.

**Other assignments:** Chairman of the Board in Bravida Holding AB and Nolato AB.

**Previous positions:** Chairman of the Board in, among others Hövding Sverige AB, Ahlsell AB, Bröderna Edstrand AB, Munksjö AB, Thule AB, Parques Reunidos SA and Qioptiq SA. Board member in, among others Swedfund International AB, Vattenfall AB, Nuevolution AB, Getinge AB and Technogym S.p.a. CEO for PLM AB, Volvo Personvagnar AB and Trelleborg AB.

**Own and related parties' shareholding:** 13,636 shares.



## STEVEN ARMSTRONG

Board member

**Born:** 1964

**Education:** BA (Hons) in Business Studies & Economics, East London University.

**Position:** Board member. Elected to the Board in 2022. Member of the Remuneration Committee.

**Other assignments:** Member of the Board of Governors of the University of East London.

**Previous positions:** Various management positions within Ford, among others Corporate Officer at Ford Motor Company, President at Changan Ford, Ford Brazil and Ford South America. Chairman, President and CEO at Ford Europe. SVP Purchasing and COO at Volvo Cars. COO at Getrag-Ford Transmissions.

**Own and related parties' shareholding:** 0 shares.



## MATS BACKMAN

Board member

**Born:** 1968

**Education:** B.Sc. Business Administration, Stockholm University.

**Position:** Board member. Elected to the Board in 2018. Chairman of the Audit Committee.

**Other assignments:** Operating Partner Triton. Board member in Tobii AB.

**Previous positions:** Group CFO in Trustly. CFO and Executive Vice President of Financial Affairs in Veoneer, Inc. CFO at Autoliv, Inc. Various management positions within Sandvik Group, including as CFO. Various management positions in Outokumpu, Nordea and Boliden.

**Own and related parties' shareholding:** 15,000 shares.



## MARTINA BUCHHAUSER

Board member

**Born:** 1966

**Education:** M.Sc. Management, Stanford University.

**Position:** Board member. Elected to the Board in 2021. Member of the Audit Committee.

**Other assignments:** Senior advisor at H&Z Management Consulting. Chair of the supervisory board at Sono Group N.V. Member of the advisory board of Plastic Omnium.

**Previous positions:** Chief Procurement Officer of Volvo Car Corporation and member of the management team. Senior Vice President of Purchasing and Supplier Network for Interior at BMW. Vice President of Procurement at MAN Truck & Bus. Various management positions within the Purchasing and Supplier Quality areas of Opel and General Motors.

**Own and related parties' shareholding:** 0 shares.



## PETER CARLSSON

Board member

**Born:** 1970

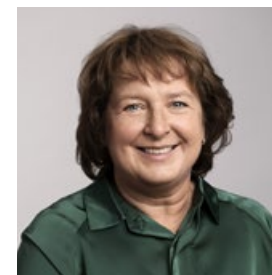
**Education:** B.Sc. Business Administration, Luleå University of Technology.

**Position:** Board member. Elected to the Board in 2016. Member of the Remuneration Committee.

**Other assignments:** CEO and Board member in Northvolt. Board member in Orbital Systems and Q Group.

**Previous positions:** Vice President Supply Chain and Chief Procurement Officer at Tesla Motors. Senior Vice President and Chief Procurement Officer at NXP Semiconductors. Head of Sourcing at Sony Ericsson. Board member in Metso and Rosti Group.

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



## KATARINA LINDSTRÖM

Board member

**Born:** 1965

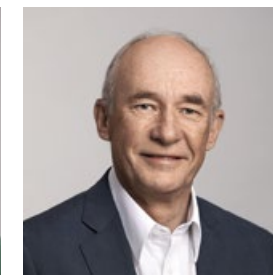
**Education:** M.Sc. Engineering, Material Science, Royal Institute of Technology, Stockholm.

**Position:** Board member. Elected to the Board in 2016. Member of the Audit Committee.

**Other assignments:** Board member, Executive Vice President and COO in Hempel A/S. Elected member of the Swedish Royal Engineering Academy.

**Previous positions:** Board member in Skövde Högskola. President Global Operations, Munters AB. Senior Vice President International Manufacturing & Senior Vice President, Operations and Supply Chain Management in Volvo Group Trucks Operation, and other Executive management positions within Operations and Product Management in Volvo Trucks Asia and Volvo Powertrain AB.

**Own and related parties' shareholding:** 8,687 shares.



## HANS PORAT

Board member

**Born:** 1955

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

**Position:** Board member. Elected to the Board in 2016. Member of the Remuneration Committee.

**Other assignments:** Board member in Ecolean AB.

**Previous positions:** President and CEO in Nolato AB, various executive positions in ABB, Deputy CEO in Trelleborg AB, President of Gadelius Japan. Board member in Cloetta AB, Lindab International AB and Nolato AB.

**Own and related parties' shareholding:** 0 shares.

## Employee representatives

## Auditor



**ISABELL JONSSON**

Employee Representative

**Born:** 1995

**Education:** Master's degree, Business law, Linköping University.

**Description:** Contract specialist in the purchasing department, employed at Gränges since 2020. Employee representative of the Board since 2022. Representing Unionen.

**Own and related parties' shareholding:** 0 shares



**EMELIE GUNNSTEDT**

Employee Representative

**Born:** 1988

**Education:** Social science programme, High School.

**Description:** Process operator, team-leader, employed at Gränges since 2007. Deputy employee representative of the Board since 2022, employee representative since 2023. Representing IF Metall.

**Own and related parties' shareholding:** 0 shares



**ROBERT DAHLQVIST**

Deputy employee Representative

**Born:** 1989

**Education:** M.Sc. Engineering Nano Science and PhD in Physics, Lund University.

**Description:** Application engineer, employed at Gränges since 2019. Deputy employee representative of the Board since 2023. Representing the Swedish Association of Graduate Engineers and the Union for Professionals.

**Own and related parties' shareholding:** 0 shares



**TOBIAS JOHANSSON**

Deputy employee Representative

**Born:** 1976

**Education:** Natural farming, High School.

**Description:** Process operator, employed at Gränges since 1998. Deputy employee representative of the Board since 2023. Representing IF Metall.

**Own and related parties' shareholding:** 0 shares.



**ANDREAS TROBERG**

Auditor in charge  
Ernst & Young AB

**Born:** 1976

**Description:** Authorized public accountant and member of FAR.  
**Other assignments:** Sectra, Bokusgruppen and Lantmännen.

# Group Management



## JÖRGEN ROSENGREN

President and CEO

**Born:** 1967

**Education:** M.Sc. Electrical Engineering, Lund Institute of Technology.

**Position:** President and CEO since 2021. Member of Group Management since 2021.

**Other assignments:** Board member of OEM International.

**Previous positions:** President & CEO in Bufab Group, 2012–2021. Vice President, Global Category Manager in Husqvarna Group, 2004–2011, Electrolux 2003, McKinsey & Company, 1997–2002, Philips Electronics 1993–1997.

**Own and related parties'**

**shareholding:** 135,000 shares, 33,036 synthetic shares<sup>1)</sup> and 180,000 warrants.



## OSKAR HELLSTRÖM

CFO and Deputy CEO

**Born:** 1979

**Education:** M.Sc. Engineering, Linköping University and B.Sc. Business Administration & Economics, Stockholm University.

**Position:** CFO since 2013 and Deputy CEO since 2017. Member of Group Management since 2013.

**Other assignments:** Board member in Beijer Alma AB.

**Previous positions:** CFO in Sapa Heat Transfer, 2011–2013. Director Group Development & Control in Sapa Group, 2009–2011. Strategy Manager in Sapa Group, 2008–2009. Consultant at Booz Allen Hamilton, 2005–2008.

**Own and related parties'**

**shareholding:** 21,300 shares, 43,399 synthetic shares<sup>1)</sup>, 150,000 call options and 90,000 warrants.



## SOFIA HEDEVÅG

SVP Sustainability

**Born:** 1980

**Education:** M.Sc. Business Administration, Stockholm School of Economics.

**Position:** SVP Sustainability since 2020. Member of Group Management since 2021.

**Other assignments:** –

**Previous positions:** Member of extended Group Management 2020–2021. VP Sustainability in Gränges 2017–2020. VP Group Business Control at Swedish Match 2014–2017. Director Corporate Sustainability & Business Analysis at Swedish Match 2012–2014. Various positions at Swedish Match 2008–2012.

**Own and related parties'**

**shareholding:** 4,250 shares, 11,646 synthetic shares<sup>1)</sup>, 33,000 call options and 90,000 warrants.



## PATRICK LAWLOR

President Americas

**Born:** 1964

**Education:** B.Sc. Economics and certified Accountant, College of Commerce, Dublin.

**Position:** President Americas since 2016. Member of Group Management since 2016.

**Other assignments:** Board member in Aluminium Association in the US.

**Previous positions:** President Americas in Sapa Extrusions, 2010–2015. CFO in Sapa Extrusion North America, 2009–2010. CFO in Indalex, Inc., 2007–2009. Several management positions in Norsk Hydro, 1997–2007.

**Own and related parties' shareholding:** 125,233 synthetic shares<sup>1)</sup> and 315,000 synthetic options<sup>2)</sup>.



## COLIN XU

President Asia

**Born:** 1976

**Education:** M.Sc. Economics and Business Administration, MBA, China Europe International Business School.

**Position:** President Asia since 2013. Member of Group Management since 2013.

**Other assignments:** Supervisor in Shanghai Realman Energy Technology Co.

**Previous positions:** MD in Sapa Heat Transfer Shanghai, 2011–2013. Sapa Heat Transfer Shanghai, 2001–2010, with several leading management positions since 2003.

**Own and related parties' shareholding:** 42,928 synthetic shares<sup>1)</sup> and 155,000 synthetic options<sup>2)</sup>.



## FREDRIK SPENS

President Europe

**Born:** 1975

**Education:** M.Sc. Engineering, Royal Institute of Technology.

**Position:** President Europe since 2022. Member of Group Management since 2022.

**Other assignments:** –

**Previous positions:** MD in Gränges Finspång AB, 2020–2022. VP Sales and Marketing, Gränges Finspång AB, 2017–2020. Head of Product Area Primary Products in Sandvik Materials Technology, 2014–2017, different senior positions at Sandvik, 2006–2014. Consultant at BTS, 2000–2006.

**Own and related parties' shareholding:** 4,655 shares, 11,988 synthetic shares<sup>1)</sup>, 43,000 call options and 90,000 warrants.

1) Synthetic shares within investment programme for senior management (IP 2020) and synthetic share equivalents within Long Term Incentive Programs (LTI 2020, LTI 2021, LTI 2022).

2) Synthetic options within investment programmes for senior management (IP 2020 and IP2022).

# Financial statements content

GROUP		NOTES GROUP		NOTES PARENT COMPANY	
Consolidated income statement	<b>82</b>	Note 1 General information	<b>86</b>	Note 1 Accounting principles	<b>117</b>
Consolidated statement of comprehensive income	<b>82</b>	Note 2 Basis of preparation of consolidated financial statements	<b>86</b>	Note 2 Financial risk management	<b>117</b>
Consolidated balance sheet	<b>83</b>	Note 3 New accounting standards	<b>86</b>	Note 3 Breakdown of net sales by area of operation	<b>117</b>
Consolidated statement of changes in equity	<b>84</b>	Note 4 Accounting standards	<b>87</b>	Note 4 Items affecting comparability	<b>117</b>
Consolidated cash flow statement	<b>85</b>	Note 5 Significant accounting assessments and assumptions	<b>90</b>	Note 5 Operating lease payments	<b>117</b>
Notes to the consolidated financial statements	<b>86</b>	Note 6 Operating segment information	<b>91</b>	Note 6 Remuneration to auditors	<b>117</b>
Alternative performance measures	<b>110</b>	Note 7 Geographic breakdown of net sales, non-current assets and average number of employees	<b>91</b>	Note 7 Payroll expenses	<b>117</b>
Definitions	<b>111</b>	Note 8 Revenue from contracts with customers	<b>92</b>	Note 8 Financial income and costs	<b>117</b>
Five-year summary	<b>112</b>	Note 9 Lease income	<b>92</b>	Note 9 Taxes	<b>118</b>
		Note 10 Payroll expenses	<b>93</b>	Note 10 Property, plant and equipment	<b>118</b>
		Note 11 Pensions	<b>95</b>	Note 11 Shares in Group companies	<b>118</b>
		Note 12 Remuneration to auditors	<b>96</b>	Note 12 Share capital	<b>119</b>
		Note 13 Other operating expenses	<b>97</b>	Note 13 Provision for pensions and similar obligations	<b>119</b>
		Note 14 Items affecting comparability	<b>97</b>	Note 14 Other provisions	<b>119</b>
		Note 15 Joint arrangements	<b>97</b>	Note 15 Interest-bearing liabilities	<b>119</b>
		Note 16 Financial income and costs	<b>97</b>	Note 16 Accrued expenses and deferred income	<b>119</b>
		Note 17 Taxes	<b>98</b>	Note 17 Pledged assets and contingent liabilities	<b>119</b>
		Note 18 Earnings per share	<b>99</b>	Note 18 Related party transactions	<b>120</b>
		Note 19 Intangible assets	<b>99</b>	Note 19 Proposed appropriation of retained earnings	<b>120</b>
		Note 20 Property, plant and equipment	<b>100</b>		
		Note 21 Right-of-use-assets and lease liabilities	<b>101</b>		
		Note 22 Inventories	<b>101</b>		
		Note 23 Overview of financial instruments	<b>102</b>		
		Note 24 Current receivables	<b>104</b>		
		Note 25 Cash and cash equivalents	<b>104</b>		
		Note 26 Share capital	<b>104</b>		
		Note 27 Provisions	<b>104</b>		
		Note 28 Other current liabilities	<b>104</b>		
		Note 29 Financing and interest-bearing liabilities	<b>105</b>		
		Note 30 Financial risk	<b>105</b>		
		Note 31 Derivatives and hedging	<b>108</b>		
		Note 32 Guarantees and contingent liabilities	<b>109</b>		
		Note 33 Related party transactions	<b>109</b>		
		Note 34 Events after the balance sheet date	<b>109</b>		
PARENT COMPANY					
Parent company income statement	<b>113</b>				
Parent company balance sheet	<b>114</b>				
Parent company statement of changes in equity	<b>115</b>				
Parent company cash flow statement	<b>116</b>				
Notes to the parent company financial statements	<b>117</b>				
Proposed appropriation of retained earnings	<b>121</b>				
Auditor's report	<b>122</b>				



## Consolidated income statement

SEK million	NOTE	2022	2021
Sales revenues	33	24,253	18,044
Other operating revenues		239	86
<b>Net sales</b>	6, 7, 8, 9	<b>24,492</b>	<b>18,130</b>
Cost of materials		-17,311	-12,443 <sup>1)</sup>
Payroll expenses	10, 11	-1,840	-1,640
Other operating expenses	12, 13	-3,277	-2,376
Depreciation, amortization and impairment charges	19, 20, 21	-914	-678
Items affecting comparability	14	-14	-159
<b>Operating profit</b>		<b>1,136</b>	<b>833</b>
Profit from joint ventures	15	2	2
Financial income	16	21	6
Financial costs	16	-275	-98
<b>Profit before taxes</b>		<b>884</b>	<b>743</b>
Income tax	17	-184	-147
<b>Profit for the year</b>		<b>700</b>	<b>595</b>
<b>Profit for the year attributable to</b>			
– owners of the parent company		700	595
– non-controlling interests		0	0
<b>Earnings per share</b>			
Earnings per share, basic, SEK	18	6.59	5.60
Earnings per share, diluted, SEK	18	6.58	5.58

1) Includes items affecting comparability of SEK –16 million, see Note 14 for further information.

## Consolidated statement of comprehensive income

SEK million	NOTE	2022	2021
<b>Profit for the year</b>		<b>700</b>	<b>595</b>
<i>Items not to be reclassified to profit/loss for the year</i>			
Remeasurement of pensions before tax	11	140	25
Tax on above	17	-29	-8
<b>Total items not to be reclassified to profit/loss for the year</b>		<b>110</b>	<b>17</b>
<i>Items to be reclassified to profit/loss for the year</i>			
Change in hedging reserve before tax	31	106	-107
Tax on above	17	-17	19
Translation differences		602	466
<b>Total items to be reclassified to profit/loss for the year</b>		<b>691</b>	<b>378</b>
<b>Comprehensive income for the year</b>		<b>1,501</b>	<b>990</b>
<b>Comprehensive income for the year attributable to</b>			
– owners of the parent company		1,501	990
– non-controlling interests		0	0

## Consolidated balance sheet

SEK million	NOTE	2022	2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	19	1,499	1,407
Property, plant and equipment	20	7,271	6,498
Right-of-use assets	21	246	226
Deferred tax assets	17	33	55
Interests in joint ventures	15	19	16
Other non-current receivables	23, 30	182	122
<b>Total non-current assets</b>		<b>9,249</b>	<b>8,323</b>
<b>Current assets</b>			
Inventories	22	4,270	3,933
Receivables	23, 24, 30, 33	3,093	2,696
Interest-bearing receivables	23, 29	38	5
Cash and cash equivalents	25	879	809
<b>Total current assets</b>		<b>8,280</b>	<b>7,444</b>
<b>TOTAL ASSETS</b>		<b>17,530</b>	<b>15,767</b>

SEK million	NOTE	2022	2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	26	142	142
Share premium	26	1,885	1,885
Reserves		1,303	612
Retained earnings		4,873	4,290
<b>Equity attributable to owners of the parent company</b>		<b>8,204</b>	<b>6,930</b>
Non-controlling interests		2	2
<b>Total equity</b>		<b>8,206</b>	<b>6,932</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	603	438
Pension liabilities	11	234	348
Interest-bearing liabilities	23, 29	2,863	2,414
Provisions	27	41	61
Other non-current liabilities	23, 30	42	35
<b>Total non-current liabilities</b>		<b>3,783</b>	<b>3,297</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	23, 29	2,197	1,694
Current tax liabilities		16	12
Provisions	27	27	29
Other current liabilities	23, 28, 30	3,301	3,803
<b>Total current liabilities</b>		<b>5,541</b>	<b>5,539</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,530</b>	<b>15,767</b>

## Consolidated statement of changes in equity

SEK million	NOTE	Reserves				Retained earnings including profit for the year	Total Gränges' shareholders	Non-controlling interests	Total equity
		Share capital	Share premium	Hedging reserve	Translation reserve				
<b>Opening balance at 1 January 2022</b>		<b>142</b>	<b>1,885</b>	<b>-25</b>	<b>637</b>	<b>4,290</b>	<b>6,930</b>	<b>2</b>	<b>6,932</b>
Profit for the year		-	-	-	-	700	700	0	700
Items in other comprehensive income		-	-	89	602	110	801	-	801
<b>Group comprehensive income</b>		<b>-</b>	<b>-</b>	<b>89</b>	<b>602</b>	<b>810</b>	<b>1,501</b>	<b>0</b>	<b>1,501</b>
Dividend		-	-	-	-	-239	-239	-	-239
Option premium		-	-	-	-	7	7	-	7
Share swap		-	-	-	-	5	5	-	5
<b>Closing balance at 31 December 2022</b>		<b>142</b>	<b>1,885</b>	<b>64</b>	<b>1,239</b>	<b>4,873</b>	<b>8,204</b>	<b>2</b>	<b>8,206</b>
<b>Opening balance at 1 January 2021</b>		<b>142</b>	<b>1,885</b>	<b>63</b>	<b>171</b>	<b>3,707</b>	<b>5,968</b>	<b>2</b>	<b>5,970</b>
Profit for the year		-	-	-	-	595	595	0	595
Items in other comprehensive income		-	-	-88	466	17	395	-	395
<b>Group comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-88</b>	<b>466</b>	<b>612</b>	<b>990</b>	<b>0</b>	<b>990</b>
Dividend		-	-	-	-	-117	-117	-	-117
Share swap	31	-	-	-	-	88	88	-	88
<b>Closing balance at 31 December 2021</b>		<b>142</b>	<b>1,885</b>	<b>-25</b>	<b>637</b>	<b>4,290</b>	<b>6,930</b>	<b>2</b>	<b>6,932</b>

## Consolidated cash flow statement

SEK million	NOTE	2022	2021
Operating profit		1,136	833
Depreciation and impairment charges		914	678
Other non-cash items		-148	215
Change in net working capital etc.		-736	-623
Income taxes paid		-65	-116
<b>Cash flow from operating activities</b>		<b>1,102</b>	<b>988</b>
Acquisitions		-	-90
Investments in property, plant and equipment and intangible assets	19, 20	-993	-836
<b>Cash flow from investing activities</b>		<b>-993</b>	<b>-926</b>
Dividend		-239	-117
Share swap		5	-
Option premium		7	-
Interest paid	16	-280	-87
Interest received	16	16	5
New loans		14,707	6,466
Repayment of loans		-14,302	-7,061
<b>Cash flow from financing activities</b>		<b>-86</b>	<b>-793</b>
<b>Cash flow for the year</b>		<b>23</b>	<b>-732</b>
<b>Cash and cash equivalents at 1 January</b>		<b>809</b>	<b>1,473</b>
Cash flow for the year		23	-732
Translation difference on cash and cash equivalents		48	67
<b>Cash and cash equivalents at 31 December</b>	25	<b>879</b>	<b>809</b>

## Reconciliation between opening and closing balance of liabilities whose cash flows are recognized in financing activities

SEK million	2022	2021
<b>Net interest-bearing liabilities at 1 January</b>	<b>4,103</b>	<b>4,535</b>
Cash flow	404	-595
<i>Non-cash items</i>		
Translation differences	467	130
Change in accrual borrowing costs	-8	3
New and remeasured leases	56	30
<b>Net interest-bearing liabilities at 31 December</b>	<b>5,022</b>	<b>4,103</b>



# Notes to the consolidated financial statements

## 1 General information

The Group's parent company, Gränges AB, is a Swedish public listed company. Company registration number is 556001-6122, and its registered office is in Stockholm with its head office on Linnégatan 18, SE-114 47 Stockholm. This document was approved for publication by the Board of Directors of Gränges AB on 15 March 2023.

## 2 Basis of preparation of consolidated financial statements

### Basis of preparation

The Gränges Group includes, in addition to the parent company Gränges AB, directly and indirectly held subsidiaries of Gränges AB.

Significant accounting principles applied in preparing these consolidated financial statements are described below. Unless otherwise stated, these principles have been applied consistently for all the years presented. The consolidated financial statements have been prepared and presented in compliance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups.

The financial statements have been prepared by applying the cost method, with the exception of financial assets and liabilities (including derivatives), which are measured at fair value.

Preparing financial statements in accordance with IFRS requires the use of important accounting estimates. Management is also required to make certain judgements in applying the Group's accounting principles. Areas which involve a high degree of judgement, are complex or where assumptions and estimates have a material impact on the consolidated accounts are described in Note 5.

An asset or liability is classified as current when it is a part of an entity's normal operations, is primarily held for trading, matures within 12 months and consists of cash and cash equivalents at the balance sheet date. Other items are classified as non-current. A dividend is classified as a liability only upon formal approval by a general meeting of shareholders.

Unless otherwise stated, all amounts are stated in SEK million. Negative amounts refer to expenses or outgoing payments (cash flow).

### Items affecting comparability

Items affecting comparability are presented in Note 14 and refer to non-recurring income and expenses.

The primary purpose of separating significant non-recurring items is to facilitate understanding of the underlying business development.

### Consolidation

#### Subsidiaries

All companies over which the Group exercises a controlling influence are classified as subsidiaries. The Group controls a company when it is exposed to or has the right to a variable return from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are included in the consolidated accounts as of the date when the control is transferred to the Group and are consolidated up to the date when the controlling influence ceases.

Business combinations are accounted for in accordance with the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business and equity interests issued by the Group. The consideration also includes fair value of all assets or liabilities resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related expenditures are expensed as incurred.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

### Joint arrangements

Shares in companies in which the Group exercises a controlling influence are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint arrangements are included in the consolidated accounts as of the date when significant influence is transferred to the Group and are consolidated up to the date when the significant influence ceases.

Gränges has assessed that its joint arrangement in Shanghai Gränges Moriyasu Aluminium Co Ltd should be classified as a joint venture. See Note 15 for further information on the joint arrangement.

Joint ventures are accounted for using the equity method, meaning that the investment is initially carried in the consolidated statement of financial position at cost. The carrying amount is then increased or decreased to take account of the Group's share of the profit or loss and other comprehensive income from its joint ventures after the date of acquisition. The Group's share of the profit or loss is presented in the line "Profit from joint ventures" in the income statement and the line "Interests in joint ventures" in the balance sheet.

### Foreign currency translation

#### Functional currency and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which they operate ('the functional currency'). The consolidated financial statements are presented in Swedish krona (SEK), which is the Group's presentation currency.

### Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the exchange rates applying on the transaction date or the date when the items were remeasured. Foreign exchange gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currency at closing day rates are recognized in the income statement. The exception is when the transactions constitute hedges and meet the criteria for hedge accounting of cash flows or net investments, in which case any gains and losses are recognized in other comprehensive income.

Financial receivables and liabilities in foreign currency are stated at the closing rate and any gain or loss is recognized in financial items in the income statement. Other monetary items in foreign currency are carried at the closing rate and any gain or loss is recognized in operating items in the income statement.

## 3 New accounting standards

New standards, amendments and interpretations effective from 1 January 2022 or later have not had any material impact on these financial statements.

New standards, amendments and interpretations effective from 1 January 2023 are not expected to have any significant impact on the Group's financial statements.

## 4 Accounting standards

### Revenue from contracts with customers

Revenue is recognized to depict the transfer of promised goods or services to Gränges' customers in an amount that reflects the consideration which expects to be entitled to in exchange for those goods or services.

Gränges mainly sells rolled aluminium products for heat exchangers and selected niche applications. Revenue is generated through sale of material that is produced for a certain customer and application. Revenue is recognized at the point in time when control is transferred to the customer.

The transaction price for Gränges' products is based on the added value Gränges offers in terms of material properties and production complexity (fabrication price), and the price of the raw material, aluminium (metal price). The cost of the aluminium is mainly passed on to the customer through metal price clauses where the aluminium price is usually determined in connection with the delivery. Commodity price risk is described in Note 30.

In determining the transaction price for Gränges' products the Group considers the effect of variable consideration. The variable consideration, early payment discounts and retrospective volume discounts, is estimated at contract inception and included in the transaction price only to the extent that it is highly probable that a significant reversal of accumulated revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, Gränges updates the estimated transaction price including updating its assessment of whether an estimate of variable consideration is constrained.

Other revenue is limited and do under normal circumstances primarily refer to rental revenue from properties in Finspång, Sweden. The rental revenue is recognized on a straight-line basis over the lease term.

Gains or losses on the sale of property, plant and equipment are accounted for as "Other operating revenues" or "Other operating expenses" and are included in the income statement.

### Statement of comprehensive income

The statement of comprehensive income includes items which are recognized in equity but which are not included in the regular profit or loss for the period. The items in the statement are actuarial gains and losses on pensions, changes in the hedging reserve in hedging transactions and currency translation effects.

### Assets

#### Intangible assets

The Group has expenses for research and development. Expenditure for research is carried as a cost immediately while expenditure for

development is recognized as an intangible asset if the underlying economic factors are identifiable and represent future economic benefits controlled by the Group.

The Group is running a large number of development projects but the criteria for recognizing the projects as intangible assets are currently not met as the future economic benefits for the company cannot be identified and because it is not possible to obtain any degree of certainty during the development phase of the intangible assets.

Capitalized expenditure for internally generated or specially adapted software is recognized as intangible assets. These are depreciated on a straight-line basis over ten years.

The customer relationships acquired as part of business combination are recognized at their fair value at the date of acquisition and are amortized on a straight-line basis over their estimated useful lives of 12 to 20 years.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of the cash-generating unit to which the goodwill is attributed to is compared with the recoverable amount, which is the highest of the value in use and the fair value less cost of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Other acquired intellectual property rights are amortized over the time of the rights.

#### Property, plant and equipment

Property, plant and equipment are tangible, long-lived assets which are intended for the production or delivery of goods or for administrative purposes. They are stated at cost in the balance sheet less accumulated depreciation and impairment. Maintenance of assets is recognized in operating expenses when the maintenance is carried out while more significant periodic maintenance and expenses for replacements and improvements are accounted for as an investment and added to the cost of the assets.

To distribute the cost down to the estimated residual value, items of property, plant and equipment are depreciated on a straight-line basis, divided into different components, over their useful lives using the following percentage rates:

- buildings and land improvements 10–40 years,
- machinery, inventory and installations 5–30 years,
- fixtures and vehicles 5–20 years,
- IT equipment 5 years.

Useful lives and residual values of assets are reviewed each year and adjusted where required.

If the residual value exceeds the carrying amount no further depreciation charges are recognized. This applies especially to buildings. If there are indications of impairment of an asset, the asset is written down to its recoverable amount if this is lower than the carrying amount. The recoverable amount is the higher of net realisable value and value in use.

Loan expenses directly attributable to the production of the Group's own property, plant and equipment are recognized as part of the cost of the asset.

#### Right-of-use assets

Carrying amounts for right-of-use assets and lease liabilities are based on cash flows at present value during expected contract periods. Discount rates are determined on the basis of assumptions regarding interest rates for loans during the corresponding period and with corresponding collateral. Right-of-use assets with contracts shorter than 12 months or which terminate within 12 months from the transition date are classified as short-term contracts and are therefore not included in the reported liabilities or rights of use. In addition, rights of use for office equipment or other low-value assets have also been classified as low-value contracts and are not included in the reported liabilities or right-of-use assets.

Right of use assets are depreciated from the commencement date of the contract and follow the depreciation period that is the shortest of the economic life or the contract period. At the commencement of a new lease agreement, an assessment is made whether it is reasonable or not to exercise an option to extend the lease, or the use of the opportunity to purchase the underlying assets, or utilize early termination. This means that Gränges as a lessee itself determines which contract length is considered reasonable instead of taking into account the termination clause in the agreements.

#### Inventories

Inventories are measured at the lower of cost and net realisable value. Purchased goods are measured at cost in accordance with the FIFO principle while own-produced finished goods and products in progress are measured at production cost. A deduction is made for obsolescence. The net realisable value is the estimated selling price less selling costs. For a description of inventories as hedged item in a fair value hedge see "Fair value hedging", under section "Financial Instruments".

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and cash equivalents with maturities of up to three months and only subject to insignificant changes in value.

## CONT. NOTE 4

**Provisions and liabilities****Pensions**

The Gränges Group's pension system in Europe and US primarily consists of defined contribution plans, but defined pension benefit plans also exist.

For defined contribution pension plans the company has a responsibility to make contractual payments for its employees' future pensions. Future pensions are determined by the size of contributions and the return on the plan assets. After the contributions have been paid the company has no further payment obligations under the defined contribution plan. No provisions are therefore made in the balance sheet.

The company's pension costs for its defined contribution plans consist of payments to employees' pension plans during the reporting period and are accounted for as payroll expenses.

Defined benefit pension plans are based on a promise from the company to the employees that they will receive a certain pension upon retirement, normally defined as a percentage of their final salary. The company is responsible for the size of the future pension benefit and the economic value of this obligation are recognized in the income statement and balance sheet.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For the Swedish plans, mortgage bonds are used to determine the discount rate.

The cost relating to service during the current period is accounted for as payroll expenses. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in financial costs in the income statement.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

**Provisions**

Provisions are recognized for potential loss-making contracts and for restructuring when the decision to restructure is made. Provisions do not cover any potential future operating losses. As regards restructuring reserves, there must exist a detailed plan identifying which operations will be restructured as well as a well-founded expectation among those affected by the restructuring. It must also be possible to reliably estimate the cost of the restructuring. The outcome of the Group's long-term incentive programme is dependent on the

Gränges' share's total return. Expected costs for LTI are reported as provision.

Provisions are calculated based on the best estimate of expected costs. If the effect is significant, expected future cash flows will be discounted.

**Contingent liabilities and contingent assets**

A contingent liability or contingent asset is a potential obligation or potential asset whose existence is uncertain and which will be confirmed by the occurrence or non-occurrence of a specific future event, such as the out-come of legal proceedings or the final settlement of an insurance claim. If the probability that the liability has been incurred exceeds 50 per cent a provision is recognized in the balance sheet. If the probability is lower a contingent liability is shown as an additional disclosure in the financial statements, unless the probability of an outgoing payment is remote. An asset is only recognized in the balance sheet if it is highly probable that the Group will receive the asset. Disclosures regarding contingent assets are given where an inflow of resources is probable.

**Tax**

Income tax is the sum of current tax and changes in deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. Current tax is recognized at the amount that is expected to be paid to the tax authorities based on the taxable income that is reported for the units included in the consolidated financial statements. The income tax is determined using tax rates that have been enacted on the balance sheet date. Uncertain tax positions are taken into account when calculating current tax if it is considered more than 50 per cent probability that the position will lead to an additional tax expense.

Deferred tax in the balance sheet has been calculated at the nominal tax rate based on temporary differences for assets and liabilities at the balance sheet date.

A provision for deferred tax on retained earnings in foreign subsidiaries is recognized to the extent that it is likely that the dividend will be distributed in a near future.

Deferred tax assets are reviewed continually and recognized in the balance sheet only to the extent that it is likely that future taxable profits can be used.

Deferred tax liabilities and deferred tax assets are offset insofar as this is possible under local tax laws and regulations.

**Financial instruments**

The Group's financial assets consist of cash and cash equivalents, loans, accounts receivables as well as derivatives. Purchases and sales of financial assets are recognized at the transaction date, which is the date when the Group undertakes to buy or sell the asset.

Accounts receivables are recognized when the invoice has been sent. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and benefits associated with ownership to another party.

The Group's financial liabilities comprise of borrowings and accounts payable as well as derivatives. Financial liabilities are recognized in the balance sheet when the counterparty has performed and a contractual obligation to pay exists. Accounts payables are recognized when the invoice has been received. Financial liabilities are derecognized from the balance sheet when the contractual obligation has been fulfilled or in some other way is extinguished.

Financial instruments are initially recognized at fair value plus transaction costs, which applies to all financial assets and liabilities that are not measured at fair value through profit and loss. These are initially recognized at fair value excluding transaction costs.

Financial assets and liabilities are in general not netted even when there is a legal right of netting the carrying amounts and an intention to settle them by a net amount or to simultaneously realize the asset and settle the liability. The legal right must not depend on future events and must be legally binding for the company and the counterparty both in case of normal business activities and in the event of default, insolvency or bankruptcy.

Interest income and interest expense are recognized using the effective interest method and accounted for under "Financial income" and "Finance expenses" respectively.

**Derivatives**

Derivatives are classified either as measured at fair value through profit and loss or as hedging instruments for which hedge accounting is applied. Derivatives are measured at fair value at the balance sheet date and accounted for as assets or liabilities. Gains and losses on changes in fair value are recognized in profit or loss when the derivative is not part of a hedge relationship which meets the criteria for hedge accounting. Purchases and sales of derivatives are recognized at the transaction date.

**Financial assets at amortized cost**

The model for the financial assets in this category is to receive contractual cash flows, which have been assessed to only consist of payments of principal and interest. Assets in this category comprise of accounts receivables and other receivables as well as cash and cash equivalents. They are included in current assets, with the exception of items maturing later than 12 months from the end of the reporting period, which are classified as non-current assets.

Accounts receivables are always classified as current assets. The assets in this category are carried at amortized cost in the balance sheet applying the effective interest rate method. Accounts receivables are measured at the amount expected to be paid, that is after deducting expected credit losses.

## CONT. NOTE 4

The Group applies an impairment model based on forward-looking expected credit losses (ECL). The ECL allowance applies to all items (from initial recognition). An analysis of expected credit losses is performed using a provision matrix adjusted for the market location of the customer to measure expected credit losses, where historical, current and forward-looking factors are taken into consideration. The ECL allowance is based on the life-time ECL for all accounts receivables.

Expected credit losses are calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For accounts receivables expected credit losses are calculated without discount. The asset's carrying amount is written down and the impairment loss including future changes in expected credit losses are recognized in the consolidated income statement.

The Group defines credit-impaired assets as assets which are past-due more than 90 days or assets with other observable information indicating a measurable decrease in estimated future cash flows.

**Accounts payable**

Accounts payables are obligations to pay for goods or services which have been acquired from suppliers or service providers in the course of the company's operating activities. Accounts payable are classified as current liabilities and are measured at amortized cost.

**Borrowings (loans)**

Borrowings are initially recognized at fair value, net of transaction costs. Subsequently loans are carried at amortized cost and any difference between the amount received (net of transaction costs) and the amount repayable is recognized in the income statement over the term of the loan by applying the effective interest method.

**Lease liabilities**

Leasing liabilities are based on calculated present value of payments during expected contract periods. Primarily the discount rate is based on implicit rate in the agreement. When implicit rate cannot be identified, the marginal loan interest rate is used instead, which corresponds to the interest rate the company would be offered if the acquisition was financed with loans from a financial institution.

**Hedge accounting**

The Group uses the following criteria for classifying a derivative or other financial instrument as a hedging instrument: (1) the hedging instrument is expected to be very effective in offsetting changes in the fair value of or cash flows for an identifiable item (hedged item), (2) the hedge efficiency can be reliably measured, (3) satisfactory documentation is drawn up before the hedging instrument is acquired showing, in particular, that the hedge relationship is effective, (4) in case of the use of cash flow hedges, that the future transaction is deemed to be highly probable, and (5) the hedge relationship is reviewed on a regular basis.

Gains and losses on the hedging instrument are recognized in the income statement at the same time as gains and losses from the hedged item.

**Fair value hedging**

Changes in the fair values of derivatives designated as hedging instruments are recognized immediately in the income statement. Changes in the fair value of the hedged item (inventory) relating to the hedged risk are recognized in the income statement in the same way and are recognized as an adjustment on the hedged item's carrying amount. Hedge accounting is discontinued if: (a) the hedge instrument has expired, been terminated, exercised or sold or (b) the hedge no longer meets the aforementioned criteria for hedging. In the case of a discontinued hedge, changes in the fair value of the hedged item are recognized in the balance sheet until the hedged item (inventory) is recognized as cost of materials in the income statement.

**Cash flow hedges**

The effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income and accumulated in the hedging reserve until the hedged transaction is executed. At that time the accumulated gains or losses on the hedging instrument will be reclassified to the income statement.

The ineffective portion of the hedging instrument is recognized immediately in the income statement. When a hedging instrument has expired, been sold, exercised or terminated, the accumulated gains or losses will remain in the hedging reserve and will be recognized in the income statement upon execution of the hedged transaction. If the hedged transaction is no longer expected to occur, the accumulated gain or loss on the hedging instrument will be recognized immediately in the income statement.

**Operating segments**

Gränges has two business areas, Gränges Eurasia and Gränges Americas, which are considered to constitute the Group's operating segments and are in consistent with the internal reporting submitted to the highest executive decision maker, which consists of the CEO

Gränges Eurasia includes three production facilities with direct chill casting and hot rolling technology in Finsspång (Sweden), Konin (Poland), and Shanghai (China), as well as Gränges Powder Metallurgy's facility in Saint-Avold (France). The largest end customer market for Gränges Eurasia is heat exchanger material for the automotive industry.

Gränges Americas uses continuous casting technology and includes three production facilities in Huntingdon, Salisbury, and Newport. The largest end-customer markets for Gränges Americas are heat exchanger material for the HVAC industry and speciality packaging material. Gränges Americas also serves as a distributor of heat exchanger material for the automotive industry from Gränges Eurasia on the North and South American market.

Gränges Eurasia is headed by the CEO and Gränges Americas is headed by the Regional President for the Americas region.

Group functions and other items that cannot be allocated to Gränges Eurasia or Gränges Americas are reported in Other and eliminations. The segment reporting presents volume, net sales, adjusted operating profit, operating profit, capital employed and return on capital employed for each segment. Financial items and taxes are reported and followed up for the Group as a whole. No detailed breakdown is presented for the number of employees or items in the balance sheet, in addition to capital employed. Capital employed does not include any tax items or accrued interest per business area.

**Other principles****Cash flow**

The cash flow statement, which has been prepared using the indirect method, shows cash flows from operating activities, investing activities and financing activities, and explains changes in "Cash and cash equivalents" for the reporting period.

**Acquisitions**

The acquisition method is used to account for the acquisitions of subsidiaries and operations. All payments to acquire a business are recorded at fair value at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

**Non-controlling interests**

Non-controlling interests are recognized as a separate item in the Group's equity.

**Government grants**

Government grants are recognized in the financial statements when it is a reasonable assurance that the grant will be received. The grants are accounted for either as income or a reduction of expenses, and are in the latter case, matched with the expenses which they are intended to compensate for. Government grants attributable to investments are accounted for as a reduction of the cost of the asset and reduces the basis for the depreciation.

**Share-based payment**

The Group has investment programmes for senior managers and other key employees where participants have invested in shares, call options and warrants in Gränges AB (publ). The participants have received conditional cash contributions intended for the investments. If the participant terminates their employment or is terminated within three years from the date of payment of the contributions, an amount corresponding to the cash contribution less tax ("net contribution") shall be repaid to Gränges. Further, the participants undertake not to sell the shares, call options or warrants within three years, should this



## CONT. NOTE 4

happen the participant will be liable for repayment for amount corresponding to the net contribution pro rata number of sold shares, call options or warrants corresponding to the original allocation.

The cash contributions and attributable social security contributions are reported as personnel costs in the income statement over the vesting period of three years.

The call options and warrants have been based on market bases and the option premium has been determined by an independent appraiser according to a generally accepted valuation model (Black-Scholes). The premiums are reported in equity.

No new shares will be issued by Gränges in respect of the shares that can be acquired by the participants through the exercise of issued call options. The shares will instead be delivered by Gränges entering into a share swap agreement with a third party on market terms, through which the third party in its own name has acquired and upon exercise transfers shares to the participants. The financial exposure that arose during the issue of the call options has been hedged through the aforementioned share swap agreement. The share swap is considered an equity instrument and reported in equity. The swap is settled in cash.

Adapted synthetic programmes for foreign participants who do not have the opportunity to invest directly in Gränges' share or related financial instruments have been designed. The synthetic programmes are cash-settled programmes and give rise to commitment that are valued at fair value with recalculation every balance sheet day based on Gränges' share price and is reported as personnel costs, with corresponding liability. The financial exposure that arises has been hedged by entering into financial instruments with a third party where the revaluation at fair value is reported as part of the operating profit.

## 5 Significant accounting assessments and assumptions

In preparing Gränges' consolidated accounts, it is necessary to make a number of assessments and assumptions which can influence the carrying amounts of assets and liabilities. Future events and changes in operating parameters may make it necessary to make other assessments and assumptions. When preparing the financial state-

ments, management makes its best assessments in areas of significant importance. Accounting items where changes in assessments and assumptions would have a significant impact on the consolidated financial statements during next financial year are:

Accounting item	Note	Assessments and assumptions that are of significant importance for carrying amounts
<b>Pension liability</b>	11	The present value of the pension obligations depends on a number of factors which are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net pension expense (income) include the discount rate.
<b>Taxes</b>	17	The tax rate in China depends on whether Gränges qualifies as a high technology company. This qualification entails an income tax rate of 15 per cent instead of the ordinary rate of 25 per cent. However, to obtain the classification special requirements established need to be met and approved by local authorities. Gränges considers it to be more likely than not that the special requirements will be met for the financial year 2022 and therefore applies a tax rate of 15 per cent for the Chinese operation for 2022.
<b>Intangible assets</b>	19	Impairment test for goodwill is carried out annually or throughout the year if an indication occurs that may result in the need for impairment. Important assumptions on the basis of impairment testing are forecasts of future cash flows, which include assumptions for sales growth and operating margin. The discount rate is set based on assumptions about the weighted average cost of capital. Other intangible assets are amortized on a straight-line basis over the estimated useful life, and therefore a changed assessment of the useful life entails a change in carrying amount. Impairment test for other intangible assets is carried out if an indication occurs that may result in the need for impairment. No intangible assets have been impaired during 2022.
<b>Tangible assets</b>	20	Depreciation of tangible assets is recorded over the estimated useful life of components or tested for impairment in an indication of impairment is identified. Changes in assumptions regarding the recoverable amount and estimated useful life may lead to significant changes in value. Ongoing expansion investments regarding the production facilities are essential in their nature. Depreciation begins when the new facilities are put into use and the balance sheet's valuation and accounting are dependent on compliance with timetables and investment calculations. In 2022 tangible assets of SEK 181 million have been impaired due to a fire in one of the mills in Konin, Poland.
<b>Right-of-use assets and lease liabilities</b>	21	The value of identifiable right-of-use assets and lease liabilities are based on the present value of future payments during the expected contract periods. The discount rate is set based on assumptions in interest rates for loans during the corresponding period and with corresponding collateral.
<b>Inventories</b>	22	Valuation of production costs is done using calculation models based on current prices and cost levels, where direct and indirect production-related costs are attributed to manufactured products. For estimation of obsolescence, assumptions and assessments are based on the turnover rate and how realizable the inventory is.

## 6 Operating segment information

SEK million	2022				2021			
	Gränges Americas	Gränges Eurasia	Other and eliminations	Total	Gränges Americas	Gränges Eurasia	Other and eliminations	Total
Sales volume external, ktonnes	249.0	230.4	–	479.3	252.4	236.6	–	488.9
Sales volume internal, ktonnes	–	24.2	–24.2	0	–	26.9	–26.9	0
<b>Total sales volume</b>	<b>249.0</b>	<b>254.5</b>	<b>–24.2</b>	<b>479.3</b>	<b>252.4</b>	<b>263.5</b>	<b>–26.9</b>	<b>488.9</b>
<b>Income statement</b>								
Net sales, external	13,136	11,356	–	24,492	9,502	8,627	–	18,130
Net sales, internal	–21	1,277	–1,256	0	–14	1,021	–1,007	0
<b>Total net sales</b>	<b>13,115</b>	<b>12,633</b>	<b>–1,256</b>	<b>24,492</b>	<b>9,488</b>	<b>9,648</b>	<b>–1,007</b>	<b>18,130</b>
Adjusted operating profit <sup>1)</sup>	795	448	–93	1,150	655	446	–92	1,008
Operating profit	782	441	–87	1,136	691	280 <sup>2)</sup>	–138 <sup>2)</sup>	833 <sup>2)</sup>
Adjusted operating profit per tonne, kSEK	3.2	1.8	n/a	2.4	2.6	1.7	n/a	2.1

1) Adjusted for items affecting comparability, see Note 14 for further information.

2) Includes SEK 131 million in write-downs of intangible assets for Gränges Eurasia and SEK 27 million for Other and eliminations.

## 7 Geographic breakdown of net sales, non-current assets and average number of employees

Net sales are distributed regionally based on where the customers are located. Non-current assets and the average number of employees are based on where Gränges is located.

2022 SEK million	Sweden	Rest of Europe	China	Rest of Asia Pacific	USA	Rest of North and South Americas	Total
Net sales	527	6,683	2,370	1,383	12,505	1,025	24,492
Non-current assets <sup>1)</sup>	1,082	2,360	969	0	4,604	–	9,016
Average no. of employees	465	880	505	9	835	–	2,694

2021 SEK million	Sweden	Rest of Europe	China	Rest of Asia Pacific	USA	Rest of North and South Americas	Total
Net sales	438	4,629	2,191	996	7,968	1,909	18,130
Non-current assets <sup>1)</sup>	1,051	2,381	958	0	3,740	–	8,131
Average no. of employees	486	858	503	9	793	–	2,648

1) Excluding deferred tax assets, interests in joint ventures, interest-bearing receivables and other non-current receivables.

The ten largest customers accounted for 47 per cent (45) of sales. No customer accounted for more than 10 per cent of total sales in 2022 or 2021.

## 8 Revenue from contracts with customers

Gränges is a global supplier of rolled aluminium products for thermal management systems, speciality packaging, and selected niche applications. Gränges' customers are found in the automotive, HVAC, speciality packaging, and battery industries as well as in other niche markets such as transformers and wind turbines. Gränges has two business areas: Gränges Americas and Gränges Eurasia.

The transaction price for Gränges' products is based on the added value Gränges offers in terms of material properties and production complexity (fabrication price), and the price of the raw material, aluminium. The fabrication price is to a large extent pre-defined while the aluminium price is variable and based on metal price clauses connected to the market price.

### Net sales by business area

SEK million	2022	2021
<i>Gränges Americas</i>		
Fabrication revenue	4,542	3,182
Raw material and other revenue	8,553	6,251
<b>Revenue from contracts with customers</b>	<b>13,095</b>	<b>9,432</b>
Other revenue	20	56
<b>Total net sales Gränges Americas</b>	<b>13,115</b>	<b>9,488</b>
<i>Gränges Eurasia</i>		
Fabrication revenue	5,112	3,861
Raw material and other revenue	7,318	5,773
<b>Revenue from contracts with customers</b>	<b>12,430</b>	<b>9,633</b>
Other revenue	203	15
<b>Total net sales Gränges Eurasia</b>	<b>12,633</b>	<b>9,648</b>
<i>Other and eliminations</i>		
Fabrication revenue	-771	-588
Raw material and other revenue	-485	-419
<b>Revenue from contracts with customers</b>	<b>-1,256</b>	<b>-1,007</b>
Other revenue	-	-
<b>Total net sales other and eliminations</b>	<b>-1,256</b>	<b>-1,007</b>
Total fabrication revenue	8,883	6,454
Total raw material and other revenue	15,386	11,604
<b>Total revenue from contracts with customers</b>	<b>24,269</b>	<b>18,059</b>
Total other revenue	223	71
<b>Total net sales</b>	<b>24,492</b>	<b>18,130</b>

Other revenue is limited and primarily refer to insurance compensation related to a fire in the Konin facility, Poland and rental revenue from properties in Finspång, Sweden. Insurance compensation and rental revenue have not been classified as revenue from contracts with customers and is recognized in other revenue in the table above.

In determining the transaction price for Gränges' products the Group considers the effect of variable consideration. The variable consideration (early payment discounts and retrospective volume discounts) is estimated at contract inception and included in the transaction price only to the extent that it is highly probable that a significant reversal of accumulated revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The variable consideration is recognized as accrued expenses in the balance sheet.

The fabrication price allocated to the remaining (unsatisfied or partially unsatisfied) performance obligations in contracts with customers is shown in the table below.

### Remaining performance obligations at 31 December

SEK million	2022	2021
Within 1 year	6,078	5,238
After 1 year but within 2 years	3,414	3,097
After 2 years	1,226	1,673
<b>Total<sup>1)</sup></b>	<b>10,717</b>	<b>10,009</b>

1) Corresponding to sales volume of 529 ktonnes (684).

Since the raw material price is variable, based on metal price clauses, Gränges only disclosures the amount of fabrication price allocated to the remaining performance obligations in contracts with customers.

## 9 Lease income

Future minimum lease payments relating to leases and other leases as lessor attributable to non-cancellable agreements are distributed on the balance sheet date over the following maturity dates:

SEK million	2022	2021
Within 1 year	16	15
Within 2–5 years	43	34
After 5 years	-	-
<b>Total future lease income</b>	<b>59</b>	<b>48</b>

Lease income amounts to SEK 15 million (15) during 2022 and refer to rental income from properties in Finspång, Sweden.

## 10 Payroll expenses

### Average number of employees

	2022		2021	
	Average no. of employees	Of which, women	Average no. of employees	Of which, women
<b>Gränges AB</b>				
Sweden	32	10	37	12
<b>Subsidiaries</b>				
Sweden	433	88	449	91
China	505	57	503	58
US	835	118	793	102
Poland	844	79	829	74
Other countries	45	6	37	4
<b>Group total</b>	<b>2,694</b>	<b>358</b>	<b>2,648</b>	<b>341</b>

### Board members and other senior executives

	2022		2021	
	No. at balance sheet date	Of which, women	No. at balance sheet date	Of which, women
Board members elected by AGM	7	2	7	3
CEO, Deputy CEO and other senior executives	6	1	5	1

### Salaries, remuneration, social security contributions and pension costs

SEK million	2022				2021			
	Salaries and remuneration (of which, variable portion) <sup>1)</sup>	Social security contributions	Pension cost	Total	Salaries and remuneration (of which, variable portion) <sup>1)</sup>	Social security contributions	Pension cost	Total
<b>Gränges AB</b>								
Board, CEO, Deputy CEO and other senior executives	-31 (-12)	-11	-6	-48	-28 (-9)	-9	-7	-44
Other employees	-42	-17	-8	-67	-46	-19	-6	-71
<b>Subsidiaries</b>								
Other senior executives	-23 (-12)	-1	-1	-24	-25 (-17)	-0	-1	-26
Other employees	-1,302	-325	-75	-1,702	-1,160	-275	-64	-1,499
<b>Group total</b>	<b>-1,398</b>	<b>-353</b>	<b>-90</b>	<b>-1,840</b>	<b>-1,259</b>	<b>-304</b>	<b>-77</b>	<b>-1,640</b>

1) Government grants have reduced salaries and benefits by SEK 3 million (1) during 2022.

#### Salaries and other remuneration to the Board members, CEO, Deputy CEO and other senior executives

##### Board members

In 2022, the Board of Directors consisted of a total of nine full members, of which seven were elected by the Annual General Meeting (AGM) and two are employee representatives. All members elected by the AGM are independent from the company and the company's main owners.

The Chairman and the other six members of the Board, elected by the AGM, receive Directors' fees in accordance with the resolutions adopted by the AGM.

##### CEO and other senior executives

The remuneration paid to the CEO, Deputy CEO and other senior executives consists of a basic salary, variable remuneration, other benefits

and pension. Senior executives refer to the members of Group Management. The basic salary for the CEO is deliberated in the Remuneration Committee and adopted by the Board of Directors. For all other senior executives including deputy CEO the salaries are decided by the CEO with the support of the Chairman of the Board. The variable remuneration is based on results achieved in relation to defined targets and is made up of two components, a short-term incentive programme (STI) and a long-term incentive programme (LTI). Further, there are two investment programmes, IP 2020 and IP 2022.

The contract between the company and the CEO stipulates a mutual six-month period of notice. Additionally, in the case of termination by the company, severance pay is payable without deduction for an additional 12 months. The contracts between the company and the Deputy CEO, and other members of the Group Management stipulate a mutual six-month period of notice. Additionally, in the case of termination by the company, severance pay is payable for an additional 12 months, without deduction for the first six months.

#### Pension

The retirement age for the CEO is 65 years. The CEO has a direct pension in the form of a company-owned endowment insurance. The premiums to the endowment insurance amounts to 35 per cent of the basic salary. For other senior executives, including the Deputy CEO, the retirement age is 60–65 years depending on the country of employment and the pensions are premium-based.

#### Variable remuneration

##### Short-term incentive programme (STI)

The outcome of STI shall be governed by financial and non-financial parameters for the Gränges Group. The financial objective is related to value creation and the non-financial objective is linked to the carbon footprint of the business. Maximum remuneration for STI is 60 per cent of the fixed annual base salary for each individual in Group Management, with exception for the persons holding the position as Regional President, for whom the maximum remuneration can be up to 100 per cent of the fixed annual base salary.

##### Long-term incentive programmes (LTI 2021 LTI 2020 and LTI 2019)

Gränges' long-term incentive programmes are offered to the company's senior executives and certain selected key persons. The programmes are designed to replicate share ownership. An amount corresponding to corresponding to the outcome from STI for each year and participant is set aside in a so-called LTI bank. Provided that the participant is still employed by Gränges, one third of the amount for LTI 2019 during the years 2021, 2022 and 2023, for LTI 2020 during the years 2022, 2023 and 2024 and for LTI 2021 during the years 2023, 2024 and 2025. The payments are adjusted for the total return of the Gränges share. The costs for the long-term incentive programmes are recognized for during the performance years and are shown in the Remuneration and other benefits table.



## CONT. NOTE 10

**Investment programmes (IP 2020 and IP 2022)**

The 2020 Annual General Meeting resolved on an investment programme, IP 2020, in which the participants invested an amount corresponding to up to 50 per cent of the annual base salary before tax in shares and call options in Gränges AB (publ). The participants received a conditional cash contribution which, after tax deducted (net contribution), amounted to 50 per cent of the investment amount. The cash contribution is recognized over the vesting period of three years and the cost is shown in the table Remuneration and other benefits. The option premium amounted to SEK 7.38 per call option. Each call option gives the right to acquire 1.13 shares in the company at an exercise price of SEK 77.16. The number of call options issued as of December 31, 2022 was 1,080,000. An adapted synthetic programme for foreign participants who do not have the opportunity to invest directly in Gränges shares was designed. The total number of synthetic options amounts to 792,000 and synthetic shares to 96,052 as of December 31, 2022. The commitment to the synthetic program is recognized as a payroll expense and is shown in the Remuneration and other benefits table.

The 2022 Annual General Meeting resolved on an additional investment program, IP 2022. Warrants have been transferred in accordance with the following:

(a) CEO: 180,000 warrants.

(b) Group management: 90,000 warrants per person. and

(c) Other key employees: a maximum of 30,000 warrants per person.

A subsidy has been paid which, after deduction of tax, amounts to 50 percent of the premium paid for each warrant (net contribution). The cash contribution is recognized over the vesting period of three years and the cost is shown in the table Remuneration and other benefits. The option premium amounted to SEK 14.63 per warrant. Each warrant gives the right to acquire 1 share in the company at an exercise price of SEK 87.53. The number of warrants issued as of December 31, 2022 was 540,000, of which 30,000 in own custody. An adapted synthetic programme for foreign participants who do not have the opportunity to invest directly in Gränges shares was designed. The total number of synthetic options amounts to 360,000 as of December 31, 2022. The commitment to the synthetic program is recognized as a payroll expense and is shown in the Remuneration and other benefits table.

**Other benefits**

Other benefits includes company cars and medical care benefits.

**Remuneration and other benefits in 2022**

SEK million	Basic salary/ Directors' fee	STI <sup>1)</sup>	LTI	IP <sup>2)</sup>	Total variable remuneration	Other benefits	Pension cost	Total
<b>Board of Directors</b>								
Fredrik Arp	-0.9	-	-	-	-	-	-	-0.9
Steven Armstrong	-0.3	-	-	-	-	-	-	-0.3
Mats Backman	-0.5	-	-	-	-	-	-	-0.5
Martina Buchhauser	-0.4	-	-	-	-	-	-	-0.4
Peter Carlsson	-0.4	-	-	-	-	-	-	-0.4
Katarina Lindström	-0.4	-	-	-	-	-	-	-0.4
Hans Porat	-0.4	-	-	-	-	-	-	-0.4
Carina Andersson	-0.1	-	-	-	-	-	-	-0.1
<b>Senior executives</b>								
CEO Jörgen Rosengren	-6.5	-2.1	-1.1	-0.6	-3.8	-0.1	-2.2	-12.7
Deputy CEO Oskar Hellström	-4.8	-1.6	-2.3	-1.0	-4.9	-1.4 <sup>3)</sup>	-2.6	-13.7
Other senior executives (4 individuals)	-15.6	-5.3	-6.5	-3.2	-15.0	-0.9	-2.1	-33.6
<b>Total</b>	<b>-30.2</b>	<b>-9.0</b>	<b>-9.9</b>	<b>-4.8</b>	<b>-23.7</b>	<b>-2.4</b>	<b>-6.9</b>	<b>-63.2</b>

**Remuneration and other benefits in 2021**

SEK million	Basic salary/ Directors' fee	STI <sup>4)</sup>	LTI	IP <sup>5)</sup>	Total variable remuneration	Other benefits	Pension cost	Total
<b>Board of Directors</b>								
Fredrik Arp	-0.8	-	-	-	-	-	-	-0.8
Carina Andersson	-0.3	-	-	-	-	-	-	-0.3
Mats Backman	-0.4	-	-	-	-	-	-	-0.4
Martina Buchhauser	-0.3	-	-	-	-	-	-	-0.3
Peter Carlsson	-0.3	-	-	-	-	-	-	-0.3
Katarina Lindström	-0.4	-	-	-	-	-	-	-0.4
Hans Porat	-0.3	-	-	-	-	-	-	-0.3
Ragnhild Wiborg	-0.1	-	-	-	-	-	-	-0.1
<b>Senior executives</b>								
CEO Jörgen Rosengren	-2.5	-1.5	-0.5	-	-2.0	-0.1	-0.8	-5.4
CEO Johan Menckel	-3.5	-	-	-1.4	-1.4	-0.1	-1.2	-6.2
Deputy CEO Oskar Hellström	-4.6	-2.8	-3.4	-0.7	-6.9	-0.3	-2.3	-14.1
Other senior executives (5 individuals)	-14.7	-6.2	-4.1	-4.7	-15.0	-0.9	-3.0	-33.6
<b>Total</b>	<b>-25.3</b>	<b>-10.5</b>	<b>-7.9</b>	<b>-6.8</b>	<b>-25.2</b>	<b>-1.4</b>	<b>-7.4</b>	<b>-59.2</b>

1) The amounts are attributable to 2022 but will be disbursed in 2023.

2) The CEO has received a cash contribution of SEK 2.6 million, corresponding to a net contribution of SEK 1.3 million related to IP 2022. The Deputy CEO has received a cash contribution of SEK 1.3 million, corresponding to a net contribution of SEK 0.7 million related to IP 2022. Other senior executives have received cash contributions of SEK 2.7 million, corresponding to net contributions of SEK 1.3 million, respectively gross salary deductions of SEK 1.3 million related to IP 2022. The cash contributions are recognized over the vesting period of three years.

3) In order to ensure continuity in the Group Management after change of CEO, the Board of Directors decided to temporarily derogate from the guidelines for remuneration to senior executives and has paid SEK 1 million in special remuneration to the Deputy CEO.

4) The amounts were attributed to 2021 but were disbursed in 2022.

5) The number of synthetic options granted to other senior executives during 2021 for IP 2020 amounted to 290,000, and the number of synthetic shares to 31,490. As payment, SEK 4.4 million has been made through gross salary deductions.

## 11 Pensions

Gränges has pension plans in Sweden, Poland and the US. Approximately 87 per cent (79) of the employees in Sweden are covered by defined contribution pension plans, with the remainder covered by defined benefit plans. All permanent full-time employees in the US are eligible for the defined contribution plan. Approximately 7 per cent (9) of permanent full-time employees in the US are eligible for the defined benefit pension plan.

### Defined contribution plans

Employees of Gränges in the Swedish and American operations are mainly covered by pension plans classified as defined contribution plans. Defined contribution plans are arrangements in which the company pays 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. In Sweden employees covered by a collective bargaining agreement have defined contribution pension plans, as do salaried employees born after 1979 under the ITP1 supplementary pension plan.

### Defined benefit plans

The defined benefit pension plan in Sweden applies for salaried employees covered by the ITP2 supplementary pension plan, based on a collective agreement between the Confederation of Swedish Enterprise and the trade unions for salaried employees in the private sector. The pension plan is a net plan under which the pension obligation is not linked to changes in Swedish social insurance schemes. Under the applicable collective agreement, all salaried employees born in 1979 or after are covered by a defined contribution plan. This means that the scope of the defined benefit plan will be reduced over time. The Group also operates defined benefit pension plans for hourly union employees in the US under broadly similar regulatory frameworks. However, these plans are closed to new entrants.

The Swedish plans are based on final salary at the time of retirement and length of service and provide a guaranteed level of pension payments for life. The American plans have a benefit based on a combination of pension factors and length of service. In the Swedish plans, pensions in payment are generally updated in line with the retail price index, whereas in the US plans, pensions do not receive inflationary increases once in payment. With the exception of this inflationary risk in Sweden, the plans face broadly similar risks, including the risk of increased life expectancy and sensitivity to changes in interest rates.

The defined benefit plans are accounted for as a provision in the balance sheet. Swedish plans are unfunded, but US plans are partially funded. To secure unfunded accrued pension rights of their employees in Sweden, companies need to take out a Credit Insurance Policy with Försäkringsbolaget PRI Pensionsgaranti. PRI Pensionsgaranti also administers and calculates the Group's unfunded pension obligations.

The Group's pensions in Sweden are regulated by the Act (1967:531) respecting retirement pensions.

The Gränges Benefits Committee in the US is responsible for the oversight and management of the plans' investments. It has a written Investment Policy. The aim of the investment decisions made by the Committee is to achieve optimal returns while taking into account a reasonable level of risk. Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. An asset liability management assessment is conducted periodically.

### Assumptions for defined benefit plans

The assumptions are defined in consultation with professional actuaries. Assumptions on future salary adjustments and sales are specific to the Group. The discount rate is determined by reference to high-quality corporate bonds traded in a well functioning market, which reflect the duration of the pension obligation. In Sweden the discount rate is based on secured mortgage bonds.

### Assumptions for defined benefit plans

	Sweden		US		Poland	
	2022	2021	2022	2021	2022	2021
Discount rate, %	4.0	1.9	5.2	2.6–2.8	6.6	2.0
Future salary adjustments, %	3.3	3.5	n/a	n/a	3.5	2.8
Income base amount, %	3.0	3.2	n/a	n/a	n/a	n/a
Inflation, %	2.0	2.2	n/a	n/a	n/a	n/a
Employee turnover, %	5.0	5.0	4.0–20.0	4.0–20.0	1.0–5.0	1.0–5.0
Weighted average remaining duration, years	20.0	20.0	12.0	12.0	n/a	n/a

The assumptions for life expectancy in Sweden are based on DUS21 (DUS14) life expectancy tables.

The mortality assumption in the US is based on the Pri-2012 (Pri-2012) mortality tables, Scale MP-2021 (MP-2021).

### Distribution of pension costs

SEK million	Sweden		US		Poland		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Defined contribution plans	-34	-28	-35	-30	-	-	-72	-58
Current service costs	-11	-10	-3	-3	-1	-1	-15	-13
Administrative expenses	-	-	-5	-4	-	-	-5	-4
<b>Pension costs recognized as operating expenses</b>	<b>-46</b>	<b>-38</b>	<b>-43</b>	<b>-37</b>	<b>-1</b>	<b>-1</b>	<b>-93</b>	<b>-75</b>
Interest on net pension liabilities recognized as a financial expense	-5	-3	-2	-3	0	0	-7	-5
<b>Pensions costs recognized in the income statement</b>	<b>-51</b>	<b>-41</b>	<b>-45</b>	<b>-39</b>	<b>-1</b>	<b>-1</b>	<b>-100</b>	<b>-81</b>
Actuarial gains and losses recognized in the statement of comprehensive income	99	-3	124	15	2	-1	225	12
Return on plan assets greater than discount rate	-	-	-86	13	-	-	-86	13
<b>Total pension costs</b>	<b>48</b>	<b>-44</b>	<b>-7</b>	<b>-11</b>	<b>1</b>	<b>-1</b>	<b>40</b>	<b>-56</b>

### Distribution of pension liabilities at 31 December

SEK million	Sweden		US		Poland		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Present value of unfunded pension obligations	-177	-270	-50	-70	-7	-8	-234	-348
Present value of funded and partially funded pension obligations	-	-	-338	-388	-	-	-338	-388
Funded plan assets	-	-	338	388	-	-	338	388
<b>Total pension liabilities</b>	<b>-177</b>	<b>-270</b>	<b>-50</b>	<b>-70</b>	<b>-7</b>	<b>-8</b>	<b>-234</b>	<b>-348</b>

## CONT. NOTE 11

**Changes in the present value of pension obligations**

SEK million	Sweden		US		Poland		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Pension obligations at 1 January	-270	-258	-458	-439	-8	-7	-736	-705
Current service costs	-11	-10	-3	-3	-1	-1	-15	-13
Interest on pension provision	-5	-3	-14	-12	0	0	-19	-15
Actuarial gains and losses recognized in the statement of comprehensive income:								
– due to changes in financial assumptions	104	5	105	10	3	0	212	15
– due to changes in demographic assumptions	2	0	–	-2	0	0	2	-2
– due to experienced-based adjustments	-7	-8	19	7	-1	0	11	-2
Benefits paid during the year	6	5	31	27	1	0	38	32
Other	4	–	–	–	–	–	4	–
Translation differences	–	–	-69	-46	-1	0	-70	-46
<b>Pension obligations at 31 December</b>	<b>-177</b>	<b>-270</b>	<b>-388</b>	<b>-458</b>	<b>-7</b>	<b>-8</b>	<b>-572</b>	<b>-736</b>

**Changes in the present value of plan assets**

SEK million	Sweden		US		Poland		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Plan assets at 1 January	–	–	388	347	–	–	388	347
Administrative expenses	–	–	-5	-4	–	–	-5	-4
Interest on plan assets	–	–	11	9	–	–	11	9
Return on plan assets greater than discount rate	–	–	-86	13	–	–	-86	13
Employer contributions	–	–	2	13	–	–	2	13
Benefits paid during the year	–	–	-31	-27	–	–	-31	-27
Translation differences	–	–	58	36	–	–	58	36
<b>Plan assets at 31 December</b>	<b>–</b>	<b>–</b>	<b>338</b>	<b>388</b>	<b>–</b>	<b>–</b>	<b>338</b>	<b>388</b>
<b>Net pension liabilities</b>	<b>-177</b>	<b>-270</b>	<b>-50</b>	<b>-70</b>	<b>-7</b>	<b>-8</b>	<b>-234</b>	<b>-348</b>

**Distribution of plan assets**

SEK million	Sweden		US		Poland		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<i>Quoted</i>								
Equity instruments	–	–	164	221	–	–	164	221
Interest-bearing securities	–	–	165	166	–	–	165	166
<b>Total</b>	<b>–</b>	<b>–</b>	<b>329</b>	<b>388</b>	<b>–</b>	<b>–</b>	<b>329</b>	<b>388</b>
<i>Unquoted</i>								
Cash	–	–	9	–	–	–	9	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9</b>	<b>–</b>
<b>Total plan assets</b>	<b>–</b>	<b>–</b>	<b>338</b>	<b>388</b>	<b>–</b>	<b>–</b>	<b>338</b>	<b>388</b>

**Sensitivity analysis of the effect on the pension liabilities (+increase/-decrease in pension liabilities)**

SEK million	Sweden	US	Total
Discount rate, %	+0.5	-13	-28
	-0.5	14	31
Increased/decreased life expectancy, years	+1	6	17
	-1	-6	-18

The sensitivity analysis is based on a change in an individual actuarial assumption while other assumptions remain unchanged. This method shows the obligation's sensitivity to a single assumption. This is a simplified method, as actuarial assumptions are normally correlated.

**Defined benefit pension liabilities terms**

SEK million	Sweden	US	Poland	Total
Benefits scheduled for disbursement within 12 months	6	32	0	39
Benefits scheduled for disbursement within 1–5 years	34	128	2	163
Benefits scheduled for disbursement after 5 years or more	316	149	4	469

Contributions to plans for post-employment remuneration are estimated at SEK 7 million for the financial year 2023.

**12 Remuneration to auditors**

SEK million	2022	2021
<b>EY</b>		
Audit engagement	-7.8	-7.0
Audit services in addition to audit engagement	-1.3	-0.8
Tax advisory services	-0.1	-0.2
<b>Total remuneration to auditors</b>	<b>-9.2</b>	<b>-8.0</b>

Audit engagement refers to the examination of the annual report and accounting records and of the Board of Directors and CEO's management of the company, other tasks incumbent on the company's auditor as well as advice and other assistance occasioned by observations made in the course of such examinations or the performance of such other tasks. Audit services in addition to audit engagement is mainly related to review of interim reports.

Tax advisory services include advice on tax, including transfer pricing issues, as well as value-added tax.

**13 Other operating expenses**

SEK million	2022	2021
Energy and utility expenses	-1,018	-654
Freight expenses	-642	-460
Consumable material	-460	-347
Repair and maintenance expenses	-414	-328
Consultant fees	-191	-173
Insurance	-61	-48
Vehicle operating expenses	-40	-35
Travel expenses	-27	-16
Other	-424	-315
<b>Total other operating expenses</b>	<b>-3,277</b>	<b>-2,376</b>

Government grants have reduced other operating expenses by SEK 31 million (34) during 2022.

**14 Items affecting comparability**

SEK million	Financial statement line	2022	2021
Loss on open open aluminium position	Items affecting comparability	-76	-
Insurance compensation	Items affecting comparability	62	40
Write-down of intangible assets	Items affecting comparability	-	-158
Restructuring costs	Items affecting comparability	-	-42
Realisation of fair value inventory step-up on acquired business	Cost of materials	-	-16
<b>Total items affecting comparability</b>		<b>-14</b>	<b>-175</b>

During 2022 a non-recurring loss of SEK 76 million occurred related to an open aluminium position in one of the Gränges subsidiaries. The reason for the loss was a wrongly stated position and therefore unhedged exposure in combination with extremely high volatility in the price of aluminium during the second quarter of 2022. When the exposure was identified the open position was immediately closed. The loss has been assessed as an item affecting comparability.

In 2021 a fire occurred in one of the rolling mills in the US. The event was covered by property damage and interruption insurance. Insurance compensation corresponding to the costs for the fire was reported as part of adjusted operating profit. Insurance compensation in addition

to cost coverage and deductible, amounting to SEK 40 million, was handled as an item affecting comparability in 2021. The insurance claim was finally settled in 2022 and additional obtained insurance compensation of SEK 62 million is reported as an item affecting comparability.

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

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

**15 Joint arrangements**

Gränges has a joint arrangement with Shanghai Gränges Moriyasu Aluminium Co Ltd which provides stamping capacity for Gränges' customers in China. Gränges owns 50 per cent of the company and the holding is classified as a joint venture and is accounted for using the equity method.

**Investments accounted for in accordance with the equity method**

SEK million	Shanghai Gränges Moriyasu Aluminium
<b>Carrying amount at 1 January 2022</b>	<b>16</b>
Acquisitions/sales	-
Share of profit/loss	2
Dividend	-
Tax	-
Translation differences	1
<b>Carrying amount at 31 December 2022</b>	<b>19</b>
<b>Carrying amount at 1 January 2021</b>	<b>13</b>
Acquisitions/sales	-
Share of profit/loss	2
Dividend	-
Tax	-
Translation differences	2
<b>Carrying amount at 31 December 2021</b>	<b>16</b>

No capital injection is deemed to be required to Shanghai Gränges Moriyasu Aluminium Co Ltd in 2023.

**16 Financial income and costs**

SEK million	2022	2021
Interest income	10	5
Net foreign exchange gain	11	1
<b>Total financial income</b>	<b>21</b>	<b>6</b>
Interest expense	-234	-67
Net interest expense, pensions	-7	-5
Interest expense on lease liabilities	-11	-11
Other financial expenses	-22	-15
<b>Total financial costs</b>	<b>-275</b>	<b>-98</b>
<b>Total financial income and costs</b>	<b>-254</b>	<b>-92</b>

Financial income during 2022 is mainly related to interest income from bank deposits. Other financial expenses primarily consisted of costs for financing and bank fees.



## 17 Taxes

### Tax expense

SEK million	2022	2021
Profit before taxes	884	743
Current tax	-100	-74
Deferred tax	-84	-74
<b>Total tax</b>	<b>-184</b>	<b>-147</b>
Tax as % of profit before taxes	21	20

### Reconciliation of the Group's tax rate

The following table shows a reconciliation of reported tax and tax calculated on Swedish tax rate of 20.6 per cent (20.6). The main tax components are shown below.

SEK million	2022	2021
Earnings before tax multiplied by nominal tax rate in Sweden	-182	-153
Effect of foreign operations with tax rates other than 20.6 % (20.6)	11	9
Non-deductible expenses	-15	-13
Non-taxable income	5	8
Tax subsidies abroad	14	21
Other income tax paid abroad	-12	-24
Adjustment of tax in respect of prior years	-4	5
<b>Total tax</b>	<b>-184</b>	<b>-147</b>

Gränges' Chinese subsidiary has for tax purpose received a pre-qualification as a High and New-Technology Enterprise for the three-year period 2022 to 2024. The pre-qualification means that the company preliminarily pays 15 per cent in corporate income tax instead of the ordinary tax of 25 per cent for the period. In order to finally obtain the lower tax rate, the company must meet special requirements established by the authorities in China for each one of the three years. Gränges currently considers it to be more likely than not that the special requirements will be met for the financial year 2022 and therefore applies a tax rate of 15 per cent for the Chinese operation. If the ordinary tax rate of 25 percent had been applied for 2022, tax as a percentage of profit before tax for the Group would not have deviated significantly from the current 21 percent.

Tax subsidies abroad mainly refers to deduction in China where an enterprise enjoy 200 per cent deduction for eligible research and development expenses for income tax purpose.

### Deferred tax

Deferred tax consists of the Group's tax items, which are settled in the future. The table below specifies deferred tax assets and tax liabilities relating to temporary differences between the carrying amounts and tax bases of assets and liabilities.

Deferred tax assets in respect of tax losses have been taken into account in full since the company is of the opinion that sufficient income will be generated in the future to be utilized against the tax losses. The tax losses amount to SEK 452 million (699) on 31 December 2022 and can be carried forward indefinitely. The tax losses carried forward are mainly attributable to direct tax deductions for investments in the US in 2019.

Deferred tax assets on other non-current items mainly refers to lease liabilities.

Deferred tax assets on other current items mainly refers to accrued expenses in China.

### Change in deferred tax in the income statement

SEK million	2022	2021
Change in deferred tax in balance sheet	-187	-89
Business combinations	-	7
Change in deferred tax, hedging reserve in other comprehensive income	17	-19
Change in deferred tax, actuarial gains and losses on pensions in other comprehensive income	32	9
Translation effects in other comprehensive income	53	19
<b>Change in deferred tax in the income statement</b>	<b>-84</b>	<b>-74</b>

### Deferred tax on temporary differences

SEK million	2022			2021		
	Deferred tax asset (+)	Deferred tax liability (-)	Net deferred tax	Deferred tax asset (+)	Deferred tax liability (-)	Net deferred tax
Intangible assets	-	-92	-92	-	-93	-93
Property, plant and equipment	4	-761	-757	6	-598	-592
Financial instruments	21	-19	2	28	-15	12
Pension provisions	29	-32	-3	41	-20	21
Other non-current items	50	-19	30	16	-	16
<b>Total non-current items</b>	<b>103</b>	<b>-924</b>	<b>-821</b>	<b>90</b>	<b>-726</b>	<b>-636</b>
Inventories	27	-2	25	15	-1	13
Other current items	163	-33	131	96	-3	93
<b>Total current items</b>	<b>191</b>	<b>-34</b>	<b>156</b>	<b>111</b>	<b>-5</b>	<b>107</b>
Tax losses	94	-	94	146	-	146
Set-off	-356	356	0	-293	293	0
<b>Net deferred tax assets (+) / liabilities (-)</b>	<b>33</b>	<b>-603</b>	<b>-570</b>	<b>55</b>	<b>-438</b>	<b>-384</b>

## 18 Earnings per share

Earnings per share are calculated by dividing the profit for the year attributed to owners of the parent company by the weighted average number of outstanding shares.

Gränges issued 1,080,000 call options related to an investment programme in 2020, IP 2020, which has led to a dilution of 65,534 (269,967) for weighted average number of outstanding shares in 2022. Investment programme IP 2022 has not led to any dilution. For further information on the investment programmes see Note 10.

	2022	2021
Profit for the year attribute to owners of the parent company (SEK million)	700	595
Weighted average number of outstanding shares, basic	106,308,618	106,308,618
Weighted average number of outstanding shares, diluted	106,374,152	106,578,585
<b>Earnings per share, basic, SEK</b>	<b>6.59</b>	<b>5.60</b>
<b>Earnings per share, diluted, SEK</b>	<b>6.58</b>	<b>5.58</b>

## 19 Intangible assets

SEK million	Goodwill	IT	Customer relationships	Other	Total
<b>Carrying amount at 1 January 2022</b>	<b>873</b>	<b>71</b>	<b>445</b>	<b>18</b>	<b>1,407</b>
Business combinations	–	–	–	–	–
Acquisitions	–	2	–	8	10
Impairment	–	–	–	–	–
Amortization	–	–10	–39	–6	–54
Translation differences	86	7	42	2	136
<b>Carrying amount at 31 December 2022</b>	<b>959</b>	<b>69</b>	<b>448</b>	<b>22</b>	<b>1,499</b>
<b>Cost at 31 December 2022</b>	<b>959</b>	<b>298</b>	<b>585</b>	<b>86</b>	<b>1,930</b>
Accumulated amortization and impairment	–	–229	–137	–64	–431
<b>Carrying amount at 31 December 2022</b>	<b>959</b>	<b>69</b>	<b>448</b>	<b>22</b>	<b>1,499</b>
<b>Carrying amount at 1 January 2021</b>	<b>814</b>	<b>227</b>	<b>442</b>	<b>27</b>	<b>1,510</b>
Business combinations	24	–	24	3	51
Acquisitions	–	0	–	13	13
Impairment	–	–138	–	–19	–158
Amortization	–	–25	–36	–6	–67
Translation differences	35	6	16	0	56
<b>Carrying amount at 31 December 2021</b>	<b>873</b>	<b>71</b>	<b>445</b>	<b>18</b>	<b>1,407</b>
<b>Cost at 31 December 2021</b>	<b>873</b>	<b>286</b>	<b>532</b>	<b>75</b>	<b>1,767</b>
Accumulated amortization and impairment	–	–216	–86	–57	–360
<b>Carrying amount at 31 December 2021</b>	<b>873</b>	<b>71</b>	<b>445</b>	<b>18</b>	<b>1,407</b>

### Impairment test of goodwill

Impairment testing for goodwill is made annually or continuously during the year if an event that may result in impairment need arises. Gränges has defined the two business areas Gränges Eurasia and Gränges Americas to constitute cash-generating units (CGUs).

Goodwill for Gränges Eurasia amounts to SEK 554 million (511) and for Gränges Americas to SEK 405 million (355) as of 31 December 2022.

The forecast period is five years with an average growth rate of 7.9 per cent (6.7) for Gränges Eurasia and 0.7 per cent (2.8) for Gränges Americas. Estimated growth rate beyond the forecast period amounts to 2.0 per cent (2.0) for both of the CGUs. Cash flows have been discounted at a present value using a discount rate calculated at 8.6 per cent (8.0) after tax, corresponding to 9.3 per cent (8.7) before tax. Sensitivity analyses have been performed to evaluate whether reasonable changes in discount rate and the growth rate would indicate need for impairment. No reasonable changes in assumptions indicate need for impairment for Gränges Americas, while there is some indication of impairment for Gränges Eurasia in the event of a moderate increase in the discount rate in combination with reduction in estimated growth beyond the forecast period.

### IT

IT mainly refers to capitalized production and ERP systems.

### Customer relationships

The majority of the customer relationships arose in conjunction with the acquisition in US during 2016 and in Poland 2020. The acquired businesses had a number of customers that they have had long relationships with. The customer relationships are recognized at their fair value at the date of acquisition and are subsequently amortized on a straight-line basis over their estimated useful lives.

### Other

The Group is running a large number of development projects but the criteria for recognizing the projects as intangible assets are currently not met. Total costs for research and development projects amount to SEK 71 million (72) for 2022.

**20** Property, plant and equipment

SEK million	Land, land improvements and buildings	Machinery and equipment	Fixed assets under construction	Fixtures, vehicles, etc.	Total
<b>Carrying amount at 1 January 2022</b>	<b>1,512</b>	<b>3,883</b>	<b>1,020</b>	<b>84</b>	<b>6,498</b>
Business combinations	–	–	–	–	–
Acquisitions <sup>1)</sup>	1	1	970	10	983
Divestments and disposals	0	0	–	–2	–2
Transferred assets, fixed assets under construction	227	690	–957	39	0
Impairment	–	–	–181	–	–181
Depreciation	–87	–522	–	–24	–632
Translation differences	143	394	65	4	606
<b>Carrying amount at 31 December 2022</b>	<b>1,797</b>	<b>4,446</b>	<b>917</b>	<b>111</b>	<b>7,271</b>
<b>Cost at 31 December 2022</b>	<b>2,435</b>	<b>9,802</b>	<b>1,107</b>	<b>418</b>	<b>13,762</b>
Accumulated depreciation and impairment	–638	–5,356	–190	–307	–6,491
<b>Carrying amount at 31 December 2022</b>	<b>1,797</b>	<b>4,446</b>	<b>917</b>	<b>111</b>	<b>7,271</b>
<b>Carrying amount at 1 January 2021</b>	<b>1,316</b>	<b>3,505</b>	<b>926</b>	<b>87</b>	<b>5,834</b>
Business combinations	–	9	–1	0	8
Acquisitions <sup>1)</sup>	2	10	810	2	824
Divestments and disposals	0	0	–	0	0
Transferred assets, fixed assets under construction	185	536	–737	15	0
Impairment	–15	–26	–	–	–41
Depreciation	–66	–430	–	–23	–519
Translation differences	90	281	22	2	395
<b>Carrying amount at 31 December 2021</b>	<b>1,512</b>	<b>3,883</b>	<b>1,020</b>	<b>84</b>	<b>6,498</b>
<b>Cost at 31 December 2021</b>	<b>2,019</b>	<b>8,413</b>	<b>1,020</b>	<b>362</b>	<b>11,814</b>
Accumulated depreciation and impairment	–507	–4,531	–	–278	–5,316
<b>Carrying amount at 31 December 2021</b>	<b>1,512</b>	<b>3,883</b>	<b>1,020</b>	<b>84</b>	<b>6,498</b>

1) Includes government grants of SEK 6 million (7) for 2022. The grant has reduced the acquisitions.

As a result of a fire in one of the rolling mills in the Konin facility in Poland, assets amounting to SEK 181 million were impaired during the year.

**21** Right-of-use-assets and lease liabilities

SEK million	Land and buildings	Machinery and equipment	Fixtures, vehicles, etc.	Total right-of-use-assets	Total lease liabilities
<b>Carrying amount at 1 January 2022</b>	<b>72</b>	<b>137</b>	<b>17</b>	<b>226</b>	<b>236</b>
Acquisitions	3	12	17	33	33
Interest expense on lease liabilities	–	–	–	–	11
Extension and termination options	0	0	–	0	0
Lease payments	–	–	–	–	–52
Depreciation	–13	–20	–14	–46	–
Remeasurements	22	1	0	23	23
Canceled contracts	0	0	0	0	0
Translation differences	3	7	0	11	11
<b>Carrying amount at 31 December 2022</b>	<b>88</b>	<b>138</b>	<b>20</b>	<b>246</b>	<b>261</b>
<b>Cost at 31 December 2022</b>	<b>128</b>	<b>211</b>	<b>39</b>	<b>378</b>	
Accumulated depreciation	–40	–74	–19	–132	
<b>Carrying amount at 31 December 2022</b>	<b>88</b>	<b>138</b>	<b>20</b>	<b>246</b>	
<b>Carrying amount at 1 January 2021</b>	<b>70</b>	<b>133</b>	<b>29</b>	<b>232</b>	<b>237</b>
Acquisitions	16	8	6	30	30
Interest expense on lease liabilities	–	–	–	–	11
Extension and termination options	0	0	–	0	0
Lease payments	–	–	–	–	–57
Depreciation	–15	–17	–18	–50	–
Remeasurements	–	0	0	0	0
Canceled contracts	0	0	0	0	0
Translation differences	1	14	0	15	15
<b>Carrying amount at 31 December 2021</b>	<b>72</b>	<b>137</b>	<b>17</b>	<b>226</b>	<b>236</b>
<b>Cost at 31 December 2021</b>	<b>100</b>	<b>187</b>	<b>49</b>	<b>336</b>	
Accumulated depreciation	–28	–50	–32	–110	
<b>Carrying amount at 31 December 2021</b>	<b>72</b>	<b>137</b>	<b>17</b>	<b>226</b>	

The expense related to short-term leases and leases of low-value assets for 2022 amounts to SEK 6 million (4). The expense related to variable lease payments not included in the lease liabilities is not significant.

For further information about non-current and current lease liabilities, see Note 29. For maturity analysis for lease liabilities, see Note 30.

**22** Inventories

SEK million	2022	2021
Raw materials	1,339	1,039
Work in progress	1,473	1,583
Finished goods and merchandise	1,288	1,139
Derivatives	25	53
Other	187	142
Provision for obsolescence	–42	–22
<b>Total inventories</b>	<b>4,270</b>	<b>3,933</b>

Inventories are measured at the lower of cost and fair value after deduction of selling costs.

The amount of inventories recognized as an expense is included in cost of materials and amounted in 2022 to SEK 17,311 million (12,427) including the change in the provision for obsolescence of SEK –18 million (4).



## 23 Overview of financial instruments

2022 SEK million	Note	Measurement level	Financial instruments at fair value through profit or loss	Derivatives included in hedge accounting	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total	Of which interest- bearing
<i>Non-current assets</i>								
Non-current financial receivables	29, 33		–	–	–	–	–	–
Non-current derivatives	31	2	–	170	–	–	170	–
<b>Total</b>			–	<b>170</b>	–	–	<b>170</b>	–
<i>Current assets</i>								
Accounts receivable	24		–	–	2,275	–	2,275	–
Other current receivables			–	–	290	–	290	–
Current derivatives	24, 29, 31	2	85	46	–	–	131	38
Cash and cash equivalents	25		–	–	879	–	879	879
<b>Total</b>			<b>85</b>	<b>46</b>	<b>3,445</b>	–	<b>3,576</b>	<b>917</b>
<i>Non-current liabilities</i>								
Non-current financial liabilities	29		–	–	–	2,863	2,863	2,863
Non-current derivatives	31	2	–	13	–	–	13	13
<b>Total</b>			–	<b>13</b>	–	<b>2,863</b>	<b>2,876</b>	<b>2,876</b>
<i>Current liabilities</i>								
Current financial liabilities	29		–	–	–	2,148	2,148	2,148
Accounts payable	28		–	–	–	2,568	2,568	–
Other current liabilities	28		–	–	–	5	5	–
Current derivatives	28, 29, 31	2	105	47	–	50	202	50
<b>Total</b>			<b>105</b>	<b>47</b>	–	<b>4,770</b>	<b>4,923</b>	<b>2,197</b>
<b>Total financial instruments (receivables + / liabilities –)</b>			<b>–20</b>	<b>156</b>	<b>3,445</b>	<b>–7,633</b>	<b>–4,053</b>	<b>–4,156</b>

### Measurement of financial instruments

The Group uses the following hierarchy to determine the fair values of financial instruments:

Level 1: Quoted, unadjusted prices in active markets for identical instruments.

Level 2: Inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the instrument.

Level 3: Non-observable inputs that have significant impact on the fair value of the instrument.

### Currency forwards

Fair value of currency forward contracts is calculated by discounting the difference between the contracted forward rate and the forward rate that can be contracted on the balance sheet date for the remaining contract period.

### Aluminium futures

Aluminium futures are measured at observable quoted prices on LME (London Metal Exchange) and SHFE (Shanghai Futures Exchange) for similar assets and liabilities.

### Interest-bearing receivables and liabilities

The fair value of interest-bearing assets and liabilities is provided for disclosure purposes and is estimated by discounting the future cash flows of principal and interest at the current market rate. In the fair value measurement of borrowings, the credit spread has remained constant unless there is clear evidence that a change in the Group's creditworthiness has resulted in an observable change in the credit spread. As per 31 December 2022, the fair value of borrowings amounted to SEK 5,077 million (4,117).

### Other receivables and liabilities

For other receivables and liabilities, which are short-term, the carrying amount is considered to reflect the fair value.

No transfers from one level to another in the valuation hierarchy were made in 2022 and 2021.

## CONT. NOTE 23

2021 SEK million	Note	Measurement level	Financial instruments at fair value through profit or loss	Derivatives included in hedge accounting	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total	Of which interest- bearing
<i>Non-current assets</i>								
Non-current financial receivables	29, 33		–	–	–	–	–	–
Non-current derivatives	31	2	–	105	–	–	105	–
<b>Total</b>			<b>–</b>	<b>105</b>	<b>–</b>	<b>–</b>	<b>105</b>	<b>–</b>
<i>Current assets</i>								
Accounts receivable	24		–	–	2,153	–	2,153	–
Other current receivables			–	–	195	–	195	–
Current derivatives	24, 29, 31	2	125	9	–	–	134	5
Cash and cash equivalents	25		–	–	809	–	809	809
<b>Total</b>			<b>125</b>	<b>9</b>	<b>3,157</b>	<b>–</b>	<b>3,291</b>	<b>814</b>
<i>Non-current liabilities</i>								
Non-current financial liabilities	29		–	–	–	2,414	2,414	2,414
Non-current derivatives	31	2	–	1	–	–	1	1
<b>Total</b>			<b>–</b>	<b>1</b>	<b>–</b>	<b>2,414</b>	<b>2,414</b>	<b>2,414</b>
<i>Current liabilities</i>								
Current financial liabilities	29		–	–	–	1,646	1,646	1,646
Accounts payable	28		–	–	–	3,009	3,009	–
Other current liabilities	28		–	–	–	5	5	–
Current derivatives	28, 29, 31	2	136	66	9	39	249	48
<b>Total</b>			<b>136</b>	<b>66</b>	<b>9</b>	<b>4,700</b>	<b>4,909</b>	<b>1,694</b>
<b>Total financial instruments (receivables + / liabilities –)</b>			<b>–11</b>	<b>47</b>	<b>3,148</b>	<b>–7,114</b>	<b>–3,929</b>	<b>–3,296</b>

**24 Current receivables**

SEK million	2022	2021
Accounts receivable	2,275	2,153
Derivatives	93	129
Other current receivables	536	263
<b>Total financial receivables</b>	<b>2,905</b>	<b>2,545</b>
Advances to suppliers/accrued income	148	79
Tax receivables	40	72
<b>Total current receivables</b>	<b>3,093</b>	<b>2,696</b>

**Change in provisions for expected credit losses**

SEK million	2022	2021
Provisions for expected credit losses at 1 January	-36	-29
Expected credit losses recognized in income statement	9	-13
Used during the year	6	8
Translation differences	-2	-2
<b>Provisions for expected credit losses at 31 December</b>	<b>-22</b>	<b>-36</b>

**Accounts receivables maturity structure**

SEK million	2022	2021
Not yet due	1,932	1,840
Overdue 1–30 days	281	234
Overdue 31–60 days	46	47
Overdue 61–90 days	12	17
Overdue more than 90 days	26	51
Provisions for expected credit losses at 31 December	-22	-36
<b>Accounts receivable, carrying amount at 31 December</b>	<b>2,275</b>	<b>2,153</b>

The maturity structure of overdue receivables has been relatively stable over time and reflects the fact that Gränges operates in certain regions and markets where payments from customers are generally somewhat slow. Overdue accounts receivable are allocated across the whole customer base.

Credit losses have historically been relatively small and stable. Five customers accounted for 26 per cent of total outstanding accounts receivable at 31 December 2022 (five customers accounted for 33 per cent of the total outstanding accounts in 2021).

A more detailed description of the customer base is given in Note 8.

**25 Cash and cash equivalents**

SEK million	2022	2021
Cash and bank balances	879	809
<b>Total cash and cash equivalents</b>	<b>879</b>	<b>809</b>

**26 Share capital**

	2022	2021
Opening numbers of shares	106,308,618	106,308,618
<b>Closing numbers of shares</b>	<b>106,308,618</b>	<b>106,308,618</b>

SEK million	2022	2021
Share capital, opening balance	142	142
<b>Share capital, closing balance</b>	<b>142</b>	<b>142</b>

SEK million	2022	2021
Share premium, opening balance	1,885	1,885
<b>Share premium, closing balance</b>	<b>1,885</b>	<b>1,885</b>

The articles of association for Gränges AB state that the share capital shall be not less than SEK 100,000,000 and not more than SEK 400,000,000. The number of shares shall be not less than 75,000,000 and not more than 300,000,000.

The share capital comprises a single class of share and amounts to SEK 142 million as of 31 December 2022. Share capital is divided into 106,308,618 shares, each with a quota value of SEK 1.339775. For earnings per share and dilutive effect, see Note 18.

**27 Provisions**

SEK million	Employee benefits	
	2022	2021
<b>Carrying amount at 1 January</b>	<b>89</b>	<b>54</b>
Provisions made during the year	3	76
Provisions used during the year	-33	-41
Unutilized provisions reversed during the year	-2	-5
Reclassifications	3	3
Translation differences	6	2
<b>Carrying amount at 31 December</b>	<b>68</b>	<b>89</b>
of which non-current	41	61
of which current	27	29

A provision for employee benefits is recognized in accordance with agreements entered for long-term incentive programmes and other personnel obligations.

**28 Other current liabilities**

SEK million	2022	2021
Accounts payable	2,568	3,009
Derivatives	153	201
Non-interest-bearing liabilities	5	5
<b>Total non-interest-bearing financial liabilities</b>	<b>2,726</b>	<b>3,215</b>
Employee-related liabilities	280	290
Accrued expenses	208	244
Employee withholding tax	13	18
Other current liabilities	75	36
<b>Total other current liabilities</b>	<b>3,301</b>	<b>3,803</b>

## 29 Financial and interest-bearing liabilities

### Financing

Gränges' interest-bearing liabilities mainly consist of financing from banks, institutions, and the credit market.

During the fourth quarter of 2022, Gränges refinanced a Revolving Credit Facility of SEK 3,500 million and term loans of USD 160 million and SEK 200 million. The new agreements have a sustainability-linked structure where the applicable loan margin will be impacted by Gränges sustainability performance.

Gränges non-current interest-bearing liabilities consisted of term loans of USD 160 million (125), SEK 400 million (200) and bonds of SEK 600 million (900) issued under Gränges MTN programme (Medium Term Note). The Revolving Credit Facility of SEK 3,500 million (2,000) was unutilized as per 31 December 2022.

SEK million	Carrying amount	
	2022	2021
<i>Non-current interest-bearing liabilities</i>		
Interest-bearing loans	2,049	1,323
Bonds in MTN programme	600	900
Lease liabilities	214	191
<b>Total non-current interest-bearing liabilities</b>	<b>2,863</b>	<b>2,414</b>
<i>Current interest-bearing liabilities</i>		
Interest-bearing loans	151	297
Bonds in MTN programme	300	-
Overdraft Facilities	17	105
Commercial papers	1,633	1,200
Interest-bearing derivatives	50	48
Lease liabilities	47	44
<b>Total current interest-bearing liabilities</b>	<b>2,197</b>	<b>1,694</b>
<b>Total interest-bearing liabilities</b>	<b>5,060</b>	<b>4,109</b>
<i>Interest-bearing receivables</i>		
Current interest-bearing derivatives	38	5
Cash and cash equivalents	879	809
<b>Total interest-bearing receivables</b>	<b>917</b>	<b>814</b>
<b>Net interest-bearing liabilities</b>	<b>4,143</b>	<b>3,295</b>

Current interest-bearing liabilities consisted of interest-bearing loans of SEK 151 million (297), bonds of SEK 300 million (0) issued under Gränges MTN programme and commercial papers of SEK 1,633 million (1,200). Overdraft facilities were utilized with PLN 7 million (42).

The duration of the interest-bearing debt portfolio was two months. The loan facilities are subject to covenants, which are Net Debt/ EBITDA and Interest coverage ratio. The covenants were fulfilled at 31 December 2022.

Gränges Sustainability-linked bond of SEK 600 million matures in September 2026. The Sustainability-Linked bond is tied to three Sustainability Performance Targets (SPTs). Gränges ability to fulfill the SPTs will affect the repayment amount of the bond at the maturity date. A step-up of 0.40 per cent per SPT will be applicable on the redemption price, which equals to a maximum of 101.2 per cent of the nominal value in total, should the targets not be fulfilled.

Under the current loan agreements Gränges has entered into customary undertakings not to pledge assets or in a similar manner use its property to give creditors priority over existing lenders.

## 30 Financial risk

### Financial risk management

Gränges operates globally and is exposed to various financial risks – such as market risk related to currency rates, commodity prices and interest rates, but also to liquidity risk and credit risk. Gränges uses derivatives and other financial instruments to mitigate these risks in accordance with the Group's Financial Management Policy which is decided by the Board.

Gränges manages financial risks in a non-speculative manner and all transactions in financial derivatives are executed in order to limit financial risks within the Group.

### Currency risk

#### Transaction exposure

Gränges is exposed to currency risk as sales and purchases are largely made in different currencies. Movements in the exchange rates may cause fluctuations in the value of financial instruments, such as debt instruments, accounts receivables and accounts payables, and the value of expected and contracted cash flows. In 2022, sales volume to countries outside Sweden accounted for 98 per cent (98) of Gränges' total sales volume. The largest currencies were USD, CNY and EUR.

The sales price for Gränges' products is divided into a metal price component for the raw material and a conversion price component covering Gränges' processing costs and margin. The cost of the aluminium is passed on to the customer through metal price clauses. Both purchase and sales price for the metal component are generally based on the same price index and in the same currency, for example the London Metal Exchange (LME) or Shanghai Futures Exchange (SHFE). Therefore, no material currency exposure arises from the metal price component. The largest portion of Gränges' cost base for processing is in USD, CNY, PLN and SEK while the conversion price is set primarily in USD, CNY and EUR. The conversion price is generally contracted for a longer period of time.

The Group's sensitivity to exchange rate fluctuations before currency hedges, i.e. excluding the impact of currency derivatives, is shown in the table on the next page.

## CONT. NOTE 30

2022	Change, %	Effect on operating profit, SEK million
USD/CNY	+/-10%	+/-65
USD/SEK	+/-10%	+/-1
EUR/SEK	+/-10%	+/-93
EUR/PLN	+/-10%	+/-135
USD/PLN	+/-10%	-/+16

The objective of Gränges' currency hedging activities is to minimize the effect of rapid changes in currency rates in the short and medium term by hedging a part of the Group's foreign currency exposure. Transaction exposure is hedged up to 24 months in advance. In 2022, 50–75 per cent of the forecasted currency exposure of the coming 12 months was hedged.

The Group's total outstanding currency hedges at the balance sheet date are shown in the tables below.

Gränges applies hedge accounting. The various types of hedging are described in Note 31.

**Translation exposure**

As SEK is the presentation currency for the Group, Gränges is exposed to currency risk upon translation of net investments in foreign operations. This refers mainly to CNY, USD and PLN, and the total translation exposure was SEK 5,000 million (3,503) at 31 December 2022. Gränges does not hedge this exposure.

**Commodity price risk**

The price of aluminium is Gränges most significant commodity price risk. Aluminium is traded on the LME and SHFE and the prices set on these exchanges are used as basis for Gränges metal purchases and sales. Commodity price exposure arises as there is a time lag between purchase of raw materials and sales of finished goods. Price changes that may occur may affect Gränges operating profit negatively.

Gränges primarily reduces the exposure by matching price terms from suppliers with price terms offered to its customers. Furthermore, Gränges is also using financial derivatives, such as forwards and futures contracts with LME and SHFE as underlying price index, to reduce the metal price exposure.

As per 31 December 2022, Gränges had sold a net volume of 43,480 tonnes (58,200) based on LME and 10,380 tonnes (11,225) based on SHFE.

**Interest rate risk**

Gränges' interest rate risk is primarily related to the Group's interest-bearing liabilities and assets. The majority of Gränges' interest-bearing liabilities have variable interest rates. The average duration of the loan portfolio at 31 December 2022 was two months (two). The duration of the loan portfolio may be prolonged either by changing interest rate terms in loan agreements or by using financial instruments, such as interest rate swaps. The duration of the interest-bearing debt was not prolonged with financial instruments during 2022.

**Credit risk**

Credit risks related to accounts receivable and other current assets is managed as part of the commercial risk and is monitored continuously by the legal entities. Gränges' customers are spread over various countries and geographic markets. Credit losses have historically been low due to the relatively strong financial position of Gränges' customers as well as strict credit procedures. Credit insurances are used occasionally.

Gränges' credit risks related to financial instruments are managed by choosing counterparties with a good credit rating and by limiting the risk per counterparty. Gränges also enters into ISDA agreements with financial counterparties, which entails a right to offset assets and liabilities in relation to the same counterparty in the case of a credit event.

**Liquidity risk**

Liquidity risk is the risk that Gränges will be unable to fulfil its payment obligations. Gränges' Financial Management Policy stipulates metrics to ensure adequate liquidity in the Group. Cash flow from operating activities is managed centrally and Gränges monitors both short and long-term liquidity in the Group.

The table on the next page shows the maturity structure for the Group's contractual financial liabilities. The amounts refer to non-discounted future cash flows and may therefore differ from the recognized figures. All variable interest cash flows have been calculated at the rate prevailing on the balance sheet date and all future cash flows in foreign currency are translated to SEK using the closing rate at year-end. The table also includes derivatives which are recognized as assets at the balance sheet date, as derivatives can include both positive and negative cash flows, and the fair value varies over time. Financial liabilities are managed using operating cash flow, liquid and interest-bearing assets and available credit facilities.

**Sensitivity analysis**

Gränges financial instruments are exposed to different type of market risks which can affect the income statement or equity. Financial instruments, especially derivatives, are used as a means of hedging financial and operational exposures.

**Currency contracts linked to hedging of future income and expenses**

Maturity 31 Dec 2022	EUR/SEK		USD/SEK		USD/CNY		EUR/PLN		USD/PLN	
	Sold volumes, EUR million net	Price	Sold volumes, USD million net	Price	Sold volumes, USD million net	Price	Sold volumes, EUR million net	Price	Sold volumes, USD million net	Price
FY 2023	64	10.62	12	9.78	61	6.79	49	4.89	-7	4.67
FY 2024	20	10.92	-	-	5	6.83	-	-	-	-
<b>Total</b>	<b>84</b>	<b>10.69</b>	<b>12</b>	<b>9.78</b>	<b>66</b>	<b>6.79</b>	<b>49</b>	<b>4.89</b>	<b>-7</b>	<b>4.67</b>
31 Dec 2021										
FY 2022 and FY 2023	80	10.28	26	8.60	52	6.56	101	4.61	-4	3.98



## CONT. NOTE 30

The table shows a partial analysis of the sensitivity of financial instruments, where the isolated effect on the income statement and other comprehensive income is calculated. This is done on the basis of a chosen hypothetical change in market prices or prices in the balance sheet at 31 December 2022. In accordance with IFRS, the analysis only covers financial instruments and is not intended to provide a full overview of the Group's market risk, for example:

- For currency hedges of concluded contracts changes in the fair value of the hedging instrument will affect the income statement while changes in the fair value of the underlying hedged contract that is offset by the hedging instrument will not be shown, as this is not a financial instrument.
- If one of the parameters changes the analysis will not take into account any correlations with other parameters.
- Financial instruments in the functional currency of individual units do not create a currency risk and are therefore not included in this analysis. For the same reason the currency exposure is not included upon translation of such financial instruments into the presentation currency.

Generally, the effect on the income statement and other comprehensive income of financial instruments shown in the table is expected to offset the effects of the hedged items in cases where the financial instruments are included in a hedging relationship.

Accounting effects of changes in market risk are recognized in the income statement and other comprehensive income depending on classification according to hedge accounting. Effects which are accounted for in the income statement also affect other comprehensive income in addition to the figures presented in the table.

2022 SEK million	Carrying amount	Contractual cash flows	<1 year	1–2 years	2–4 years	>4 years
Lease liabilities	261	252	47	44	58	192
Other interest-bearing liabilities	4,806	5,073	2,222	509	2,342	0
Accounts payable	2,568	2,568	2,568	–	–	–
Other current liabilities	5	5	5	–	–	–
Net-settled derivatives <sup>1)</sup> – aluminium derivatives	–7	–	–	–	–	–
Inflow	–	54	54	–	–	–
Outflow	–	–61	–61	–	–	–
Gross-settled derivatives <sup>1)</sup> – currency derivatives	–18	–	–	–	–	–
Inflow	–	135	133	1	–	–
Outflow	–	–152	–147	–5	–	–
<b>Total</b>	<b>7,616</b>	<b>7,873</b>	<b>4,821</b>	<b>550</b>	<b>2,400</b>	<b>192</b>

2021 SEK million	Carrying amount	Contractual cash flows	<1 year	1–2 years	2–4 years	>4 years
Lease liabilities	236	329	46	38	54	191
Other interest-bearing liabilities	3,874	3,935	1,641	557	1,132	605
Accounts payable	3,009	3,009	3,009	–	–	–
Other current liabilities	5	5	5	–	–	–
Net-settled derivatives <sup>1)</sup> – aluminium derivatives	–54	–	–	–	–	–
Inflow	–	93	93	–	–	–
Outflow	–	–147	–147	–	–	–
Gross-settled derivatives <sup>1)</sup> – currency derivatives	–43	–	–	–	–	–
Inflow	–	–64	–64	0	–	–
Outflow	–	21	21	0	–	–
<b>Total</b>	<b>7,027</b>	<b>7,181</b>	<b>4,604</b>	<b>595</b>	<b>1,186</b>	<b>796</b>

1) Including derivatives recognized as assets.

SEK million	Accounting before tax effects on			
	Income statement		Other comprehensive income	
	2022	2021	2022	2021
Interest rate risk: +/-1 % parallel shift in yield curves, all currencies	–/+40	–/+30	–	–
Currency risk: +/-10 % change in FX rate, USD/SEK	–/+7	–/+13	–/+23	–/+22
Currency risk: +/-10 % change in FX rate, EUR/SEK	–/+16	–/+20	–/+71	–/+48
Currency risk: +/-10 % change in FX rate, CNY/USD	–	–	–/+37	–/+22
Currency risk: +/-10 % change in FX rate, USD/PLN	–	+/-17	+/-3	+/-8
Currency risk: +/-10 % change in FX rate, EUR/PLN	–/+20	–/+15	–/+122	–/+173
Price risk: +/-20 % change in LME prices	–/+205	–/+285	–/+13	–/+13

### 31 Derivatives and hedging

The table below shows the fair value of all outstanding derivatives grouped by their treatment in the financial statements.

#### Derivatives and hedging

SEK million	2022		2021	
	Assets (+)	Liabilities (-)	Assets (+)	Liabilities (-)
<b>Cash flow hedges</b>				
Share derivatives	116	-	105	-
Currency forwards, currency swaps	62	-50	7	-36
Aluminium futures	37	-10	3	-32
<b>Total</b>	<b>216</b>	<b>-60</b>	<b>115</b>	<b>-68</b>
<b>Fair value hedges</b>				
Currency forwards, currency swaps	17	-6	3	-15
Aluminium futures	20	-52	89	-115
<b>Total</b>	<b>37</b>	<b>-58</b>	<b>92</b>	<b>-130</b>
<b>Other derivatives – changes in fair value recognized in income statement</b>				
Currency forwards, currency swaps	48	-96	32	-44
Interest rate swaps	-	-	0	-9
Aluminium futures	0	1	1	0
<b>Total</b>	<b>48</b>	<b>-97</b>	<b>33</b>	<b>-53</b>
<b>Total derivatives</b>	<b>301</b>	<b>-215</b>	<b>239</b>	<b>-251</b>

#### Cash flow hedges

Gränges' purchases of aluminium forwards and futures with LME and SHFE as price base and currency forwards are identified as hedging instruments in the category cash flow hedges. All derivatives that are classified as hedging instruments in cash flow hedges are accounted for at fair value in the balance sheet. Changes in fair value are recognized in other comprehensive income and accumulated in the hedging reserve in equity and are reclassified to the income statement when the hedged cash flows are recognized in the income statement.

No gain or loss has been recognized in the income statement as a result of ineffective hedging in 2022 and 2021. All expected cash flows that were hedged in 2022 still qualify for hedge accounting.

#### Change in hedging reserve

SEK million	2022	2021
<b>Opening hedging reserve before tax</b>	<b>-32</b>	<b>74</b>
Reclassified to income statement	57	-21
Change in value during the year	47	-85
<b>Closing hedging reserve before tax</b>	<b>71</b>	<b>-32</b>
Deferred tax, hedging reserve	-7	10
<b>Closing hedging reserve after tax</b>	<b>65</b>	<b>-21</b>

A positive hedging reserve will result in a positive recognition in the income statement in the future. Accumulated hedging gains and losses from cash flow hedges which were recognized in the hedging reserve as at 31 December 2022 and are expected to be recognized in the income statement (before tax) are SEK -2 million for 2023 and SEK 157 million after 2022.

#### Fair value hedging

Gränges is using aluminium forwards and futures to hedge the inventory. Currency exposure related to the inventory is hedged with currency forwards. Metal and currency derivatives are jointly designated as a hedging instrument in the fair value hedge. Gain and loss on hedged items, as well as the hedging instrument, are recognized as currency gain and loss in the income statement. The value of inventory is adjusted with the change in fair value of the hedged item. Gain on the hedging instruments amounted to SEK 17 million in 2022 (-15) and loss on the hedged items attributable to the hedged risk amounted to SEK -17 million in 2022 (15).

#### Interest rate swaps

Gränges occasionally uses basis swaps to convert external financing from Stibor/SEK exposure to Libor/USD exposure. The total nominal value of the basis swaps corresponded to USD 0 million (20) at 31 December 2022.

#### Share swap

Gränges has, in accordance with the resolution at the Annual General Meeting 2020, entered into a share swap agreement in order to be able to deliver shares to the participants in the incentive programme, IP 2020. The number of shares in the share swap amounted to 1,220,400 on 31 December 2022. The share swap is considered an equity instrument reported in equity.

#### Offsetting

Financial assets and liabilities subject to an enforceable master netting arrangement or similar agreement relate to the Group's derivatives. Gränges has entered into ISDA-agreements with relevant financial counterparties.

SEK million	Gross amounts	Offset	Net amounts in balance sheet	Derivatives not intended to be settled net	Collaterals received/pledged	Net amounts
<b>2022</b>						
Derivative assets	188	-	188	94	-	94
Derivative liabilities	-214	-	-214	-98	-	-116
<b>2021</b>						
Derivative assets	146	-	146	125	-	21
Derivative liabilities	-254	-	-254	-125	-	-129

## 32 Guarantees and contingent liabilities

### Contingent liabilities

SEK million	2022	2021
Guarantees	4	7
<b>Total contingent liabilities</b>	<b>4</b>	<b>7</b>

### Disputes

From time to time disputes with counterparties arise in the ongoing operations. The Group regularly makes assessments and provisions if necessary in the accounts. Currently, the Group is not involved in any major litigation that is expected to substantially affect the accounts negatively.

### Environmental issues

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.

Gränges, together with a third party, has entered into a commitment to carry out sampling linked to the previously conducted operations in Upplands Väsby. At present, however, there is no obligation for Gränges regarding remediation or restoration of land or watercourses and no provision or contingent liability has been reported.

## 33 Related party transactions

Intra Group transactions are executed in accordance with specific arrangements at arm's length and shared costs in Gränges are allocated among the companies in the Group using allocation formulas depending on the types of expenditure.

Transactions with Moriyasu Aluminium Co Ltd. are specified in the table below.

SEK million	2022	2021
<b>Transactions with joint ventures</b>		
Sales	12	12
Accounts receivable	4	3

For information on remuneration and benefits to board members and senior executives, see Note 10.

There are no other significant transactions with related parties.

## 34 Events after the balance sheet date

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

No other significant events have occurred after the balance sheet date.

## Alternative performance measures

Gränges makes use of the alternative performance measures return on capital employed, net debt, equity to assets ratio and cash conversion. Gränges believes that these performance measures are useful for readers of the financial reports as a complement to other performance measures when assessing the possibility of dividends, the implementation of strategic investments, and the Group's ability to meet financial commitments. Further, Gränges uses the alternative performance measures adjusted operating profit, adjusted operating profit per tonne and adjusted EBITDA, which are measures that Gränges considers to be relevant for investors who want to understand the profit generation excluding items affecting comparability. For definitions of the measures, see page 111.

SEK million	2022	2021
<b>Adjusted operating profit</b>		
Operating profit	1,136	833
Items affecting comparability	14	175
<b>Adjusted operating profit</b>	<b>1,150</b>	<b>1,008</b>
<b>Adjusted operating profit per tonne</b>		
Adjusted operating profit	1,150	1,008
Sales volume, ktonnes	479.3	488.9
<b>Adjusted operating profit per tonne, kSEK</b>	<b>2.4</b>	<b>2.1</b>
<b>Adjusted EBITDA</b>		
Adjusted operating profit	1,150	1,008
Depreciation and amortization	914	678
<b>Adjusted EBITDA</b>	<b>2,064</b>	<b>1,686</b>
<b>Return on capital employed</b>		
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	17,022	13,717
Non-interest bearing liabilities, rolling 12 months average	-5,022	-3,948
Pensions, rolling 12 months average	291	348
<b>Capital employed (rolling 12 months average)</b>	<b>12,292</b>	<b>10,117</b>
Adjusted operating profit	1,150	1,008
<b>Return on capital employed, %</b>	<b>9.4</b>	<b>10.0</b>

SEK million	2022	2021
<b>Financial net debt/Adjusted EBITDA</b>		
Cash and cash equivalents and interest-bearing receivables	-917	-814
Interest-bearing liabilities	5,060	4,109
Lease liabilities	-261	-236
<b>Financial net debt</b>	<b>3,882</b>	<b>3,059</b>
Adjusted EBITDA, rolling 12 months	2,064	1,686
<b>Financial net debt/Adjusted EBITDA</b>	<b>1.9</b>	<b>1.8</b>
<b>Equity to assets</b>		
Equity	8,206	6,932
Total assets	17,530	15,767
<b>Equity to assets, %</b>	<b>46.8</b>	<b>44.0</b>
<b>Adjusted cash flow before financing activities</b>		
Cash flow before financing activities	109	62
Cash flow from expansion investments	509	456
Cash flow from acquisitions and other capital transactions	-	90
<b>Adjusted cash flow before financing activities</b>	<b>618</b>	<b>607</b>
<b>Cash conversion</b>		
Adjusted cash flow before financing activities	618	607
Adjusted operating profit	1,150	1,008
<b>Cash conversion, %</b>	<b>54</b>	<b>60</b>

## Definitions

### Adjusted EBITDA

Adjusted operating profit before depreciation and impairment charges.

### Adjusted cash flow before financing activities

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

### Adjusted operating profit

Operating profit excluding items affecting comparability.

### Adjusted operating profit per tonne

Adjusted operating profit divided by sales volume.

### Average number of employees

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

### Capital employed

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

### Cash conversion

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

### Cash flow before financing activities

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

### Earnings per share

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

### Equity to Assets

Equity divided by total assets.

### Financial net debt

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

### Financial net debt/Adjusted EBITDA

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

### Items affecting comparability

Non-recurring income and expenses.

### ktonnes

Volume expressed in thousands of metric tonnes.

### Operating profit

Profit before net financial items and tax.

### Return on capital employed

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

### Return on equity

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

### Sales volume

Volumes sold in metric tonnes.



## Five-year summary

SEK million	2022	2021	2020	2019	2018
Sales volume, ktonnes	479.3	488.9	350.6	347.3	375.0
<b>Income statement</b>					
Net sales	24,492	18,130	11,008	11,978	12,910
Adjusted EBITDA <sup>1)</sup>	2,064	1,686	1,201	1,327	1,357
Adjusted operating profit <sup>1)</sup>	1,150	1,008	648	866	1,005
Operating profit	1,136	833	584	836	940
Profit for the year	700	595	363	600	688
Adjusted EBITDA margin	8.4	9.3	10.9	11.1	10.5
Adjusted operating margin	4.7	5.6	5.9	7.2	7.8
Operating margin	4.6	4.6	5.3	7.0	7.3
Net margin	2.9	3.3	3.3	5.0	5.3
<b>Balance sheet</b>					
Non-current assets	9,249	8,323	7,633	6,025	4,489
Current assets	8,280	7,444	6,020	4,455	4,285
Equity	8,206	6,932	5,970	4,314	3,873
Non-current liabilities	3,783	3,297	3,068	3,414	2,522
Current liabilities	5,541	5,539	4,614	2,752	2,378
<b>Cash flow</b>					
Operating activities	1,102	988	1,414	1,441	1,351
Investing activities	-993	-926	-1,736	-1,590	-819
Cash flow before financing activities	109	62	-322	-148	531
Financing activities	-86	-793	1,149	440	-825
Cash flow for the year	23	-732	827	292	-294
1) Adjusted for items affecting comparability (see Note 14 in the notes to the consolidated accounts).					
<b>Capital structure, return indicators and employees</b>					
Capital employed	12,583	10,574	9,262	7,779	6,367
Net debt	4,377	3,643	3,292	3,465	2,494
Equity/assets ratio, %	46.8	44.0	43.7	41.2	44.2
Financial net debt/Adjusted EBITDA, multiple	1.9x	1.8x	-	-	-
Capital employed (rolling 12 months average)	12,292	10,117	8,028	7,411	6,098
Return on capital employed, %	9.4	10.0	8.1	11.7	16.5
Equity (rolling 12 months average)	7,725	6,521	4,752	4,175	3,633
Return on equity, %	9.1	9.1	7.6	14.4	18.9
Average number of employees	2,694	2,648	1,792	1,805	1,699

	2022	2021	2020	2019	2018
<b>Data per share, SEK<sup>1)</sup></b>					
Earnings per share, basic	6.59	5.60	4.21	7.05	8.08
Earnings per share, diluted	6.58	5.58	4.21	7.05	8.08
Equity	77.14	65.04	69.13	50.65	45.47
Cash flow from operating activities	10.36	9.27	16.38	16.92	15.86
Dividend	2.50 <sup>2)</sup>	2.25	1.10	-	2.84
Dividend yield, %	2.93	2.12	1.10	-	3.98
Share price at year-end	85.30	106.10	100.20	87.73	71.37
Weighted outstanding ordinary shares, basic in thousands	106,308.6	106,308.6	86,324.8	85,177.3	85,177.3
Weighted outstanding ordinary shares, diluted in thousands	106,374.2	106,578.6	86,336.6	85,177.3	85,177.3
<b>Sales volume by business area, ktonnes</b>					
Gränges Americas	249.0	252.4	219.4	-	-
Gränges Eurasia	254.5	263.5	154.0	-	-
Other and eliminations	-24.2	-26.9	-22.8	-	-
<b>Total</b>	<b>479.3</b>	<b>488.9</b>	<b>350.6</b>	<b>-</b>	<b>-</b>
<b>Sales volume by end-customer, ktonnes</b>					
Automotive	189.8	193.7	146.1	-	-
HVAC	104.5	105.7	86.2	-	-
Speciality packaging	86.8	85.6	64.4	-	-
Other niches	98.3	103.9	53.9	-	-
<b>Total</b>	<b>479.3</b>	<b>488.9</b>	<b>350.6</b>	<b>-</b>	<b>-</b>
<b>Net sales by business area, SEK million</b>					
Gränges Americas	13,115	9,488	6,748	-	-
Gränges Eurasia	12,633	9,648	5,037	-	-
Other and eliminations	-1,256	-1,007	-778	-	-
<b>Total</b>	<b>24,492</b>	<b>18,130</b>	<b>11,008</b>	<b>-</b>	<b>-</b>

1) Calculated on weighted outstanding ordinary shares, diluted.

2) Cash dividend for 2023 as proposed.

## Parent company income statement

SEK million	NOTE	2022	2021
Net sales	3	133	142
Payroll expenses	7	-115	-115
Other operating expenses	4, 5, 6	-102	-111
Depreciation, amortization and impairment charges	10	-1	-34
<b>Operating loss</b>		<b>-86</b>	<b>-119</b>
Financial income	8	258	84
Financial costs	8	-201	-43
<b>Financial items</b>		<b>57</b>	<b>41</b>
<b>Profit after financial items</b>		<b>-29</b>	<b>-78</b>
Group contributions		34	-
<b>Appropriations</b>		<b>34</b>	<b>-</b>
<b>Profit before taxes</b>		<b>5</b>	<b>-78</b>
Tax on profit for the year	9	-13	15
<b>Profit for the year</b>		<b>-8</b>	<b>-63</b>

The parent company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as profit for the year.

## Parent company balance sheet

SEK million	NOTE	2022	2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	0	2
Shares in Group companies	11	2,986	2,906
Deferred tax assets	9	35	47
Receivables from Group companies		2,281	2,659
Other non-current receivables		116	105
<b>Total non-current assets</b>		<b>5,418</b>	<b>5,718</b>
<b>Current receivables</b>			
Receivables from Group companies		2,885	649
Other receivables		96	118
Prepaid expenses and accrued income		16	11
<b>Total current receivables</b>		<b>2,998</b>	<b>778</b>
<b>Cash and cash equivalents</b>			
Cash and bank balances		229	446
<b>Total cash and cash equivalents</b>		<b>229</b>	<b>446</b>
<b>Total current assets</b>		<b>3,227</b>	<b>1,224</b>
<b>TOTAL ASSETS</b>		<b>8,645</b>	<b>6,942</b>

SEK million	NOTE	2022	2021
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	12	142	142
<b>Total restricted equity</b>		<b>142</b>	<b>142</b>
<b>Non-restricted equity</b>			
Retained earnings		3,052	3,342
Profit for the year		-8	-63
<b>Total non-restricted equity</b>		<b>3,045</b>	<b>3,280</b>
<b>Total equity</b>		<b>3,187</b>	<b>3,422</b>
<b>Provisions</b>			
Provisions for pensions	13	34	28
Other provisions	14	4	6
<b>Total provisions</b>		<b>38</b>	<b>34</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	15	2,649	1,095
Other liabilities		5	-
<b>Total non-current liabilities</b>		<b>2,645</b>	<b>1,095</b>
<b>Current liabilities</b>			
Other provisions	14	8	9
Liabilities to Group companies		598	696
Interest-bearing liabilities	15	1,982	1,474
Accounts payable		6	7
Other liabilities		131	130
Accrued expenses and deferred income	16	40	75
<b>Total current liabilities</b>		<b>2,766</b>	<b>2,391</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,645</b>	<b>6,942</b>

## Parent company statement of changes in equity

SEK million	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit for the year	
<b>Opening balance at 1 January 2022</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>3,341</b>	<b>-63</b>	<b>3,422</b>
Appropriation of retained earnings:						
Carried forward	-	-	-	-63	63	-
Dividend	-	-	-	-239	-	-239
Comprehensive income for the year	-	-	-	-	-8	-8
Share swap	-	-	-	5	-	5
Option premium	-	-	-	7	-	7
<b>Closing balance at 31 December 2022</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>3,052</b>	<b>-8</b>	<b>3,187</b>
<b>Opening balance at 1 January 2021</b>	<b>142</b>	<b>8</b>	<b>1,835</b>	<b>1,405</b>	<b>122</b>	<b>3,513</b>
Appropriation of retained earnings:						
Carried forward	-	-	-1,835	1,957	-122	-
Dividend	-	-	-	-117	-	-117
Comprehensive income for the year	-	-	-	-	-63	-63
Change in fund for development expenditure	-	-8	-	8	-	-
Share swap	-	-	-	88	-	88
<b>Closing balance at 31 December 2021</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>3,342</b>	<b>-63</b>	<b>3,422</b>

## Parent company cash flow statement

SEK million	NOTE	2022	2021
Operating loss		-86	-119
Depreciation, amortization and impairment charges		1	34
Change in net working capital etc.		-35	-55
Taxes paid		2	-8
<b>Cash flow from operating activities</b>		<b>-118</b>	<b>-148</b>
Acquisitions	11	-	-26
Investments in Group companies	11	-80	-
Divestments of property, plant and equipment and intangible assets	10	-	165
<b>Cash flow from investing activities</b>		<b>-80</b>	<b>-140</b>
Dividend paid to shareholders		-239	-117
Share swap		5	-
Option premium		7	-
Interest paid		-203	-41
Interest received		110	75
New loans		14,356	6,061
Repayment of loans		-12,589	-6,026
Financial intra-group transactions		-1,467	-234
<b>Cash flow from financing activities</b>		<b>-19</b>	<b>-282</b>
<b>Cash flow for the year</b>		<b>-216</b>	<b>-290</b>
<b>Cash and cash equivalents at 1 January</b>		<b>446</b>	<b>736</b>
Cash flow for the year		-216	-290
<b>Cash and cash equivalents at 31 December</b>		<b>229</b>	<b>446</b>

Reconciliation between opening and closing balance of liabilities whose cash flows are recognized in financing activities

SEK million	2022	2021
<b>Interest-bearing liabilities at 1 January</b>	<b>2,569</b>	<b>2,563</b>
Cash flow	1,767	35
<i>Non-cash items</i>		
Translation differences	315	-30
Change in accrual borrowing costs	-11	2
<b>Interest-bearing liabilities at 31 December</b>	<b>4,640</b>	<b>2,569</b>



# Notes to the parent company financial statements

## 1 Accounting principles

The Parent Company financial statements have been prepared in accordance to the Annual Accounts Act and RFR 2 Reporting for Legal Entities. Application of RFR 2 entails that the Parent Company is to apply all IFRS and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, the Pension Obligation Vesting Act and in regard to the connection between accounting and taxation. Changes in RFR 2 has not had material impact on the financial reports of the parent company.

An account of the Gränges Group's accounting policies are described in Note 4 Accounting standards in the consolidated financial statements. The main deviations between the accounting policies applied by the Gränges Group and the parent company are described below.

Gränges Group applies IAS 19 Employee Benefits in the consolidated financial statements. The Parent Company applies the principles of the Pension Obligations Vesting Act. Consequently there are differences between the Gränges Group and the Parent Company in the accounting of defined benefit pension plans.

Group contributions received from subsidiaries are recognized as appropriations.

Capitalized development expenditure is allocated to a fund for development expenditure. The fund is restricted equity and dissolve at the same rate as amortization or impairment of the capitalized development.

The parent company applies RFR 2 IFRS 16 item 1 and recognizes leases in the income statement on a straight-line basis over the lease term.

## 2 Financial risk management

Gränges' financial risks are monitored centrally in the Group, see notes to the consolidated financial statements, Note 30 Financial risk.

The parent company uses derivatives and other financial instruments to mitigate the risk exposure in the subsidiaries. There is generally no net exposure in the parent company as external positions are offset with intercompany contracts. Hedge accounting is not applicable for these contracts in the parent company.

Foreign exchange and interest rate risk related to financing is managed with foreign exchange and interest rate derivatives. The underlying exposure arises as the majority of the parent company's external financing is in SEK and the majority of the intercompany loans are in foreign currency. The interest-bearing liabilities of the parent company is further described in Note 15 Interest-bearing liabilities.

## 3 Breakdown of net sales by area of operation

SEK million	2022	2021
Intra-group service charges	133	142
<b>Total breakdown of net sales by area of operation</b>	<b>133</b>	<b>142</b>

## 4 Items affecting comparability

SEK million	2022	2021
Restructuring costs	–	–42
Write-down of intangible assets	–	–27
<b>Total items affecting comparability</b>	<b>–</b>	<b>–69</b>

During the year, Gränges AB did not have any items affecting comparability.

In previous year, Gränges AB had a total of SEK 69 million in items affecting comparability, due to restructuring that was decided to simplify the organization by decentralizing the responsibility for innovation, digitalization and continuous improvement. Organizational restructuring was done at a cost of SEK 42 million, write-downs of group-wide IT systems of SEK 7 million and other intangible assets of SEK 19 million.

## 5 Operating lease payments

### Distribution of lease payments

Future minimum lease payments relating to leases and other leases in the capacity of lessees attributable to non-cancellable agreements are distributed on the balance sheet date over the following maturity dates:

SEK million	2022	2021
Within one year	–5	–4
Later than one year but within five years	–5	–6
<b>Total future minimum lease payments</b>	<b>–10</b>	<b>–10</b>

Leasing costs amount to SEK 6 million (6) during 2022.

## 6 Remuneration to auditors

SEK million	2022	2021
<b>Ernst &amp; Young AB</b>		
Audit engagement	–2.0	–2.1
Audit services in addition to audit engagement	–0.5	–0.2
Tax advisory services	–0.1	–0.1
<b>Total remuneration to auditors</b>	<b>–2.6</b>	<b>–2.4</b>

Audit engagement refers to the review of the annual report and accounting records and of the Board of Directors and CEO's management of the company, other tasks incumbent on the company's auditor as well as advice and other assistance occasioned by observations made in the course of such examinations or the performance of such other tasks.

Audit services in addition to audit engagement is primarily of review of interim reports.

Tax advisory services include advice on tax, including transfer pricing issues, as well as value-added tax.

## 7 Payroll expenses

Salaries and remuneration totalled SEK –73.0 million (–73.9), and social charges were SEK –41.7 million (–41.2), whereof SEK –14.1 million (–12.5) refers to pension costs. Pension costs of SEK –2.2 million (–1.6) refers to the CEO. The company's outstanding pension obligations for the CEO are SEK 2.9 million (0) and to former CEO SEK 10.5 million (10.5).

Read more about the average number of employees, salaries and remuneration, including incentives, in Note 10 to the consolidated financial statements.

## 8 Financial income and costs

SEK million	2022	2021
Interest income from Group companies	249	83
External interest income	4	1
Net foreign exchange gain	5	0
<b>Total financial income</b>	<b>258</b>	<b>84</b>
Interest expense to Group companies	–2	0
External interest expense	–169	–31
Interest expense, pensions	–5	–1
Net exchange loss	–	–
Other financial expenses	–25	–11
<b>Total financial costs</b>	<b>–201</b>	<b>–43</b>
<b>Total financial income and costs</b>	<b>57</b>	<b>41</b>

## 9 Taxes

### Tax expense for the year

SEK million	2022	2021
Profit before taxes	5	-78
Current tax	-1	-4
Deferred tax	-11	19
<b>Total tax</b>	<b>-13</b>	<b>15</b>
Tax as % of profit before taxes	-248.0	-19.7

### Reconciliation of effective tax

SEK million	2022	%	2021	%
Profit before taxes	5	-	-78	-
Tax at applicable tax rate	-1	-20.6	16	-20.6
Non-deductible expenses	-6	-120.5	-1	1.0
Non-taxable income	-	-	5	-6.2
Adjustment of tax in respect of prior years	-4	-78.7	-1	1.0
Foreign taxes	-1	-27.8	-4	5.1
<b>Total tax</b>	<b>-13</b>	<b>-248.0</b>	<b>15</b>	<b>-19.7</b>

### Deferred tax

SEK million	2022	2021
Tax loss carry forwards	31	42
Pension obligations	3	4
Other items	1	1
<b>Total deferred tax asset (+) / liability (-)</b>	<b>35</b>	<b>47</b>

Deferred tax asset in respect of tax losses have been taken into account in full since the company is of the opinion that sufficient income will be generated in the future to be utilized against the tax losses. The tax losses amount to SEK 149 million (204) per 31 December 2022 and can be carried forward indefinitely.

## 10 Property, plant and equipment

SEK million	Land, land improvements and buildings	Machinery and equipment	Fixtures, vehicles, etc.	Total property, plant and equipment
<b>Carrying amount at 1 January 2022</b>	-	<b>2</b>	-	<b>2</b>
Acquisitions	-	0	-	0
Disposals	-	-	-	-
Depreciations and impairment charges	-	-1	-	-1
<b>Carrying amount at 31 December 2022</b>	-	<b>0</b>	-	<b>0</b>
<b>Cost amount at 31 December 2022</b>	-	<b>120</b>	-	<b>120</b>
Accumulated depreciation and impairment charges	-	-120	-	-120
<b>Carrying amount at 31 December 2022</b>	-	<b>0</b>	-	<b>0</b>
<b>Carrying amount at 1 January 2021</b>	<b>162</b>	<b>4</b>	<b>5</b>	<b>192</b>
Acquisitions	-	-	-	-
Disposals	-162	-	-5	-167
Depreciations and impairment charges	-	-2	-	-2
<b>Carrying amount at 31 December 2021</b>	-	<b>2</b>	-	<b>2</b>
<b>Cost at 31 December 2021</b>	-	<b>120</b>	-	<b>120</b>
Accumulated depreciation and impairment charges	-	-118	-	-118
<b>Carrying amount at 31 December 2021</b>	-	<b>2</b>	-	<b>2</b>

## 11 Shares in Group companies

SEK million	Reg. no	Registered office	Share of capital and votes, %	Carrying amount, opening balance	Investments	Carrying amount, closing balance
Gränges Finspång AB	556002-6113	Finspång, Sweden	100/100	186	-	186
Gränges Skultuna AB	556913-7358	Skultuna, Sweden	100/100	0	-	0
Gränges Americas Inc.	-	Delaware, USA	100/100	671	-	671
Granges Aluminium (Shanghai) Co., Ltd.	-	Shanghai, China	100/100	256	-	256
Gränges International Inc.	-	Delaware, USA	100/100	66	-	66
Gränges Japan Ltd	-	Tokyo, Japan	100/100	3	-	3
Gränges Powder Metallurgy GmbH	-	Velbert, Germany	100/100	38	-	38
Gränges Konin S.A.	-	Warsaw, Poland	100/100	1,685	-	1,685
Gränges Powder Metallurgy SAS	-	Saint-Avoid, France	100/100	-	80	80
<b>Total shares in Group companies</b>				<b>2,906</b>	<b>80</b>	<b>2,986</b>

## 12 Share capital

	2022	2021
Numbers of shares	106,308,618	106,308,618
SEK million	2022	2021
Share capital	142	142

The articles of association for Gränges AB state that the share capital shall be not less than SEK 100,000,000 and not more than SEK 400,000,000. The number of shares shall be not less than 75,000,000 and not more than 300,000,000.

The share capital comprises a single class of share and amounts to SEK 142 million (142) as of 31 December 2022. Share capital is divided into 106,308,618 shares (106,308,618), each with a quota value of SEK 1.339775.

Earnings per share and dilutive effect is presented in the Group's Note 18.

## 13 Provision for pensions

SEK million	2022	2021
Liability at beginning of year related to ITP 2	28	26
Pension costs	2	2
Interest expense, pensions	5	1
Pension payments	-1	-1
Liability at the end of year related to ITP 2	34	28
<b>Liability at the end of year related to pension obligations</b>	<b>34</b>	<b>28</b>

Actuarial basis for calculating the capital value pursuant to the Pension Obligations Vesting Act are defined by the Swedish Financial Regulatory Authority. Application of the Pension Obligations Vesting Act is a condition for the right to make tax deductions.

## 14 Other provisions

SEK million	2022	2021
<b>Non-current provisions</b>		
Provisions for long-term incentive programme (LTI)	4	4
Other provisions	1	2
<b>Total non-current provisions</b>	<b>4</b>	<b>6</b>
<b>Current provisions</b>		
Provisions for long-term incentive programme (LTI)	8	9
<b>Total current provisions</b>	<b>8</b>	<b>9</b>

A provision for employee benefits is recognized in accordance with agreements entered for long-term incentive programmes and other personnel obligations.

## 15 Interest-bearing liabilities

As per 31 December 2022, the parent company's interest-bearing liabilities consisted of non-current term loans of SEK 400 million and USD 160 million. The interest-bearing liabilities also included bonds of SEK 900 million issued under Gränges MTN programme, where SEK 300 million was current and SEK 600 million was non-current. Gränges' commercial paper programme was utilized with SEK 1,632 million. Gränges also has a revolving credit facility of SEK 3,500 million, which was unutilized at 31 December 2022.

The loan facilities are subject to covenants, which are Net Debt/ EBITDA and Interest coverage ratio. The covenants were fulfilled at 31 December 2022.

SEK million	Carrying amount	
	2022	2021
<i>Non-current interest-bearing liabilities</i>		
Interest-bearing loans	2,065	200
Bonds in MTN programme	600	900
Revolving Credit Facilities	-	-
Accrued loan costs	-16	-5
<b>Total non-current interest-bearing liabilities</b>	<b>2,649</b>	<b>1,095</b>
<i>Current interest-bearing liabilities</i>		
Interest-bearing loans	-	226
Bonds in MTN programme	300	-
Revolving Credit Facilities	-	-
Commercial papers	1,633	1,199
Interest-bearing derivatives	50	49
<b>Total current interest-bearing liabilities</b>	<b>1,982</b>	<b>1,474</b>
<b>Total interest-bearing liabilities</b>	<b>4,631</b>	<b>2,569</b>

## 16 Accrued expenses and deferred income

SEK million	2022	2021
Personnel-related liabilities	28	28
Other accrued expenses and deferred income	12	47
<b>Total accrued expenses and deferred income</b>	<b>40</b>	<b>75</b>

## 17 Pledged assets and contingent liabilities

### Contingent liabilities

SEK million	2022	2021
Guarantee commitment PRI Pensionsgaranti	1	1
Contingent liabilities for subsidiaries	958	774
<b>Total contingent liabilities</b>	<b>958</b>	<b>775</b>

### Pledged assets

Gränges AB has, in connection with signing the new credit facility described in Note 29 of the group, entered into a customary undertaking to not pledge assets or in a similar manner use its property to give creditors a better right than the banks that are providing the credit facility.

### Disputes

The company is not a party to any dispute. As long as the company does not have any legal or formal obligation as a result of a past event, and it is uncertain whether an outflow of economic resources will be required to settle a future obligation, nothing is recognized in the income statement or balance sheet.

## 18 Related party transactions

No board member or senior executive of Gränges AB or its subsidiaries has independently or through a company or related party had any direct involvement in a business transaction concluded by Gränges AB that was or is of an unusual character or subject to unusual terms and conditions.

SEK million	2022	2021
Sales to related parties	133	141
Purchases from related parties	6	25
Interest income on receivables from related parties	249	82
Interest expenses on liabilities to related parties	2	–
Interest-bearing receivables from related parties	4,812	3,089
Interest-bearing liabilities to related parties	8	–
Non-interest-bearing receivables from related parties	354	200
Non-interest-bearing liabilities to related parties	55	696

## 19 Proposed appropriation of retained earnings

The Board of Directors proposes that the retained earnings of:

SEK	
Profits carried forward	3,039,952,524
Share swap	4,967,550
Option premiums	7,461,300
Profit for the year	–7,709,908
<b>Non-restricted equity</b>	<b>3,044,671,466</b>

Be appropriated as follows:

Dividend to shareholders of 2.50 SEK per share	265,771,545
Carried forward	2,778,899,920
<b>Total</b>	<b>3,044,671,466</b>

The proposed dividend of SEK 266 million, or SEK 2.50 per share, represents 38 per cent of the Group's profit for 2022. In preparing its dividend proposal the Board of Directors has taken account of the company's financial position, cash flow and outlook.

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The proposed dividend of SEK 266 million, or SEK 2.50 per share, represents 38 per cent of the Group's profit for 2022. In preparing its dividend proposal the Board of Directors has taken account of the company's financial position, cash flow and outlook.

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted for use in the EU, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Company and describes substantial risks and uncertainties that the Group companies faces.

Stockholm, 15 March 2023  
The Board of Directors of Gränges AB (publ)

Fredrik Arp  
Chairman of the Board

Jörgen Rosengren  
Chief Executive Officer

Mats Backman  
Member of the Board

Martina Buchhauser  
Member of the Board

Steven Armstrong  
Member of the Board

Peter Carlsson  
Member of the Board

Katarina Lindström  
Member of the Board

Hans Porat  
Member of the Board

Isabelle Jonsson  
Employee representative

Emelie Gunnstedt  
Employee representative

We submitted our audit report on 15 March 2023  
Ernst & Young AB

Andreas Troberg  
Authorized Public Accountant

This information is such that Gränges must disclose pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication on Thursday, 16 March 2023.



# Auditor's Report

To the general meeting of the shareholders of Gränges AB,  
corporate identity number 556001-6122

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Gränges AB (publ) except for the corporate governance statement on pages 68–80 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 61–121 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 68–80. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes

that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming

our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Valuation of finished goods and work-in-process products

Description	How our audit addressed this key audit matter
<p>As described in Note 22 of the consolidated financial statements, inventories of finished goods and merchandise and work in progress products are recorded at 2 761 MSEK in the consolidated balance sheet per the 31st of December 2022, equivalent to 16 % of the Company's total assets. Inventories are valued at the lowest of acquisition cost and net realizable value.</p> <p>The acquisition cost of inventories is based on the cost of production less obsolescence write-downs, if applicable. The valuation at production cost is performed using inventory valuation models where direct and indirect production-related costs are allocated to products. Incorrect assumptions and calculations related to direct and indirect production costs affect the valuation of goods produced which affects recorded inventory and the cost of goods sold. For this reason we have determined that this is a key audit matter.</p> <p>A description of the Company's inventory valuation method for finished goods and merchandise and work in progress products, as well as significant judgments and assumptions in relation to this, is presented in Note 4 and Note 5 under the notes to the consolidated financial statements.</p>	<p>In our audit for the financial year, we have assessed the Company's routines for accounting for finished goods and merchandise and work in progress products, and whether the Company's accounting principles for inventory is compliant with applicable standards.</p> <p>We have also performed procedures to verify calculation models and assessed the reasonableness of applied prices, consumption rates and assumptions regarding the allocation of indirect production costs. We have also performed procedures on metal hedging related to inventory.</p> <p>Finally, we have also reviewed the disclosures provided in the annual report.</p>

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–59 and 126–152. The report on management remuneration for the financial year 2022 which will be issued after the date of this auditor's report is also considered other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning the other information which we received up until the date of this auditor's report, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

If we, in connection with reading the management remuneration report, conclude that there is a material misstatement we are required to report this to the board of directors and request correction.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Report on the audit of the administration and the proposed appropriations of the company's profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Gränges AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

## The auditor's examination of the ESEF report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Gränges AB for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Gränges AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls.

The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Group's consolidated income statement, balance sheet, statement of change in equity, cash flow and notes has been marked with iXBRL in accordance with the ESEF regulation.

### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 68-80 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Hamngatan 26, 111 47, Stockholm, was appointed auditor of Gränges AB by the general meeting of the shareholders on the 4 May 2022 and has been the company's auditor since the 10 May 2007.

Stockholm 15 March 2023  
Ernst & Young AB

Andreas Troberg  
Authorized Public Accountant

# Sustainability notes

## About Gränges' sustainability report

The sustainability information in this report relates to the financial year 2022 and covers all fully owned operations of the Group at the start of 2022. Refer to page 118 for a list of group companies. The facility in Konin and Gränges Powder Metallurgy are excluded in data prior to 2021 since the companies were fully acquired in 2020. The statutory sustainability report according to the Swedish Annual Accounts Act has been issued by Gränges' Board of Directors, read more on page 64.

The sustainability information has been prepared in accordance with GRI Standards for the period January 1 to December 31 2022 and the company supports UN Global Compact. Environmental data related to carbon emissions intensity and share of sourced recycled aluminium have been externally assured by the company's auditors EY. The rest of the report and its content have not been externally assured. Refer to page 148 for assurance report. GRI's guidance on the reporting principles, has been used to define the content of the report.

Gränges has updated the definition of Senior Management during the year as a result of a new structure of the LTI-program. Hence, information on women among senior management presented on page 134 has been restated in line with the new definition.

Gränges has published a sustainability report each year since 2015. This report is published 16 March and the company intends to continue to publish a report annually.

For more information, please contact:  
Sofia Hedevåg, SVP Sustainability  
sofia.hedevag@granges.com  
+46 733 03 79 79

## Sustainability governance

Gränges' Group Management, which includes the SVP Sustainability, ensures that Gränges' global sustainability strategy, long-term targets and policies are aligned with the company's vision and strategy. Group Management also reviews and monitors regional performance against sustainability targets, as well as makes decisions related to global sustainability priorities.

Gränges' CEO regularly presents global sustainability performance to the Board of Directors, who reviews and monitors performance against the company's targets. The Board of Directors is the body which approves the company's global sustainability strategy, long-term targets, and policies, and adopts the annual sustainability report.

The Group Sustainability department, headed by the SVP Sustainability, is responsible for leading the development and execution of Gränges' global sustainability strategy and long-term targets as well as issuing sustainability-related policies. Other responsibilities include regular communication and reporting on Gränges' sustainability performance and progress to internal and external stakeholders as well as coordinating a continuous stakeholder dialogue.

The SVP Sustainability also leads a cross-regional sustainability team in which all regional sustainability leads are represented. The team is responsible for leading Gränges' global sustainability efforts, as well as developing global sustainability plans. Ensuring best practice sharing across the organization is also a key objective for the team.

The regional Presidents are responsible for developing and executing local sustainability plans and targets, aligned with the global strategy and the local needs. A systematic follow-up of all regions' sustainability efforts is done through regional semi-annual sustainability boards, which are chaired by SVP Sustainability and represented by the CEO.



## Stakeholder dialogue

Gränges seeks to establish long-term and transparent dialogues with its stakeholders. Stakeholder inclusiveness is a priority for Gränges, and the company regularly engages key stakeholder groups in structured dialogues regarding sustainability topics, reporting content and other expectations.

In 2022, Gränges conducted a new comprehensive stakeholder dialogue and materiality assessment. In line with new CSRD (Corporate Sustainability Reporting Directive) reporting requirements, Gränges has followed the principle of double materiality in which sustainability topics have been assessed based on their internal and external impacts. The following definitions have been used:

1. Impact on business value (internal impact): The impact a sustainability topic has on Gränges' financial performance and the company's ability to create economic value for investors and shareholders.

2. Impact on society and the environment (external impact): The impact Gränges has or could have on society and the environment because of the company's activities or business relationships.

Using the definitions above, Gränges sent out two online engagement surveys to evaluate the impact and relative importance of various sustainability topics. The first survey was shared with Gränges' global leadership team and the second survey with Gränges' five main stakeholder groups: customers, employees, investors, suppliers, and the local community. In total, 407 stakeholders responded to the surveys. A number of deep-diving interviews were also conducted during the autumn of 2022 in order to add more details to the survey results.

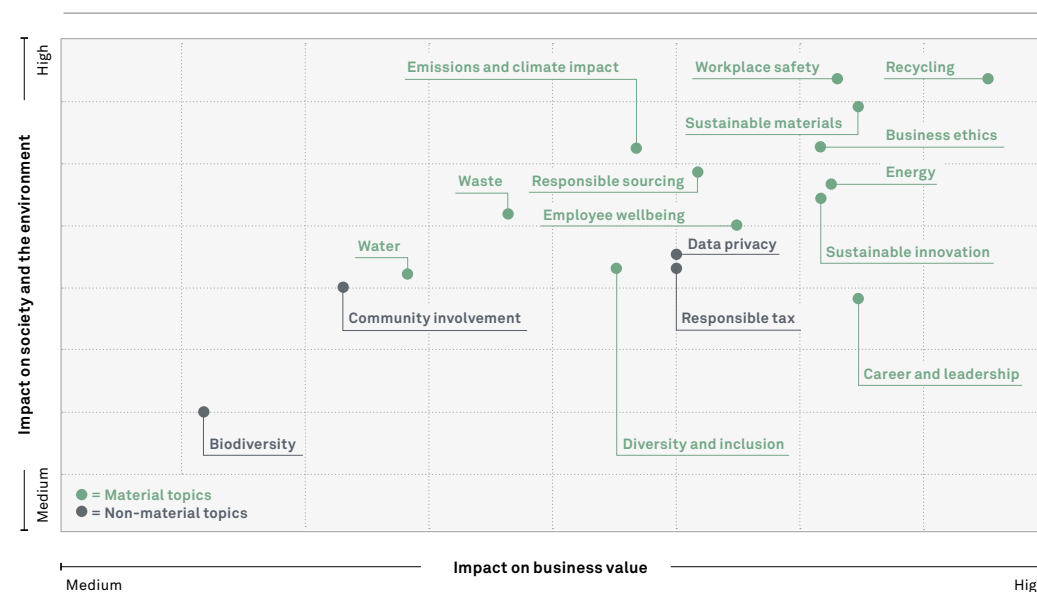
Stakeholder group	Dialogue forum	Key sustainability topics for stakeholders	Page
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer survey</li> <li>• Fairs, seminars</li> <li>• Ongoing dialogue</li> <li>• Questionnaires from customers</li> <li>• Stakeholder surveys and in-depth interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Business ethics</li> <li>• Sustainable materials</li> <li>• Responsible sourcing</li> <li>• Workplace safety</li> </ul>	46,143 37,136 39–40,137 43,140
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Annual performance reviews</li> <li>• Employee surveys every two years</li> <li>• Internal trainings</li> <li>• Intranet communication</li> <li>• Stakeholder surveys and in-depth interviews</li> <li>• Workplace meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace safety</li> <li>• Employee wellbeing</li> <li>• Career and leadership</li> <li>• Business ethics</li> <li>• Recycling</li> </ul>	43,140 44–45,142 44–45,141 46,143 37,136
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Annual and quarterly reports</li> <li>• Capital markets days</li> <li>• Quarterly conference calls</li> <li>• Investor and analyst seminars and meetings</li> <li>• Press releases</li> <li>• Stakeholder surveys and in-depth interviews</li> <li>• Sustainability questionnaires from ESG data providers</li> <li>• Gränges' website</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible sourcing</li> <li>• Recycling</li> <li>• Sustainable materials</li> <li>• Workplace safety</li> </ul>	39–40,137 37,136 34,136 34,140
<b>Society</b>	<ul style="list-style-type: none"> <li>• Collaboration with universities and schools</li> <li>• Interns and student dissertations</li> <li>• Local cooperation, ongoing dialogue</li> <li>• Participation in networks and working groups</li> <li>• Stakeholder surveys and in-depth interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Career and leadership</li> <li>• Workplace safety</li> <li>• Sustainable materials</li> <li>• Waste</li> <li>• Recycling</li> </ul>	44–45,141 43,140 37,136 42,139 37,136
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Ongoing dialogue</li> <li>• Stakeholder surveys and in-depth interviews</li> <li>• Supplier assessments</li> <li>• Supplier Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace safety</li> <li>• Business ethics</li> <li>• Responsible sourcing</li> <li>• Sustainable materials</li> </ul>	43,140 46,143 39–40,137 37,136

# Gränges' materiality analysis

In 2022, Gränges conducted a renewed materiality analysis in line with CSRD and the principle of double materiality. The assessment process followed the following steps. First, Gränges' identified a list of relevant sustainability topics for the company based on peer benchmark, industry standards and upcoming reporting regulation. The list was shortened to 22 topics. Thereafter stakeholders were asked to rate each topic based on impact and relative importance. To prioritize and identify material topics, internal validation workshops were held. The results largely confirm the assessment done in 2017, which indicates that the existing strategy is still relevant. Four topics included in the survey were assessed to be less material: Biodiversity, Community involvement, Data privacy, and Responsible tax. These topics will be managed regionally depending on local conditions and stakeholder expectations. The company further decided to split the topic energy into two topics: sustainable energy and energy intensity.

The findings are presented in Gränges materiality matrix and form the basis for defining Gränges' focus areas for sustainability and 2030 goals.

GRÄNGES' MATERIALITY MATRIX



## Gränges' material topics and their boundaries

Sustainability pillar	Material topics	Corresponding GRI Standards topic	Impact occurs in/at Gränges'			Page
			Suppliers	Operations	Customers	
<b>Sustainable supply and recycling</b>	Emissions and climate impact (scope 3)	Emissions	x		x	35–36,135
	Sustainable energy	Energy	x	x		38,137
	Sustainable materials	Materials	x	x		37,136
	Recycling	Materials	x	x	x	37,136
	Responsible sourcing	Supplier Environmental assessment Supplier Social assessment	x			39–40,137
<b>Sustainable operations</b>	Emissions and climate impact (scope 1+2)	Emissions		x		35–35,135
	Energy intensity	Energy		x		42,138
	Waste	Waste		x		42,139
	Water	Water		x		42,139
	Workplace safety	Occupational Health and Safety		x		43,140
	Business ethics	Anti-corruption	x	x	x	46,143
	Career and leadership	Training and education		x		44–45,141
	Diversity and inclusion	Diversity and equal opportunity		x		44–45,142
	Employee wellbeing	Occupational Health and Safety		x		44–45,142
<b>Sustainable customers and sectors</b>	Emissions and climate impact (scope 3)	Emissions			x	35–36,142
	Sustainable innovation	–		x	x	47–48,143

## External reporting and evaluation

Gränges' sustainability performance and management are continuously assessed by customers, sustainability and ESG analysts as well as other stakeholders. This serves as an important element of the ongoing stakeholder dialogue and is in line with the company's ambition to provide stakeholders with a credible basis for their evaluation of Gränges. Below are some examples of external sustainability evaluation and recognition.

**Aluminium Stewardship Initiative (ASI):** Gränges has achieved certifications against the ASI Performance Standard and Chain of Custody Standard for the Franklin corporate office as well as five production facilities: Finspång, Shanghai, Newport, Salisbury and Huntingdon. These certifications demonstrate that Gränges' offerings are responsibly and sustainably sourced and produced.

**EcoVadis:** For the second consecutive year, Gränges was awarded a Platinum rating from EcoVadis which places Gränges among the leading 1 per cent of companies assessed globally in the industry 'Manufacture of basic precious and other non-ferrous metals.'

**CDP:** Gränges continued to respond to CDP's Climate change questionnaire and achieved a B score.

**MSCI:** Gränges received an AA rating in the MSCI ESG Ratings assessment 2022.<sup>1)</sup> MSCI ESG Research provides MSCI ESG Ratings

on global public and a few private companies on a scale of AAA (highest rating) to CCC (lowest rating), according to exposure to industry specific ESG risks and the ability to manage those risks relative to peers.

**Sustainalytics:** Gränges achieved an overall risk rating of 21.1 (Medium) in Sustainalytics' ESG Risk Rating Report 2022.<sup>2)</sup> This placed the company as the number 3 among 36 aluminium companies and number 5 among 212 metal companies.

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## External initiatives and memberships

Gränges supports international standards on human rights, labour conditions, the environment and anti-corruption, the UN Global Compact, UN Universal Declaration of Human Rights and the OECD Guidelines for Multinational Corporations. Gränges also helps to fulfil the 2030 Agenda and the Sustainable Development Goals (SDGs), read more on page 130.

Gränges participates in the following industry initiatives: Aluminium Association, Aluminium Stewardship Initiative, Big Science Sweden, China Nonferrous Metals Industry Association, Confederation of Swedish Enterprise, European Aluminium, European Aluminium Foil Association, Polish Aluminium Association, Global Aluminium Foil Roller Initiative, Nonferrous metals Society of Shanghai, Shanghai Aluminium Trade Association, Scandinavian Automotive Supplier Association, and Svenskt Aluminium.

Gränges' operation in Finspång is also a member of the local associations Näringslivsrådet, Vision East Sweden, and Östsvenska Handelskammaren, as there is a strategic interest at local level related to areas such as recruitment, infrastructure and influence in important political topics.

# Sustainable development goals

Gränges helps to fulfil the 2030 Agenda and Sustainable Development Goals (SDGs). In the table below, those SDGs that have been identified as most relevant for Gränges' business and where the company has its largest contributions and impacts, are outlined.

UN SDG number and applicable targets	UN SDG name	Gränges' contributions to the UN SDGs	Gränges' material topics
 3.8 3.9	<b>Good health and well-being</b>	<ul style="list-style-type: none"> <li>Gränges works to attract and safeguard competent employees and ensure proper working conditions, including access to essential health care services and medicines.</li> <li>Gränges strives to minimize employee exposure to chemicals, and performs chemical risk assessments using a precautionary principle, to ensure employees use alternatives that are as safe and environmentally sound as possible.</li> </ul>	<ul style="list-style-type: none"> <li>Employee wellbeing</li> </ul>
 4.4	<b>Quality education</b>	<ul style="list-style-type: none"> <li>Gränges works to attract and retain a skilled workforce and works closely with universities etc. to give students access to the corporate environment.</li> <li>Gränges works to develop competencies that enhance both individual and organizational performance. As part of the annual performance and development discussion, each employee and their direct manager decide on individual training and development.</li> </ul>	<ul style="list-style-type: none"> <li>Career and leadership</li> </ul>
 5.1 5.5	<b>Gender equality</b>	<ul style="list-style-type: none"> <li>Gränges works to promote equal opportunities, diversity and gender equality.</li> <li>Gränges' operations in Finspång annually performs a gender-related disparity pay analysis to find any non-objective gaps.</li> <li>Gränges works to promote an open and non-discriminatory workplace in its supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and inclusion</li> </ul>
 6.3 6.4 6.5	<b>Clean water and sanitation</b>	<ul style="list-style-type: none"> <li>Gränges works to reduce emissions to both air and water. The company has set a 2025 target to implement local water management plans based on local water conditions (quality, quantity and governance) at all production sites. Such plans should include local targets and actions to address water-related impacts, including water efficiency improvement.</li> <li>Gränges works to put in place mechanisms to identify water risks throughout the global supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Responsible sourcing</li> <li>Water management</li> </ul>
 7.2 7.3	<b>Affordable and clean energy</b>	<ul style="list-style-type: none"> <li>Gränges has initiated efforts to increase the share of renewable energy in its operations and to promote the topic in its supply chain, as this is a way to reduce the supply chain carbon footprint. The company has a target to increase renewable energy to at least 20 per cent to 2025.</li> <li>Gränges works to improve energy intensity and has a target to reduce energy intensity by 17 per cent to 2025 compared with 2017.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable energy</li> <li>Energy intensity</li> </ul>
 8.4 8.5 8.7 8.8	<b>Decent work and economic growth</b>	<ul style="list-style-type: none"> <li>Gränges works to improve resource efficiency in its operations through energy and materials efficiency, reduce and reuse waste as well as increased use of recycled aluminium.</li> <li>Gränges works to ensure full employment and decent work with equal pay, and to ensure a working environment that promotes high safety standards.</li> <li>Gränges works to put in place mechanisms to identify social risks throughout the global supply chain, including human rights (forced labour, child labour etc.) and working conditions.</li> </ul>	<ul style="list-style-type: none"> <li>Career and leadership</li> <li>Diversity and inclusion</li> <li>Workplace safety</li> <li>Responsible sourcing</li> <li>Sustainable materials</li> <li>Waste management</li> </ul>
 9.4	<b>Industry, innovation and infrastructure</b>	<ul style="list-style-type: none"> <li>Gränges works to develop sustainable products and solutions. The company works to leverage the advantages of aluminium by designing and manufacturing products and solutions which can improve customers' operational efficiency as well as the sustainable performance of their products.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable innovation</li> </ul>

UN SDG number and applicable targets	UN SDG name	Gränges' contributions to the UN SDGs	Gränges' material topics
 10.3	<b>Reduced inequalities</b>	<ul style="list-style-type: none"> <li>Gränges works to ensure equal opportunities and to eliminate discrimination among its workforce. This is followed up by for example employee surveys every second year.</li> <li>Gränges works to promote an open and non-discriminatory workplace in its supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and inclusion</li> <li>Responsible sourcing</li> </ul>
 11.6	<b>Sustainable cities and communities</b>	<ul style="list-style-type: none"> <li>Gränges works to leverage the sustainability properties of aluminium (lightweight, recyclable etc.) and develops HVAC solutions that contribute to energy efficient and sustainable buildings.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable innovation</li> </ul>
 12.2 12.4 12.5 12.6	<b>Responsible consumption and production</b>	<ul style="list-style-type: none"> <li>Gränges works to improve material efficiency and recycling rates and to minimize harmful emissions and waste. The company performs chemical substance hazard analysis and substitutes chemicals to reduce exposure to personnel.</li> <li>Gränges integrates sustainability information into its reporting cycle and publishes an annual sustainability report.</li> <li>Gränges works to ensure sustainable procurement practices and traceable practices in the supply chain. The company works to promote and improve product life-cycle sustainability performance.</li> <li>Gränges works to develop innovative products that can reduce energy needs in usage.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable innovation</li> <li>Responsible sourcing</li> <li>Recycling</li> <li>Sustainable materials</li> <li>Waste management</li> </ul>
 13.1 13.3	<b>Climate action</b>	<ul style="list-style-type: none"> <li>Gränges works to counteract climate change throughout the value chain. With regards to its own operations, Gränges works to improve energy efficiency and to increase use of renewable energy.</li> <li>Gränges develops sustainable products aimed at improving customers' and end-users' energy efficiency.</li> <li>Gränges works to understand the climate risks and build resilience into the company's operations and supply chain.</li> <li>Gränges has set a 2025 target to reduce carbon emissions intensity from own operations and purchased energy (scope 1+2) by at least 25 per cent versus 2017 and to reduce carbon emissions intensity from sourced metal inputs (scope 3) by at least 30 per cent.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable innovation</li> <li>Emissions and climate impact</li> <li>Sustainable energy</li> <li>Energy intensity</li> <li>Responsible sourcing</li> </ul>
 16.5	<b>Peace, justice and strong institutions</b>	<ul style="list-style-type: none"> <li>Gränges has zero tolerance for bribery and other types of corruption in its operations, and has set a 2025 target that white-collar employees are to be trained each year.</li> </ul>	<ul style="list-style-type: none"> <li>Business ethics</li> </ul>
 17.16	<b>Partnerships for the goals</b>	<ul style="list-style-type: none"> <li>Gränges has been a signatory of the UN Global Compact since 2016, and collaborates with industry associations and local community networks to support and enhance the partnership for sustainable development.</li> <li>Gränges works to promote and improve the sustainability performance (life-cycle perspective) of aluminium through value chain collaboration. One example is Gränges' participation in Aluminium Stewardship Initiative (ASI).</li> </ul>	<ul style="list-style-type: none"> <li>Responsible sourcing</li> </ul>

## Sustainability-Linked Bond

On 23 September 2021, Gränges successfully issued a five-year SEK 600 million senior unsecured Sustainability-Linked Bond under the company's MTN programme. The bond is due in 2026 and has a coupon of three months Stibor + 1.20 per cent. Gränges has tied the Sustainability-Linked Bond to the achievement of three defined sustainability performance targets (SPTs), which all play a central role in Gränges' sustainability strategy.

- SPT 1: Reduce carbon emissions intensity from own operations and purchased energy (scope 1+2) by 25 per cent by 2025 compared to 2017.
- SPT 2: Reduce carbon emissions intensity from sourced metal inputs (scope 3) by 30 per cent by 2025 compared to 2017.
- SPT 3: Increase the share of recycled aluminium to at least 30 per cent of total sourced metal inputs by 2025.

Target	KPI	2022	2021	2020	2017
<b>SPT 1</b>	Total carbon emissions intensity from own operations and purchased energy (scope 1+2), tonnes CO <sub>2</sub> e/tonne	0.82	0.88	0.83	0.81
<b>SPT 2</b>	Total carbon emissions intensity from sourced metal inputs (scope 3), tonnes CO <sub>2</sub> e/tonne	8.1	8.4	9.6	11.9
<b>SPT 3</b>	Share of recycled aluminium of total sourced metal inputs, %	32.7	28.5	22.5	11.5

Total carbon emissions intensity from own operations and purchased energy (scope 1+2) amounted to 0.82 tonnes CO<sub>2</sub>e/tonne in 2022. Gränges has now reduced carbon intensity (scope 1+2) by 14 per cent compared to baseline 2017.<sup>1)</sup>

Total carbon emissions intensity from sourced metal inputs (scope 3) amounted to 8.1 tonnes CO<sub>2</sub>e/tonne in 2022. Gränges has now reduced carbon intensity (scope 3) by 23 per cent compared to baseline 2017.<sup>1)</sup>

The share of sourced recycled aluminium increased by 4.2 percentage points and reached 32.7 per cent (28.5) in 2022.

<sup>1)</sup> Baseline 2017 has been recalculated to include Konin. Updated numbers for baseline 2017 are 0.96 for SPT1 and 10.5 for SPT2. The table above shows reported figures, where 2017–2020 exclude Konin and Gränges Powder Metallurgy.

## EU Taxonomy

The EU taxonomy is a classification system for environmentally sustainable economic activities. It establishes four overarching conditions that an economic activity must meet in order to qualify as environmentally sustainable. These criteria are:

- Contributes substantially to at least one of six environmental objectives (article 10–16)
- Does not significantly harm any of the environmental objectives (article 17)
- Complies with the minimum social safeguards (Article 18)
- Complies with technical screening criteria that have been established by the commission (articles 10–15)

In 2021, Gränges conducted an analysis together with an external advisor to identify eligible economic activities for the currently adopted environmental objectives climate change mitigation and climate change adaptation. The company identified Manufacturing of secondary aluminium to be an eligible activity. In 2022, Gränges further analyzed the alignment of this activity to the environmental objectives listed in the taxonomy. The disclosure below is based on our current understanding of the guidelines and may be amended in the future to align with the maturity of the guidance and developing reporting practices. Gränges is investing in the battery segment and foresees that this will be an eligible activity in the future.

### Definitions

#### Turnover:

Gränges has calculated the proportion of taxonomy aligned economic activities as share of sourced recycled aluminium in relation to net sales of goods.

#### Capex:

Capex has been calculated as share of sourced recycled aluminium in relation to capital expenditures related to manufacturing.

#### Opex:

Gränges has calculated the proportion of taxonomy aligned economic activities as share of sourced recycled aluminium in relation to operating expenses related to manufacturing.

### Manufacturing of secondary aluminium

The manufacture of secondary aluminium is an eligible activity according to the EU taxonomy. Gränges conducts this activity by purchasing aluminium scrap from third parties and recycles this into new products. Gränges also has several closed and open loop collaborations, in which recycled aluminium from customers' manufacturing process is brought back to Gränges and re-melted into new products. All manufacturing of secondary aluminium is defined by the taxonomy as making a substantial contribution to climate change mitigation.

### Analysis of Do No Significant Harm (DNSH)

To calculate the proportion of taxonomy aligned economic activities and related turnover, Capex and Opex, Gränges has used the share of sourced recycled aluminium as a proxy. Because manufacture of secondary aluminium is seen as making a substantial contribution to climate change mitigation, the majority of the DNSH -analysis aimed at ensuring no significant harm to the other five objectives. During the analysis it was established that Gränges is well aligned with the regulations and guiding standards referenced in the technical criteria. Gränges has also been diligent in conducting risk and impact assessments that meet the criteria of the Taxonomy.

### Minimum safeguards

Gränges' activities are carried out in compliance with the minimum safeguards set out in the regulation related to international minimum rights and standards as being defined by the OECD Guidelines for Multi-national Enterprises, the UN Guiding Principles on Business and Human Rights, including the declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO), the eight fundamental conventions of the ILO and the International Bill of Human Rights. The analysis refers to the Code of Conduct of Gränges, that stipulates the responsibilities of how to act and how to conduct business responsibly. Gränges believe that fair working conditions enable its employees to realize their full potential. Gränges also requires its suppliers to operate in accordance with responsible, ethical, and sound business principles and in compliance with all applicable laws and regulations. That means to always compete in a fair manner and respect and support internationally proclaimed human rights.



## Proportion of Turnover

Economic activity	NACE code	Absolute turnover MSEK	Proportion of turnover %	Substantial contribution criteria						DNSH Criteria "Does Not Significantly Harm"							Taxonomy aligned proportion of turnover Year 2022 %	Taxonomy aligned proportion of turnover Year 2021 %	Category (enabling activity) E	Category (transitional activity) T		
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and eco-systems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and eco-systems Y/N	Minimum safeguards Y/N						
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																						
<b>A.1 Environmentally sustainable activities (taxonomy aligned)</b>																						
3.8 Manufacture of Aluminium	C24.42 C24.53	8,147	33.3%	100%							Y	Y	Y	N/A	Y	Y	Y	33.3%			T	
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)</b>																						
3.8 Manufacture of Aluminium	C24.42 C24.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total A.1+A.2</b>		8,147	33.3%															33.3%				
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																						
Turnover of Taxonomy-non-eligible activities (B)		16,345	66.7%																			
<b>Total A+B</b>		24,492	100.0%																			

## Proportion of Capex

Economic activity	NACE code	Absolute CapEx MSEK	Proportion of CapEx %	Substantial contribution criteria						DNSH Criteria "Does Not Significantly Harm"							Taxonomy aligned proportion of CapEx Year 2022 %	Taxonomy aligned proportion of CapEx Year 2021 %	Category (enabling activity) E	Category (transitional activity) T		
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and eco-systems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and eco-systems Y/N	Minimum safeguards Y/N						
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																						
<b>A.1 Environmentally sustainable activities (taxonomy aligned)</b>																						
3.8 Manufacture of Aluminium	C24.42 C24.53	394	38.4%	100%							Y	Y	Y	N/A	Y	Y	Y	38.4%			T	
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)</b>																						
3.8 Manufacture of Aluminium	C24.42 C24.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total A.1+A.2</b>		394	38.4%															38.4%				
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																						
Turnover of Taxonomy-non-eligible activities (B)		632	61.6%																			
<b>Total A+B</b>		1,026	100.0%																			

## Proportion of Opex

Economic activity	NACE code	Absolute OpEx MSEK	Proportion of OpEx %	Substantial contribution criteria							DNSH Criteria "Does Not Significantly Harm"							Taxonomy aligned proportion of OpEx Year 2022 %	Taxonomy aligned proportion of OpEx year 2021 %	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and eco-systems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and eco-systems Y/N	Minimum safeguards Y/N					
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																					
<b>A.1 Environmentally sustainable activities (taxonomy aligned)</b>																					
3.8 Manufacture of Aluminium	C24.42 C24.53	239	33.8%	100%							Y	Y	Y	N/A	Y	Y	Y	33.8%			T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)</b>																					
3.8 Manufacture of Aluminium	C24.42 C24.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total A.1+A.2</b>		239	33.8%															33.8%			
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																					
Turnover of Taxonomy-non-eligible activities (B)		469	66.2%																		
<b>Total A+B</b>		708	100.0%																		

## Sustainability performance summary

	Target 2025	2022	2021	2020	2019	2018	2017	Note
<b>Sustainable supply and recycling</b>								
Recycled aluminium of total sourced metal inputs, %	≥30	32.7	28.5	22.5	19.8	16.7	11.5	2
Volumes of recycled aluminium, ktonnes	–	168.9	150.4	81.4	72.9	70.4	46.7	2
Renewable energy, %	≥20	16	15	13	8	9	9	3
Carbon emissions intensity from sourced metal inputs (scope 3), % reduction vs 2017	≥30 <sup>5)</sup>	–23	–20	–20	–12	–6	–	1
Significant suppliers <sup>1)</sup> , number	–	278	240	140	158	143	116	4
Significant suppliers committed to Gränges' Supplier Code of Conduct or equivalent standard, % of purchase value	100	97	98	97	99	98	–	4
Significant suppliers with a third-party verified sustainability assessment, number	–	45	33	25	–	–	–	4
On-site supplier audits, number	–	16	24	5	7	10	–	4
ASI Performance Standard/Chain of Custody certification, number of sites	All	5/5	2/2	1/0	0/0	0/0	0/0	–
<b>Sustainable operations</b>								
<i>Resource efficiency</i>								
Total energy use, GWh	–	1,658	1,703	1,220	1,216	1,231	1,237	5
Energy intensity, % reduction vs 2017	–17 <sup>5)</sup>	3	5	10	7	–1	–	5
Carbon emissions intensity from own operations and purchased energy (scope 1+2), % reduction vs 2017	≥25 <sup>5)</sup>	–14	–8	3	1	–6	–	1
Water withdrawal, thousand m <sup>3</sup>	–	4,092	4,176	2,864	3,203	3,468	3,346	6
Local water management plans, number of sites	All	3	3	2	0	0	0	6
Total amount of waste, ktonnes	–	30.6	–	–	–	–	–	7
<i>Workplace safety</i>								
Recordable workplace accidents, number	–	43	35	20	17	23	28	8
Lost workday cases, number	–	19	22	11	10	14	14	8
Fatalities, number	–	1	0	0	0	0	0	8
Total Recordable Rate, number of recordable accidents per million hours worked	≤3.0	8.0	6.5	5.5	4.4	6.1	7.8	8
Severity Rate, number of lost workdays per million hours worked	≤50	56	139	109	142	165	112	8

	Target 2025	2022	2021	2020	2019	2018	2017	Note
<b>Sustainable workforce</b>								
Employees on average <sup>2)</sup> , number	–	2,694	2,648	1,647	1,797	1,699	1,568	–
Employees at year end <sup>3)</sup> , number	–	2,729	2,712	1,774	1,782	1,803	1,637	9
Employees with permanent contract, %	–	97	96	98	97	95	–	9
Employees with temporary contract, %	–	3	4	2	3	5	–	9
Full-time employees, %	–	99	100	100	100	100	–	9
Part-time employees, %	–	1	0	0	0	0	–	9
White-collar employees, %	–	27	26	30	31	30	31	9
Blue-collar employees, %	–	73	74	70	69	70	69	9
Employees receiving annual performance and development discussion, %	100	73	67	100	100	99	–	10
Women in Board of Directors/ Group Management <sup>3)</sup> , %	–	29/17	43/20	43/14	43/13	43/13	50/13	11
Women among senior management <sup>3)4)</sup> , %	≥30	29	29	21	–	–	–	11
Women in total workforce <sup>3)</sup> , %	–	14	13	15	14	14	14	11
Employee engagement index, 0–100	≥85	77	–	78	–	77	–	12
Sick-leave <sup>2)</sup> , %	–	3.5	3.7	2.0	1.6	1.6	2.0	12
Employee turnover <sup>2)</sup> , %	–	17.7	18.7	16.0	11.8	9.1	7.4	12
Employees covered by collective bargaining agreements, %	–	76	78	68	68	70	70	–
<b>Business ethics</b>								
Employees trained in Gränges' Code of Conduct, %	100	100	100	100	99	99	–	13
Employees trained in anti-corruption, % white collar	100	100	100	100	100	–	–	13
Incidents related to corruption, number	–	0	0	0	0	0	0	13
<b>Sustainable customers and sectors</b>								
Products with third-party verified sustainability information available, %	100	79	35	19	–	–	–	14

Note: 2017–2020 exclude Konin and Gränges Powder Metallurgy.

1) All metal suppliers (suppliers of primary ingots, purchased slabs, recycled aluminium, alloying elements) as well as other suppliers which have an annual purchase value above SEK 5 million or an equivalent amount in local currencies.

2) Expressed as full-time positions.

3) Expressed as headcount on December 31.

4) Employee members of Gränges Global Leadership team. Data restated as a result of updated definition.

5) Versus baseline 2017, recalculated to include the Konin facility.

# Notes

## 1 Emissions and climate impact

### Total emissions of greenhouse gases

ktonnes CO <sub>2</sub> e	Scope 1			Scope 2			Scope 3			Scope 1+2+3		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
<b>Gränges Eurasia</b>	<b>71.8</b>	<b>72.2</b>	<b>33.2</b>	<b>122.2</b>	<b>158.9</b>	<b>45.1</b>	<b>2,730</b>	<b>2,780</b>	<b>1,980</b>	<b>2,920</b>	<b>3,010</b>	<b>2,060</b>
Finspång	11.9	11.9	9.1	0.4	0.5	0.3	460	410	340	480	420	350
Konin	34.4	33.3	–	75.2	107.4	–	420	430	–	530	570	–
Shanghai	25.4	27.0	24.1	46.5	50.8	44.8	1,840	1,930	1,640	1,910	2,000	1,700
<b>Gränges Americas</b>	<b>143.3</b>	<b>148.3</b>	<b>135.2</b>	<b>61.4</b>	<b>54.9</b>	<b>65.0</b>	<b>1,200</b>	<b>1,390</b>	<b>1,250</b>	<b>1,400</b>	<b>1,590</b>	<b>1,450</b>
<b>Gränges total</b>	<b>215.1</b>	<b>220.6</b>	<b>168.4</b>	<b>183.6</b>	<b>213.8</b>	<b>110.1</b>	<b>3,930</b>	<b>4,170</b>	<b>3,230</b>	<b>4,320</b>	<b>4,600</b>	<b>3,510</b>

### Carbon emissions intensity

Tonnes CO <sub>2</sub> e/tonne	Scope 1			Scope 2			Scope 3			Scope 1+2+3		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
<b>Gränges Eurasia</b>	<b>0.27</b>	<b>0.27</b>	<b>0.23</b>	<b>0.47</b>	<b>0.59</b>	<b>0.32</b>	<b>10.5</b>	<b>10.4</b>	<b>14.0</b>	<b>11.2</b>	<b>11.2</b>	<b>14.6</b>
Finspång	0.14	0.14	0.14	0.00	0.01	0.01	5.5	4.9	5.4	5.6	5.0	5.5
Konin	0.40	0.36	–	0.87	1.15	–	4.9	4.6	–	6.2	6.1	–
Shanghai	0.28	0.30	0.31	0.52	0.57	0.58	20.5	21.4	21.2	21.3	22.3	22.0
<b>Gränges Americas</b>	<b>0.64</b>	<b>0.65</b>	<b>0.69</b>	<b>0.27</b>	<b>0.24</b>	<b>0.33</b>	<b>5.3</b>	<b>6.1</b>	<b>6.4</b>	<b>6.2</b>	<b>7.0</b>	<b>7.4</b>
<b>Gränges total</b>	<b>0.44</b>	<b>0.45</b>	<b>0.50</b>	<b>0.38</b>	<b>0.43</b>	<b>0.33</b>	<b>8.1</b>	<b>8.4</b>	<b>9.6</b>	<b>8.9</b>	<b>9.3</b>	<b>10.4</b>
Development vs baseline 2017, %	5	6	–	–29	–19	–	–23	–20	–	–22	–19	–

Note: Development versus baseline 2017, recalculated to include the facility in Konin. Development between 2020 versus baseline is not applicable due to comparability.

### Emissions by category scope 3

ktonnes CO <sub>2</sub> e	2022	2021	2020
Purchased goods and services	3,780	4,020	3,120
Fuel and energy related activities	80	80	60
Transportation incl. business travel	70	70	50
<b>Gränges total</b>	<b>3,930</b>	<b>4,170</b>	<b>3,230</b>

### Other emissions to air

Tonnes	Nitrogen oxides (NO <sub>x</sub> )			Sulphur dioxide (SO <sub>2</sub> )			Particulate matter (PM)		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
<b>Gränges Eurasia</b>	<b>43.6</b>	<b>46.2</b>	<b>31.0</b>	<b>5.3</b>	<b>5.5</b>	<b>2.5</b>	<b>4.1</b>	<b>4.5</b>	<b>3.1</b>
Finspång	11.1	11.6	8.5	0.1	0.1	0.0	0.1	0.2	0.1
Konin	8.7	8.8	–	2.7	2.8	–	1.1	1.1	–
Shanghai	23.9	25.3	22.6	2.6	2.7	2.4	2.9	3.3	3.0
<b>Gränges Americas</b>	<b>108.4</b>	<b>112.9</b>	<b>102.5</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>8.4</b>	<b>8.7</b>	<b>7.9</b>
<b>Gränges total</b>	<b>152.1</b>	<b>159.0</b>	<b>133.6</b>	<b>6.0</b>	<b>6.2</b>	<b>3.1</b>	<b>12.5</b>	<b>13.3</b>	<b>11.0</b>

**Comment:** In 2022, total carbon emissions intensity (scope 1+2+3) decreased by 5 per cent to 8.9 tonnes CO<sub>2</sub>e/tonne (9.3). The absolute emissions were reduced by 6 per cent to 4,320 ktonnes (4,600), equal to 4,390 ktonnes CO<sub>2</sub>e using a location-based approach.

Carbon emissions intensity from own operations and purchased energy (scope 1+2) was 0.82 tonnes CO<sub>2</sub>e/tonne (0.88) in 2022, reduced by 7 per cent versus 2021. The results were mainly driven by increased use of renewable electricity in the Konin facility.

Carbon emissions intensity from sourced metal inputs (scope 3) decreased by 4 per cent to 8.1 tonnes CO<sub>2</sub>e/tonne (8.4). The reduction was mainly driven by increased recycling replacing primary aluminium in Gränges Americas and the facility in Shanghai. Shanghai also purchased low-carbon primary aluminium in 2022 having a positive effect on scope 3 emissions.

Emissions of particulate matter, nitrogen oxides and sulphur dioxide decreased in all production facilities compared to 2021 due to reduced consumption of natural gas.

**Reporting principles and definitions:** Data is reported with a market-based approach. Data is reported at regional level monthly and consolidated quarterly and annually at group level using common definitions and principles. Data for Gränges Powder Metallurgy is included in the data for Gränges Eurasia. Numbers for 2020 do not include the Konin facility and Gränges Powder Metallurgy.

*Greenhouse gas emissions* are presented as carbon dioxide equivalents. In accordance with the GHG Protocol, the definitions of the respective scopes are the following.

*Scope 1* is defined as direct emissions from Gränges' operations, which include production facilities, office buildings and company owned vehicles. Emissions are calculated based on fuel consumption and emission factors.

*Scope 2* is defined as energy indirect emissions from the generation of purchased electricity, heat and steam consumed by Gränges, in production facilities and office buildings. Emissions are calculated using specific data from Gränges' electricity, heat and steam suppliers.

*Scope 3* is defined as other indirect emissions. These include emissions from extraction, production and processing of main purchased materials, fuel and energy related activities (not included in scope 1 or scope 2), upstream and downstream goods transportation as well as business travel. Fuel and energy related activities include production of fuels used in Gränges' operations and in generation of purchased

## CONT. NOTE 1

energy. Emissions from producing primary aluminium, purchased slabs and recycled aluminium are based on regional industry averages or supplier data. Emissions from producing fuels are based on regional industry data and emissions from transportation and business travel are based on specific data from Gränges' transport routes.

*Carbon emissions intensity* is defined as total emissions of greenhouse gases [tonnes CO<sub>2</sub>e] divided by the total packed products [tonnes].

*Other emissions to air* of particulate matter, nitrogen oxides, and sulphur dioxide are calculated either based on fuel consumption using local emission factors or based on continual measurements. Emissions of oil and VOC are not reported as methods and data collection procedures are currently being harmonized across the organization.

**Regulations:** Gränges observes all applicable local and international laws and regulations for environmental impact. Emission limits in Europe are based on requirements from the Industry Emissions Directive (IED). Gränges' production site in Konin is included in EU emissions trading system, EU ETS. Finspång is not included as the site is below the threshold of rated thermal input. In Shanghai, emission limits are linked to Regulations of Shanghai Municipality on the Prevention and Control of Atmospheric Pollution, and in the US the National Ambient Air Quality Standards (NA AQS) provides the relevant legal framework. Local authorities continually monitor compliance to ensure that emissions are within limits. Emissions regulated by legislation include nitrogen oxides, sulphur dioxide and particulate matter. In some regions volatile organic compounds (VOC) and oil emissions are also regulated.

**Policies:** The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges. All production sites are certified in accordance with the environmental management standard ISO 14001, where the Newport site achieved certification in January 2022. Emissions are monitored and managed as part of daily operations. Compliance is a prerequisite for Gränges' continued license to operate.

**2025 target:** Gränges' target is that carbon emissions intensity from own operations and purchased energy (scope 1+2) is reduced by at least 25 per cent versus baseline 2017 and carbon emissions intensity from sourced metal inputs (scope 3) is reduced by at least 30 per cent versus baseline 2017.

**2040 target:** Gränges aims to reach net-zero emissions by 2040. The company joined the Science Based Targets initiative in 2022, and committed to set science-based targets. The company is preparing for target validation with the ambition to have near-term and net-zero targets approved in 2023.

## 2 Sustainable materials

### Volume of sourced metal inputs

ktonnes	2022	2021	2020
Primary aluminium	333.7	363.9	272.7
Recycled aluminium	168.9	150.4	81.4
Alloys	14.6	14.3	7.5
<b>Gränges total</b>	<b>517.2</b>	<b>528.7</b>	<b>361.7</b>

### Volume of sourced recycled aluminium

ktonnes	2022	2021	2020
<b>Gränges Eurasia</b>	<b>57.9</b>	<b>58.7</b>	<b>11.2</b>
Finspång	10.3	10.2	7.6
Konin	37.5	43.9	–
Shanghai	10.1	4.7	3.6
<b>Gränges Americas</b>	<b>111.1</b>	<b>91.7</b>	<b>70.3</b>
<b>Gränges total</b>	<b>168.9</b>	<b>150.4</b>	<b>81.4</b>

### Share of sourced recycled aluminium

Recycled aluminium of total sourced metal inputs, %	2022	2021	2020
<b>Gränges Eurasia</b>	<b>20.2</b>	<b>20.0</b>	<b>6.9</b>
Finspång	11.7	11.3	11.1
Konin	39.7	43.0	–
Shanghai	9.7	4.7	3.8
<b>Gränges Americas</b>	<b>48.3</b>	<b>39.0</b>	<b>35.2</b>
<b>Gränges total</b>	<b>32.7</b>	<b>28.5</b>	<b>22.5</b>

**Comment:** In 2022, the share of sourced recycled aluminium reached 32.7 per cent (28.5), up by 4.2 percentage points. The increase was driven by increased sourcing of recycled aluminium through commodity traders as well as through recycling companies and customers in Gränges Americas and in the facility in Shanghai. The great effort to increase share of sourced recycled aluminium has resulted in Gränges reaching its 2025 target three years ahead of target.

In 2022, 15 per cent (21) of Gränges' sourced primary aluminium was defined as low-carbon in accordance with suppliers' specified and third-party verified carbon footprint certificates. The facilities in Shanghai and Finspång purchased low-carbon primary aluminium during the year. For Gränges Group the share of low-carbon primary aluminium decreased as a result of Finspång's initiative to phase out primary ingots from Russia as a result of the war in Ukraine.

**Reporting principles and definitions:** Data is reported at regional level and consolidated annually at group level using common definitions and principles. Data for Gränges Powder Metallurgy is included in the data for Eurasia. Numbers for 2020 do not include the Konin facility and Gränges Powder Metallurgy.

*Share of sourced recycled aluminium* is defined as sourced recycled aluminium used as input materials [tonnes] divided by total sourced metal input materials [tonnes].

*Share of low-carbon primary aluminium* is defined as low-carbon primary aluminium used (tonnes) divided by total sourced metal input materials (tonnes). Data on low-carbon primary aluminium must be based on supplier specific data including valid CO<sub>2</sub> certificates.

**Policies:** The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges.

**2025 Target:** Gränges' target is that at least 30 per cent of total sourced metal inputs is recycled aluminium.

**2030 Target:** Gränges has set a new ambitious direction to tenfold the recycled volumes by 2030 versus 2017.



### 3 Sustainable energy

#### Share of renewable energy

%	2022	2021	2020
<b>Gränges Eurasia</b>	<b>34</b>	<b>29</b>	<b>39</b>
Finspång	74	74	74
Konin	23	13	–
Shanghai	12	12	12
<b>Gränges Americas</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Gränges total</b>	<b>16</b>	<b>15</b>	<b>13</b>

**Comment:** In 2022, the share of renewable energy increased by 2 percentage points and reached 16.5 per cent (14.6). The increase was mainly driven by the facility in Konin using renewable electricity during the year. Finspång sources specified electricity from 100 per cent hydro power since 2020 and Konin sourced 23 per cent renewable electricity from hydro power in 2022.

**Reporting principles and definitions:** Data is reported at regional level and consolidated annually at group level using common definitions and principles. Data for Gränges Powder Metallurgy is included in the data for Gränges Eurasia. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy.

*Renewable energy sources* are defined as wind, solar, hydro, geothermal, tidal and biomass. The share of renewable energy is calculated as renewable energy sourced including recovered energy [MWh] divided by the total energy used [MWh] using total energy use per source and the supplier-specific mix for delivered electricity, district heating and steam.

**Policies:** The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges.

**2025 target:** Gränges' target is that the share of renewable energy (electricity, heat, steam, fuels) is at least 20 per cent compared with baseline 2017.

### 4 Responsible sourcing

#### Significant suppliers

Significant suppliers, number	2022	2021	2020
<b>Gränges Eurasia</b>	<b>190</b>	<b>143</b>	<b>55</b>
Finspång	41	42	32
Konin	101	67	–
Shanghai	34	21	13
<b>Gränges Americas</b>	<b>88</b>	<b>97</b>	<b>85</b>
<b>Gränges total</b>	<b>278</b>	<b>240</b>	<b>140</b>

#### Supplier Code of Conduct commitments

Significant suppliers committed to Gränges' Supplier Code of Conduct or equivalent standard, % purchase value	2022	2021	2020
<b>Gränges Eurasia</b>	<b>100</b>	<b>97</b>	<b>94</b>
Finspång	100	100	93
Konin	100	97	–
Shanghai	100	97	97
<b>Gränges Americas</b>	<b>93</b>	<b>99</b>	<b>100</b>
<b>Gränges total</b>	<b>97</b>	<b>98</b>	<b>97</b>

#### Supplier audits

Audits conducted among significant suppliers, number	2022	2021	2020
<b>Gränges Eurasia</b>	<b>15</b>	<b>23</b>	<b>4</b>
Finspång	6	5	0
Konin	0	7	–
Shanghai	9	11	4
<b>Gränges Americas</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Gränges total</b>	<b>16</b>	<b>24</b>	<b>5</b>

**Comment:** In 2022, 264 suppliers (218), corresponding to 97 per cent of the total purchase value from significant suppliers (98), had valid commitments to the Supplier Code of Conduct or had been assessed to have equivalent standards in place which are in line with Gränges' sustainability requirements. In 2022, 45 of Gränges' significant suppliers had a third-party verified desktop sustainability assessment available. Gränges also conducted 16 on-site supplier audits (24), of which no supplier was new. Supplier audits are conducted periodically depending on suppliers' strategic importance and results from supplier performance assessments. In total, 17 new significant suppliers (16) were added to the supplier base during the year and will be included in the annual responsible sourcing process from 2022.

**Reporting principles and definitions:** Data is reported at a regional level by the purchasing organizations and consolidated annually at group level using common definitions and principles. Data for Gränges AB and Gränges Powder Metallurgy is included in data for Gränges Eurasia. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy.

*Significant supplier:* All metal suppliers (suppliers of primary ingots, purchased slabs, recycled aluminium, alloying elements) as well as other suppliers which have an annual purchase value above SEK 5 million or an equivalent amount in local currencies. Local purchase values have been converted to SEK using average currency rates for 2022.

**Policies:** The governing policy is Gränges' Responsible Sourcing Policy which outlines group-wide principles and requirements on responsible sourcing, including signing Gränges' Supplier Code of Conduct. Four of the company's production sites are certified in accordance with the quality management standard IATF 16949, which includes criteria on suppliers' quality performance.

**2025 target:** Gränges' target is that 100 per cent of significant suppliers are committed to Gränges' Supplier Code of Conduct or equivalent standard.

## 5 Energy intensity

### Total energy use

GWh	2022	2021	2020
Natural gas	989.2	1,016.8	778.4
Electricity	577.8	595.1	390.6
Liquified petroleum gas	52.3	51.7	40.4
Steam	16.6	16.4	–
Diesel	11.8	12.2	6.9
District heating	10.0	10.5	3.8
Petrol	0.1	0.1	0.1
<b>Gränges total</b>	<b>1,657.8</b>	<b>1,702.9</b>	<b>1,220.2</b>

### Energy intensity

MWh/tonne	2022	2021	2020
<b>Gränges Eurasia</b>	<b>2.8</b>	<b>2.8</b>	<b>2.4</b>
Finspång	2.3	2.4	2.4
Konin	3.7	3.5	–
Shanghai	2.3	2.4	2.5
<b>Gränges Americas</b>	<b>4.2</b>	<b>4.2</b>	<b>4.5</b>
<b>Gränges total</b>	<b>3.4</b>	<b>3.4</b>	<b>3.6</b>
Development vs baseline 2017, %	3	5	

Note: Development versus baseline 2017, recalculated to include the Konin facility. Development between 2020 versus baseline is not applicable due to comparability.

**Comment:** In 2022, total energy reduced by 3 per cent to 1,657.8 GWh (1,702.9). The energy intensity stayed at similar level compared to 2021, with a slight decrease by one per cent to 3.41 MWh/tonne (3.45). The decrease was mainly driven by ongoing operational improvements in all regions and increased re-roll purchase in Gränges Americas resulting in reduced total energy consumption.

**Reporting principles and definitions:** Data is reported at regional level and consolidated annually at group level using common definitions and principles. Data for Gränges Powder Metallurgy is included in the data for Gränges Eurasia. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy.

*Energy intensity* is defined as total energy use within the organization [MWh] divided by the total packed products [tonnes].

**Regulations:** Gränges adheres to applicable energy regulations in the countries of operations; Gränges' production site in Shanghai under the Shanghai Energy Conservation Regulations and the sites in Finspång and Konin under the Energy Efficiency Directive. Gränges' sites in Americas do currently not have any energy related regulations affecting its operations, but is required to control the consumption of energy that produces certain emissions under e.g. the USEPA's Clean Air Act.

**Policies:** The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges. The production sites in Finspång, Salisbury, Shanghai and Saint-Avold are certified in accordance with the energy management standard ISO 50001, while the Huntingdon and Newport sites as well as Konin are preparing for implementation.

**2025 target:** Gränges' target is that energy intensity is reduced by 17 per cent versus baseline 2017.

## 6 Water management

### Water withdrawal, by source

Thousand m <sup>3</sup>	2022		2021		2020	
	All areas	Areas with water stress	All areas	Areas with water stress	All areas	Areas with water stress
Surface water (total)	2,879	–	2,783	–	1,986	–
Groundwater (total)	704	153	749	118	597	–
Third-party water (total)	509	399	640	459	281	148
– of which surface water	440	399	478	459	162	148
– of which ground water	69	0	162	–	119	–
<b>Gränges total</b>	<b>4,092</b>	<b>552</b>	<b>4,176</b>	<b>577</b>	<b>2,864</b>	<b>148</b>

### Water withdrawal by region

Thousand m <sup>3</sup>	2022	2021	2020
<b>Gränges Eurasia</b>	<b>3,449</b>	<b>3,382</b>	<b>2,148</b>
Finspång	2,894	2,798	2,000
Konin	371	413	–
Shanghai	181	164	148
<b>Gränges Americas</b>	<b>643</b>	<b>793</b>	<b>717</b>
<b>Gränges total</b>	<b>4,092</b>	<b>4,176</b>	<b>2,864</b>

### Water intensity

m <sup>3</sup> /tonnes	2022	2021	2020
<b>Gränges Eurasia</b>	<b>13.2</b>	<b>12.6</b>	<b>15.2</b>
Finspång	34.2	33.5	31.3
Konin	4.3	6.6	–
Shanghai	2.0	1.8	1.9
<b>Gränges Americas</b>	<b>2.9</b>	<b>3.5</b>	<b>3.7</b>
<b>Gränges total</b>	<b>8.4</b>	<b>8.5</b>	<b>8.5</b>

Note: All water withdrawal is categorized as freshwater ( $\leq 1,000$  mg/L Total Dissolved Solids).

**Comment:** In 2022, the total water withdrawal decreased by 2 per cent to 4,092 m<sup>3</sup> (4,176). Water intensity ended at 8.4 m<sup>3</sup>/tonne (8.5). The slight decrease was mainly driven by decreased production in Konin leading to less water needed for cooling purposes. Gränges Americas experienced an extended cold weather period which reduced the need of water for cooling purpose in 2022 compared 2021. No water sources are significantly affected by the water withdrawal or discharge from Gränges.

At the end of 2022, Gränges had implemented local water management plans in three sites: Finspång, Shanghai and Newport. The site in Newport is certified in accordance with Alliance for Water Stewardship's (AWS) International Waters Stewardship Standards. Input from the World Resources Institute's Aqueduct Water Risk Atlas shows that the sites in Finspång and Newport are located in areas with low-to-medium risk, Saint-Avold, Huntingdon and Salisbury sites in medium-to-high risk, and Shanghai and Konin in high-risk areas.

**Reporting principles and definitions:** Data is reported at regional level and consolidated annually at group level using common definitions and principles. Data for Gränges Powder Metallurgy is included in the data for Gränges Eurasia. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy.

**Water withdrawal** is defined as water used in the production facility withdrawn from wetlands, rivers, lakes, own wells, municipal water suppliers or from other public or private water utilities [m<sup>3</sup>].

**Water stress** is defined as the ratio of total water withdrawals to available renewable surface and groundwater supplies. The definition is based on Aqueduct Water Risk Atlas developed by World Resources Institute, where the result for the indicator "Baseline water stress" is high (40–80 per cent) or extremely high (> 80 per cent) in the area.

**Water intensity** is defined as total water withdrawal [m<sup>3</sup>] divided by the total packed products [tonnes].

**Regulations:** The water use and management for Gränges' site in Shanghai is regulated via permits and by legislation such as Water Pollution Prevention and Control Law of the People's Republic of China, Water Law of the People's Republic of China, and Management in Shanghai Drainage Ordinance. Gränges Americas is regulated under the USEPA's Clean Water Act.

**Policies:** The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges.

**2025 target:** Gränges' target is that all sites have implemented a local water management plan.

## 7 Waste

### Waste, by hazardous and non-hazardous waste

ktonnes	2022	2021	2020
Hazardous waste	5.0	–	–
Non-hazardous waste	25.6	–	–
<b>Gränges total</b>	<b>30.6</b>	<b>–</b>	<b>–</b>

**Comment:** In 2022, total waste amounted to 30.6 ktonnes of which 16 per cent was hazardous waste and 84 per cent was non-hazardous waste. Gränges aims to reduce waste in all operations with the ambition to recycle and reuse waste in production where possible and minimize waste sent to landfill. In 2022, 78 per cent of all waste was recycled and 4 per cent was sent to landfill. Waste management is handled locally, and all sites have a local waste handling procedure.

**Reporting principles and definitions:** Data is reported at regional level and consolidated annually at group level using common definitions and principles. This is the first year that Gränges reports waste data, hence numbers for 2021 and 2020 are not disclosed. Hazardous and non-hazardous waste are defined in accordance with national law.

**Regulations:** Gränges adheres to applicable waste regulations in the countries of operations; Gränges facility in Shanghai under the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (2020 Reversion), Konin under the Environmental protection law, Gränges Americas under the USEPA's Solid Waste Disposal Act and ensuing amendments and Gränges' site in Finspång under Avfallsförordningen (2020:614). All Gränges' production sites are required to annually report waste data to local authorities.

**Policies:** The governing policy is the EHS Policy, which is reviewed annually and applies to all employees working at Gränges. All sites have local waste handling procedures.

**2025 target:** No group-wide target available.

## 8 Workplace safety

### Recordable accidents

Number of recordable accidents	2022	2021	2020
<b>Gränges Eurasia</b>	<b>20</b>	<b>22</b>	<b>10</b>
Finspång	11	12	7
Konin	6	7	–
Shanghai	3	3	3
<b>Gränges Americas</b>	<b>20</b>	<b>13</b>	<b>10</b>
<b>Gränges total</b>	<b>43</b>	<b>35</b>	<b>20</b>

### Total Recordable Rate (TRR)

Number of recordable accidents per million hours worked	2022	2021	2020
<b>Gränges Eurasia</b>	<b>5.7</b>	<b>6.2</b>	<b>4.8</b>
Finspång	13.0	13.7	10.0
Konin	4.8	5.5	–
Shanghai	2.2	2.1	2.2
<b>Gränges Americas</b>	<b>10.7</b>	<b>7.3</b>	<b>6.3</b>
<b>Gränges total</b>	<b>8.0</b>	<b>6.5</b>	<b>5.5</b>

### Lost Workdays

Number of lost workdays	2022	2021	2020
<b>Gränges Eurasia</b>	<b>255</b>	<b>639</b>	<b>295</b>
Finspång	38	92	93
Konin	153	334	–
Shanghai	64	213	202
<b>Gränges Americas</b>	<b>18</b>	<b>107</b>	<b>102</b>
<b>Gränges total</b>	<b>300</b>	<b>746</b>	<b>397</b>

### Severity Rate

Number of lost workdays per million hours worked	2022	2021	2020
<b>Gränges Eurasia</b>	<b>73</b>	<b>179</b>	<b>142</b>
Finspång	45	105	132
Konin	122	261	–
Shanghai	46	151	148
<b>Gränges Americas</b>	<b>10</b>	<b>60</b>	<b>65</b>
<b>Gränges total</b>	<b>56</b>	<b>139</b>	<b>109</b>

**Comment:** In 2022, Total Recordable Rate (TRR) increased to 8.0 (6.5) mainly due to an increased number of recordable accidents in Gränges Americas. In 2022, there was a great focus on safety across all regions with many activities were completed to reduce the risk of serious injuries resulting in reduced number of lost workdays. This resulted in a significantly improved Severity Rate which was reduced by 60 per cent to 56 (139).

During the year, a tragic fatal accident occurred in the Salisbury facility. Following the accident, intense work has been undertaken to develop and improve the safety performance.

**Reporting principles and definitions:** All incidents and accidents are registered and categorized in local incident reporting systems. Events reported are tracked weekly and monthly. Data is reported at regional level and consolidated monthly at group level using common definitions and principles. Data includes contracted workers and is based on total working hours 1 January–31 December. Data for employees covered by OHS management systems and internal safety assessments is based on headcount on 31 December. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy.

*Contracted worker* is defined as individuals working on-site or off-site on behalf of Gränges.

*Recordable accident* is defined as either a medical treatment case, a restricted work case or a lost workday case.

*Total Recordable Rate (TRR)* is defined as total number of recordable accidents per million hours worked.

*Lost workday case* is defined as an accident resulting in absence from work.

*Lost workdays* are defined as the total number of workdays accumulated by employees being absent from work due to work-related accidents.

*Severity Rate* is defined as total number of lost workdays per million hours worked.

*Serious injury* is defined as an irreversible injury such as an amputated finger or lost eyesight, or a reversible injury causing prolonged periods of pain or suffering for the employee, or an accident with an absence longer than 15 days.

**Policies:** The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees and individuals who are directly or indirectly related to Gränges' operations, such as independent contractors and consultants who work on behalf of Gränges. Contracted workers are covered by all safety processes, and where applicable in the efforts to identify and evaluate work related hazards and risks. Moreover, contracted workers are covered by Gränges' safety training, depending on the type of tasks.

*OHS management systems:* All Gränges' production sites, covering 98 per cent of Gränges' total employees in 2022, had an occupational health and safety (OHS) management system in place, implemented in line with applicable legislation. The OHS management system also covers contracted workers. In the Shanghai site, the OHS system is certified in accordance with ISO 45001, covering 19 per cent of all Gränges' employees. The sites in Gränges Americas, Finspång and Konin have initiated pre-studies to implement OHS management systems in accordance with ISO 45001.

*Internal safety assessments:* Gränges generally conducts cross assessments every six months at the sites. In 2022, Gränges facilities in Konin and Finspång had cross assessments completed covering in total 48 per cent of total employees.

*Safety committees:* Gränges has employee-managed safety committees at all plants which consult on the working environment and work for increased safety. Issues addressed include occupational health care, identifying and evaluating hazards, as well as follow-up of corrective actions to eliminate risks. The efficiency of the committees is monitored by the Supervisory safety committees, headed by the regional Presidents. Contracted workers are not represented in the safety committees. In Gränges Americas, all plants have monthly in-person safety meetings for all employees as well as an Americas Region monthly safety meeting. There is also a weekly safety meeting for the management team, plant managers and EHS managers. In Shanghai, safety committee meetings are conducted quarterly, in Finspång two to four times per year and in Konin meetings are held each month. Contracted workers do not participate in the meetings but are treated in the same way as Gränges' employees when it comes to OHS.

**2025 target:** Gränges' target is that Total Recordable Rate (TRR) is  $\leq 3.0$  recordable accidents per million hours worked and that Severity Rate is  $\leq 50$  lost workdays per million hours worked.

## 9 Total employees

### Total number of employees by category

Number of employees	2022	2021	2020
Blue-collar	1,999	2,004	1,244
White-collar	730	708	530
<b>Gränges total</b>	<b>2,729</b>	<b>2,712</b>	<b>1,774</b>
Contracted workers	120	108	116

### Employment contract and type, by gender and region 2022

Number of employees	Region		Gender	
	Gränges Eurasia	Gränges Americas	Women	Men
Permanent contract	1,814	836	346	2,304
Temporary contract	78	1	27	52
<b>Gränges total</b>	<b>1,892</b>	<b>837</b>	<b>373</b>	<b>2,356</b>

Number of employees	Women	Men
Full-time	360	2,354
Part-time	13	2
<b>Gränges total</b>	<b>373</b>	<b>2,356</b>

**Comment:** In 2022, the total number of employees increased slightly to 2,729 (2,712). The increase was mainly driven by increased headcount in Gränges Americas as a result of expansion projects in Newport and Huntingdon. The total number of contracted workers was 120 (108). Gränges does not have any non-guaranteed employees.

**Reporting principles and definitions:** Data is reported at a regional level and consolidated annually at group level using common definitions and principles. Data for Gränges AB and Gränges Powder Metallurgy is included in the data for Gränges Eurasia. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy. Data is based on headcount on 31 December.

*Contracted worker* is defined as individuals working on-site or off-site on behalf of Gränges.

*Permanent contract* is defined as a contract for an indeterminate period.

*Temporary contract* is defined as a contract of limited duration.

*Full-time employee* is defined according to national legislation and practice regarding working time, such as employees working a minimum of nine months per year and 30 hours per week.

*Part-time employee* is defined as employees working less than a full-time employee.

**Policies:** No group-wide policy available.

**2025 target:** No group-wide target available.

## 10 Career and leadership

### Performance and development discussion

%	2022	2021	2020
<b>Gränges Eurasia</b>	<b>60</b>	<b>52</b>	<b>100</b>
Finspång	100	100	100
Konin	15	0	–
Shanghai	100	100	100
<b>Gränges Americas</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Gränges total</b>	<b>73</b>	<b>67</b>	<b>100</b>

### Total training hours

Average hours of training	2022	2021	2020
Women	7.2	6.7	–
Men	9.7	5.4	–
White-collar	11.2	6.6	–
Blue-collar	8.6	5.1	–
<b>Gränges total</b>	<b>9.3</b>	<b>5.5</b>	<b>–</b>

**Comment:** In 2022, 73 per cent (67) of Gränges' employees received a performance and development discussion. The increase was a result of Gränges Powder Metallurgy and the Konin facility implementing a structured approach to conduct performance reviews during the year. Konin focused on implementing performance and development reviews for white-collar employees in 2022 and will during 2023 implement performance reviews for blue-collar employees. During the year, the average training hours increased to 9.3 hours per employee (5.5) mainly driven by an increased investment in training in Gränges Americas.

**Reporting principles and definitions:** Data is reported at a regional level and consolidated annually at group level using common definitions and principles. Data for Gränges AB and Gränges Powder Metallurgy is included in the data for Gränges Eurasia. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy. Data covers employees in duty adjusted for those who are long-term absent as well as new employees who did not have a performance and development discussion as they started their employment after the period when the annual performance and development discussions were conducted. Training data is based on average number of employees and the scope is limited to trainings conducted by or together with an external party as well as the group-wide Code of Conduct, anti-corruption and IT security trainings.

**Policies:** No group-wide policy available.

**2025 target:** Gränges' 2025 target is that 100 per cent of all employees annually have a performance and development discussion.



## 11 Diversity and inclusion

### Gender balance by region

Share of women in total workforce, %	2022	2021	2020
<b>Gränges Eurasia</b>	<b>14</b>	<b>13</b>	<b>17</b>
Finspång	22	20	21
Konin	10	9	–
Shanghai	11	11	12
<b>Gränges Americas</b>	<b>14</b>	<b>13</b>	<b>13</b>
<b>Gränges total</b>	<b>14</b>	<b>13</b>	<b>15</b>

### Gender balance and age structure

%	Women	Men	<30 years	30–50 years	>50 years
Board of Directors	29	71	–	–	100
Group Management	17	83	–	67	33
Senior Management	29	71	2	68	31
White-collar	34	66	8	64	28
Blue-collar	6	94	20	54	27
<b>Gränges total</b>	<b>14</b>	<b>86</b>	<b>16</b>	<b>56</b>	<b>27</b>

**Comment:** In 2022, the share of women in Gränges' total workforce was 14 per cent (13). The share of women among senior management was 29 per cent. Gränges sees clear challenges to improve the gender balance including high turnover rate in some regions because of stronger employment markets, operating in countries where gender roles are traditional as well as operating in an industry with shift work. With that said, Gränges works to improve the gender balance both in the total workforce and among senior management.

**Reporting principles and definitions:** Data is reported at a regional level and consolidated annually at group level using common definitions and principles. Data for Gränges AB and Gränges Powder Metallurgy is included in the data for Gränges Eurasia. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy. Data is based on headcount on 31 December.

*Senior management* is defined as members included in Gränges' Global Leadership Team which was established in 2022. The company has updated the definition of Senior Management during the year as a result of a new structure of the LTI-program.

**Policies:** The governing policy is the Diversity Policy, which is reviewed annually and applies to all employees working at Gränges. Finspång performs annual gender-related disparity pay analysis and in 2022 it was confirmed that a few non-objective gaps were identified which were instantly corrected.

**2025 target:** Gränges' 2025 target is that at least 30 per cent of senior management are women.

## 12 Employee wellbeing

%	2022	2021	2020
Sick leave	3.5	3.7	2.0
Employee turnover	17.7	18.7	16.0
Employee engagement index	77	–	78

**Comment:** In 2022, the total sick-leave was 3.5 per cent (3.7) and the total employee turnover was 17.7 per cent (18.7). One of the main reasons for the high turnover rate was a stronger employment market in Europe compared to last year, and a continuing high turnover rate in Gränges Americas. However, Gränges Americas' strong focus on improving employee retention was the main reason for the decrease in Gränges Group employee turnover rate. Activities implemented during the year included longer onboarding program for new employees, review of incentive programme to hourly employees and extensive training provided to employees.

By gender, employee turnover was 17.2 per cent among men and 21.3 per cent among women and by category 19.9 per cent among blue-collar employees and 10.8 per cent among white-collar employees.

Employee engagement index stayed at the a similar level at 77 in 2022 versus the last survey conducted in 2020, which is in line with relevant benchmark for other industrial companies.

**Reporting principles and definitions:** Data is reported at a regional level and consolidated annually at group level using common definitions and principles. Data for Gränges AB and Gränges Powder Metallurgy is included in the data for Gränges Eurasia. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy. Data for sick-leave and employee turnover is based on average number of employees (expressed as present full-time positions). Data for employee engagement comes from Gränges' employee survey, which is conducted every other year. Contracted workers are not included in these key performance indicators.

*Sick-leave* is defined as all absent hours for sickness within a year divided by total annual working hours (as applicable in local standards). Excludes permitted leave absences such as holidays, study and parental leave.

*Employee turnover* is defined as number of employees who leave the organization (voluntarily or due to dismissal, retirement, or death in service) during the reporting period divided by the total average number of employees converted to full-time positions.

*Employee engagement* index is a calculated mean from a number of questions in Gränges' employee survey related to energy and clarity, two important dimensions of employee engagement. The mean is converted to an index 0–100.

**Policies:** The governing policy is Gränges' Code of Conduct which is updated annually and applicable for all employees and board members in entities owned by Gränges.

**2025 target:** Gränges' target is that Employee engagement index should reach at least 85.

## 13 Business ethics

### Code of Conduct training

Share of employees trained in the Code of Conduct, %	2022	2021	2020
<b>Gränges Eurasia</b>	<b>99</b>	<b>100</b>	<b>100</b>
Finspång	97	100	100
Konin	100	99	–
Shanghai	100	100	100
<b>Gränges Americas</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Gränges total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Anti-corruption training

Share of white-collar employees trained in anti-corruption %	2022	2021	2020
<b>Gränges Eurasia</b>	<b>100</b>	<b>100</b>	<b>100</b>
Finspång	100	100	100
Konin	100	100	–
Shanghai	100	100	100
<b>Gränges Americas</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Gränges total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Incidents of corruption

Total number	2022	2021	2020
Incidents of corruption	0	0	0
Incidents of terminated business contracts due to corruption	0	0	0

**Comment:** In 2022, Gränges continued to conduct its annual group-wide Code of Conduct and anti-corruption trainings. All employees who had access to computers conducted the group-wide e-learning Code of Conduct training, whereas blue-collar employees in Gränges Americas and the Konin facility conducted classroom training or individual training. Total training participation ended at 100 per cent (100). Gränges also conducted the annual anti-corruption e-learning training which 100 per cent (100) of all white-collar employees conducted. No confirmed corruption incidents were detected during 2022.

**Reporting principles and definitions:** Data for Code of Conduct and anti-corruption training participation is collected and consolidated annually via the e-learning system used for online training. Data for Gränges AB and Gränges Powder Metallurgy is included in the data for Gränges Eurasia. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy. Data includes employees in duty and is adjusted for long-term sick-leave, parental leave, resignations and employees off duty for a longer period.

**Policies:** The governing policy is Gränges' Code of Conduct which is updated annually and applicable for all employees and board members in entities owned by Gränges. It also applies to independent contractors and consultants or others acting on behalf of Gränges. Also, Gränges' Anti-Corruption Policy defines, explains, and expands on what Gränges means by corruption.

**2025 target:** Gränges' target is that 100 per cent of all employees are annually trained in the Code of Conduct, and that 100 per cent of all white-collar employees are annually trained in anti-corruption.

## 14 Sustainable innovation

### Products with third-party verified sustainability information

%	2022	2021	2020
<b>Gränges Eurasia</b>	<b>67</b>	<b>65</b>	<b>48</b>
Finspång	100	100	100
Konin	0	0	0
Shanghai	100	100	0
<b>Gränges Americas</b>	<b>94</b>	<b>0</b>	<b>0</b>
<b>Gränges total</b>	<b>79</b>	<b>35</b>	<b>19</b>

**Comment:** In 2022, Gränges site in Huntingdon and Salisbury developed and implemented a life-cycle and carbon footprint assessment (LCA/CF) tool which enables declarations of environmental impacts on a product level, starting with the products' carbon footprint. The tool has previously been implemented in Finspång and Shanghai. In 2022, all products produced at the Finspång, Shanghai, Huntingdon, and Salisbury site had verified sustainability information available which corresponds to 79 per cent (35) of the company's total products. Konin and Newport are developing its LCA/CF tool to be implemented in 2023.

**Reporting principles and definitions:** Data is reported at regional level and consolidated annually at group level using common definitions and principles. Gränges will initially declare the products' carbon footprint impact but aims to expand the information to cover other environmental impact categories and sustainability topics. To ensure transparency and credibility, Gränges has engaged the external party IVL Swedish Environmental Research Institute to verify the carbon footprint methodology, process, and routines. Verification reports and statements are available on Gränges' website. Details about the methodology and key assumptions can be found in local Carbon footprint reports, also available on Gränges' website. Data for Gränges Powder Metallurgy is included in the data for Eurasia. Numbers for 2020 do not include Konin and Gränges Powder Metallurgy.

*Products with third-party verified sustainability information* is defined as the packed products with third-party verified sustainability information available [tonnes] divided by the total packed products [tonnes].

**Policies:** No group-wide policy available. Local procedure and routine documents available.

**2025 target:** Gränges' target is that 100 per cent of its products have third-party verified sustainability information available.

# GRI content index

## General disclosures

GRI Standard	Disclosure number	Disclosure title	UNCG principles	Page reference	Omissions
<b>GRI 1: Foundation 2021</b>					
<b>GRI 2 General disclosures 2021</b>					
<b>The organization and its reporting practices</b>					
	2-1	Organizational details		8, 86	
	2-2	Entities included in the organization's sustainability reporting		126	
	2-3	Reporting period, frequency and contact point		61, 126	
	2-4	Restatements of information		126, 142	
	2-5	External assurance		126, 148	
<b>Activities and workers</b>					
	2-6	Activities, value chain and other business relationships		7–10, 26–27, 39	
	2-7	Employees		44–45, 141	
	2-8	Workers who are not employees		141	
<b>Governance</b>					
	2-9	Governance structure and composition		72, 75–80, 126	
	2-10	Nomination and selection of the highest governance body		71	
	2-11	Chair of the highest governance body		73, 78	
	2-12	Role of the highest governance body in overseeing the management impacts		71–73, 75	
	2-13	Delegation of responsibility for managing impacts		75	
	2-14	Role of the highest governance body in sustainability reporting		75	
	2-15	Conflicts of interest		46	
	2-16	Communication of critical concerns		46	
	2-17	Collective knowledge of the highest governance body		78–79	
	2-18	Evaluation of the performance of the highest governance body		71	
	2-19	Remuneration policies		65–66, 73, 77, 93	
	2-20	Process to determine remuneration		73	
	2-21	Annual total compensation ratio		93–94	
<b>Strategy, policies and practices</b>					
	2-22	Statement on sustainable development strategy		4–5	
	2-23	Policy commitments		39–40, 46, 77	<a href="https://www.granges.com/sustainability/policies/">https://www.granges.com/sustainability/policies/</a>
	2-24	Embedding policy commitments		39, 46, 126	
	2-25	Processes to remediate negative impacts		46, 39–40	
	2-26	Mechanisms for seeking advice and raising concerns		46, 127, 143	
	2-27	Compliance with laws and regulations		46	
	2-28	Membership associations		129	
<b>Stakeholder engagement</b>					
	2-29	Approach to stakeholder engagement		127	
	2-30	Collective bargaining agreements	3	134	

GRI Standard	Disclosure number	Disclosure title	UNCG principles	Page reference	Omissions
<b>Material topics</b>					
GRI 3: Material topics	3-1	Process to determine material topics		127–128	
2021	3-2	List of material topics		128	
<b>Anticorruption</b>					
GRI 3	3-3	Management of material topics	10	46, 143	
	205-2	Communication and training about anti-corruption policies and procedures		46, 143	
GRI 205	205-3	Confirmed incidents of corruption and actions taken		46, 143	
<b>Materials</b>					
GRI 3	3-3	Management of material topics	7, 8, 9	37, 136	
GRI 301	301-1	Materials used by weight or volume		37, 136	
	301-2	Recycled input materials used		37, 136	
<b>Energy</b>					
GRI 3	3-3	Management of material topics	7, 8, 9	38, 42, 137–138	
	302-1	Energy consumption within the organization		38, 42, 137–138	
GRI 302	302-3	Energy intensity		42, 138	
	302-4	Reduction of energy consumption		42, 138	
<b>Water</b>					
GRI 3	3-3	Management of material topics	7, 8	42, 139	
	303-1	Interactions with water as a shared resource		42, 139	
GRI 303	303-2	Management of water discharge-related impacts		42, 139	
	303-3	Water withdrawal		42, 139	
<b>Emissions</b>					
GRI 3	3-3	Management of material topics	7, 8, 9	35–36, 135–136	
	305-1	Direct (scope 1) GHG emissions		35–36, 135–136	
	305-2	Energy indirect (scope 2) GHG emissions		35–36, 135–136	
	305-3	Other indirect (scope 3) GHG emissions		35–36, 135–136	
	305-4	GHG emissions intensity		35, 135–136	
	305-5	GHG emissions reductions		135–136	
GRI 305	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions		135–136	Emissions of oil and VOC are not reported due to differences in measurement methods between Gränges' production facilities, which currently do not give comparable results. The methods are governed by local environmental permits.
<b>Waste</b>					
GRI 3	3-3	Management of material topics		37, 42, 47, 139	
	306-1	Waste generation and significant waste-related impacts		42, 139	
GRI 306	306-2	Management of significant waste-related impacts		42, 139	
	306-3	Waste generated		42, 139	
<b>Supplier environmental assessment</b>					
GRI 3	3-3	Management of material topics		38–39, 137	
GRI 308	308-1	New suppliers that were screened using environmental criteria		38–39, 137	

GRI Standard	Disclosure number	Disclosure title	UNCG principles	Page reference	Omissions
<b>Occupational health and safety</b>					
GRI 3	3-3	Management of material topics		43, 140	
GRI 403	403-1	Occupational health and safety management system		43, 140	
GRI 403	403-2	Hazard identification, risk assessment, incident investigation		43, 140	
GRI 403	403-3	Occupational health services		43, 140	
GRI 403	403-4	Worker participation, consultation, and communication on occupational health and safety		43, 140	
GRI 403	403-5	Worker training on occupational health and safety		43, 140	
GRI 403	403-6	Promotion of worker health		43, 140	
GRI 403	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		43, 140	
GRI 403	403-8	Workers covered by an occupational health and safety management system		43, 140	
GRI 403	403-9	Work-related injuries		43, 140	
<b>Training and education</b>					
GRI 3	3-3	Management of material topics		44–45, 141	
GRI 404	404-1	Average hours of training per year per employee		44–45, 141	
GRI 404	404-3	Percentage of employees receiving regular performance and career development reviews		44–45, 141	
<b>Diversity and equal opportunity</b>			1, 2, 6		
GRI 3	3-3	Management of material topics		44–45, 142	
GRI 405	405-1	Diversity of governance bodies and employees		44–45, 142	
<b>Supplier social assessment</b>			1, 2, 3, 4, 5, 6		
GRI 3	3-3	Management of material topics		38–39, 137	
GRI 414	414-1	New suppliers that were screened using social criteria		38–39, 137	



## The ten principles of the UN global compact

### Human rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.

### Labour

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labour;

**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

### Anti-corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

## Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Gränges AB, corporate identity number 556001-6122

### Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2022, as defined in the Board of Directors report on page 64, and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A statutory sustainability statement has been prepared.

Stockholm, 15 March 2023

Ernst & Young AB

Andreas Troberg

Authorized Public Accountant

# Auditor's Limited Assurance Report on Gränges AB's sustainability performance targets 2022

To Gränges AB, corporate identity number 55556001-6122

## Introduction

We have been engaged by the Board of Directors of Gränges AB (Gränges) to undertake a limited assurance engagement on below specified information, presented on page 131 in Gränges' sustainability report for the year 2022.

- SPT 1: 2022 outcome for total carbon emissions intensity from own operations and purchased energy (scope 1+2), tonnes CO<sub>2</sub>e/tonne (GRI disclosure 305-4 GHG emissions intensity)
- SPT 2: 2022 outcome for total carbon emissions intensity from sourced metal inputs (scope 3), tonnes CO<sub>2</sub>e/tonne (GRI disclosure 305-4 GHG emissions intensity)
- SPT 3: 2022 outcome for the share of recycled aluminium of total sourced metal inputs, % (GRI disclosure 301-2 Recycled input materials used)

## Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria for the above specified information, as explained on the pages 135 and 136, and are the parts of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

## Responsibilities of the Auditor

Our responsibility is to express a conclusion on the above specified information based on the limited assurance procedures we have performed. The selection of information to be reviewed has been made by the management of Gränges. Our review is limited to the above specified information in this document and does not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Gränges in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed, consequently, do not enable us to obtain assurance that we would become aware of all significant matters that

might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

## Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the above specified information is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, 15 March 2023  
Ernst & Young AB

Andreas Troberg  
Authorized Public Accountant

Outi Alestalo  
Specialist member of FAR

*This is the translation of the auditor's report in Swedish.*

# Glossary

**Additive Manufacturing powder**

Powder for use as feedstock material in additive manufacturing (also known as 3D printing).

**Alloy**

Material composed of one metal with additions 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 work 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 to a desired solid form.

**Cathode foil**

Thin flat rolled aluminium product for cathode current collector in lithium-ion batteries.

**Cladding**

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

**Foil**

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

**Gas atomization**

Process where liquid metal is converted to metal powder by a high-velocity gas.

**Heat exchanger**

A device for transforming heat from one medium to another.

**HVAC**

Abbreviation for Heating, Ventilation and Air Conditioning system including heat exchangers.

**Rolled aluminium**

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

**Slab**

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

**Spray forming**

Deposition of atomized semi solid droplets on to a substrate.

# Annual General Meeting 2023

Gränges' 2023 Annual General Meeting will be held on Thursday 27 April 2023 at 17:00 CEST at IVA Conference Centre (Wallenberg-salen), Grev Turegatan 16, Stockholm.

## Participation

Shareholders wishing to attend the Annual General Meeting must be registered as shareholders in the share register maintained by Euroclear Sweden AB as of Wednesday 19 April 2023, and have notified the company of their intention to attend no later than Friday 21 April 2023.

Registration of participation must be provided in writing to Gränges AB, Box 5505, 114 85 Stockholm, Sweden. When registering, shareholders must state their name, personal ID or company registration number, address and daytime telephone number and representatives. The information provided is only used for Gränges' Annual General Meeting. More information about registration can be found in the notice convening the Annual General Meeting, which is expected to be published Monday 20 March 2023.

## Nominee-registered shares

Shareholders whose shares are registered with a nominee must, to have the right to attend the Annual General Meeting, have their shares temporarily reregistered with Euroclear Sweden AB on 19 April 2023 at the latest and the nominee should therefore be notified in good time before the date mentioned.

## Notice convening the Annual General Meeting

Gränges' notice convening the Annual General Meeting 2023 is expected to be published Monday 20 March 2023 by a press release and the notice will be published on the company's website as well as in Post- och Inrikes tidningar (The Official Swedish Gazette).

All documents according to the Swedish Companies Act will be available at the company's head office and on the website, [www.granges.com](http://www.granges.com), no later than Thursday 6 April 2023 and will be sent immediately and free of charge for the recipient to the shareholders who request it and state their postal address. Printed information can be ordered via [info@granges.com](mailto:info@granges.com). The Annual General Meeting shareholder register will be available at the company's head office at Linnégatan 18 in Stockholm. All documents, including the Annual General Meeting shareholder register, are presented by keeping them available in this way.

## Dividend

The Board of Directors proposes a dividend of SEK 2.50 (2.25) per share for the 2022 fiscal year, in total SEK 266 million (239). Proposal for record date for the dividend will be announced in connection with the notice convening the Annual General Meeting. At the same time proposal for date for distribution of the dividend, provided that the Annual General Meeting approves the proposal, will also be announced. The payment will be distributed through Euroclear Sweden AB.

Further information about the Annual General Meeting, including the minutes, is available on the company's website, [www.granges.com](http://www.granges.com).

## ANNUAL AND SUSTAINABILITY REPORT

Gränges' Annual and Sustainability Report is available on the company's website, [www.granges.com](http://www.granges.com), in Swedish and English. The Annual and Sustainability Report is also available in printed format and can be ordered at: [info@granges.com](mailto:info@granges.com).

## FINANCIAL CALENDAR 2023

Interim report, January–March 2023	27 April
Annual General Meeting 2023	27 April
Half-year report, January–June 2023	14 July
Interim report, January–September 2023	26 October

For questions regarding investor relations please contact:

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VP Communication & Investor Relations, Gränges Group  
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## Today's technology advanced business with its roots in the 19th century

The foundation of today's Gränges was laid in 1896 in Grängesberg, Sweden. A variety of industrial enterprises became part of the Group, including Grängesberg mines, the TGOJ railway business, Oxelösund ironworks and a shipping business. Gränges Group was acquired by Electrolux in 1980, resulting in a restructuring and refining towards aluminium production operations. In late 90's Gränges was listed in Stockholm and in 2000 changed its name to Sapa. In 2005, Orkla acquired

100 per cent of Sapa which at that time had two lines of business: rolled aluminium products and extruded aluminium profiles. In 2013, an additional refining of the business took place with a focus on the rolled aluminium products. The name Gränges was taken back, and the company was listed on Nasdaq Stockholm. Today Gränges is a leading global supplier of rolled aluminium products.



**1896**  
The industrial Group is formed in Grängesberg.



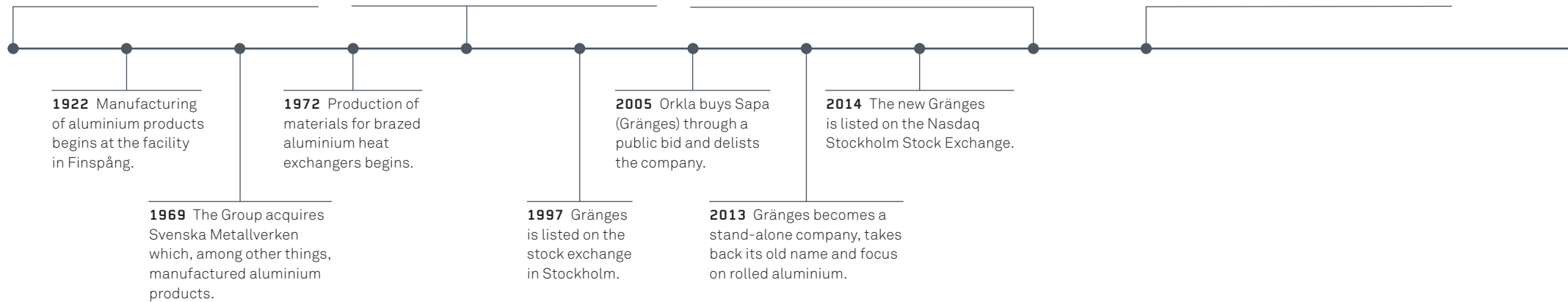
**1996**  
Gränges establishes a production plant in Shanghai.



**2016**  
Gränges acquires Noranda's downstream business in the US.



**2020**  
Gränges acquires the Polish flat rolled aluminium producer Aluminium Konin.





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