

INTERIM REPORT JANUARY–MARCH 2022

Strong result despite turbulent environment

First quarter 2022

- Sales volume was 126.7 ktonnes (126.7) and net sales increased to SEK 6,080 million (4,043).
- Adjusted operating profit increased to SEK 357 million (342) and adjusted operating profit per tonne was 2.8 kSEK (2.7).
- Profit for the period increased to SEK 261 million (239) and does not include any items affecting comparability (–16).
- Diluted earnings per share increased to SEK 2.45 (2.24).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK –1,224 million (–55).
- Net debt increased to SEK 4,991 million at 31 March 2022 (SEK 3,643 million at 31 December 2021), corresponding to 2.9 times adjusted EBITDA (2.2 times at 31 December 2021).
- Total carbon emissions intensity (scope 1+2+3) decreased to 9.0 tonnes CO₂e/tonne (10.0).
- The share of sourced aluminium scrap increased to 31.1 per cent (25.6).

Financial summary

SEK million	Q1		12 months rolling		Full year	
	2022	2021	Δ	Apr 2021– Mar 2022	2021	Δ
Sales volume, ktonnes	126.7	126.7	0.0%	488.9	488.9	0.0%
Net sales	6,080	4,043	50.4%	20,167	18,130	11.2%
Adjusted operating profit ¹	357	342	4.5%	1,024	1,008	1.5%
Adjusted operating margin, %	5.9	8.5	–2.6 ppt	5.1	5.6	–0.5 ppt
Adjusted operating profit per tonne, kSEK	2.8	2.7	0.1	2.1	2.1	0.0
Operating profit	357	326	9.6%	864	833	3.8%
Profit for the period	261	239	9.3%	617	595	3.7%
Earnings per share diluted, SEK	2.45	2.24	0.21	5.79	5.58	0.21
Adjusted cash flow before financing activities ²	–1,224	–55	n/a	–562	607	n/a
Net debt	–	–	–	4,991	3,643	1,348
Net debt/Adjusted EBITDA ¹	–	–	–	2.9	2.2	0.7
Return on capital employed, %	–	–	–	9.6	10.0	–0.4 ppt

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

² Adjusted for expansion investments and acquisitions, see alternative performance measures page 23 for further information.

COMMENTS BY THE CEO

Success in a headwind

DRAMATIC DEVELOPMENT IN EUROPE AND CHINA CAUSE FOR CONCERN

The war in Ukraine affects Gränges as it does all companies with operations in Europe. We have condemned the invasion and ended all business with Russia, Belarus and occupied parts of Ukraine. Before the war, we had about half a percent of our net sales but no operations or employees in these countries. Our eight hundred colleagues in Poland, on the other hand, are affected in many ways by the war and the refugee crisis, but kept up manufacturing and sales with their usual professionalism. Both Gränges as a company and our employees contribute to the relief work in different ways.

In China, the increased spread of COVID-19 had dramatic consequences. Major closures in Shanghai, where our factory is located, caused significant disruption to all industrial operations there. Thanks to outstanding efforts from our employees, we were able to continue to produce and sell, albeit at a lower level than usual.

STABLE SALES VOLUME THANKS TO GOOD FLEXIBILITY

Demand in the automotive industry was weak during the quarter, and our sales to that market were also hit by disruptions in China. For that reason, we had to work hard on sales to HVAC, speciality packaging and other niche markets. These efforts had good results. We are very proud that we managed in this way to achieve the same sales volume as the strong first quarter of 2021.

STABLE MARGIN DESPITE LARGE COST INCREASES

The sharply increased aluminium price does not affect our operating profit, but does increase working capital and thus weakens cash flow. We are also affected by large cost increases on freight, energy and certain alloying elements, as well as by the generally high inflation.



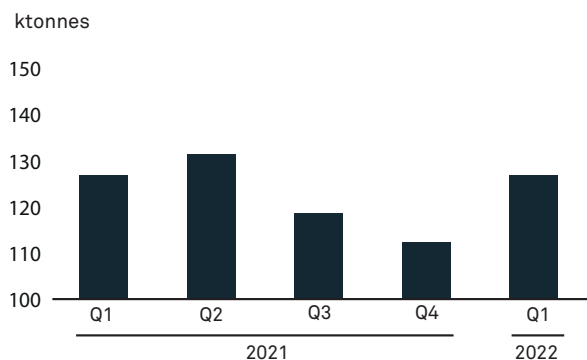
We intend to compensate fully with productivity, price increases and surcharges towards customers. This has taken very hard work over the past six months. So far, we have been successful. The margin, expressed as operating profit per tonne, increased sharply compared to the weak fourth quarter of 2021 and also slightly compared to the previous year. We are very pleased with that result.

CONTINUED SUSTAINABILITY PROGRESS

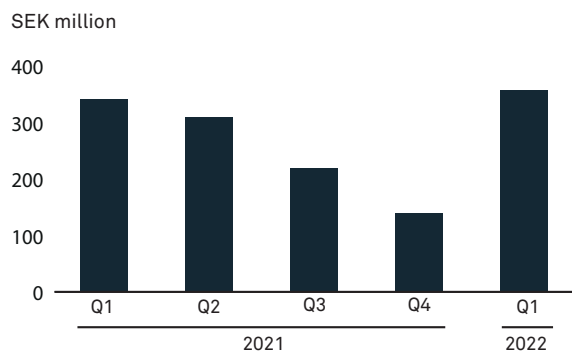
Our sustainability performance continued to progress in the first quarter, with a reduced carbon intensity and increased recycling. Recycling volumes continued to be on a record level driven by a strong focus on circularity and reduced climate impact. We continue to focus on decarbonizing our business and leading the way in offering solutions that are clearly differentiated from a sustainability perspective.

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Quarterly sales volume



Quarterly adjusted operating profit



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INVESTMENT PROJECTS PROCEED AS PLANNED

Our expansion programme in Konin continues according to plan. Both the new recycling and casting center and the new rolling mill are now up and are expected to reach full production volume in the autumn. In Newport, we have now, one month ahead of schedule, resumed production in the rolling mill that was damaged by fire in May 2021. Also in Newport, we plan for full production in the autumn. This will mark the fulfillment of our ambition from 2018 to build a leading position in thin foil in the US. The investment in a new recycling and casting center in Huntingdon is expected to contribute to earnings from the beginning of 2023.

At the beginning of April 2022, we decided on an investment in another recycling and casting centre in Huntingdon. It will enable the launch of more sustainable products, reduce our environmental impact and improve our return on capital from early 2024 and onwards.

UNCERTAINTY AND HIGH AMBITION LEVEL FOR THE SECOND QUARTER

The development in China is very difficult to predict. At best, the loss in production and sales is limited to April, but it can also continue until the summer. The development of the war in Ukraine and the reactions it causes in the rest of the world are also impossible to predict. Overall, however, it already seems likely that we will see significant effects on the industry in China and globally during the second quarter. We also need to be prepared for further substantial cost increases.

On the other hand, we have high ambitions. We intend to continue to pass on cost increases to customers. We plan to gradually ramp up production volume of our new facilities during the

year. We aim for flexibility and high capacity utilization, and thus stable earnings, even when there are rapid market changes. At present, we expect that the sales volume in the second quarter will be lower than in the strong second quarter of 2021. Although market demand is anticipated to support similar sales volume as in the second quarter of 2021, we expect sales volume in Asia to be negatively impacted in proportion to the duration of the lockdown in Shanghai.

NAVIGATE

At the end of 2021, we started the project Navigate, which will set a direction for Gränges going forward. The work is going well and we plan to be able to inform about the results in the summer of 2022. This is good timing because the major investments we have made in recent years are now beginning to bear fruit, and because the market outlook is favorable, especially in North America and Europe. We are also well positioned to benefit from the regionalization of supply chains, the electric car revolution and customer demands for more sustainable solutions. We must strive to restore growth and return on capital to the high levels that Gränges has delivered in the past, and to build an even stronger and more sustainable company for the future.

It gives me great pleasure, therefore, to present an all-time-high quarterly operating profit in the first quarter of 2022. The fact that we deliver on this level in extremely difficult circumstances is clear proof that Gränges' decentralized organization works very well. I would like to take this opportunity to thank all the Gränges employees and especially the colleagues in Poland and China for a truly outstanding effort during the beginning of 2022.

Jörgen Rosengren, CEO



The expansion programme in Konin continues according to plan and the new rolling mill is now in use.

MARKET DEVELOPMENT

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

In the first quarter of 2022, demand remained strong in most of Gränges' end-customer markets, except for in automotive. Sales to automotive customers decreased by 19 per cent compared with last year, as a consequence of the continued shortage of components and further supply chain disruptions due to the emerging conflict in the Ukraine and outbreak of COVID-19 in China, that negatively impacted the vehicle production. According to the research firm IHS¹ light vehicle production decreased by 4 per cent in the first quarter compared with the same quarter last year. Still, IHS expects the light vehicle production to increase by 4 per cent for the full year 2022. Sales of HVAC materials increased by 9 per cent in the first quarter of 2022 driven by a continued increase in HVAC unit production. Sales of Specialty packaging materials and sales to Other niches increased by 16 per cent and 19 per cent respectively in the first quarter, partly due to an increased focus on these markets to compensate for the continued low demand from automotive customers.

SALES DEVELOPMENT

Gränges' sales volume in the first quarter of 2022 remained stable at 126.7 ktonnes (126.7) while net sales increased by 50 per cent to SEK 6,080 million (4,043) compared to the same quarter previous year. The increase in net sales is driven by a higher average fabrication price in combination with an increased aluminium price. Changes in foreign exchange rates had a net positive effect of SEK 425 million.

For Gränges Americas, external sales volume increased by 2.0 per cent to 64.0 ktonnes (62.7) and external net sales rose to SEK 3,206 million (2,012) in the first quarter of 2022. The increase in sales volume was driven by continued strong demand for materials to HVAC and Speciality packaging while Automotive sales declined. Changes in foreign exchange rates had a net positive effect on net sales of SEK 302 million.

For Gränges Eurasia, external sales volume decreased by 1.9 per cent to 62.8 ktonnes (64.0) while external net sales rose to SEK 2,874 million (2,028) in the first quarter of 2022. The decrease in sales volume was driven by reduced automotive demand, due to continued supply chain disruptions and the outbreak of COVID-19 in China, which was partly offset by growing volumes for Speciality packaging and material for Other niche applications. Changes in foreign exchange rates had a net positive effect on net sales of SEK 123 million.

External sales volume growth

Q1 2022

End-customer	Automotive	HVAC	Speciality packaging	Other niches	Total
Gränges Americas	-22%	9%	19%	-11%	2%
Gränges Eurasia	-18%	-	5%	39%	-2%
Total	-19%	9%	16%	19%	0%

¹ Source: IHS, April 2022.

OPERATING PROFIT

Adjusted operating profit for the first quarter of 2022 increased to SEK 357 million (342), corresponding to adjusted operating profit per tonne of 2.8 kSEK (2.7). Adjusted operating margin amounted to 5.9 per cent (8.5). The increase in adjusted operating profit was primarily driven by successful execution of price increases offsetting the significant cost inflation that affected almost all operating costs, but especially costs for energy, freight and alloying elements. Changes in foreign exchange rates had a net positive impact of SEK 22 million in the quarter.

Operating profit for the first quarter of 2022 increased to SEK 357 million (326) and does not include any items affecting comparability (-16).

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax for the first quarter of 2022 increased to SEK 331 million (304). Finance income and costs was SEK -26 million (-22). Income tax for the first quarter of 2022 was SEK -70 million (-65) which corresponds to an effective tax rate of 21 per cent (21). The profit for the period increased to SEK 261 million (239) during the first quarter of 2022 and diluted earnings per share was SEK 2.45 (2.24).

CASH FLOW

Cash flow from operating activities was SEK -1,140 million (-3) in the first quarter of 2022. Working capital and other items impacted cash flow negatively with SEK -1,652 million primarily driven by a significant increase in the aluminium price and the sequentially higher business activity in the quarter. Cash flow from investing activities amounted to SEK -154 million (-247) in the quarter of which all relates to capital expenditure. Of the capital expenditure, SEK 84 million refers to investments to maintain and improve efficiency in current production facilities and SEK 70 million refers to investments related to the expansion of the production facilities.

Cash flow before financing adjusted for expansion investments and acquisitions amounted to SEK -1,224 million (-55) in the first quarter of 2022. Cash flow from financing activities was SEK 1,115 million (-646) in the first quarter of 2022 and includes new loans of SEK 4,727 million and repayment of loans of SEK -3,591 million.

Cash and cash equivalents amounted to SEK 655 million at 31 March 2022 (SEK 809 million 31 December 2021).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 18,070 million at 31 March 2022 (SEK 15,767 million at 31 December 2021). The equity to assets ratio was 40.0 per cent at 31 March 2022 (44.0 per cent at 31 December 2021).

Consolidated net debt including pension and lease liabilities was SEK 4,991 million at 31 March 2022 (SEK 3,643 million at 31 December 2021), corresponding to 2.9 times adjusted EBITDA (2.2 times at 31 December 2021).

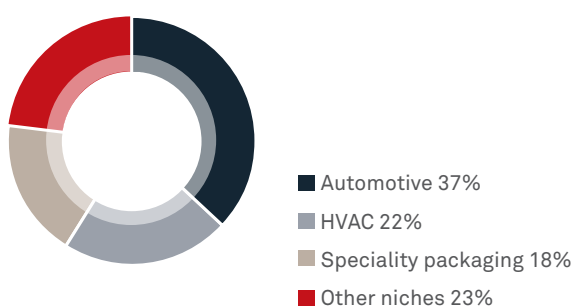
EMPLOYEES

The average number of employees was 2,686 (2,602) in the first quarter of 2022.

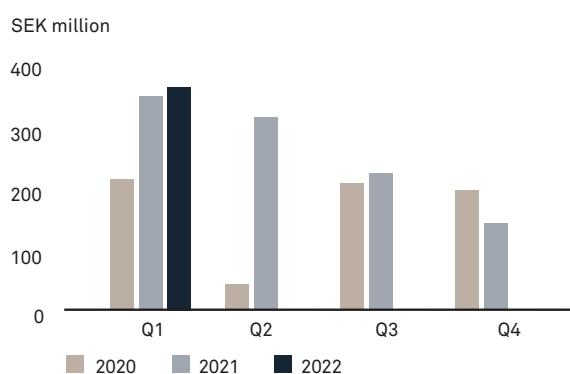
PARENT COMPANY

Gränges AB is the parent company of the Gränges Group. The operations include Group Management and Group functions such as finance, treasury, sustainability and communication. For the first quarter of 2022, net sales in the parent company was SEK 30 million (30). Result for the first quarter was SEK -16 million (-19).

12 months rolling sales volume per end-customer



Quarterly adjusted operating profit



GRÄNGES AMERICAS

- Continued strong market conditions except in Automotive
- Significant cost increases compensated by price increases
- All-time high operating profit

MARKET AND SALES

Gränges Americas experienced a continued strong demand from HVAC and Speciality packaging customers in the first quarter of 2022, while demand from Automotive customers slowed down due to the continued component shortage. The sales volume in the first quarter increased by 2.0 per cent to 64.0 ktonnes (62.7) and net sales rose to SEK 3,193 million (2,015) compared with the same quarter last year. The increase in net sales is driven by a higher average fabrication price in combination with an increased aluminium price.

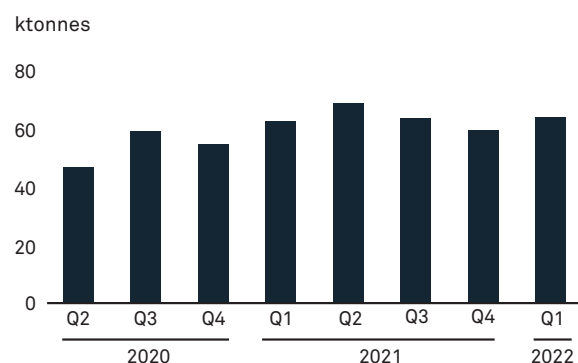
OPERATING PROFIT

The adjusted operating profit for the first quarter 2022 increased to SEK 251 million (191), which is the highest operating profit in an individual quarter so far. This corresponds to an adjusted operating profit per tonne of 3.9 kSEK (3.0). The increase in adjusted operating profit was primarily driven by the higher sales volume in combination with an increased average fabrication price that offset the significant external cost inflation during the quarter. Net changes in foreign exchange rates had a positive impact of SEK 20 million in the quarter. Return on capital employed was 17.2 per cent (13.1) on a rolling 12-months basis.

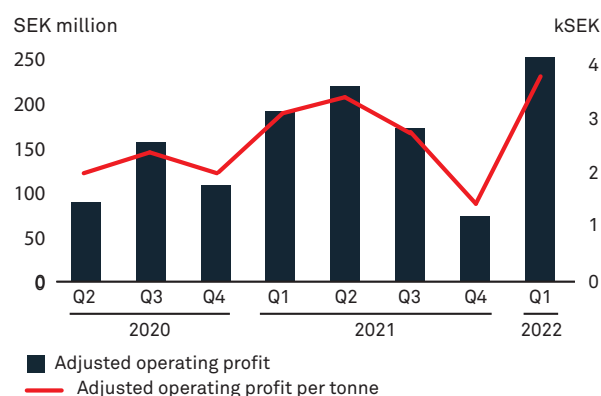
CAPACITY RESTORED IN NEWPORT

On March 2, the first coil was rolled in the rebuilt cold rolling mill that was damaged in a fire in May last year, one month ahead of the time plan. Commissioning of the mill will continue over the coming months and the Newport facility is expected to be back at full production capacity of about 20 ktonnes per year by the end of the second quarter. The ramp-up of commercial production of thin gauge foil originally planned for 2021 will take place in the second half of this year.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q1		Δ	12 months rolling	Full year	
	2022	2021		Apr 2021–Mar 2022	2021	Δ
Sales volume external, ktonnes	64.0	62.7	2.0%	253.6	252.4	0.5%
Sales volume internal, ktonnes	–	–	–	–	–	–
Total sales volume, ktonnes	64.0	62.7	2.0%	253.6	252.4	0.5%
Net sales, external	3,206	2,012	59.3%	10,695	9,502	12.6%
Net sales, internal	–13	3	n/a	–30	–14	n/a
Total net sales	3,193	2,015	58.4%	10,666	9,488	12.4%
Adjusted operating profit	251	191	31.6%	715	655	9.2%
Operating profit	251	191	31.6%	751	691	8.7%
Adjusted operating margin, %	7.9	9.5	–1.6 ppt	6.7	6.9	–0.2
Adjusted operating profit per tonne, kSEK	3.9	3.0	29.1%	2.8	2.6	8.7%
Return on capital employed, %	–	–	–	17.2	16.9	0.3 ppt

GRÄNGES EURASIA

- Continued strong market conditions except in automotive
- Significant cost increases compensated by price increases
- Challenging outlook due to Ukraine war and COVID-19 in China

MARKET AND SALES

Gränges Eurasia experienced a continued slow-down of demand from Automotive customers in the first quarter of 2022, due to continued shortage of components and further supply chain and production disruptions due to the emerging conflict in the Ukraine and outbreak of COVID-19 in China. Demand in other end-customer markets remained strong and the decline in Automotive sales was partly offset by increased sales to Other niches and Speciality packaging. The sales volume in the first quarter reached 68.3 ktonnes (73.2), which represents a 6.7 per cent decline compared with the first quarter last year. Net sales increased by 35 per cent to SEK 3,147 million (2,339) compared to the same quarter previous year. The increase in net sales is driven by a higher average fabrication price in combination with an increased aluminium price.

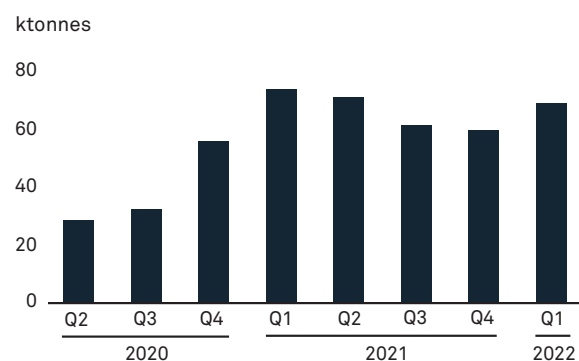
OPERATING PROFIT

The adjusted operating profit for the first quarter 2022 decreased to SEK 135 million (193), corresponding to an adjusted operating profit per tonne of 2.0 kSEK (2.6). The reduction in adjusted operating profit was primarily driven by the lower sales volume in combination with significant external cost inflation that was only partly compensated by an increased average fabrication price in the quarter. Net changes in foreign exchange rates had a positive impact of SEK 1 million in the quarter. Return on capital employed was 5.6 per cent (6.7) on a rolling 12-months basis.

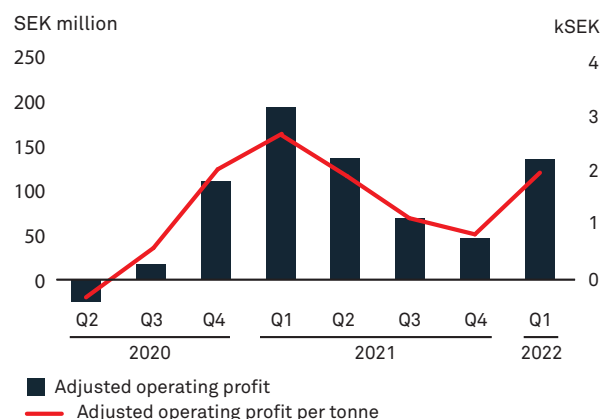
REDUCED PRODUCTION DUE TO COVID-19 IN CHINA

In addition to the negative impact on Automotive demand, the increasing spread of COVID-19 in China, forced the Gränges facility in Shanghai to partly close down production in March due to its location in an area with imposed lockdown. In total this led to lost sales of about 2 ktonnes in the first quarter of 2022. Due to continued lockdowns in the Shanghai area in the beginning of April and increasing lockdowns in other areas in China where Gränges' customers are located the outlook for the second quarter is at this point highly uncertain. In the second quarter 2021 the sales volume in Asia was 21.4 ktonnes. For the second quarter 2022 this is currently expected to be negatively impacted in proportion to the duration of the lockdown in Shanghai.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q1		Δ	12 months rolling		Full year	
	2022	2021		Apr 2021– Mar 2022	2021	Δ	
Sales volume external, ktonnes	62.8	64.0	-1.9%	235.3	236.6	-0.5%	
Sales volume internal, ktonnes	5.5	9.2	-40.2%	23.2	26.9	-13.8%	
Total sales volume, ktonnes	68.3	73.2	-6.7%	258.5	263.5	-1.9%	
Net sales, external	2,874	2,028	41.7%	9,473	8,627	9.8%	
Net sales, internal	273	311	-12.3%	983	1,021	-3.7%	
Total net sales	3,147	2,339	34.5%	10,456	9,648	8.4%	
Adjusted operating profit	135	193	-30.3%	387	446	-13.1%	
Operating profit	135	177	-24.0%	238	280	-15.2%	
Adjusted operating margin, %	4.3	8.3	-4.0 ppt	3.7	4.6	-0.9	
Adjusted operating profit per tonne, kSEK	2.0	2.6	-25.3%	1.5	1.7	-11.5%	
Return on capital employed, %	-	-	-	5.6	6.8	-1.2 ppt	

SUSTAINABILITY

- Continued focus on decarbonizing Gränges' business and value chain, with a decreased total carbon footprint
- Increased sourcing of aluminium scrap replacing primary aluminium as input material
- Successful ASI Chain of Custody (CoC) Standard certification achieved for Gränges Shanghai

EMISSIONS AND CLIMATE IMPACT

Gränges total carbon emissions intensity (scope 1+2+3) for the first quarter 2022 decreased by 10 per cent to 9.0 tonnes CO₂e/tonne (10.0). This corresponds to a reduction of 21 per cent compared to baseline 2017. Carbon emissions intensity from own operations and purchased energy (scope 1+2) amounted to 0.90 tonnes CO₂e/tonne (0.88). The increase was mainly driven by reduced sales in Gränges Eurasia, partly as a result of the COVID-19 outbreak in Shanghai, resulting in an increased energy intensity. Carbon emissions intensity from sourced metal inputs (scope 3) decreased by 11 per cent to 8.1 tonnes CO₂e/tonne (9.1), driven by increased sourcing and use of aluminium scrap.

RECYCLING AND CIRCULARITY

The share of aluminium scrap increased by 5.5 percentage points to 31.1 per cent (25.6) of total sourced metal inputs in the first quarter. This was driven by increased sourcing of aluminium scrap replacing primary aluminium, with a record high scrap consumption in Gränges Americas. The result corresponds to an increase of 19.6 percentage points compared to 2017. Total volume of recycled aluminium amounted to 42.4 ktonnes (35.5).

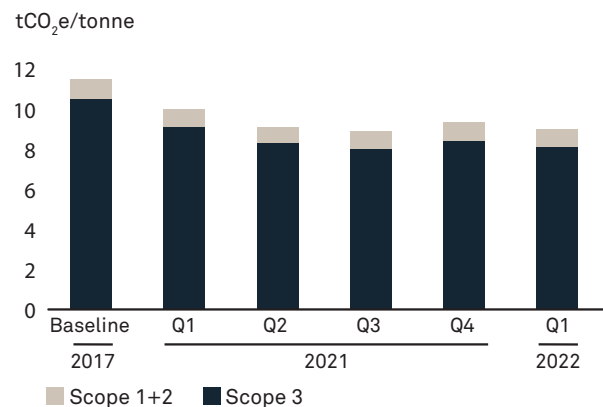
ASI SUSTAINABILITY CERTIFICATION IN SHANGHAI

In January 2022, Gränges' production facility in Shanghai achieved certification against the Aluminium Stewardship Initiative (ASI) Chain of Custody (CoC) Standard. The CoC Standard forms the basis for selling ASI-certified aluminium, which assures that Gränges' products are responsibly sourced and produced across the entire supply chain, from extraction of raw materials to the finished product.

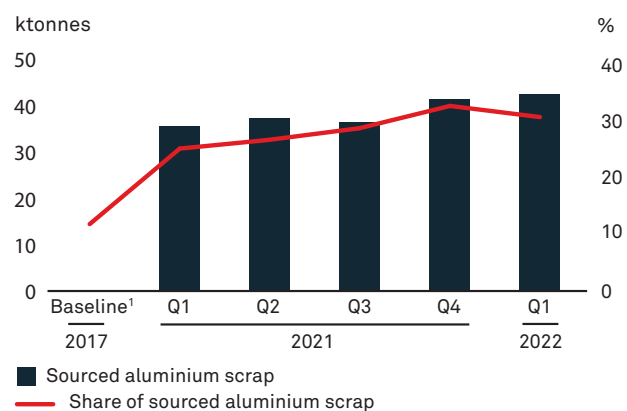
INVESTMENT IN EXPANDED RECYCLING AND CASTING CENTRE IN HUNTINGDON

In April 2022, Gränges announced that the company will invest USD 52 million to expand its recycling and casting operations in Huntingdon, Tennessee. The new centre will be powered via renewable energy and the investment will enable a market launch of near-zero carbon aluminium solutions in 2024, meeting the growing demand for sustainable solutions in North America.

Carbon emissions intensity



Sourced aluminium scrap



Sustainability performance

Sustainability metrics ²	Q1		12 months rolling		Full year		Baseline	
	2022	2021	Δ	Apr 2021–Mar 2022	2021	Δ	2017	Δ
Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	9.0	10.0	-10%	9.0	9.3	-3%	11.4	20%
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.90	0.88	2%	0.88	0.88	0%	0.96	-8%
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	8.1	9.1	-11%	8.2	8.4	-3%	10.5	-22%
Sourced aluminium scrap, %	31.1	25.6	5.5 ppt	29.9	28.5	1.4 ppt	11.5	18.4 ppt

¹ Quarterly data for baseline 2017 not available.

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

SIGNIFICANT EVENTS DURING THE PERIOD

Fredrik Spens was appointed President Europe

Fredrik Spens was appointed President Europe and took up his position on 1 March.

Gränges Shanghai achieved ASI Chain of Custody certification

Gränges Shanghai achieved Gränges' second certification against the Aluminium Stewardship Initiative (ASI) Chain of Custody Standard.

SIGNIFICANT EVENTS AFTER THE PERIOD

Investment in expanded recycling and casting centre

In April 2022, Gränges announced that the company will invest USD 52 million to expand its recycling and casting operations in Huntingdon, Tennessee. The investment will result in significant cost reductions and contribute positively to Gränges' operating profit and return on capital employed ratio from 2024 and onwards. It will also lead to a reduced carbon footprint driven by the use of renewable electricity and increased recycling.

No other significant events have occurred after the period.

THE SHARE

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

Gränges has only one class of shares.

OWNERSHIP STRUCTURE

The number of known shareholders in Gränges was 11,678 on 31 March 2022, according to Euroclear.

Largest shareholders in Gränges at 31 March 2022¹

Shareholder	Number of shares	Share of capital and votes %
Fourth Sw. National Pension Fund	9,864,534	9.3
AFA Insurance	6,585,892	6.2
Swedbank Robur Funds	5,998,562	5.6
Dimensional Fund Advisors	4,388,045	4.1
Handelsbanken Funds	3,814,265	3.6
Allianz Global Investors	3,482,939	3.3
Vanguard	3,414,402	3.2
T. Rowe Price	3,078,521	2.9
Norges Bank	2,796,112	2.6
Columbia Threadneedle	2,509,511	2.4
Total 10 largest shareholders	45,932,783	43.2
Other	60,375,835	56.8
Total	106,308,618	100

¹ Source: Modular Finance.

OTHER

Annual General Meeting 2022

Gränges' 2022 Annual General Meeting will be held on Wednesday 4 May 2022 at 16.00 CEST at IVA Conference Center (Wallenbergsalen), Grev Turegatan 16, Stockholm.

Information on registration to the Annual General Meeting and the Board of Directors proposals for decision points are available on Gränges' webpage, www.granges.com.

Nomination Committee's proposals for the AGM 2022

Gränges' Nomination Committee proposes Steven Armstrong as new member of the Board of Directors to be elected at the AGM on 4 May 2022. The Nomination Committee is in addition proposing re-election of Fredrik Arp, Mats Backman, Martina Buchhauser, Peter Carlsson, Katarina Lindström and Hans Porat. Carina Andersson, Board member since 2014, has declined re-election. Fredrik Arp is proposed to continue as Chairman of the Board.

The Nomination Committee's complete resolutions and its statement are available on Gränges' webpage, www.granges.com.

Dividend

Gränges' Board of Directors proposes a dividend of SEK 2.25 (1.10) per share for the 2021 fiscal year, in total SEK 239 million (117), which corresponds to 40 per cent of the profit for the year 2021.

The proposed record date for the dividend is 6 May 2022. If the AGM resolves in accordance with the proposal, the dividend is expected to be distributed through Euroclear Sweden AB on 11 May 2022.

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 risks, market risks, operational risks, geo political and legal risks, as well as financial risks related to foreign exchange rates, interest rates, liquidity and refinancing. Gränges' risk management process entails to identify, assess and reduce risks related to the Group's business and operations. More information about risk management is available on pages 47–52 in Gränges' 2021 Annual and Sustainability Report.

SEASONAL VARIATIONS

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

Stockholm, 21 April 2022

Jörgen Rosengren
Chief Executive Officer

This interim report has not been reviewed by the auditors of the company.

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This information is information that Gränges AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on Thursday 21 April 2022 at 07.30 CEST.

Webcasted telephone conference

CEO Jörgen Rosengren and CFO Oskar Hellström will present Gränges' interim report for January–March 2022 at a webcasted conference call at 10.00 CEST, Thursday 21 April, 2022.

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

Financial calendar

4 May, 2022	Annual General Meeting 2022
15 July, 2022	Half-year Report 2022
20 October, 2022	Interim Report, January–September 2022
26 January, 2023	Year-end Report 2022

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Net sales	2	6,080	4,043	18,130
Cost of materials	5	-4,344	-2,600 ¹	-12,443 ¹
Payroll and other operating expenses		-1,208	-959	-4,016
Depreciation, amortization and impairment charges		-170	-157	-678
Items affecting comparability	5	-	-	-159
Operating profit		357	326	833
Profit or loss from joint ventures	4	0	0	2
Finance income and costs		-26	-22	-92
Profit before tax		331	304	743
Income tax	6	-70	-65	-147
Profit for the period		261	239	595
Profit for the period attributable to				
– owners of the parent company		261	239	595
– non-controlling interests		0	0	0
Earnings per share				
Earnings per share basic, SEK		2.45	2.25	5.60
Earnings per share diluted, SEK		2.45	2.24	5.58

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Profit for the period	261	239	595
Items not to be reclassified to profit/loss in subsequent periods			
Remeasurement of pensions after tax	-	-2	17
Items to be reclassified to profit/loss in subsequent periods			
Change in hedging reserve after tax	-92	-72	-88
Translation effects	147	203	466
Comprehensive Income for the period	316	368	990
Comprehensive income for the period attributable to			
– owners of the parent company	316	368	990
– non-controlling interests	0	0	0

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS				
Intangible assets		1,410	1,568	1,407
Property, plant and equipment		6,627	6,096	6,498
Right-of-use assets		222	232	226
Deferred tax assets		52	23	55
Investments in joint ventures	4	17	14	16
Other non-current receivables	3	111	128	122
Non-current assets		8,440	8,062	8,323
Inventories		5,057	2,721	3,933
Receivables	3	3,877	2,610	2,696
Interest-bearing receivables	3	40	71	5
Cash and cash equivalents		655	607	809
Current assets		9,630	6,009	7,444
TOTAL ASSETS		18,070	14,071	15,767
EQUITY AND LIABILITIES				
Equity		7,247	6,424	6,932
Interest-bearing liabilities	3	2,745	1,990	2,414
Provisions and other non-current liabilities	3	889	790	882
Non-current liabilities		3,634	2,780	3,297
Interest-bearing liabilities	3	2,592	2,011	1,694
Provisions and other current liabilities	3	4,596	2,856	3,844
Current liabilities		7,189	4,867	5,539
TOTAL EQUITY AND LIABILITIES		18,070	14,071	15,767

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Opening balance	6,930	5,968	5,968
Profit for the period	261	239	595
Other comprehensive income for the period	55	129	395
Total comprehensive income for the period	316	368	990
Dividend	–	–	–117
Share swap	–	86	88
Total transactions with owners	–	86	–29
Equity attributable to owners of the parent company	7,245	6,422	6,930
Equity attributable to non-controlling interests	2	2	2
Closing balance	7,247	6,424	6,932

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

SEK million	Note	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Operating profit		357	326	833
Depreciation, amortization and impairment charges		170	157	678
Other non-cash items		–	16	215
Change in working capital etc.		–1,652	–471	–623
Income taxes paid		–15	–31	–116
Cash flow from operating activities		–1,140	–3	988
Acquisitions		–	–78	–90
Investments in property, plant, equipment and intangible assets		–154	–169	–836
Cash flow from investing activities		–154	–247	–926
Cash flow before financing activities		–1,294	–250	62
Dividend		–	–	–117
Interest paid and received		–21	–6	–82
New loans		4,727	740	6,466
Repayment of loans		–3,591	–1,380	–7,061
Cash flow from financing activities		1,115	–646	–793
Cash flow for the period		–179	–896	–732
Cash and cash equivalents at beginning of period		809	1,473	1,473
Cash flow for the period		–179	–896	–732
Exchange rate differences in cash and cash equivalents		26	30	67
Cash and cash equivalents at end of period		655	607	809

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Net sales	30	30	142
Payroll and other operating expenses	–63	–56	–253
Depreciation, amortization and impairment charges	0	–2	–8
Operating profit/loss	–33	–29	–119
Dividends from subsidiaries	–	–	0
Finance income and costs	13	5	41
Profit/loss after financial items	–20	–23	–78
Appropriations	–	–	0
Income tax	4	5	15
Profit/loss for the period	–16	–19	–63

PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS			
Intangible assets	–	31	0
Property, plant and equipment	1	3	2
Shares in Group companies	2,906	2,894	2,906
Deferred tax assets	51	32	47
Receivables from Group companies	3,469	2,629	2,659
Other non-current receivables	94	1	105
Non-current assets	6,521	5,590	5,718
Receivables from Group companies	776	403	649
Other receivables	157	156	129
Cash and cash equivalents	326	246	446
Current assets	1,259	805	1,224
TOTAL ASSETS	7,780	6,394	6,942
EQUITY AND LIABILITIES			
Equity	3,405	3,494	3,422
Interest-bearing liabilities	1,393	712	1,095
Provisions and other non-current liabilities	39	31	34
Non-current liabilities	1,431	744	1,129
Liabilities to Group companies	500	293	696
Interest-bearing liabilities	2,111	1,719	1,474
Provisions and other current liabilities	332	144	221
Current liabilities	2,943	2,156	2,391
TOTAL EQUITY AND LIABILITIES	7,780	6,394	6,942

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

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

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

The interim information on pages 2–17 is an integrated part of these financial statements.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

SEK million	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Net sales by business area			
<i>Gränges Americas</i>			
Fabrication revenue	1,029	784	3,182
Raw material and other revenue	2,163	1,231	6,251
Revenue from contracts with customers	3,193	2,015	9,432
Other revenue	–	–	56
Total net sales Gränges Americas	3,193	2,015	9,488
<i>Gränges Eurasia</i>			
Fabrication revenue	1,272	1,028	3,861
Raw material and other revenue	1,872	1,307	5,773
Revenue from contracts with customers	3,143	2,335	9,633
Other revenue	4	4	15
Total net sales Gränges Eurasia	3,147	2,339	9,648
<i>Other and eliminations</i>			
Fabrication revenue	–155	–190	–588
Raw material and other revenue	–105	–122	–419
Revenue from contracts with customers	–260	–312	–1,007
Other revenue	–	–	–
Total net sales other and eliminations	–260	–312	–1,007
Total fabrication revenue	2,146	1,622	6,454
Total raw material and other revenue	3,930	2,417	11,604
Total revenue from contracts with customers	6,076	4,039	18,059
Total other revenue	4	4	71
Total net sales	6,080	4,043	18,130

NOTE 3 FINANCIAL INSTRUMENTS

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

SEK million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Non-current assets	94	111	105
Current assets	194	144	134
Non-current liabilities	7	2	1
Current liabilities	524	204	249

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

Gränges' interest-bearing liabilities consist both of financing from banks and institutions and the credit market. As per March 31, 2022, the amount of outstanding term loans was USD 150 million and SEK 500 million. The facility amount of Gränges Revolving Credit Facility was increased to a total of SEK 3,500 million during the first quarter and was utilized with SEK 300 million as per March 31, 2022. Financing from banks and institutions also includes working capital loans of CNY 200 million. Furthermore, interest-bearing liabilities includes corporate bonds issued under the company's MTN programme. The total amount was SEK 900 million as per March 31, 2022, whereof SEK 600 million was Sustainability-Linked Bonds. The outstanding volume of commercial papers was SEK 1,539 million.

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

SEK million	Limit/Program amount	Year			Total
		< 1	1–2	> 2	
Term loans					
SEK		300	–	200	500
USD		233	1,165	–	1,398
Bonds in MTN programme	3,000	–	300	600	900
Commercial papers	2,000	1,539	–	–	1,539
Revolving Credit Facilities	3,500	–	300	–	300
Lease liabilities		43	36	154	233
Other interest-bearing liabilities		477	–	–10	467
Total interest-bearing liabilities		2,592	1,801	944	5,338

Interest-bearing liabilities are measured at amortized cost and the carrying amount as of 31 March 2022 was SEK 5,338 million (SEK 4,109 million as of 31 December 2021). The fair value of interest-bearing liabilities amounted to SEK 5,347 million as of 31 March 2022 (SEK 4,117 million as of 31 December 2021). For other receivables and liabilities, which are short-term, the carrying amount is considered to reflect the fair value.

NOTE 4 RELATED PARTY TRANSACTIONS

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

NOTE 5 ITEMS AFFECTING COMPARABILITY

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

There are no items affecting comparability in the first quarter 2022. Items affecting comparability in the first quarter 2021 of SEK –16 million relates to realisation of fair value step-up on acquired inventory as part of business combination.

In the fourth quarter 2021 Gränges decided to simplify its organization by decentralizing the responsibility for innovation, digitalization and continuous improvement. The decentralization of digitalization led to that certain investments in group-wide IT systems were written down by SEK 138 million. Remaining write-down of SEK 19 million referred to other intangible assets. The simplified organization also led to restructuring costs of SEK 42 million in 2021.

In the second quarter 2021 a fire occurred in one of the rolling mills in the US. The event was covered by property damage and interruption insurance. Insurance compensation corresponding to the costs for the fire was reported as part of adjusted operating profit. Insurance compensation in addition to cost coverage and deductible, amounting to SEK 40 million, was handled as an item affecting comparability. The insurance claim has not been settled yet and additional compensation may be obtained.

NOTE 6 TAX

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

CONSOLIDATED QUARTERLY DATA

SEK million	2022		2021			2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume, ktonnes	126.7	112.3	118.5	131.4	126.7	103.3	86.7	70.8
Income statement								
Net sales	6,080	4,857	4,621	4,609	4,043	3,149	2,575	2,221
Adjusted EBITDA ¹	528	299	420	468	499	342	332	182
Adjusted operating profit ¹	357	139	219	309	342	193	203	42
Operating profit	357	-21	219	309	326	167	177	37
Profit for the period	261	-23	153	226	239	106	124	1
Adjusted EBITDA margin, %	8.7	6.2	9.1	10.2	12.3	10.9	12.9	8.2
Adjusted operating margin, %	5.9	2.9	4.7	6.7	8.5	6.1	7.9	1.9
Adjusted operating profit per tonne, kSEK	2.8	1.2	1.8	2.4	2.7	1.9	2.3	0.6
Operating margin, %	5.9	-0.4	4.7	6.7	8.1	5.3	6.9	1.7
Net margin, %	4.3	-0.5	3.3	4.9	5.9	3.4	4.8	0.0
Balance sheet								
Non-current assets	8,440	8,323	8,099	8,003	8,062	7,633	5,825	6,047
Current assets	9,630	7,444	7,399	6,810	6,009	6,020	4,330	4,156
Equity	7,247	6,932	6,745	6,546	6,424	5,970	4,442	4,374
Non-current liabilities	3,634	3,297	3,425	2,761	2,780	3,068	2,905	3,719
Current liabilities	7,189	5,539	5,327	5,505	4,867	4,614	2,808	2,109
Cash flow								
Operating activities	-1,140	630	-34	395	-3	318	426	283
Investing activities	-154	-338	-186	-156	-247	-1,335	-78	-117
Before financing activities	-1,294	292	-220	239	-250	-1,017	348	166
Financing activities	1,115	-580	263	169	-646	1,628	-391	-312
Cash flow for the period	-179	-288	43	409	-896	611	-43	-146
Capital structure								
Net debt	4,991	3,643	3,810	3,532	3,690	3,292	2,812	3,247
Equity to assets, %	40.1	44.0	43.5	44.2	45.7	43.7	43.7	42.9
Data per share, SEK²								
Earnings per share basic	2.45	-0.21	1.44	2.12	2.25	1.19	1.45	0.01
Earnings per share diluted	2.45	-0.21	1.44	2.12	2.24	1.19	1.45	0.01
Equity	68.05	65.09	63.26	61.40	60.25	66.49	52.15	51.36
Cash flow from operating activities	-10.70	5.91	-0.32	3.71	-0.03	3.54	5.00	3.32
Share price at the end of the period	92.70	106.10	105.50	118.90	113.50	100.20	71.06	65.39
Weighted outstanding ordinary shares, basic in thousands	106,308.6	106,308.6	106,308.6	106,308.6	106,308.6	89,742.0	85,177.3	85,177.3
Weighted outstanding ordinary shares, diluted in thousands	106,495.4	106,498.1	106,615.3	106,623.1	106,620.7	89,789.3	85,177.3	85,177.3

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

² Calculated on weighted outstanding ordinary shares, diluted.

CONSOLIDATED QUARTERLY DATA

	2022		2021				2020			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2		
Sales volume by business area, ktonnes										
Gränges Americas	64.0	56.9	63.8	69.0	62.7	54.9	59.1	46.7		
Gränges Eurasia	68.3	59.0	60.9	70.4	73.2	55.4	31.8	28.0		
Other and eliminations	-5.5	-3.6	-6.1	-8.0	-9.2	-7.1	-4.1	-4.0		
Total	126.7	112.3	118.5	131.4	126.7	103.3	86.7	70.8		
Sales volume by end-customer, ktonnes										
Automotive	44.9	42.7	44.3	51.4	55.3	46.8	35.3	25.2		
HVAC	28.5	22.1	27.1	30.4	26.1	19.4	22.4	20.2		
Speciality packaging	22.1	21.0	22.7	22.8	19.1	18.2	18.1	13.7		
Other niches	31.3	26.5	24.4	26.8	26.2	18.8	10.9	11.6		
Total	126.7	112.3	118.5	131.4	126.7	103.3	86.7	70.8		
Net sales by business area, SEK million										
Gränges Americas	3,193	2,485	2,562	2,426	2,015	1,650	1,704	1,420		
Gränges Eurasia	3,147	2,526	2,301	2,482	2,339	1,720	1,019	943		
Other and eliminations	-260	-153	-242	-299	-312	-220	-148	-142		
Total	6,080	4,857	4,621	4,609	4,043	3,149	2,575	2,221		
Employees										
Average number of employees	2,686	2,682	2,664	2,645	2,602	2,297	1,629	1,489		
Sustainability¹										
Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	9.0	9.3	8.9	9.1	10.0	-	-	-		
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.90	0.96	0.88	0.81	0.88	-	-	-		
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	8.1	8.4	8.0	8.3	9.1	-	-	-		
Sourced aluminium scrap, %	31.1	32.9	28.7	27.0	25.6	-	-	-		

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

Sales volume, ktonnes	Automotive		HVAC		Speciality packaging		Other niches		Total	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Gränges Americas	9.3	12.0	28.5	26.1	17.0	14.3	9.2	10.4	64.0	62.7
Gränges Eurasia	40.8	52.3	0.3	0.2	5.1	4.8	22.1	15.8	68.3	73.2
Other and eliminations	-5.2	-9.0	-0.3	-0.2	-	-	-	-	-5.5	-9.2
Total	44.9	55.3	28.5	26.1	22.1	19.1	31.3	26.2	126.7	126.7

CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	Apr 2021 – Mar 2022	Jan 2021 – Dec 2021	Oct 2020 – Sep 2021	Jul 2020 – Jun 2021	Apr 2020 – Mar 2021	Jan 2020 – Dec 2020	Oct 2019 – Sep 2020	Jul 2019 – Jun 2020
Sales volume, ktonnes	488.9	488.9	479.9	448.1	387.5	350.6	325.2	324.3
Income statement								
Net sales	20,167	18,130	16,421	14,375	11,987	11,008	10,541	10,964
Adjusted EBITDA ¹	1,715	1,686	1,729	1,641	1,355	1,201	1,129	1,101
Adjusted operating profit ¹	1,024	1,008	1,063	1,048	780	648	599	586
Operating profit	864	833	1,020	979	707	584	532	545
Adjusted EBITDA margin, %	8.5	9.3	10.5	11.4	11.3	10.9	10.7	10.0
Adjusted operating margin, %	5.1	5.6	6.5	7.3	6.5	5.9	5.7	5.3
Adjusted operating profit per tonne, kSEK	2.1	2.1	2.2	2.3	2.0	1.8	1.8	1.8
Operating margin, %	4.3	4.6	6.2	6.8	5.9	5.3	5.0	5.0

Capital structure and return indicators

Capital employed	10,712	10,117	9,453	8,866	8,495	8,028	7,773	7,849
Return on capital employed, %	9.6	10.0	11.2	11.8	9.2	8.1	7.7	7.5
Equity	6,777	6,521	6,024	5,550	5,174	4,752	4,435	4,362
Return on equity, %	9.1	9.1	12.0	12.5	9.1	7.6	6.9	8.7
Net debt/Adjusted EBITDA ²	2.9	2.2	2.2	2.0	2.4	2.2	2.5	2.9

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

² Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see alternative performance measures for further information.

Sustainability³

Total carbon emissions intensity (scope 1+2+3), tonnes CO ₂ e/tonne	9.0	9.3	–	–	–	–	–	–
Carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne	0.88	0.88	–	–	–	–	–	–
Carbon emissions intensity (scope 3), tonnes CO ₂ e/tonne	8.2	8.4	–	–	–	–	–	–
Sourced aluminium scrap, %	29.9	28.5	–	–	–	–	–	–

³ Quarterly data may be adjusted in the year-end report when annual emission factors have been confirmed. Scope 2 data is calculated with a market-based approach.

FINANCIALS PER BUSINESS AREA

SEK million	Jan–Mar 2022				Jan–Mar 2021			
	Gränges Americas	Gränges Eurasia	Other and eliminations	Total	Gränges Americas	Gränges Eurasia	Other and eliminations	Total
Sales volume external, ktonnes	64.0	62.8	–	126.7	62.7	64.0	–	126.7
Sales volume internal, ktonnes	–	5.5	–5.5	0	–	9.2	–9.2	0
Total sales volume	64.0	68.3	–5.5	126.7	62.7	73.2	–9.2	126.7
Income statement								
Net sales, external	3,206	2,874	–	6,080	2,012	2,028	2	4,043
Net sales, internal	–13	273	–260	0	3	311	–314	0
Total net sales	3,193	3,147	–260	6,080	2,015	2,339	–312	4,043
Adjusted operating profit ¹	251	135	–29	357	191	193	–42	342
Operating profit	251	135	–29	357	191	177	–42	326
Adjusted operating margin, %	7.9	4.3	n/a	5.9	9.5	8.3	n/a	8.5
Adjusted operating profit per tonne, kSEK	3.9	2.0	n/a	2.8	3.0	2.6	n/a	2.7
Capital structure and return indicators								
Capital employed ²	5,031	7,590	–383	12,238	3,895	6,483	–265	10,114
Return on capital employed, % ³	17.2	5.6	n/a	9.6	13.1	6.7	n/a	9.2

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

² Closing balance at end of the period.

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

FINANCIALS PER BUSINESS AREA

SEK million	Gränges Americas							
	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume external, ktonnes	64.0	56.9	63.8	69.0	62.7	54.9	59.1	46.7
Sales volume internal, ktonnes	-	-	-	-	-	-	-	-
Total sales volume, ktonnes	64.0	56.9	63.8	69.0	62.7	54.9	59.1	46.7
Income statement								
Net sales, external	3,206	2,498	2,567	2,425	2,012	1,652	1,688	1,411
Net sales, internal	-13	-13	-5	1	3	-3	16	10
Total net sales	3,193	2,485	2,562	2,426	2,015	1,650	1,704	1,420
Adjusted operating profit ¹	251	73	172	219	191	108	156	89
Operating profit	251	109	172	219	191	103	156	89
Adjusted operating margin, %	7.9	2.9	6.7	9.0	9.5	6.5	9.2	6.3
Adjusted operating profit per tonne, kSEK	3.9	1.3	2.7	3.2	3.0	2.0	2.6	1.9
Capital structure and return indicators								
Capital employed ²	5,031	4,076	4,066	3,761	3,895	3,555	3,989	4,441
Return on capital employed, % ³	17.2	16.9	17.9	17.2	13.1	11.8	9.8	8.1

SEK million	Gränges Eurasia							
	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume external, ktonnes	62.8	55.4	54.8	62.4	64.0	48.3	27.7	24.1
Sales volume internal, ktonnes	5.5	3.6	6.1	8.0	9.2	7.1	4.1	3.9
Total sales volume, ktonnes	68.3	59.0	60.9	70.4	73.2	55.4	31.8	28.0
Income statement								
Net sales, external	2,874	2,362	2,054	2,184	2,028	1,488	882	806
Net sales, internal	273	164	248	298	311	231	137	137
Total net sales	3,147	2,526	2,301	2,482	2,339	1,720	1,019	943
Adjusted operating profit ¹	135	47	69	136	193	110	17	-25
Operating profit	135	-102	69	136	177	80	-8	-25
Adjusted operating margin, %	4.3	1.9	3.0	5.5	8.3	6.4	1.6	-2.6
Adjusted operating profit per tonne, kSEK	2.0	0.8	1.1	1.9	2.6	2.0	0.5	-0.9
Capital structure and return indicators								
Capital employed ²	7,590	6,815	6,840	6,647	6,483	5,911	3,237	3,179
Return on capital employed, % ³	5.6	6.8	8.7	9.0	6.7	4.6	4.9	7.4

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

² Closing balance at end of the period.

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

Alternative performance measures

Gränges makes use of the alternative performance measures Return on capital employed, 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 24.

SEK million	Q1		12 months rolling	Full year
	2022	2021	Apr 2021 – Mar 2022	2021
Adjusted operating profit				
Operating profit	357	326	864	833
Items affecting comparability	–	16	159	175
Adjusted operating profit	357	342	1,024	1,008
Adjusted operating profit per tonne				
Adjusted operating profit	357	342	1,024	1,008
Sales volume, ktonnes	126.7	126.7	488.9	488.9
Adjusted operating profit per tonne, kSEK	2.8	2.7	2.1	2.1
Adjusted EBITDA				
Adjusted operating profit	357	342	1,024	1,008
Depreciation, amortization and impairment charges	170	157	691	678
Adjusted EBITDA	528	499	1,715	1,686
Return on capital employed				
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	–	–	14,781	13,717
Non-interest-bearing liabilities, rolling 12 months average	–	–	–4,416	–3,948
Pensions, rolling 12 months average	–	–	346	348
Capital employed	–	–	10,712	10,117
Adjusted operating profit	–	–	1,024	1,008
Return on capital employed, %	–	–	9.6	10.0
Net debt				
Cash and cash equivalents and interest-bearing receivables	–695	–678	–695 ¹	–814
Interest-bearing liabilities	5,338	4,000	5,338 ¹	4,109
Pensions	348	368	348 ¹	348
Net debt	4,991	3,690	4,991¹	3,643
Equity to assets				
Equity	7,247	6,424	7,247 ¹	6,932
Total assets	18,070	14,071	18,070 ¹	15,767
Equity to assets, %	40.1	45.7	40.1¹	44.0
Adjusted cash flow before financing activities				
Cash flow before financing activities	–1,294	–250	–983	62
Cash flow from expansion investments	70	117	409	456
Cash flow from acquisitions and other capital transactions	–	78	12	90
Adjusted cash flow before financing activities	–1,224	–55	–562	607
Cash conversion				
Adjusted cash flow before financing activities	–1,224	–55	–562	607
Adjusted operating profit	357	342	1,024	1,008
Cash conversion, %	n/a	n/a	n/a	60

¹ Closing balance at the end of the period.

Definitions

Adjusted EBITDA

Adjusted operating profit before depreciation and impairment charges.

Adjusted cash flow before financing activities

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

Adjusted operating profit

Operating profit excluding items affecting comparability.

Adjusted operating profit per tonne

Adjusted operating profit divided by sales volume.

Average number of employees

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

Capital employed

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

Carbon emissions intensity

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

Cash conversion

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

Cash flow before financing activities

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

Earnings per share

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

Equity to Assets

Equity divided by total assets.

Items affecting comparability

Non-recurring income and expenses.

ktonnes

Volume expressed in thousands of metric tonnes.

Net debt

Cash and cash equivalents and interest-bearing receivables minus interest-bearing liabilities, including pensions.

Operating profit

Profit before net financial items and tax.

Return on capital employed

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

Return on equity

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

Sales volume

Volumes sold in metric tonnes.

SEK

Swedish Krona.

Share of sourced aluminium scrap

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

Glossary

Alloy

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

Aluminium strip

Rolled aluminium in coil form.

Brazing

Joining of metals through melting and solidification.

Cladding

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

Heat exchanger

A device for transferring heat from one medium to another.

HVAC

Heating, Ventilation and Air Conditioning systems including heat exchangers.

LME

London Metal Exchange.

Rolled aluminium

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

SHFE

Shanghai Futures Exchange.

Slab

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



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ABOUT GRÄNGES

Gränges is an aluminium technology company that drives the development of lighter, smarter, and more sustainable aluminium products and solutions. The company offers advanced materials that enhance efficiency in the customers' manufacturing process and the performance of the final products. Gränges' innovative engineering has transformed the industry for more than 125 years, and the company holds leading positions in rolled products for thermal management systems, speciality packaging and selected niche applications. Gränges has production facilities and conducts sales on three continents, Asia, Europe, and Americas. The total annual production capacity amounts to 570 ktonnes. Gränges has 2,600 employees and the share is listed on Nasdaq Stockholm. More information on Gränges is available at www.granges.com.

PURPOSE AND PROMISE

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

BUSINESS MODEL

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

STRATEGY

Gränges has a clear strategy for growth targeting four areas: Thermal management, Electrified transportation, New rolled products niches and New materials technology. The implementation of the strategy is supported by a focus on sustainability, innovation, digitalization and continuous improvement. Together with Gränges' strong company culture and committed employees, this will further strengthen Gränges' competitiveness and value creation as well as enabling Gränges to fulfil its purpose and promise.