



2023

Annual and Sustainability Report

Circular and sustainable aluminium
solutions for a better future



Gränges is a global leader in aluminium rolling and recycling in selected niches. We're committed to creating circular and sustainable aluminium solutions in partnership with our customers and suppliers – for a better future. Our solutions help customers grow and transition to climate neutrality. They are used for efficient climate control in transportation and buildings, electrification and battery components, recyclable packaging, and more.

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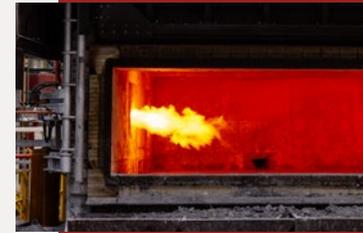
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Gränges formal Annual Report according to the Swedish annual accounts act comprises pages 67–125. The report is published in Swedish and in an English translation. The Swedish version takes precedence in the event of any discrepancies between the two versions.



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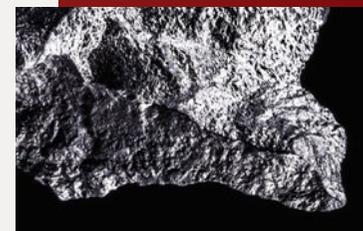
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Key events



- Gränges announced plans to **invest SEK 600 million** in increased **battery cathode foil** production in Finspång, Sweden, to meet growing market demand in Europe.
- Gränges **invested** in expanded **annealing capacity** in its Newport site, US, to increase market share for thin aluminium foil in North America.
- Gränges **joined the Polestar 0 project** aiming at creating a **truly climate-neutral car by 2030**. Gränges will contribute to research and development of circular and low climate-impact aluminium materials and processes.



- The **new recycling and casting capacity** in Huntingdon, US, was inaugurated and **fully operational**. The new line will increase capacity, reduce cost and support Gränges' high sustainability ambitions.
- Gränges' **joint venture with Shandong Innovation Group (SIG)** to build a recycling and casting operation in the hydro-power-rich province of Yunnan, China, **received approvals for completion**. Production of sustainable aluminium planned to come online 2024 will strengthen competitiveness and reduce carbon footprint.



- **SBTi validated Gränges' climate goals for near term 2030 and net-zero 2040**. This means that the goals are aligned with the latest climate science and the goals of the Paris Agreement.
- Gränges' **production facility in Konin, Poland**, achieved **dual ASI certifications**. With this, all Gränges' rolling and recycling sites are certified, marking an important milestone.

Performance summary

Financial summary	2023	2022	Change
Sales volume, ktonnes	463.2	479.3	-3.4%
Net sales, SEK million	22,518	24,492	-8.1%
Adjusted operating profit ¹⁾ , SEK million	1,536	1,150	33.6%
Adjusted operating profit per tonne, kSEK	3.3	2.4	0.9
Operating profit, SEK million	1,576	1,136	38.7%
Profit for the year, SEK million	1,010	700	44.2%
Earnings per share basic	9.50	6.59	2.91
Earnings per share diluted	9.48	6.58	2.90
Adjusted cash flow before financing activities ²⁾ , SEK million	2,826	618	356.9%
Equity/assets, %	52.8	46.8	12.8%
Financial net debt, SEK million	2,741	3,882	-1,141
Financial net debt/EBITDA, SEK million	1.1	1.9	-0.7
Return on capital employed, %	12.2	9.4	2.8 pp

Sustainability summary	2023	2022	Change
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.66	0.82	-20%
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	7.8	8.1	-4%
Sourced recycled aluminium, ktonne	210	169	24%
Sourced recycled aluminium, %	41.6	32.7	8.9 pp
ASI certifications, number of sites ³⁾	6	5	1

1) Adjusted for items affecting comparability.

2) Adjusted for expansion investments and acquisitions.

3) Number of aluminium rolling and recycling sites with Performance Standard and Chain of Custody Standard.

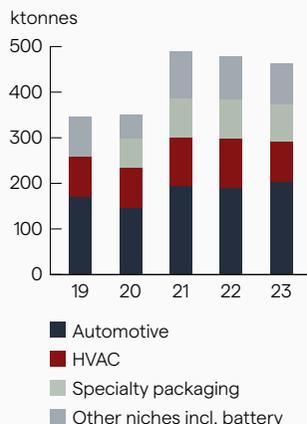
Performance

Sales volume

-3.4%

Decrease in volume

Sales volume decreased by 3.4 percent to 463.2 ktonnes (488.9). Net sales decreased to SEK 22,518 million (24,492).



Adjusted operating profit¹⁾²⁾

34%

Increase in profit

Adjusted operating profit¹⁾²⁾ amounted to SEK 1,536 million (1,150) and adjusted operating profit per tonne was 3.3 kSEK (2.4).

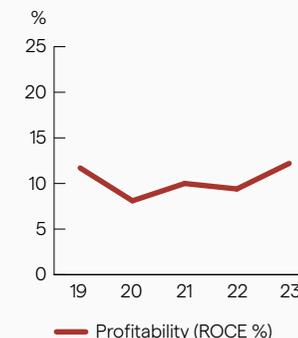


Return on capital employed

2.8 pp

Increase in return on capital employed

Return on capital employed increased by 2.8 percentage points to 12.2 percent.

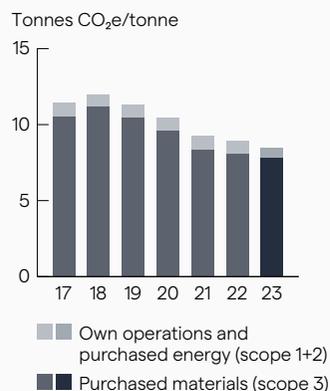


Carbon emissions intensity

-5%

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

Carbon emissions intensity amounted to 0.66 tonnes CO₂e/tonne for scope 1+2 and 7.8 tonnes CO₂e/tonne for scope 3. Total carbon emissions intensity (scope 1+2+3) has now been reduced by 26 percent versus baseline 2017.³⁾

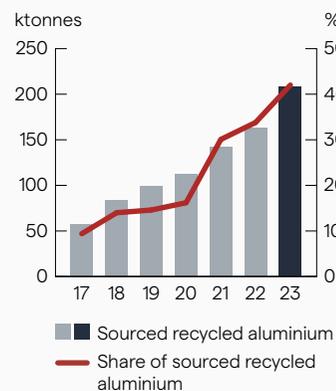


Sourced recycled aluminium⁴⁾

8.9 pp

Increase of sourced recycled aluminium

The share of sourced recycled aluminium increased to 41.6 percent (32.7), which is above the 2025 target level.



Responsible sourcing and production

All sites

Certified against the Aluminium Stewardship Initiative's sustainability standards.

All of Gränges' aluminium rolling and recycling sites (5) have achieved certifications in accordance with the Aluminium Stewardships Initiative (ASI) Performance Standard and Chain of Custody Standard, thereby achieving the 2025 goal.

1) Adjusted for items affecting comparability. Read more on page 102, Note 14.
 2) Read more about alternative performance measures on page 115.
 3) Baseline 2017 recalculated to include the facility in Konin.
 4) 2017-2020 exclude Gränges Powder Metallurgy and the facility in Konin.

Gränges' best year so far

A stronger company. Much more sustainable. A record-high operating profit. In 2023, Gränges demonstrated commitment to its ambitious Navigate plan for sustainable growth, and ability to execute.

2023 was a record year in many ways, thanks to excellent execution by the entire Gränges team. It was also a year characterized by general economic slowdown and uncertainty in the world around us. Despite a slightly lower sales volume, adjusted operating profit reached an all-time-high of SEK 1.5 billion, an impressive increase of 34 percent over 2022, which was also a record year. Our systematic work on productivity and price in all regions was the main contributor. We also achieved our lowest carbon emission intensity and highest recycling levels ever. These are certainly results to be very proud of.

Successful execution of Navigate plan

We continued our long-term work to build a stronger company. Ongoing capacity and optimization investments, such as the new recycling and casting center in Huntingdon and the logistics improvement in Finspång, were finalized. Inventory management delivered good cash flow, significantly strengthening our balance sheet. This in turn contributed to a strong development of our return on capital and helped us achieve our best-ever net profit and earnings per share. Innovation and new business development continued, resulting in good growth in battery cooling plates and other new niches.

We took important steps to further strengthen our people and teams, including training programs for first-line managers, leadership development, and culture and values initiatives. We also made our workplace safer for all colleagues by an ambitious risk-reduction program and improved safety culture.

A high sustainability ambition and proven results make Gränges a trusted partner for customers and suppliers. In 2023, we grew our recycling in all regions thanks to hard work, new partnerships, and new capabilities. Our recycling rate increased to 42 percent, our best level ever. We contracted renewable



2023 is certainly a year to be very proud of. To summarize, three things in particular stand out: we made our company much stronger, we made it much more sustainable, and we achieved all-time high financial and sustainability results.

Jörgen Rosengren
President and CEO



electricity in both Asia and Americas, in addition to existing contracts in Europe. Our record-low carbon emissions intensity, was well in line with our long-term plans. These are important steps on our journey toward net-zero in 2040, a goal which was validated by the Science Based Targets initiative during the year. Since 2016, Gränges is a signatory to and supports the principles of the UN Global Compact. We are also committed to helping fulfil the United Nation's 2030 Agenda and Sustainable Development Goals.

Our good results in sustainability were also recognized externally. For example, we were awarded EcoVadis' Platinum rating for the third time in a row, putting us in the top 1 percent of our industry. With sustainability certifications of all our rolling and recycling sites against the Aluminium Stewardship Initiative's standards and third-party verified carbon footprint for all products, we can provide the transparency our customers need to improve their own sustainability.

We are also investing to further accelerate our sustainable growth plan with focus on recycling, optimization, new markets and partnerships. Our second recycling and casting center in Americas, which is well underway, will enable Gränges to provide products with a very low carbon footprint. In 2023, we formed a new joint venture for sustainable aluminium in China to build a recycling and casting operation in the hydro-power rich province

of Yunnan. When fully operational, it will significantly reduce our total carbon emissions. Our investment in battery foil production in all three regions progressed as planned and attracts strong customer interest.

Positioned for sustainable growth

2023 is certainly a year to be very proud of. To summarize, three things in particular stand out: we made our company much stronger, we made it much more sustainable, and we achieved all-time high financial and sustainability results. And we did this in quite a challenging environment.

Going forward, our strategy and approach will remain the same: to stay focused on long-term sustainable growth while flexibly meeting any short-term challenges. Building on our industry leadership, we aim to further strengthen our competitiveness and gain market share. I am confident that this will lead to a positive development for Gränges overall.

I would like to thank all 2,800 Gränges colleagues for outstanding efforts during the year. I am honored to lead such a talented and committed team and look forward to our work to continue to build a world-leading aluminium rolling and recycling company.

Jörgen Rosengren, President and CEO



Going forward, our strategy and approach will remain the same: to stay focused on long-term sustainable growth while flexibly meeting any short-term challenges.

About Gränges

This is Gränges

Products and value chain

Reasons to invest in Gränges



Gränges – a leader in aluminium rolling and recycling

Gränges is a global leader in aluminium rolling and recycling in selected niches. It's committed to creating circular and sustainable aluminium solutions in partnership with customers and suppliers – for a better future.



Sustainability at the core

Sustainability is central in Gränges' business and strategy. 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 solutions with a low-carbon impact, which are circular and resource efficient, and responsibly sourced and produced.

Long-term partnerships

With customized product development, regional production, sales and technical support, Gränges meets customers globally in an efficient and sustainable way. Its solutions help customers grow and transition to climate neutrality. This also lays the foundation for Gränges' continued expansion.

Leading-edge technology and craftsmanship

Building on more than 125 years of innovative engineering and materials development, Gränges is a world leader in high-performance aluminium rolling and recycling. With a long heritage of supplying the automotive industry, Gränges is an experienced and trusted partner in delivering consistently high-quality solutions to customers with high demands on safety, performance and sustainability. The solutions are used for efficient climate control in transportation and buildings, electrification and battery components, recyclable packaging, and more.

Global presence

Gränges Eurasia and Gränges Americas are Gränges' two business areas. Gränges Eurasia comprises Asia Pacific and Europe and Gränges Americas includes North and South America. In Asia Pacific, China is the main market. Other key markets include India, Thailand, South Korea and Japan. Poland, Czech Republic, Sweden, France and Germany are the largest markets in Europe. The main markets in Americas are the US and Mexico.

463 ktonnes

Sales volume

SEK 22.5 billion

Net sales

SEK 1.5 billion

Adjusted operating profit

610 ktonnes

Total annual production capacity

-26%

Reduction in total carbon emissions intensity vs 2017

42%

Share of sourced recycled aluminum

Solutions that enable a sustainable society

Gränges' aluminium solutions are used in some of the world's most demanding applications. Their properties, such as low weight and recyclability, support the transition to a more sustainable economy.



Efficient climate control in vehicles...

Gränges is a market leader in automotive heat exchanger material – it's in every other car produced today.



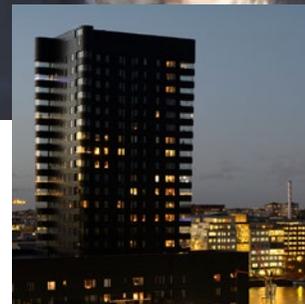
...and in buildings

Heating, ventilation and air conditioning (HVAC) is the second largest market. Gränges' materials are used in both industrial and domestic air conditioning systems.



Electrification and battery components

Aluminium is a key material in the electrification revolution. Regional battery supply chains are being established and Gränges is the only company with a global footprint of cathode foil production by 2024.



Light, durable material for buildings and more

Thanks to its versatile and durable properties, aluminium is used in a range of different applications in buildings, wind turbines, transformers and heat exchangers for industrial use.

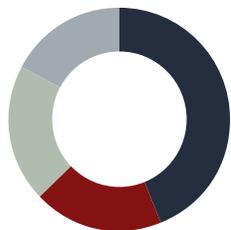


Recyclable packaging

Aluminium foil provides a complete barrier to light, oxygen, moisture, and bacteria, making it ideal for packaging. Aluminium packaging is extremely versatile and is used in a wide range of applications for the food, beverage and pharmaceutical industries.

Diversified product portfolio

Sales volume per end-customer markets 2023



44%

Automotive

- Radiators
- Battery cooling plates
- Heaters
- Condensers
- Evaporators
- Oil coolers
- Chillers, Charge-Air-Coolers
- Structural applications
- Heat shields

19%

HVAC

- Evaporators
- Condensers
- Radiators
- Microchannel heat exchangers

20%

Other niches

- General engineering coils and strips
- Wind turbines – oil coolers
- Transformers – conductor strips
- Building products
- Battery – cathode foil, casing, boxes

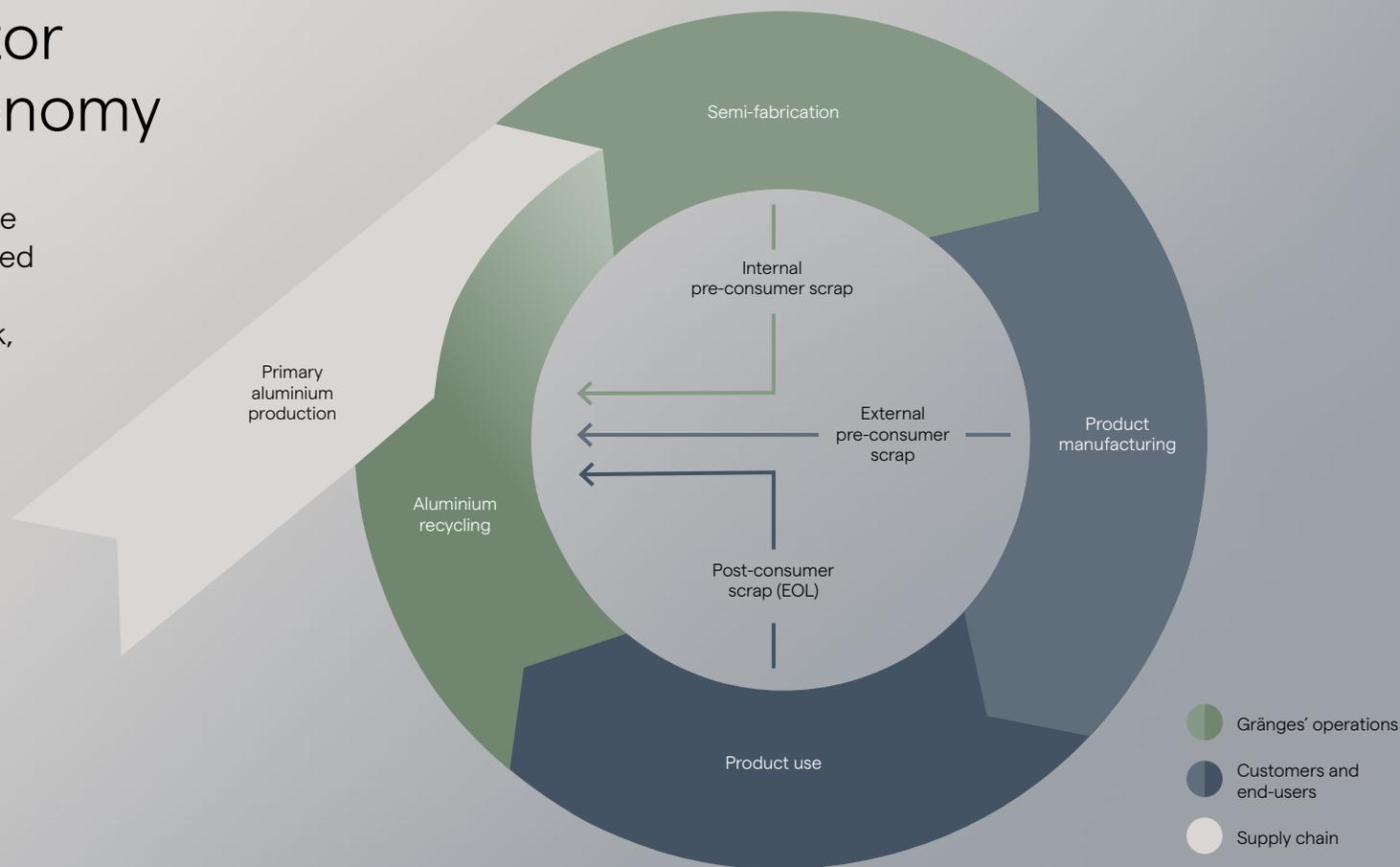
17%

Specialty packaging

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

A strong contributor to the circular economy

To ensure a positive contribution to the circular economy, Gränges is committed to improving the overall footprint of the aluminium value chain. In this work, strong partnerships and collaboration are essential.



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.

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 or coils in a casting process, and further 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 specialty packaging.

Product use

End-users utilize applications containing Gränges' materials. Key uses include vehicles, systems for heating, ventilation and air-conditioning in buildings, specialty packaging, as well as aluminium foil in food packaging.

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.

Reasons to invest in Gränges

Gränges is a global leader in aluminium rolling and recycling in attractive niche markets. The strategy is to achieve sustainable and profitable growth, and to achieve net-zero carbon emissions by 2040. In the last five years, Gränges has demonstrated strong performance toward its financial and sustainability goals.

Three global trends are creating large opportunities: growing demand for sustainable solutions, electrification of the transportation industry and regionalization of supply chains. Gränges has a clear strategy for leveraging these trends to achieve sustainable, profitable growth, and to build the world's best aluminium technology company. This also entails continued investments including value-creating acquisitions.

Gränges has long been working to be a positive force in society, as is reflected in our industry-leading ESG rating. Being an industry leader in sustainability means that Gränges utilizes its deep aluminium knowhow and strong, long-term value-chain partnerships to transform the aluminium industry and meet the evolving needs of customers and society.

Strong position and competitive advantages

- Leading position in attractive market niches with solid, long-term customer relations
- Global strength and regional presence with ability to meet customer-specific needs
- Market mix balances business cycles and creates stability
- Opportunity to grow within existing footprint and gain market share
- Sustainability leadership a key business driver
- Strong culture, entrepreneurial mindset, and industry-leading expertise

Financially attractive business model

- Ambitious targets and proven success in driving financial and sustainability improvements side by side.
- Long track record of stable cash generation and margins, high profit growth and strong returns.

218%

Total shareholder return since the stock listing 2014

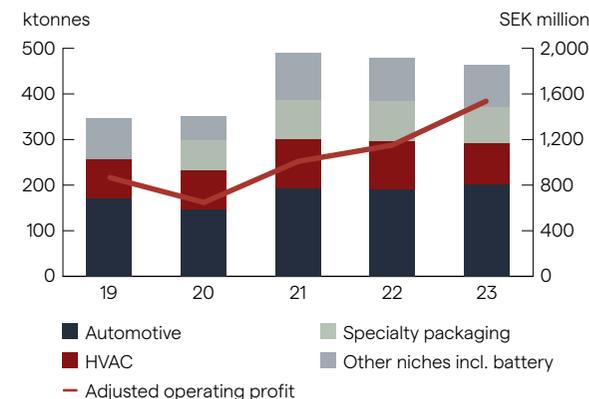
32%

Proposed dividend's share of profit

Total shareholder return vs. index



Sales volume and adjusted operating profit



Strategy

Trends

Navigate

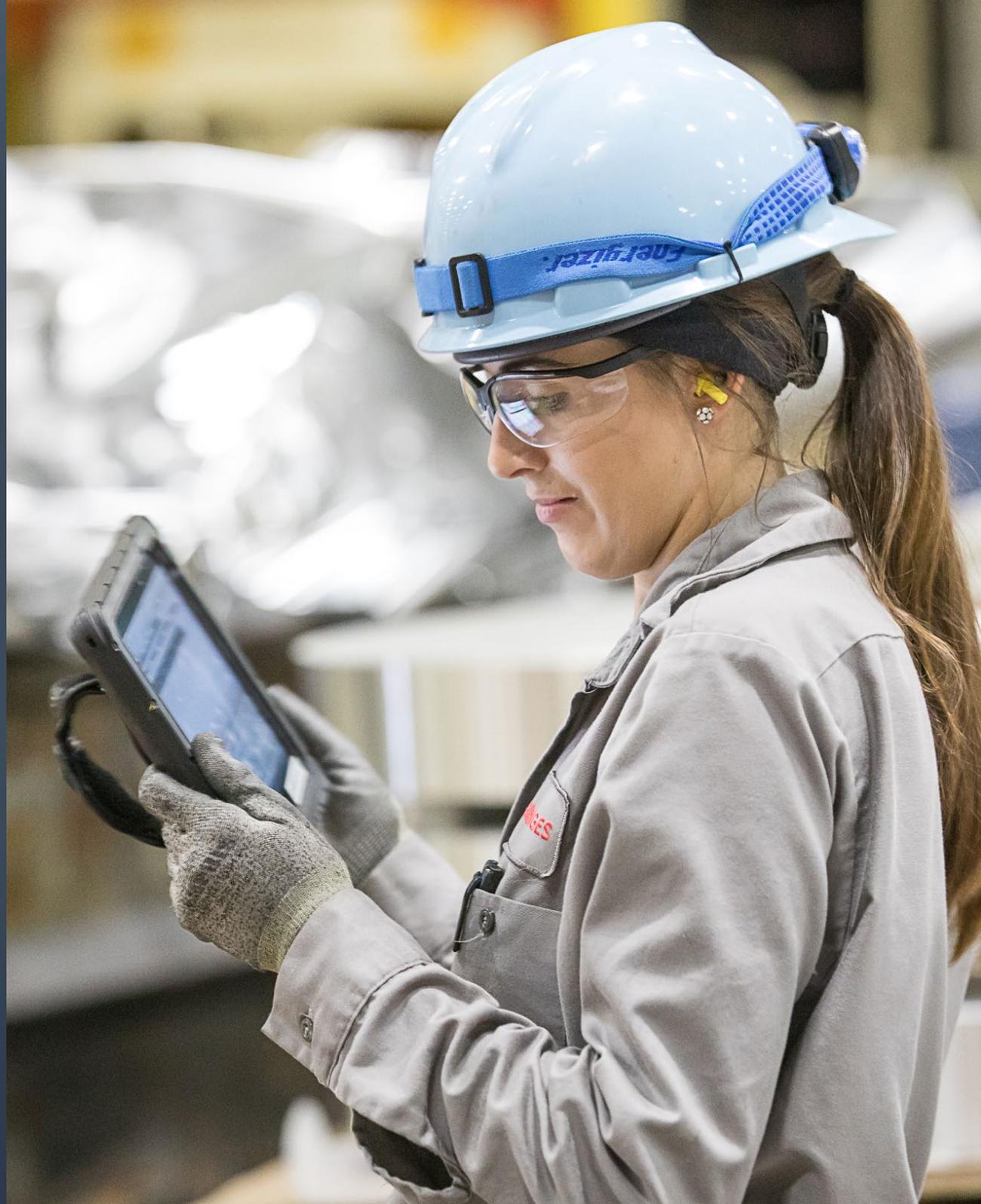
Restore

Build

Invest

Financial targets

Sustainability goals



Gränges benefits from three fundamental trends

Three global trends impacting businesses and society create large opportunities for Gränges: sustainability, electrification, and regionalization.



Sustainability

Demand for sustainable products is increasing among consumers in general. Climate effects like wildfires, floodings and heat waves are clear signs that change is urgent. Regulatory requirements are becoming tougher and investors are demanding sustainability performance. The transformation to a more sustainable society and circular business models is a necessity for future success. This requires a shift to fossil-free and renewable energy sources, innovative material technologies and increased recycling.

Through its leading position in recycling and circular, sustainable aluminum solutions, Gränges has the opportunity to help customers and OEMs grow and transition to climate neutrality. Value-chain partnerships are critical to drive this change.



Electrification

Electrification is reshaping the transportation industry, impacting everything from supply chains and vehicle designs to consumers' travel habits. The rapidly growing battery industry increases the demand for rolled aluminium, for instance in battery cathode foil and battery casing. In addition, thermal management of batteries and other components, in which aluminium is an essential material, is critical for the reliability and safety of electric vehicles.

The development of the battery and electric vehicle industries creates multiple growth opportunities for Gränges, who can leverage decades of experience and leading expertise in highly demanding automotive applications.



Regionalization

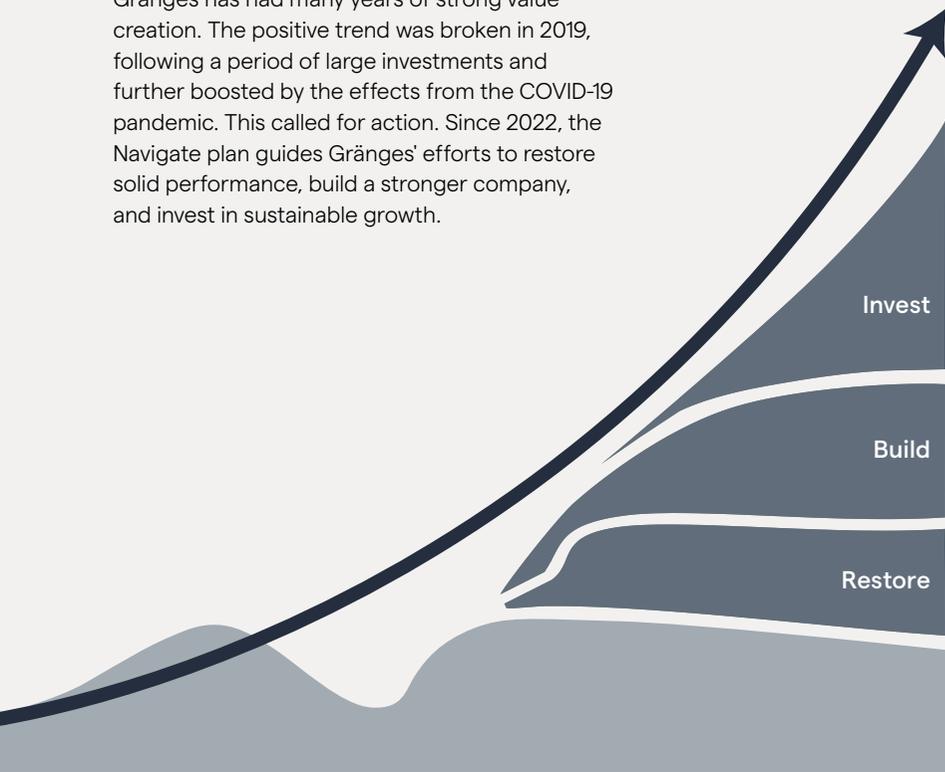
The shift in global trade patterns and development of regionalized supply chains are driven by several factors, including geopolitical tensions, technological trends and environmental concern. Instabilities in several parts of the world lead to supply shortages as well as logistical challenges. Changes in market conditions and trade regulations, supply shortages and logistical challenges are also contributing as companies strive to increase resilience and reduce cross-region interdependencies.

Gränges' strong presence in the Americas, Asia and Europe with regional production units and close customer relations serves regionalized supply chains well. Powered by its global set-up, Gränges is also a partner to grow with for customers globally.

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’s about continuing to build the world’s best aluminium rolling and recycling company based on Gränges business model.

Gränges has had many years of strong value creation. The positive trend was broken in 2019, following a period of large investments and further boosted by the effects from the COVID-19 pandemic. This called for action. Since 2022, the Navigate plan guides Gränges’ efforts to restore solid performance, build a stronger company, and invest in sustainable growth.



Sustainable growth

- World’s best aluminium technology company
- 15% ROCE
- 10% operating profit growth
- Net-zero by 2040

The strategy part **Build** is based on Gränges’ business model and covers the five areas; Improve, Innovate and grow, Source green and recycle, People and Sustainability.

In the plan, global and regional perspectives are combined. This way of working enables focus, entrepreneurship and responsibility in each region. At the same time, it drives the Group’s performance and strategy globally.



Restore leading value creation

The finalization of investment programs into Gränges' current production platform, as well as actions to utilize and optimize the platform, aim to **restore** the Group's high value creation performance.



Finalize capacity expansion

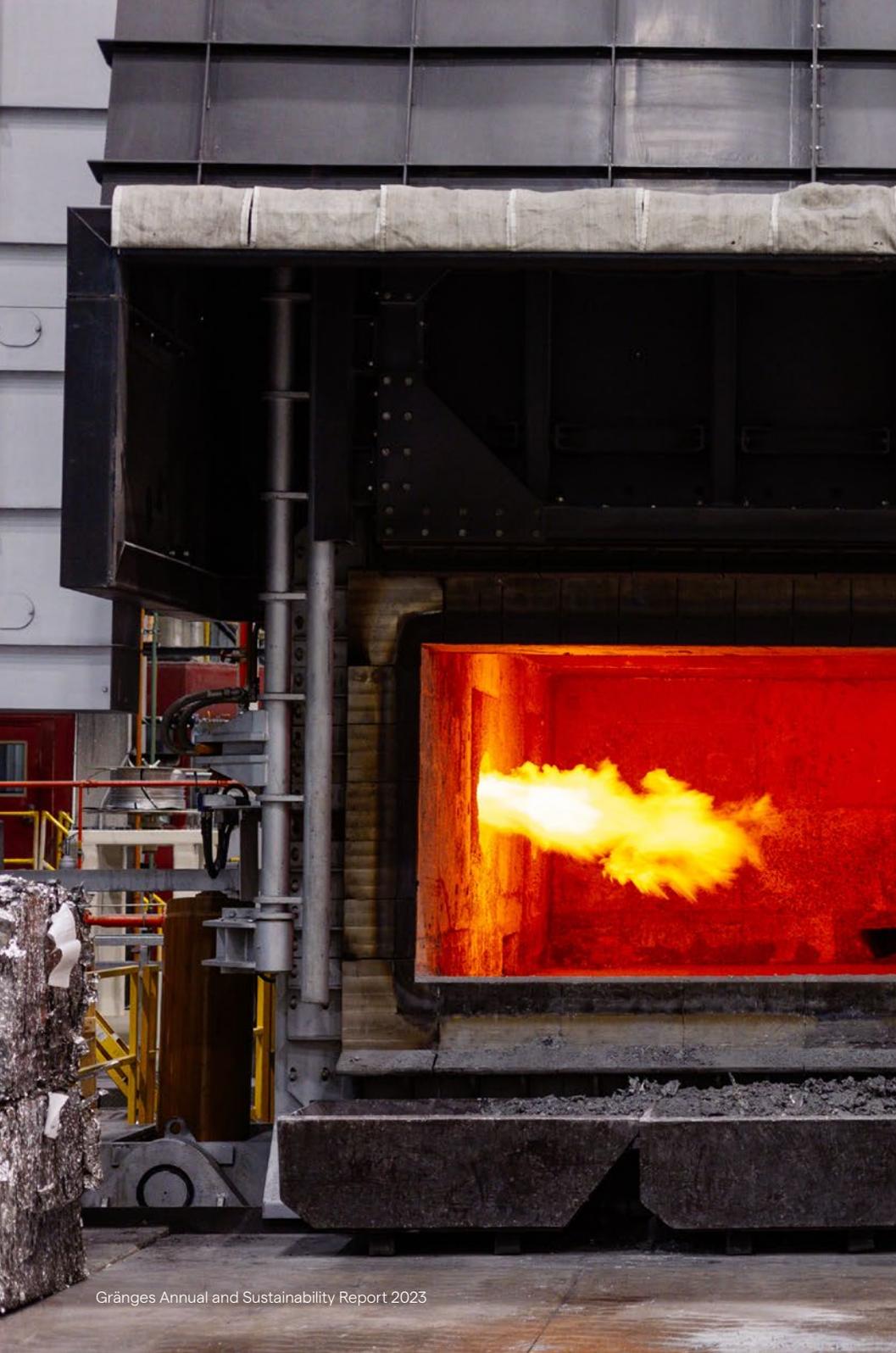
The goal is to **finalize** the large investment program, that has been ongoing the last few years, during 2024. The rolling capacity will then reach 640 ktonnes for the Group. Gränges also aims to **utilize** its strong position to gain additional market share in Europe and the Americas in packaging, the expansive battery market and other attractive niches. Furthermore, Gränges works to further **optimize** production and pricing to secure higher and more stable returns. A higher utilization rate will be achieved by further optimizing production volume within and between production sites.

Achievements 2023

- Implemented measures resulted in an improvement in ROCE by 2.8 percentage points to 12.2 percent (9.4) at year end
- The new investment in casting and recycling in Huntingdon was inaugurated and started to contribute positively. Together with new casting capacity in Konin and logistics automation in Finspång, it reduced cost, increased recycling, and improved carbon footprint
- Pricing and productivity improvement successfully compensated for cost increases
- Optimized inventory management significantly reduced working capital, markedly strengthening operational cash flow and balance sheet

Focus going forward

Finalize the capacity expansion in Gränges Konin and certain other ongoing projects during 2024. Gain market share to fully utilize the new capacity. Optimize mix and improve cost productivity for higher, more stable returns.



CASE

New recycling and casting line in Gränges Americas delivers on the Navigate strategy

Gränges' USD 33 million investment in the expansion of its aluminum recycling and casting capacity in Huntingdon, Tennessee, was completed in early 2023. Already during the first year in operation, it contributed significantly to increased recycling, lower cost, lower working capital, and an improved carbon footprint. This strategic move meets the increasing demand for sustainable solutions from North American customers.

"This is a major investment which underscores our dedication to our customers and markets, fortifying our foundation for sustainable growth. It aligns with our high sustainability standards, improving both recycling and carbon emissions efficiency. Gränges remains a trusted partner for our customers, fostering growth and innovation," said Patrick Lawlor, President of Gränges Americas.

The expansion project includes investments in infrastructure and a new casting line. Huntingdon's casting capacity increased by approximately 25 ktonnes annually, enabling enhanced scrap utilization in metal usage and downstream rolling and slitting operations. This in-house capacity also reduces dependence on costly imports and enhances production efficiency.

"Turning our caster expansion project from vision to reality, on time and within budget, is a brilliant example of what can happen with big ideas and strong teamwork.

Still, it's just another step in our journey to expand our business and reduce our overall carbon footprint," said Chad Pinson, Director of Projects.

This project follows Gränges' successful investments in rolling capacity at the sites in Huntingdon and Newport. With another casting and recycling line planned for completion by the end of 2024, Gränges Americas will be able to offer a near-zero carbon footprint operation and products.

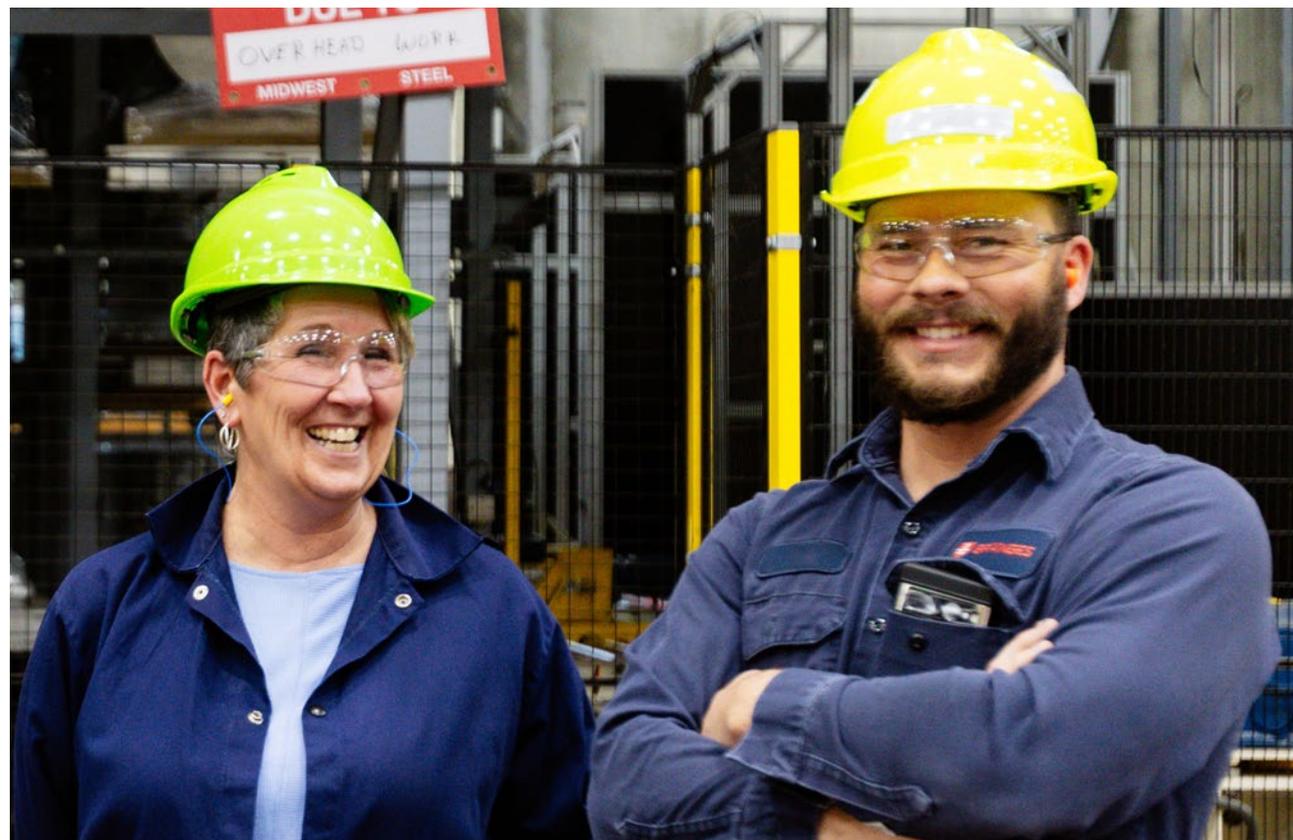
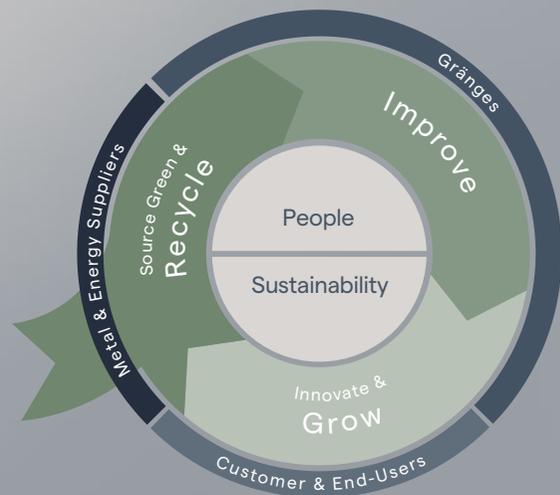


This is a major investment which underscores our dedication to our customers and markets, fortifying our foundation for sustainable growth.

Patrick Lawlor, President of Gränges Americas

Build the world's best aluminium technology company

The Navigate strategy is about continuing to **build** the company based on Gränges' business model – **Improve, Innovate & grow** and **Source green & recycle** with **People** and **Sustainability** at the core.



Sustainable



Action oriented



Committed

Updated core values reinforce Gränges' culture and ambition

The new core values build on what has made Gränges' successful in the past and what needs to be successful in the future. The values are: sustainable, action oriented, and committed.



These three words reflect the way we want Gränges to be. They act as a guide for how we should work, who we should work with and who we should invite to work with us. Also when we have difficult decisions to make, we can look at these core values connected – the decision that best reflects our core values is probably a good decision for Gränges.

Jörgen Rosengren, CEO of Gränges



People

For Gränges, people and company culture are key to past and future success. A successful company culture and a strong team cannot easily be copied by competitors. Gränges will continue to build on three areas during the coming years: the team, talent and leadership, and culture and values.

Build the team

Gränges aims to be the preferred employer in each region and location where the company operates. This includes a competitive compensation package, but also a good social and physical work environment. Workplace safety always comes first. Continuous training and interesting development opportunities are also prioritized areas.

Build talent and leadership

How leaders at Gränges act is critical to the success of Navigate. Another key factor is Gränges' view on local autonomy, which encourages employees to take initiative and be accountable, while still utilizing the power of a global company.

Build values and company culture

Strong values and a company culture are important for the success of the company. The external business environment changes over time, as do people's preferences. Gränges' culture is based on common values as well as its regional strengths.

Achievements 2023

- Continued to execute the people plans in all regions, contributing to strong business performance
- Further strengthened and integrated our organization in Europe
- Invested significantly in training and development programs for first-line managers, focusing on safety, leadership skills, culture and values
- Introduced senior leadership program for Gränges' Global Leadership Team
- Updated Gränges' brand positioning and core values, in line with the Navigate strategy
- Strengthened Gränges as an employer of choice in each location, with significantly improved employee retention in the US as a key achievement

Focus going forward

Gränges will continue to invest in team, talent and leadership, culture and values with the aim to build a strong, connected organization. Using its global brand positioning and local uniqueness, it will ensure to be an employer of choice in each location. Strengthening leadership and building strong teams with the right skills and development pathways are continued focuses.

Sustainability

Sustainability is a strong driver and enabler of long-term competitiveness and value creation for Gränges. The aim is to drive sustainable growth through the creation of circular and sustainable aluminium solutions. This is driven by ambitious plans for net-zero, circularity and responsible production. Gränges is committed to climate neutrality by 2040 and, in 2023, also launched new sustainability goals for 2030.

Invest in sustainable supply and recycling

Four themes are vital for Gränges and build the plan: green sourcing of energy and metals, recycling, customer and supplier partnerships, and responsible sourcing practices.

Invest in sustainable operations

Renewable energy, resource efficiency, workplace safety, sustainable workplace, and ethical business practices are key areas in Gränges' plan. Gränges aims to continuously improve the work environment with safety as the first priority.

Invest in sustainable customers and sectors

Gränges' plan comprises the following areas: sustainable innovation, product sustainability credentials, customer partnerships, and investing in sustainable sectors.

Achievements 2023

- Record-low scope 1+2 carbon emissions intensity driven by higher renewable electricity
- Record-low scope 3 carbon emissions intensity, driven by recycling growth
- 100 percent of products available with a third-party verified carbon footprint
- Launch of new 2030 sustainability goals
- Climate goals 2030 and 2040 approved by the Science Based Targets initiative
- All aluminium rolling and recycling sites certified against ASI's sustainability standards

Focus going forward

The priorities are to strengthen the value proposition for sustainable and circular solutions, further detail the 2030 decarbonization plans and continue the progress, implement the group-wide new responsible sourcing process and increase sustainability awareness and engagement.





Improve

Gränges works with continuous improvements related to three themes: always safe, always better and always smarter. Success in these areas will depend on the people and their mindset, making leadership training a key priority. The success of Gränges' business depends on a high utilization rate, optimal mix, competitive total costs, and pricing excellence.

Always safe

Gränges aims to achieve a safety performance on par with the best in the industry. Safety first! Gränges is executing a two-pronged improvement and investment plan focusing on significant risk reduction in high-risk areas and safety leadership and culture.

Achievements 2023

- Significant risk reduction in all sites, despite unsatisfactory levels and trends for key lagging indicators
- Upscaled efforts in all regions on safety culture for instance safety weeks, awards programs and awareness-based safety programs on all levels including leadership programs
- Significant investments in all production facilities in equipment, interior environment, and fire protection
- Expanded the EHS competences and capabilities in all regions by recruiting additional expertise
- Gap assessments and action plans for all high-risk areas in place



Focus going forward

Workplace safety is a continuous everyday focus. The major focus areas going forward include improving our safety culture on all levels of the organization, leadership and employee training, reducing the highest frequency recordable injury cases, improved fire prevention activities and the continuous implementation of safety related KPIs.

Always better and smarter

Gränges continuously develops better and smarter ways of working through debottlenecking, digitalization, continuous improvement and process optimization.

- Significant reduction in inventory achieved supported improved cash flow
- Improvements and accelerated results achieved through strong focus from dedicated teams responsible for key areas utilizing benchmarking and internal best practices
- Several energy efficiency improvements in operation e.g. change to electrical forklifts and operational activities to reduce natural gas consumption

The work going forward will continue to focus around the prioritized key areas, while developing sharing of best practice and further strengthening the ways of working across regions.

Innovate & Grow

Gränges has a long history of innovation and growth. To be able to grow, it is crucial to understand the markets Gränges service and carefully choose where to take part. The ambition is to continue to increase sales volume from existing footprint with better mix, increased diversification, and sustainability through focus on the following key areas.



Optimize portfolio for price, mix and flexibility

Gränges executes focused, market-based pricing and implementing surcharges to help offset volatile inflation. Continuing to optimize production volume within and between plants through greater flexibility will create a higher utilization rate.

Diversify further

The strategy focuses on further diversification, especially in Asia and Europe, and on investing in new growth market niches such as battery cathode foil.

Strengthen long-term customer relationships

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

Focus innovation on growth and sustainability

The ability to innovate will be critical to continued portfolio optimization and evolution in all end-customer markets. Innovation initiatives will also help to differentiate the company from the competition. Gränges has a cross-functional approach incorporating Research & Innovation, Operations, Technical Sales, Quality and Commercial teams. Innovation initiatives are currently focused on development of battery cathode foil as well as circular and sustainable offerings including Gränges Endure.

Achievements 2023

- Successful pricing strategy offsetting inflation and other input increases
- New business development was a key focus in 2023, building a strong pipeline of opportunities with new and existing customers. Some examples include battery cooling plates and development of folded tubes production in Asia.
- The work to strengthen long-term customer relationships continued and ambitious activities were initiated to increase and broaden the customer base.

Focus going forward

Continue the work around the four prioritized areas; optimization, diversification, strengthening of customer relationships and innovation. Specific focus in 2024 will be on gaining additional market share, increasing cross-selling, expansion in the battery market and continue to develop commercial market strategies for sustainable products, including the Gränges Endure brand.

Source Green & Recycle

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. Gränges' work on source green and recycle is focused on four themes: green sourcing of energy and metals, recycling, customer and supplier partnerships, and responsible sourcing.



Green sourcing of energy and metals

Gränges works actively together with suppliers to source low-carbon primary aluminium and renewable electricity to reduce the climate impact of its aluminium solutions.

Achievements 2023

- New long-term agreements of 100 percent renewable electricity in Shanghai and new contracts for solar energy in Gränges Americas were secured
- Low-carbon partnerships with suppliers
- Completed phase-out of Russian-produced aluminium

Focus going forward

Develop detailed roadmap to achieve 100 percent renewable electricity by 2030 and execute contracts in 2024 to increase the share of low-carbon primary aluminium.

Recycling and circularity

Gränges works actively to increase recycling towards its ambition of 500 ktonnes by 2030. Actions include investing in process and technology innovation to increase recycling capabilities forming strategic partnerships and circular business models with customers, suppliers and recycling companies.

- Record-high share of sourced recycled aluminium in all regions
- Initiatives to increase use of post-consumer scrap

Continue to secure access to sourced recycled aluminium through up- and downstream partnerships and increase recycling capacity and capabilities and develop scrap-based alloys in collaboration with customers.

Responsible sourcing

Gränges works to reduce sustainability risks in its supply chain and has an ambition of 100 percent sustainable suppliers by 2030. The company operates a robust responsible sourcing process to ensure that environmental, social and governance risks in the supply chain are reduced.

- 100 percent commitment to Supplier Code of Conduct
- New group-wide responsible sourcing process developed, for implementation in 2024

Implement the new responsible sourcing process and develop responsible sourcing training for employees and external partners.

Invest in sustainable growth

Gränges has an ambitious plan for **Invest**. Although Gränges works on restoring solid growth and returns, the company will continue to evaluate opportunities to create value through further investments. These investments should focus on areas that, in combination with the company’s existing business, are likely to generate growth as well as stable returns in line with or above Gränges’ financial targets, and to contribute positively to sustainability.



Recycling

Recycling is about investing in capacity, technology and partnerships and leverage on Gränges’ leading expertise in metallurgy, sustainability and energy efficiency.

Optimization

Optimization is about picking high-return investments in debottlenecking, automation and digitalization.

New markets

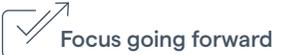
When evaluating new markets, selected niches with sustainability focus are of particular interest. The aim is to leverage Gränges’ technology skills and customer partnerships.

M&A and partnerships

The aim is to continue the successful and opportunistic M&A strategy as well as to evaluate new partnerships for green energy and aluminium.

Achievements 2023

- The formation of a joint venture with Shandong Innovation Group (SIG) to build a recycling and casting operation in Yunnan, China. Gränges’ equity investment amounts to SEK 223 million.
- The investment of USD 52 million to expand recycling and casting operations in Huntingdon, Americas to enable near-zero aluminium solutions. The investment, decided in April 2022, is estimated to be finalized during 2024.
- Decision to invest SEK 600 million over two years to double the capacity for battery cathode foil production in Finspång, Sweden, an expansion to already decided increase in production capacity in Americas and Asia.



Investigate and evaluate new possibilities in all four areas.

Financial targets

To support the strategy for long-term sustainable growth, Gränges has set financial targets for profit growth, profitability, capital structure and dividend.

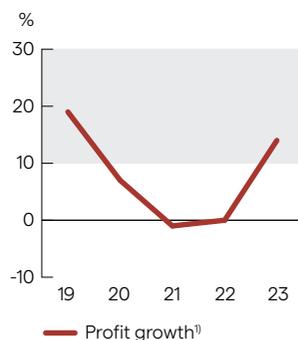
Profit growth

>10%

Average yearly operating profit growth above 10 percent

2023
Operating profit increased by 34 percent compared to last year, corresponding to 14 percent average 3y CAGR during the last three years. The increase was primarily driven by higher prices towards customers and improved productivity.

1) Average 3y CAGR during the last three years.

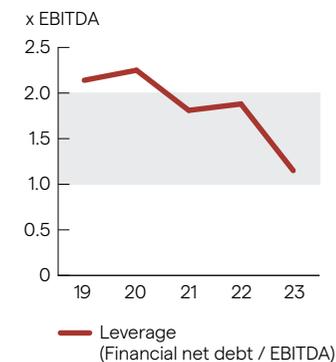


Capital structure

1–2X EBITDA

Financial net debt normally between 1–2 times adjusted EBITDA

2023
Financial net debt decreased by SEK 1,141 million to SEK 2,741 million, corresponding to 1.1 times adjusted EBITDA. Increased EBITDA and inventory management contributed to the decrease in financial net debt.

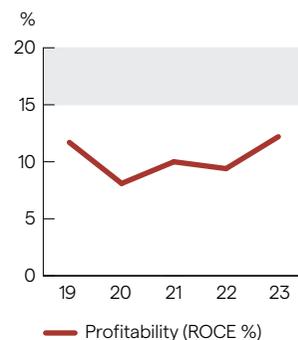


Profitability

>15%

Return on capital employed above 15 percent

2023
Return on capital employed increased by 2.8 percentage points to 12.2 percent. The increase in return on capital employed was primarily driven by increased adjusted operating profit and reduced working capital levels due to improved inventory management and reduced metal prices.

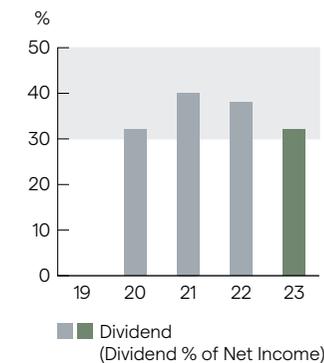


Dividend

30–50%

Dividend between 30–50 percent of profit for the year

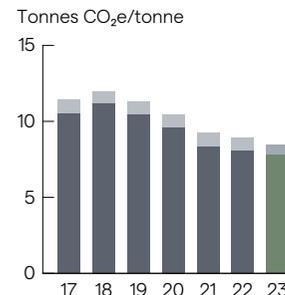
2023
The Board of Directors proposes a dividend of SEK 3.00 (2.50) per share for the 2023 fiscal year, corresponding to 32 (38) percent of the profit for the year.



Sustainability goals

To drive the development of sustainable solutions, Gränges has a set of ambitious sustainability goals for 2025, 2030 and 2040.

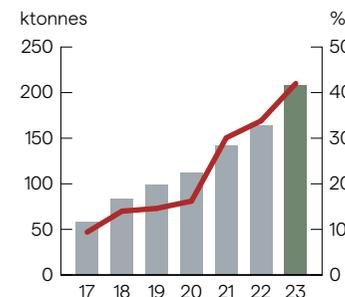
Net-zero



2023
Scope 1+2 intensity decreased by 20 percent to 0.66 tonnes CO₂e/tonne (0.82) and Scope 3 intensity decreased by 4 percent to 7.8 (8.1). Total carbon emissions intensity (Scope 1+2+3) has been reduced by 26 percent versus baseline 2017.

■ Own operations and purchased energy (scope 1+2)
■ Purchased materials (scope 3)

Circular



2023
The share of sourced recycled aluminium increased by 8.9 percentage points to 41.6 percent (32.7). The volume of sourced recycled aluminium increased by 24 percent to 210 ktonnes (169), which corresponds to 4.5x the volume in 2017.

■ Sourced recycled aluminium
— Share of recycled aluminium of total sourced metal inputs

Responsible



2023
In 2023, Gränges' site in Konin achieved dual certifications against ASI's Performance Standard and Chain of Custody Standard. This implies that all of Gränges' aluminium rolling and recycling sites have now been ASI certified, thereby achieving the 2025 goal.

■ Performance Standard
■ Chain of Custody Standard

¹⁾ Gränges' climate goals for 2030 and 2040 have been validated by the Science Based Targets initiative. Read more on page 134.



The partnership will bring us a big step closer to climate neutrality by 2040 and further increase our sourcing of sustainably produced metal and energy.

Jörgen Rosengren, CEO of Gränges

CASE

A partnership for low-carbon aluminium

In 2023, Gränges formed a joint venture with Shandong Innovation Group (SIG), for a new recycling and casting operation in Yunnan, China. When fully operational, it is expected to have a significant positive impact on the Group's carbon footprint.

Production start is planned for 2024. During 2025–2026, Gränges plans to gradually replace its current in-house casting in Shanghai by sourcing corresponding capacity from the operation in the hydropower-rich province of Yunnan. This will secure access to low-carbon primary aluminium through energy-efficient delivery and renewable energy for the casting operations.

“This is an essential step in our Navigate plan for sustainable growth. The partnership will bring us a big step closer to climate neutrality by 2040 and further increase our sourcing of sustainably produced metal and energy. Ultimately, this will create more value for our customers,” says Jörgen Rosengren, CEO of Gränges.

The investment is expected to take around two years to complete. Over time, it is expected to generate a ROCE in line with Gränges' target level of above 15%.

“Shandong Innovation Group is a leader in aluminium cast products in China and has been a valued and trusted partner and supplier to Gränges in Asia for many years. We share the same vision for innovative and sustainable development. This is also an important step to strengthen our future competitiveness and meet customer demands for market-leading sustainable aluminium solutions in China and Asia,” says Colin Xu, President Gränges Asia.

The business

Markets

Gränges Eurasia

Gränges Americas



Markets

Gränges is a global leader in aluminium rolling and recycling in selected niches and is committed to creating circular and sustainable aluminium solutions in partnership with its customers and suppliers. Gränges' solutions are used for efficient climate control in transportation and buildings, electrification and battery components, recyclable packaging, and more.

25%

Gränges' market share in brazed heat exchangers



Market characteristics

The market for rolled aluminium materials, in which Gränges operates, 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 a 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 refined over a long time, effective customer service and, for some end-customer markets, a global supply capacity.

Customer-driven development

Manufacturers are constantly facing new and increased customer demands for materials with, for instance, lower weight, greater strength, higher corrosion resistance or lower environmental impact. Gränges' development of new materials, products and solutions is conducted in close cooperation with customers and often with suppliers, based on long-term relationships. Gränges strives to be at the forefront of developing circular and sustainable aluminium solutions in partnership with its customers and suppliers.

Competitors

The competition varies in size and strategic focus and differs between regions and end-customer markets. Global competitors such as Arconic, Novelis and UACJ are present on several geographical markets, and there are also local competitors in each region.

End-customer markets

Gränges' end-customers are found in the automotive, HVAC, specialty 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 as well as combustion engines, 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' 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 is expected to increase. Such products include battery cathode foil, battery casing and battery cooling plates. 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 percent. According to the international research firm S&P Global, global light vehicle production showed a 9.0 percent growth during 2023.

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 as well as construction and energy efficiency requirements. Demand for reduced energy consumption, recyclability and restrictions on coolants is driving improved design of HVAC products. This results in increased demand for Gränges' materials, 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, where the company also holds a leading position. North American production of HVAC units is a key driver of Gränges America's sales volume. According to the trade association AHRI, US shipments of HVAC units decreased by 17 percent in 2023. Strong destocking efforts by producers, distributors and traders impacted HVAC production volume negatively, as well as Gränges America's sales volume in this segment.

Specialty packaging

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.

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.

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 also has a range of products within packaging for the European market. One example is bottle closures, which are made of aluminium sheets. 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 development, 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 inside the cells as battery cathode foil, as casings surrounding the cells in the battery modules and boxes, and in the large and complex battery thermal management systems. Today, Gränges is a supplier of battery cathode foil, battery cooling plates and casing material.

According to S&P Global, the battery material market, where Gränges is present, is expected to have a yearly growth of 30 percent 2022–2026. Investment projects for battery cathode foil are ongoing in Shanghai, Finspång, and Newport. Gränges' global operations, long experience in the automotive industry, and strong focus on sustainability create 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, building sheet applications 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

Gränges Eurasia managed to increase both sales volume and operating profit through commercial flexibility, price management and productivity improvements despite challenging market conditions. The general economic slowdown put pressure on demand in most customer groups and the high-inflationary environment from the year before continued into 2023.

- Sales markets
- Sales offices and technical support
- Production sites
- Research and innovation centers

Market and sales

Gränges Eurasia experienced a mixed market development in 2023. Demand in Europe for products to Other niches remained at low levels due to weak end-customer demand in combination with high inventory levels among distributors and stockists. Specialty packaging also suffered from weakened demand due to increased inventory management among customers as well as lower end-customer demand. However, demand from automotive customers remained stable throughout the year supported by pent-up demand in Asia following COVID-related lockdowns during 2022, as well as improved supply chains in both Europe and Asia. For 2023 total sales volume increased by 3.8 percent to 264.3 ktonnes (254.5) and net sales decreased by 2.4 percent to SEK 12,334 million (12,633).

Increased adjusted operating profit

The adjusted operating profit in 2023 for Gränges Eurasia increased to SEK 595 million (448), corresponding to an adjusted operating profit per tonne of 2.3 kSEK (1.8). The increase was partly due to energy cost compensation in Poland and Sweden for the calendar years 2021 and 2022 totaling SEK 54 million. Higher sales volume, price management, and productivity improvements were key drivers of the increased adjusted operating profit in 2023.

Progress towards sustainability targets

In 2023, the production sites in Finspång, Konin and Shanghai continued to make progress towards the 2025 sustainability targets. Aluminium recycling increased to record levels, due to a strong team effort and continued positive effects from strengthened partnerships with suppliers and customers to secure access to recycled aluminium. The share of renewable energy also reached record-high levels, as the production site in Shanghai converted to 100% renewable electricity during the year. The increased recycling and renewable electricity had a positive impact on Gränges Eurasia's carbon footprint, however the conscious phase-out of Russia-produced primary aluminium had an offsetting impact.

264 ktonnes

Sales volume

SEK 0.6 billion

Adjusted operating profit

Performance summary

Financial summary, SEK million	2023	2022	Change
Sales volume external, ktonnes	242.6	230.4	5.3%
Sales volume internal, ktonnes	21.7	24.2	-10.3%
Total volume	264.3	254.5	3.8%
Total revenue external	11,192	11,356	-1.4%
Total revenue internal	1,142	1,277	-10.6%
Total net sales	12,334	12,633	-2.4%
Adjusted operating profit	595	448	32.7%
Adjusted operating profit per tonne, kSEK	2.3	1.8	27.8%
Return on capital employed, %	7.8	6.0	1.8 pp

Sustainability summary	2023	2022	Change
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.38	0.74	-49%
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	10.64	10.45	2%
Sourced recycled aluminium, kton	77.3	57.9	33%
Sourced recycled aluminium, %	26.3	20.2	6.0 pp
ASI certifications, number of sites	3	2	1

An important milestone in 2023 was the joint venture (JV) with Shandong Innovation Group (SIG). When fully operational, the JV will supply Gränges Asia with low-carbon aluminium which will positively impact the carbon footprint. In addition, Konin achieved dual ASI certifications during 2023 which means that all aluminium recycling and rolling sites in Gränges Eurasia have now achieved ASI certification.

Turbulent macro environment

2023 was a year characterized by an uncertain and turbulent macro-economic environment. The high-inflationary environment from 2022 continued, although the pace of the cost increases was gradually reduced during the year. The general economic slowdown put pressure on demand in several customer groups, especially in Europe. Gränges Eurasia managed to navigate this turbulent environment and was able to offset the impact from slowing demand by commercial flexibility, and successfully passed on cost increases to customers.

Commercial success in new segments

Weakened demand in several customer groups required intensified efforts from the commercial team, with an increased focus on securing new business and customers to compensate for lower demand in the existing ones. Both Gränges Asia and Gränges Europe succeeded in securing new customers in attractive customer segments. Gränges Asia increased sales of Battery Cooling Plate (BCP) materials for electric vehicles significantly while Gränges Europe secured several new contracts for BCP materials for next-generation electric vehicle platforms.

Rebuild of rolling mill in Konin

In May 2022, there was a fire in a cold-rolling mill under commissioning in the Konin facility. The decision to rebuild the damaged mill was taken in 2023, and construction work has started. The operations in Konin will not be impacted by the construction work, and production will ramp up during the beginning of 2025. Once the new mill is operating at full capacity the total capacity in Konin is expected to increase by 30 ktonnes.

Strong progress in battery materials

During the year, the efforts to strengthen the position within battery materials for electric vehicles progressed according to plan. Gränges Europe started the construction of a new



battery cathode foil production facility in Finspång to meet the increasing demand for battery components in Europe. The facility is expected to be completed during 2024 and will double Gränges' capacity of battery foil for the European market. The interest from leading global battery manufacturers and OEMs remained very high and new contracts were secured during 2023 in both Europe and Asia.

New partnerships

In 2023, Gränges formed a joint venture with Shandong Innovation Group (SIG) to build a recycling and casting center in the hydropower-rich province Yunnan in China. This partnership will secure access to low-carbon primary aluminium which will

reduce the carbon emission intensity in Gränges Asia by half. New partnerships were also established with both customers and suppliers. As an example, Gränges joined the Polestar 0 project during 2023. The project aims to create a truly climate-neutral car by 2030 and Gränges will contribute with research and development of low-climate impact aluminium materials.

Ongoing investments

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



Gränges Americas

Gränges Americas delivered a record profit during 2023 supported by strong market positions. Despite weakened demand in several market segments, Gränges Americas managed to keep focus on long-term value creation with continued investments in sustainable facilities taking advantage of strong macro trends such as regionalized supply chains and sustainability.

- Sales markets
- Sales offices and technical support
- Production sites
- Research and innovation centers

Market and sales

Gränges Americas faced challenging market conditions during 2023. The underlying demand for automotive was stable whereas demand for HVAC products, specialty packaging and other niche products declined due to the general economic slowdown as well as increased downstream focus on inventory management. HVAC in particular was impacted as replacement rates and construction of new buildings were significantly reduced during the year. Increased inventory management among HVAC customers also contributed negatively to the demand for Gränges Americas' products. In total, sales volume in 2023 decreased by 11.4 percent to 220.6 ktonnes (248.9) and net sales decreased by 13.6 percent to SEK 11,326 million (13,115).

Record adjusted operating profit

The adjusted operating profit for 2023 increased by 29.5 percent to SEK 1,029 million (795), corresponding to an adjusted operating profit per tonne of 4.7 kSEK (3.2). The lower sales volume was more than offset by higher prices and improved productivity. In addition, the new recycling and casting center in Huntingdon contributed to reduced raw material cost.

Progress towards sustainability targets

In 2023, Gränges Americas continued to improve the sourcing and use of recycled aluminium, both in collaboration with scrap processing companies and through closed-loop customer programs. The volume of sourced recycled aluminium reached 133 ktonnes or 63 percent of total sourced metal inputs. This led to a reduced carbon intensity from purchased materials (scope 3) by 28 percent versus 2022 and 52 percent versus baseline 2017.

221 ktonnes

Sales volume

SEK 1.0 billion

Adjusted operating profit

Performance summary

Financial summary, SEK million	2023	2022	Change
Sales volume external, ktonnes	220.6	248.9	-11.4%
Sales volume internal, ktonnes	-	-	-
Total volume	220.6	248.9	-11.4%
Total revenue external	11,326	13,136	-13.8%
Total revenue internal	-	-21	n/a
Total net sales	11,326	13,115	-13.6%
Adjusted operating profit	1,029	795	29.5%
Adjusted operating profit per tonne, kSEK	4.7	3.2	46.2%
Return on capital employed, %	18.5	15.1	3.4 pp

Sustainability summary	2023	2022	Change
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	1.03	0.90	14%
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	3.92	5.45	-28%
Sourced recycled aluminium, kton	132.6	111.1	19%
Sourced recycled aluminium, %	63.2	48.3	14.9 pp
ASI certifications, number of sites	3	3	0

Investments in recycling and casting centers

The first of two investments in new recycling and casting centers in Huntingdon was successfully ramped-up during the first quarter of 2023. The investment has reduced raw material costs significantly during the year and contributed positively to the sustainability performance by reducing both energy and carbon emission intensity. The second investment is still at an early stage but progressing according to plan. The choice of renewable energy will improve the sustainability performance when completed.

Navigating a challenging macro-economic environment

2023 was characterized by a turbulent macro-economic environment with increasing interest rates, continued high inflationary pressure and a general economic slowdown. Despite external headwinds and lower sales volume, Gränges Americas once again delivered a record operating profit while building a strong position for the future. Lower demand, especially in HVAC and packaging, was partly compensated for by winning new customers in other segments, while increasing costs were offset by productivity improvements and higher prices towards customers. Intense work has also been undertaken to reduce employee turnover and improve safety during the year.

Ongoing investments

- Capabilities for battery cathode foil, Newport
- Recycling and casting center, Huntingdon



CASE

Gränges gets ready for the electrified future

To meet the strong demand from the growing battery industry, Gränges has invested in cathode foil production in all regions. In the Navigate plan, Gränges aims to invest in sustainable markets and customers and the battery market fits right into this strategy.

Battery cathode foil is a critical component in the lithium-ion battery cells necessary for the transition to electric vehicles. Demand for cathode foil is expected to grow by over 25 percent annually for many years to come. A strong underlying driver is the increasing consumer demand for more sustainable products such as electrical vehicles and energy storage systems. Gränges' customers are global battery manufacturers who support the automotive and energy sectors.

"We experience a very high interest in our battery and electrification solutions from battery manufacturers and automotive OEMs. To keep up a high pace, we decided in 2023, to accelerate our investment by doubling our capacity for battery cathode foil in Finspång," says Jörgen Rosengren, CEO of Gränges.

Investment in battery cathode foil started already in 2021. Production started in 2022 in

Asia and in 2023 in Europe, and will be available in 2024 in Americas.

"Installation and commissioning of first battery foil equipment was completed in Finspång, Sweden, and the first coil was slit in the beginning of March 2023. This is a milestone in our global market launch plan for battery cathode foil. We aim to take a leading position within battery components, which also includes casing and thermal management components," says William B. Shannon, SVP for Gränges' Global Battery Foil Program.

Several benefits are contributing to the strong customer interest in Gränges: the advantage of being a global company with a strong regional presence, the high ambition and proven performance in recycling and low carbon intensity, as well as the deep technical knowhow.



We aim to take a leading position within battery components, which also includes casing and thermal management components.

William B. Shannon, SVP Gränges' Global Battery Foil Program



Sustainability leadership

Future proofing our business

Ambitious long-term goals and plans

Net-zero plan

Sustainable supply and recycling

Sustainable operations

Sustainable customers and sectors



Future proofing our business

Sustainability is a strong driver and enabler of Gränges' long-term competitiveness and value creation. It is also critical to future-proofing Gränges' business. The aim of the sustainability plan is to drive sustainable growth through the creation of circular and sustainable aluminium solutions.

-26%

reduction in total carbon emissions intensity vs. 2017

42%

share of sourced recycled aluminium

100%

products with third-party verified sustainability information

All sites

certified against ASI's sustainability standards

Enabler of the green transition

Aluminium plays an important role in the transition towards a circular and sustainable economy. The metal is for example used to produce lightweight vehicles, energy-efficient buildings, and resource-efficient packaging. Through lighter products, energy and emission savings can be achieved both operationally and in product usage. Key characteristics of aluminium include its light weight, infinite recyclability, durability, and strength, features which are all contributing positively to sustainability and circularity.

Strong commitment to sustainability

Sustainability and people are at the core of Gränges' business and strategy. The company has a strong position in the value chain and works to make a difference through its commitment to sustainability. This is driven by ambitious plans for net-zero, circularity as well as responsible production and practices.

Gränges is committed to climate neutrality by 2040 and received approval of its net-zero and near-term 2030 goals from SBTi at the end of 2023. During the year, Gränges also received several external sustainability and ESG recognitions. Examples include the EcoVadis Platinum award and CDP A- rating.



Main activities during the year:

- Establishing and executing on 2030 decarbonization plans
- Developing a new responsible sourcing policy and process
- Strengthening the sustainability reporting and governance procedures ahead of upcoming EU legislation
- Improving the company's value proposition for sustainable and circular solutions
- Increasing sustainability awareness and engagement across the organization

Ambitious long-term goals and plans

In 2018, Gränges adopted ambitious sustainability goals for 2025. Since then, the company has delivered good progress on many of the company's sustainability priorities and some goals have already been achieved. In 2023, Gränges upgraded its sustainability long-term ambitions and plans to 2030 and 2040.

The sustainability plan focuses on three key areas which are important in the creation of sustainable and circular aluminium solutions: net-zero, circular, and responsible. Each area has accompanying long-term goals which show a clear direction for the sustainability efforts. To achieve the goals and drive sustainable growth, Gränges invests in sustainable supply and recycling, operations, and customers and sectors.

Net-zero: Gränges invests in sustainable operations and sustainable sourcing and recycling to reduce the life-cycle climate impact of its products. By 2030, Gränges aims to reduce its carbon intensity by 65 percent versus baseline 2017. By 2040 the company aims to reach net-zero emissions throughout the value chain. The long-term climate goals have been validated by SBTi, read more on page 134.

Circular: Gränges invests in circular business models, closed-loop partnerships, recycling capacity, and circular alloy development to increase the usage of recycled materials in its products. By 2030, Gränges aims to reach a total recycling volume of 500 ktonnes which corresponds to 10x the volume in baseline 2017.

Responsible: Gränges invests in safety, business ethics, and people to ensure responsibly produced aluminium and responsible business practices throughout the value chain. By 2030, Gränges aims to have 100 percent sustainable suppliers, as defined by the company's new responsible sourcing process that will be implemented in 2024.

Invest in sustainable

- Supply and recycling
- Operations
- Customers and sectors

2030 Sustainability goals

Net-zero
Carbon intensity

Scope 1+2 Scope 3
 ≤ 0.4 ≤ 3.6
 → 65% vs. 2017

Net-zero 2040

Circular
Recycled volume

500 ktonnes
 → 10x 2017

Responsible
Sustainable suppliers

100%

Sustainable growth

Net-zero plan

Gränges is committed to mitigating climate change and has set a goal to reach net-zero by 2040. The company strives to reduce the climate impact along the value chain – from its own operations and from the materials sourced. The main pathways to reach net-zero include recycling growth, low-carbon primary aluminium sourcing, and renewable energy usage.

-31%

reduction in scope 1+2 carbon emissions intensity vs. 2017

-26%

reduction in scope 3 carbon emissions intensity vs. 2017

Aluminium – an enabler for decarbonization

The aluminium industry is considered a harder-to-abate industry and is responsible for about two percent of the world's direct industrial carbon emissions. The metal is widely used in different product segments and direct emissions are expected to grow due to an estimated increased demand of the metal. Aluminium also has a positive contribution to a sustainable and circular economy because of its light weight and infinitely recyclability which can mitigate climate impacts.

Gränges' climate impact

As a semi-manufacturer of rolled aluminium products, Gränges largest climate impacts originate in the value chain. In 2023, 92 percent of Gränges' total climate impact originated from the value chain (scope 3) and 8 percent from the company's own operations (scope 1+2). To drive emission reductions, Gränges collaborates with suppliers to secure low-carbon and recycled aluminium, and with customers to design sustainable aluminium solutions and form recycling partnerships.

Science-based emission reduction trajectory

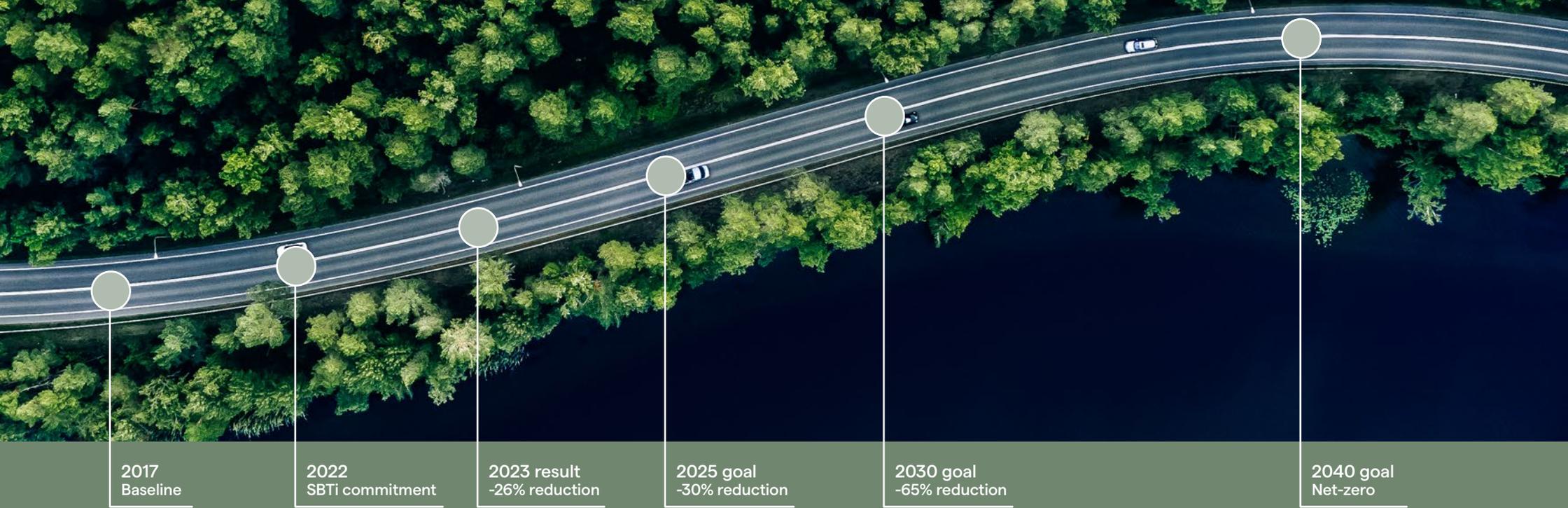
Gränges' climate goals for 2030 and 2040 were approved by the Science Based Targets initiative in November 2023. This means that the goals are aligned with the latest climate science and consistent with the goals of the Paris Agreement. Having trustworthy and ambitious climate goals and decarbonization plans gives confidence to Gränges' customers that they can get industry-leading sustainable and circular solutions.

Main pathways to net-zero

In 2023, Gränges developed regional 2030 decarbonization plans which were consolidated into a group-wide net-zero plan. In summary, the company plans to reach net-zero through five main pathways, as summarized on the next page. Recycling growth accounts for more than half of the 2030 plan, followed by low-carbon primary aluminium, and renewable electricity.



Gränges' net-zero journey



Gränges' five pathways to net-zero and prioritized activities

	1	2	3	4	5
	Net-zero Gränges	Net-zero electricity	Recycling growth	Net-zero primary aluminium	Net-zero solutions and sectors
	Scope 1	Scope 2	Scope 3	Scope 3	
Activities	<ul style="list-style-type: none"> • Increase material and energy efficiency • Reduce and phase-out natural gas and non-renewable fuels • Deploy decarbonization technologies 	<ul style="list-style-type: none"> • Form value chain partnerships • Renewable electricity certificates • Generate own renewable electricity 	<ul style="list-style-type: none"> • Form value chain partnerships • Invest in recycling capabilities and capacity • Develop circular alloys 	<ul style="list-style-type: none"> • Form value chain partnerships • Support suppliers' decarbonization plans 	<ul style="list-style-type: none"> • Invest in growth from sustainable sectors • Collaborate with customers and OEMs • Develop sustainable and circular alloys
Ambition	100% net-zero fuels by 2040	100% renewable electricity by 2030	500 ktonnes recycling by 2030	100% net-zero primary aluminium by 2040	Enabler for net-zero and sustainable growth

Strong decarbonization progress

In 2023, Gränges reduced the total carbon intensity by 5 percent versus prior year, driven mainly by all-time-high recycling and renewable energy usage. All Gränges’ regions contributed to this progress through high engagement and a strong sustainability mindset. Gränges has now reduced its carbon intensity by more than 26 percent versus the 2017 baseline. This equals an annual reduction of more than 5 percent, which is a significant achievement.

Key 2023 initiatives

Renewable electricity partnership in Shanghai

In January, Gränges secured a contract to source 100 percent renewable electricity at the production facility in Shanghai. The production facility now uses 100 percent hydro-powered electricity, which has a significant positive effect on scope 2 emissions.

New recycling and casting line in Huntingdon

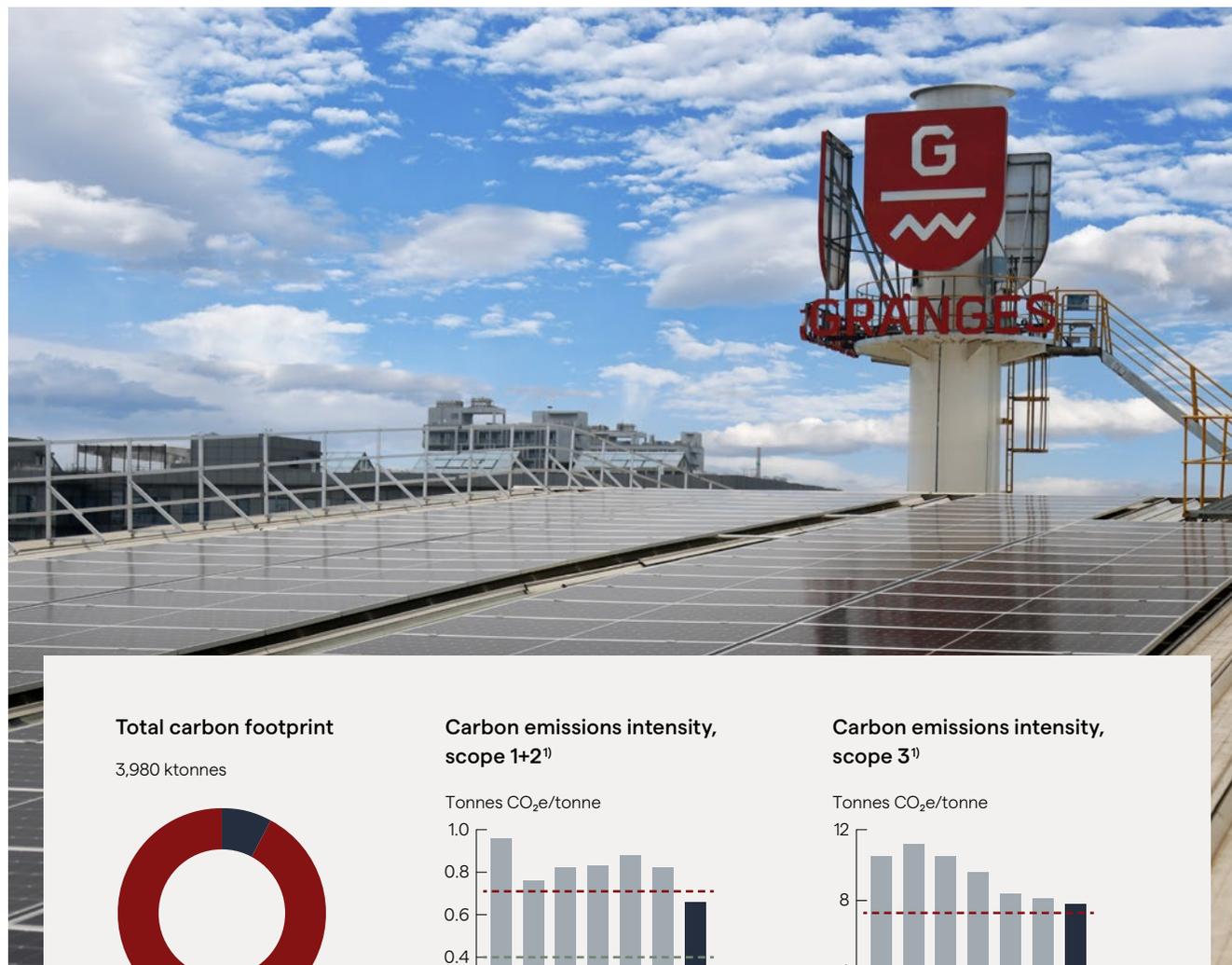
In February, Gränges’ investment in the expanded aluminium recycling and casting centre in Gränges Americas’ facility in Huntingdon was successfully completed. Through this investment, Gränges can cast 100 percent scrap instead of imported primary aluminium. This has a significant positive effect on Gränges’ scope 3 emissions.

Scrap-pump installation in Salisbury

In July, Gränges Americas’ facility in Salisbury installed a scrap pump system which allows for the charging of new scrap sources. This initiative will be instrumental when it comes to post-consumer recycling streams.

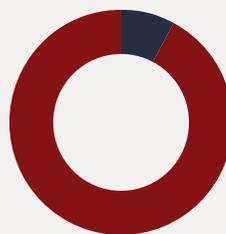
Increased renewable electricity in Konin

In 2023, Gränges’ facility in Konin increased its renewable electricity sourcing. In total, 75 percent renewable electricity was sourced from hydropower, through guarantees of origin, thereby contributing to reduced scope 2 emissions.



Total carbon footprint

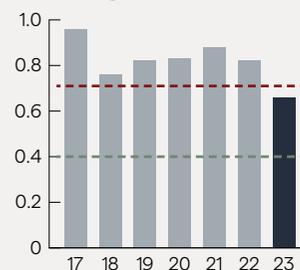
3,980 ktonnes



- Own operations and purchased energy (scope 1+2), 8%
- Purchased materials (scope 3), 92%

Carbon emissions intensity, scope 1+2¹⁾

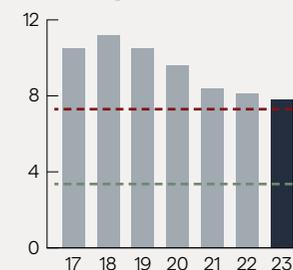
Tonnes CO₂e/tonne



- Own operations and purchased energy (scope 1+2)
- 2025 goal
- 2030 goal

Carbon emissions intensity, scope 3¹⁾

Tonnes CO₂e/tonne



- Purchased materials (scope 3)
- 2025 goal
- 2030 goal

¹⁾ Baseline 2017 has been recalculated to include the facility in Konin. 2018–2020 exclude the facility in Konin and Gränges Powder Metallurgy.

Sustainable supply and recycling

Gränges' plan for sustainable supply and recycling is focused on recycling growth, green supply of metals and energy, and ensuring responsible sourcing practices. A strong focus is to invest in partnerships with customers and suppliers, in new technical solutions and remelting, as well as in increased sourcing of renewable electricity.

210 ktonnes
sourced recycled aluminium

42%
share of sourced recycled aluminium

All sites
certified against ASI's sustainability standards

100%
Supplier Code of Conduct commitment

Recycling

Ambitious 2030 goal and plans

Gränges' 2030 goal is to reach 500 ktonnes recycled volume, equal to a tenfold volume versus baseline 2017. In 2023, Gränges reached an all-time high recycling volume of 210 ktonnes, equalling more than 4.5x the baseline 2017. This corresponds to a share of 42 percent of total sourced metal inputs, up by 8.9 percentage points versus prior year.

Investing in recycling capabilities and capacity

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. During the year, all sites have worked actively to increase the recycling capabilities in production. One example is Gränges' production facility in Shanghai which increased its recycled volumes by almost 60 percent compared to 2022. This was achieved by improvements in daily operations, expanded scrap sourcing channels as well as continued work with product development to further promote circular aluminium by a higher scrap consumption.

Forming partnerships and circular business models

Key factors to secure increased volumes of recycled aluminium is to collaborate with recycling processing companies and forming circular business models and partnerships with suppliers and customers. During the year, all regions expanded the sourcing of recycled aluminium and established several long-term partnerships up- and downstream.

Varying recycling conditions

The conditions for recycled aluminium differ geographically and the feasibility to increase usage depends on the type of production and local availability. Since aluminium is often used as a long-lasting material, the availability of recycled aluminium can be a significant constraint. Another challenge is that recycled aluminium is often used in combination with other materials. Gränges' facilities in Finspång and Shanghai produces a high number of alloys for brazed automotive heat exchanger applications consisting of clad materials where different alloys are rolled together. The complex composition of melted composites makes them difficult to separate which in turn makes it challenging to meet the strict sorting requirements for materials to be used in specific alloys produced.



Partnership to secure recycled aluminium in Gränges Americas

During the year, Gränges Americas formed a partnership with Scepter, Inc to supply 100 percent recycled aluminium ingots to the Huntingdon site over the next 10 years. This partnership will strengthen Gränges' capability to offer industry-leading circular and sustainable aluminum solutions to its customers.



Green sourcing of metal and energy

Partnerships to secure low-carbon primary aluminium

Besides recycling, a key decarbonization driver is to expand the sourcing of low-carbon primary aluminium. Gränges is dependent on the primary aluminium sector transitioning to low-carbon production and products. Currently, the availability varies depending on geography and renewable energy conditions. Gränges mainly uses low-carbon primary aluminium, both in the form of ingots and slabs, in its European facilities. A key achievement during the year was the closing of the joint-venture with Shandong-Innovation Group (SIG) which will secure access to low-carbon primary aluminium in Gränges' facility in Shanghai. This investment is expected to have a significant impact on the company's decarbonization performance over time.

Phased-out Russia produced aluminium

Due to Russia's invasion of Ukraine in 2022, Gränges Europe made a conscious decision to phase out and exclude all Russia produced aluminium in its metal supply. The phase-out was completed in 2023 and Gränges refrains from entering any new deals for Russian aluminium. This has imposed challenges for Gränges Europe having to replace the aluminium in both its production facilities with primary aluminium with higher carbon emissions. During the year, Gränges Europe worked actively to establish long-term supplier partnerships to secure low-carbon primary aluminium in the future.

Transitioning to renewable electricity by 2030

One key driver to reduce Gränges' climate impact from its own operations is to increase the share of renewable electricity and Gränges has an ambition to use 100 percent renewable electricity by 2030. All regions are actively investigating how to increase the usage of renewable electricity with the aim of finding long-term partnerships through Power Purchase Agreements (PPA).

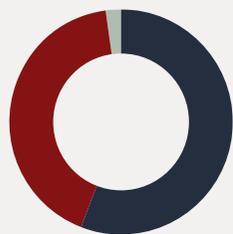
Increased use of renewable electricity during the year

In 2023, Gränges significantly increased the use of renewable electricity. Gränges' facility in Konin sourced 75 percent renewable electricity through guarantees of origin and the facility in Shanghai converted to 100 percent renewable electricity. Moreover, Gränges Americas extended its partnership with Entergy and increased the use of solar energy used to power the Newport facility. Gränges' facility in Finspång has sourced 100 percent renewable electricity for several years.

Solar panels generates renewable electricity in Shanghai

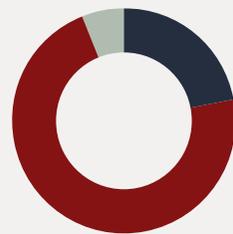
In 2023, Gränges installed solar panels on the roof of the production facility in Shanghai. The renewable electricity generated powers the Shanghai grid and community. This initiative demonstrates Gränges' strong commitment to sustainability being a positive force in the local communities.

Sourced metal inputs, 2023



■ Primary aluminium (ingots + slabs), 56%
 ■ Recycled aluminium, 42%
 ■ Alloying elements, 2%

Sourced energy mix, 2023



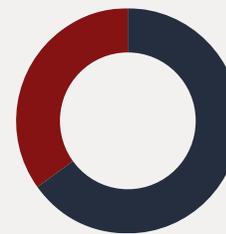
■ Renewable energy, 22%
 ■ Non-renewable energy, 72%
 ■ Nuclear energy, 6%

Sourced recycled aluminium, 2017-2023



■ Sourced recycled aluminium
 — Share of sourced recycled aluminium
 --- 2025 goal, %

Sourced recycled aluminium per category, 2023



■ Pre-consumer used materials, 65%
 ■ Post-consumer used materials, 35%

Responsible sourcing

Promoting a responsible supply chain

With a supplier base of more than 3,500 suppliers globally, Gränges has an indirect impact on both environmental and social sustainability in the society. Gränges works to mitigate sustainability risks in the supply chain through collaboration with suppliers to improve their sustainability performance.

Sustainability risks in the supply chain

The mining and extractive industry carries risk of human rights violation mainly related to indigenous rights, but also child and forced labor. In addition, biodiversity loss, leakage, and air emissions are identified negative environmental impacts for Gränges in this industry. Further, refining and smelting activities are energy and water intensive processes. To reduce the risks in the supply chain, Gränges has clear sustainability expectations on suppliers and follow-up on performance through its due diligence process.

A global supply chain

In 2023, the company had approximately 3,500 number of suppliers of which 272 were defined as significant. A significant supplier is defined as 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. 96 percent 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 4 percent. In total, 70 percent of the direct materials was sourced from commodity traders. The supplier base is generally geographically close to the respective markets.

The importance of ASI certifications

Gränges has been a member of Aluminium Stewardship Initiative (ASI) since 2019, a global non-profit organization which defines standards for sustainability performance and chain-of-custody in the aluminium value chain. Gränges uses ASI certifications to provide assurance to its customers and other business partners that Gränges is committed to meeting their increased sustainability requirements and demand for sustainable aluminium. Gränges has worked diligently to certify its production facilities and supply chain against ASI's Performance Standard and Chain of Custody Standard.

Dual ASI certification marks important sustainability milestone

In 2023, Gränges' production facility in Konin successfully achieved dual certification against ASI's Performance Standard and Chain of Custody Standard. With this, Gränges reached its 2025 goal to certify all its aluminium rolling and recycling sites.



New responsible sourcing program

Gränges responsible sourcing program enforces sustainability practices in the supply chain. The program covers sustainability requirements, a robust risk-screening tool, desktop assessments, and active follow-up. Gränges has a target that 100 percent of significant suppliers have committed to Gränges' Supplier Code of Conduct by 2025, and during the year 100 percent had committed.

In 2023, Gränges updated its responsible sourcing program which will be implemented in 2024. Updates include a pre-check and sustainability risk screening for all new potential suppliers, and an extended onboarding including sustainability training. The supplier risk categorization will be based on sustainability risks and business impact (measured as annual spend), and follow-up will include either third-party on-site audits or evidence-based desktop assessments. As part of the new program, Gränges has committed to a 2030 goal of 100 percent sustainable suppliers. This is measured as the share of purchase value from active suppliers approved as sustainable in Gränges' responsible sourcing process.

Gränges responsible sourcing process

1. Pre-check and risk screening

Potential supplier-specific sustainability risks are identified based on environmental, social, and corruption risks associated with the supplier's country of origin and sector. The risk scoring model used is validated by a third-party.

2. Supplier onboarding

Supplier signs the company's Supplier Code of Conduct or has an equivalent standard in place, as part of onboarding new suppliers. Sustainability trainings are conducted with high and medium risk suppliers to raise their sustainability awareness and efforts.

3. Sustainability assessments

Suppliers are addressed with third-party audits or third-party desktop assessments to further disclose sustainability performance – depending on the suppliers' business impact and sustainability risk. Traders will be assessed using a self-assessment questionnaire.

4. Analysis and corrective actions

Suppliers are contacted to discuss findings and mitigating actions if any non-compliance against the sustainability principles stipulated in Gränges' Supplier Code of Conduct is raised in the sustainability assessments.

5. Continuous development

Sustainability performance ratings is integrated into local supplier review procedures and tools such as supplier scorecards and discussions. Trainings are provided as applicable to support suppliers and help them improve.

6. Re-assessment and re-audit

Suppliers' sustainability risks and business impacts is annually reviewed. The frequency of re-audits is at least every three years. The frequency of desktop re-assessments is based on the assessment score, but at least every three years.



Sustainable operations

Gränges’ plan for sustainable operations is focused on resource efficiency (energy, water, waste), workplace safety, sustainable workplace, and ethical business practices. A strong focus is to strengthen operational efficiency and enforce a safety-first culture.

3.5 MWh/tonne

total energy intensity

8.0 TRR

number of recordable accidents per million hours worked

Resource efficiency

Improving energy intensity

Gränges mainly consumes energy in its production processes related to remelting and casting. Energy sources used are natural gas, electricity, and liquified petroleum gas. To reduce costs and scope 1+2 emissions from own operations, Gränges works actively to increase energy efficiency. The company uses digital processes and tools to analyze areas where energy can be saved, for example in improvement of metal yield and thermal processes.

Gränges goal is to reduce energy intensity by 17 percent by 2025 vs. baseline 2017. In 2023, energy intensity increased by 7 percent vs. 2017. This is a result of increased energy usage needed to remelt the increased volume of recycled aluminium.

Phasing out natural gas

Over time, Gränges will work to phase out fossil fuels in production. Transforming to net-zero fuels imposes challenges as current decarbonization technologies on the market are still under development and existing possibilities come at a high cost. The company uses oxyfuel burners in the facility in Finspång and has investigated to converting cold air burners in cast house to oxyfuel in Gränges Americas. Switching to biogas is also an option that is being investigated.

Heat recovery from oxyfuel furnaces

Together with the municipality and other companies in Finspång, Gränges in 2023 initiated a project with the aim to recycle heat in operations. The production facility will recover heat from exhaust gases in the melting furnaces, which will be delivered to the municipality’s district heating plant and then re-used in production.

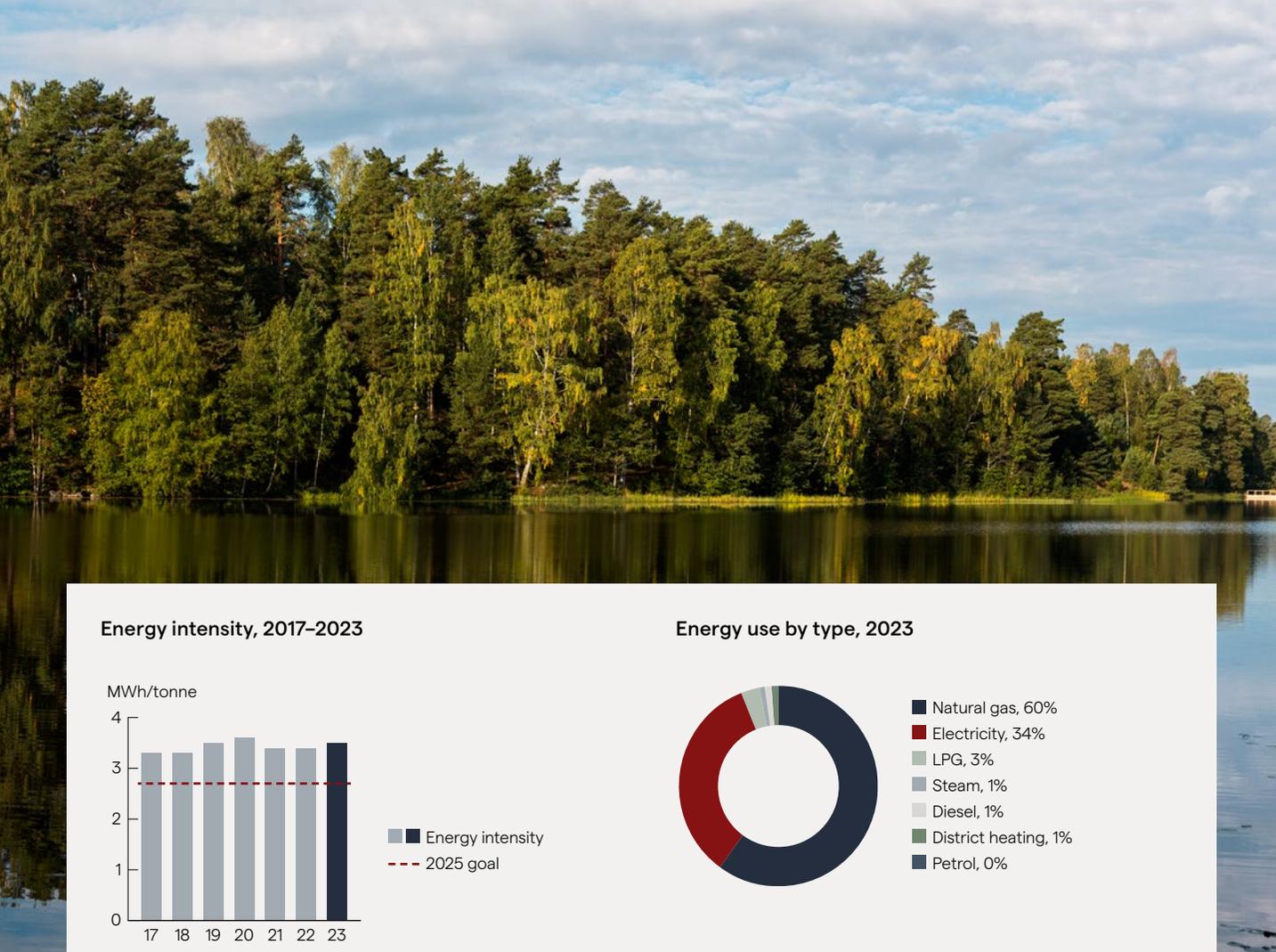
Shift to electrical forklifts in production

Gränges’ facilities in Finspång and Shanghai have in 2023 continued the shift to electrical forklifts in production, resulting in reduced diesel consumption during the year. This initiative had a positive impact on Gränges scope 1 emissions.

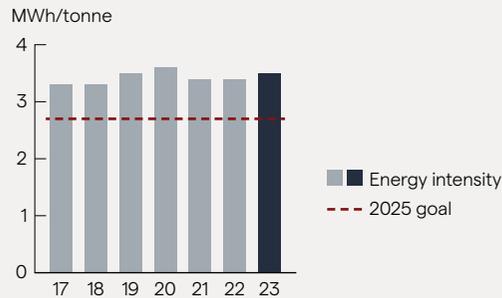


Natural gas reduction in casting in Shanghai

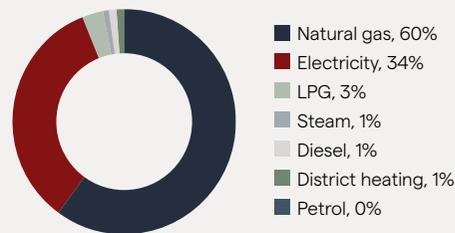
In 2023, Gränges’ facility in Shanghai improved its energy efficiency by reducing natural gas consumption in the casting unit despite an increased usage of scrap. This was made possible thanks to major operational optimization activities to reduce loading time as well as machine optimization and upgrades.



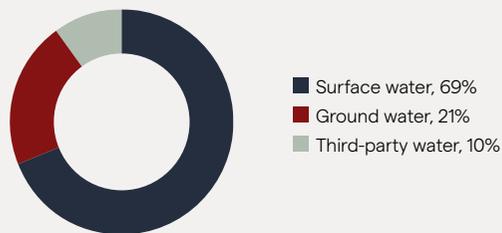
Energy intensity, 2017–2023



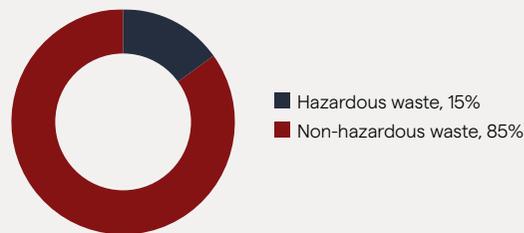
Energy use by type, 2023



Water withdrawal by source, 2023



Waste by type, 2023



Managing local water conditions

Gränges uses water mainly for cooling purposes, such as cooling production equipment and preventing overheating and production disruptions. Water management is handled based on local circumstances since the production sites are located in areas with various water stress and risk. The company has set a goal to implement local water management plans in all facilities by 2025. This will ensure that local targets and activities to address water-related impacts are addressed across the Group. In 2023, three of Gränges’ production facilities had local water management plans in place.

Activities to reduce and recycle water

Many water management activities are already in place at Gränges’ facilities. Gränges Americas have closed-loop cooling systems with a high degree of water recirculation. This reduces water consumption and the risk of water contamination. In addition, water cooling towers are installed. Gränges’ facility in Shanghai has installed ionization equipment to decrease the harness of cycle water to get more cycle time. All equipment is also cooled with recycled water.

Waste management

Gränges aims to minimize and reuse materials to reduce waste to landfill and reduce the cost of raw materials. The company has an ambition to recycle and reuse waste in production where possible and reduce generation of hazardous substances. Hazardous waste includes for example dross generated in the re-melting process and oil used to cool down the mill and lubricate the interface between the rolls and the material. All sites have local waste handling procedures in place and work actively to reduce material consumption. For example, internal scrap is reused to the highest extent possible, reducing the need for primary aluminium as input material.

Workplace safety

A safety-first culture

Gränges works to continuously improve the working environment as well as the health and safety awareness and behavior. Occupational health and safety (OHS) management systems are implemented in all production facilities in line with local legislation, with the objective to proactively and quickly remove safety hazards and to drive safe behavior.

Gränges' goal is to reach a Total Recordable Rate (TRR) of 3.0 and a Severity Rate below 50 by 2025. In 2023, the TRR remained unchanged while the Severity Rate increased compared to last year. This was a result of single long-term injury cases which increased the total number of lost workdays.

Global Safety Standards for key risk areas

Gränges has identified six key safety risk areas in operations: mobile equipment, fire suppression, machine safety and lock/tag/verify, molten metal, confined space, and fall protection. In 2023, global standards were developed and rolled out for each risk area, including minimum requirements that all Gränges' facilities have to implement. Based on these, all facilities performed a self-assessment and gap identification. Actions to mitigate the risks were identified and plans are now in place to close the gaps. This process will be conducted on an annual basis.

Improved physical safety environment

Gränges has implemented several actions to improve the physical safety environment in 2023. For example, the company has installed guard rails and pedestrian access gates walkway. Gränges has also upgraded its cranes and fire protection systems, as well as equipped its forklifts with red lights marking the danger zone.

Actions to foster a safety culture

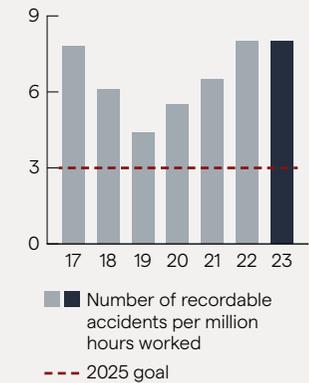
To increase safety awareness and foster a safety culture, Gränges provides annual health and safety trainings for employees, temporary staff, managers, and onsite contractors. Further, Gränges conducts internal cross assessments where regional safety representatives visit the production facilities to share learnings and provide feedback on safety improvements. In 2023, such assessments were conducted in Huntingdon and Shanghai.



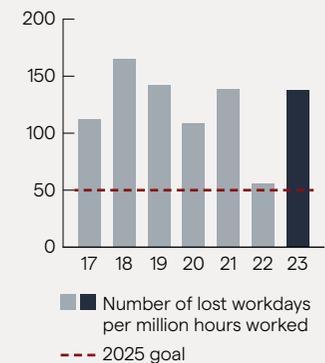
Subject matter experts to ensure continuous safety improvements

All regions have appointed a subject matter expert (SME) for each identified key risk area to ensure continuous improvement and implementation of risk mitigating activities. The SME's from each region have regular meetings and conduct onsite visits to share experiences and learn from each other, with the objective of improving the safety performance and strengthen the safety culture across the Group.

Total Recordable Rate, 2017-2023



Severity Rate, 2017-2023



CASE

Safety weeks a key tool in enhancing Gränges' safety culture

High activity and engagement were setting the tone on Gränges' safety weeks. Employees had the possibility to test safety equipment and practice in real risk situations.

Not only are the safety weeks full of useful activities, but they are also important driver of the safety culture. This year, the sites in Konin, Finspång and Shanghai, had dedicated weeks. However, since safety has high priority for Gränges, awareness is part of everyone's responsibility, every day, in every shift.

During the weeks, employees took part in demonstrations of safe work at heights and tried the full equipment during such work. Training and demonstrations of the use of fire-fighting equipment were conducted and how to behave in a simulated smoky space was practiced. As part of first aid, there was an opportunity to practice artificial respiration on exercise phantoms under the supervision of an experienced paramedic. Cross-functional audits were conducted as well as trainings in risk observations and assessments.

"Improving the safety culture and consequently reducing the number of accidents and serious near-accident events is an investment. People's health and lives are priceless, and we believe the money invested

in safety will contribute to avoid accidents and contributes strongly to employee's well-being. Safety is non-negotiable and should never be compromised for any reason", said Janusz Zasikowski, leader of EHS Team in Poland.

Working to improve safety is a continuous and systematic process at Gränges that needs to be working on all levels in the organization. Gränges' leaders set the tone for safety culture ensuring that ideas and improvements at all levels are translated into concrete actions.



People's health and lives are priceless, and we believe the money invested in safety will contribute to avoid accidents and contributes strongly to employee's wellbeing.

Janusz Zasikowski, leader of EHS Team, Poland



Sustainable workforce

Promoting responsible workplace practices

People and company culture are key to past and future success. Gränges aims to be the preferred employer in each location where it operates, and strives to provide a workplace where employees can thrive, realize their full potential, and contribute to developing a high-performing organization. Healthy and engaged employees is a pre-requisite for an innovative, productive, and competitive organization. Activities to attract and engage employees are driven by a people plan for each region, with clear targets and regular follow-up.

Gränges’ cultures and values

In 2023, Gränges launched an updated set of core values – sustainable, action oriented, and committed, where sustainable was added to drive a sustainability mindset in the organization. The core values guide employees in their daily actions and lay the foundation for how to conduct business responsibly and ethically. While Gränges’ values are shared across the entire Group, the company culture is flexible to accommodate regional differences.

Talent and leadership development

Good leaders are of the utmost importance to remaining successful over time. Gränges has a structured process for working with talents and aims to develop one of the best talent programs in the industry for managers, senior managers, and key experts. Mentorships and job rotation are important factors in addition to leadership training.



Initiatives to attract and retain employees in Gränges Americas
The employee turnover in the US remains a chronic issue for all US companies, as well as for Gränges. Gränges Americas has introduced many initiatives to improve the situation with a positive result, such as wages and monthly incentive schemes having a notable effect on the turnover rate. Moreover, a comprehensive onboarding program for new hourly employees and a front Line leadership training has been implemented during the year.



Gränges' Global Leadership Team, June 2023

Gränges' global leadership program

To succeed with Gränges Navigate plan it is key to have leaders who understand the plan to make it happen. During the year, Gränges implemented a Senior Leadership Program where members from Gränges' Global Leadership Team participated. The aim was to give participants a greater insight into Gränges' Navigate plan, skills to build and develop leadership skills on individual, team, and organizational level. The aim was also to create a strong network and relationship within the senior management.

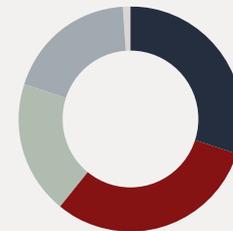
Investing in the team

Gränges offers a competitive compensation package, but also prioritizes a good social and physical work environment, continuous training, and interesting development opportunities for its employees. In addition, employees are provided with occupational health services both on and off site, including flexible work options, wellness grants, and regular health checks. 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.

Promoting an inclusive workplace

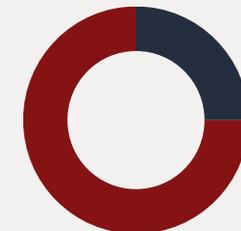
Gränges is committed to being an open and inclusive employer, with zero tolerance for discrimination. Diversity aspects include gender equality as well as ethnic diversity, where the latter is mainly applicable for Gränges Americas. Gränges aims to expand the diversity of its workforce which is an important aspect to attract and retain employees, but there are challenges to do so. This includes cultural aspects, shift work, a flexible job market, and the geographical location of the production facilities.

Average number of employees per country, 2023



- Poland, 30%
- US, 31%
- China, 19%
- Sweden, 19%
- Other countries, 1%

Women in senior management, 2023



- Women, 25%
- Men, 75%

Business ethics

Responsible business culture

Gränges is committed to running its business in an ethical and responsible way and being an ethically sound partner in all its relations and in the societies in which the company conduct business. Gränges’ Code of Conduct outlines the company’s ethical principles and applies to all employees and board members, temporary staff, intermediaries, agents, or others acting on behalf of Gränges. The policy is based on international standards on human rights, labor conditions, the environment, and anti-corruption, including the UN Global Compact and its ten principles. It includes practical recommendations on how employees should act in different situations and is available in local languages.

Counteracting corruption

Gränges’ Anti-Corruption Policy provides an overview of Gränges’ anti-corruption principles and explains the basic legal and ethical requirements that shall be followed to avoid corrupt practices throughout business activities conducted for Gränges. Gränges has zero tolerance and will always act rapidly, stringently, and vigorously if discovering corruption or unethical behaviour as it can prevent economic development, distort competition, increase costs, and damage confidence and reputation. 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.

Global ethical trainings

To ensure effective implementation of the Code of Conduct and the Anti-Corruption Policy, Gränges conducts annual trainings which covers all employees, the Board of Directors as well as contracted workers. The trainings combine facts and guidelines with practical ethical dilemmas to increase the knowledge of how to act in specific situations and are updated annually. In 2023, Gränges reached a 100 percent completion rate in both trainings.



Whistleblower Function to detect misconduct

Gränges has an externally managed Whistleblower Function that aims to detect irregularities that may seriously harm Gränges’ business or employees. The function is available for Gränges’ employees and business partners on the company’s website, intranet or by phone and information can be provided anonymously without the fear of retaliation. In 2023, there were 6 cases (3) reported through the whistleblower function. No confirmed incidents of corruption were detected and no business contracts were breached or not renewed due to corruption.

Monitoring compliance

Gränges has an internal audit program to ensure awareness of the policies and the Whistleblower Function. It also makes sure that relevant parties have conducted the policy trainings and verifies that that the Supplier Code of Conduct has been implemented and signed by suppliers. The company conducts internal audits regularly and in 2023 three local business audits were conducted in Gränges office in India, Gränges Powder Metallurgy in Saint-Avold, and in the facility in Finspång. If needed, the company also engages a third-party to conduct due diligence on business ethics. No due diligence was performed during the year.

CASE

Pushing boundaries in partnership with Polestar 0 project

Polestar 0 is a project with the ambition to create a truly climate-neutral car by 2030 through innovative collaborations. Gränges is committed to drive the development of circular and sustainable solutions towards net-zero. The partnership with Polestar 0 project, formed in 2023, is now in an intensive initial development phase with focus on battery components and the thermal management system.

The Polestar 0 project launched in 2021 with focus on finding innovative, value-driving elimination methods. The project aims to steer away from offsetting until proven solutions are in place with robust result. While the switch to electric vehicles eliminates tailpipe emissions, Polestar recognizes the need to urgently address emissions that stem from production. The aim is to eliminate all sources of climate emissions throughout the supply chain, without relying on misleading offsetting schemes. There is no guarantee of achieving this goal, but what matters is getting started.

“This is an exciting and challenging project which really drives us to push our boundaries from a sustainability perspective. It contains everything from finding the right recycled input materials to setting up a complete climate neutral production process. The Polestar 0 is a spearhead project where the findings and results will also benefit other parts of Gränges’ business development as well as our customers’ sustainability agenda”, says Simon Borg, Senior Project Leader at Gränges.

During 2023, the work focused on framing the project, mapping emissions, evaluating materials and indications of what needs to be secured for different components, such as battery cathode foil and cooling plates. The fact that all in-door vehicles in Finspång will be electric and charged from renewable energy as from 2024 will have a positive effect.

The next phase, which is planned during 2024, will comprise production of material for testing from Gränges, which will be used in prototypes tested at Polestar.

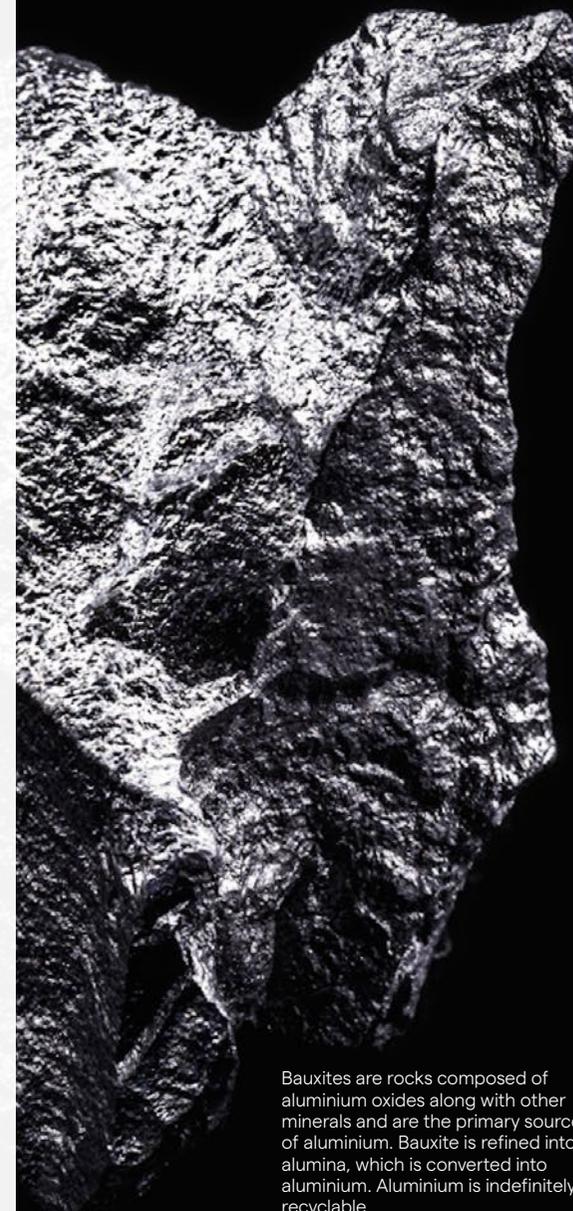
“We are excited to work together with Gränges. Their unique expertise in rolled aluminium technology is a valuable asset for our team,” says Hans Pehrson, Head of the Polestar 0 project.

“For Gränges it is important to accelerate the development in all parts of the value chain, from material sourcing, recycling and product development to production processes and all the way to the end product. Polestar 0 project is a great partnership where our expertise in recycling, sustainable processes, and technology will be fully utilized”, Simon Borg concludes.



We are excited to work together with Gränges. Their unique expertise in rolled aluminium technology is a valuable asset for our team.

Hans Pehrson, Head of the Polestar 0 project



Bauxites are rocks composed of aluminium oxides along with other minerals and are the primary source of aluminium. Bauxite is refined into alumina, which is converted into aluminium. Aluminium is indefinitely recyclable.

Sustainable customers and sectors

To ensure that Gränges is part of the transition to a sustainable economy, the company is targeting sustainable sectors such as the electrical vehicle market. Another 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.

100%

products with third-party verified sustainability information

Sustainable innovation

Co-creating sustainable solutions

Gränges has an ambition to design and manufacture sustainable solutions that can improve customers' operational performance as well as the sustainability performance of their products. As a semi-manufacturing company, Gränges can use its strong position in the value chain to establish partnerships with both suppliers and customers to create sustainable aluminium products. The ability to innovate is also a critical component to meet customer demand for sustainable products.

Developing circular and scrap-friendly alloys

The biggest opportunities for improving products' sustainability performance are in the early stages of the product development process, when the product characteristics are decided. Aluminium is well suited for recycling, but the maximum level of

recycled content is determined by the specific alloy composition. Gränges actively focuses on alloy design and research and innovation to improve the recycling ratio as well as increasing the recyclability of the alloy. The company also works to ensure that the chemical composition is composed in a way that both pre- and post-consumer scrap can be remelted.

Customer collaboration and partnerships

Gränges runs several customer collaborations within the heat exchanger, HVAC, and battery markets with the aim to jointly develop sustainable and circular alloys in line with customers' material characteristics and requirements. Gränges also collaborates with customers to take back recycled aluminium from customers' manufacturing process and re-melt it into new products.



Circular business model in Konin

Gränges' facility in Konin is a leading European manufacturer of thin gauge sheets for bottle closure production. The production facility works actively to create circular business models with closure manufacturers. Closed-loop recycling systems have been created with customers where the facility receives post-produced scrap, re-melts it and re-uses it in the production of closure stock material. During the year, these partnerships have continued to develop.

Product sustainability credentials

Having clear sustainability information on product level enables for Gränges' customers and other stakeholders to understand, evaluate, and compare Gränges' products from a sustainability perspective. The company can offer customers third-party verified carbon footprint certificates and a detailed carbon footprint report outlining the methodology. During the year, Gränges expanded the use of its internal life-cycle and carbon footprint assessment tool which is now used in all Gränges' production facilities. This means that the company has reached its 2025 target of 100 percent of Gränges' products to have third-party verified sustainability information available.



Gränges Endure – the company's product brand for low-carbon aluminium

Gränges Endure makes it easier for customers to select sustainable aluminium products and solutions of the highest quality at the lowest sustainability impact. These solutions meet the demand of climate-conscious end-users, helping them to decarbonize their business. Gränges Endure products have a third-party verified carbon footprint of maximum 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.



Risk management

Market risks

Operational risks

Financial risks



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 aims 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. 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 also promotes a risk awareness culture where employees are encouraged to speak up and propose improvements and actions to mitigate risks, as transparency is fundamental for dealing effectively with risks.

Gränges' risk management process requires all regional management teams to review, rank and prioritize risks on an annual basis and to maintain updated risk mitigation plans. The regional risk assessment and mitigation plans also form the basis for an annual risk review in the Group Management Team. The purpose of this review is to make sure that effective risk mitigation plans and processes are in place from a Group perspective, including whether a specific risk should be owned and managed by the Group Management Team or by the regional Presidents.

A summary of Gränges' main risks can be found on the following pages.

Market risks

Macro and regulatory

With its global production footprint and customer base, Gränges is exposed to macro and regulatory risks. 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 such external impact are general economic slowdown, cost inflation, pandemic, war, other force majeure event, access to labor, political priorities, trade barriers, sanctions, protectionism, and environmental legislations. Changes in macro environment and regulations could result in financial losses and/or cause other harm to the company or its customers. On the other hand, Gränges could also benefit from such changes.

Risk mitigating activities

- **Continuous monitoring and rigorous contingency plans:** Gränges continuously monitors legislative and regulatory developments in different markets, and proactively assesses external risks and opportunities that may influence the company's strategy and operations. Rigorous contingency planning is a standard part of the yearly planning cycle.
- **Global presence:** Gränges' presence in three regions balances the shift in demand throughout the economic cycle. It also provides 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' cyclicalities and reduces the company's dependence on a specific industry should macro or regulatory changes cause disruption.

Commercial

Commercial risks are primarily related to Gränges' relations with customers and external market competition, which can have a direct negative impact on financial performance. Examples of such risks include customer relations, reputation and brand, contract risk, pricing, competition and substitution, quality, technology and R&I, 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 many information and media channels available make it more challenging for Gränges to control how the company is perceived compared to relevant competitors in the markets.

Risk mitigating activities

- **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 established programs for lean operations.
- **Competitive cost level:** Gränges works to maintain 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 and 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 of the quality expected from customers. Reductions or shutdowns of larger suppliers could also 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 labor, although there are few reports of this in aluminium mining. Environmental risks mainly occur in mining activities where there are risks related to, for instance, 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.

Risk mitigating activities

- **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 and program:** All sites are to operate a local responsible sourcing program. The program 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 screened annually 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 including 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

Workplace safety

Health and safety risks mainly relate to incidents or accidents in the cast house or rolling mills, which can cause damage to fingers, hands, feet and legs. Other risks are exposure to chemicals and the risk of fire, which can be hazardous to employees' health. Further, employees and other individuals may be injured if the implementation of safety procedures is unsuccessful or inefficient. 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 damage 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. All of the above examples can have a negative impact on Gränges' operations, reputation, financial position and results.

Risk mitigating activities

- **Occupational Health & Safety Policy:** Gränges' Occupational Health & Safety Policy covers principles regarding safety performance. All employees and contracted workers are required to follow the policy.
- **Safety certifications:** Gränges aims to have all its sites certified in accordance with ISO 45001 safety management standards. The sites in Shanghai and Konin are certified against this standard and the sites in US and Finspång are preparing for certifications.
- **Global OHS Key Risk Standards:** Gränges has standards issued for identified key risk areas of the business. Gap assessments and action plans relative to the global standards are conducted yearly.
- **Daily monitoring and management:** 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.

- **Incident reporting:** Gränges focuses on preventing workplace injuries and ensuring safe behavior.
- **Health and safety training:** Gränges arranges comprehensive health and safety training for all employees at least annually. Targeted safety training is also carried out for specific safety aspects.
- **Best practice sharing:** Gränges shares safety experiences and best practices through internal cross assessments and safety meetings.

Employee

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 labor 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. 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.

Risk mitigating activities

- **Attractive workplace:** Gränges strives to offer good working conditions and interesting career development opportunities to attract, develop and retain qualified employees.
- **Structured recruitment process:** The company runs a structured recruitment process to ensure that the company hires competent and skilled employees. All else being equal, individuals from underrepresented groups are given recruitment priority.
- **Leadership development:** 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.
- **Local diversity plans:** 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.
- **Health and wellbeing:** Gränges offers its employees occupational and non-occupational health services including access to occupational health care, regular health checks and access to medical care.

Environmental and climate

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. Such events may have financial, non-financial, as well as regulatory repercussions. Other environmental risks are related to natural resource scarcity. 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, for example 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 if not addressed properly. 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.

Production and disruption

Production risks are related 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. 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.

Risk mitigating activities

- **Environmental Policy:** Gränges Environmental Policy covers principles regarding environmental performance. All employees and contracted workers are required to follow the policy.
- **Environmental management certifications:** 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, Salisbury, and Newport are certified against ISO 50001.
- **Ambitious climate agenda:** Gränges works actively to take product stewardship and has committed to net-zero emissions by 2040.
- **Daily monitoring and management of emissions:** 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, sulfur dioxide, particulate matter, volatile organic compounds (VOC) and, in some regions, oil emissions, are within permissible limits.

Risk mitigating activities

- **Maintenance plans and machinery:** 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.

- **Incident reporting:** 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.
- **Continuous monitoring of legislation:** Gränges closely monitors changes in environmental policy and legislation.
- **Emergency planning:** Emergency planning and preparations are integrated in management systems, maintained at the site level including assessment of emergency situations and crisis management action plans.

Ethical and compliance

Gränges operates in many different markets, with local laws and regulation. 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, for example, public procurement, secrecy, contractual costs, internal control of financial reporting, the environment and trade. The 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.

Risk mitigating activities

- **Code of Conduct:** 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. All employees should annually conduct training in the Code of Conduct.
- **Anti-Corruption Policy:** Gränges Anti-Corruption Policy outlines principles 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.
- **Whistleblower Function:** Gränges has a Whistleblower Function which is managed by an external company and can be accessed online or via telephone.

- **Continuous monitoring and management:** Gränges continuously monitors legislative and regulatory developments through external partners, and through membership in various industry organizations.
- **Global trainings:** 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.

IT

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. 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 an 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. 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.

Risk mitigating activities

- **Information Technology Security Policy:** Gränges has an established Information Technology Security Policy which all employees and contractors must adhere to.
- **IT security management:** 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 24/7 and abnormal patterns are immediately acted upon.
- **Regular internal audits:** Gränges conducts yearly internal audits to identify IT security risks, covering internal and external perspectives. These risks are raised to Group Management and mitigation activities are implemented accordingly.
- **Communication and training:** Gränges conducts mandatory yearly training and informs its employees and contractors continuously to create awareness and understanding of information and cyber security .

Financial risks

Currency

Currency risk arises when Gränges' sales are denominated in other currencies than 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.

Risk mitigating activities

- **Policy:** The Financial Management Policy is the governing policy that regulates the company's management of foreign exchange risk.
- **Financial instruments:** 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 in advance depending on currency.

Commodity price

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 also uses various alloying metals in the production, such as Manganese, Magnesium and Silicon, although in significantly lower volumes. In addition to the global metal prices, there are also regional premiums that reflect the local availability of material which affect the commodity price exposure. Price changes in aluminium and alloying metals may have a negative impact on Gränges operating profit if they are not passed on to the customers.

Risk mitigating activities

- **Policy:** The Metal Management Policy is the governing policy that regulates the Group's management of metal price risk. The principle is that metal price risk should be passed on to customers and that Gränges shall minimize the open exposure that occurs due to time lag or other imbalances.
- **Market pricing in contracts:** Aluminium is a standardized, exchange traded commodity. Gränges uses market prices set on the London Metal Exchange (LME) and Shanghai Futures Exchange (SHFE) as the basis in both purchases and sales to ensure hedgeable terms in contracts.
- **Natural hedge:** Gränges uses matching price clauses in the contractual agreements of purchases and sales, to the extent possible, to reduce the metal price exposure.
- **Financial instruments:** Gränges uses financial instruments to manage the metal price risks. Financial hedges are solely used to reduce exposure and not for the purpose of speculation.

Energy price

Energy price risks relate largely to changes in energy prices that can adversely affect Gränges' operating profit. Long-term changes in market prices may affect Gränges' operating profit if these are not passed on to the customers. 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.

Risk mitigating activities

- **Policy:** The Financial Management Policy is the governing policy that regulates the Groups' management of energy price risk.
- **Hedging and delivery agreements:** Gränges uses hedging and delivery agreements to secure future energy prices and supply.
- **Energy price clauses in customer contracts:** Gränges is able to mitigate the effect of increased energy prices through pricing mechanisms in customer contracts.

- **Energy reduction:** Gränges is actively working on reducing energy consumption from its own operations and thereby reducing 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.

Interest rate

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 a 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.

Risk mitigating activities

- **Policy:** The Financial Management Policy is the governing policy that regulates the company's management of interest rate risk and states the target for the duration of the interest-bearing debt portfolio.
- **Financial instruments:** Gränges can adjust the duration of the interest-bearing debt portfolio either by fixing interest rate terms in underlying agreements or by using financial instruments such as interest rate swaps to reduce the exposure to changes in market interest rates.

- **Continuous follow-up:** Gränges monitors the development of interest rates and the impact that changes may have on the income statement. Sensitivity analyses are conducted on a regular basis.

Liquidity

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.

Risk mitigating activities

- **Policy:** The Financial Management Policy is the governing policy that regulates a minimum level for available liquidity, including committed credit facilities from banks. The liquidity risks are monitored at Group level.

- **Liquidity forecasts:** Gränges forecasts liquidity for the upcoming 12 months on a regular basis to ensure sufficient available liquidity in relation to payment obligations. Excess liquidity is managed by the Group's treasury function.

Credit

Credit risks are related to counterparties not meeting their obligations towards Gränges. Credit risk may be related to trade receivables or financial counterparties.

Risk mitigating activities

- **Continuous follow-up:** 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.
- **Credit ratings and agreements:** Gränges manages credit risk with financial counterparties by choosing counterparties with good credit rating, by limiting the exposure per counterparty and by using agreements such as ISDA Master Agreement.

Refinancing

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.

Risk mitigating activities

- **Policy:** The Financial Management Policy is the governing policy that regulates refinancing risk.
- **Financial planning:** Refinancing risk is limited through adequate financial planning, a robust financing strategy and a defined leverage target.

Property damage

Property damage is the risk of damage to Gränges production facilities (i.e. buildings and other constructions), machinery, equipment, inventories and any other property caused by e.g. fires, floodings, storms and other perils. The consequences of property damage could be loss of production, increased costs and unexpected financing needs, which in turn may lead to difficulties for Gränges to obtain sufficient financing at a reasonable cost.

Risk mitigating activities

- **Insurance:** Gränges has customary insurance policies in order to minimize the financial exposure in the event of property damage and business interruption.



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About 2,000 employees keep the production running on Gränges' production sites globally. In addition metallurgists, chemists, metallographers, physicists, mechanical engineers and technicians forms the core of research and Innovation to develop Gränges' products.

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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 January 1–December 31, 2023.

Operations

Gränges is a global leader in aluminium rolling and recycling in selected niches and is committed to creating circular and sustainable aluminium solutions in partnership with its customers and suppliers. The solutions help customers grow and transition to climate neutrality and are used for efficient climate control in transportation and buildings, electrification and battery components, recyclable packaging, and more.

The product range comprises a variety of rolled aluminium for thermal management systems, specialty 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.

Gränges has long-term customer relationships and in 2023, the company's ten largest customers accounted for 41 percent 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, specialty 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-Avoid 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 610 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 Gränges Powder Metallurgy business unit in Saint-Avoid (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 percent of a Shanghai-based company, engaged in metal stamping. Throughout the year, Gränges has also formed a joint company with Shandong Innovation Group (SIG), where Gränges owns 49 percent, while Shandong Innovation Group owns the remaining 51 percent. The collaboration aims to develop a recycling and casting operation in the hydropower-rich province of Yunnan, China.

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

2023 was a record year for Gränges in many regards, thanks to good execution of the Navigate plan for sustainable growth. Gränges systematic work on productivity and price was helped not the least by the recently completed recycling and casting center in Huntingdon, in the US. The adjusted operating profit

for 2023 rose to an all-time-high of SEK 1.5 billion. Gränges continued the long-term work to build an industry leading company. Inventory management again delivered good cash flow, significantly strengthening the balance sheet. This in turn contributed to a strong development of the return on capital and helped Gränges to achieve the best-ever net profit and earnings per share. Gränges also made the workplace safer for all employees by an ambitious risk-reduction program. Innovation and new business development continued, resulting in good growth in battery cooling plates and other new niches.

Sustainability is a main focus area of the Navigate plan. Gränges grew their recycling in all regions, thanks to hard work, new partnerships, and new capabilities. The 2023 recycling rate increased to an impressive 42 percent, the best level ever. Gränges' carbon emissions intensity decreased to record-low levels, well in line with the long-term plans. These are important steps on Gränges' journey toward net-zero in 2040, a goal recently validated by the Science Based Targets initiative. Gränges sustainability work received an EcoVadis Platinum rating for the third time in a row, putting the company in the top 1 percent of their industry.

Gränges are also investing in sustainable growth, for instance in a second recycling and casting center in Americas, which will enable them to provide products with a very low carbon footprint. Further, Gränges formed a new joint company in China for recycling and green aluminium produced using hydropower. When fully operational, it will significantly reduce the total carbon emissions. Gränges investment in battery foil manufacturing in all three regions progressed as planned and attracts strong customer interest.

Strategy

Gränges ,Navigate, is based on three parts – restore, build and invest – where the long-term target is sustainable growth. It's about continuing to build the world's best aluminium rolling and recycling company based on Gränges business model.

The sustainable growth plan focuses on factors that Gränges can influence, while recognizing the volatility and unpredictability of the environment. Gränges executes the plan in three steps. 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 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 part of the strategy, Gränges has four financial targets:

- **Profitability:** Return on capital employed above 15 percent. In 2023 return on capital employed increased by 2.8 percentage points to 12.2 percent. The increase in return on capital employed was primarily driven by increased adjusted operating profit and reduced working capital levels due to improved inventory management and reduced metal prices
- **Profit Growth:** Average yearly operating profit growth above 10 percent. In 2023, operating profit increased by 34 percent primarily driven by higher prices towards customers and improved productivity. The increase in operating profit was partly offset by continued inflationary pressure on operating costs as well as lower sales volume.
- **Capital structure:** Financial net debt normally between 1–2 times adjusted EBITDA. In 2023, financial net debt decreased by SEK 1,141 million to SEK 2,741 million, corresponding to 1.1 times adjusted EBITDA. Increased EBITDA and inventory management contributed to the decrease in financial net debt.
- **Dividend:** Dividend between 30–50 percent of profit for the year.

The Board of Directors proposes a dividend of SEK 3.00 (2.50) per share for the 2023 fiscal year, corresponding to 32 percent (38) of the profit for the year.

Market development

Gränges' key end-customer markets are the automotive industry representing 44 percent of 2023 sales volume, HVAC representing 19 percent of the sales volume, specialty packaging and other niches representing 17 percent and 20 percent 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 2023 of 9 percent. 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 specialty packaging is relatively stable in its nature and sales to other niche applications are largely driven by the general economic activity.

In 2023, demand from Gränges' end-customer markets showed a mixed development. Sales to automotive customers increased by 7 percent compared to last year, primarily driven by stable demand in Europe and Asia which was partly offset by lower demand in North and South Americas. Sales of HVAC materials decreased by 18 per cent in 2023 driven by inventory destocking at many HVAC manufacturers and their customers. Sales of Specialty packaging materials decreased by 8 percent, while sales to Other niches decreased by 4 percent compared to prior year due to high customer inventory levels in Europe that gradually normalized towards the end of 2023.

Sales

For 2023, Gränges' sales volume decreased by 3.4 percent to 463.2 ktonnes (479.3) compared to previous year. Net sales amounted to SEK 22,518 million (24,492). Changes in foreign exchange rates had a net positive effect on net sales of SEK 884 million.

For Gränges Americas, the external sales volume sales volume decreased to 220.6 ktonnes (248.9) and external net sales to SEK 11,326 million (13,115) during 2023.

For Gränges Eurasia, sales volume increased to 242.6 ktonnes (230.4) and external net sales was SEK 11,192 million (11,366).

Operating profit

For 2023, adjusted operating profit increased to SEK 1,536 million (1,150), and adjusted operating profit per tonne was 3.3 kSEK (2.4). Changes in foreign exchange rates had a net positive impact of SEK 156 million for the year.

Operating profit amounted to SEK 1,576 million (1,136) and includes items affecting comparability of SEK 40 million (-14). For further information see Note 14.

Profit for the period and earnings per share

For 2023, profit before tax increased to SEK 1,261 million (884). Finance income and costs was SEK -316 million (-254). Income tax for the year was SEK -252 million (-184) and included withholding tax of SEK -51 million related to a dividend from the Chinese subsidiary to Gränges AB, as well as positive tax effect of SEK 33 million which referred to tax credits in the US and adjustments from previous years. Excluding the withholding tax and the positive tax effects, the effective tax rate was 19 percent (21). The profit for the year increased to SEK 1.010 million (700) and diluted earnings per share rose to SEK 9.48 (6.58).

Cash flow

For 2023, cash flow from operating activities was SEK 3,291 million (1,102) and included SEK 293 million in received insurance compensation for the fire in the Konin facility in May 2022. Cash flow from investing activities related to capital expenditure and amounted to SEK -1,227 million (-993) in the year. Of this, SEK -467 million related to investments to maintain and improve efficiency in current production facilities, and SEK -761 million referred to investments related to the expansion of the production facilities. Investments in the new associate in Yunnan amounted to SEK -223 million.

Cash flow before financing activities amounted to SEK 1,842 million (109). Cash flow from financing activities was SEK -2,250 million (-86) and includes new loans of SEK 6,723 million and repayment of loans of SEK -8,454 million.

Cash and cash equivalents amounted to SEK 461 million on December 31, 2023 (SEK 879 million December 31, 2022).

Financial position

Gränges' total assets amounted to SEK 16,688 million on December 31, 2023 (SEK 17,530 million on December 31, 2022). The equity to assets ratio was 52.8 percent on December 31, 2023 (46.8 percent on December 31, 2022).

Financial net debt was SEK 2,741 million on December 31, 2023 (SEK 3,882 million on December 31, 2022), corresponding to 1.1 times adjusted EBITDA (1.9 times on December 31, 2022).

Gränges Eurasia

Market and sales

Gränges Eurasia experienced a mixed market development in 2023. Demand in Europe for products to Other niches remained at low levels due to weak end-customer demand in combination with high inventory levels among distributors and stockists. Specialty packaging also suffered from weakened demand due to increased inventory management among customers as well as lower end-customer demand. However, demand from automotive customers remained stable throughout the year supported by pent-up demand in Asia following COVID-related lockdowns during 2022, as well as improved supply chains in both Europe and Asia.

For 2023, total sales volume increased by 3.8 percent to 264.3 ktonnes (254.5) and net sales decreased by 2.4 percent to SEK 12,344 million (12,633).

Operating profit

The adjusted operating profit in 2023 or Gränges Eurasia increased to SEK 595 million (448), corresponding to an adjusted operating profit per tonne of 2.3 kSEK (1.8). The increase was partly due to energy cost compensation in Poland and Sweden for the calendar years 2021 and 2022 totaling SEK 54 million. Higher sales volume, price management, and productivity improvements were key drivers of the increased adjusted operating profit in 2023.

Gränges Americas

Market and sales

Gränges Americas faced challenging market conditions during 2023. The underlying demand for automotive was stable whereas demand for HVAC products, specialty packaging and other niche products declined due to the general economic slowdown as well as increased downstream focus on inventory management. HVAC in particular was impacted as replacement rates and construction of new buildings were significantly reduced during the year. Increased inventory management among HVAC customers also contributed negatively to the

demand for Gränges Americas' products. In total, sales volume in 2023 decreased by 11.4 percent to 220.6 ktonnes (249.0) and net sales decreased by 13.6 percent to SEK 11,326 million (13,115).

Operating profit

The adjusted operating profit for 2023 increased by 29.5 percent to SEK 1,029 million (795), corresponding to an adjusted operating profit per tonne of 4.7 kSEK (3.2). The lower sales volume was more than offset by higher prices and improved productivity. In addition, the new recycling and casting center in Huntingdon contributed to reduced raw material cost.

Outlook

The outlook for 2024 is uncertain. Market demand is difficult to predict but is expected to stay weak in early 2024. Many customers are expected to continue to focus on inventory management during the beginning of the year, especially among HVAC producers in North America. In addition, market concerns related to a potential global recession persist.

Gränges' ambition for 2024 is to offset increased price pressure and wage inflation with increased market share and cost productivity

Employees

The average number of employees was 2,718 (2,694) during 2023.

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 in 2023 amount to SEK 65 million (71).

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 the Navigate plan, 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 long-term ambitions and plans to 2030 and 2040.

Gränges' sustainability targets includes:

- Emissions and climate impact: Reduce carbon emissions intensity from scope 1+2 by at least 25 percent and from scope 3 by at least 30 percent by 2025. Gränges long-term goal is to reach net-zero by 2040.
- In 2023, scope 1+2 carbon emissions intensity decreased by 20 percent to 0.66 tonnes CO₂e/tonne (0.82) and scope 3 by 4 percent to 7.8 (8.1). Total carbon emissions intensity (scope 1+2+3) has now been reduced by 26 percent compared to baseline 2017.
- Sustainable innovation: 100 percent of Gränges' products to have third-party verified sustainability information available by 2025.
- In 2023, the share of products with third-party verified sustainability information increased to 100 percent (79).

- Sourced recycled aluminium: Increase the share of sourced recycled aluminium to at least 30 percent of total sourced metal by 2025. Gränges ambition is to reach 500 ktonnes recycled aluminium by 2030.

In 2023, the share of sourced recycled aluminium increased by 8.9 percentage points to 41.6 (32.7).

- Workplace safety: Reduce Total Recordable Rate to below 3.0 recordable accidents per million hours worked by 2025.

In 2023, Total Recordable Rate (TRR) was 8.0 (8.0) recordable accidents per million hours worked. Severity rate increased to 138 (56) 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 by 2025.

In 2023, all sites (5) have achieved both ASI certifications.

Gränges' 2023 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 36–54, 69–70 and 130–147.

For Gränges' reporting according to the EU taxonomy see pages 135–138.

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 2023, net sales in the parent company was SEK 137 million (133). Result for the full year was SEK 1,182 million (-8) and included dividends from the Chinese and American subsidiaries of SEK 1,243 million (-).

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 December 31, 2023 Gränges had no shareholder that owned more than 10 percent 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 55–64 Gränges' risks and risk management is further described. For a more comprehensive description of the financial risks, see Note 32.

Board of Directors issue authorization

The Board of Directors are authorized by the annual general meeting 2023 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 percent 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 June 14, 2023. 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 are 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 percent 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 percent.

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 percent 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 percent 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 according to agreements, possibility to reclaim variable remuneration.

Pension

Pension shall be paid in accordance with the relevant national legislation of the country in which each person in Group Management operates and it shall be on market terms.

The pension shall be based on a defined contribution pension plan, except for cases where a defined benefit pension is required by law or collective bargaining agreement. The pensionable salary shall comprise the fixed annual base salary and, when required by law or collective bargaining agreement, 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 other individuals in Group Management, the pension provision shall not amount to more than 30 per cent of the base salary, unless a higher percentage arises due to law or collective bargaining agreement. The retirement age for other individuals in Group management is 60–68 years, depending on the country of employment.

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 percent 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 percent 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 the 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 programs 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 2023

The Board of Directors has considered that it is important, and in the interest of all shareholders that senior managers and other key individuals, who are deemed to be important for the company's continued development, should be able to take part in and work for a positive value development of the company's shares and thereby achieve increased community of interests with the company's shareholders. A long-term incentive program is further expected to create conditions for retaining and recruiting competent staff to Gränges, providing competitive remuneration and reconciling the interests of the shareholders and management.

At the annual general meeting held on 14 June 2023, it was resolved in accordance with the Board of directors' proposal to implement a long-term incentive program in the form of a combination of warrants (actual and synthetic) and synthetic shares ("LTI 2023") by the company carrying out an issue of warrants and approving the transfer of these warrants as well as an issue of synthetic warrants, and an issue of synthetic shares to senior managers and other key individuals in Gränges AB (publ) and its subsidiaries. The warrants have been transferred in accordance with the allocation set out below:

- (a) Chief Executive Officer: 180,000 warrants.
- (b) Group management: a maximum of 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 program, a subsidy has been paid which, after deduction of tax and other applicable fees, amounts to 50 percent of the premium paid for each warrant (the "Net Contribution"). If the participant terminates his/her employment or is terminated within three years from the payment of the premium, an amount corresponding to the Net Contribution shall be repaid to Gränges. The same applies if the participant has disposed warrants acquired within the framework of LTI 2023 within a period of three years from the payment of the warrant premium. However, the repayment obligation shall be reduced in relation to how long the participant has worked in Gränges during the term of the warrants and in relation to the number of disposed warrants, respectively.

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

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

The synthetic shares have been allotted to the participants in accordance with the STI 2023 performance outcome and have been converted into a number of shares by dividing the amount by the volume-weighted average price of the Gränges share during ten trading days following the publication of the year-end report for 2023. However, the number of shares allotted for the CEO and President Gränges Americas has not exceeded 30,000, for other members of Group Management not more than 20,000, and for other participants not more than 10,000.

Payment is made proportionately on an annual basis over a period of three years provided that the individual remains in the Gränges Group's employ.

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 2021 and LTI 2022) following the adoption of the resolutions by the Annual General Meetings for 2021 and 2022. 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 has been 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. In 2022, senior managers and other key individuals in the company were offered to participate in a warrant program ("IP 2022"), aimed at increasing exposure to the Gränges share. The warrants were transferred in accordance with the allocation set out below.

- (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.

In order to encourage participation in the Warrant Program, a subsidy was paid which, after deduction of tax and other applicable fees, amounted to 50 percent of the premium paid for each warrant (the "Net Contribution"). If the participant resign or the participant's employment is terminated within three years from the date of payment of the Net Contribution the contribution has to be refunded to Gränges. The same applies if the participant sells the warrants during a period of three years from the payment of the warrant premium.

Upon transfer of the warrants, a market premium was paid calculated in accordance with the Black & Scholes warrant valuation model.

Senior managers and other members of the Group Management were in 2020 offered to participate in a long-term investment programme ("IP 2020"), aimed at increasing exposure to the Gränges share. The participants in IP 2020 invested an amount corresponding to up to 50 percent 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 percent of the annual basic salary, which in the programme is called the "Net Contribution". If the participant resign or the participant's employment is terminated 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

No 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 its shareholders. It also builds trust with existing and potential owners, customers, suppliers, employees, and other stakeholders.

A record year for Gränges

In 2023, the general business environment was gradually normalized after a number of years with exceptionally challenging circumstances: the pandemic, lockdowns, global component shortages and supply chain constraints. The serious geopolitical situation, and the general economic slowdown, however, continued to affect many people and businesses.

Guided by its Navigate strategy, Gränges successfully managed short-term challenges including cost and mix volatility

by systematically working with price, productivity, inventory, recycling and more. It's pleasing to see that the new strategy and combined efforts yielded the best result so far for Gränges, both in terms of operating profit and sustainability performance.

Good progress on Navigate strategy

Throughout the year, the Board worked closely with Gränges' management team to navigate both short-term challenges and long-term strategic investments in sustainable growth. It was particularly impressive to see the high level of professionalism and determination in the organization's execution of the Navigate plan, including strategic improvement programs, its sustainability agenda, and initiatives for building a stronger team. Gränges also took important steps forward in the work to ensure a safe and secure workplace for all employees.

The joint venture for sustainable aluminium in China is an important investment which will take Gränges a major step forward in reducing its carbon emissions and strengthening its competitiveness. The expansion into new product categories in the electrical vehicle and battery market also demonstrated Gränges' ability to diversify and win new business. Overall, the expansion plans for the battery and electrical vehicle industries, with investments in all three regions progressed as planned with good customer support.

Gränges Americas has demonstrated a strong year-over-year performance since it was incorporated in Gränges. Good leadership, strategic investments and strong commercial execution are factors that contributed to the good result also in 2023. In September, the board visited the facility in Huntingdon, where we saw, among other things, the new recycling and casting center that came online at the beginning of the year, which strongly contributed to America's good profitability and strong recycling during the year. Another recycling and casting center is under construction, which will enable Gränges to offer

near-zero products, a step change for the market in advancing towards decarbonization and circularity.

Demonstrated sustainability leadership

Gränges' industry leadership and high ambition in sustainability has been demonstrated in several ways. In 2023, its long-term goals for 2030 and 2040 were approved by the SBTi. Important investments in decarbonization and in recycling continued, for instance the joint venture for sustainable aluminium in China, and recycling and casting centers in Huntingdon. Gränges also reached its lowest carbon emission intensity and highest recycling volumes ever. Ahead of plan, all sites were certified against the Aluminium Stewardship Initiative standards, which demonstrates Gränges' commitment to responsible sourcing and production. These achievements have not gone unnoticed: For the third time, Gränges was awarded EcoVadis' Platinum rating.

Strong efforts yield results

All in all, Gränges made very good progress in 2023. In view of the improved financial results and strong financial position, and taking the market outlook and investment opportunities into account, the Board proposes a dividend of SEK 3.00 (2.50) per share for the 2023 fiscal year. This means that 32 percent of the profit for the year would be distributed to the shareholders.

As chairman, I would like to take the opportunity to welcome Gunilla Saltin to the Board, and extend my gratitude to all board members for your engagement, good collaboration, and constructive work. I would also like to thank Gränges' management and committed employees for your great efforts and strong execution. It's my firm belief that Gränges is very well positioned for a promising future.

Stockholm, March 2024

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.

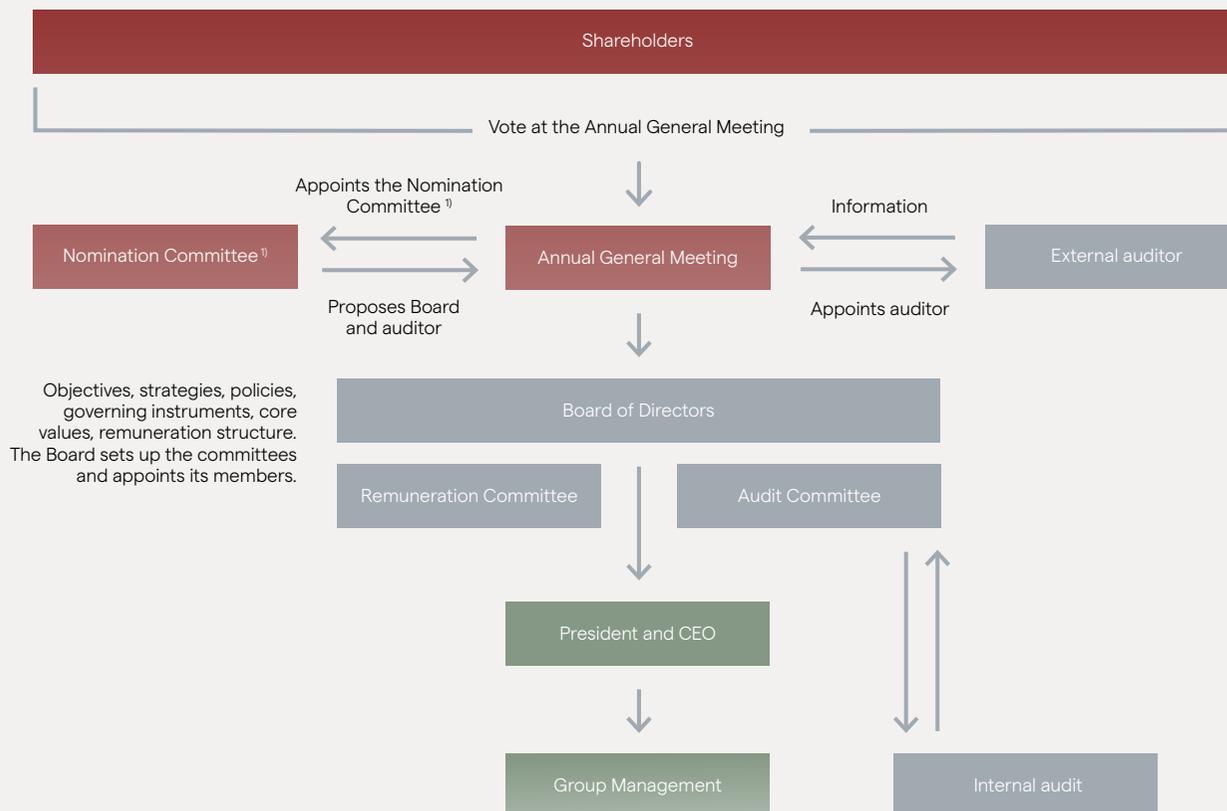
Gränges complies with the Swedish Corporate Governance Code and this Corporate Governance Report has been prepared as part of Gränges' application of the Code. Gränges does not report any deviations from the Code regarding the financial year 2023. The company's auditors have made a statutory examination of this corporate governance report. The Code is available on www.bolagsstyrning.se.

During 2023, 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 2023. 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 2,800 employees and net sales of about SEK 22.5 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 610 ktonnes. The production facilities

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.



1) Appointed in accordance with an instruction for the Nomination Committee decided by the Annual General Meeting.

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 Policy
- Communication Policy
- Anti-Corruption Policy

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. Throughout the year, Gränges has formed company with Shandong Innovation Group (SIG), where Gränges holds a 49 percent ownership stake, while Shandong Innovation Group owns the remaining 51 percent. The collaboration aims to develop a recycling and casting operation in the hydropower-rich province of Yunnan, China. This initiative enables Gränges to secure access to primary aluminium with a low carbon footprint through an energy-efficient supply from a nearby smelter. Additionally, the collaboration provides Gränges with access to renewable energy for the casting operation itself. Gränges also owns 50 percent 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 October 10, 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 December 31, 2023, the number of known shareholders totalled 12,117. The Fourth Swedish National Pension Fund (AP4) was the largest shareholder, followed by Swedbank Robur Funds and AFA Insurance. 76.8 percent of the shareholders held 500 shares or fewer and the ten largest shareholders held 47.4 percent of the total number of shares. Foreign-based

share ownership amounted to 49.0 percent of the capital. No shareholder had a holding of more than 10 percent 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 June 14, 2023 decided to authorize the Board of Directors to, on one or more occasions until the AGM 2024, issue new shares.

Information about the shareholdings of the Board and Group Management can be found on pages 82–85. More information about the Gränges share and shareholders, including a table of shareholdings as of December 31, 2023, can be found on pages 157–158.

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 2023

The AGM 2023 was held on June 14, 2023 at Finlandshuset Konferens, Snickarbacken 4, Stockholm.

At the meeting, 53.3 percent of the shares in the company were represented.

The AGM decided to re-elect Fredrik Arp, Mats Backman, Martina Buchhauser Peter Carlsson, Katarina Lindström, Hans Porat and Steven Armstrong and new election of Gunilla Saltin. 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 2022.

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 2022 financial year,

- To resolve on a dividend of SEK 2.50 per share, in total 265,771,545 SEK,
- To resolve, in accordance with the Nomination Committee's proposal, the Board of Directors (the Board) to consist of eight 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 2023 will be in accordance with the following. The Chair of the Board will receive SEK 850,000 and each of the other elected Board members will receive SEK 360,000. Furthermore, a fee of SEK 150,000 will be paid to the Chair of the Audit Committee and SEK 70,000 to the other members. A fee of SEK 70,000 will be paid to the Chair of the Remuneration Committee and SEK 35,000 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 program, LTI 2023, for senior executives and other key employees. The program is a three year program with a combination of warrants (actual or synthetic) and synthetic shares. The number of warrants shall not exceed 1,060,000 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. The number of transferred synthetic shares shall not exceed 420,000.
- 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' preemption rights. Following this authorisation, a total maximum number of shares equivalent to 10 percent 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.

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 2024 consists of representatives of the company's three largest shareholders as of August 31, 2023 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 August 31, 2023, Gränges' three largest shareholders were:

The Fourth Swedish National Pension Fund (AP4), Swedbank Robur and AFA Insurance which were invited to nominate candidates for the Nomination Committee. The Nomination Committee ahead of the AGM 2024 had the following composition: Jannis Kitsakis (AP4), Jan Dworsky (Swedbank Robur), Anders Algotsson (AFA Insurance) and Fredrik Arp (Chairman of the Board of Gränges). The Chairman of the Nomination Committee is Jannis Kitsakis.

Nomination Committee for the 2024 AGM

Appointed by/Name	Percentage of votes on December 31, 2023
AP4/Jannis Kitsakis ¹⁾	9.3
Swedbank Robur/Jan Dworsky ¹⁾	6.9
AFA Insurance/Anders Algotsson ¹⁾	6.9
Chairman of the Board of Gränges AB/Fredrik Arp ^{1, 2)}	0.0

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

2) For exact number of shares, see page 82.

Shareholders have been able to submit proposals and comments to the Nomination Committee until January 31, 2024. 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 ahead of AGM 2024

Since the Nomination committee was constituted in the autumn of 2023, it has held three documented meetings. In addition to these meetings, the nomination committee has had several shorter non-documented video meetings as well as communication through email and telephone. The Nomination committee has taken note of the results from the evaluation of the board's work that was carried out in autumn 2023. The result of the evaluation was predominantly positive and also provided the nomination committee with insight into the competencies present in the board. The Nomination committee has also had discussions with the CEO of Gränges and a selection of board members, and has concluded that the board's work has been carried out in a very good and satisfactory manner.

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 2024 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 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 that there is an appropriate system for follow-up and control of the Company's operations and the risks associated with its operations.

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 2023, 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 2023 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.

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 2023.

Information about Board members can be found on pages 82–83 and at www.granges.com.

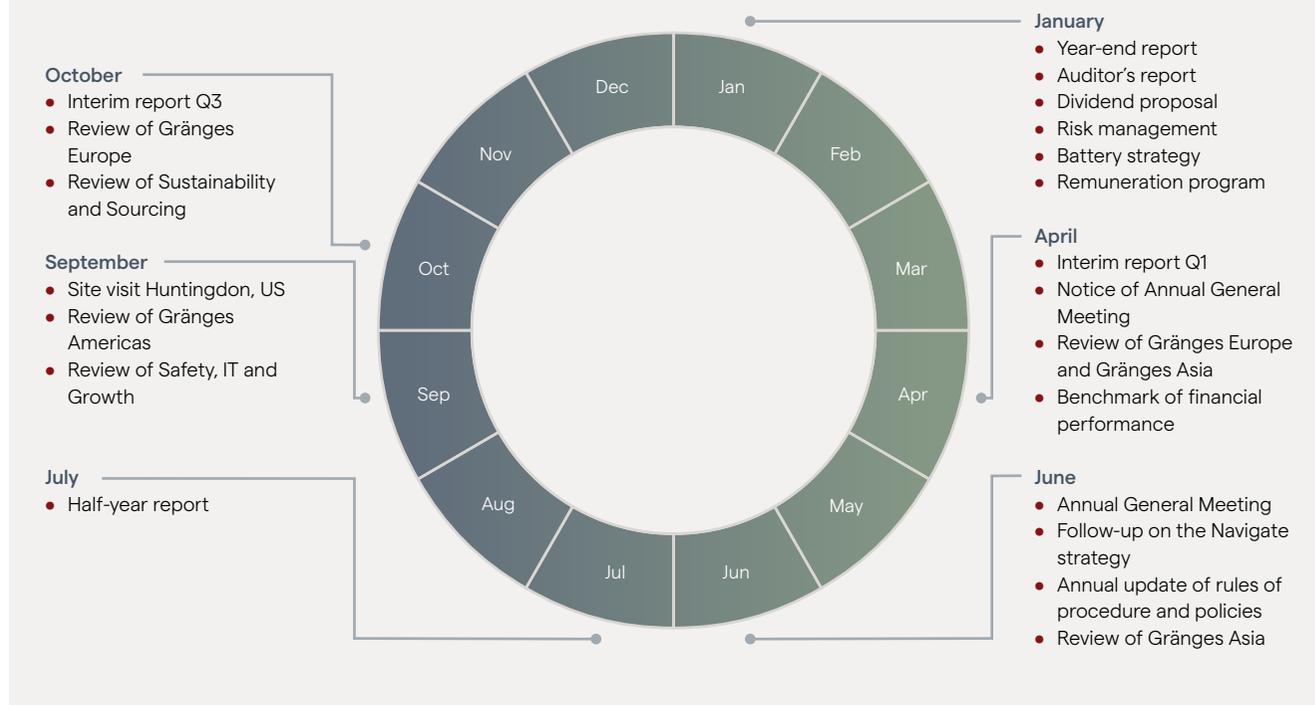
Chairman of the Board

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 2023

In 2023, nine 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

The Board's work in 2023



sessions in the absence of Group Management at two occasions.

Among the essential matters addressed by the Board in 2023 are the follow-up on the Navigate strategy, the ongoing commitment to products for the battery market, and various decisions to enhance competitiveness and reduce the environmental footprint. An example of a decision made during the year is the establishment of a jointly owned company in China for the development of a recycling and casting operation.

The Board also prioritizes health and safety and monitors it continuously.

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.

A statement of remuneration to senior executives can be found in Note 10.

Board composition, attendance and remuneration 2023

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	9/9	n/a	3/3	841,667	-	66,667	908,333
Steven Armstrong	2022	X	9/9	n/a	3/3	356,667	-	33,333	390,000
Mats Backman	2018	X	9/9	5/5	n/a	356,667	141,667	-	498,333
Martina Buchhauser	2021	X	8/9	5/5	n/a	356,667	65,000	-	421,667
Peter Carlsson	2016	X	9/9	n/a	3/3	356,667	-	33,333	390,000
Katarina Lindström	2016	X	9/9	5/5	n/a	356,667	65,000	-	421,667
Hans Porat	2016	X	8/9	n/a	3/3	356,667	-	33,333	390,000
Gunilla Saltin ¹⁾	2023	X	4/4	3/3	n/a	240,000	46,667	-	286,667
Emelie Gunnstedt	2022		9/9	5/5	n/a	40,000	-	-	40,000
Isabelle Jonsson ²⁾	2022		9/9	n/a	3/3	36,667	-	-	36,667
Emma Lamprecht ³⁾	2023		0/0	0/0	n/a	3,333	-	-	3,333
Robert Dahlqvist	2023		8/9	n/a	n/a	40,000	-	-	40,000
Tobias Johansson	2023		9/9	n/a	n/a	40,000	-	-	40,000
Total fees						3,381,667	318,333	166,667	3,866,667

1) Elected as new Board member at the AGM on June 14, 2023.

2) Resigned as Employee representative in the Board in November 2023.

3) Employee representative in the Board since December 2023.

In 2023, the Remuneration Committee also worked on finalizing proposals for a partially new long-term incentive program. The new program, LTI 2023, was approved at the Annual General Meeting in 2023. Its aim is to align the interests of key personnel with the shareholders' interest in a good development of the Gränges share value over the long term. Additional information about LTI 2023 and previously resolved remuneration which is not yet payable is available in the Board of Directors report.

Information about members of the Remuneration Committee can be found on pages 82–83.

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

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 com-

mittee determines the focus and scope of the internal auditing and establishes an internal audit plan. Gränges' internal audit function 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. To ensure the regularity of the audit and to obtain an external perspective, an external party is also involved in the performance of the internal audit.

In 2023, internal audits of Gränges' operations in Finspång, France, and India were conducted.

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 such area has been the determination of asset write-downs in connection with a fire at one of the rolling mills in Konin, Poland.

The Audit Committee annually sets a number of focus areas. In 2023 one of these areas has been the tendering process for the procurement of an auditor due to the fact that the current auditor has held the assignment for 10 years, as defined in the Companies Act. Proposal for auditor will be presented by the Nomination Committee and are subject to the decision of the Annual General Meeting in 2024.

The Audit Committee had five meetings in 2023. The auditor attended on four of the meetings during the year and reported on controls and audit planning throughout the year.

Information about members of the Audit Committee can be found on pages 82–83.

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 2023 AGM, Ernst & Young AB was appointed auditor and announced that the authorized

public accountant Andreas Troberg is auditor in charge until the 2024 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 the audit of the Annual Report and consolidated accounts as well as the 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.

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, 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 85. Information about remuneration to senior executives can be found in Note 10.

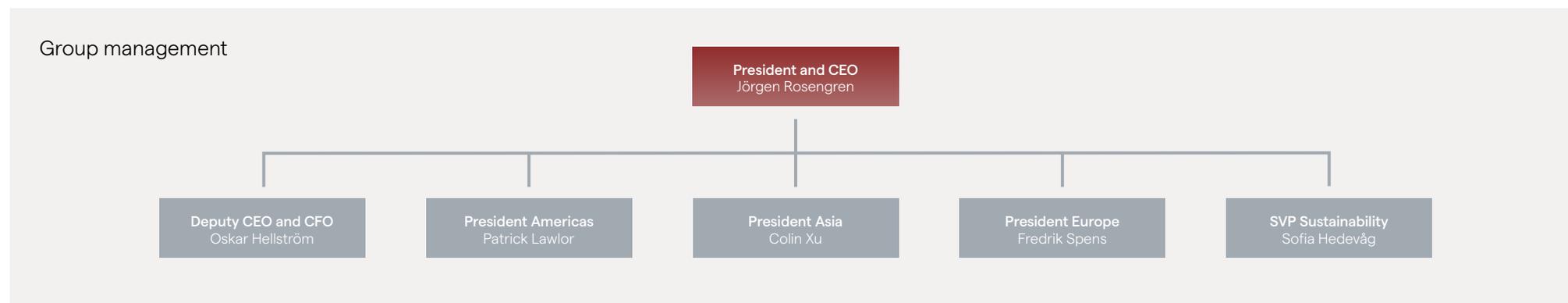
Sustainability governance

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 Sustainability function, 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 chairs two cross-regional teams within Sustainability and Source Green & Recycle (SG&R), in which all regional sustainability and SG&R leads are represented. The teams are responsible for leading Gränges' global sustainability and SG&R efforts, as well as developing global sustainability and SG&R plans. Ensuring best practice sharing across the organization is also a key objective for both of the teams. 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 69-70. The report relates to the financial year 2023 and covers all fully owned operations of the Group at the start of 2023. For more information, refer to page 123.



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

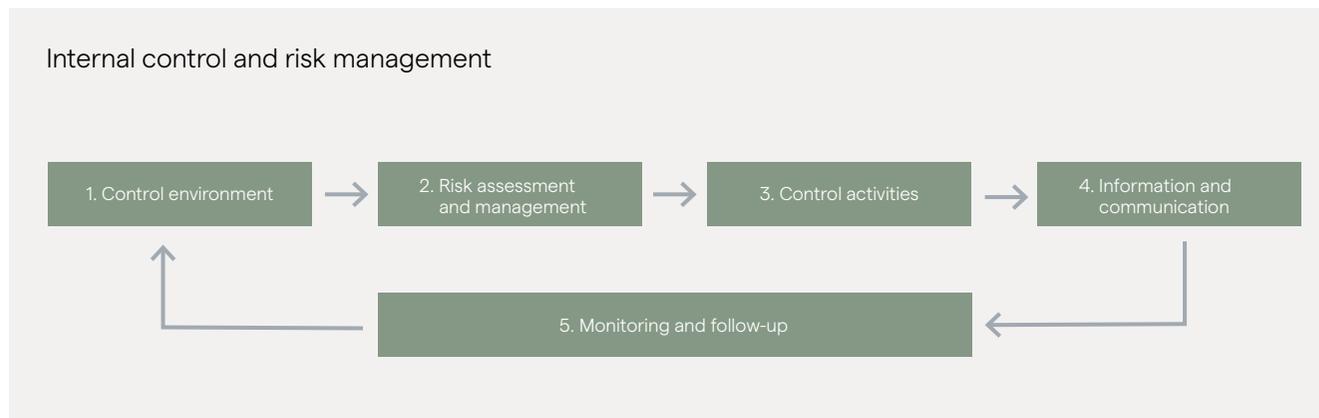
Gränges' internal control complies with the established international framework Internal Control Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to the COSO model, review and assessment are carried out in the areas of Control environment, 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.

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



procedures for financial reporting, including the Financial Management Policy, the Metal Management Policy, the Investment Policy and the Group Accounting Policy, 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 procedures.

Gränges has an externally managed Whistleblower 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 2023, six cases (three) were reported through the whistleblower function, of which three cases were investigated as qualified whistleblower cases in accordance with current Swedish legislation. The investigations revealed no irregularities and were closed after investigation.

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. 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 Policy.

A description of the Group's risks and risk management can be found on pages 55–64.

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 the Group guidelines and policies and is updated and communicated regularly by the 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 2023 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' has a number of steering documents in form of Policies and Procedures that apply to all Gränges Group employees. These documents provide a framework and serve as a guide for the conduct of business at Gränges, delineating the distribution of responsibilities among the Board, Group Management, and employees. The adoption of Group Policies occurs either through approval by the Board or Group Management.

In addition to these overarching global steering documents, Gränges has Local Steering Documents that specifically outline mandatory local requirements, unique tasks, roles, or functions within individual local organizations. These documents also encompass standards, procedures, or instructions applied at the local level to ensure alignment with regional contexts. This two-tiered approach enables Gränges to uphold a unified global standard while addressing the specific nuances and requirements of diverse local environments.

Global Policies

The Global Policies set out the mandatory requirements and principles for all Group companies and employees of Gränges Group. Gränges has the following Global Policies:

- Code of Conduct
- Accounting Policy
- Anti-Corruption Policy
- Authorization Policy
- Environmental Policy
- Financial Management Policy
- Global Privacy Policy
- Information Policy
- Information Technology Policy
- Information Technology Security Policy
- Insider Policy
- Insurance Policy
- Internal Control Policy
- Investment Policy
- Metal Management Policy
- Occupational Health & Safety Policy
- Responsible Sourcing Policy
- Supplier Code of Conduct Policy
- Whistleblower Policy including procedure

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 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, 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: Executive Vice President Group Finance and CFO in Volvo Group.

Previous positions: Operating Partner Triton. 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.

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. Member of the advisory board of Plastic Omnium. Board member in NextSource Materials Inc.

Previous positions: Chief Procurement Officer of Volvo Cars Corporation and member of the management team. Senior Vice President 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.

Board of Directors



Peter Carlsson

Board member

Born: 1970

Education: B.Sc. Business Administration and Tech. Doctor h.c., 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 Ecolan 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.



Gunilla Saltin

Board member

Born: 1965

Education: Ph.D. in chemical engineering, University of Idaho, MBA from the Stockholm School of Economics, and M.Sc. in chemical engineering from the Royal Institute of Technology, Stockholm.

Position: Board member. Elected to the Board in 2023. Member of the Audit Committee.

Other assignments: Managing Director of Tata Steel Nederland's Downstream business and Member of the Management Board. Board member in LKAB.

Previous positions: CEO of Mondi's Uncoated Fine Paper business. Various positions at Södra Group, for example, the positions as Executive Vice President Södra Cell and Site Manager Södra Cell Värö.

Own and related parties' shareholding: 2,400 shares.

Employee representatives in the Board of Directors



Emelie Gunnstedt
Employee Representative

Born: 1988

Education: Social science program, High School.

Description: Process operator, teamleader, 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



Emma Hansen Lamprecht
Employee Representative

Born: 1994

Education: Strategic Purchasing, TUC Higher Vocational Education.

Description: Project Procurement in the purchasing department, employed at Gränges since 2021. Employee representative of the Board since December 2023. Representing Unionen.

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.

Auditor



Andreas Troberg
Auditor in charge
Ernst & Young AB

Born: 1976

Description: Authorized public accountant and member of FAR.

Other assignments: Alfa Laval, Munters 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 in OEM International AB.

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: 145,000 shares, 51,105 restricted share units and 360,000 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: 50,000 shares, 40,628 restricted share units, 110,000 call options and 180,000 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, 14,824 restricted share units, 13,000 call options and 140,000 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: 67,784 restricted share units and 175,000 synthetic call options and 180,000 synthetic warrants.



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: 32,728 restricted share units and 180,000 synthetic warrants.



Fredrik Spens
President Europe

Born: 1975

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

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, 24,738 restricted share units, 43,000 call options and 180,000 warrants.

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Consolidated income statement

SEK million	Note	2023	2022
Sales revenues	35	22,354	24,253
Other operating revenues		165	239
Net sales	6, 7, 8, 9	22,518	24,492
Cost of materials		-14,730	-17,311
Payroll expenses	10, 11	-2,154	-1,840
Other operating expenses	12, 13	-3,246	-3,277
Depreciation, amortization and impairment charges	20, 21, 22	-853	-914
Items affecting comparability	14	40	-14
Operating profit		1,576	1,136
Profit from associates and joint ventures	15	1	2
Financial income	16	36	21
Financial costs	16	-352	-275
Profit before taxes		1,261	884
Income tax	17	-252	-184
Profit for the year		1,010	700
Profit for the year attributable to			
– owners of the parent company		1,010	700
– non-controlling interests		0	0
Earnings per share			
Earnings per share, basic, SEK	18	9.50	6.59
Consolidated income statement	18	9.48	6.58

Consolidated statement of comprehensive income

SEK million	Note	2023	2022
Profit for the year		1,010	700
<i>Items not to be reclassified to profit/loss for the year</i>			
Remeasurement of pensions before tax	11	-11	140
Tax on above	17	2	-29
Total items not to be reclassified to profit/loss for the year		-9	110
<i>Items to be reclassified to profit/loss for the year</i>			
Change in hedging reserve before tax	33	-2	106
Tax on above	17	3	-17
Translation differences		-195	602
Total items to be reclassified to profit/loss for the year		-194	691
Comprehensive income for the year		806	1,501
Comprehensive income for the year attributable to			
– owners of the parent company		806	1,501
– non-controlling interests		0	0

Consolidated balance sheet

SEK million	Note	2023	2022
ASSETS			
Non-current assets			
Intangible assets	20	1,474	1,499
Property, plant and equipment	21	7,642	7,271
Right-of-use assets	22	220	246
Deferred tax assets	17	38	33
Interests in associates and joint ventures	15	226	19
Other non-current receivables	23, 31	208	182
Total non-current assets		9,808	9,249
Current assets			
Inventories	24	3,744	4,270
Receivables	25, 26, 32, 35	2,656	3,093
Interest-bearing receivables	25, 31	20	38
Cash and cash equivalents	27	461	879
Total current assets		6,880	8,280
TOTAL ASSETS		16,688	17,530

SEK million	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Share capital	28	142	142
Share premium	28	1,885	1,885
Reserves		1,110	1,303
Retained earnings		5,670	4,873
Equity attributable to owners of the parent company		8,808	8,204
Non-controlling interests		2	2
Total equity		8,809	8,206
Non-current liabilities			
Deferred tax liabilities	17	609	603
Pension liabilities	11	255	234
Interest-bearing liabilities	25, 31	2,403	2,863
Provisions	29	51	41
Other non-current liabilities	25, 31	78	42
Total non-current liabilities		3,395	3,783
Current liabilities			
Interest-bearing liabilities	25, 31	1,055	2,197
Current tax liabilities		81	16
Provisions	29	57	27
Other current liabilities	25, 30, 32	3,289	3,301
Total current liabilities		4,483	5,541
TOTAL EQUITY AND LIABILITIES		16,688	17,530

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				
Opening balance at January 1, 2023		142	1,885	64	1,239	4,873	8,204	2	8,206
Profit for the year		-	-	-	-	1,010	1,010	0	1,010
Items in other comprehensive income		-	-	1	-195	-9	-203	-	-203
Group comprehensive income		-	-	1	-195	1,000	806	0	806
Dividend		-	-	-	-	-266	-266	-	-266
Share swap	33	-	-	-	-	72	72	-	72
Received option/warrant premiums		-	-	-	-	9	9	-	9
Exercise of call options		-	-	-	-	-18	-18	-	-18
Closing balance at December 31, 2023		142	1,885	65	1,045	5,670	8,808	2	8,809
Opening balance at January 1, 2022		142	1,885	-25	637	4,290	6,930	2	6,932
Profit for the year		-	-	-	-	700	700	0	700
Items in other comprehensive income		-	-	89	602	110	801	-	801
Group comprehensive income		-	-	89	602	810	1,501	0	1,501
Dividend		-	-	-	-	-239	-239	-	-239
Share swap	33	-	-	-	-	5	5	-	5
Received option/warrant premiums		-	-	-	-	7	7	-	7
Closing balance at December 31, 2022		142	1,885	64	1,239	4,873	8,204	2	8,206

Consolidated cash flow statement

SEK million	Note	2023	2022
Operating profit		1,576	1,136
Depreciation and impairment charges		853	914
Other non-cash items	19	-	-148
Change in net working capital etc.		1,036	-736
Income taxes paid		-173	-65
Cash flow from operating activities		3,291	1,102
Investments in property, plant, equipment and intangible assets	20, 21	-1,227	-993
Investments in associates and joint ventures	15	-223	-
Divestments	21	1	-
Cash flow from investing activities		-1,449	-993
Dividend		-266	-239
Share swap		72	5
Received option/warrant premiums		9	7
Exercise of call options		-18	-
Interest paid	16	-350	-280
Interest received	16	34	16
New loans		6,723	14,707
Repayment of loans		-8,454	-14,302
Cash flow from financing activities		-2,250	-86
Cash flow for the year		-408	23
Cash and cash equivalents at January 1		879	809
Cash flow for the year		-408	23
Translation difference on cash and cash equivalents		-11	48
Cash and cash equivalents at December 31	27	461	879

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 March 15, 2024.

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

Joint arrangements and associates

Shares in companies where the Group, in collaboration with others, exercises joint control are classified as joint ventures, while cases where the Group holds significant influence are considered associates. Joint arrangements and associates are included in the Group's financial reports from the date when joint control is established and are excluded from the date when this control is lost.

Gränges has assessed that the ownership in Yunnan Chuangge New Materials Science & Technology Co., Ltd should be classified as an associate, while the ownership in Zhejiang Gränges Sheng'an Aluminum Co., Ltd is classified as a joint venture. Refer to Note 15 for additional information on these joint arrangements.

Associates and joint ventures are accounted for using the equity method, meaning that the investment is initially recognized in the Group's statement of financial position at cost. The carrying amount is then increased or decreased to reflect the Group's share of the profit

or loss and other comprehensive income from its associates and joint ventures. The Group's share of the profit or loss is presented under the line "Profit from associates and joint ventures" in the income statement and under the line "Investments in associates and 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 payments of 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 January 1, 2023 or later have not had any material impact on these financial statements.

New standards, amendments and interpretations effective from January 1, 2024 are not expected to have any significant impact on the Group's financial statements.

4 Accounting standards

Material accounting policies

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 compensation 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 32.

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.

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 realizable 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.

Inventories

Inventories are measured at the lower of cost and net realizable 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 realizable 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".

Financial instruments

The Group's financial assets consist of cash and cash equivalents, lending, 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 has been transferred and the Group has transferred essentially all risks and benefits associated with ownership to another party.

The Group's financial liabilities consist 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 removed 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.

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. Accrued and realized interest from cash flow hedges related to interest rate risk is reported in interest expense together with the related hedged item.

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 Finspång (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.

Share-based payment

The Group has investment programs 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 happen the participant will be liable for repayment of an 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 programs for foreign participants who do not have the opportunity to invest directly in Gränges' share or related financial instruments have been designed. The synthetic programs are cash-settled programs 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.

Other principles

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 lease 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.

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.

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 programs 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 outcome of legal proceedings or the final settlement of an insurance claim. If the probability that the liability has been incurred exceeds 50 percent 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 percent 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 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.

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.

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.

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 statements, man-

agement 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
Pension liability	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.
Taxes	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 percent instead of the ordinary rate of 25 percent. 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 2023 and therefore applies a tax rate of 15 percent for the Chinese operation for 2023.
Intangible assets	20	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 2023.
Property, plant and equipment	21	Depreciation of property, plant and equipment is recorded over the estimated useful life of components and tested for impairment if 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 2023 tangible assets of SEK 47 million have been impaired due to a fire in one of the mills in Konin, Poland.
Inventories	24	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	2023				2022			
	Gränges Americas	Gränges Eurasia	Other and eliminations	Total	Gränges Americas	Gränges Eurasia	Other and eliminations	Total
Sales volume external, ktonnes	220.6	242.6	-	463.2	248.9	230.4	-	479.3
Sales volume internal, ktonnes	-	21.7	-21.7	0	-	24.2	-24.2	0
Total sales volume	220.6	264.3	-21.7	463.2	248.9	254.5	-24.2	479.3
Income statement								
Net sales, external	11,326	11,192	-	22,518	13,136	11,356	-	24,492
Net sales, internal	-	1,142	-1,142	0	-21	1,277	-1,256	0
Total net sales	11,326	12,334	-1,142	22,518	13,115	12,633	-1,256	24,492
Adjusted operating profit ¹⁾	1,029	595	-88	1,536	795	448	-93	1,150
Adjusted operating profit per tonne, kSEK	4.7	2.3	n/a	3.3	3.2	1.8	n/a	2.4

1) Adjusted for items affecting comparability, see Note 14 for further information.

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.

2023 SEK million	Poland	Sweden	Rest of Europe	China	Rest of Asia Pacific	USA	Rest of North and South Americas	Total
Net sales	2,159	474	4,095	2,341	1,567	9,749	2,129	22,518
Non-current assets ¹⁾	2,426	1,270	107	850	0	4,684	-	9,336
Average no. of employees	812	481	29	533	9	854	-	2,718

2022 SEK million	Poland	Sweden	Rest of Europe	China	Rest of Asia Pacific	USA	Rest of North and South Americas	Total
Net sales	2,281	527	4,402	2,370	1,383	12,505	1,025	24,492
Non-current assets ¹⁾	2,247	1,082	114	969	0	4,604	-	9,016
Average no. of employees	844	465	36	505	9	835	-	2,694

1) Excluding deferred tax assets, interests in joint ventures, interest-bearing receivables and other non-current receivables.

The ten largest customers accounted for 41 percent (47) of sales. No customer accounted for more than 10 percent of total sales in 2023 or 2022.

8 Revenue from contracts with customers

Gränges is a global supplier of rolled aluminium products for thermal management systems, specialty packaging, and selected niche applications. Gränges' customers are found in the automotive, HVAC, specialty 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	2023	2022
<i>Gränges Americas</i>		
Fabrication revenue	4,852	4,542
Raw material and other revenue	6,465	8,553
Revenue from contracts with customers	11,317	13,095
Other revenue	9	20
Total net sales Gränges Americas	11,326	13,115
<i>Gränges Eurasia</i>		
Fabrication revenue	5,239	5,112
Raw material and other revenue	6,916	7,318
Revenue from contracts with customers	12,156	12,430
Other revenue	178	203
Total net sales Gränges Eurasia	12,334	12,633
<i>Other and eliminations</i>		
Fabrication revenue	-737	-771
Raw material and other revenue	-406	-485
Revenue from contracts with customers	-1,142	-1,256
Other revenue	-	-
Total net sales other and eliminations	-1,142	-1,256
Total fabrication revenue	9,355	8,883
Total raw material and other revenue	12,976	15,386
Total revenue from contracts with customers	22,331	24,269
Total other revenue	188	223
Total net sales	22,518	24,492

Other revenue is limited and for 2023 mainly relate to insurance compensation of SEK 106 million related to a fire in the Konin facility, Poland, government support amounting to SEK 49 million and rental revenue from properties in Finspång, Sweden.

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 December 31

SEK million	2023	2022
Within 1 year	5,085	5,743
After 1 year but within 2 years	1,923	3,275
After 2 years	31	1,421
Total¹⁾	7,039	10,438

1) Corresponding to sales volume of 377 ktonnes (525).

Since the raw material price is variable, based on metal price clauses, Gränges only discloses 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	2023	2022
Within 1 year	16	16
Within 2–5 years	34	43
After 5 years	5	-
Total future lease income	55	59

Lease income amounts to SEK 15 million (15) during 2023 and refer to rental income from properties in Finspång, Sweden.

10 Payroll expenses

Average number of employees

	2023		2022	
	Average no. of employees	Of which, women	Average no. of employees	Of which, women
Gränges AB				
Sweden	24	10	32	10
Subsidiaries				
Sweden	456	95	433	88
China	533	57	505	57
US	854	125	835	118
Poland	812	74	844	79
Other countries	38	6	45	6
Group total	2,718	366	2,694	358

Board members and other senior executives

	2023		2022	
	No. at balance sheet date	Of which, women	No. at balance sheet date	Of which, women
Board members elected by AGM	8	3	7	2
CEO, Deputy CEO and other senior executives	6	1	6	1

Salaries, remuneration, social security contributions and pension costs

SEK million	2023				2022			
	Salaries and remuneration (of which, variable portion) ¹⁾	Social security contributions	Pension cost	Total	Salaries and remuneration (of which, variable portion) ¹⁾	Social security contributions	Pension cost	Total
Gränges AB								
Board, CEO, Deputy CEO and other senior executives	-39 (-18)	-14	-6	-58	-31 (-12)	-11	-6	-48
Other employees	-37	-12	-15	-65	-42	-17	-8	-67
Subsidiaries								
Other senior executives	-26 (-14)	0	-1	-27	-23 (-12)	-1	-1	-24
Other employees	-1,571	-372	-61	-2,004	-1,302	-325	-75	-1,702
Group total	-1,673	-398	-83	-2,154	-1,398	-353	-90	-1,840

1) Government grants have reduced salaries and benefits by SEK 3 million (3) during 2023.

Salaries and other remuneration to the Board members, CEO, Deputy CEO and other senior executives

Board members

From the Annual General Meeting (AGM) in 2023, the Board of Directors consisted of a total of ten full members, of which eight were elected by the 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 seven 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 Manage-

ment. 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 program (STI) and a long-term incentive program (LTI). Further, there are three investment programs, IP 2020, IP 2022, and LTI 2023.

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 percent 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 and amount to a maximum of 30 percent of the base salary.

Variable remuneration

Short-term incentive program (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 percent 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 percent of the fixed annual base salary.

Long-term incentive programs (LTI 2022, LTI 2021, and LTI 2020)

Gränges' long-term incentive programs are offered to the company's senior executives and certain selected key persons. The programs are designed to replicate share ownership. An amount 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 2020 is paid during the years 2022, 2023, and 2024, for LTI 2021 during the years 2023, 2024, and 2025 and for LTI 2022 during the years 2024, 2025, and 2026. The payments are adjusted for the total return of the Gränges share. The costs for the long-term incentive programs are recognized during the performance years and are shown in the Remuneration and other benefits table.

Investment programs (IP 2020, IP 2022, and LTI 2023)

The 2020 AGM resolved on an investment program, IP 2020, in which the participants invested an amount corresponding to up to 50 percent 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 percent 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 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 77.10. The number of call options issued as of December 31, 2023 was 622,704 (1,080,000). An adapted synthetic program 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 601,680 (792,000) and synthetic shares to 64,976 (96,052) as of December 31, 2023. The commitment to the synthetic program is hedged with share derivatives and is recognized as a payroll expense and is shown in the Remuneration and other benefits table.

The 2022 AGM resolved on an additional investment program, IP 2022. A subsidy was paid which, after deduction of tax, amounted 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 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, 2023 was 540,000 (540,000). An adapted synthetic program for foreign participants who do not have the opportunity to invest directly in Gränges shares was designed. The total number of synthetic warrants amounts to 360,000 (360,000) as of December 31, 2023. The commitment to the synthetic program is hedged with share derivatives and is recognized as a payroll expense and is shown in the Remuneration and other benefits table.

In June 2023 AGM resolved on an additional long term incentive program, LTI 2023, where warrants have been transferred in accordance with the following:

(a) CEO: 180,000 warrants.

(b) Group management: a maximum of 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 premium amounted to SEK 16.14 per warrant. Each warrant gives the right to acquire 1 share in the company at an exercise price of SEK 115.66. The number of warrants issued as of December 31, 2023 was 595,000. An adapted synthetic program for foreign participants who do not have the opportunity to invest directly in Gränges shares was designed. The total number of synthetic warrants amounts to 465,000 as of December 31, 2023. The commitment to the synthetic program is hedged with share derivatives and 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 2023

SEK million	Basic salary/ Directors' fee	STI ¹⁾	LTI	IP ²⁾	Total variable remuneration	Other benefits	Pension cost	Total
Board of Directors								
Fredrik Arp	-0.9	-	-	-	-	-	-	-0.9
Steven Armstrong	-0.4	-	-	-	-	-	-	-0.4
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
Gunilla Saltin	-0.3	-	-	-	-	-	-	-0.3
Senior executives								
CEO Jörgen Rosengren	-6.9	-3.3	-2.0	-1.1	-6.5	-0.2	-2.2	-15.7
Deputy CEO Oskar Hellström	-5.2	-2.5	-2.2	-1.2	-5.9	-1.4 ³⁾	-1.6	-14.1
Other senior executives (4 individuals)	-17.2	-8.6	-6.7	-4.0	-19.3	-1.3	-2.7	-40.6
Total	-33.0	-14.5	-10.9	-6.3	-31.6	-2.9	-6.6	-74.1

Remuneration and other benefits in 2022

SEK million	Basic salary/ Directors' fee	STI ⁴⁾	LTI	IP ⁵⁾	Total variable remuneration	Other benefits	Pension cost	Total
Board of Directors								
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
Senior executives								
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 ³⁾	-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
Total	-30.2	-9.0	-9.9	-4.8	-23.7	-2.4	-6.9	-63.2

1) The amounts are attributable to 2023 but will be disbursed in 2024.

2) The CEO has received a cash contribution of SEK 2.9 million, corresponding to a net contribution of SEK 1.5 million related to IP 2023. The Deputy CEO has received a cash contribution of SEK 1.5 million, corresponding to a net contribution of SEK 0.7 million related to IP 2023. Other senior executives have received cash contributions of SEK 2.4 million, corresponding to net contributions of SEK 1.1 million, respectively gross salary deductions of SEK 1.5 million related to IP 2023. 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 in 2021, the Board of Directors decided to pay SEK 1 million (1) in special remuneration to the Deputy CEO.

4) The amounts were attributed to 2022 but were disbursed in 2023.

5) In 2022 the CEO 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 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 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.

11 Pensions

Gränges has pension plans in Sweden, Poland and the US. Approximately 80 percent (87) 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 percent (7) 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	
	2023	2022	2023	2022	2023	2022
Discount rate, %	3.3	4.0	5.0–5.3	5.2	5.5	6.6
Future salary adjustments, %	2.9	3.3	n/a	n/a	3.7	3.5
Income base amount, %	2.6	3.0	n/a	n/a	n/a	n/a
Inflation, %	1.6	2.0	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	17.0	20.0	12.0	12.0	n/a	n/a

The assumptions for life expectancy in Sweden are based on DUS23 (DUS21) 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	
	2023	2022	2023	2022	2023	2022	2023	2022
Defined contribution plans	-37	-34	-34	-35	-	-	-71	-72
Current service costs	-5	-11	-1	-3	0	-1	-7	-15
Administrative expenses	-	-	-5	-5	-	-	-5	-5
Pension costs recognized as operating expenses	-42	-46	-40	-43	0	-1	-83	-93
Interest on net pension liabilities recognized as a financial expense	-7	-5	-2	-2	0	0	-10	-7
Pensions costs recognized in the income statement	-49	-51	-43	-45	-1	-1	-93	-100
Actuarial gains and losses recognized in the statement of comprehensive income	-27	99	-1	124	-2	2	-30	225
Return on plan assets greater than discount rate	-	-	19	-86	-	-	19	-86
Total pension costs	-77	48	-25	-7	-3	1	-104	40

Distribution of pension liabilities at December 31

SEK million	Sweden		US		Poland		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Present value of unfunded pension obligations	-207	-177	-38	-50	-10	-7	-255	-234
Present value of funded and partially funded pension obligations	-	-	-254	-338	-	-	-254	-338
Funded plan assets	-	-	254	338	-	-	254	338
Total pension liabilities	-207	-177	-38	-50	-10	-7	-255	-234

Changes in the present value of pension obligations

SEK million	Sweden		US		Poland		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Pension obligations at January 1	-177	-270	-388	-458	-7	-8	-572	-736
Current service costs	-5	-11	-1	-3	0	-1	-7	-15
Interest on pension provision	-7	-5	-18	-14	0	0	-26	-19
Actuarial gains and losses recognized in the statement of comprehensive income:								
– due to changes in financial assumptions	-12	104	-6	105	-1	3	-19	212
– due to changes in demographic assumptions	-2	2	-	-	0	0	-3	2
– due to experienced-based adjustments	-13	-7	5	19	-1	-1	-8	11
Benefits paid during the year	6	6	29	31	0	1	35	38
Other	4	4	73	-	0	-	77	4
Translation differences	-	-	15	-69	0	-1	14	-70
Pension obligations at December 31	-207	-177	-292	-388	-10	-7	-509	-572

Changes in the present value of plan assets

SEK million	Sweden		US		Poland		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Plan assets at January 1	-	-	338	388	-	-	338	388
Administrative expenses	-	-	-5	-5	-	-	-5	-5
Interest on plan assets	-	-	16	11	-	-	16	11
Return on plan assets greater than discount rate	-	-	19	-86	-	-	19	-86
Employer contributions	-	-	1	2	-	-	1	2
Benefits paid during the year	-	-	-29	-31	-	-	-29	-31
Other	-	-	-74	-	-	-	-74	-
Translation differences	-	-	-13	58	-	-	-13	58
Plan assets at December 31	-	-	254	338	-	-	254	338
Net pension liabilities	-207	-177	-38	-50	-10	-7	-255	-234

Distribution of plan assets

SEK million	Sweden		US		Poland		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<i>Quoted</i>								
Equity instruments	-	-	110	164	-	-	110	164
Interest-bearing securities	-	-	138	165	-	-	138	165
Total	-	-	248	329	-	-	248	329
<i>Unquoted</i>								
Cash	-	-	6	9	-	-	6	9
Total	-	-	6	9	-	-	6	9
Total plan assets	-	-	254	338	-	-	254	338

Sensitivity analysis of the effect on the pension liabilities (+increase/-decrease in pension liabilities)

SEK million	Sweden	US	Total
Discount rate, %	+0.5	-15	-13
	-0.5	17	14
Increased/decreased life expectancy, years	+1	7	8
	-1	-7	-9
			-16

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	7	23	1	31
Benefits scheduled for disbursement within 1–5 years	37	116	3	156
Benefits scheduled for disbursement after 5 years or more	317	110	6	433

Contributions to plans for post-employment remuneration are estimated at SEK 7 million for the financial year 2024.

12 Remuneration to auditors

SEK million	2023	2022
EY		
Audit engagement	-8.0	-7.8
Audit services in addition to audit engagement	-1.0	-1.3
Tax advisory services	-0.1	-0.1
Other	-0.3	-
Total remuneration to auditors	-9.5	-9.2

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.

Other mainly refers to limited assurance review of Gränges' sustainability performance targets.

13 Other operating expenses

SEK million	2023	2022
Energy and utility expenses	-928	-1,018
Freight expenses	-527	-642
Consumable material	-509	-460
Repair and maintenance expenses	-453	-414
Consultant fees	-201	-191
Insurance	-77	-61
Travel expenses	-46	-27
Vehicle operating expenses	-42	-40
Other	-464	-424
Total other operating expenses	-3,246	-3,277

Government grants have reduced other operating expenses by SEK 39 million (31) during 2023.

14 Items affecting comparability

SEK million	Financial statement line	2023	2022
Insurance compensation	Items affecting comparability	40	62
Loss on open aluminium position	Items affecting comparability	-	-76
Total items affecting comparability		40	-14

In May 2022, a fire occurred in one of the rolling mills in Gränges' production facility in Konin, Poland. Insurance compensation less deductibles corresponding to the costs of the fire has been recognized as part of the adjusted operating profit, while compensation in addition to cost coverage is treated as an item affecting comparability. The insurance claim was fully settled in the third quarter of 2023, and compensation in addition to the costs for the fire amounted to SEK 40 million, constituting an item affecting comparability in 2023.

2021, a fire occurred in one of the rolling mills in the US. Insurance compensation less deductibles corresponding to the costs of the fire was reported as part of the adjusted operating profit, while compensation in addition to cost coverage was treated as an item affecting comparability. The insurance claim was settled in 2022, resulting in a non-recurring gain of SEK 62 million in 2022.

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 was considered to be an item affecting comparability in 2022.

15 Joint arrangements and associates

Gränges has a joint arrangement with Zhejiang Gränges Sheng'an Aluminum Co., Ltd which provides stamping capacity for Gränges' customers in China. Gränges owns 50 percent of the company and the holding is classified as a joint venture and is accounted for using the equity method.

In 2023 Gränges entered into a collaboration with Shandong Innovation Group to build a recycling and casting operation in the hydropower-rich province of Yunnan, China. Thru a joint company Gränges has secured access to low-carbon primary aluminium with energy-efficient delivery from a nearby smelter, and to renewable energy for the casting operations. Gränges owns 49 percent of the company and the holding is classified as an associate and accounted for using the equity method.

Investments accounted for in accordance with the equity method

SEK million	Zhejiang Gränges Sheng'an Aluminium Co., Ltd	Yunnan Chuangge New Materials Science & Technology Co., Ltd	Total
Carrying amount at January 1, 2023	19	-	19
Acquisitions/sales	-	223	223
Share of profit/loss	1	0	1
Dividend	-	-	-
Tax	-	-	-
Translation differences	-1	-16	-17
Carrying amount at December 31, 2023	19	207	226
Carrying amount at January 1, 2022	16	-	16
Acquisitions/sales	-	-	-
Share of profit/loss	2	-	2
Dividend	-	-	-
Tax	-	-	-
Translation differences	1	-	1
Carrying amount at December 31, 2022	19	-	19

No capital injection is deemed to be required to any of the companies in 2024.

16 Financial income and costs

SEK million	2023	2022
Interest income	34	10
Net foreign exchange gain	2	11
Total financial income	36	21
Interest expense	-302	-234
Net interest expense, pensions	-10	-7
Interest expense on lease liabilities	-12	-11
Other financial expenses	-28	-22
Total financial costs	-352	-275
Total financial income and costs	-316	-254

Other financial expenses primarily consisted of costs for financing and bank fees.

17 Taxes

Tax expense

SEK million	2023	2022
Profit before taxes	1,261	884
Current tax	-241	-100
Deferred tax	-11	-84
Total tax	-252	-184
Tax as % of profit before taxes	20	21

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 percent (20.6). The main tax components are shown below.

SEK million	2023	2022
Earnings before tax multiplied by nominal tax rate in Sweden	-260	-182
Effect of foreign operations with tax rates other than 20.6% (20.6)	17	11
Non-deductible expenses	-9	-15
Non-taxable income	14	5
Tax subsidies abroad	34	14
Other income tax paid abroad	-64	-12
Adjustment of tax in respect of prior years	16	-4
Total tax	-252	-184

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 percent in corporate income tax instead of the ordinary tax of 25 percent 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 2023 and therefore applies a tax rate of 15 percent for the Chinese operation. If the ordinary tax rate of 25 percent had been applied for 2023, tax as a percentage of profit before tax for the Group would not have deviated significantly from the current 20 percent.

Tax subsidies abroad mainly refers to state tax credits in the US as well as deduction in China where an enterprise enjoy 200 percent deduction for eligible research and development expenses for income tax purpose.

Change in deferred tax in the income statement

SEK million	2023	2022
Change in deferred tax in balance sheet	-1	-187
Change in deferred tax, hedging reserve in other comprehensive income	-3	17
Change in deferred tax, actuarial gains and losses on pensions in other comprehensive income	-3	32
Translation effects in other comprehensive income	-5	53
Change in deferred tax in the income statement	-11	-84

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 are mainly attributable to Sweden and can be carried forward indefinitely.

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.

Deferred tax on temporary differences

SEK million	2023			2022		
	Deferred tax asset (+)	Deferred tax liability (-)	Net deferred tax	Deferred tax asset (+)	Deferred tax liability (-)	Net deferred tax
Intangible assets	0	-85	-85	-	-92	-92
Property, plant and equipment	27	-782	-755	4	-761	-757
Financial instruments	20	-20	0	21	-19	2
Pension provisions	39	-34	4	29	-32	-3
Other non-current items	49	-17	32	50	-19	30
Total non-current items	135	-939	-804	103	-924	-821
Inventories	35	-2	34	27	-2	25
Other current items	157	0	157	163	-33	131
Total current items	192	-2	190	191	-34	156
Tax losses	44	0	44	94	-	94
Set-off	-332	332	0	-356	356	0
Net deferred tax assets (+) / liabilities (-)	38	-609	-571	33	-603	-570

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.

In 2020, Gränges issued call options as part of the investment program IP 2020, resulting in a dilution of 65,534 (65,534) for the weighted average number of outstanding shares in 2023. Further, in 2022, Gränges issued warrants under the investment program IP 2022, causing a dilution of 11,719 (-) for the weighted average number of outstanding shares in 2023. The investment program IP 2023 has not resulted in any dilution. For further information on the investment programs, see Note 10.

	2023	2022
Profit for the year attribute to owners of the parent company (SEK million)	1,010	700
Weighted average number of outstanding shares, basic	106,308,618	106,308,618
Weighted average number of outstanding shares, diluted	106,473,070	106,374,152
Earnings per share, basic, SEK	9.50	6.59
Earnings per share, diluted, SEK	9.48	6.58

19 Supplementary information to the consolidated cash flow statement

Other non-cash items

SEK million	2023	2022
Insurance compensation related to a fire in the Konin facility	-	-148
Total other non-cash items	-	-148

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

SEK million	2023	2022
Net interest-bearing liabilities at January 1	5,022	4,103
Cash flow	-1,731	404
<i>Non-cash items</i>		
Translation differences	117	467
Change in accrual borrowing costs	6	-8
New and remeasured leases	25	56
Net interest-bearing liabilities at December 31	3,439	5,022

20 Intangible assets

SEK million	Goodwill	IT	Customer relationships	Other	Total
Carrying amount at January 1, 2023	959	69	448	22	1,499
Acquisitions	-	1	-	2	2
Impairment	-	-	-	-	-
Amortization	-	-11	-43	-7	-60
Translation differences	20	-1	13	1	33
Carrying amount at December 31, 2023	979	60	419	16	1,474
Cost at December 31, 2023	979	298	599	89	1,967
Accumulated amortization and impairment	-	-239	-180	-73	-492
Carrying amount at December 31, 2023	979	60	419	16	1,474
Carrying amount at January 1, 2022	873	71	445	18	1,407
Acquisitions	-	2	-	8	10
Impairment	-	-	-	-	-
Amortization	-	-10	-39	-6	-54
Translation differences	86	7	42	2	136
Carrying amount at December 31, 2022	959	69	448	22	1,499
Cost at December 31, 2022	959	298	585	86	1,930
Accumulated amortization and impairment	-	-229	-137	-64	-431
Carrying amount at December 31, 2022	959	69	448	22	1,499

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 589 million (554) and for Gränges Americas to SEK 390 million (405) as of December 31, 2023.

The annual impairment test of goodwill was carried out during the fourth quarter 2023. The forecast period is five years with an average growth rate of 7.1 percent (7.9) for Gränges Eurasia and 4.4 percent (0.7) for Gränges Americas. Estimated growth rate beyond the forecast period amounts to 2.0 percent (2.0) for both of the CGUs. Cash flows have been discounted at a present value using a discount rate calculated at 8.3 percent (8.6) after tax, corresponding to 8.5 percent (9.3) before tax.

Through sensitivity analysis, it has also been tested whether negative changes in assumptions about discount rates or growth rates would result in the impairment of goodwill. The analysis showed that the goodwill value could be maintained even if the discount rate was increased by 2 percentage points or if the assumed growth rate beyond the forecast period was reduced by 2 percentage points.

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 65 million (71) for 2023.

21 Property, plant and equipment

SEK million	Land, land improvements and buildings	Machinery and equipment	Fixed assets under construction	Fixtures, vehicles, etc.	Total
Carrying amount at January 1, 2023	1,797	4,446	917	111	7,271
Acquisitions ¹⁾	-	1	1,216	8	1,225
Divestments and disposals	0	-1	-	-2	-3
Transferred assets, fixed assets under construction	123	609	-768	37	0
Impairment	-6	-	-41	-	-47
Depreciation	-95	-573	-	-28	-696
Translation differences	-14	-89	-7	2	-108
Carrying amount at December 31, 2023	1,805	4,393	1,316	128	7,642
Cost at December 31, 2023	2,526	10,231	1,391	454	14,603
Accumulated depreciation and impairment	-722	-5,838	-74	-326	-6,961
Carrying amount at December 31, 2023	1,805	4,393	1,316	128	7,642
Carrying amount at January 1, 2022	1,512	3,883	1,020	84	6,498
Acquisitions ¹⁾	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
Carrying amount at December 31, 2022	1,797	4,446	917	111	7,271
Cost at December 31, 2022	2,435	9,802	1,107	418	13,762
Accumulated depreciation and impairment	-638	-5,356	-190	-307	-6,491
Carrying amount at December 31, 2022	1,797	4,446	917	111	7,271

1) Includes government grants of SEK 8 million (6) for 2023. 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 47 million (181) were impaired during the year.

22 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
Carrying amount at January 1, 2023	88	138	20	246	261
Acquisitions	9	-	14	23	23
Interest expense on lease liabilities	-	-	-	-	12
Extension and termination options	0	0	-	0	0
Lease payments	-	-	-	-	-58
Depreciation	-17	-20	-14	-50	-
Remeasurements	3	-	0	3	3
Canceled contracts	0	-1	0	-1	-1
Translation differences	2	-4	0	-2	-2
Carrying amount at December 31, 2023	86	114	20	220	237
Cost at December 31, 2023	134	202	43	379	
Accumulated depreciation	-48	-88	-23	-159	
Carrying amount at December 31, 2023	86	114	20	220	
Carrying amount at January 1, 2022	72	137	17	226	236
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
Carrying amount at December 31, 2022	88	138	20	246	261
Cost at December 31, 2022	128	211	39	378	
Accumulated depreciation	-40	-74	-19	-132	
Carrying amount at December 31, 2022	88	138	20	246	

The expense related to short-term leases and leases of low-value assets for 2023 amounts to SEK 10 million (6). 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 31. For maturity analysis for lease liabilities, see Note 32.

23 Other non-current receivables

SEK million	2023	2022
Derivatives	197	170
Other non-current receivables	11	12
Total other non-current receivables	208	182

24 Inventories

SEK million	2023	2022
Raw materials	1,007	1,339
Work in progress	1,350	1,473
Finished goods and merchandise	1,197	1,288
Derivatives	9	25
Other	221	187
Provision for obsolescence	-41	-42
Total inventories	3,744	4,270

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 2023 to SEK 14,730 million (17,311) including the change in the provision for obsolescence of SEK -3 million (-18).

25 Overview of financial instruments

2023 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	31, 33		-	-	-	-	-	-
Non-current derivatives	23, 33	2	-	197	-	-	197	-
Total			-	197	-	-	197	-
<i>Current assets</i>								
Accounts receivable	26		-	-	2,116	-	2,116	-
Other current receivables			-	-	116	-	116	-
Current derivatives	26, 31, 33	2	123	103	-	-	226	19
Cash and cash equivalents	27		-	-	461	-	461	461
Total			123	103	2,693	-	2,919	481
<i>Non-current liabilities</i>								
Non-current financial liabilities	31		-	-	-	2,378	2,378	2,378
Non-current derivatives	33	2	25	30	-	-	55	25
Total			25	30	-	2,378	2,433	2,403
<i>Current liabilities</i>								
Current financial liabilities	31		-	-	-	1,054	1,054	1,054
Accounts payable	30		-	-	-	2,380	2,380	-
Other current liabilities	30		-	-	-	134	134	-
Current derivatives	30, 31, 33	2	119	56	-	-	175	1
Total			119	56	-	3,568	3,744	1,055
Total financial instruments (receivables + / liabilities -)			-21	214	2,693	-5,946	-3,061	-2,977

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 credit-worthiness has resulted in an observable change in the credit spread. As per December 31, 2023, the fair value of borrowings amounted to SEK 3,469 million (5,077).

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 2023 and 2022.

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	31, 33		-	-	-	-	-	-
Non-current derivatives	23, 33	2	-	170	-	-	170	-
Total			-	170	-	-	170	-
<i>Current assets</i>								
Accounts receivable	26		-	-	2,275	-	2,275	-
Other current receivables			-	-	290	-	290	-
Current derivatives	26, 31, 33	2	85	46	-	-	131	38
Cash and cash equivalents	27		-	-	879	-	879	879
Total			85	46	3,445	-	3,576	917
<i>Non-current liabilities</i>								
Non-current financial liabilities	31		-	-	-	2,863	2,863	2,863
Non-current derivatives	33	2	-	13	-	-	13	13
Total			-	13	-	2,863	2,876	2,876
<i>Current liabilities</i>								
Current financial liabilities	31		-	-	-	2,148	2,148	2,148
Accounts payable	30		-	-	-	2,568	2,568	-
Other current liabilities	30		-	-	-	5	5	-
Current derivatives	30, 31, 33	2	105	47	-	50	202	50
Total			105	47	-	4,770	4,923	2,197
Total financial instruments (receivables + / liabilities -)			-20	156	3,445	-7,633	-4,053	-4,156

26 Current receivables

SEK million	2023	2022
Accounts receivable	2,116	2,275
Derivatives	207	93
Other current receivables	200	536
Total financial receivables	2,523	2,905
Advances to suppliers/accrued income	94	148
Tax receivables	40	40
Total current receivables	2,656	3,093

Change in provisions for expected credit losses

SEK million	2023	2022
Provisions for expected credit losses at January 1	-22	-36
Expected credit losses recognized in income statement	-13	9
Used during the year	0	6
Translation differences	0	-2
Provisions for expected credit losses at December 31	-36	-22

Accounts receivables maturity structure

SEK million	2023	2022
Not yet due	1,796	1,932
Overdue 1–30 days	275	281
Overdue 31–60 days	30	46
Overdue 61–90 days	12	12
Overdue more than 90 days	39	26
Provisions for expected credit losses at December 31	-36	-22
Accounts receivable, carrying amount at December 31	2,116	2,275

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 30 percent of total outstanding accounts receivable at December 31, 2023 (five customers accounted for 26 percent of the total outstanding accounts in 2022).

A more detailed description of the customer base is given in Note 8.

27 Cash and cash equivalents

SEK million	2023	2022
Cash and bank balances	461	879
Total cash and cash equivalents	461	879

28 Share capital

	2023	2022
Opening numbers of shares	106,308,618	106,308,618
Closing numbers of shares	106,308,618	106,308,618

SEK million	2023	2022
Share capital, opening balance	142	142
Share capital, closing balance	142	142

SEK million	2023	2022
Share premium, opening balance	1,885	1,885
Share premium, closing balance	1,885	1,885

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 December 31, 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.

29 Provisions

SEK million	Employee benefits	
	2023	2022
Carrying amount at January 1	68	89
Provisions made during the year	77	3
Provisions used during the year	-35	-33
Unutilized provisions reversed during the year	0	-2
Reclassifications	0	3
Translation differences	-2	6
Carrying amount at December 31	108	68
of which non-current	51	41
of which current	57	27

A provision for employee benefits is recognized in accordance with agreements entered for long-term incentive programmes and other personnel obligations.

30 Other current liabilities

SEK million	2023	2022
Accounts payable	2,380	2,568
Derivatives	174	153
Non-interest-bearing liabilities	134	5
Total non-interest-bearing financial liabilities	2,688	2,726
Employee-related liabilities	319	280
Accrued expenses	210	208
Employee withholding tax	9	13
Other current liabilities	63	75
Total other current liabilities	3,289	3,301

31 Financial and interest-bearing liabilities

Financing

Gränges' interest-bearing liabilities mainly consist of financing from banks, institutions, and the credit market.

Gränges' sustainability-linked financing from banks and institutions includes a Revolving Credit Facility of SEK 3,500 million and term loans of USD 120 million and SEK 200 million. The applicable margin on these agreements will be impacted by Gränges sustainability performance.

Gränges' non-current interest-bearing liabilities consisted of term loans of USD 120 million (160), SEK 400 million (400) and bonds of SEK 600 million (600) issued under Gränges MTN program (Medium Term Note). The Revolving Credit Facility of SEK 3,500 million (3,500) was unutilized as per December 31, 2023 and the remaining time to maturity was two years.

SEK million	Carrying amount	
	2023	2022
<i>Non-current interest-bearing liabilities</i>		
Interest-bearing loans	1,591	2,049
Bonds in MTN program	600	600
Interest-bearing derivatives	25	-
Lease liabilities	187	214
Total non-current interest-bearing liabilities	2,403	2,863
<i>Current interest-bearing liabilities</i>		
Interest-bearing loans	205	151
Bonds in MTN program	-	300
Overdraft Facilities	3	17
Commercial papers	797	1,633
Interest-bearing derivatives	1	50
Lease liabilities	50	47
Total current interest-bearing liabilities	1,055	2,197
Total interest-bearing liabilities	3,459	5,060
<i>Interest-bearing receivables</i>		
Current interest-bearing derivatives	20	38
Cash and cash equivalents	461	879
Total interest-bearing receivables	480	917
Net interest-bearing liabilities	2,978	4,143

Current interest-bearing liabilities consisted of interest-bearing loans of SEK 205 million (151), bonds of SEK 0 million (300) issued under Gränges MTN programme and commercial papers of SEK 797 million (1,633). Overdraft facilities were utilized with PLN 1 million (7).

The loan facilities are subject to covenants, which are Net Debt/ EBITDA and Interest coverage ratio. The covenants were fulfilled at December 31, 2023.

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 percent per SPT will be applicable on the redemption price, which equals to a maximum of 101.2 percent 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.

32 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 2023, sales volume to countries outside Sweden accounted for 98 percent (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 is shown in the table on the next page.

2023	Change, %	Effect on operating profit, SEK million
USD/CNY	+/-10%	+/-81
USD/SEK	+/-10%	+/-33
EUR/SEK	+/-10%	+/-85
EUR/PLN	+/-10%	+/-120
USD/PLN	+/-10%	-/+3

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 2023, 50–75 percent 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 table below.

Currency contracts linked to hedging of future income and expenses

	2023		2022	
	Net volume, million	Price	Net volume, million	Price
EUR/SEK	-62	11.38	-84	10.69
USD/SEK	-23	10.58	-12	9.78
USD/CNY	-84	6.98	-66	6.79
EUR/PLN	-92	4.58	-49	4.89
USD/PLN	1	3.98	7	4.67

Gränges applies hedge accounting. The various types of hedging are described in Note 33.

Translation exposure

As SEK is the presentation currency for the Group, Gränges is exposed to currency risk upon translating net investments in foreign operations to SEK. This refers mainly to CNY, USD and PLN where changes in exchange rates may impact the consolidated balance sheet. The translation exposure related to net investments in foreign operations was SEK 4,446 million (5,000) at December 31, 2023.

Gränges is also exposed to currency risk when translating income statements from foreign operations to SEK. The translation exposure related to the adjusted operating profit was SEK 1,427 million (1,123) for full year 2023. As such, a 10 percent depreciation of SEK against all currencies would have a positive impact on the adjusted operating profit of SEK 143 million.

Gränges does not hedge the translation 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 December 31, 2023, Gränges had sold a net volume of 46,750 tonnes (43,480) based on LME and 10,885 tonnes (10,380) 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' borrowings have variable interest rates. The average 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. As per December 31, 2023, the average duration of the loan portfolio was twelve months (two), including interest rate swaps.

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 first table on page 112 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.

The last table on page 112 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 December 31, 2023. 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.

2023 SEK million	Carrying amount	Contractual cash flows	<1 year	1-2 years	2-4 years	>4 years
Lease liabilities	237	238	54	40	57	188
Other interest-bearing liabilities	3,225	3,549	1,141	1,536	872	-
Accounts payable	2,380	2,380	2,380	-	-	-
Other current liabilities	5	5	5	-	-	-
Net-settled derivatives ¹⁾ – aluminium derivatives	-51	-	-	-	-	-
Inflow	-	63	63	-	-	-
Outflow	-	-114	-114	-	-	-
Gross-settled derivatives ¹⁾ – currency derivatives	112	-	-	-	-	-
Inflow	-	177	163	14	-	-
Outflow	-	-65	-61	-4	-	-
Total	5,908	6,233	3,631	1,586	929	188

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 ¹⁾ – aluminium derivatives	-7	-	-	-	-	-
Inflow	-	54	54	-	-	-
Outflow	-	-61	-61	-	-	-
Gross-settled derivatives ¹⁾ – currency derivatives	-18	-	-	-	-	-
Inflow	-	135	133	1	-	-
Outflow	-	-152	-147	-5	-	-
Total	7,616	7,873	4,821	550	2,400	192

1) Including derivatives recognized as assets.

SEK million	Accounting before tax effects on			
	Income statement		Other comprehensive income	
	2023	2022	2023	2022
Interest rate risk: +/-1 % parallel shift in yield curves, all currencies	-/+14	-/+40	-	-
Currency risk: +/-10 % change in FX rate, USD/SEK	-/+3	-/+7	-/+20	-/+23
Currency risk: +/-10 % change in FX rate, EUR/SEK	-/+10	-/+16	-/+39	-/+71
Currency risk: +/-10 % change in FX rate, CNY/USD	-	-	-/+51	-/+37
Currency risk: +/-10 % change in FX rate, USD/PLN	-/+2	-	+/-3	+/-3
Currency risk: +/-10 % change in FX rate, EUR/PLN	-/+1	-/+20	-/+119	-/+122
Price risk: +/-20 % change in LME prices	-/+177	-/+205	-/+24	-/+13

33 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	2023		2022	
	Assets (+)	Liabilities (-)	Assets (+)	Liabilities (-)
Cash flow hedges				
Share derivatives	183	-	116	-
Currency derivatives	98	-21	62	-50
Interest rate derivatives	-	-26	-	-
Commodity derivatives	20	-39	37	-10
Total	300	-86	216	-60
Fair value hedges				
Currency derivatives	37	-9	17	-6
Commodity derivatives	42	-75	20	-52
Total	79	-84	37	-58
Other derivatives – changes in fair value recognized in income statement				
Currency derivatives	43	-60	48	-96
Interest rate derivatives	-	-	-	-
Commodity derivatives	1	-1	0	1
Total	44	-60	48	-97
Total derivatives	423	-230	301	-215

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 2023 and 2022. All expected cash flows that were hedged in 2023 still qualify for hedge accounting.

Change in hedging reserve

SEK million	2023	2022
Opening hedging reserve before tax	71	-32
Reclassified to income statement	2	57
Change in value during the year	1	47
Closing hedging reserve before tax	74	71
Deferred tax, hedging reserve	-4	-7
Closing hedging reserve after tax	70	65

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 2023 and are expected to be recognized in the income statement (before tax) are SEK 48 million for 2024 and SEK 167 million after 2024.

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 2023 (17) and loss on the hedged items attributable to the hedged risk amounted to SEK -17 million in 2023 (-17).

Interest rate derivatives

Gränges uses financial derivatives, such as interest rate swaps and cross-currency swaps in order to manage interest rate risk and currency risk. Interest rate swaps are used to convert floating interest rate to fixed interest rate. Cross-currency swaps are used to convert external financing in SEK to PLN. As per 31 December 2023, the nominal value of the interest rate swaps was USD 50 million and the nominal value of cross-currency swaps was PLN 150 million.

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 609,544 on 31 December 2023. 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
2023						
Derivative assets	240	-	240	123	-	117
Derivative liabilities	-180	-	-180	-123	-	-57
2022						
Derivative assets	188	-	188	94	-	94
Derivative liabilities	-214	-	-214	-98	-	-116

34 Guarantees and contingent liabilities

Contingent liabilities

SEK million	2023	2022
Guarantees	4	4
Total contingent liabilities	4	4

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

Companies in the Gränges Group have for a long time had industrial manufacturing at facilities in Finspång, Västerås and Upplands Väsby. The operations in Västerås and Upplands Väsby have been discontinued for a long time. In light of the public review of potentially polluted areas in Sweden conducted by the by the Swedish Environmental Protection Agency and country administrative boards, Gränges has become involved in reviews and investigations regarding facilities where industrial manufacturing has historically been conducted. For example, industrial production has been conducted by various operators at Gränges' facility in Finspång since the 16th century.

Gränges, together with a third party, undertook a commitment to carry out sampling linked to the previously conducted operations in Upplands Väsby. These samplings have been carried out during the years 2021 to 2023. There is currently no obligation for Gränges to remediate or rehabilitate land or watercourses and no provision or contingent liability has been made.

35 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 Zhejiang Gränges Sheng'an Aluminum Co., Ltd are specified in the table below.

SEK million	2023	2022
Transactions with joint ventures		
Sales	13	12
Accounts receivable	3	4

For information on remuneration and benefits to board members and senior executives, see Note 10.

There are no other significant transactions with related parties.

36 Events after the balance sheet date

No 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 153.

SEK million	2023	2022
Adjusted operating profit		
Operating profit	1,576	1,136
Items affecting comparability	-40	14
Adjusted operating profit	1,536	1,150
Adjusted operating profit per tonne		
Adjusted operating profit	1,536	1,150
Sales volume, ktonnes	463.2	479.3
Adjusted operating profit per tonne, kSEK	3.3	2.4
Adjusted EBITDA		
Adjusted operating profit	1,536	1,150
Depreciation and amortization	853	914
Adjusted EBITDA	2,389	2,064
Return on capital employed		
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	16,735	17,022
Non-interest bearing liabilities, rolling 12 months average	-4,355	-5,022
Pensions, rolling 12 months average	234	291
Capital employed (rolling 12 months average)	12,613	12,292
Adjusted operating profit	1,536	1,150
Return on capital employed, %	12.2	9.4

SEK million	2023	2022
Financial net debt/Adjusted EBITDA		
Cash and cash equivalents and interest-bearing receivables	-480	-917
Interest-bearing liabilities	3,459	5,060
Lease liabilities	-237	-261
Financial net debt	2,741	3,882
Adjusted EBITDA, rolling 12 months	2,389	2,064
Financial net debt/Adjusted EBITDA	1.1	1.9
Equity to assets		
Equity	8,809	8,206
Total assets	16,688	17,530
Equity to assets, %	52.8	46.8
Adjusted cash flow before financing activities		
Cash flow before financing activities	1,842	109
Cash flow from expansion investments	761	509
Cash flow from investments in associates and joint ventures	223	-
Adjusted cash flow before financing activities	2,826	618
Cash conversion		
Adjusted cash flow before financing activities	2,826	618
Adjusted operating profit	1,536	1,150
Cash conversion, %	184	54

Five-year summary

SEK million	2023	2022	2021	2020	2019
Sales volume, ktonnes	463.2	479.3	488.9	350.6	347.3
Income statement					
Net sales	22,518	24,492	18,130	11,008	11,978
Adjusted EBITDA ¹⁾	2,389	2,064	1,686	1,201	1,327
Adjusted operating profit ¹⁾	1,536	1,150	1,008	648	866
Operating profit	1,576	1,136	833	584	836
Profit for the year	1,010	700	595	363	600
Adjusted EBITDA margin	10.6	8.4	9.3	10.9	11.1
Adjusted operating margin	6.8	4.7	5.6	5.9	7.2
Operating margin	7.0	4.6	4.6	5.3	7.0
Net margin	4.5	2.9	3.3	3.3	5.0
Balance sheet					
Non-current assets	9,808	9,249	8,323	7,633	6,025
Current assets	6,880	8,280	7,444	6,020	4,455
Equity	8,809	8,206	6,932	5,970	4,314
Non-current liabilities	3,395	3,783	3,297	3,068	3,414
Current liabilities	4,483	5,541	5,539	4,614	2,752
Cash flow					
Operating activities	3,291	1,102	988	1,414	1,441
Investing activities	-1,449	-993	-926	-1,736	-1,590
Cash flow before financing activities	1,842	109	62	-322	-148
Financing activities	-2,250	-86	-793	1,149	440
Cash flow for the year	-408	23	-732	827	292

1) Adjusted for items affecting comparability (see Note 14 in the notes to the consolidated accounts).

Capital structure, return indicators and employees

Capital employed	12,043	12,583	10,574	9,262	7,779
Net debt	3,233	4,377	3,643	3,292	3,465
Equity/assets ratio, %	52.8	46.8	44.0	43.7	41.2
Financial net debt/Adjusted EBITDA, multiple	1.1x	1.9x	1.8x	-	-
Capital employed (rolling 12 months average)	12,613	12,292	10,117	8,028	7,411
Return on capital employed, %	12.2	9.4	10.0	8.1	11.7
Equity (rolling 12 months average)	8,660	7,725	6,521	4,752	4,175
Return on equity, %	11.7	9.1	9.1	7.6	14.4
Average number of employees	2,718	2,694	2,648	1,792	1,805

	2023	2022	2021	2020	2019
Data per share, SEK¹⁾					
Earnings per share, basic	9.50	6.59	5.60	4.21	7.05
Earnings per share, diluted	9.48	6.58	5.58	4.21	7.05
Equity	82.74	77.14	65.04	69.13	50.65
Cash flow from operating activities	30.91	10.36	9.27	16.38	16.92
Dividend	3.00 ²⁾	2.50	2.25	1.10	-
Dividend yield, %	2.59	2.93	2.12	1.10	-
Share price at year-end	116.00	85.30	106.10	100.20	87.73
Weighted outstanding ordinary shares, basic in thousands	106,308.6	106,308.6	106,308.6	86,324.8	85,177.3
Weighted outstanding ordinary shares, diluted in thousands	106,473.1	106,374.2	106,578.6	86,336.6	85,177.3
Sales volume by business area, ktonnes					
Gränges Americas	220.6	248.9	252.4	219.4	-
Gränges Eurasia	264.3	254.5	263.5	154.0	-
Other and eliminations	-21.7	-24.2	-26.9	-22.8	-
Total	463.2	479.3	488.9	350.6	-
Sales volume by end-customer, ktonnes					
Automotive	202.6	189.8	193.7	146.1	-
HVAC	86.0	104.5	105.7	86.2	-
Speciality packaging	80.0	86.8	85.6	64.4	-
Other niches	94.5	98.3	103.9	53.9	-
Total	463.2	479.3	488.9	350.6	-
Net sales by business area, SEK million					
Gränges Americas	11,326	13,115	9,488	6,748	-
Gränges Eurasia	12,334	12,633	9,648	5,037	-
Other and eliminations	-1,142	-1,256	-1,007	-778	-
Total	22,518	24,492	18,130	11,008	-

1) Calculated on weighted outstanding ordinary shares, diluted.

2) Cash dividend for 2024 as proposed.

Parent company income statement

SEK million	Note	2023	2022
Net sales	3	137	133
Payroll expenses	6	-123	-115
Other operating expenses	4, 5	-53	-102
Depreciation, amortization and impairment charges		0	-1
Operating loss		-39	-86
Dividends from subsidiaries		1,243	-
Financial income	7	365	258
Financial costs	7	-347	-201
Financial items		1,261	57
Profit after financial items		1,222	-29
Group contributions		-	34
Appropriations		-	34
Profit before taxes		1,222	5
Tax on profit for the year	8	-40	-13
Profit for the year		1,182	-8

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	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment		0	0
Shares in Group companies	10	3,767	2,986
Deferred tax assets	8	49	35
Receivables from Group companies		1,106	2,281
Other non-current receivables		190	116
Total non-current assets		5,112	5,418
Current receivables			
Receivables from Group companies		2,390	2,885
Other receivables		149	96
Prepaid expenses and accrued income		22	16
Total current receivables		2,561	2,998
Cash and cash equivalents			
Cash and bank balances		19	229
Total cash and cash equivalents		19	229
Total current assets		2,580	3,227
TOTAL ASSETS		7,691	8,645

SEK million	Note	2023	2022
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	11	142	142
Total restricted equity		142	142
Non-restricted equity			
Retained earnings		2,842	3,052
Profit for the year		1,182	-8
Total non-restricted equity		4,024	3,045
Total equity		4,166	3,187
Provisions			
Pension liabilities	12	38	34
Other provisions	13	6	4
Total provisions		44	38
Non-current liabilities			
Interest-bearing liabilities	14	2,191	2,649
Other liabilities		52	5
Total non-current liabilities		2,243	2,654
Current liabilities			
Other provisions	13	10	8
Liabilities to Group companies		273	598
Interest-bearing liabilities	14	842	1,982
Accounts payable		4	6
Other liabilities		62	131
Accrued expenses and deferred income	15	45	40
Total current liabilities		1,237	2,766
TOTAL EQUITY AND LIABILITIES		7,691	8,645

Parent company statement of changes in equity

SEK million	Restricted equity	Non-restricted equity		Total equity
	Share capital	Retained earnings	Profit for the year	
Opening balance at January 1, 2023	142	3,052	-8	3,187
Appropriation of retained earnings:				
Carried forward	-	-8	8	-
Dividend	-	-265	-	-265
Comprehensive income for the year	-	-	1,182	1,182
Share swap	-	72	-	72
Received option/warrant premium	-	9	-	9
Exercise of call options	-	-18	-	-18
Closing balance at December 31, 2023	142	2,842	1,182	4,166
Opening balance at January 1, 2022	142	3,341	-63	3,422
Appropriation of retained earnings:				
Carried forward	-	-63	63	-
Dividend	-	-239	-	-239
Comprehensive income for the year	-	-	-8	-8
Share swap	-	5	-	5
Received option/warrant premium	-	7	-	7
Closing balance at December 31, 2022	142	3,052	-8	3,187

Parent company cash flow statement

SEK million	Note	2023	2022
Operating loss		-39	-86
Depreciation, amortization and impairment charges		0	1
Change in net working capital etc.		-35	-35
Taxes paid		-6	2
Cash flow from operating activities		-80	-118
Investments in Group companies	10	-781	-80
Cash flow from investing activities		-781	-80
Dividend paid to shareholders		-266	-239
Dividend received from subsidiaries		722	-
Share swap		72	5
Option premium		9	7
Exercise of call options		-18	-
Interest paid		-326	-203
Interest received		365	110
New loans	9	6,237	14,356
Repayment of loans	9	-7,935	-12,589
Financial intra-group transactions		1,791	-1,467
Cash flow from financing activities		651	-19
Cash flow for the year		-211	-216
Cash and cash equivalents at January 1, 2023		229	446
Cash flow for the year		-211	-216
Cash and cash equivalents at December 31, 2023		19	229

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.

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 32 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 14 Interest-bearing liabilities.

3 Breakdown of net sales by area of operation

SEK million	2023	2022
Intra-group service charges	137	133
Total breakdown of net sales by area of operation	137	133

4 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	2023	2022
Within one year	-6	-5
Later than one year but within five years	-1	-5
Total future minimum lease payments	-7	-10

Leasing costs amount to SEK 6 million (6) during 2023.

5 Remuneration to auditors

SEK million	2023	2022
Ernst & Young AB		
Audit engagement	-2.0	-2.0
Audit services in addition to audit engagement	-0.3	-0.5
Tax advisory services	-0.1	-0.1
Other	-0.3	0
Total remuneration to auditors	-2.7	-2.6

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.

Other mainly refers to limited assurance review of Gränges' sustainability performance targets.

6 Payroll expenses

Salaries and remuneration totalled SEK -76.6 million (-73.0), and social charges were SEK -46.5 million (-41.7), whereof SEK -17.2 million (-14.1) refers to pension costs. Pension costs of SEK -2.4 million (-2.2) refers to the CEO. The company's outstanding pension obligations for the CEO are SEK 5.3 million (2.9) 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.

7 Financial income and costs

SEK million	2023	2022
Interest income from Group companies	340	249
External interest income	25	4
Net foreign exchange gain	-	5
Total financial income	365	258
Interest expense to Group companies	-17	-2
External interest expense	-301	-169
Interest expense, pensions	-1	-5
Net exchange loss	-1	-
Other financial expenses	-28	-25
Total financial costs	-347	-201
Total financial income and costs	18	57

8 Taxes

Tax expense for the year

SEK million	2023	2022
Profit before taxes	1,222	5
Current tax	-53	-1
Deferred tax	13	-11
Total tax	-40	-13
Tax as % of profit before taxes	-3.3	-248.0

Reconciliation of effective tax

SEK million	2023	%	2022	%
Profit before taxes	1,222	-	5	-
Tax at applicable tax rate	-252	-20.6	-1	-20.6
Non-deductible expenses	-1	-0.1	-6	-120.5
Non-taxable income	265	21.7	-	-
Adjustment of tax in respect of prior years	0	0.0	-4	-78.7
Foreign taxes	-53	-4.3	-1	-27.8
Total tax	-40	-3.3	-13	-248.0

Non-taxable income mainly refers to received dividend from subsidiaries.

Deferred tax

SEK million	2023	2022
Tax loss carry forwards	44	31
Pension obligations	4	3
Other items	1	1
Total deferred tax asset (+) / liability (-)	49	35

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 212 million (149) per December 31, 2023 and can be carried forward indefinitely.

9 Supplementary information to parent company cash flow statement

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

SEK million	2023	2022
Interest-bearing liabilities at January 1	4,640	2,569
Cash flow	-1,698	1,767
<i>Non-cash items</i>		
Translation difference	92	315
Change in accrual borrowing costs	6	-11
Interest-bearing liabilities at December 31	3,039	4,640

10 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	781	2,467
Gränges Powder Metallurgy SAS	-	Saint-Avold, France	100/100	80	-	80
Total shares in Group companies				2,986	781	3,767

11 Share capital

	2023	2022
Numbers of shares	106,308,618	106,308,618
SEK million	2023	2022
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 December 31, 2023. 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.

12 Pensions

SEK million	2023	2022
Pension obligations at January 1	34	28
Pension costs	4	2
Interest expense, pensions	1	5
Pension payments	-2	-1
Pension obligations at December 31	38	34

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.

13 Other provisions

SEK million	2023	2022
Non-current provisions		
Provisions for long-term incentive programme (LTI)	5	4
Other provisions	1	1
Total non-current provisions	6	4
Current provisions		
Provisions for long-term incentive programme (LTI)	10	8
Total current provisions	10	8

A provision for employee benefits is recognized in accordance with agreements entered for long-term incentive programmes and other personnel obligations.

14 Interest-bearing liabilities

As per December 31, 2023, the parent company's non-current interest-bearing liabilities consisted of term loans of USD 120 million (160) and SEK 400 million (400), and bonds issued under Gränges MTN programme (Medium Term Note). The current interest-bearing liabilities consisted of commercial papers of SEK 797 million (1,633). Gränges revolving credit facility of SEK 3,500 million was unutilized at December 31, 2023.

The loan facilities are subject to covenants, which are Net Debt/ EBITDA and Interest coverage ratio. The covenants were fulfilled at December 31, 2023.

SEK million	Carrying amount	
	2023	2022
<i>Non-current interest-bearing liabilities</i>		
Interest-bearing loans	1,591	2,065
Bonds in MTN programme	600	600
Interest-bearing derivatives	51	-
Total non-current interest-bearing liabilities	2,242	2,649
<i>Current interest-bearing liabilities</i>		
Bonds in MTN programme	-	300
Commercial papers	797	1,633
Interest-bearing derivatives	1	50
Total current interest-bearing liabilities	797	1,982
Total interest-bearing liabilities	3,039	4,631

15 Accrued expenses and deferred income

SEK million	2023	2022
Personnel-related liabilities	30	28
Other accrued expenses and deferred income	15	12
Total accrued expenses and deferred income	45	40

16 Pledged assets and contingent liabilities

Contingent liabilities

SEK million	2023	2022
Guarantee commitment PRI Pensionsgaranti	1	1
Contingent liabilities for subsidiaries	820	958
Total contingent liabilities	821	958

Pledged assets

For the credit facilities described in Note 31 of the Group, Gränges AB has entered 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.

17 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	2023	2022
Sales to related parties	137	133
Purchases from related parties	6	6
Interest income on receivables from related parties	406	249
Interest expenses on liabilities to related parties	7	2
Interest-bearing receivables from related parties	2,832	4,812
Interest-bearing liabilities to related parties	8	8
Non-interest-bearing receivables from related parties	550	354
Non-interest-bearing liabilities to related parties	101	55

18 Proposed appropriation of retained earnings

The Board of Directors proposes that the retained earnings of:

SEK	
Retained earnings	2,841,796,578
Profit for the year	1,182,049,596
Non-restricted equity	4,023,846,174
Be appropriated as follows:	
Dividend to shareholders of 3.00 SEK per share	318,925,854
Carried forward	3,704,920,320
Total	4,023,846,174

The proposed dividend of SEK 319 million, or SEK 3.00 per share, represents 32 percent of the Group's profit for 2023. 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 319 million, or SEK 3.00 per share, represents 32 percent of the Group's profit for 2023. 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, March 15, 2024
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

Gunilla Saltin
Member of the Board

Emma Hansen Lamprecht
Employee representative

Emelie Gunnstedt
Employee representative

We submitted our audit report on March 15, 2024
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 Tuesday, March 19, 2024.

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 73–85 for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 67–125 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 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS accounting standards), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 73–85. 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.

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 1–66 and 130–158. The report on management remuneration for the financial year 2023 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.

Valuation of finished goods and work-in-process products

Description

As described in Note 24 of the consolidated financial statements, inventories of finished goods and merchandise and work in progress products are recorded at 2 547 MSEK in the consolidated balance sheet per the 31st of December 2023, equivalent to 15 % of the Company's total assets. Inventories are valued at the lowest of acquisition cost and net realizable value.

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.

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.

How our audit addressed this key audit matter

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.

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.

Finally, we have also reviewed the disclosures provided in the annual report.

If we, based on the work performed concerning this information, 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 2023 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 2023.

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 (publ) 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 ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from 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 73–85 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's 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 14 June 2023 and has been the company's auditor since the 10 May 2007.

Stockholm 15 March 2024
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 2023 and covers all fully owned operations of the Gränges Group at the start of 2023. Refer to page 123 for a list of group companies. The facilities 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 70.

The sustainability information has been prepared in accordance with GRI Standards for the period January 1–December 31, 2023 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, together with data related to workplace safety, diversity and responsible sourcing. The rest of the report and its content have not been externally assured. Refer to page 151 for assurance report. GRI's guidance on the reporting principles has been used to define the content of the report.

Gränges joined the Science Based Targets initiative (SBTi) in 2022 and submitted and received approval of its new long-term climate goals in 2023. Historical emission data (2021–2022) in this report has been restated in accordance with Gränges' SBTi-approved GHG accounting methodology. Read more on page 134.

Gränges has published a sustainability report each year since 2015. This report is published on March 19 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. During 2023, Gränges SVP Sustainability presented the company's global sustainability performance twice to the Audit Committé and once to the Board of Directors.

The Group Sustainability function, 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.

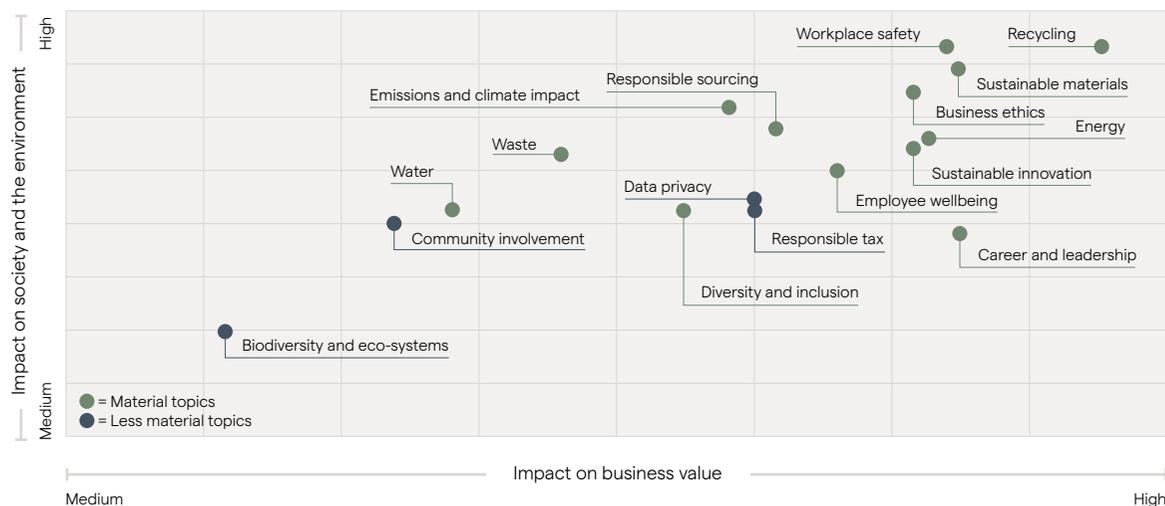
The SVP Sustainability also chairs two cross-regional teams within Sustainability and Source Green & Recycle (SG&R), in which all regional sustainability and SG&R leads are represented. The teams are responsible for leading Gränges' global sustainability and SG&R efforts, as well as developing global sustainability and SG&R plans. Ensuring best practice sharing across the organization is also a key objective for both of the teams.

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, the CFO and Deputy CEO as well as the regional Presidents.

Gränges' Materiality Analysis

In 2022, Gränges conducted a renewed materiality analysis in line with 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. During 2023, the materiality analysis was validated and quantified in line with the updated ESRS requirements on double materiality. This will be finalized during 2024.

Gränges' Materiality Matrix



Gränges' material topics and their boundaries

Sustainability pillar	Material topics	Corresponding GRI Standards topic	Impact occurs in/at Gränges'			
			Suppliers	Operations	Customers	Page
Sustainable supply and recycling	Emissions and climate impact (scope 3)	Emissions	x		x	36–40, 140
	Sustainable energy	Energy	x	x		42, 142
	Sustainable materials	Materials	x	x		42, 143
	Recycling	Materials	x	x	x	42, 143
	Responsible sourcing	Supplier Environmental assessment Supplier Social assessment	x			43-44, 147
Sustainable operations	Emissions and climate impact (scope 1+2)	Emissions		x		36–40, 140
	Energy intensity	Energy		x		46, 142
	Waste	Waste		x		46, 144
	Water	Water		x		46, 143
	Workplace safety	Occupational Health and Safety		x		47, 145
	Business ethics	Anti-corruption	x	x	x	51, 147
	Career and leadership	Training and education		x		49-50, 146
	Diversity and inclusion	Diversity and equal opportunity		x		49-50, 146
	Employee wellbeing	Occupational Health and Safety		x		49-50, 146
Sustainable customers and sectors	Emissions and climate impact (scope 3)	Emissions			x	36–40, 140
	Sustainable innovation	-		x	x	47–48, 144

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. 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.

As part of the 2023 materiality validation, Gränges has not conducted additional stakeholder dialogues. The company will conduct annual dialogues to ensure that stakeholder interests are taken into consideration, as part of an annual validation of material topics.

Stakeholder group	Dialogue forum	Key sustainability topics for stakeholders	Page
Customers	<ul style="list-style-type: none"> • Customer survey • Fairs, seminars • Ongoing dialogue • Questionnaires from customers • Stakeholder surveys and in-depth interviews 	<ul style="list-style-type: none"> • Business ethics • Sustainable materials • Responsible sourcing • Workplace safety 	51, 147 42, 143 43–44, 147 47, 145
Employees	<ul style="list-style-type: none"> • Annual performance reviews • Employee surveys every two years • Internal trainings • Intranet communication • Stakeholder surveys and in-depth interviews • Workplace meetings 	<ul style="list-style-type: none"> • Workplace safety • Employee wellbeing • Career and leadership • Business ethics • Recycling 	47, 145 49–50, 146 49–50, 146 51, 147 42, 143
Investors	<ul style="list-style-type: none"> • Annual General Meeting • Annual and quarterly reports • Capital markets days • Quarterly conference calls • Investor and analyst seminars and meetings • Press releases • Stakeholder surveys and in-depth interviews • Sustainability questionnaires from ESG data providers • Gränges' website 	<ul style="list-style-type: none"> • Responsible sourcing • Recycling • Sustainable materials • Workplace safety 	43–44, 147 42, 143 42, 143 47, 145
Society	<ul style="list-style-type: none"> • Collaboration with universities and schools • Interns and student dissertations • Local cooperation, ongoing dialogue • Participation in networks and working groups • Stakeholder surveys and in-depth interviews 	<ul style="list-style-type: none"> • Career and leadership • Workplace safety • Sustainable materials • Waste • Recycling 	44–45, 146 47, 145 42, 143 46, 144 42, 143
Suppliers	<ul style="list-style-type: none"> • Ongoing dialogue • Stakeholder surveys and in-depth interviews • Supplier assessments • Supplier Code of Conduct 	<ul style="list-style-type: none"> • Workplace safety • Business ethics • Responsible sourcing • Sustainable materials 	47, 145 51, 147 43–44, 147 42, 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 for all rolling and recycling production facilities: Finspång, Shanghai, Newport, Salisbury, Huntingdon and Konin. These certifications demonstrate that Gränges' offerings are responsibly and sustainably sourced and produced.



EcoVadis: For the third consecutive time, Gränges was awarded a Platinum rating from EcoVadis which places Gränges among the leading 1 percent of companies assessed globally in the industry "Manufacture of basic precious and other non-ferrous metals".

CDP: Gränges achieved an A- score in CDP's Climate change questionnaire, placing the company well above sector average of B-.



MSCI: Gränges received an AA rating in the MSCI ESG Ratings assessment 2022.¹⁾ MSCI ESG Research provides MSCI ESG Ratings External reporting and evaluation 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.

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Sustainalytics: Gränges achieved an overall risk rating of 211 (Medium) in Sustainalytics' ESG Risk Rating Report 2023.²⁾ This placed the company as the number 4 among 42 aluminium companies and number 6 among 228 metal companies.

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External initiatives and memberships

Gränges supports international standards on human rights, labor 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). Gränges participates in the following industry initiatives: Aluminium Association, Aluminium Stewardship Initiative, Big Science Sweden, China Non-Ferrous Metals Industry Association, Confederation of Swedish Enterprise, European Aluminium, European Aluminium Foil Association,

Polish Aluminium Association, Economic Chamber of Non-Ferrous Metals and Recycling in Poland. Global Aluminium Foil Roller Initiative, Non-Ferrous 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.

Sustainability-Linked Bond

On September 23, 2021 Gränges successfully issued a five-year SEK 600 million senior unsecured Sustainability-Linked Bond under the company's MTN program. The bond is due in 2026 and has a coupon of three months Stibor + 1.20 percent. 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 percent by 2025 compared to 2017.

SPT 2: Reduce carbon emissions intensity from sourced metal inputs (scope 3) by 30 percent by 2025 compared to 2017.

SPT 3: Increase the share of recycled aluminium to at least 30 percent of total sourced metal inputs by 2025.

Target	KPI	2023	2022	2021	2020
SPT 1	Total carbon emissions intensity from own operations and purchased energy (scope 1+2), tonnes CO ₂ e/tonne	0.66	0.82	0.88	0.83
SPT 2	Total carbon emissions intensity from sourced metal inputs (scope 3), tonnes CO ₂ e/tonne	7.8	8.1	8.5	9.6
SPT 3	Share of recycled aluminium of total sourced metal inputs, %	41.6	32.7	28.5	22.5

Total carbon emissions intensity from own operations and purchased energy (scope 1+2) amounted to 0.66 tonnes CO₂e/tonne in 2023. Gränges has now reduced carbon intensity (scope 1+2) by 31 percent compared to baseline 2017.¹⁾ Total carbon emissions intensity from sourced metal inputs (scope 3) amounted to 7.8 tonnes CO₂e/tonne in 2023. Gränges has now reduced carbon intensity (scope 3) by 26 percent compared to baseline 2017.²⁾

The share of sourced recycled aluminium increased by 8.9 percentage points and reached 41.6 percent (32.7) in 2023.

1) 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 2020 excludes Konin and Gränges Powder Metallurgy.

2) Historical emission data (2021-2022) in this report has been restated in accordance with Gränges' SBTi-approved GHG accounting methodology

Science-Based Target initiative

ktonnes CO ₂ e	Retrospective				Goals		
	2023	2022	Base year 2021	% change 2023 vs 2022	2030	2040	Annual change % (goal 2030/base year)
Scope 1 GHG emissions	222.1	215.4	220.9	+3			
Scope 2 GHG emissions							
Location-based	243.1	253.3	268.3	-4			
Market-based	87.7	181.5	213.8	-52			
Scope 1+2 GHG emissions							
Location-based	465.3	468.4	488.9	-1			
Market-based	309.8	396.9	434.6	-22	-42 %	-90 %	-9 %
Carbon emissions intensity scope 1+2 (tCO ₂ e/t)	0.66	0.82	0.88	-20			
Significant scope 3 GHG emissions							
Total	3,670	3,950	4,200	-7			
Purchased goods and services	3,560	3,820	4,070	-7			
Fuel and energy-related activities	50	80	80	-31			
Upstream and downstream transportation and distribution	60	60	60	+/-0			
Business travel	0.4	0.4	0.4	+/-0			
Carbon emissions intensity scope 3 (tCO ₂ e/t)	7.8	8.1	8.5	-4	-57 %	-97 %	-8 %
Scope 1+2+3 Total GHG emissions (market-based)	3,980	4,350	4,640	-8		Net-zero	

Gränges joined the Science Based Targets initiative (SBTi) in 2022 and submitted and received approval of its new long-term climate goals in 2023. This means that the goals are aligned with the latest climate science and consistent with the goals of the Paris Agreement. The approval from SBTi confirms Gränges' strong sustainability commitment and dedication to reducing the climate impact from its business and along the value chain.

In 2022, Gränges conducted a full GHG inventory to identify where the largest climate impact occurs from a value chain perspective. The goals cover approximately 91 percent of Gränges emissions including both emissions from own operations scope 1 and scope 2 (9 percent), and from indirect emissions in the value chain scope 3 (91 percent). Categories included in the scope 3 emission targets are purchased goods and services (metals and packaging materials), upstream and downstream transportation, business travel and fuel and energy-related activities. The largest share of emissions originates from sourcing of metals which stands for 96 percent of Gränges scope 3 emissions.

The base year for Gränges' climate goals approved by SBTi is 2021. Gränges will also continue to report on the development towards its original baseline of 2017 to showcase the company's full decarbonization journey.

With the SBTi approval Gränges has committed to the below SBTi goals.

Net-zero goal

- Reach net-zero GHG emissions across the value chain by 2040.

Long-term goals

- Reduce absolute scope 1 and 2 GHG emissions by 90 percent by 2040 from a 2021 base year.
- Reduce scope 3 GHG emissions from purchased goods and services, fuel- and energy related activities, upstream transportation and distribution, business travel, and downstream transportation and distribution by 97 percent per tonnes packed product within the same timeframe.

Near-term goals

- Reduce absolute scope 1 and 2 GHG emissions by 42 percent by 2030 from a 2021 base year.
- Reduce scope 3 GHG emissions from purchased goods and services, fuel- and energy related activities, upstream transportation and distribution, business travel, and downstream transportation and distribution by 57 percent per tonnes packed product within the same timeframe.

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 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)

Gränges first conducted an eligibility assessment in 2021 and identified "Manufacturing of secondary aluminum" as a relevant activity. In 2022, Gränges further analyzed the alignment of this activity to the technical screening criteria of environmental objectives "climate change mitigation" and "climate change adaptation," in line with the existing guidance. Amendments to add economic activities to the list of those substantially contributing to the objectives of climate change mitigation and adaptation, as well as listing initial activities for the four remaining environmental goals: Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, and Protection and restoration of biodiversity and marine resources, were adopted in June 2023. Following this additional guidance, Gränges conducted a review of the new delegated acts, but found that no updates to its analysis were relevant or necessary at this time.

As Gränges continues to invest in the battery segment, the company plans to continue to monitor the related Taxonomy activity "Manufacture of batteries" for eligibility 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 Multinational 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 Gränges' Code of Conduct, that stipulates the responsibilities of how to act and how to conduct business responsibly. Gränges believes 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.

Nuclear and fossil gas related activities

Nuclear energy related activities

1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	NO

Fossil gas related activities

4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Turnover

Financial Year 2023

Economic activities (1)	Code (2)	Year		Substantial contribution criteria						DNSH criteria (‘Do No Significant Harm’)								Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		Turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)						
	MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Manufacture of Aluminium	CCM 3.8	8,680	38.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	33.3%	-	T		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		8,680	38.5%	100%	-	-	-	-	-	Y	Y	Y	Y	-	Y	Y	33.3%				
Of which enabling		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%				
Of which transitional		8,680	38.5%	100%	-	-	-	-	-	Y	Y	Y	Y	-	Y	Y	33.3%		T		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																					
Turnover of Taxonomy-eligible activities (A.1+A.2)		8,680	38.5%	100%	-	-	-	-	-								33.3%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities (B)		13,839	61.5%																		
Total		22,518	100%																		

Proportion of turnover / Total turnover	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	100%	100%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

The code constitutes the abbreviation of the relevant objective:

CCM: Climate Change Mitigation, **CCA:** Climate Change Adaptation, **WTR:** Water, **CE:** Circular Economy, **PPC:** Pollution Prevention and Control, **BIO:** Biodiversity

Capital expenditures (CapEx)

Financial Year 2023	Year		Substantial contribution criteria							DNSH criteria (‘Do No Significant Harm’)							Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	Capex (5)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)			
Economic activities (1)	MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of Aluminium	CCM 3.8	576	45.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	38.4%	-	T
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		576	45.3%	100%	-	-	-	-	-	Y	Y	Y	Y	-	Y	Y	38.4%		
Of which enabling		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which transitional		576	45.3%	100%	-	-	-	-	-	Y	Y	Y	Y	-	Y	Y	38.4%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
Capex of Taxonomy-eligible activities (A.1+A.2)		576	45.3%	100%	-	-	-	-	-								38.4%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities (B)		695	54.7%																
Total		1,272	100%																

Proportion of Capex / Total Capex	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	100%	100%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

The code constitutes the abbreviation of the relevant objective:

CCM: Climate Change Mitigation, **CCA:** Climate Change Adaptation, **WTR:** Water, **CE:** Circular Economy, **PPC:** Pollution Prevention and Control, **BIO:** Biodiversity

Operational Expenditure (OpEx)

Financial Year 2023	Year		Substantial contribution criteria								DNSH criteria (‘Do No Significant Harm’)								Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	Opex (3)	Proportion of Opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)					
Economic activities (1)	MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Manufacture of Aluminium	CCM 3.8	359	45.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	33.8%	-	T		
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		359	45.2%	100%	-	-	-	-	-	Y	Y	Y	Y	-	Y	Y	33.8%				
Of which enabling		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%				
Of which transitional		359	45.2%	100%	-	-	-	-	-	Y	Y	Y	Y	-	Y	Y	33.8%		T		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																					
Opex of Taxonomy-eligible activities (A.1+A.2)		359	45.2%	100%	-	-	-	-	-								33.8%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Capex of Taxonomy-non-eligible activities (B)		436	54.8%																		
Total		795	100%																		

Proportion of OpEx /Total OpEx	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	100%	100%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

The code constitutes the abbreviation of the relevant objective:

CCM: Climate Change Mitigation, **CCA:** Climate Change Adaptation, **WTR:** Water, **CE:** Circular Economy, **PPC:** Pollution Prevention and Control, **BIO:** Biodiversity

Sustainability performance summary

	2023	2022	2021	2017	Goal 2025	Goal 2030	Note
Sustainable supply and recycling							
Recycled aluminium of total sourced metal inputs, %	41.6	32.7	28.5	11.5	≥30		5
Volumes of recycled aluminium, ktonnes	210	169	150	47	-	500	5
Renewable energy, %	22	16	15	9	≥20		2
Carbon emissions intensity from purchased materials (scope 3), % reduction vs 2017 ¹⁾	-26	-23	-20	-	≥-30		1
Carbon emissions intensity from purchased materials (scope 3), % reduction vs 2021 ²⁾	-8	-4	-	-	-	-57	1
Significant suppliers ³⁾ , number	272	278	240	116	-		13
Significant suppliers committed to Gränges' Supplier Code of Conduct or equivalent standard, % of purchase value	100	97	98	-	100		13
Significant suppliers with a third-party verified sustainability assessment, number	42	45	33	-	-		13
On-site supplier audits, number	18	16	24	-	-		13
ASI Performance Standard/Chain of Custody certification, number of sites	6/6	5/5	2/2	0/0	All		-
Sustainable operations							
<i>Resource efficiency</i>							
Total energy use, GWh	1,681	1,658	1,703	1,237	-		3
Energy intensity, % reduction vs 2017 ¹⁾	7	3	5	-	-17		3
Carbon emissions intensity from own operations and purchased energy (scope 1+2), % reduction vs 2017 ¹⁾	-31	-14	-8	-	≥-25		1
Carbon emissions intensity from own operations and purchased energy (scope 1+2), % reduction vs 2021 ²⁾	-26	-7	-	-	-	-42	
Water withdrawal, thousand m ³	3,998	4,092	4,176	3,346	-		4
Local water management plans, number of sites	3	3	3	0	All		4
Total amount of waste, ktonnes	33.5	30.6	-	-	-		7

	2023	2022	2021	2017	Goal 2025	Goal 2030	Note
<i>Workplace safety</i>							
Recordable workplace accidents, number	44	43	35	28	-		9
Lost workday cases, number	17	19	22	14	-		9
Fatalities, number	0	1	0	0	-		9
Total Recordable Rate, number of recordable accidents per million hours worked	8.0	8.0	6.5	7.8	≤3.0		9
Severity Rate, number of lost workdays per million hours worked	138	56	139	112	≤50		9
<i>Sustainable workforce</i>							
Employees on average ⁴⁾ , number	2,774	2,694	2,648	1,568	-		-
Employees at year end ⁵⁾ , number	2,808	2,729	2,712	1,637	-		8
Employees receiving annual performance and development discussion, %	100	73	67	-	100		10
Women in Board of Directors/ Group Management ⁶⁾ , %	29/17	29/17	43/20	50/13	-		11
Women among senior management ^{4) 6)} , %	25	29	29	-	≥30		11
Women in total workforce ⁶⁾ , %	14	14	13	14	-		11
Employee engagement index, 0-100	-	77	-	-	≥85		12
Sick-leave ⁴⁾ , %	3.1	3.5	3.7	2.0	-		12
Employee turnover ⁴⁾ , %	14.0	17.7	18.7	7.4	-		12
Employees covered by collective bargaining agreements, %	75	76	78	70	-		-
<i>Business ethics</i>							
Employees trained in Gränges' Code of Conduct, %	100	100	100	-	100		14
Employees trained in anti-corruption, % white collar	100	100	100	-	100		14
Incidents related to corruption, number	0	0	0	0	-		14
Sustainable customers and sectors							
Products with third-party verified sustainability information available, %	100	79	35	-	100		13

Note: 2017 exclude the facility in Konin and Gränges Powder Metallurgy except for in carbon emission calculations.

1) Versus baseline 2017, recalculated to include the Konin facility.

2) Versus baseline 2021, which is Gränges' baseyear for climate goals validated by the SBTi.

3) 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.

4) Expressed as full-time positions.

5) Expressed as headcount on December 31.

6) Employee members of Gränges Global Leadership team.

1 Emissions and climate impact

Total emissions of greenhouse gases	Scope 1			Scope 2			Scope 1+2			Scope 3			Scope 1+2+3		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
ktonnes CO₂e															
Gränges Eurasia	75.9	72.1	71.9	26.3	120.8	158.8	102.2	193.0	230.7	2,880	2,720	2,780	2,980	2,920	3,010
Finspång	11.9	11.9	11.9	0.5	0.4	0.5	12.4	12.3	12.3	460	460	410	470	480	420
Konin	36.8	34.4	33.3	25.7	75.2	107.5	62.5	109.7	140.7	420	420	430	480	530	570
Shanghai	27.2	25.8	26.9	0.0	45.2	50.8	27.2	71.0	77.7	2,000	1,840	1,940	2,030	1,910	2,020
Gränges Americas	145.1	143.3	148.9	61.4	60.7	55.0	206.5	204.0	203.9	790	1,230	1,430	1,000	1,430	1,630
Gränges total	222.1	215.4	220.9	87.7	181.5	213.8	309.8	396.9	434.6	3,670	3,950	4,200	3,980	4,350	4,640

Carbon emissions intensity	Scope 1			Scope 2			Scope 1+2			Scope 3			Scope 1+2+3		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Tonnes CO₂e/tonne															
Gränges Eurasia	0.28	0.28	0.27	0.10	0.46	0.60	0.38	0.74	0.86	10.6	10.4	10.4	11.0	11.2	11.3
Finspång	0.14	0.14	0.14	0.01	0.00	0.01	0.14	0.15	0.15	5.2	5.5	4.9	5.3	5.6	5.0
Konin	0.46	0.40	0.36	0.32	0.87	1.15	0.78	1.27	1.51	5.2	4.9	4.6	6.0	6.2	6.1
Shanghai	0.26	0.29	0.30	0.00	0.50	0.57	0.26	0.79	0.86	19.4	20.5	21.6	19.7	21.3	22.4
Gränges Americas	0.72	0.64	0.65	0.31	0.27	0.24	1.03	0.90	0.90	3.9	5.5	6.3	5.0	6.4	7.2
Gränges total	0.47	0.44	0.45	0.19	0.37	0.43	0.66	0.82	0.88	7.8	8.1	8.5	8.4	8.9	9.4
Development vs baseline 2017, %	11	5	6	-65	-29	-19	-31	-14	-8	-26	-23	-20	-26	-22	-19

Note: Development versus baseline 2017, recalculated to include the facility in Konin. Historical emission data (2021 – 2022) in this report has been restated in accordance with Gränges' SBTi-approved GHG accounting methodology.

Emissions by category scope 3

ktonnes CO ₂ e	2023	2022	2021
Purchased goods and services	3,560	3,820	4,070
Fuel and energy related activities	50	80	80
Transportation incl. business travel	60	60	60
Gränges total	3,670	3,950	4,200

Other emissions to air

Tonnes	Nitrogen oxides (NO _x)			Sulphur dioxide (SO ₂)			Particulate matter (PM)		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Gränges Eurasia	46.0	43.6	46.2	5.9	5.3	5.5	5.6	4.1	4.5
Finspång	10.6	11.1	11.6	0.1	0.1	0.1	0.2	0.1	0.2
Konin	9.9	8.7	8.8	3.1	2.7	2.8	2.2	1.1	1.1
Shanghai	25.5	23.9	25.3	2.7	2.6	2.7	3.2	2.9	3.3
Gränges Americas	108.6	108.4	112.9	0.7	0.7	0.7	8.4	8.4	8.7
Gränges total	154.6	152.1	159.0	6.5	6.0	6.2	14.0	12.5	13.3

Comment: In 2023, total carbon emissions intensity (scope 1+2+3) decreased by 5 percent to 8.4 tonnes CO₂e/tonne (8.9). The absolute emissions were reduced by 8 percent to 3,980 ktonnes (4,350), equal to 4,137 ktonnes CO₂e using a location-based approach.

Carbon emissions intensity from own operations and purchased energy (scope 1+2) was 0.66 tonnes CO₂e/tonne (0.82), reduced by 20 percent versus 2022. The results were mainly driven by higher supply of renewable electricity in the facility in Konin and Shanghai. The facility in Shanghai sourced 100 percent renewable electricity in 2023. Carbon emissions intensity from purchased materials (scope 3) decreased by 4 percent to 7.8 tonnes CO₂e/tonne (8.1). The reduction was driven by increased use of recycling aluminium replacing primary aluminium across all regions. Gränges Eurasia also increased the sourcing of low-carbon primary aluminium in 2023 which had a positive effect on scope 3 emissions.

Emissions of particulate matter, nitrogen oxides, and sulphur dioxide increased compared to 2022, mainly due to increased usage of natural gas in the facilities in Shanghai and Konin.

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.

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, company owned vehicles, and refrigerants. 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 metals, packaging materials, fuel and energy related activities (not included in scope 1 or scope 2), upstream and downstream goods transportation, packaging materials as well as business travel. Fuel and energy related activities include production of fuels used in Gränges' operations and in generation of purchased energy. Emissions from producing primary aluminium, purchased slabs, and recycled aluminium are based on regional industry averages, country specific factors 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 CO₂e) 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.

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' Global Environmental 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. Emissions are monitored and managed as part of daily operations. Compliance is a prerequisite for Gränges' continued license to operate.

2025 goal: Gränges' goal is that carbon emissions intensity from own operations and purchased energy (scope 1+2) is reduced by at least 25 percent versus baseline 2017 and carbon emissions intensity from purchased materials (scope 3) is reduced by at least 30 percent versus baseline 2017.

2030 goal: Gränges' goal is to reduce absolute carbon emissions from own operations and purchased energy (scope 1+2) by 42 percent and to reduce the carbon emissions intensity from purchased materials (scope 3) by 57 percent compared to base year 2021 in line with Gränges' SBTi approved goals. This corresponds to reaching a carbon emission intensity from scope 1+2 of 0.4 tonnes CO₂e/tonne and carbon emission intensity from scope 3 at least 3.6 tonnes CO₂e/tonne compared to 2017 calculated with an assumed production volume for 2030.

2040 goal: Gränges goal is to reach net-zero emissions by 2040.

2 Sustainable energy

Share of renewable energy

%	2023	2022	2021
Gränges Eurasia	48	34	29
Finspång	74	74	74
Konin	38	23	13
Shanghai	39	12	12
Gränges Americas	3	3	3
Gränges total	22	16	15

Comment: In 2023, the share of renewable energy increased by 5.9 percentage points and reached 22 percent (16). The results were mainly driven by higher supply of renewable electricity in the facilities in Konin and Shanghai. Gränges' facility in Shanghai sourced 100 percent renewable electricity in 2023. The facility in Finspång sources specified electricity from 100 percent hydro power since 2020 and the facility in Konin sourced 75 percent renewable electricity from hydro power through guarantees of origin in 2023.

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.

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' Global Environmental Policy, which is reviewed annually and applies to all employees working at Gränges.

2025 goal: Gränges' goal is that the share of renewable energy (electricity, heat, steam, fuels) is at least 20 percent.

3 Energy intensity

Total energy use

GWh	2023	2022	2021
Natural gas	1,018.9	989.2	1,016.8
Electricity	574.6	577.8	595.1
Liquefied petroleum gas	51.9	52.3	51.7
Steam	13.6	16.6	16.4
Diesel	11.7	11.8	12.2
District heating	10.3	10.0	10.5
Petrol	0.1	0.1	0.1
Gränges total	1,681.3	1,657.8	1,702.9

Energy intensity

MWh/tonne	2023	2022	2021
Gränges Eurasia	2.7	2.8	2.8
Finspång	2.3	2.3	2.4
Konin	3.8	3.7	3.5
Shanghai	2.1	2.3	2.4
Gränges Americas	4.7	4.2	4.2
Gränges total	3.5	3.4	3.4
Development vs baseline 2017, %	7	3	5

Note: Development versus baseline 2017, recalculated to include the Konin facility.

Comment: In 2023, total energy use increased by 1 percent to 1,681.3 GWh (1,657.8). The energy intensity increased by 4 percent to 3.5 MWh/tonne (3.4) and the development is negative towards reaching Gränges' 2025 goal. The increase is driven by increased use of energy consumption as a result of using more recycled aluminium in production.

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.

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' Global Environmental Policy, which is reviewed annually and applies to all employees working at Gränges. The production sites in Finspång, Newport, Salisbury, Shanghai, and Saint-Avoid are certified in accordance with the energy management standard ISO 50001, while the Huntingdon and Konin sites are preparing for certification.

2025 goal: Gränges' goal is that energy intensity is reduced by 17 percent versus baseline 2017.

4 Water

Water withdrawal, by source

Thousand m ³	2023		2022		2021	
	All areas	Areas with water stress	All areas	Areas with water stress	All areas	Areas with water stress
Surface water (total)	2,751	0	2,879	0	2,783	0
Groundwater (total)	823	154	704	153	749	118
Third-party water (total)	423	354	509	399	640	459
– of which surface water	393	354	440	399	478	459
– of which ground water	30	0	69	0	162	0
Gränges total	3,998	508	4,092	552	4,176	577

Water withdrawal by region

Thousand m ³	2023	2022	2021
Gränges Eurasia	3,275	3,449	3,382
Finspång	2,765	2,894	2,798
Konin	283	371	413
Shanghai	226	181	164
Gränges Americas	723	643	793
Gränges total	3,998	4,092	4,176

Note: All water withdrawal is categorized as freshwater (1,000 mg/L Total Dissolved Solids).

Comment: In 2023, total water withdrawal decreased by 2 percent to 3,998 m³ (4,092). Water intensity ended at 8.5 m³/tonne (8.4). The slight increase was mainly driven by increased consumption for cooling purposes in Gränges Americas and a decrease in total packed products. No water sources are significantly affected by the water withdrawal or discharge from Gränges. At the end of 2023, 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 and Huntingdon in medium-to-high risk, and Salisbury, 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.

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 (m³).

Water intensity

m ³ /tonnes	2023	2022	2021
Gränges Eurasia	12.1	13.2	12.6
Finspång	31.5	34.2	33.5
Konin	3.5	4.3	6.6
Shanghai	2.2	2.0	1.8
Gränges Americas	3.6	2.9	3.5
Gränges total	8.5	8.4	8.5

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 percent) or extremely high (> 80 percent) in the area.

Water intensity is defined as total water withdrawal (m³) 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' Global Environmental Policy, which is reviewed annually and applies to all employees working at Gränges.

2025 goal: Gränges' goal is that all sites have implemented a local water management plan.

5 Sustainable materials

Volume of sourced metal inputs

ktonnes	2023	2022	2021
Primary aluminium	283.0	333.7	363.9
Recycled aluminium	209.9	168.9	150.4
Alloys	11.6	14.6	14.3
Gränges total	504.5	517.2	528.7

Volume of sourced recycled aluminium

ktonnes	2023	2022	2021
Gränges Eurasia	77.3	57.9	58.7
Finspång	14.7	10.3	10.2
Konin	46.6	37.5	43.9
Shanghai	16.0	10.1	4.7
Gränges Americas	132.6	111.1	91.7
Gränges total	209.9	168.9	150.4

Share of sourced recycled aluminium

Recycled aluminium of total sourced metal inputs, %	2023	2022	2021
Gränges Eurasia	26.2	20.2	20.0
Finspång	16.2	11.7	11.3
Konin	54.4	39.7	43.0
Shanghai	13.6	9.7	4.7
Gränges Americas	63.2	48.3	39.0
Gränges total	41.6	32.7	28.5

Comment: In 2023, the share of sourced recycled aluminium reached a record-high 41.6 percent (32.7), up by 8.9 percentage points. The increase was driven by strong recycling performance in all regions as a result of increased capabilities to use recycled aluminium in production, expanded sourcing and completion of the 806 recycling and casting centre in Gränges Americas making it possible to cast 100 percent recycled aluminium instead of using primary aluminium. In 2023, 14 percent (10) 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, Konin and Finspång purchased low-carbon primary aluminium during the year.

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.

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 CO₂ certificates.

Policies: The governing policy is Gränges' Global Environmental Policy, which is reviewed annually and applies to all employees working at Gränges.

2025 goal: Gränges' goal is that at least 30 percent of total sourced metal inputs is recycled aluminium.

2030 goal: Gränges' goal is to tenfold the recycled volumes by 2030 versus 2017, reaching 500 ktonnes.

6 Sustainable innovation

Products with third-party verified sustainability information

%	2023	2022	2021
Gränges Eurasia	100	67	65
Finspång	100	100	100
Konin	100	0	0
Shanghai	100	100	100
Gränges Americas	100	94	0
Gränges total	100	79	35

Comment: In 2023, Gränges site in Konin and Newport developed and implemented a life-cycle and carbon footprint assessment 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, Shanghai, Huntington, and Salisbury. This means that in 2023, 100 percent of the company's products had verified sustainability information available compared to 79 percent in 2022.

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.

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 goal: Gränges' goal is that 100 percent of its products have third-party verified sustainability information available.

7 Waste

Waste, by hazardous and non-hazardous waste

ktonnes	2023	2022	2021
Hazardous waste	4.9	5.0	-
Non-hazardous waste	28.6	25.6	-
Gränges total	33.5	30.6	-

Comment: In 2023, total waste amounted to 33.5 ktonnes of which 15 percent was hazardous waste and 85 percent 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 2023, 78 percent of all waste was recycled and 4 percent 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 second year that Gränges reports waste data, hence numbers for 2021 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 Environmental Protection Law of the People's Republic of China (2014 Revision) and Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, 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 Gränges' Global Environmental Policy, which is reviewed annually and applies to all employees working at Gränges.

2025 goal: No group-wide goal available.

8 Total employees

Total number of employees by category

Number of employees	2023	2022	2021
Blue-collar	2,029	1,999	2,004
White-collar	779	730	708
Gränges total	2,808	2,729	2,712
Contracted workers	134	120	108

Employment contract and type, by gender and region

Number of employees	Region		Gender	
	Gränges Eurasia	Gränges Americas	Women	Men
Permanent contract	1,768	880	365	2,283
Temporary contract	160	0	19	141
Gränges total	1,928	880	384	2,424

Number of employees	Women	Men
Full-time	379	2,421
Part-time	5	3
Gränges total	384	2,424

Comment: In 2023, the total number of employees increased slightly to 2,808 (2,729). The increase was mainly driven by increased headcount in Gränges Americas and the facility in Shanghai as a result of expansion projects. The total number of contracted workers was 134 (120). 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. 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 goal available.

9 Workplace safety

Recordable accidents

Number of recordable accidents	2023	2022	2021
Gränges Eurasia	20	20	22
Finspång	9	11	12
Konin	9	6	7
Shanghai	2	3	3
Gränges Americas	24	20	13
Gränges total	44	43	35

Total Recordable Rate (TRR)

Number of recordable accidents per million hours worked	2023	2022	2021
Gränges Eurasia	5.6	5.7	6.2
Finspång	10.5	13.0	13.7
Konin	7.4	4.8	5.5
Shanghai	1.3	2.2	2.1
Gränges Americas	12.8	10.7	7.3
Gränges total	8.0	8.0	6.5

Lost Workdays

Number of lost workdays	2023	2022	2021
Gränges Eurasia	696	282	639
Finspång	205	38	92
Konin	423	153	334
Shanghai	68	64	213
Gränges Americas	65	18	107
Gränges total	761	300	746

Severity Rate

Number of lost workdays per million hours worked	2023	2022	2021
Gränges Eurasia	194	73	179
Finspång	239	45	105
Konin	348	122	261
Shanghai	45	46	151
Gränges Americas	35	10	60
Gränges total	138	56	139

Comment: In 2023, Total Recordable Rate (TRR) remained at 8.0 (8.0). During the year, there was an increase in lost workdays in all regions, driven mainly by single long-term injury cases in the facilities in Gränges Americas, Finspång and Konin. This resulted in an increase in Severity Rate by to 138 (56). Total worked hours were 5.5 million (5.4). The primary types of injuries 2023 were hand and finger injuries (bruises, lacerations, fractures) and sprains. The primary causes of these injuries were slips and falls on the same level and contact with equipment. Work-related hazards that pose a risk of serious injury include areas in which pedestrians move close to mobile equipment such as trucks, when working near molten metal, and at high altitudes. During the year, there was a continued focus on safety across all regions and activities were completed to reduce the risk of serious injuries, such as safety weeks and establishment of SME teams.

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 January 1–December 31. Data for employees covered by OHS management systems and internal safety assessments is based on headcount on December 31.

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' Occupational Health and Safety 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 99 percent of Gränges' total employees in 2023, 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. The sites in Shanghai and Konin have OHS systems that are certified in accordance with ISO 45001, covering 49 percent of all Gränges' employees. The sites in Gränges Americas and Finspång 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. During 2023, Gränges production facilities in Huntington and Shanghai had cross assessments completed covering 37 percent of total employees.

Safety committees: Gränges has employee safety committees at all plants which consult on the working environment and work towards reducing risk and improving overall safety. Issues addressed include identifying and evaluating safety and occupational health 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 three 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 goal: Gränges' goal is that Total Recordable Rate (TRR) is ≤ 3.0 recordable accidents per million hours worked and that Severity Rate is ≤ 50 lost workdays per million hours worked.

10 Career and leadership

Performance and development discussion

%	2023	2022	2021
Gränges Eurasia	100	60	52
Finspång	100	100	100
Konin	100	15	0
Shanghai	100	100	100
Gränges Americas	100	100	100
Gränges total	100	73	67

Total training hours

Average hours of training	2023	2022	2021
Women	15.0	7.2	6.7
Men	10.3	9.7	5.4
White-collar	26.6	11.2	6.6
Blue-collar	5.1	8.6	5.1
Gränges total	11.0	9.3	5.5

Comment: In 2023, 100 percent (73) of Gränges' employees received a performance and development discussion. The increase was driven by Konin's implementation of performance reviews for blue-collar employees during 2023. During the year, the average training hours increased to 11.0 hours per employee (9.3) driven by an increased investment in training after last years' restricted training opportunities due to covid restrictions.

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. 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 goal: Gränges' goal is that 100 percent of all employees annually have a performance and development discussion.

11 Diversity and inclusion

Gender balance by region

Share of women in total workforce, %	2023	2022	2021
Gränges Eurasia	14	14	13
Finspång	21	22	20
Konin	10	10	9
Shanghai	11	11	11
Gränges Americas	14	14	13
Gränges total	14	14	13

Gender balance and age structure

%	Women	Men	<30 years	30-50 years	>50 years
Board of Directors	38	62	-	-	100
Group Management	17	83	-	67	33
Senior Management	25	75	3	58	39
White-collar	29	71	8	64	27
Blue-collar	8	92	19	53	28
Gränges total	14	86	16	56	27

Comment: In 2023, the share of women in Gränges' total workforce was 14 percent (14) and among senior management 25 percent (29). Gränges sees clear challenges to improve the gender balance including high turnover rates 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. Gränges works to improve the gender balance both in the total workforce and among senior management. Finspång performs annual gender-related disparity pay analysis and in 2023 it was confirmed that a few non-objective gaps were identified which were instantly corrected.

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. Data is based on headcount on December 31.

Senior management is defined as members included in Gränges' Global Leadership team.

Policies: The governing policy is Gränges' Code of Conduct, which is reviewed annually and applies to all employees working at Gränges.

2025 goal: Gränges' goal is that at least 30 percent of senior management are women.

12 Employee wellbeing

%	2023	2022	2021
Sick leave	3.1	3.5	3.7
Employee turnover	14.0	17.7	18.7
Employee engagement index	-	77	-

Comment: In 2023, the total sick-leave was 3.1 percent (3.5) and the total employee turnover was 14.0 percent (17.7). Gränges Americas' and Konin's 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 a monthly incentive program to hourly employees and extensive training provided to employees. By gender, employee turnover was 13.3 percent among men and 18.0 percent among women and by employee category 13.8 percent among blue-collar employees and 8.0 percent among white-collar employees. An Employee engagement survey was conducted in 2022 with a result of 77. In 2024, a new survey will be conducted.

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. 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 reviewed annually and applicable for all employees and board members in entities owned by Gränges.

2025 goal: Gränges' goal is that Employee engagement index should reach at least 85.

13 Responsible sourcing

Significant suppliers

Significant suppliers, number	2023	2022	2021
Gränges Eurasia	208	190	143
Finspång	50	41	42
Konin	104	101	67
Shanghai	41	34	21
Gränges Americas	64	88	97
Gränges total	272	278	240

Supplier Code of Conduct commitments

Significant suppliers committed to Gränges' Supplier Code of Conduct or equivalent standard, % purchase value	2023	2022	2021
Gränges Eurasia	100	100	97
Finspång	100	100	100
Konin	100	100	97
Shanghai	100	100	97
Gränges Americas	100	93	99
Gränges total	100	97	98

Supplier audits

Audits conducted among significant suppliers, number	2023	2022	2021
Gränges Eurasia	18	15	23
Finspång	2	6	5
Konin	6	0	7
Shanghai	10	9	11
Gränges Americas	0	1	1
Gränges total	18	16	24

Comment: In 2023, 264 suppliers (264), corresponding to 100 percent of the total purchase value from significant suppliers (97), 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 2023, 42 of Gränges' significant suppliers had a third-party verified desktop sustainability assessment available. Gränges also conducted 18 on-site supplier audits (16), of which no supplier was new. Supplier audits are conducted periodically depending on suppliers' strategic importance and results from supplier performance assessments. In total, 41 new significant suppliers (17) were added to the supplier base during the year and will be included in the annual responsible sourcing process from 2024.

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.

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 2023.

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 goal: Gränges' goal is that 100 percent of significant suppliers are committed to Gränges' Supplier Code of Conduct or equivalent standard.

14 Business ethics

Code of Conduct training

Share of employees trained in the Code of Conduct, %	2023	2022	2021
Gränges Eurasia	100	99	100
Finspång	99	97	100
Konin	100	100	99
Shanghai	100	100	100
Gränges Americas	100	100	100
Gränges total	100	100	100

Anti-corruption training

Share of white-collar employees trained in anti-corruption %	2023	2022	2021
Gränges Eurasia	100	100	100
Finspång	100	100	100
Konin	100	100	100
Shanghai	100	100	100
Gränges Americas	100	100	100
Gränges total	100	100	100

Incidents of corruption

Total number	2023	2022	2021
Incidents of corruption	0	0	0
Incidents of terminated business contracts due to corruption	0	0	0

Comment: In 2023, Gränges continued to conduct its annual groupwide 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 conducted classroom trainings. Total training participation ended at 100 percent (100). Gränges also conducted the annual anti-corruption e-learning training which 100 percent (100) of all white-collar employees conducted. No confirmed corruption incidents were detected during 2023.

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. 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 reviewed 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 goal: Gränges' goal is that 100 percent of all employees are annually trained in the Code of Conduct, and that 100 percent of all white-collar employees are annually trained in anti-corruption.

GRI content index

General disclosures

GRI Standard	Disclosure number	Disclosure title	Sustainable development goals	UNCG principles	Page reference	Omissions
GRI 1: Foundation 2021						
GRI 2 General disclosures 2021						
The organization and its reporting practices						
	2-1	Organizational details			7–9, 91	
	2-2	Entities included in the organization’s sustainability reporting			130	
	2-3	Reporting period, frequency and contact point			130	
	2-4	Restatements of information			130, 134	
	2-5	External assurance			130, 151	
Activities and workers						
	2-6	Activities, value chain and other business relationships			7–10, 28–32, 41	
	2-7	Employees			49–50, 144	
	2-8	Workers who are not employees			144	
Governance						
	2-9	Governance structure and composition			74–84, 130	
	2-10	Nomination and selection of the highest governance body			76	
	2-11	Chair of the highest governance body			77, 82	
	2-12	Role of the highest governance body in overseeing the management impacts			76–77, 79	
	2-13	Delegation of responsibility for managing impacts			79	
	2-14	Role of the highest governance body in sustainability reporting			79	
	2-15	Conflicts of interest			51	
	2-16	Communication of critical concerns			51	
	2-17	Collective knowledge of the highest governance body			82–83	
	2-18	Evaluation of the performance of the highest governance body			76	
	2-19	Remuneration policies			70–72, 77–78, 97	
	2-20	Process to determine remuneration			77	
	2-21	Annual total compensation ratio			97–98	
Strategy, policies and practices						

GRI Standard	Disclosure number	Disclosure title	Sustainable development goals	UNCG principles	Page reference	Omissions
	2-22	Statement on sustainable development strategy			4-5	
	2-23	Policy commitments			43-44, 51, 53	www.granges.com/sustainability/strategy-and-governance/policies/
	2-24	Embedding policy commitments			43-44, 51, 130	
	2-25	Processes to remediate negative impacts			43-44, 51	
	2-26	Mechanisms for seeking advice and raising concerns			51, 132, 147	
	2-27	Compliance with laws and regulations			51	
	2-28	Membership associations			133	
Stakeholder engagement						
	2-29	Approach to stakeholder engagement			132	
	2-30	Collective bargaining agreements		3	138	
Material topics						
GRI 3: Material topics 2021	3-1	Process to determine material topics			131-132	
	3-2	List of material topics			131	
Anticorruption			16	10		
GRI 3	3-3	Management of material topics			51, 147	
GRI 205	205-2	Communication and training about anti-corruption policies and procedures			51, 147	
	205-3	Confirmed incidents of corruption and actions taken			51, 147	
Materials			8, 12	7, 8, 9		
GRI 3	3-3	Management of material topics			42, 143	
GRI 301	301-1	Materials used by weight or volume			42, 143	
	301-2	Recycled input materials used			42, 143	
Energy			7, 13	7, 8, 9		
GRI 3	3-3	Management of material topics			42, 45-46, 142	
	302-1	Energy consumption within the organization			42, 45-46, 142	
GRI 302	302-3	Energy intensity			46, 142	
	302-4	Reduction of energy consumption			46, 142	
Water			6	7, 8		
GRI 3	3-3	Management of material topics			46, 143	
	303-1	Interactions with water as a shared resource			46, 143	
GRI 303	303-2	Management of water discharge-related impacts			46, 143	
	303-3	Water withdrawal			46, 143	
Emissions			13	7, 8, 9		
GRI 3	3-3	Management of material topics			36-40, 134, 140-141	

GRI Standard	Disclosure number	Disclosure title	Sustainable development goals	UNCG principles	Page reference	Omissions
GRI 305	305-1	Direct (scope 1) GHG emissions			36–40, 134, 140–141	
	305-2	Energy indirect (scope 2) GHG emissions			36–40, 134, 140–141	
	305-3	Other indirect (scope 3) GHG emissions			36–40, 134, 140–141	
	305-4	GHG emissions intensity			40, 140–141	
	305-5	GHG emissions reductions			134, 140–141	
	305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions			140–141	
Waste			8, 12			
GRI 3	3-3	Management of material topics			41, 46, 144	
GRI 306	306-1	Waste generation and significant waste-related impacts			46, 144	
	306-2	Management of significant waste-related impacts			46, 144	
	306-3	Waste generated			46, 144	
Supplier environmental assessment			6, 8, 10, 12, 13, 17			
GRI 3	3-3	Management of material topics			42–44, 147	
GRI 308	308-1	New suppliers that were screened using environmental criteria			42–44, 147	
Occupational health and safety			3, 8			
GRI 3	3-3	Management of material topics			47, 145	
GRI 403	403-1	Occupational health and safety management system			47, 145	
GRI 403	403-2	Hazard identification, risk assessment, incident investigation			47, 145	
GRI 403	403-3	Occupational health services			47, 145	
GRI 403	403-4	Worker participation, consultation, and communication on occupational health and safety			47, 145	
GRI 403	403-5	Worker training on occupational health and safety			47, 145	
GRI 403	403-6	Promotion of worker health			47, 145	
GRI 403	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			47, 145	
GRI 403	403-8	Workers covered by an occupational health and safety management system			47, 145	
GRI 403	403-9	Work-related injuries			47, 145	
Training and education						
GRI 3	3-3	Management of material topics			49–51, 146	
GRI 404	404-1	Average hours of training per year per employee			49–51, 146	
GRI 404	404-3	Percentage of employees receiving regular performance and career development reviews			49–51, 146	
Diversity and equal opportunity			5, 8, 10	1, 2, 6		
GRI 3	3-3	Management of material topics			49–50, 146	
GRI 405	405-1	Diversity of governance bodies and employees			49–50, 146	
Supplier social assessment			6, 8, 10, 12, 13, 17	1, 2, 3, 4, 5, 6		
GRI 3	3-3	Management of material topics			42–44, 147	
GRI 414	414-1	New suppliers that were screened using social criteria			42–44, 147	

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

The Board of Directors is responsible for that the statutory sustainability report FY 2023, as defined in the Board of Directors report on page 70, has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's report on the statutory sustainability report*. This means that my (our) examination of the statutory sustainability report 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 me (us) with sufficient basis for our opinions.

Opinions

A statutory sustainability report has been prepared.

Stockholm 15th of March 2024

Ernst & Young AB

Andreas Troberg

Authorized Public Accountant

Auditor's Limited Assurance Report on Gränges AB's sustainability performance targets 2023

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 in Gränges' sustainability report for the year 2023:

- GRI 301-1 Materials used by weight or volume (p. 143)
- GRI 301-2 Recycled input materials used (p. 143)
- GRI 305-1 Direct (scope 1) GHG emissions (p. 140)
- GRI 305-2 Energy indirect (scope 2) GHG emissions (p. 140)
- GRI 305-3 Other indirect (scope 3) GHG emissions (p. 140)
- GRI 305-4 GHG emissions intensity (p. 140)
- GRI 308-1 New suppliers that were screened using environmental criteria (p. 147)
- GRI 403-9 Work-related injuries (p. 145)
- GRI 405-1 Diversity of governance bodies and employees (p. 146)
- GRI 414-1 New suppliers that were screened using social criteria (p. 147)

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 page 130 and the pages stated above, 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 ISQM 1 (International Standard on Quality Management) 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 AB 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 2024
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.

Definitions

Adjusted EBITDA

Adjusted operating profit before depreciation and impairment charges

Adjusted cash flow before financing activities

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

Adjusted operating profit

Operating profit excluding items affecting comparability

Adjusted operating profit per tonne

Adjusted operating profit divided by sales volume

Average number of employees

The average number of employees converted to full-time positions

Capital employed

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

Carbon emissions scope 1+2

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

Carbon emissions scope 3

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

Carbon emissions intensity

Total emissions of greenhouse gases (tonnes CO₂e) divided by the total packed products (tonnes)

Cash conversion

Adjusted cash flow before financing activities divided by adjusted operating profit

Cash flow before financing activities

Cash flow from operating activities plus cash flow from investing activities

Earnings per share

Profit for the period divided by the total number of shares

Equity to assets

Equity divided by total assets

Financial net debt

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

Financial net debt/Adjusted EBITDA

Financial net debt divided by adjusted 12-months rolling EBITDA

Items affecting comparability

Non-recurring income and expenses

ktonnes

Volume expressed in thousands of metric tonnes

Operating profit

Profit before net financial items and tax

Return on capital employed

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

Return on equity

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

Sales volume

Volumes sold in metric tonnes

SEK

Swedish Krona

Share of sourced recycled aluminium

Sourced recycled aluminium used as input materials (tonnes) divided by total sourced metal input materials (tonnes)

Glossary

Additive manufacturing

Additive manufacturing is the industrial production name for 3D printing, a computer controlled process that creates three dimensional objects by depositing materials, usually in layers. Gränges use this for developing powder materials into different offerings of advanced aluminium materials.

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.

Battery casing materials

Battery cell casing materials are used for electric vehicle and energy storage applications. Features are a low carbon footprint, flexible formability and light weight.

Battery cathode foil (BCF)

A critical component in the lithium-ion battery cells necessary for the transition to electric vehicles.

Battery cooling plates

The most important heat exchanger to handle temperature inside the battery is the cooling plate. Electrical vehicles and battery packs need stable temperature control to function in an optimal way.

Brazed heat exchanger

Brazed plate heat exchangers represent the most compact, rugged and cost-effective means of transferring heat in many industrial, process, and refrigerant applications.

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 bonded to a dissimilar metal or alloy.

Foil

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

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.

SBTi

The Science Based Target initiative is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that defines and promotes best practice in emissions reductions and net-zero targets in line with climate science.

SHFE

Shanghai Futures Exchange.

Slab

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

Powder materials

Aluminium powders are produced with various flow and packing density in different grades and compositions. Products can be found in automotive, aerospace, industrial robotics industries and more.

Thermal management

The capability to control a system's temperature through technology based on heat transfer and thermodynamics concepts. Thermal management implies practicing all processes and methods to decrease (or increase) the temperature of a targeted system. It is a critical element in all types of electronic equipment for example in heat exchangers and batteries.

Annual General Meeting 2024

Gränges' 2024 Annual General Meeting will be held on Wednesday, May 8, 2024, at 15:30 CEST at GT 30, Grev Turegatan 30, 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 Monday, April 29, 2024, and have notified the company of their intention to attend no later than Thursday, May 2, 2024.

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 Tuesday March 26, 2024.

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 May 2, 2024, at the latest. 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 2024 is expected to be published Tuesday, March 26, 2024 by a press release. 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, no later than Wednesday, April 17, 2024 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. 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 3.00 (2.50) per share for the 2023 fiscal year, in total SEK 319 million (266). 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.

Annual and Sustainability Report

Gränges' Annual and Sustainability Report is available on the company's website, 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.

Financial calendar 2024

Interim report, Q1	April 25
Annual General Meeting 2024	May 8
Half-year report, Q2	July 12
Interim report, Q3	October 24
Year-end report 2024	January 30, 2025

For questions regarding investor relations please contact:

Sara Lander Hyléen
VP Communication & Investor Relations
sara.hyleen@granges.com, +46 70 916 16 41

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 2024, the share price has risen by 160 percent. During the same period, shareholders have received a total return of 218 percent, including the reinvestment of dividends.

During 2023, the share price increased by 36 percent. At the end of 2023, the share price was SEK 116.00 corresponding to a market capitalization of SEK 12.3 billion. The highest price in 2023 was noted on December 29 at SEK 118.00, and the lowest price was SEK 78.05 on March 20. The average daily turnover was 137,602 shares (221,479) and total turnover of shares during the year was approximately 35 million (56).

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 1,339,775. Gränges has only one class of shares. On December 31, 2023, the number of known shareholders totaled 12,117 (11,703). The largest shareholder, The Fourth Swedish National Pension Fund (AP4), held 9.3

percent of the total share capital, followed by AFA Insurance with 6.9 percent, and Swedbank Robur Funds with 6.9 percent. The ten largest shareholders held 47.4 percent of the share capital. Foreign-owned share ownership amounted to 49.0 percent.

The Annual General Meeting (AGM) held on June 13, 2023 resolved, in accordance with the Board of Directors' proposal, to authorize the Board of Directors to, on one or more occasions until the AGM 2024, 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 percent 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 percent 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 3.00 (2.50) per share for the 2023 fiscal year, in total SEK 319 million (266). The proposed dividend corresponds to 32 percent (38) of the profit for 2023.

+218%

Total shareholder return since the stock listing 2014

32%

Proposed dividend's share of profit 2023

Share information

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

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	Rights issue	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

Share distribution

Number of shares	Number of known shareholders	Share of capital, %
1-500	9,300	1.2
501-1,000	1,258	0.9
1,001-5,000	1,205	2.4
5,001-10,000	139	1.0
10,001-50,000	120	2.6
50,001-100,000	15	1.1
100,001-	80	81.1
Anonymous	n/a	9.8

Ownership

Largest shareholders	Shares	Share of capital and votes, %
Fourth Swedish National Pension Fund	9,864,534	9.3
AFA Insurance	7,377,647	6.9
Swedbank Robur Funds	7,293,626	6.9
KGH LTD	5,520,000	5.2
Dimensional Fund Advisors	4,725,519	4.4
Handelsbanken Funds	4,457,519	4.2
Vanguard	3,882,499	3.7
Norges Bank	2,504,466	2.4
Fidelity Investments (FMR)	2,413,078	2.3
Unionen	2,369,999	2.2
Total 10 largest shareholders	50,408,808	47.4
Total other shareholders	55,899,810	52.6
Total	106,308,618	100.0

Geographical distribution

Country	Number of known shareholders	Share of capital, %
Sweden	11,806	51.0
United States	38	18.5
Cayman Islands	1	5.2
Great Britain	27	2.9
Total other	245	22.5

Share data

Per share	2023	2022
Earnings, SEK ¹⁾	9.48	6.58
Equity, SEK ¹⁾	82.72	77.14
Cash flow from operating activities, SEK ¹⁾	30.90	10.36
Share price at end of period, SEK	116.00	85.30
Dividend, SEK	3.00 ²⁾	2.50
Dividend rate, %	32.0	38.0
Dividend yield, %	2.59	2.93

1) Calculated on weighted outstanding ordinary shares, diluted.

2) The Board of Director's proposal to the AGM 2024

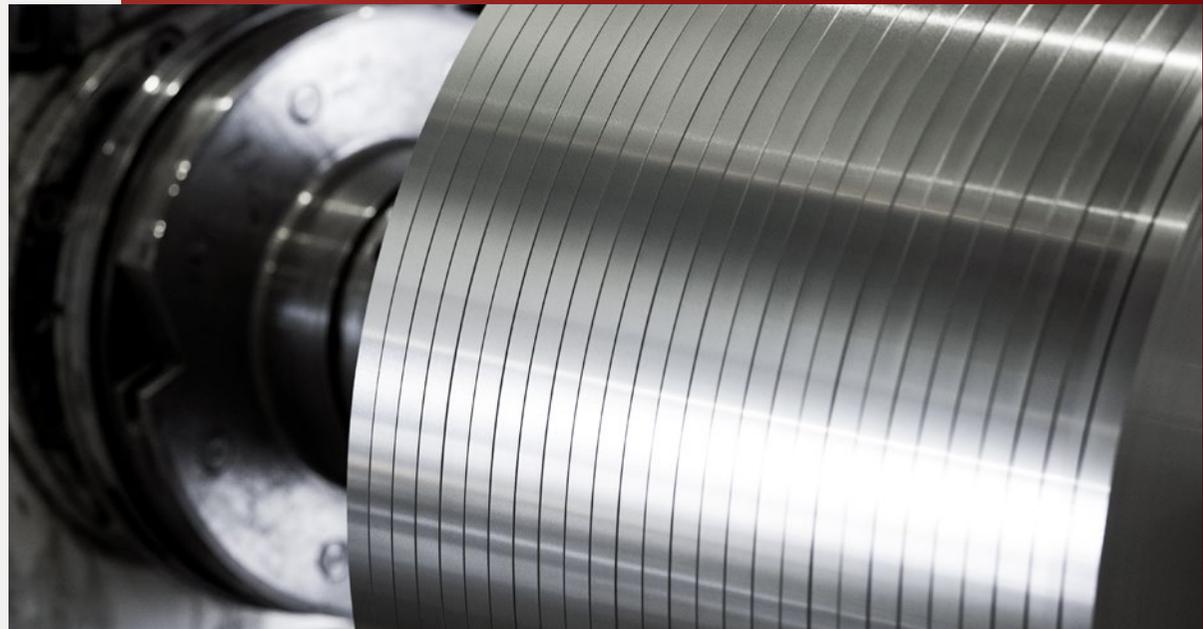
Source: Monitor by Modular Finance AB as of December 31, 2023. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen). The verification date may vary for foreign shareholders.

A global leader with its roots back 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 2013 Gränges became a stand-alone company with a focus on rolled aluminium products. Gränges was listed at the Nasdaq Stockholm Stock Exchange 2014 and has since then expanded its core business with the acquisitions of Noranda's aluminium rolling operations in the US and the Polish flat-rolled aluminium producer Aluminium Konin.

Today, Gränges is a global leader in aluminium rolling and recycling in selected niches. End-customers are found in the automotive, HVAC, specialty packaging, and battery industries as well as in other niche markets such as buildings, transformers and wind turbines.



Concept and production: Gränges in cooperation with Narva Communications
Print: Bywind

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