

YEAR-END REPORT JANUARY–DECEMBER 2021

Challenging fourth quarter concluded a year of recovery and investments

Fourth quarter 2021

- Sales volume increased by 8.7 per cent to 112.3 ktonnes (103.3) and net sales to SEK 4,857 million (3,149). Excluding Gränges Konin sales volume increased by 1.8 per cent to 90.3 ktonnes (88.7) and net sales was SEK 4,018 million (2,761).
- Adjusted operating profit decreased to SEK 139 million (193) and adjusted operating profit per tonne was 1.2 kSEK (1.9). Excluding Gränges Konin, adjusted operating profit was SEK 107 million (175).
- Profit for the period decreased to SEK –23 million (106) and includes items affecting comparability of SEK –159 million (–27).
- Diluted earnings per share decreased to SEK –0.21 (1.19).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK 463 million (232).
- EcoVadis Platinum sustainability rating achieved, ranking Gränges top 1 per cent in the industry.

January–December 2021

- Sales volume increased by 39.4 per cent to 488.9 ktonnes (350.6) and net sales to SEK 18,130 million (11,008). Excluding Gränges Konin sales volume increased by 18.0 per cent to 396.5 ktonnes (336.1) and net sales was SEK 15,146 million (10,620).
- Adjusted operating profit increased to SEK 1,008 million (648) and adjusted operating profit per tonne was 2.1 kSEK (1.8). Excluding Gränges Konin, adjusted operating profit increased to SEK 852 million (630).
- Profit for the period increased to SEK 595 million (363) and includes items affecting comparability of SEK –175 million (–64).
- Diluted earnings per share increased to SEK 5.58 (4.21).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK 607 million (1,180).
- Net debt increased to SEK 3,643 million at 31 December 2021 (SEK 3,292 million at 31 December 2020), corresponding to 2.2 times adjusted EBITDA¹ (2.2 times at 31 December 2020²).
- The Board of Directors proposes a dividend of SEK 2.25 (1.10) per share, corresponding to 40 per cent (32) of the profit for the year.

Financial summary

SEK million	Q4			Jan–Dec		
	2021	2020	Δ	2021	2020	Δ
Sales volume, ktonnes	112.3	103.3	8.7%	488.9	350.6	39.4%
Net sales	4,857	3,149	54.2%	18,130	11,008	64.7%
Adjusted operating profit ¹	139	193	–28.3%	1,008	648	55.5%
Adjusted operating margin, %	2.9	6.1	–3.3 ppt	5.6	5.9	–0.3 ppt
Adjusted operating profit per tonne, kSEK	1.2	1.9	–0.6	2.1	1.8	0.2
Operating profit	–21	167	n/a	833	584	42.6%
Operating margin, %	–0.4	5.3	–5.7 ppt	4.6	5.3	–0.7 ppt
Profit for the period	–23	106	n/a	595	363	63.7%
Earnings per share basic, SEK	–0.21	1.19	–1.40	5.60	4.21	1.39
Earnings per share diluted, SEK	–0.21	1.19	–1.40	5.58	4.21	1.37
Cash flow before financing activities	292	–1,017	n/a	62	–322	n/a
Equity to assets, %	–	–	–	44.0	43.7	0.2 ppt
Net debt	–	–	–	3,643	3,292	351
Return on capital employed, %	–	–	–	10.0	8.1	1.9 ppt

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 on page 24 for further information.

COMMENTS BY THE CEO

Tough ending to 2021 – aiming for recovery

STRONG MARKET IN GENERAL BUT WEAK IN AUTOMOTIVE. COST INCREASES.

As expected, the demand from automotive customers remained low in the fourth quarter as a result of semiconductor shortages. Also, more extensive planned maintenance than normal impacted sales volume negatively. However, most other markets showed continued strong demand. As a result, sales volume in the fourth quarter grew by 2 per cent excluding Gränges Konin.

After the summer, Gränges saw a large and accelerating cost increase in freight, energy and alloying elements. The effect on our profit was limited at first. But as the trend continued into the fourth quarter, it affected our operating profit negatively with approximately SEK 100 million. Price increases only partially offset these costs. As a result, our adjusted operating profit in the fourth quarter was reduced to SEK 139 million (193).

2021: A YEAR OF RECOVERY...

Volume in 2021 grew by almost 40 per cent to 489 ktonnes, a new all-time-high record. Adjusted operating profit rebounded to SEK 1,008 million (648), also a record, mainly driven by improved volume. We developed new ways of working together, both internally and with our suppliers and customers to create value despite the continuing pandemic. It was especially encouraging to see the very good cooperation with Gränges Konin during its first year in the Gränges family. And operational performance was good, although dramatic swings in demand and supply required hard work from all involved.

...AND OF INVESTMENT FOR THE FUTURE

During the year we also continued our very ambitious investment in capacity, operational improvement and future growth. The large expansion program in Konin is now nearing its completion, and both the new recycling and casting center and rolling mill are ramping up as planned. The automated logistics solution in Finspång already shows good promise. In Gränges Americas, we have soon fully recovered from the unfortunate mill fire in May, and the investment in a new recycling and casting center is progressing well.

Even more important for the future are the large efforts to develop customer relations, technology and manufacturing technology for the fast-growing market for electric vehicles and battery technology. The first commercial deliveries to battery customers will begin in 2022, albeit at low volumes. It is encouraging to see a very strong interest from global customers in our capabilities in this area.

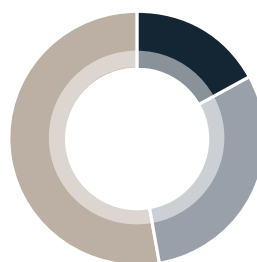


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Fourth quarter 2021

- Sales volume **112.3** ktonnes
- Net sales SEK **4,857** million
- Adjusted operating profit SEK **139** million

Sales volume per region



- Asia Pacific 17%
- Europe 30%
- North and South America 52%

Sales volume per end-customer



- Automotive 38%
- HVAC 20%
- Speciality packaging 19%
- Other niches 24%

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GOOD PROGRESS ON SUSTAINABILITY

In 2021, we made good progress against our ambitious sustainability targets. Highlights include reducing our total carbon emissions, increasing our volumes of sourced recycled aluminium, emitting our first Sustainability-Linked Bond, and having more products with third-party verified sustainability information.

I'm also very proud that Gränges in the fourth quarter achieved a Platinum rating from the independent sustainability rating company EcoVadis, which placed us among the leading 1 per cent in our industry. During the fourth quarter, Gränges Finspång achieved Gränges' first certification against the Aluminium Stewardship Initiative (ASI) Chain of Custody Standard, followed by Gränges Shanghai in the beginning of 2022. This means that we can now offer customers verified sustainability credentials demonstrating that our products are responsibly sourced and produced.

PRICE AND VOLUME ACTIONS DRIVE GRADUAL RECOVERY DURING 2022

During the end of the year, the teams throughout Gränges have worked very hard to counter the effects of the dramatic changes in the world around us.

Analysts currently forecast the shortage of semiconductors to negatively impact automotive production during at least the first half of 2022. Gränges has therefore had full focus on sales to and production capacity for other market segments, where good demand is expected. We therefore expect volumes in the first quarter to increase sequentially to approximately the same level as in the strong first quarter of 2021.

Even more important, we have agreed with the majority of our customers on significant price increases and surcharges taking

effect during the first half of 2022. Combined with a strong focus on cost and productivity in all our units, we expect these increases to offset a large part of the cost increases during the first quarter of 2022.

A GROWTH PLAN IN THE MAKING

Gränges has a good starting point: a global footprint, strong technical capabilities, solid long-term customer relations, industry leading sustainability performance and a strong team. On the other hand, the financial performance during 2021 was not satisfactory, especially against the backdrop of a generally strong economy.

However, the large investments made in the last few years are now beginning to bear fruit and will contribute fully from 2023. The timing is good, as the market outlook especially in the Americas and in Europe is favorable. Gränges is well positioned to take advantage of three strong current trends: the regionalization of supply chains, the electric vehicle revolution, and customer demands for more sustainable solutions.

Our main short-term priority is to secure volumes, price increases and cost productivity. But in parallel, we are also developing plans for the future. They aim at using our strengths and the promising market trends to restore our return on capital employed to its target range of 15–20 per cent, to drive growth, and to build an even stronger and more sustainable company for the future.

I'd like to take this opportunity to thank the whole Gränges team for an outstanding effort in 2021.

Jörgen Rosengren, CEO



Gränges achieved a Platinum rating from EcoVadis, and both Gränges Finspång and Gränges Shanghai achieved certification against the Aluminium Stewardship Initiative (ASI) Chain of Custody Standard.

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 representing 40 per cent of 2021 sales volume, HVAC representing 22 per cent of the sales volume, Speciality packaging and Other niches representing 17 per cent and 21 per cent respectively. Short term, sales to the automotive industry is primarily driven by the number of vehicles produced. Longer term, the increasing share of hybrid and electric vehicles is expected to have a further positive impact on demand for Gränges' products. Sales to the HVAC industry is short term driven by consumer confidence and the general activity within building and construction, whereas increased requirements on energy efficiency of HVAC units is expected to have a further positive impact on the demand for Gränges' products in the longer term. The demand for materials for Speciality packaging is relatively stable in its nature and sales to Other niche applications are largely driven by the general economic activity.

In the fourth quarter 2021, demand remained strong in most of Gränges' end-customer markets that continued to recover from the COVID-19 pandemic last year. If excluding the sales volume from Gränges Konin, the demand for Automotive products did, however, decrease by 11 per cent compared with last year, due to the shortage of semiconductors that negatively impacted vehicle production. According to the research firm IHS¹ light vehicle production decreased by 13 per cent in the fourth quarter compared with the same quarter last year. Further IHS expects the light vehicle production to continue to decline year over year in the first quarter of 2022. Demand for HVAC products increased by 14 per cent in the fourth quarter driven by continued increase in HVAC unit production and an increase in market share. Demand for Specialty packaging materials and Other niches increased by 9 per cent and 17 per cent respectively in the fourth quarter.

SALES DEVELOPMENT

Gränges' sales volume in the fourth quarter of 2021 increased by 8.7 per cent to 112.3 ktonnes (103.3) and net sales by 54 per cent to SEK 4,857 million (3,149) compared to the same quarter previous year. Excluding Gränges Konin, sales volume increased by 1.8 per cent to 90.3 ktonnes and net sales by 45 per cent to SEK 4,018 million. The increase in net sales is driven by the higher sales volume in combination with an increased aluminium price. Changes in foreign exchange rates had a net positive effect of SEK 171 million.

For Gränges Eurasia, sales volume increased to 59.0 ktonnes (55.4) and net sales rose to SEK 2,526 million (1,720) during the fourth quarter of 2021. For Gränges Americas, sales volume increased to 56.9 ktonnes (54.9) and net sales rose to SEK 2,485 million (1,650). For Gränges Konin, sales volume was 22.0 ktonnes (14.6) and net sales amounted to SEK 840 million (388) during the fourth quarter.

For full year 2021, Gränges' sales volume increased by 39 per cent to 488.9 ktonnes (350.6) compared to the full year 2020. Net sales increased to SEK 18,130 million (11,008). Excluding Gränges Konin, sales volume increased by 18 per cent to 396.5 ktonnes and net sales by 43 per cent to SEK 15,146 million. Changes in foreign exchange rates had a net negative effect of SEK 720 million.

For Gränges Eurasia, sales volume increased to 263.5 ktonnes (154.0) and net sales rose to SEK 9,648 million (5,037) during 2021. For Gränges Americas, sales volume increased to 252.4 ktonnes (219.4) and net sales rose to SEK 9,488 million (6,748). For Gränges Konin, sales volume was 92.5 ktonnes and net sales amounted to SEK 2,984 million in 2021.

Asia Pacific

In the fourth quarter of 2021, sales volume in Asia Pacific decreased by 6 per cent to 19.6 ktonnes (20.9). The decrease was primarily driven by lower sales to Automotive customers while sales to Other niches grew significantly but from a low level.

For full year 2021, sales volume increased to 81.6 ktonnes (69.4) representing an increase of 18 per cent.

Sales volume growth excluding Gränges Konin

Q4 2021

End market	Automotive		HVAC		Speciality packaging		Other niches		Total	
Asia Pacific	-13%	↘	-	-	-	-	43%	↗	-6%	↘
Europe	-6%	↘	-	-	-	-	106%	↗	4%	↗
North and South America	-13%	↘	14%	↗	9%	↗	0%	→	4%	↗
Total	-11%	↘	14%	↗	9%	↗	17%	↗	2%	↗

¹ Source: IHS, January 2022.

Europe

In the fourth quarter of 2021, sales volume in Europe increased by 32 per cent to 34.1 ktonnes (25.7). Excluding Gränges Konin, sales volume increased by 4 per cent to 12.6 ktonnes. The increase was driven by strong growth in sales to Other niches while Automotive sales declined compared with the same quarter last year.

For full year 2021, sales volume increased to 143.6 ktonnes (58.3) representing an increase of 146 per cent. Excluding Gränges Konin, sales volume increased by 27 per cent to 56.7 ktonnes.

North and South America

In the fourth quarter of 2021, sales volume in North and South America increased by 3 per cent to 58.6 ktonnes (56.7). Excluding Gränges Konin, sales volume increased by 4 per cent to 58.1 ktonnes. The increase in sales volume was driven by continued strong demand for materials to HVAC and Speciality packaging while Automotive sales declined. An extended stop for year-end maintenance reduced the available production capacity and restricted sales in the fourth quarter.

For full year 2021, sales volume increased to 263.7 ktonnes (222.9) corresponding to an increase of 18 per cent.

OPERATING PROFIT

Adjusted operating profit for the fourth quarter of 2021 decreased to SEK 139 million (193), corresponding to adjusted operating profit per tonne of 1.2 kSEK (1.9). Adjusted operating margin amounted to 2.9 per cent (6.1). Excluding Gränges Konin, adjusted operating profit decreased to SEK 107 million. The reduction in adjusted operating profit is primarily driven by significant inflationary cost pressure mainly related to energy, freight, and alloying elements, that could not be offset by price

increases during the quarter. Changes in foreign exchange rates had a net negative impact of SEK –10 million in the quarter.

Operating profit for the fourth quarter of 2021 decreased to SEK –21 million (167) and includes items affecting comparability of SEK –159 million (–27) related to a write-down of intangible assets mainly within IT, restructuring costs for corporate functions, and insurance compensation related to the fire in Newport earlier in the year. For further information see Note 5.

For full year 2021, adjusted operating profit increased to SEK 1,008 million (648), and adjusted operating profit per tonne rose to 2.1 kSEK (1.8). Excluding Gränges Konin, adjusted operating profit increased to SEK 852 million. Adjusted operating margin amounted to 5.6 per cent (5.9). Changes in foreign exchange rates had a negative impact of SEK –124 million for the full year.

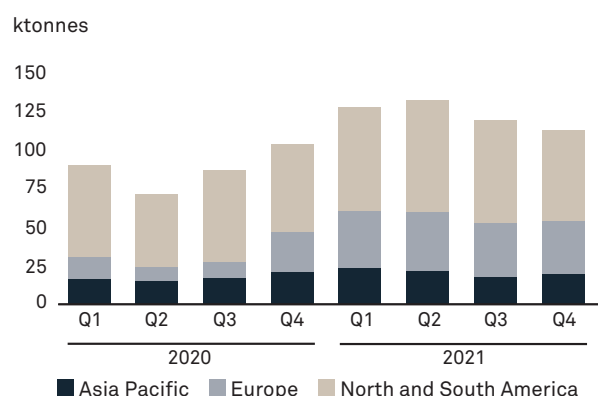
Operating profit for full year 2021 increased to SEK 833 million (584) and includes items affecting comparability of SEK –175 million (–64). For further information see Note 5.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

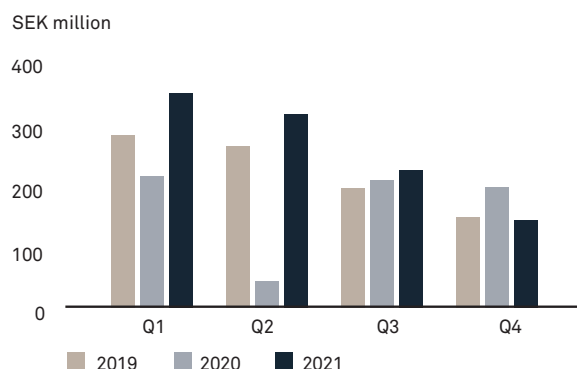
Profit before tax for the fourth quarter of 2021 decreased to SEK –46 million (131). Finance income and costs was SEK –25 million (–36). Income tax for the fourth quarter of 2021 was SEK 23 million (–25). The profit for the period amounted to SEK –23 million (106) during the fourth quarter of 2021 and diluted earnings per share was SEK –0.21 (1.19).

For full year 2021, profit before tax increased to SEK 743 million (454). Finance income and costs was SEK –92 million (–132). Income tax for the period was SEK –147 million (–91) which corresponds to an effective tax rate of 20 per cent (20). The profit for the period increased to SEK 595 million (363) and diluted earnings per share rose to SEK 5.58 (4.21).

Quarterly sales volume per region



Quarterly adjusted operating profit



CASH FLOW

Cash flow from operating activities was SEK 630 million (318) in the fourth quarter of 2021. Working capital and other non-cash items impacted cash flow with SEK 518 million primarily driven by the sequentially lower business activity in the quarter. Cash flow from investing activities amounted to SEK –338 million (–1,335) in the quarter of which SEK –325 million relates to capital expenditure and SEK –12 million to additional purchase price considerations for the acquisition of Gränges Konin. Of the capital expenditure, SEK 166 million refers to investments to maintain and improve efficiency in current production facilities and SEK 159 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 463 million (232) in the fourth quarter. Cash flow from financing activities was SEK –580 million (1,628) in the fourth quarter of 2021 and includes new loans of SEK 2,417 million and repayment of loans of SEK –2,976 million.

For full year 2021, cash flow from operating activities was SEK 988 million (1,414). Cash flow from investing activities amounted to SEK –926 million (–1,736) in the period. This includes additional purchase considerations of SEK 26 million for the acquisition of Gränges Konin and the purchase price of 64 million for the acquisition of DISPAL®, see Note 7 for further information. Total capital expenditure was SEK 836 million in the period. Of this, SEK 380 million relates to investments to maintain and improve efficiency in current production facilities and SEK 456 million refers to investments related to the expansion of the production facilities.

Cash flow before financing activities amounted to SEK 62 million (–322) for full year 2021. Cash flow from financing activities was SEK –793 million (1,149) during 2021 and includes a dividend payment of SEK –117 million, new loans of SEK 6,466 million and repayment of loans of SEK –7,061 million.

Cash and cash equivalents amounted to SEK 809 million at 31 December 2021 (SEK 1,473 million 31 December 2020).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 15,767 million at 31 December 2021 (SEK 13,652 million at 31 December 2020). The equity to assets ratio was 44.0 per cent at 31 December 2021 (43.7 per cent at 31 December 2020).

Consolidated net debt including pension and lease liabilities was SEK 3,643 million at 31 December 2021 (SEK 3,292 million at 31 December 2020), corresponding to 2.2 times adjusted EBITDA¹ (2.2 times at 31 December 2020).

EMPLOYEES

The average number of employees was 2,682 (2,297) in the fourth quarter of 2021 and 2,648 (1,792) during the full year 2021. The increased number of employees for the full year is mainly related to the acquisition of Aluminium Konin in the fourth quarter last year.

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 period January–December 2021, net sales in the parent company was SEK 142 million (169). Result for the full year was SEK –63 million (122). The result for previous year includes dividend from the Chinese subsidiary of SEK 194 million.

SUSTAINABILITY

In November, Gränges Finspång achieved Gränges' first certification against the Aluminium Stewardship (ASI) Chain of Custody Standard, followed by Gränges Shanghai in January 2022. The certification demonstrates that Gränges' products are responsibly sourced and produced and provides assurance to customers and other business partners that Gränges is strongly committed to meeting the increased sustainability requirements and demand for sustainable aluminium. In conjunction with the ASI CoC Standard certification, Gränges Finspång also achieved a full ASI Performance Standard certification, updated from a provisional status due to the COVID-19 situation. Gränges' production facility in Shanghai was certified against ASI's Performance Standard in 2019, and the company aims to certify all production sites in accordance with the ASI sustainability certifications by 2025.

In December, Gränges was awarded a Platinum rating from EcoVadis, the largest independent provider of business sustainability ratings. Platinum is the highest rating awarded by EcoVadis and it places Gränges among the leading 1 per cent of companies assessed globally in its industry. The sustainability rating demonstrates that Gränges has efficiently integrated sustainability principles into its business and that successful results have been achieved across the four categories assessed: environment, labour and human rights, sustainable procurement, and ethics.

For the full year 2021, Gränges made good progress against many of its sustainability targets to 2025. Examples include a continued reduction in total carbon emissions intensity, an increased share of sourced recycled aluminium, and a higher share of products with third-party verified sustainability information. All sustainability performance data will be presented in the Annual and Sustainability Report which will be published in March 2022.

From the first quarter of 2022, Gränges intends to publicly disclose selected sustainability performance data in the quarterly reports.

¹ Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see alternative performance measures for further information.

GRÄNGES EURASIA

- Weak Automotive demand due to semiconductor shortage
- Continued strong demand in other end-customer markets
- Significant margin pressure from increasing cost for energy, freight, and alloying elements

MARKET AND SALES

Gränges Eurasia experienced a continued slow-down of demand from Automotive customers in the fourth quarter of 2021 driven by the semiconductor shortage. Demand in other end-customer markets remained strong and the decline in Automotive sales was partly offset by increased sales to Other niches. The sales volume in the fourth quarter reached 59.0 ktonnes, which represents a 6.4 per cent growth over the fourth quarter last year but a 3.1 per cent decline over the third quarter 2021. Net sales increased by 47 per cent to SEK 2,526 million (1,720) compared to the same quarter previous year. Excluding the sales from Gränges Konin, the fourth quarter sales volume decreased by 9.5 per cent but the net sales increased by 27 per cent compared with the same period last year. Changes in foreign exchange rates had a positive effect on net sales of SEK 85 million.

For full year 2021, sales volume increased by 71 per cent to 263.5 ktonnes (154.0) compared to the full year 2020. Net sales increased to SEK 9,648 million (5,037). Excluding Gränges Konin, sales volume increased by 23 per cent to 171.0 ktonnes and net sales by 43 per cent to SEK 6,664 million.

OPERATING PROFIT

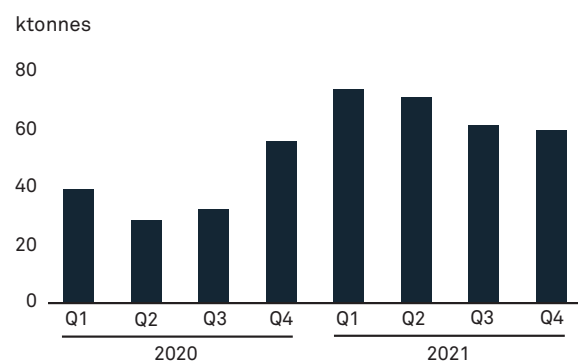
The adjusted operating profit for the fourth quarter 2021 decreased to SEK 47 million (110), corresponding to an adjusted operating profit per tonne of 0.8 kSEK (2.0). Excluding the adjusted operating profit from Gränges Konin of SEK 31 million, it decreased to SEK 16 million (91), corresponding to an adjusted operating profit per tonne of 0.4 kSEK. The reduction in adjusted operating profit was primarily driven by significant inflationary cost pressure mainly related to energy, freight, and alloying elements, that could not be offset by price increases during the quarter. Changes in foreign exchange rates had a negative impact of SEK –8 million in the quarter. Items affecting comparability amounted to SEK –149 million mainly related to write-down of intangible assets within IT. For further information see Note 5.

For full year 2021, adjusted operating profit increased to SEK 446 million (176), and adjusted operating profit per tonne rose to 1.7 kSEK (1.1). Excluding Gränges Konin, adjusted operating profit increased to SEK 290 million. Adjusted operating margin amounted to 4.6 per cent (3.5). Operating profit amounted to SEK 280 million (121) and Return on capital employed was 6.8 per cent on a rolling 12-months basis.

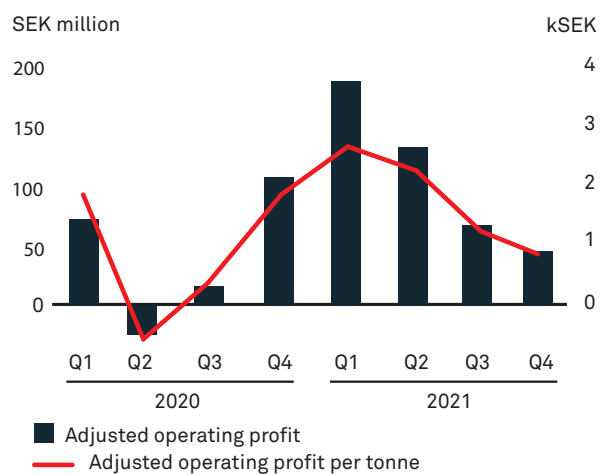
Financial summary

SEK million	Q4			Jan–Dec		
	2021	2020	Δ	2021	2020	Δ
Sales volume external, ktonnes	55.4	48.3	14.7%	236.6	131.5	79.9%
Sales volume internal, ktonnes	3.6	7.1	–49.5%	26.9	22.5	19.7%
Total sales volume, ktonnes	59.0	55.4	6.4%	263.5	154.0	71.1%
Net sales, external	2,362	1,488	58.7%	8,627	4,262	102.4%
Net sales, internal	164	231	–29.2%	1,021	775	31.7%
Total net sales	2,526	1,720	46.9%	9,648	5,037	91.5%
Adjusted operating profit	47	110	–57.0%	446	176	153.6%
Operating profit	–102	80	n/a	280	121	132.4%
Adjusted operating margin, %	1.9	6.4	–4.5 ppt	4.6	3.5	1.1 ppt
Adjusted operating profit per tonne, kSEK	0.8	2.0	–59.6%	1.7	1.1	48.2%
Return on capital employed, %	–	–	–	6.8	4.6	2.2 ppt

Sales volume



Adjusted operating profit



GRÄNGES AMERICAS

- Continued strong market conditions except in Automotive
- Sales volume negatively impacted by planned additional maintenance activities
- Significant margin pressure from increasing cost for energy, freight, and alloying elements

MARKET AND SALES

Gränges Americas experienced a continued strong demand from HVAC and Speciality packaging customers in the fourth quarter of 2021, while demand from Automotive customers slowed down due to the continued semiconductor shortage. In addition, the available production capacity was reduced by approximately 8 ktonnes in the fourth quarter due to extended planned maintenance of the Huntingdon rolling mill, which further limited sales volume in the quarter. The sales volume in the fourth quarter increased by 3.5 per cent to 56.9 ktonnes (54.9) and net sales increased by 51 per cent to SEK 2,485 million (1,650) compared to the same quarter previous year. Changes in foreign exchange rates had a positive effect on net sales of SEK 85 million.

For full year 2021, sales volume increased by 15 per cent to 252.4 ktonnes (219.1) compared to the full year 2020. Net sales increased to SEK 9,488 million (6,748).

OPERATING PROFIT

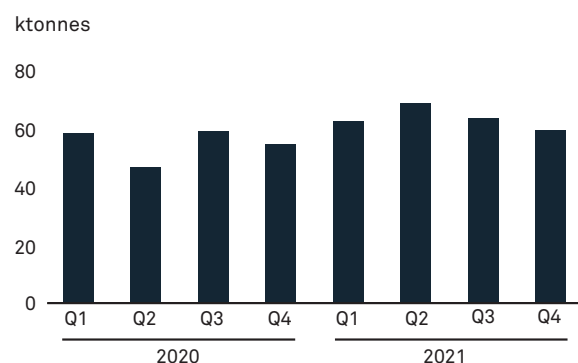
The adjusted operating profit for the fourth quarter 2021 decreased to SEK 73 million (108), corresponding to an adjusted operating profit per tonne of 1.3 kSEK (2.0). The reduction in adjusted operating profit was primarily driven by significant inflationary cost pressure mainly related to energy, freight, and alloying elements, that could not be fully offset by price increases and higher sales volume during the quarter. Net changes in foreign exchange rates had a negative impact of SEK –3 million in the quarter. Items affecting comparability amounted to SEK 36 million in the quarter mainly related to insurance compensation for the fire in Newport earlier in the year. For further information see Note 5.

For full year 2021, adjusted operating profit increased to SEK 655 million (503), and adjusted operating profit per tonne rose to 2.6 kSEK (2.3). Adjusted operating margin amounted to 6.9 per cent (7.5). Operating profit amounted to SEK 691 million (498) and Return on capital employed was 16.9 per cent on a rolling 12-months basis.

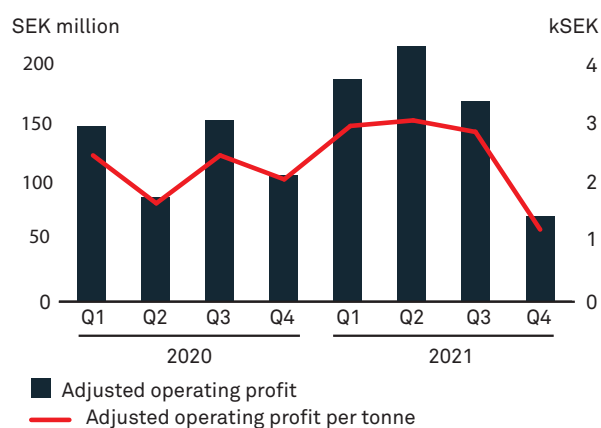
Financial summary

SEK million	Q4			Jan-Dec		
	2021	2020	Δ	2021	2020	Δ
Sales volume external, ktonnes	56.9	54.9	3.5%	252.4	219.1	15.2%
Sales volume internal, ktonnes	–	–	–	–	–	–
Total sales volume, ktonnes	56.9	54.9	3.5%	252.4	219.1	15.2%
Net sales, external	2,498	1,652	51.2%	9,502	6,725	41.3%
Net sales, internal	–13	–3	n/a	–14	24	n/a
Total net sales	2,485	1,650	50.7%	9,488	6,748	40.6%
Adjusted operating profit	73	108	–32.2%	655	503	30.2%
Operating profit	109	103	5.9%	691	498	38.7%
Adjusted operating margin, %	2.9	6.5	–3.6 ppt	6.9	7.5	–0.6 ppt
Adjusted operating profit per tonne, kSEK	1.3	2.0	–34.5%	2.6	2.3	13.2%
Return on capital employed, %	–	–	–	16.9	11.8	5.1 ppt

Sales volume



Adjusted operating profit



SIGNIFICANT EVENTS DURING THE PERIOD

Jörgen Rosengren assumed his position as President and CEO
Jörgen Rosengren assumed his position as President and CEO of Gränges on 1 October 2021.

Changes in Group Management

In November, Torbjörn Sternsjö, previously President Europe, moved into a new role with a focus on global business development projects. Jörgen Rosengren, Gränges' CEO, is Interim President Europe until a successor has been recruited.

Gränges Finspång achieved ASI Chain of Custody certification

In November, Gränges Finspång successfully achieved Gränges' first certification according to the Aluminium Stewardship Initiative Chain of Custody Standard. In conjunction with the ASI CoC Standard certification, Gränges Finspång also achieved a full ASI Performance Standard certification, updated from a provisional status due to the COVID-19 situation. Read more on page 6.

Gränges achieved EcoVadis Platinum – ranked top 1 per cent in global sustainability rating

In November, Gränges was awarded a Platinum rating from EcoVadis, the largest independent provider of business sustainability ratings. Platinum is the highest rating awarded by EcoVadis and it places Gränges among the leading 1 per cent of companies assessed in its industry globally. Read more on page 6.

Strengthened European team and simplified organization

In December, Gränges strengthened the European team and simplified the organization by decentralizing responsibility. Specifically, the corporate functions for Innovation, IT/Digitalization, Human Resources, Process Engineering & Operational Development and Legal were integrated into Gränges Europe. The changes led to restructuring costs of SEK 200 million in the fourth quarter, of which SEK 160 million was a non-cash write-down of intangible assets, mainly within IT. The changes generate annual cost savings of SEK 40 million from January 2022. After the changes, Gränges' Group Management consists of CEO, CFO, SVP Sustainability, President Europe, President Americas and President Asia.

SIGNIFICANT EVENTS AFTER THE PERIOD

Gränges Shanghai achieved ASI Chain of Custody certification

In January 2022, Gränges Shanghai successfully achieved certification against the Aluminium Stewardship Initiative Chain of Custody (CoC) Standard. This was Gränges' second CoC Standard certification and an important step in the company's sustainability agenda and commitment to develop sustainable aluminium products and solutions. Read more on page 6.

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 10,970 on 31 December 2021, according to Euroclear.

Largest shareholders in Gränges at 31 December 2021¹

Shareholder	Number of shares	Share of capital and votes %
Fourth Sw. National Pension Fund	9,864,534	9.3
AFA Insurance	6,643,492	6.2
Swedbank Robur Funds	5,203,611	4.9
Handelsbanken Funds	4,754,272	4.5
Dimensional Fund Advisors	4,352,258	4.1
Allianz Global Investors	3,482,939	3.3
Vanguard	3,323,992	3.1
T. Rowe Price	3,078,748	2.9
Columbia Threadneedle	2,482,719	2.3
Norges Bank	2,211,360	2.1
Total 10 largest shareholders	45,397,925	42.7
Other	60,910,693	57.3
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. Shareholders who wish to have a matter considered at the Annual General Meeting should normally submit such requests seven weeks before the meeting at the latest.

Annual and Sustainability Report 2021

Gränges' Annual and Sustainability Report for 2021 is expected to be published on 17 March 2022 on the company's website. A printed version of the report can be ordered at reports@granges.com.

Dividend

The 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). The proposed dividend corresponds to 40 per cent (32) of the profit for the year 2021. The record date for the dividend will be communicated in conjunction with the notice to the Annual General Meeting.

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. More information about risk management is available on pages 39–44 in Gränges' 2020 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, 27 January 2022

Jörgen Rosengren
Chief Executive Officer

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

For additional information, please contact:

Oskar Hellström, CFO and Deputy CEO
Email: oskar.hellstrom@granges.com
Tel: +46 8 459 59 00

Gunilla Björksiöö, IR Coordinator
E-mail: gunilla.bjorksioo@granges.com
Tel: +46 701 49 95 63

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 27 January 2022 at 07.30 CET.

Webcasted telephone conference

CEO Jörgen Rosengren and CFO Oskar Hellström will present Gränges' year-end report for January–December 2021 at a webcasted conference call at 10.00 CET, Thursday 27 January, 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

17 March, 2022	Annual Report 2021
21 April, 2022	Interim Report, January–March 2022
4 May, 2022	Annual General Meeting 2022
15 July, 2022	Half-year Report 2022

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Net sales	2	4,857	3,149	18,130	11,008
Cost of materials	5	-3,523	-1,983 ²	-12,443 ¹	-6,778 ²
Payroll and other operating expenses		-1,035	-856	-4,016	-3,059
Depreciation, amortization and impairment charges		-161	-148	-678	-553
Items affecting comparability	5	-159	4	-159	-33
Operating profit		-21	167	833	584
Profit or loss from joint ventures	4	1	1	2	2
Finance income and costs		-25	-36	-92	-132
Profit before tax		-46	131	743	454
Income tax	6	23	-25	-147	-91
Profit for the period		-23	106	595	363
Profit for the period attributable to					
– owners of the parent company		-23	106	595	363
– non-controlling interests		0	0	0	0
Earnings per share					
Earnings per share basic, SEK		-0.21	1.19	5.60	4.21
Earnings per share diluted, SEK		-0.21	1.19	5.58	4.21

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

² Includes items affecting comparability of SEK -31 million, see Note 5 for further information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Profit for the period	-23	106	595	363
Items not to be reclassified to profit/loss in subsequent periods				
Remeasurement of pensions after tax	-4	19	17	1
Items to be reclassified to profit/loss in subsequent periods				
Change in hedging reserve after tax	27	93	-88	61
Translation effects	186	-384	466	-463
Comprehensive Income for the period	187	-165	990	-37
Comprehensive income for the period attributable to				
– owners of the parent company	187	-165	990	-37
– non-controlling interests	0	0	0	0

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Intangible assets		1,407	1,510
Property, plant and equipment		6,724	6,066
Deferred tax assets		55	20
Investments in joint ventures	4	16	13
Other non-current receivables	3	122	24
Non-current assets		8,323	7,633
Inventories		3,933	2,398
Receivables	3	2,696	2,021
Interest-bearing receivables	3	5	128
Cash and cash equivalents		809	1,473
Current assets		7,444	6,020
TOTAL ASSETS		15,767	13,652
EQUITY AND LIABILITIES			
Share capital		142	142
Retained earnings		6,789	5,828
Equity		6,932	5,970
Interest-bearing liabilities	3	2,414	2,351
Provisions and other non-current liabilities	3	882	718
Non-current liabilities		3,297	3,068
Interest-bearing liabilities	3	1,694	2,184
Provisions and other current liabilities	3	3,844	2,429
Current liabilities		5,539	4,614
TOTAL EQUITY AND LIABILITIES		15,767	13,652

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	31 Dec 2021	31 Dec 2020
Opening balance	5,968	4,314
Profit for the period	595	363
Other comprehensive income for the period	395	-401
Total comprehensive income for the period	990	-37
Dividend	-117	-
Share swap	88	-193
Option premium	-	8
Issue in kind	-	215
Rights issue	-	1,662
Total transactions with owners	-29	1,691
Equity attributable to owners of the parent company	6,930	5,968
Equity attributable to non-controlling interests	2	2
Closing balance	6,932	5,970

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

SEK million	Note	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating profit		-21	167	833	584
Depreciation, amortization and impairment charges		161	148	678	553
Other non-cash items	5	199	20	215	45
Change in working capital etc.		319	12	-623	290
Income taxes paid		-28	-29	-116	-59
Cash flow from operating activities		630	318	988	1,414
Acquisitions	7	-12	-1,196	-90	-1,196
Investments in property, plant, equipment and intangible assets		-325	-205	-836	-557
Divestments		-	17	-	17
Other capital transactions		-	49	-	-
Cash flow from investing activities		-338	-1,335	-926	-1,736
Cash flow before financing activities		292	-1,017	62	-322
Dividend		-	-	-117	-
Share swaps		-	-193	-	-193
Option premium		-	8	-	8
Rights issue		-	1,662	-	1,662
Interest paid and received		-20	-37	-82	-142
New loans		2,417	3,196	6,466	5,785
Repayment of loans		-2,976	-3,008	-7,061	-5,970
Cash flow from financing activities		-580	1,628	-793	1,149
Cash flow for the period		-288	611	-732	827
Cash and cash equivalents at beginning of period		1,074	923	1,473	747
Cash flow for the period		-288	611	-732	827
Exchange rate differences in cash and cash equivalents		22	-60	67	-101
Cash and cash equivalents at end of period		809	1,473	809	1,473

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	52	38	142	169
Payroll and other operating expenses	-102	-78	-253	-249
Depreciation, amortization and impairment charges	-2	-5	-8	-21
Operating profit/loss	-51	-45	-119	-101
Dividends from subsidiaries	0	194	0	194
Finance income and costs	14	-15	41	-13
Profit/loss after financial items	-37	134	-78	80
Appropriations	0	30	0	30
Income tax	5	3	15	12
Profit/loss for the period	-32	167	-63	122

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Profit for the period	-32	167	-63	122
Items to be reclassified to profit/loss in subsequent periods				
Change in hedging reserve after tax	-	42	-	1
Comprehensive income for the period attributable to owners of the parent company	-32	209	-63	123

PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	31 Dec 2021	31 Dec 2020
ASSETS		
Intangible assets	0	33
Property, plant and equipment	2	170
Shares in Group companies	2,906	2,891
Deferred tax assets	47	27
Receivables from Group companies	2,659	1,579
Other non-current receivables	105	5
Non-current assets	5,718	4,706
Receivables from Group companies	649	870
Other receivables	129	248
Cash and cash equivalents	446	736
Current assets	1,224	1,853
TOTAL ASSETS	6,942	6,559
EQUITY AND LIABILITIES		
Restricted equity	142	151
Non-restricted equity	3,279	3,362
Equity	3,422	3,513
Interest-bearing liabilities	1,095	698
Provisions and other non-current liabilities	34	32
Non-current liabilities	1,129	730
Liabilities to Group companies	696	262
Interest-bearing liabilities	1,474	1,865
Provisions and other current liabilities	221	189
Current liabilities	2,391	2,316
TOTAL EQUITY AND LIABILITIES	6,942	6,559

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) 2020. 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 2021 or later have not had any material impact on this financial report.

Operating segments

Following recent years' successful growth initiatives that have resulted in a larger production footprint and a more diverse product portfolio Gränges sees an opportunity to further increase efficiency and transparency by grouping the different businesses based on production technology and end-customer markets. As of the first quarter of 2021 Gränges established two business areas: Gränges Eurasia and Gränges Americas. Gränges Eurasia includes the three rolling mills with direct chill casting and hot rolling technology in Finspång, Sweden, Konin, Poland, and Shanghai, China, as well as the newly established Gränges Powder Metallurgy business unit in Saint-Avold, France. The largest end-customer market for Gränges Eurasia is heat exchanger material for the automotive industry. Gränges Americas includes the three rolling mills in Huntingdon, Salisbury, and Newport with continuous casting technology. 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.

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, which consists of the CEO. 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 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.

The interim information on pages 2–18 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 geographical region and by business area divided by type of revenue.

SEK million	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Net sales by region				
Asia Pacific	907	669	3,187	2,268
Europe	1,385	774	5,052	1,875
North and South America	2,558	1,702	9,820	6,848
Total revenue from contracts with customers	4,850	3,145	18,059	10,991
Other revenue	7	4	71	17
Net sales	4,857	3,149	18,130	11,008

SEK million	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Net sales by business area				
<i>Gränges Eurasia</i>				
Fabrication revenue	892	1,003	3,861	2,642
Raw material and other revenue	1,630	717	5,773	2,395
Revenue from contracts with customers	2,522	1,720	9,633	5,037
Other revenue	4	–	15	–
Total net sales Gränges Eurasia	2,526	1,720	9,648	5,037
<i>Gränges Americas</i>				
Fabrication revenue	746	683	3,182	2,855
Raw material and other revenue	1,736	967	6,251	3,893
Revenue from contracts with customers	2,482	1,650	9,432	6,748
Other revenue	4	–	56	–
Total net sales Gränges Americas	2,485	1,650	9,488	6,748
<i>Other and eliminations</i>				
Fabrication revenue	–87	–144	–588	–512
Raw material and other revenue	–67	–80	–419	–282
Revenue from contracts with customers	–153	–224	–1,007	–794
Other revenue	–	4	–	17
Total net sales other and eliminations	–153	–220	–1,007	–778
Total fabrication revenue	1,551	1,541	6,454	4,985
Total raw material and other revenue	3,299	1,604	11,604	6,006
Total revenue from contracts with customers	4,850	3,145	18,059	10,991
Total other revenue	7	4	71	17
Total net sales	4,857	3,149	18,130	11,008

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 Dec 2021	31 Dec 2020
Non-current assets	105	6
Current assets	134	249
Non-current liabilities	1	–
Current liabilities	249	138

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 December 31 2021, the amount of outstanding term loans was USD 150 million and SEK 200 million. Gränges' revolving credit facilities amounted to SEK 2,000 million and were unutilized as per December 31 2021. Financing from banks and institutions also includes working capital loans of CNY 50 million. The commercial paper program was increased from SEK 1,500 million to SEK 2,000 million during the fourth quarter 2021. The amount of outstanding commercial papers was SEK 1,200 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		–	–	200	200
USD		226	226	905	1,357
Bonds in MTN programme	3,000	–	300	600	900
Commercial papers	2,000	1,200	–	–	1,200
Revolving Credit Facilities	2,000	–	–	–	–
Lease liabilities		44	36	156	236
Other interest-bearing liabilities		224	–	–8	216
Total interest-bearing liabilities		1,694	562	1,852	4,109

Interest-bearing liabilities are measured at amortized cost and the carrying amount as of 31 December 2021 was SEK 4,109 million (SEK 4,535 million as of 31 December 2020). The fair value of interest-bearing liabilities amounted to SEK 4,117 million as of 31 December 2021 (SEK 4,547 million as of 31 December 2020). 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 2020 Annual Report. During the period there have been no significant transactions with related parties.

NOTE 5 ITEMS AFFECTING COMPARABILITY

SEK million	Financial statement line	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Write-down of intangible assets	Items affecting comparability	–158	–	–158	–
Restructuring costs	Items affecting comparability	–42	11	–42	–14
Insurance compensation	Items affecting comparability	40	–	40	–
Realisation of fair value inventory step-up on acquired business	Cost of materials	–	–31	–16	–31
M&A costs	Items affecting comparability	–	–6	–	–19
Items affecting comparability		–159	–27	–175	–64

Gränges has during the fourth quarter decided to simplify its organization by decentralizing the responsibility for innovation, digitalization and continuous improvement. The decentralization of digitalization has led to that certain investments in group-wide IT systems are no longer relevant, and these have been written down by SEK 138 million. Remaining write-down of SEK 19 million refers to other intangible assets. The simplified organization has also led to restructuring to a cost of SEK 42 million in the fourth quarter. None of the items affect the cash flow.

In the second quarter 2021, a fire occurred in one of the rolling mills in the Newport facility in US. The event is covered by property damage and interruption insurance with a deductible of SEK 10 million. Insurance compensation, less deductible, corresponding to the costs for the fire have been reported as part of adjusted operating profit. Insurance compensation in addition to cost coverage and deductible, amounting to SEK 40 million, is handled as an item affecting comparability. The insurance claim has not been settled yet and additional compensation may be obtained.

In the fourth quarter previous year Gränges acquired Aluminium Konin. The costs for the acquisition amounted to SEK 19 million and were reported as an item affecting comparability in 2020. All of Aluminium Konin's assets were valued at fair value by Gränges, as was the inventory. Upon sale of the acquired inventory, the difference between fair value and book value was realized. The amount was reported in the financial statement line cost of materials and deemed to be an item affecting comparability. The item amounted to SEK 16 million for the first quarter 2021 and the corresponding amount for 2020 was SEK 31 million. For further information on the acquisition, see Note 7.

Restructuring costs for the full year 2020 refer to the organizational changes in Gränges' Swedish and US operations.

NOTE 6 TAX

Gränges' Chinese subsidiary has for tax purpose received a pre-qualification as a High and New-Technology Enterprise for the three-year period 2019 to 2021. The pre-qualification means that the company preliminarily pays 15 per cent in corporate income tax instead of the ordinary tax of 25 per cent for the period. In order to finally obtain the lower tax rate, the company must meet special requirements established by the authorities in China for each one of the three years. Gränges currently considers it to be more likely than not that the special requirements will be met for the financial year 2021 and therefore applies a tax rate of 15 per cent for the Chinese subsidiary.

NOTE 7 ACQUISITIONS

Aluminium Konin

In the fourth quarter 2020 Gränges acquired Aluminium Konin, a Polish flat rolled aluminium producer. The acquired business was consolidated from November 2020. The preliminary purchase price allocation was updated during the first quarter 2021 with SEK 3 million (PLN 1 million). Additional update of SEK 12 million (PLN 5 million) has been done during the fourth quarter 2021, the adjustment has increased the purchase price and net identifiable assets and liabilities. No further adjustments are expected, and the purchase price allocation is determined as below.

Purchase price allocation Aluminium Konin	PLN million	SEK million
Intangible assets	138	335
Property, plant and equipment	624	1,514
Other non-current receivables	15	35
Inventories	242	586
Other current receivables	159	388
Cash and cash equivalents	24	57
Interest-bearing liabilities	507	1,231
Provision and other liabilities	290	704
Net identifiable assets and liabilities	406	981
Goodwill	204	495
Purchase price	611	1,476
Issue in kind of new issued shares in Gränges	90	215
Paid cash for the acquisition	521	1,261
Purchase price	611	1,476
Less issue in kind of new issued shares in Gränges	-90	-215
Less cash and cash equivalents in acquired operation	-24	-57
Effect on the Group's cash and cash equivalents	-497	-1,204

GETEK

In 2020 it was announced that Gränges would acquire the remaining 49 per cent of the shares in GETEK GmbH as well as the business DISPAL®. GETEK was until 1 October 2020 jointly owned by Gränges (51 per cent) and Erbslöh (49 per cent) and classified as a joint operation. Gränges has recognized its direct right to jointly owned assets, liabilities, revenues and expenses in the financial statements since 2017. The acquisition of the remaining 49 per cent shares in GETEK was done 1 October 2020 and the operation has been consolidated in full since then. The DISPAL® business was acquired 1 January 2021 and is included from 2021.

The preliminary acquisition balance presented at 31 December 2020 was updated during the first quarter 2021 due to updated fair value valuations of the net assets and adjustment of the purchase price. No further updates have been done during 2021 and the purchase price allocation is determined as below.

Purchase price allocation GETEK	EUR million	SEK million
Non-current assets	6.5	66
Current assets, excluding cash	2.7	27
Cash and cash equivalents	0.1	1
Non-current liabilities	1.0	10
Current liabilities	1.0	11
Net identifiable assets and liabilities	7.2	73
Goodwill	5.3	52
Purchase price	12.5	124
Initial investment in joint operation	4.6	44
Paid cash	8.0	80
Purchase price	12.6	124
Less initial investment in joint operation	-4.6	-44
Effect on the Group's cash and cash equivalents	-8.0	-80

CONSOLIDATED QUARTERLY DATA

SEK million	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume, ktonnes	112.3	118.5	131.4	126.7	103.3	86.7	70.8	89.9
Income statement								
Net sales	4,857	4,621	4,609	4,043	3,149	2,575	2,221	3,063
Adjusted EBITDA ¹	299	420	468	499	342	332	182	345
Adjusted operating profit ¹	139	219	309	342	193	203	42	210
Operating profit	-21	219	309	326	167	177	37	204
Profit for the period	-23	153	226	239	106	124	1	133
Adjusted EBITDA margin, %	6.2	9.1	10.2	12.3	10.9	12.9	8.2	11.3
Adjusted operating margin, %	2.9	4.7	6.7	8.5	6.1	7.9	1.9	6.9
Adjusted operating profit per tonne, kSEK	1.2	1.8	2.4	2.7	1.9	2.3	0.6	2.3
Operating margin, %	-0.4	4.7	6.7	8.1	5.3	6.9	1.7	6.6
Net margin, %	-0.5	3.3	4.9	5.9	3.4	4.8	0.0	4.3
Balance sheet								
Non-current assets	8,323	8,099	8,003	8,062	7,633	5,825	6,047	6,491
Current assets	7,444	7,399	6,810	6,009	6,020	4,330	4,156	5,121
Equity	6,932	6,745	6,546	6,424	5,970	4,442	4,374	4,663
Non-current liabilities	3,297	3,425	2,761	2,780	3,068	2,905	3,719	3,910
Current liabilities	5,539	5,327	5,505	4,867	4,614	2,808	2,109	3,038
Cash flow								
Operating activities	630	-34	395	-3	318	426	283	387
Investing activities	-338	-186	-156	-247	-1,335	-78	-117	-207
Before financing activities	292	-220	239	-250	-1,017	348	166	181
Financing activities	-580	263	169	-646	1,628	-391	-312	225
Cash flow for the period	-288	43	409	-896	611	-43	-146	406
Capital structure								
Net debt	3,643	3,810	3,532	3,690	3,292	2,812	3,247	3,559
Equity to assets, %	44.0	43.5	44.2	45.7	43.7	43.7	42.9	40.2
Data per share, SEK²								
Earnings per share basic	-0.21	1.44	2.12	2.25	1.19	1.45	0.01	1.56
Earnings per share diluted	-0.21	1.44	2.12	2.24	1.19	1.45	0.01	1.56
Equity	65.09	63.26	61.40	60.25	66.49	52.15	51.36	54.75
Cash flow from operating activities	5.91	-0.32	3.71	-0.03	3.54	5.00	3.32	4.55
Share price at the end of the period	106.10	105.50	118.90	113.50	100.20	71.06	65.39	43.62
Weighted outstanding ordinary shares, basic in thousands	106,308.6	106,308.6	106,308.6	106,308.6	89,742.0	85,177.3	85,177.3	85,177.3
Weighted outstanding ordinary shares, diluted in thousands	106,498.1	106,615.3	106,623.1	106,620.7	89,789.3	85,177.3	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

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume by region, ktonnes								
Asia Pacific	19.6	17.5	21.4	23.2	20.9	16.8	15.1	16.7
Europe	34.1	34.7	37.7	37.1	25.7	10.3	8.6	13.7
North and South America	58.6	66.3	72.3	66.5	56.7	59.6	47.1	59.5
Total	112.3	118.5	131.4	126.7	103.3	86.7	70.8	89.9
Sales volume by end-customer, ktonnes								
Automotive	42.7	44.3	51.4	55.3	46.8	35.3	25.2	38.7
HVAC	22.1	27.1	30.4	26.1	19.4	22.4	20.2	24.3
Speciality packaging	21.0	22.7	22.8	19.1	18.2	18.1	13.7	14.4
Other niches	26.5	24.4	26.8	26.2	18.8	10.9	11.6	12.5
Total	112.3	118.5	131.4	126.7	103.3	86.7	70.8	89.9
Net sales by region, SEK million								
Asia Pacific	907	697	801	781	669	526	486	587
Europe	1,389	1,259	1,274	1,145	778	331	310	473
North and South America	2,561	2,664	2,534	2,117	1,702	1,717	1,425	2,004
Total	4,857	4,621	4,609	4,043	3,149	2,575	2,221	3,063
Employees								
Average number of employees	2,682	2,664	2,645	2,602	2,297	1,629	1,489	1,751

End market	Automotive		HVAC		Speciality packaging		Other niches		Total	
	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020
ktonnes										
Asia Pacific	16.0	18.3	0.6	0.6	–	–	3.0	1.9	19.6	20.9
Europe	15.3	15.2	0.1	0.1	4.7	3.3	14.0	7.1	34.1	25.7
North and South America	11.4	13.3	21.4	18.7	16.3	14.9	9.5	9.7	58.6	56.7
Total	42.7	46.8	22.1	19.4	21.0	18.2	26.5	18.8	112.3	103.3

CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	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	Apr 2019 – Mar 2020
Sales volume, ktonnes	488.9	479.9	448.1	387.5	350.6	325.2	324.3	346.4
Income statement								
Net sales	18,130	16,421	14,375	11,987	11,008	10,541	10,964	11,932
Adjusted EBITDA ¹	1,686	1,729	1,641	1,355	1,201	1,129	1,101	1,289
Adjusted operating profit ¹	1,008	1,063	1,048	780	648	599	586	801
Operating profit	833	1,020	979	707	584	532	545	765
Adjusted EBITDA margin, %	9.3	10.5	11.4	11.3	10.9	10.7	10.0	10.8
Adjusted operating margin, %	5.6	6.5	7.3	6.5	5.9	5.7	5.3	6.7
Adjusted operating profit per tonne, kSEK	2.1	2.2	2.3	2.0	1.8	1.8	1.8	2.3
Operating margin, %	4.6	6.2	6.8	5.9	5.3	5.0	5.0	6.4
Capital structure and return indicators								
Capital employed	10,117	9,453	8,866	8,495	8,028	7,773	7,849	7,782
Return on capital employed, %	10.0	11.2	11.8	9.2	8.1	7.7	7.5	10.3
Equity	6,521	6,024	5,550	5,174	4,752	4,435	4,362	4,333
Return on equity, %	9.1	12.0	12.5	9.1	7.6	6.9	8.7	12.7
Net debt / Adjusted EBITDA ²	2.2	2.2	2.0	2.4	2.2	2.5	2.9	2.8

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.

FINANCIALS PER BUSINESS AREA

SEK million	Oct–Dec 2021				Oct–Dec 2020			
	Gränges Eurasia	Gränges Americas	Other and eliminations	Total	Gränges Eurasia	Gränges Americas	Other and eliminations	Total
Sales volume external, ktonnes	55.4	56.9	–	112.3	48.3	54.9	–	103.3
Sales volume internal, ktonnes	3.6	–	–3.6	0	7.1	–	–7.1	0
Total sales volume	59.0	56.9	–3.6	112.3	55.4	54.9	–7.1	103.3
Income statement								
Net sales, external	2,362	2,498	–2	4,857	1,488	1,652	9	3,149
Net sales, internal	164	–13	–151	0	231	–3	–229	0
Total net sales	2,526	2,485	–153	4,857	1,720	1,650	–220	3,149
Adjusted operating profit ¹	47	73	18	139	110	108	–24	193
Operating profit	–102	109	–28	–21	80	103	–16	167
Adjusted operating margin, %	1.9	2.9	n/a	2.9	6.4	6.5	n/a	6.1
Adjusted operating profit per tonne, kSEK	0.8	1.3	n/a	1.2	2.0	2.0	n/a	1.9
Capital structure and return indicators								
Capital employed ²	6,815	4,076	–316	10,574	5,911	3,555	–203	9,262
Return on capital employed, % ³	6.8	16.9	n/a	10.0	4.6	11.8	n/a	8.1

SEK million	Jan–Dec 2021				Jan–Dec 2020			
	Gränges Eurasia	Gränges Americas	Other and eliminations	Total	Gränges Eurasia	Gränges Americas	Other and eliminations	Total
Sales volume external, ktonnes	236.6	252.4	–	488.9	131.5	219.4	–	350.6
Sales volume internal, ktonnes	26.9	–	–26.9	0	22.5	–	–22.8	0
Total sales volume	263.5	252.4	–26.9	488.9	154.0	219.4	–22.8	350.6
Income statement								
Net sales, external	8,627	9,502	–	18,130	4,262	6,725	21	11,008
Net sales, internal	1,021	–14	–1,007	0	775	24	–799	0
Total net sales	9,648	9,488	–1,007	18,130	5,037	6,748	–778	11,008
Adjusted operating profit ¹	446	655	–92	1,008	176	503	–30	648
Operating profit	280	691	–138	833	121	498	–35	584
Adjusted operating margin, %	4.6	6.9	n/a	5.6	3.5	7.5	n/a	5.9
Adjusted operating profit per tonne, kSEK	1.7	2.6	n/a	2.1	1.1	2.3	n/a	1.8

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

² Closing balance at end of the period.

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

FINANCIALS PER BUSINESS AREA

Gränges Eurasia

SEK million	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume external, ktonnes	55.4	54.8	62.4	64.0	48.3	27.7	24.1	31.4
Sales volume internal, ktonnes	3.6	6.1	8.0	9.2	7.1	4.1	3.9	7.3
Total sales volume, ktonnes	59.0	60.9	70.4	73.2	55.4	31.8	28.0	38.8
Income statement								
Net sales, external	2,362	2,054	2,184	2,028	1,488	882	806	1,085
Net sales, internal	164	248	298	311	231	137	137	270
Total net sales	2,526	2,301	2,482	2,339	1,720	1,019	943	1,355
Adjusted operating profit ¹	47	69	136	193	110	17	-25	74
Operating profit	-102	69	136	177	80	-8	-25	74
Adjusted operating margin, %	1.9	3.0	5.5	8.3	6.4	1.6	-2.6	5.4
Adjusted operating profit per tonne, kSEK	0.8	1.1	1.9	2.6	2.0	0.5	-0.9	1.9
Capital structure and return indicators								
Capital employed ²	6,815	6,840	6,647	6,483	5,911	3,237	3,179	3,338
Return on capital employed, % ³	6.8	8.7	9.0	6.7	4.6	4.9	7.4	12.7

Gränges Americas

SEK million	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume external, ktonnes	56.9	63.8	69.0	62.7	54.9	59.1	46.7	58.4
Sales volume internal, ktonnes	-	-	-	-	-	-	-	-
Total sales volume, ktonnes	56.9	63.8	69.0	62.7	54.9	59.1	46.7	58.4
Income statement								
Net sales, external	2,498	2,567	2,425	2,012	1,652	1,688	1,411	1,974
Net sales, internal	-13	-5	1	3	-3	16	10	1
Total net sales	2,485	2,562	2,426	2,015	1,650	1,704	1,420	1,974
Adjusted operating profit ¹	73	172	219	191	108	156	89	150
Operating profit	109	172	219	191	103	156	89	150
Adjusted operating margin, %	2.9	6.7	9.0	9.5	6.5	9.2	6.3	7.6
Adjusted operating profit per tonne, kSEK	1.3	2.7	3.2	3.0	2.0	2.6	1.9	2.6
Capital structure and return indicators								
Capital employed ²	4,076	4,066	3,761	3,895	3,555	3,989	4,441	4,898
Return on capital employed, % ³	16.9	17.9	17.2	13.1	11.8	9.8	8.1	9.3

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 25.

SEK million	Q4		Jan–Dec	
	2021	2020	2021	2020
Adjusted operating profit				
Operating profit	-21	167	833	584
Items affecting comparability	159	27	175	64
Adjusted operating profit	139	193	1,008	648
Adjusted operating profit per tonne				
Adjusted operating profit	139	193	1,008	648
Sales volume, ktonnes	112.3	103.3	488.9	350.6
Adjusted operating profit per tonne, kSEK	1.2	1.9	2.1	1.8
Adjusted EBITDA				
Adjusted operating profit	139	193	1,008	648
Depreciation, amortization and impairment charges	161	148	678	553
Adjusted EBITDA	299	342	1,686	1,201
EBITDA for Aluminium Konin	-	276	-	276
Adjusted EBITDA incl. Aluminium Konin as a part of Gränges Group for 12 months	299	618	1,686	1,477
Return on capital employed				
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	-	-	13,717	10,119
Non-interest-bearing liabilities, rolling 12 months average	-	-	-3,948	-2,468
Pensions, rolling 12 months average	-	-	348	377
Capital employed	-	-	10,117	8,028
Adjusted operating profit	-	-	1,008	648
Return on capital employed, %	-	-	10.0	8.1
Net debt				
Cash and cash equivalents and interest-bearing receivables	-	-	-814	-1,601
Interest-bearing liabilities	-	-	4,109	4,535
Pensions	-	-	348	358
Net debt	-	-	3,643	3,292
Equity to assets				
Equity	-	-	6,932	5,970
Total assets	-	-	15,767	13,652
Equity to assets, %	-	-	44.0	43.7
Adjusted cash flow before financing activities				
Cash flow before financing activities	292	-1,017	62	-322
Cash flow from expansion investments	159	102	456	306
Cash flow from acquisitions and other capital transactions	12	1,147	90	1,196
Adjusted cash flow before financing activities	463	232	607	1,180
Cash conversion				
Adjusted cash flow before financing activities	463	232	607	1,180
Adjusted operating profit	139	193	1,008	648
Cash conversion, %	334	120	60	182

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.

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.

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.

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.

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.



Head office

Gränges AB (publ)
Box 5505
SE-114 85 Stockholm
Sweden

Visiting address

Linnégatan 18
114 47 Stockholm

Tel: +46 8 459 59 00
www.granges.com
Reg. no. 556001-6122

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 560 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.