

HALF-YEAR REPORT 2022

All-time-high result despite very challenging environment

Second quarter 2022

- Sales volume decreased by 6.8 per cent to 122.5 ktonnes (131.4) and net sales increased to SEK 6,875 million (4,609).
- Adjusted operating profit increased to SEK 374 million (309) and adjusted operating profit per tonne was 3.1 kSEK (2.4).
- Profit for the period increased to SEK 295 million (226) and includes items affecting comparability of SEK 62 million (-).
- Diluted earnings per share increased to SEK 2.78 (2.12).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK 722 million (334).
- Total carbon emissions intensity (scope 1+2+3) decreased to 7.9 tonnes CO₂e/tonne (9.1).
- The share of sourced aluminium scrap increased to 35.4 per cent (26.9).
- Commitment to climate neutrality by 2040 and joining the Science-Based Target initiative.
- Launch of new sustainable product brand: Gränges Endure.

First half-year 2022

- Sales volume decreased by 3.4 per cent to 249.2 ktonnes (258.1) and net sales increased to SEK 12,955 million (8,651).
- Adjusted operating profit increased to SEK 732 million (651) and adjusted operating profit per tonne was 2.9 kSEK (2.5).
- Profit for the period increased to SEK 556 million (465) and includes items affecting comparability of SEK 62 million (-16).
- Diluted earnings per share increased to SEK 5.23 (4.36).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK -502 million (279).
- Financial net debt² increased to SEK 4,396 million at 30 June 2022 (SEK 3,059 million at 31 December 2021), corresponding to 2.3 times adjusted EBITDA (1.8 times at 31 December 2021).
- Total carbon emissions intensity (scope 1+2+3) decreased to 8.4 tonnes CO₂e/tonne (9.5).
- The share of sourced aluminium scrap increased to 33.2 per cent (26.3).

Financial summary

SEK million	Q2			Jan–Jun			12 months rolling	Full year
	2022	2021	Δ	2022	2021	Δ	Jul 2021– Jun 2022	2021
Sales volume, ktonnes	122.5	131.4	-6.8%	249.2	258.1	-3.4%	480.0	488.9
Net sales	6,875	4,609	49.2%	12,955	8,651	49.7%	22,433	18,130
Adjusted operating profit ¹	374	309	21.1%	732	651	12.4%	1,089	1,008
Adjusted operating profit per tonne, kSEK	3.1	2.4	0.7	2.9	2.5	0.4	2.3	2.1
Operating profit	436	309	41.2%	794	635	25.0%	992	833
Profit for the period	295	226	30.8%	556	465	19.7%	687	595
Earnings per share diluted, SEK	2.78	2.12	0.66	5.23	4.36	0.87	6.46	5.58
Adjusted cash flow before financing activities ³	722	334	116.5%	-502	279	n/a	-173	607
Financial net debt ²	-	-	-	4,396	2,967	1,429	4,396	3,059
Financial net debt/Adjusted EBITDA ¹	-	-	-	-	-	-	2.3	1.8
Return on capital employed, %	-	-	-	-	-	-	9.7	10.0

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

² Adjusted for lease liabilities, see alternative performance measures for further information.

³ Adjusted for expansion investments and acquisitions, see alternative performance measures for further information.

COMMENTS BY THE CEO

Continued improvement promising start to long-term plan

SAFETY IS OUR FIRST PRIORITY

Gränges is systematically working on improving workplace safety. However, we suffered two serious setbacks in the second quarter: a tragic fatal accident in our Salisbury facility, and a serious fire in the Konin plant. We clearly need to intensify our work to develop Gränges toward industry-leading safety performance and are taking action accordingly.

SOLID RESULT DESPITE VERY CHALLENGING ENVIRONMENT

In the second quarter, we saw strong demand in most end-customer markets, but also continued weakness in the automotive market. Despite the severe COVID-19-related lockdowns in China, the sales volume reached 93 per cent of sales volume in the second quarter last year.

Nevertheless, Gränges delivered a solid result. This did not happen by accident but was the result of systematic and focused efforts. The way our team in China succeeded to manufacture and ship products throughout the extended Shanghai lockdown was especially impressive. But equally important for the result was the work in all regions to offset the automotive weakness with sales to other segments, and increased costs with improved productivity and price increases.

As a result, Gränges recorded an adjusted operating profit of SEK 374 million, 21 per cent higher than last year, despite lower sales volume. In fact, the profit is our strongest one ever in a single quarter. The improvement is a very important step in the right direction.

VERY STRONG SUSTAINABILITY PERFORMANCE AND RAISED AMBITION LEVEL

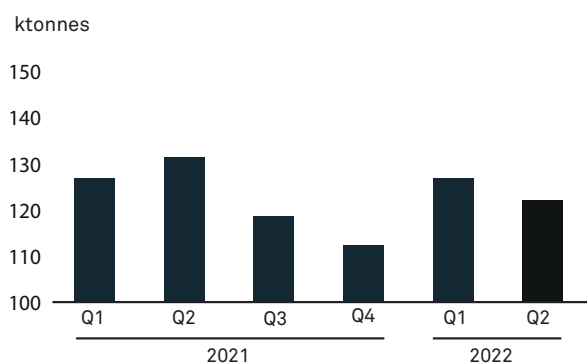
We're very proud of our sustainability performance in 2022 so far. Our relentless focus on reducing our environmental impact led to a 14 per cent reduction in the carbon emissions intensity in the quarter. This in turn depended on good progress toward creating a more circular value chain, as evidenced by a sharp increase in the share of recycled aluminium we source and use – from 27 per cent to 35 per cent. Recycling is now quite an important part of our business model, which we pursue in partnership with our customers and suppliers. We're also excited about our new sustainable product brand Gränges Endure, which will help our customers on their decarbonization journeys.



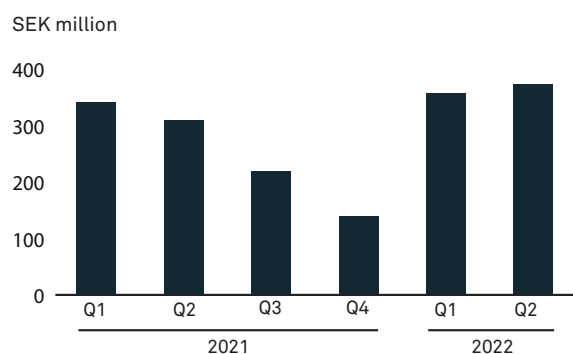
It's important that our strong performance does not lead to complacency. We will continue to improve against our ambitious 2025 targets. In addition, we have committed to climate neutrality in 2040, and underlined this by joining the Science-Based Targets initiative.

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Quarterly sales volume



Quarterly adjusted operating profit



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UNCERTAIN SHORT-TERM MARKET OUTLOOK

The short-term market outlook remains uncertain. Price increases, increasing interest rates and increased inflation expectations are likely to influence consumer demand negatively. This would in turn impact most industries, including Gränges and our customers.

The recent fall in raw material and energy prices, are further signs of lower demand ahead, but are also positive for our cost position and cash flow. On the other hand, we have as of yet seen few concrete signs of sequentially weakening demand, and are therefore relatively optimistic going into the third quarter.

In this environment, we need to be prepared for a weaker consumer demand. We also need continued focus on flexibility, and on improving the factors we can influence directly, such as mix, price, productivity and fixed cost.

LONG-TERM PLAN NOW IN PLACE

In the face of short-term uncertainty, a long-term plan gives focus, direction and a sense of purpose. During the quarter, Gränges announced the long-term Navigate plan for sustainable growth. It has three steps: to restore profitability, to 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 15 per cent return on capital and 10 per cent yearly profit growth as soon as possible.

We also aim to build an even stronger and more sustainable company for the future. More information about the Navigate plan is found on page 4.

STRONG TEAM, HIGH AMBITION LEVEL

Like all companies, Gränges depends on the outside world, and currently the outside world is very uncertain. But Gränges can also rely on strong teams in all three regions. Those teams have themselves set and are committed to the ambitious Navigate targets for growth, profitability and sustainability. For the rest of 2022, our ambition is to keep our market share and to continue year-on-year margin and sustainability improvements.

Our performance so far shows that this is possible. I have strong confidence in our ability to deliver strong results also going forward, both short-term and long-term.

It gives me great pleasure to be able to again present an all-time-high financial result and good progress against our sustainability targets, thanks to the outstanding efforts of our global team.

Jörgen Rosengren
President and CEO



- With our focus on sustainable growth, we intend to make a real difference, and to build a stronger, better-performing and more sustainable company for the future, says Jörgen Rosengren, President and CEO, Gränges.

NEW LONG-TERM PLAN FOR SUSTAINABLE GROWTH

Gränges has established a new long-term plan for sustainable growth involving three steps: to restore profitability, to build a world-leading aluminium technology company, and to invest in sustainable growth. The first priority is 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 will launch an ambitious program 2022–2025 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. The new plan also targets continued fast progress toward climate neutrality by 2040.

NEW LONG-TERM TARGETS

As a result of the new long-term plan, Gränges has also updated its long-term financial targets. The new targets are:

- **Profitability: 15 per cent**
Return on capital employed above 15 per cent.
- **Profit growth: 10 per cent**
Average yearly operating profit growth above 10 per cent.
- **Leverage: 1–2 times EBITDA**
Financial net debt normally between 1–2 times adjusted EBITDA.
- **Dividend: 30–50 per cent**
Dividend between 30–50 per cent of profit for the year.

Since 2019, Gränges has also externally communicated ambitious sustainability targets for 2025, including the following prioritized targets:

- **Carbon emissions intensity (scope 1+2): –25 per cent vs. 2017.**
Reduce carbon emissions intensity from own operations and purchased energy (scope 1+2) by 25 per cent versus baseline 2017.
- **Carbon emissions intensity (scope 3): –30 per cent vs. 2017.**
Reduce carbon emissions intensity from sourced metal inputs (scope 3) by 30 per cent versus baseline 2017.
- **Share of sourced aluminium scrap: at least 30 per cent.**
Increase the share of sourced aluminium scrap to at least 30 per cent of total sourced metal inputs.

These targets have now been complemented with a commitment to climate neutrality by 2040.



Build a world-leading aluminium technology company – Business model

MARKET DEVELOPMENT

Gränges is an aluminium technology company and a leading global supplier of rolled aluminium products and solutions for thermal management systems, speciality packaging and selected niche applications. Gränges' key end-customer markets are Automotive currently representing 37 per cent, HVAC representing 22 per cent, Speciality packaging and Other niches representing 18 per cent and 23 per cent respectively of sales volume for the last 12 months. Short-term sales to the automotive industry is primarily driven by the number of vehicles produced. Medium and long term, the increasing share of electric vehicles is expected to have a further positive impact on demand for Gränges' products. Sales to the HVAC industry are influenced in the short-term by consumer confidence and the general activity within building and construction, whereas increased requirements on energy efficiency of HVAC units are expected to have a further positive impact on the demand for Gränges' products in the medium and long term. The demand for materials for Speciality packaging is relatively stable in its nature and sales to Other niche applications are largely driven by the general economic activity.

In the second quarter of 2022, demand remained strong in most of Gränges' end-customer markets, except for Automotive. Sales to automotive customers decreased by 11 per cent compared with the same quarter last year, primarily due to COVID-19 lockdown in China which affected both market demand as well as Gränges' production output and sales from the Shanghai facility. In addition, high inventory levels in primarily Americas also had a negative impact on sales to Automotive customers in the quarter. Due to a temporary stop of the Salisbury facility in the month of June, sales of HVAC materials decreased by 5 per cent in the second quarter of 2022 despite the continued good market demand. For the same reason sales of Speciality packaging materials and sales to Other niches decreased by 6 per cent and 2 per cent respectively in the second quarter.

SALES DEVELOPMENT

Gränges' sales volume in the second quarter of 2022 decreased by 6.8 per cent to 122.5 ktonnes (131.4) while net sales increased by 49 per cent to SEK 6,875 million (4,609) compared to the same quarter previous year. The increase in net sales is driven by a higher average fabrication price in combination with an increased aluminium price. In addition, the net sales includes other revenue of SEK 107 million related to insurance compensation for the fire in the Konin facility in the quarter. Changes in foreign exchange rates had a net positive effect of SEK 697 million.

For Gränges Americas, external sales volume decreased by 7.6 per cent to 63.8 ktonnes (69.0) but external net sales rose to

SEK 3,698 million (2,425) in the second quarter of 2022. The decrease in sales volume was primarily driven by the weak Automotive market and the temporary stop of the Salisbury facility. Changes in foreign exchange rates had a net positive effect on net sales of SEK 570 million.

For Gränges Eurasia, external sales volume decreased by 5.9 per cent to 58.7 ktonnes (62.4) while external net sales rose to SEK 3,177 million (2,184) in the second quarter of 2022. The decrease in sales volume was primarily driven by the COVID-19 lockdown in China and the weak Automotive market. Demand for Speciality packaging declined as one customer was directly impacted by the war in Ukraine, while demand for Other niche applications remained stable in the quarter. Changes in foreign exchange rates had a net positive effect on net sales of SEK 128 million.

During January–June 2022, Gränges' sales volume decreased by 3.4 per cent to 249.2 ktonnes (258.1) compared to the corresponding period previous year. Net sales amounted to SEK 12,955 million (8,651). Changes in foreign exchange rates had a net positive effect on net sales of SEK 1,122 million.

For Gränges Americas, sales volume decreased to 127.8 ktonnes (131.7) and net sales rose to SEK 6,885 million (4,441) for the first half-year of 2022. For Gränges Eurasia, sales volume decreased to 134.4 ktonnes (143.6) and net sales rose to SEK 6,740 million (4,821).

OPERATING PROFIT

Adjusted operating profit for the second quarter of 2022 increased to SEK 374 million (309), corresponding to adjusted operating profit per tonne of 3.1 kSEK (2.4). Adjusted operating margin was 5.4 per cent (6.7). The increase in adjusted operating profit was primarily driven by increased average fabrication price which offset the lower sales volume and the continued high external cost inflation. The impact of the fire in the Konin facility was neutral in the quarter as the income from insurance compensation was offset by impairment of damaged assets. Changes in foreign exchange rates had a net positive impact of SEK 22 million in the quarter.

Operating profit for the second quarter of 2022 increased to SEK 436 million (309) and includes items affecting comparability of SEK 62 million (–) related to the final insurance settlement for a fire in a mill in the US. For further information see Note 5.

During the period January–June 2022, adjusted operating profit amounted to SEK 732 million (651), and adjusted operating profit per tonne was 2.9 kSEK (2.5). Adjusted operating margin was

External sales volume growth

Q2 2022

End-customer	Automotive	HVAC	Speciality packaging	Other niches	Total
Gränges Americas	-19%	-5%	-4%	-8%	-8%
Gränges Eurasia	-8%	-	-14%	1%	-6%
Total	-11%	-5%	-6%	-2%	-7%

5.6 per cent (7.5). Changes in foreign exchange rates had a net positive impact of SEK 44 million in the first half-year of 2022. Operating profit during January–June 2022 amounted to SEK 794 million (635) and includes items affecting comparability of SEK 62 million (–16). For further information see Note 5.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax for the second quarter of 2022 increased to SEK 380 million (287). Finance income and costs was SEK –56 million (–22). The increase in finance costs is related to a higher financial net debt and higher market interest rates. Income tax for the second quarter of 2022 was SEK –85 million (–62) which corresponds to an effective tax rate of 22 per cent (21). The profit for the period increased to SEK 295 million (226) during the second quarter of 2022 and diluted earnings per share rose to SEK 2.78 (2.12).

For the period January–June 2022, profit before tax increased to SEK 712 million (591). Finance income and costs was SEK –83 million (–45). Income tax for the period was SEK –156 million (–127) which corresponds to an effective tax rate of 22 per cent (21). The profit for the period increased to SEK 556 million (465) and diluted earnings per share rose to SEK 5.23 (4.36).

CASH FLOW

Cash flow from operating activities was SEK 793 million (395) in the second quarter of 2022. Working capital and other items impacted cash flow positively with SEK 104 million. Cash flow from investing activities fully relates to capital expenditure and amounted to SEK –218 million (–156) in the quarter. Of this, SEK 71 million refers to investments to maintain and improve efficiency in current production facilities and SEK 147 million refers to investments related to the expansion of the production facilities.

Cash flow before financing adjusted for expansion investments and acquisitions amounted to SEK 722 million (333) in the second quarter of 2022. Cash flow from financing activities was SEK –84 million (169) in the second quarter of 2022 and includes a dividend payment of SEK –239 million as resolved by Gränges'

2022 Annual General Meeting, new loans of SEK 2,493 million and repayment of loans of SEK –2,291 million.

During January–June 2022, cash flow from operating activities was SEK –346 million (392). Cash flow from investing activities fully relates to capital expenditure and amounted to SEK –372 million (–402) in the period. Of this, SEK 155 million relates to investments to maintain and improve efficiency in current production facilities and SEK 217 million refers to investments related to the expansion of the production facilities.

During January–June 2022 cash flow before financing activities amounted to SEK –719 million (–10). Cash flow from financing activities was SEK 1,031 million (–477) during the first half-year and includes a dividend payment of SEK –239 million, new loans of SEK 7,220 million and repayment of loans of SEK –5,883 million.

Cash and cash equivalents amounted to SEK 1,195 million at 30 June 2022 (SEK 809 million 31 December 2021).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 19,324 million at 30 June 2022 (SEK 15,767 million at 31 December 2021). The equity to assets ratio was 41.5 per cent at 30 June 2022 (44.0 per cent at 31 December 2021).

Financial net debt was SEK 4,396 million at 30 June 2022 (SEK 3,059 million at 31 December 2021), corresponding to 2.3 times adjusted EBITDA (1.8 times at 31 December 2021).

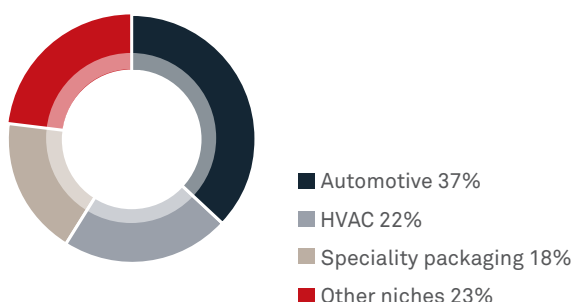
EMPLOYEES

The average number of employees was 2,712 (2,645) in the second quarter and 2,699 (2,624) for the first half-year of 2022.

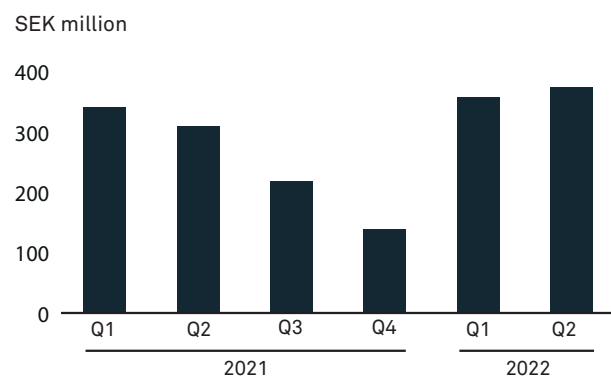
PARENT COMPANY

Gränges AB is the parent company of the Gränges Group. The operations include Group Management and Group functions such as finance, treasury, sustainability and communication. For the first half-year of 2022, net sales in the parent company was SEK 61 million (59). Result for the period January–June was –38 MSEK (–35).

12 months rolling sales volume per end-customer



Quarterly adjusted operating profit



GRÄNGES AMERICAS

- Continued strong market conditions except in Automotive
- Price increases fully compensated for cost increases
- All-time high operating profit

MARKET AND SALES

Gränges Americas experienced a continued strong demand from HVAC and Speciality packaging customers in the second quarter of 2022, while demand from Automotive customers continued to slow down due to continued supply chain disruptions and high inventory at customer level. A temporary stop of the Salisbury facility in the month of June had a negative impact on the sales volume in the quarter. The sales volume in the second quarter decreased by 7.5 per cent to 63.8 ktonnes (69.0) while net sales rose to SEK 3,692 million (2,426) compared with the same quarter last year. The increase in net sales is driven by a higher average fabrication price in combination with an increased aluminium price. During January–June the sales volume decreased by 3.0 per cent to 127.8 ktonnes (131.7).

OPERATING PROFIT

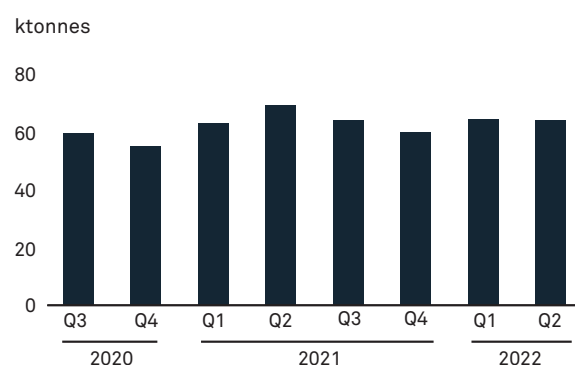
The adjusted operating profit for the second quarter 2022 increased to SEK 270 million (219), which is the highest operating profit in an individual quarter so far. This corresponds to an adjusted operating profit per tonne of 4.2 kSEK (3.2). The increase in adjusted operating profit was primarily driven by an increased average fabrication price that offset the lower sales volume and the continued high external cost inflation during the quarter. Net changes in foreign exchange rates had a positive impact of SEK 40 million in the quarter. During January–June the adjusted operating profit increased to SEK 522 million (410). By June 30, the return on capital employed was 17.0 per cent (17.2) on a rolling 12-months basis.

FATAL ACCIDENT IN SALISBURY

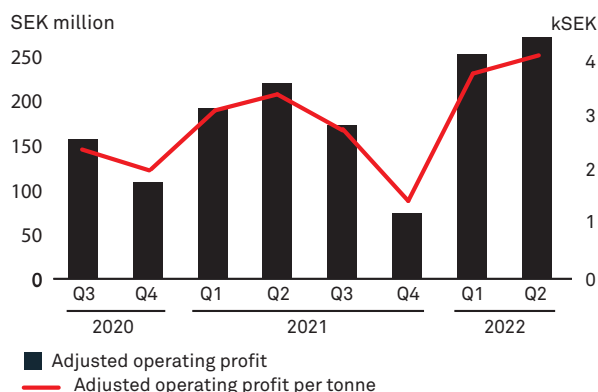
On June 2, an employee at the Salisbury facility passed away after being involved in a workplace forklift accident. The Salisbury facility was temporary stopped while the accident was investigated and before it could be determined that it was safe to

restart work. The facility was restarted in July and the temporary stop led to a reduction of sales volume in the second quarter. Increasing the workplace safety is a stated objective of Gränges strategy and the efforts in this area are being further increased in view of this accident.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q2			Jan–Jun			12 months rolling	Full year
	2022	2021	Δ	2022	2021	Δ	Jun 2021–Jul 2022	2021
Sales volume external, ktonnes	63.8	69.0	-7.5%	127.8	131.7	-3.0%	248.4	252.4
Sales volume internal, ktonnes	-	-	-	-	-	-	-	-
Total sales volume, ktonnes	63.8	69.0	-7.5%	127.8	131.7	-3.0%	248.4	252.4
Net sales, external	3,698	2,425	52.5%	6,904	4,437	55.6%	11,968	9,502
Net sales, internal	-6	1	n/a	-19	4	n/a	-37	-14
Total net sales	3,692	2,426	52.2%	6,885	4,441	55.0%	11,932	9,488
Adjusted operating profit	270	219	23.5%	522	410	27.3%	767	655
Operating profit	332	219	51.8%	584	410	42.4%	865	691
Adjusted operating profit per tonne, kSEK	4.2	3.2	33.5%	4.1	3.1	31.2%	3.1	2.6
Return on capital employed, %	-	-	-	-	-	-	17.0	16.9

GRÄNGES EURASIA

- Challenging quarter due to COVID-19 lock-down in China
- Continued good market conditions except in Automotive
- Price increases increasingly compensating for cost increases

MARKET AND SALES

Gränges Eurasia experienced a continued slow-down of demand from Automotive customers in the second quarter of 2022, due to continued shortage of components and further supply chain disruptions due to the outbreak of COVID-19 in China. Demand in other end-customer markets remained good and the decline in Automotive sales was partly offset by increased sales to Other niches. As a consequence of the COVID-19 outbreak the Gränges production facility in Shanghai was in lock-down during April-May reducing the production output and negatively impacting the sales volume in the second quarter. The sales volume in the second quarter reached 66.1 ktonnes (70.4), which represents a 6.1 per cent decline compared with the second quarter last year. Net sales increased by 45 per cent to SEK 3,593 million (2,482) compared to the same quarter previous year. The increase in net sales is driven by a higher average fabrication price in combination with an increased aluminium price. During January-June the sales volume decreased by 6.4 per cent to 134.4 ktonnes (143.6).

OPERATING PROFIT

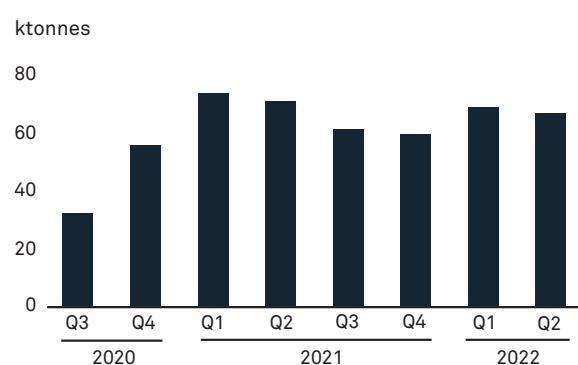
The adjusted operating profit for the second quarter 2022 increased to SEK 172 million (136), corresponding to an adjusted operating profit per tonne of 2.6 kSEK (1.9). The increase in adjusted operating profit was primarily driven by increased average fabrication price that offset the lower sales volume and the continued high external cost inflation during the quarter. Net changes in foreign exchange rates had a negative impact of SEK -18 million in the quarter. During January-June the adjusted operating profit decreased to SEK 306 million (329). By 30 June, the return on capital employed was 5.9 per cent (9.0) on a rolling 12-months basis.

FIRE IN KONIN COLD ROLLING MILL

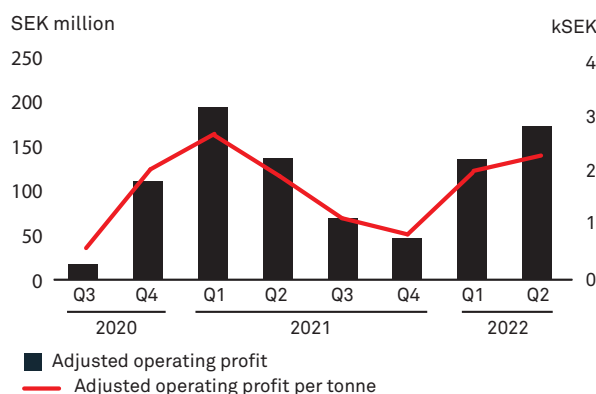
On May 13, there was a fire in a new cold rolling mill under commissioning in the Konin facility. The investigation of the cause of the

fire and options to restore capacity is ongoing. The damaged mill is currently expected to take about one year to rebuild or replace and during this time, the Konin facility will continue to operate with the existing cold rolling mills. This means that the ramp-up of production capacity originally planned for the second half of 2022 will be delayed at least one year. The damage to the mill is covered by insurance and currently no further cost for this is expected going forward.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q2			Jan-Jun			12 months rolling	Full year
	2022	2021	Δ	2022	2021	Δ	Jun 2021– Jul 2022	2021
Sales volume external, ktonnes	58.7	62.4	-5.9%	121.5	126.4	-3.9%	231.7	236.6
Sales volume internal, ktonnes	7.4	8.0	-8.2%	12.9	17.2	-25.3%	22.5	26.9
Total sales volume, ktonnes	66.1	70.4	-6.1%	134.4	143.6	-6.4%	254.2	263.5
Net sales, external	3,177	2,184	45.5%	6,051	4,212	43.7%	10,466	8,627
Net sales, internal	416	298	39.5%	689	609	13.1%	1,100	1,021
Total net sales	3,593	2,482	44.8%	6,740	4,821	39.8%	11,567	9,648
Adjusted operating profit	172	136	26.3%	306	329	-6.9%	423	446
Operating profit	172	136	26.3%	306	313	-2.2%	273	280
Adjusted operating profit per tonne, kSEK	2.6	1.9	34.5%	2.3	2.3	-0.5%	1.7	1.7
Return on capital employed, %	-	-	-	-	-	-	5.9	6.8

SUSTAINABILITY

- Continued focus on decarbonizing Gränges' business and value chain, with a decreased total carbon footprint
- Increased sourcing of aluminium scrap replacing primary aluminium as input material
- Commitment to climate neutrality by 2040 and joining the Science-Based Targets initiative

EMISSIONS AND CLIMATE IMPACT

Gränges' total carbon emissions intensity (scope 1+2+3) for the second quarter 2022 decreased by 14 per cent to 7.9 tonnes CO₂e/tonne (9.1). During the last rolling 12 months, total carbon emissions intensity decreased to 7.7 tonnes CO₂e/tonne, a reduction of 33 per cent compared to baseline 2017. Carbon emissions intensity from own operations and purchased energy (scope 1+2) amounted to 0.83 tonnes CO₂e/tonne (0.81). The increase was mainly driven by an increased energy intensity as a result of reduced sales in Gränges Eurasia, partly caused by the effects from the COVID-19 outbreak in Shanghai. Carbon emissions intensity from sourced metal inputs (scope 3) decreased by 15 per cent to 7.0 tonnes CO₂e/tonne (8.3), driven by increased use of aluminium scrap.

RECYCLING AND CIRCULARITY

The share of sourced aluminium scrap increased by 8.5 percentage points to 35.4 per cent (26.9) of total sourced metal inputs in the second quarter. The main reason was successful projects to replace primary aluminium with aluminium scrap, mainly in Gränges Americas. During the last rolling 12 months, the share of sourced aluminium scrap increased by 20.5 percentage points to 31.9 per cent compared to baseline 2017. Total volume of sourced aluminium scrap amounted to 45.9 ktonnes (37.0).

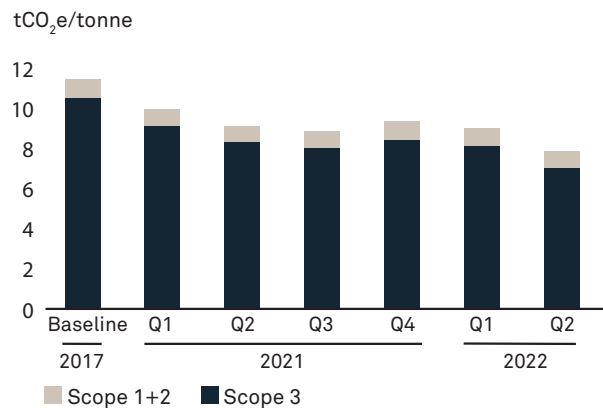
CLIMATE NEUTRALITY BY 2040 AND COMMITMENT TO SBTi

In June 2022, Gränges announced its commitment to climate neutrality by 2040. As part of this, the company joined the Science Based Targets initiative (SBTi), committing to set science-based targets in line with the goals of the Paris Agreement. Joining the SBTi demonstrates Gränges' strong sustainability commitment and dedication to reduce the climate impact from its business and along the value chain.

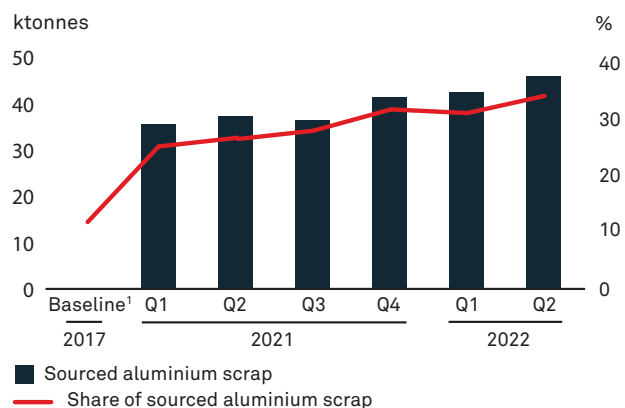
NEW SUSTAINABLE PRODUCT BRAND: GRÄNGES ENDURE

In June 2022, Gränges launched a product brand for sustainable and circular solutions, Gränges Endure. Gränges Endure products have a third-party verified carbon footprint of no more than 4.0 tonnes CO₂e/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. The brand makes it easier for customers to select sustainable aluminium products and solutions of the highest quality at the lowest sustainability impact.

Carbon emissions intensity



Sourced aluminium scrap



Sustainability performance

Sustainability metrics ²	Q2			Jan–Jun			12 months rolling	Full year	Baseline	
	2022	2021	Δ	2022	2021	Δ	Jul 2021–Jun 2022	2021	2017	Δ
Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	7.9	9.1	-14%	8.4	9.5	-12%	7.7	9.3	11.4	-33%
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.83	0.81	2%	0.86	0.85	2%	0.72	0.88	0.96	-24%
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	7.0	8.3	-15%	7.5	8.7	-13%	6.0	8.4	10.5	-43%
Sourced aluminium scrap, %	35.4	26.9	8.5 ppt	33.2	26.3	6.9ppt	31.9	28.5	11.5	20.5 ppt

¹ Quarterly data for baseline 2017 not available.

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

SIGNIFICANT EVENTS DURING THE PERIOD

- On 13 April, Gränges announced that the company will [invest USD 52 million to expand its recycling and casting operations in Huntingdon, Tennessee](#). The investment will enable near-zero carbon aluminium solutions to meet the growing demand for sustainable products in North America.
- On 2 May, Gränges communicated that the company will expand its production facility in Newport, Arkansas and becomes the [first domestic producer of battery cathode foil in the US](#).
- On 13 May, there was a [fire in a new cold rolling mill under commissioning in the Konin facility](#). No injuries, but the fire resulted in damage on production equipment. The property damage is covered by insurance.
- On 20 June, Gränges announced continued good momentum in the second quarter and provided an [updated outlook](#).
- On 20 June, [Gränges announced a commitment to climate neutrality by 2040](#) and joining the Science-Based Targets initiative.
- On 21 June, Gränges [launched Gränges Endure](#), a product brand for sustainable and circular solutions.
- On 21 June, Gränges held its [Capital Markets Day, presenting a new long-term plan for sustainable growth and updated targets](#). The webcast of the day is available on the company's website.

SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events have occurred after the period.

THE SHARE

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

Gränges has only one class of shares.

OWNERSHIP STRUCTURE

The number of shareholders in Gränges was 11,984 at 30 June 2022, according to Euroclear.

Largest shareholders in Gränges at 30 June 2022¹

Shareholder	Number of shares	Share of capital and votes %
Fourth Sw. National Pension Fund	9,864,534	9.3
Swedbank Robur Funds	6,572,177	6.2
AFA Insurance	6,561,892	6.2
Handelsbanken Funds	4,565,014	4.3
Dimensional Fund Advisors	4,490,107	4.2
Vanguard	3,498,833	3.3
T. Rowe Price	2,973,361	2.8
Norges Bank	2,536,723	2.4
Columbia Threadneedle	2,525,937	2.4
Allianz Global Investors	2,518,021	2.4
Total 10 largest shareholders	46,106,599	43.4
Other	60,202,019	56.6
Total	106,308,618	100

¹ Source: Modular Finance.



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

OTHER

Annual General Meeting 2022

Gränges AB held its Annual General Meeting (AGM) on Wednesday 4 May 2022. The AGM elected Steven Armstrong, and re-elected Fredrik Arp, Mats Backman, Martina Buchhauser, Peter Carlsson, Katarina Lindström and Hans Porat as Board members. Carina Andersson had declined re-election. The AGM re-elected Fredrik Arp as the Chairman of the Board of Directors.

The AGM resolved, in accordance with the Board of Directors' proposal, on a dividend of SEK 2.25 (1.10) per share, in total SEK 239 MSEK (117), corresponding to 40 per cent of the profit of the year 2021. The dividend was paid out on 11 May 2022.

Further, the AGM resolved, in accordance with the Board of Directors' proposal, that the Board of Directors is authorized to, at one or more occasions until the next AGM, issue new shares and/or convertible bonds up to 10 per cent of the total outstanding shares in Gränges on the date of the authorization resolution. An issue can be decided with or without regard to shareholders' pre-emption rights.

The AGM also resolved, in accordance with the Board of Directors' proposal, on a long-term incentive programme, LTI 2022. The programme will run for three years and will be offered to senior managers as a supplement to the annual incentive programme ("STI 2022"). Further, the AGM resolved, in accordance with the Board of Directors' proposal, on the adoption of IP 2022 whereby 900,000 warrants were issued free of charge to the company, which subsequently transferred the warrants to senior managers and a number of other key individuals in the group. Upon the acquisition of the warrants a market-based premium was paid.

More information on the resolutions on the AGM and the content in them are available on the company's website, www.granges.com

RISKS AND UNCERTAINTY FACTORS

As a global group with operations in different parts of the world, Gränges is exposed to various risks and uncertainties such as raw material price risk, market risk, operational, geopolitical and legal risk, as well as financial risks related to foreign exchange rates, interest rates, liquidity and refinancing. Gränges' risk management process entails to identify, assess and reduce risks related to the Group's business and operations. More information about risk management is available on pages 47–52 in Gränges' 2021 Annual and Sustainability Report.

SEASONAL VARIATIONS

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

The Board of Directors and the President and CEO declare that the half-year report gives a true and fair view of the performance of the business, financial position and result of operations of the parent company and the Group, and describes the principal risks and uncertainties that the parent company and its subsidiaries are facing.

Stockholm, 15 July, 2022
The Board of Directors of Gränges AB (publ)

Fredrik Arp
Chairman of the Board

Steven Armstrong
Member of the Board

Mats Backman
Member of the Board

Martina Buchhauser
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

Konny Svensson
Employee representative

Jörgen Rosengren
President and Chief Executive Officer

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

For additional information, please contact:

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Phone: +46 72 224 39 87

This information is information that Gränges AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, on Friday 15 July 2022 at 07.30 CEST.

Webcasted telephone conference

CEO Jörgen Rosengren and CFO Oskar Hellström will present Gränges' half-year report 2022 at a webcasted conference call at 10.00 CEST, Friday 15 July, 2022.

The webcast is available on www.granges.com/investors. To participate in the conference call, please call +46 8 5664 2651 (Sweden), +44 3333 000 804 (United Kingdom) or +1 631 913 1422 (United States). PIN code: 6978 8601#. Please call a few minutes before the conference call starts. The presentation will be in English.

Financial calendar

20 October, 2022	Interim Report, January–September 2022
26 January, 2023	Year-end Report 2022
27 April, 2023	Interim Report, January–March 2023
27 April, 2023	Annual General Meeting 2023

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net sales	2	6,875	4,609	12,955	8,651	18,130
Cost of materials	5	-4,852	-3,112	-9,196	-5,712 ¹	-12,443 ¹
Payroll and other operating expenses		-1,361	-1,028	-2,568	-1,988	-4,016
Depreciation, amortization and impairment charges		-289	-159	-459	-316	-678
Items affecting comparability	5	62	-	62	-	-159
Operating profit		436	309	794	635	833
Profit or loss from joint ventures	4	1	1	1	1	2
Finance income and costs		-56	-22	-83	-45	-92
Profit before tax		380	287	712	591	743
Income tax	6	-85	-62	-156	-127	-147
Profit for the period		295	226	556	465	595
Profit for the period attributable to						
– owners of the parent company		295	226	556	465	595
– non-controlling interests		0	0	0	0	0
Earnings per share						
Earnings per share basic, SEK		2.78	2.12	5.23	4.37	5.60
Earnings per share diluted, SEK		2.78	2.12	5.23	4.36	5.58

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Profit for the period	295	226	556	465	595
Items not to be reclassified to profit/loss in subsequent periods					
Remeasurement of pensions after tax	89	28	89	25	17
Items to be reclassified to profit/loss in subsequent periods					
Change in hedging reserve after tax	204	14	112	-58	-88
Translation effects	422	-31	569	173	466
Comprehensive Income for the period	1,010	237	1,326	605	990
Comprehensive income for the period attributable to					
– owners of the parent company	1,010	237	1,326	605	990
– non-controlling interests	0	0	0	0	0

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
Intangible assets		1,479	1,555	1,407
Property, plant and equipment		6,992	6,040	6,498
Right-of-use assets		252	226	226
Deferred tax assets		53	33	55
Investments in joint ventures	4	18	14	16
Other non-current receivables	3	121	135	122
Non-current assets		8,915	8,003	8,323
Inventories		4,994	2,976	3,933
Receivables	3	4,217	2,800	2,696
Interest-bearing receivables	3	3	26	5
Cash and cash equivalents		1,195	1,008	809
Current assets		10,410	6,810	7,444
TOTAL ASSETS		19,324	14,813	15,767
EQUITY AND LIABILITIES				
Equity		8,026	6,546	6,932
Interest-bearing liabilities	3	3,090	1,953	2,414
Provisions and other non-current liabilities	3	937	807	882
Non-current liabilities		4,027	2,761	3,297
Interest-bearing liabilities	3	2,768	2,281	1,694
Provisions and other current liabilities	3	4,503	3,225	3,844
Current liabilities		7,271	5,505	5,539
TOTAL EQUITY AND LIABILITIES		19,324	14,813	15,767

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Opening balance	6,930	5,968	5,968
Profit for the period	556	465	595
Other comprehensive income for the period	770	140	395
Total comprehensive income for the period	1,326	605	990
Dividend	-239	-117	-117
Option premium	7	-	-
Share swap	-	88	88
Total transactions with owners	-232	-29	-29
Equity attributable to owners of the parent company	8,024	6,544	6,930
Equity attributable to non-controlling interests	2	2	2
Closing balance	8,026	6,546	6,932

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

SEK million	Note	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Operating profit		436	309	794	635	833
Depreciation, amortization and impairment charges		289	159	459	316	678
Other non-cash items		-73	-	-73	16	215
Change in working capital etc.		177	-50	-1,475	-521	-623
Income taxes paid		-36	-23	-51	-54	-116
Cash flow from operating activities		793	395	-346	392	988
Acquisitions		-	-	-	-78	-90
Investments in property, plant, equipment and intangible assets		-218	-156	-372	-325	-836
Cash flow from investing activities		-218	-156	-372	-402	-926
Cash flow before financing activities		575	239	-719	-10	62
Dividend		-239	-117	-239	-117	-117
Option premium		7	-	7	-	-
Interest paid and received		-54	8	-75	2	-82
New loans		2,493	1,489	7,220	2,229	6,466
Repayment of loans		-2,291	-1,211	-5,883	-2,591	-7,061
Cash flow from financing activities		-84	169	1,031	-477	-793
Cash flow for the period		491	409	312	-487	-732
Cash and cash equivalents at beginning of period		655	607	809	1,473	1,473
Cash flow for the period		491	409	312	-487	-732
Exchange rate differences in cash and cash equivalents		48	-8	74	22	67
Cash and cash equivalents at end of period		1,195	1,008	1,195	1,008	809

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net sales	31	30	61	59	142
Payroll and other operating expenses	-74	-54	-137	-110	-253
Depreciation, amortization and impairment charges	0	-2	-1	-4	-8
Operating profit/loss	-44	-26	-77	-55	-119
Dividends from subsidiaries	0	-	0	-	0
Finance income and costs	26	7	39	12	41
Profit/loss after financial items	-18	-19	-38	-43	-78
Appropriations	-	-	-	-	0
Income tax	-4	3	0	8	15
Profit/loss for the period	-22	-16	-38	-35	-63

PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Intangible assets	–	30	0
Property, plant and equipment	1	2	2
Shares in Group companies	2,906	2,894	2,906
Deferred tax assets	47	36	47
Receivables from Group companies	3,776	2,438	2,659
Other non-current receivables	103	2	105
Non-current assets	6,832	5,401	5,718
Receivables from Group companies	987	494	649
Other receivables	443	107	129
Cash and cash equivalents	423	492	446
Current assets	1,852	1,094	1,224
TOTAL ASSETS	8,684	6,495	6,942
EQUITY AND LIABILITIES			
Equity	3,156	3,362	3,422
Interest-bearing liabilities	1,844	707	1,095
Provisions and other non-current liabilities	45	33	34
Non-current liabilities	1,888	740	1,129
Liabilities to Group companies	1,229	568	696
Interest-bearing liabilities	2,147	1,699	1,474
Provisions and other current liabilities	263	126	221
Current liabilities	3,639	2,394	2,391
TOTAL EQUITY AND LIABILITIES	8,684	6,495	6,942

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

The Gränges Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting principles adopted are consistent with those described in the Annual Report for Gränges AB (publ) 2021. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Reporting for Legal Entities.

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

The interim information on pages 2–19 is an integrated part of these financial statements.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Gränges' revenue is generated through sale of material that is produced for a certain customer and application. Revenue is recognized at the point in time when control is transferred to the customer. The transaction price for Gränges' products is based on the added value Gränges offers in terms of material properties and production complexity (fabrication price), and the price of the raw material, aluminium. The fabrication price is to a large extent pre-defined while the aluminium price is variable and based on metal price clauses connected to the market price. Other revenue for the second quarter of 2022 includes an insurance compensation of SEK 107 million for a fire in the Konin facility. The tables below show Gränges' net sales by business area divided by type of revenue.

SEK million	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net sales by business area					
<i>Gränges Americas</i>					
Fabrication revenue	1,131	849	2,160	1,633	3,182
Raw material and other revenue	2,559	1,558	4,723	2,789	6,251
Revenue from contracts with customers	3,690	2,407	6,883	4,422	9,432
Other revenue	2	19	2	19	56
Total net sales Gränges Americas	3,692	2,426	6,885	4,441	9,488
<i>Gränges Eurasia</i>					
Fabrication revenue	1,378	1,452	2,649	2,873	3,861
Raw material and other revenue	2,102	1,026	3,973	1,940	5,773
Revenue from contracts with customers	3,479	2,478	6,622	4,814	9,633
Other revenue	114	4	117	7	15
Total net sales Gränges Eurasia	3,593	2,482	6,740	4,821	9,648
<i>Other and eliminations</i>					
Fabrication revenue	-231	-173	-386	-363	-588
Raw material and other revenue	-179	-126	-284	-248	-419
Revenue from contracts with customers	-410	-299	-670	-611	-1,007
Other revenue	-	-	-	-	-
Total net sales other and eliminations	-410	-299	-670	-611	-1,007
Total fabrication revenue	2,277	2,128	4,424	4,143	6,454
Total raw material and other revenue	4,482	2,459	8,412	4,482	11,604
Total revenue from contracts with customers	6,760	4,586	12,835	8,625	18,059
Total other revenue	116	23	119	26	71
Total net sales	6,875	4,609	12,955	8,651	18,130

NOTE 3 FINANCIAL INSTRUMENTS

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

SEK million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current assets	103	119	105
Current assets	636	98	134
Non-current liabilities	11	0	1
Current liabilities	414	126	249

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

Gränges' interest-bearing liabilities consist both of financing from banks and institutions and the credit market. As per June 30, 2022, the amount of outstanding term loans was USD 150 million and SEK 500 million. The facility amount of Gränges Revolving Credit Facility was SEK 3,500 million, whereof SEK 750 million was utilized. Financing from banks and institutions also includes working capital loans of CNY 200 million. Furthermore, interest-bearing liabilities includes corporate bonds issued under the company's MTN programme. The total amount was SEK 900 million as per June 30, 2022, whereof SEK 600 million was Sustainability-Linked Bonds. The outstanding volume of commercial papers was SEK 1,496 million.

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

SEK million	Limit/Program amount	Year			Total
		< 1	1–2	> 2	
Term loans					
SEK		300	–	200	500
USD		515	1,029	–	1,544
Bonds in MTN programme	3,000	–	300	600	900
Commercial papers	2,000	1,498	–	–	1,498
Revolving Credit Facilities	3,500	–	750	–	750
Lease liabilities		45	40	179	265
Other interest-bearing liabilities		411	–	–9	402
Total interest-bearing liabilities		2,768	2,119	971	5,859

Interest-bearing liabilities are measured at amortized cost and the carrying amount as of 30 June 2022 was SEK 5,859 million (SEK 4,109 million as of 31 December 2021). The fair value of interest-bearing liabilities amounted to SEK 5,868 million as of 30 June 2022 (SEK 4,117 million as of 31 December 2021). For other receivables and liabilities, which are short-term, the carrying amount is considered to reflect the fair value.

NOTE 4 RELATED PARTY TRANSACTIONS

No changes have been made to the Group or parent company in relations or transactions with related parties, compared to what is described in the 2021 Annual Report. During the period there have been no significant transactions with related parties.

NOTE 5 ITEMS AFFECTING COMPARABILITY

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

In the second quarter of 2021 a fire occurred in one of the rolling mills in the US. The event was covered by property damage and interruption insurance. Insurance compensation corresponding to the costs for the fire was reported as part of adjusted operating profit. Insurance compensation in addition to cost coverage and deductible, amounting to SEK 40 million, was handled as an item affecting comparability in 2021. The insurance claim has now been finally settled and additional SEK 62 million has been obtained and reported as an item affecting comparability in the second quarter of 2022. No further effects are expected from the fire in the US or from related insurance case.

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

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.

NOTE 6 TAX

Gränges' Chinese subsidiary is for tax purpose preparing an application for a pre-qualification as a High and New-Technology Enterprise for the three-year period 2022 to 2024. The pre-qualification would mean that the company preliminarily would pay 15 per cent in corporate income tax instead of the ordinary tax of 25 per cent for the period. Gränges currently considers it to be more likely than not that the pre-qualification will be obtained and therefore applies a tax rate of 15 per cent for the Chinese subsidiary for the first half-year of 2022. If the ordinary tax rate of 25 per cent would have been applied for the Chinese subsidiary the Group's tax rate would not have been significantly impacted.

CONSOLIDATED QUARTERLY DATA

SEK million	2022		2021			2020		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume, ktonnes	122.5	126.7	112.3	118.5	131.4	126.7	103.3	86.7
Income statement								
Net sales	6,875	6,080	4,857	4,621	4,609	4,043	3,149	2,575
Adjusted EBITDA ¹	663	528	299	420	468	499	342	332
Adjusted operating profit ¹	374	357	139	219	309	342	193	203
Operating profit	436	357	-21	219	309	326	167	177
Profit for the period	295	261	-23	153	226	239	106	124
Adjusted EBITDA margin, %	9.6	8.7	6.2	9.1	10.2	12.3	10.9	12.9
Adjusted operating margin, %	5.4	5.9	2.9	4.7	6.7	8.5	6.1	7.9
Adjusted operating profit per tonne, kSEK	3.1	2.8	1.2	1.8	2.4	2.7	1.9	2.3
Operating margin, %	6.3	5.9	-0.4	4.7	6.7	8.1	5.3	6.9
Net margin, %	4.3	4.3	-0.5	3.3	4.9	5.9	3.4	4.8
Balance sheet								
Non-current assets	8,915	8,440	8,323	8,099	8,003	8,062	7,633	5,825
Current assets	10,410	9,630	7,444	7,399	6,810	6,009	6,020	4,330
Equity	8,026	7,247	6,932	6,745	6,546	6,424	5,970	4,442
Non-current liabilities	4,027	3,634	3,297	3,425	2,761	2,780	3,068	2,905
Current liabilities	7,271	7,189	5,539	5,327	5,505	4,867	4,614	2,808
Cash flow								
Operating activities	793	-1,140	630	-34	395	-3	318	426
Investing activities	-218	-154	-338	-186	-156	-247	-1,335	-78
Before financing activities	575	-1,294	292	-220	239	-250	-1,017	348
Financing activities	-84	1,115	-580	263	169	-646	1,628	-391
Cash flow for the period	491	-179	-288	43	409	-896	611	-43
Capital structure								
Net debt	4,917	4,991	3,643	3,810	3,532	3,690	3,292	2,812
Equity to assets, %	41.5	40.1	44.0	43.5	44.2	45.7	43.7	43.7
Data per share, SEK²								
Earnings per share basic	2.78	2.45	-0.21	1.44	2.12	2.25	1.19	1.45
Earnings per share diluted	2.78	2.45	-0.21	1.44	2.12	2.24	1.19	1.45
Equity	75.48	68.05	65.09	63.26	61.40	60.25	66.49	52.15
Cash flow from operating activities	7.46	-10.70	5.91	-0.32	3.71	-0.03	3.54	5.00
Share price at the end of the period	76.50	92.70	106.10	105.50	118.90	113.50	100.20	71.06
Weighted outstanding ordinary shares, basic in thousands	106,308.6	106,308.6	106,308.6	106,308.6	106,308.6	106,308.6	89,742.0	85,177.3
Weighted outstanding ordinary shares, diluted in thousands	106,333.8	106,495.4	106,498.1	106,615.3	106,623.1	106,620.7	89,789.3	85,177.3

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

² Calculated on weighted outstanding ordinary shares, diluted.

CONSOLIDATED QUARTERLY DATA

	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume by business area, ktonnes								
Gränges Americas	63.8	64.0	56.9	63.8	69.0	62.7	54.9	59.1
Gränges Eurasia	66.1	68.3	59.0	60.9	70.4	73.2	55.4	31.8
Other and eliminations	-7.4	-5.5	-3.6	-6.1	-8.0	-9.2	-7.1	-4.1
Total	122.5	126.7	112.3	118.5	131.4	126.7	103.3	86.7
Sales volume by end-customer, ktonnes								
Automotive	46.0	44.9	42.7	44.3	51.4	55.3	46.8	35.3
HVAC	28.0	28.5	22.1	27.1	30.4	26.1	19.4	22.4
Speciality packaging	21.3	22.1	21.0	22.7	22.8	19.1	18.2	18.1
Other niches	27.2	31.3	26.5	24.4	26.8	26.2	18.8	10.9
Total	122.5	126.7	112.3	118.5	131.4	126.7	103.3	86.7
Net sales by business area, SEK million								
Gränges Americas	3,692	3,193	2,485	2,562	2,426	2,015	1,650	1,704
Gränges Eurasia	3,593	3,147	2,526	2,301	2,482	2,339	1,720	1,019
Other and eliminations	-410	-260	-153	-242	-299	-312	-220	-148
Total	6,875	6,080	4,857	4,621	4,609	4,043	3,149	2,575
Employees								
Average number of employees	2,712	2,686	2,682	2,664	2,645	2,602	2,297	1,629
Sustainability¹								
Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	7.9	9.0	9.3	8.9	9.1	10.0	-	-
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.83	0.90	0.96	0.88	0.81	0.88	-	-
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	7.0	8.1	8.4	8.0	8.3	9.1	-	-
Sourced aluminium scrap, %	35.4	31.1	32.9	28.7	26.9	25.6	-	-

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

Sales volume, ktonnes	Automotive		HVAC		Speciality packaging		Other niches		Total	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021
Gränges Americas	9.3	11.5	28.0	29.4	16.9	17.7	9.6	10.4	63.8	69.0
Gränges Eurasia	44.0	47.8	0.2	1.2	4.4	5.1	17.6	16.4	66.1	70.4
Other and eliminations	-7.2	-7.8	-0.2	-0.2	-	-	-	-	-7.4	-8.0
Total	46.0	51.4	28.0	30.4	21.3	22.8	27.2	26.8	122.5	131.4

CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	Jul 2021 – Jun 2022	Apr 2021 – Mar 2022	Jan 2021 – Dec 2021	Oct 2020 – Sep 2021	Jul 2020 – Jun 2021	Apr 2020 – Mar 2021	Jan 2020 – Dec 2020	Oct 2019 – Sep 2020
Sales volume, ktonnes	480.0	488.9	488.9	479.9	448.1	387.5	350.6	325.2
Income statement								
Net sales	22,433	20,167	18,130	16,421	14,375	11,987	11,008	10,541
Adjusted EBITDA ¹	1,910	1,715	1,686	1,729	1,641	1,355	1,201	1,129
Adjusted operating profit ¹	1,089	1,024	1,008	1,063	1,048	780	648	599
Operating profit	992	864	833	1,020	979	707	584	532
Adjusted EBITDA margin, %	8.5	8.5	9.3	10.5	11.4	11.3	10.9	10.7
Adjusted operating margin, %	4.9	5.1	5.6	6.5	7.3	6.5	5.9	5.7
Adjusted operating profit per tonne, kSEK	2.3	2.1	2.1	2.2	2.3	2.0	1.8	1.8
Operating margin, %	4.4	4.3	4.6	6.2	6.8	5.9	5.3	5.0

Capital structure and return indicators

Capital employed	11,278	10,712	10,117	9,453	8,866	8,495	8,028	7,773
Return on capital employed, %	9.7	9.6	10.0	11.2	11.8	9.2	8.1	7.7
Equity	7,097	6,777	6,521	6,024	5,550	5,174	4,752	4,435
Return on equity, %	9.7	9.1	9.1	12.0	12.5	9.1	7.6	6.9
Financial net debt ² /Adjusted EBITDA ³	2.3	2.6	1.8	1.8	1.7	2.0	1.8	1.9

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

² Adjusted for pensions and lease liabilities, see alternative performance measures for further information.

³ Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see alternative performance measures for further information.

Sustainability⁴

Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	7.7	9.1	9.3	–	–	–	–	–
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.72	0.88	0.88	–	–	–	–	–
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	6.0	8.2	8.4	–	–	–	–	–
Sourced aluminium scrap, %	31.9	29.9	28.5	–	–	–	–	–

⁴ Quarterly data may be adjusted in the year-end report when annual emission factors have been confirmed. Scope 2 data is calculated with a market-based approach.

FINANCIALS PER BUSINESS AREA

SEK million	Apr–Jun 2022				Apr–Jun 2021			
	Gränges Americas	Gränges Eurasia	Other and eliminations	Total	Gränges Americas	Gränges Eurasia	Other and eliminations	Total
Sales volume external, ktonnes	63.8	58.7	–	122.5	69.0	62.4	–	131.4
Sales volume internal, ktonnes	–	7.4	–7.4	0	–	8.0	–8.0	0
Total sales volume	63.8	66.1	–7.4	122.5	69.0	70.4	–8.0	131.4
Income statement								
Net sales, external	3,698	3,177	–	6,875	2,425	2,184	–	4,609
Net sales, internal	–6	416	–410	0	1	298	–299	0
Total net sales	3,692	3,593	–410	6,875	2,426	2,482	–299	4,609
Adjusted operating profit ¹	270	172	–68	374	219	136	–46	309
Operating profit	332	172	–68	436	219	136	–46	309
Adjusted operating profit per tonne, kSEK	4.2	2.6	n/a	3.1	3.2	1.9	n/a	2.4
Capital structure and return indicators								
Capital employed ²	5,636	7,841	–534	12,943	3,761	6,647	–330	10,079
Return on capital employed, % ³	17.0	5.9	n/a	9.7	17.2	9.0	n/a	11.8

SEK million	Jan–Jun 2022				Jan–Jun 2021			
	Gränges Americas	Gränges Eurasia	Other and eliminations	Total	Gränges Americas	Gränges Eurasia	Other and eliminations	Total
Sales volume external, ktonnes	127.7	121.5	–	249.2	131.7	126.4	–	258.1
Sales volume internal, ktonnes	–	12.9	–12.9	0	–	17.2	–17.2	0
Total sales volume	127.7	134.4	–12.9	249.2	131.7	143.6	–17.2	258.1
Income statement								
Net sales, external	6,904	6,051	–	12,955	4,437	4,212	2	8,651
Net sales, internal	–19	689	–670	0	4	609	–613	0
Total net sales	6,885	6,740	–670	12,955	4,441	4,821	–611	8,651
Adjusted operating profit ¹	522	306	–96	732	410	329	–88	651
Operating profit	584	306	–96	794	410	313	–88	635
Adjusted operating profit per tonne, kSEK	4.1	2.3	n/a	2.9	3.1	2.3	n/a	2.5

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

² Closing balance at end of the period.

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

FINANCIALS PER BUSINESS AREA

Gränges Americas

SEK million	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume external, ktonnes	63.8	64.0	56.9	63.8	69.0	62.7	54.9	59.1
Sales volume internal, ktonnes	-	-	-	-	-	-	-	-
Total sales volume, ktonnes	63.8	64.0	56.9	63.8	69.0	62.7	54.9	59.1
Income statement								
Net sales, external	3,698	3,206	2,498	2,567	2,425	2,012	1,652	1,688
Net sales, internal	-6	-13	-13	-5	1	3	-3	16
Total net sales	3,692	3,193	2,485	2,562	2,426	2,015	1,650	1,704
Adjusted operating profit ¹	270	251	73	172	219	191	108	156
Operating profit	332	251	109	172	219	191	103	156
Adjusted operating profit per tonne, kSEK	4.2	3.9	1.3	2.7	3.2	3.0	2.0	2.6
Capital structure and return indicators								
Capital employed ²	5,636	5,031	4,076	4,066	3,761	3,895	3,555	3,989
Return on capital employed, % ³	17.0	17.2	16.9	17.9	17.2	13.1	11.8	9.8

Gränges Eurasia

SEK million	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume external, ktonnes	58.7	62.8	55.4	54.8	62.4	64.0	48.3	27.7
Sales volume internal, ktonnes	7.4	5.5	3.6	6.1	8.0	9.2	7.1	4.1
Total sales volume, ktonnes	66.1	68.3	59.0	60.9	70.4	73.2	55.4	31.8
Income statement								
Net sales, external	3,177	2,874	2,362	2,054	2,184	2,028	1,488	882
Net sales, internal	416	273	164	248	298	311	231	137
Total net sales	3,593	3,147	2,526	2,301	2,482	2,339	1,720	1,019
Adjusted operating profit ¹	172	135	47	69	136	193	110	17
Operating profit	172	135	-102	69	136	177	80	-8
Adjusted operating profit per tonne, kSEK	2.6	2.0	0.8	1.1	1.9	2.6	2.0	0.5
Capital structure and return indicators								
Capital employed ²	7,841	7,590	6,815	6,840	6,647	6,483	5,911	3,237
Return on capital employed, % ³	5.9	5.6	6.8	8.7	9.0	6.7	4.6	4.9

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

² Closing balance at end of the period.

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

Alternative performance measures

Gränges makes use of the alternative performance measures Return on capital employed, Financial net debt, Equity to assets ratio and Cash conversion. Gränges believes that these performance measures are useful for readers of the financial reports as a complement to other performance measures when assessing the possibility of dividends, the implementation of strategic investments, and the Group's ability to meet financial commitments. Further, Gränges uses the alternative performance measures Adjusted operating profit, Adjusted operating profit per tonne and Adjusted EBITDA, which are measures that Gränges considers to be relevant for investors who want to understand the profit generation excluding items affecting comparability. For definitions of the measures, see page 26.

SEK million	Q2		Jan-Jun		12 months rolling	Full year
	2022	2021	2022	2021	Jul 2021 – Jun 2022	2021
Adjusted operating profit						
Operating profit	436	309	794	635	992	833
Items affecting comparability	-62	-	-62	16	97	175
Adjusted operating profit	374	309	732	651	1,089	1,008
Adjusted operating profit per tonne						
Adjusted operating profit	374	309	732	651	1,089	1,008
Sales volume, ktonnes	122.5	131.4	249.2	258.1	480.0	488.9
Adjusted operating profit per tonne, kSEK	3.1	2.4	2.9	2.5	2.3	2.1
Adjusted EBITDA						
Adjusted operating profit	374	309	732	651	1,089	1,008
Depreciation, amortization and impairment charges	289	159	459	316	821	678
Adjusted EBITDA	663	468	1,190	967	1,910	1,686
Return on capital employed						
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	-	-	-	-	15,728	13,717
Non-interest-bearing liabilities, rolling 12 months average	-	-	-	-	-4,774	-3,948
Pensions, rolling 12 months average	-	-	-	-	324	348
Capital employed	-	-	-	-	11,278	10,117
Adjusted operating profit	-	-	-	-	1,089	1,008
Return on capital employed, %	-	-	-	-	9.7	10.0
Financial net debt/Adjusted EBITDA						
Cash and cash equivalents and interest-bearing receivables	-	-	-1,198	-1,034	-1,198 ¹	-814
Interest-bearing liabilities	-	-	5,859	4,234	5,859 ¹	4,109
Lease liabilities	-	-	-265	-233	-265 ¹	-236
Financial net debt	-	-	4,396	2,967	4,396¹	3,059
Adjusted EBITDA, rolling 12 months	-	-	-	-	1,910	1,686
Financial net debt/Adjusted EBITDA	-	-	-	-	2.3	1.8
Equity to assets						
Equity	-	-	8,026	6,546	8,026 ¹	6,932
Total assets	-	-	19,324	14,813	19,324 ¹	15,767
Equity to assets, %	-	-	41.5	44.2	41.5¹	44.0
Adjusted cash flow before financing activities						
Cash flow before financing activities	575	239	-719	-10	-647	62
Cash flow from expansion investments	147	94	217	211	462	456
Cash flow from acquisitions and other capital transactions	-	-	-	78	12	90
Adjusted cash flow before financing activities	722	334	-502	279	-173	607

Cont. on next page

Cash conversion

Adjusted cash flow before financing activities	722	334	-502	279	-173	607
Adjusted operating profit	374	309	732	651	1,089	1,008
Cash conversion, %	193	108	-69	43	-16	60

¹Closing balance at the end of the period.

Definitions

Adjusted EBITDA

Adjusted operating profit before depreciation and impairment charges.

Adjusted cash flow before financing activities

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

Adjusted operating profit

Operating profit excluding items affecting comparability.

Adjusted operating profit per tonne

Adjusted operating profit divided by sales volume.

Average number of employees

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

Capital employed

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

Carbon emissions intensity

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

Cash conversion

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

Cash flow before financing activities

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

Earnings per share

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

Equity to Assets

Equity divided by total assets.

Financial net debt

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

Financial net debt/Adjusted EBITDA

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

Items affecting comparability

Non-recurring income and expenses.

ktonnes

Volume expressed in thousands of metric tonnes.

Operating profit

Profit before net financial items and tax.

Return on capital employed

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

Return on equity

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

Sales volume

Volumes sold in metric tonnes.

SEK

Swedish Krona.

Share of sourced aluminium scrap

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

Glossary

Alloy

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

Aluminium strip

Rolled aluminium in coil form.

Brazing

Joining of metals through melting and solidification.

Cladding

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

Heat exchanger

A device for transferring heat from one medium to another.

HVAC

Heating, Ventilation and Air Conditioning systems including heat exchangers.

LME

London Metal Exchange.

Rolled aluminium

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

SHFE

Shanghai Futures Exchange.

Slab

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



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ABOUT GRÄNGES

Gränges is an aluminium technology company that drives the development of lighter, smarter, and more sustainable aluminium products and solutions. The company offers advanced materials that enhance efficiency in the customers' manufacturing process and the performance of the final products. Gränges' innovative engineering has transformed the industry for more than 125 years, and the company holds leading positions in rolled products for thermal management systems, speciality packaging and selected niche applications. Gränges has production facilities and conducts sales on three continents, Asia, Europe, and Americas. The annual production capacity amounts to 570 ktonnes. Gränges has 2,650 employees and the share is listed on Nasdaq Stockholm. More information on Gränges is available at www.granges.com.

PURPOSE AND PROMISE

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

BUSINESS MODEL

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

STRATEGY

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