



# Q1

## Glaston Corporation

### Interim Report

1 January – 31 March 2022



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seeing it through®



## **Glaston's interim report January–March 2022: Strong performance continued in order intake and profitability**

### **January–March 2022 in brief**

- Orders received totaled EUR 59.0 (47.2) million.
- Net sales totaled EUR 52.3 (40.4) million.
- Comparable EBITA was EUR 3.5 (2.1) million, i.e. 6.6 (5.1)% of net sales.
- The operating result (EBIT) was EUR 2.2 (0.1) million.
- The comparable earnings per share were EUR 0.023 (0.010).

### **GLASTON'S OUTLOOK FOR 2022 REMAINS UNCHANGED**

In 2021, Glaston's markets saw a strong recovery and growth. This positive development continued in the first quarter of 2022, indicating good development for both machines and services business. Glaston started the year with a 48% higher order backlog than in 2021, which supports Glaston's net sales and profitability development. In 2022, Glaston is focusing on the execution of its strategy, which will incur costs and capital expenditure ahead of the effect on revenue growth.

Currently, higher than normal uncertainty is related to the development of economic activity and customers' investments. The uncertainty is driven by several simultaneous factors, such as the supply chain disturbances that have become a longer-term challenge, the Russian invasion of Ukraine with its implications on energy and raw material prices, and the still ongoing COVID-19 pandemic.

Despite the prevailing uncertainties, Glaston Corporation expects market development to continue to be positive and estimates that its net sales and comparable EBITA will improve in 2022 from the levels reported for 2021. In 2021, Group net sales totaled EUR 182.7 million and comparable EBITA was EUR 11.1 million.

## President & CEO Anders Dahlblom:

"In the first quarter of 2022, Glaston's markets continued to develop positively and orders received were up 25% compared to the corresponding period in 2021, totaling EUR 59.0 million. In particular, the demand for insulating glass equipment increased but demand for automotive glass machines also saw good progress. From a regional point of view, America's order intake was the highest of our regions and performance was excellent, particularly for Heat Treatment equipment. First-quarter net sales were up by 29% to EUR 52.3 million, primarily due to the good order intake in 2021. Comparable EBITA improved and was EUR 3.5 million, corresponding to an EBITA margin of 6.6%. Besides the volume growth, focused operational execution and good pricing management contributed to the outcome.

In the January–March period, the Services business was on a high level with an increasing number of inquiries as customers started ramping up their production. For upgrades, the good order intake continued with the Americas in the lead. Supply chain disruptions adversely impacted spare parts sales and delivery times.

Despite the significant underlying growth potential in our regions, signs of increasing market uncertainty and more cautious customer behavior have been perceptible, partly due to the Russian invasion of Ukraine and its related effects and, in some parts of the world, due to the COVID-19 pandemic. Furthermore, amid rising prices and supply imbalances, we can see decision times for new projects increasing.

Shortly after the invasion of Ukraine, it was already clear to us that continuing our operations in Russia was not an option. We have taken the necessary actions to close our sales office in Moscow and currently business with Russia is suspended. The financial impact of our exit decision is limited, as Russia accounted for less than one percent of our net sales in 2021. The invasion may further complicate the supply chain disruptions, with a shortage of various raw materials and components also leading to increasing costs. Mitigating the supply chain disturbances continues to be a key focus area.

In the first quarter, China saw a new outbreak of coronavirus. Restrictions and lockdowns were imposed in several cities thereby also affecting operations at Glaston's factory in Tianjin. Additionally, some machine deliveries had to be postponed due to lockdown-related logistic challenges. Supply chain disruptions further complicated the situation. We are closely monitoring the development in China and its implications on the operating environment. In January–March, China's share of total net sales amounted to approximately 15%. Prolonged restrictions and lockdowns would impact our business in the mid-term.

In 2022, Glaston is celebrating the International Year of Glass (IYOG 2022). To acknowledge the essential role glass has and will continue to have in society, the General Assembly of the United Nations has designated 2022 as the International Year of Glass (IYOG 2022). Glaston, as a member of the International Commission on Glass, the organization behind the IYOG 2022 initiative, will highlight the International Year of Glass throughout 2022.

In the review period, Glaston's markets developed well. Despite increasing geopolitical turbulence and soaring COVID-19 numbers, the underlying demand for Glaston's products and services remains good and our high order backlog will support our performance for the coming quarters."



**GLASTON GROUP'S KEY FIGURES**

MEUR	1-3/2022	1-3/2021	Change%	1-12/2021
Orders received	59.0	47.2	24.9%	216.2
of which service operations	18.8	17.5	7.9%	68.0
of which service operations, %	31.9%	37.0%	-	31.4%
Order book at end of period	98.1	68.0	44.3%	94.8
Net sales	52.3	40.4	29.4%	182.7
of which service operations	18.3	16.6	10.4%	66.8
of which service operations, %	35.1%	41.1%	-	36.5%
EBITDA	4.3	2.0	113.4%	13.0
Items affecting comparability <sup>1)</sup>	0.2	0.8	-80.6%	1.5
Comparable EBITDA	4.4	2.8	57.0%	14.5
Comparable EBITDA, %	8.5%	7.0%	-	7.9%
Comparable EBITA	3.5	2.1	68.0%	11.1
Comparable EBITA, %	6.6%	5.1%	-	6.1%
Operating result (EBIT)	2.2	0.1	1966.1%	5.1
Profit/loss for the period	1.2	-0.7	271.4%	1.1
Comparable earnings per share, EUR	0.023	0.010	130.0%	0.060
Cash flow from operating activities	-6.8	6.6	-203.0%	19.3
Return on investment (ROI), %, (annualized)	7.5%	0.2%	-	2.8%
Comparable return on capital employed (ROCE), %, (annualized)	9.8%	3.1%	-	6.1%
Equity ratio, %	53.7%	40.0%	-	42.3%
Net gearing, %	36.4%	41.8%	-	26.9%
Number of employees at end of period	761	721	5.5%	750

1) + cost, - income



## OPERATING ENVIRONMENT

### Architectural glass

Continuing the strong development seen in the last quarter of 2021, the architectural market developed favorably in the first quarter of 2022. In general, the residential business was very active, while the commercial building market was still recovering from the impacts caused by the COVID-19 pandemic. Driven by the good development in the architectural business, demand for Heat Treatment equipment continued, which particularly drove demand for flat tempering and laminating lines, with customers looking for solutions for an increased automation level and capability to increase their production efficiency. Additionally, the Heat Treatment upgrade market activity remained at a good level.

For Insulating Glass Technologies, the markets remained healthy. Demand for the Thermoplastic Spacer (TPS®) technology was on a high level due to its major advantages in flexible, high-quality insulating glass manufacturing. The new glass arrißing machine MULTI'ARRISSE, launched in 2021, attracted attention and a high number of orders for 2022 were secured in the quarter. For the services business overall, the market was solid as customers ramped up production and coronavirus-related travel and visiting restrictions were lifted in many regions. However, the continuing supply chain disruptions negatively impacted the spare parts business and delivery capabilities. Cost and price increases made customers more hesitant about larger upgrade investments.

In Glaston's main market area, the EMEA region, the Insulating Glass Technologies market remained solid, supported by the residential and commercial glass markets. For Heat Treatment equipment, demand was lower than in the previous quarter but market activity was still at a good level. In the Services markets, activity increased and on-site visits gained higher volumes as many countries started to lift coronavirus restrictions. For Heat Treatment upgrade products a minor slowdown was noted. Subsidy programs in the eastern part of Europe supported customers' investment decisions.

In the first quarter, demand in the Americas for Heat Treatment equipment was great and the residential sector, in particular, drove investments for increased capacity and production capabilities. Additionally, Heat Treatment upgrades were in high demand in the Americas as several customers decided to modernize their fleet with Glaston upgrades. For Insulating Glass equipment, the first quarter was somewhat slower but demand for the TPS® technology remained solid.

In China, the coronavirus-related restrictions and lockdowns affected market activity. Demand for jumbo glass sizes, large-sized lines and automation was on a satisfactory level, however. Elsewhere in the APAC region, demand remained subdued. Activity in services operations was still low, as many countries continued to apply quarantines, which in practice prevented short service visits.

Supply chain disruptions such as material delivery times, raw material price increases and disturbances in logistics continued to impact the business.

### Automotive glass

The automotive glass market saw a stable start to the year, although automotive production faced increasing difficulties due to supply shortages. In the early part of the quarter, computer chip shortages, in particular, affected automotive production. Towards the end of the quarter, computer chip availability improved, but the Russian invasion of Ukraine caused other shortages that stopped automotive production at several European OEMs. This resulted in lower activity for some of Glaston's customers, who are Tier 1 suppliers to the automotive OEMs.

The general market sentiment is still positive, as development in the automotive end market has a better outlook with regard to high end-customer demand, which automotive production is currently unable to fulfill. Following the overall positive market sentiment, increased investment activity in the market for new machinery was noted as customers recognized the need to invest in order to fulfill future requirements. This was reflected in another quarter with good order intake for automotive machinery. In the display market, no major changes were observed and automotive displays showed increasing activity, similar to the automotive market itself. Display orders were still at low level, however.

Services business remained steady but still below the pre-COVID-19 level. In the US, automotive services remained low due to decreasing domestic car production. In the EMEA region, several car plants faced unplanned shutdowns due to lack of components. On the other hand, service work at customers' premises was in high demand during the quarter.

Automotive upgrades to extend the lifetime and increase the performance of machines were in high demand with gradually increasing volumes. Most of the upgrade products include control components that were scarce, however, and demand could not be fully met.

In January–March, market activity in China continued on a good level with customers showing interest in Glaston's standard automotive lines. In North America, the market continued to be strong outside of the traditional automotive market, i.e. for special products such as recreational vehicles (RV) and heavy vehicles. Taking advantage of Glaston's flexibility and ability to respond to special requirements, orders from North American customers are typically for highly engineered, customized and automated solutions. In Europe, market activity was subdued as the automotive glass business is consolidating.

## FINANCIAL DEVELOPMENT OF THE GROUP

As of Q1/2022, the product area information for Heat Treatment Technologies, Insulating Glass Technologies and Automotive & Display Technologies (sales, order intake and order book), which previously have been reported separately as additional information, is available in the Tables section.

### Orders received and order book

Glaston Group's January–March 2022 orders received totaled EUR 59.0 (47.2) million, up 25% compared to the corresponding period in 2021. In particular, order activity was good for Insulating Glass and Automotive equipment. Additionally, strong order intake was noted for Heat Treatment upgrades. Total services business order intake increased by 8% in the first quarter.

Orders received, EUR million	1–3/2022	1–3/2021	Change%	1–12/2021
Heat Treatment	22.4	22.8	-1.7%	89.0
Insulating Glass	25.5	19.5	30.8%	95.0
Automotive & Display	10.8	4.8	124.9%	31.2
<b>Segments, total</b>	<b>58.7</b>	<b>47.1</b>	<b>24.7%</b>	<b>215.1</b>
Unallocated and eliminations	0.2	0.1	117.3%	1.1
<b>Glaston Group, total</b>	<b>59.0</b>	<b>47.2</b>	<b>24.9%</b>	<b>216.2</b>

The order book at the end of the first quarter was 44% higher than in the corresponding period in 2021 and stood at EUR 98.1 (68.0) million. The Heat Treatment order book totaled EUR 44.1 (39.4) million, representing 45% of the Group's order book, Insulating Glass EUR 40.6 (23.8) million, or 41%, and Automotive & Display EUR 13.3 (4.8) million, or 14% of the Group's order book.

Order book, EUR million	31.3.2022	31.3.2021	Change%	31.12.2021
Heat Treatment	44.1	39.4	11.9%	45.6
Insulating Glass	40.6	23.8	70.6%	38.5
Automotive & Display	13.3	4.8	177.1%	10.7
<b>Segments, total</b>	<b>98.1</b>	<b>68.0</b>	<b>44.3%</b>	<b>94.8</b>
Unallocated and eliminations	-	-	-	-
<b>Glaston Group, total</b>	<b>98.1</b>	<b>68.0</b>	<b>44.3%</b>	<b>94.8</b>

### Net sales

January–March 2022 net sales were up 29% from the corresponding period of the previous year, mainly due to good order intake in the previous quarters, and totaled EUR 52.3 (40.4) million. The lockdowns in China and component shortages had some negative impact on the net sales development during the quarter.

The Heat Treatment segment's net sales saw strong growth and were EUR 22.5 (13.8) million. Net sales of the Insulating Glass segment were on the same level as in the corresponding period in 2021: EUR 21.5 (21.3) million. The Automotive & Display segment's net sales were EUR 8.1 (5.2) million, reflecting the higher order intake in the previous quarters. Total Services business grew its net sales by 10% during the quarter.

Of total net sales, the Heat Treatment segment accounted for 43%, the Insulating Glass segment for 41%, and the Automotive & Display segment for 15%. Geographically, of the company's total first-quarter net sales, the EMEA area accounted for 54%, the Americas for 24%, and Asia and Pacific (APAC) for around 21%.

Net sales, EUR million	1–3/2022	1–3/2021	Change, %	1–12/2021
Heat Treatment	22.5	13.8	62.4%	74.7
Insulating Glass	21.5	21.3	1.0%	81.6
Automotive & Display	8.1	5.2	55.8%	25.6
<b>Segments, total</b>	<b>52.1</b>	<b>40.3</b>	<b>29.2%</b>	<b>181.9</b>
Unallocated and eliminations	0.2	0.1	117.3%	0.8
<b>Glaston Group, total</b>	<b>52.3</b>	<b>40.4</b>	<b>29.4%</b>	<b>182.7</b>

## Operating result and profitability

First-quarter 2022 comparable EBITA was EUR 3.5 (2.1) million, i.e. 6.6 (5.1)% of net sales. Profitability development was favorably impacted by the strong growth in net sales. Group-level gross margin was stable despite component shortages and inflationary pressures. Fixed costs also increased during the quarter but at a slower pace. These factors more than compensated for the negative mix impact, as the share of services declined during the quarter, reflecting a very strong demand for new machines in the past quarters.

Glaston Group's comparable operating result was EUR 2.3 (0.9) million, i.e. 4.5 (2.3)% of net sales. The first-quarter operating result was EUR 2.2 (0.1) million. Items affecting comparability amounting to EUR -0.2 (-0.8) million were recognized in the first quarter. Financial income and expenses were EUR -0.4 (-0.3) million. The result before taxes was EUR 1.7 (-0.3) million. The result for the first quarter was EUR 1.2 (-0.7) million and earnings per share were EUR 0.014 (-0.008). The comparable earnings per share were EUR 0.023 (0.010).

### Comparable operating result (EBIT) and EBITA

EUR million	1–3/2022	1–3/2021	Change, %	1–12/2021
Operating result	2.2	0.1	1966.1%	5.1
Items affecting comparability <sup>1)</sup>	0.2	0.8	-80.6%	1.5
<b>Comparable EBIT</b>	<b>2.3</b>	<b>0.9</b>	<b>152.5%</b>	<b>6.6</b>
<b>Operating result</b>	<b>2.2</b>	<b>0.1</b>	<b>1966.1%</b>	<b>5.1</b>
Amortization and purchase price allocation <sup>1)</sup>	1.1	1.1	-0.7%	4.5
<b>EBITA</b>	<b>3.3</b>	<b>1.2</b>	<b>166.1%</b>	<b>9.6</b>
Items affecting comparability <sup>1)</sup>	0.2	0.8	-80.6%	1.5
<b>Comparable EBITA</b>	<b>3.5</b>	<b>2.1</b>	<b>68.0%</b>	<b>11.1</b>
% of net sales	6.6%	5.1%	-	6.1%

1) + cost, -income

## FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

### Heat Treatment reporting segment

#### Heat Treatment segment's first quarter in brief:

- Stable order intake with excellent performance in the Americas
- Net sales up by 62% despite supply chain challenges
- Main factories' capacity utilization at a good level with a healthy backlog to continue in 2022

<b>Heat Treatment KEY RATIOS</b>				
EUR million	1-3/2022	1-3/2021	Change%	1-12/2021
Orders received	22.4	22.8	-1.7%	89.0
of which service operations	8.2	7.8	5.1%	28.8
of which service operations%	36.6%	34.3%	-	32.4%
Order book at end of period	44.1	39.4	11.9%	45.6
Net sales	22.5	13.8	62.4%	74.7
of which service operations	7.8	6.9	13.6%	27.7
of which service operations%	34.7%	49.6%	-	37.1%
Comparable EBITA	1.5	0.3	385.8%	3.4
Comparable EBITA, %	6.8%	2.3%	-	4.5%
Operating result (EBIT)	1.1	- 0.5	304.1%	0.6
Operating result (EBIT), %	4.8%	-3.8%	-	0.8%

### Orders received and order book

Supported by the good development in the architectural business, the Heat Treatment segment's first quarter order intake was on the same level as in the corresponding period in the previous year and totaled EUR 22.4 (22.8) million.

In the review period, order intake from the Americas was excellent with orders for both flat tempering and flat lamination equipment. Among the orders was a close to EUR 4 million order from one of the leading glass manufacturers in North America for an advanced flat tempering line for complex production. In the EMEA region, FC tempering machines were ordered, for example, from Poland and the United Kingdom.

Demand for HT upgrades was strong in all regions with demand increasing, particularly in North America. Additionally, upgrades to China have been growing steadily and, in the review period, a leading Chinese glass processor ordered a large HT zone upgrade.

The Heat Treatment segment's order book stood at EUR 44.1 (39.4) million at the end of the first quarter.

### Financial development

The good development in received orders in 2021 transferred well to the Heat Treatment segment's January–March 2022 net sales, which increased by 62% to EUR 22.5 (13.8) million despite the global supply chain challenges. January–March comparable EBITA was EUR 1.5 (0.3) million, i.e. 6.8 (2.3)% of net sales. Higher volumes and stable gross margin supported profitability development. Fixed costs increased but at a lower pace than net sales. Share of the higher margin services business declined.



## Insulating Glass reporting segment

### Insulating Glass segment's first quarter in brief:

- Good start to the year with a healthy market, resulting in strong order intake
- Net sales on the same level as in the previous year, EBITA margin improving
- Production running at full capacity

<b>Insulating glass KEY RATIOS</b>				
<b>EUR million</b>	<b>1-3/2022</b>	<b>1-3/2021</b>	<b>Change%</b>	<b>1-12/2021</b>
Orders received	25.5	19.5	30.8%	95.0
of which service operations	7.1	6.2	14.5%	24.5
of which service operations%	27.8%	31.7%	-	25.8%
Order book at end of period	40.6	23.8	70.6%	38.5
Net sales	21.5	21.3	1.0%	81.6
of which service operations	7.0	6.4	9.9%	24.7
of which service operations%	32.5%	29.9%	-	30.2%
Comparable EBITA	1.9	1.8	6.9%	6.5
Comparable EBITA, %	8.8%	8.3%	-	8.0%
Operating result (EBIT)	1.3	0.9	39.4%	4.6
Operating result (EBIT), %	6.0%	4.4%	-	5.6%

### Orders received

Despite increasing market uncertainty and soaring COVID-19 numbers, the insulating glass market remained healthy in the first quarter of 2022. The Insulating Glass segment's January–March 2022 order intake of EUR 25.5 (19.5) million was strong and increased by 31% compared to the corresponding period in the previous year.

In the first quarter, customers showed great interest in special insulating glass manufacturing lines, as well as automated insulating glass manufacturing solutions such as the VARIO TPS®, VARIO BOX and VARIO SPEED.

Major orders were received from several European countries, such as Austria, Poland, Spain, Romania and Belgium as well as from North America and China.

The Insulating Glass segment's order book stood at EUR 40.6 (23.8) million at the end of the period.

### Financial development

The Insulating Glass segment's first-quarter 2022 net sales were on the same level as in the corresponding period in 2021 at EUR 21.5 (21.3) million. Component shortages had some impact on projects and on customers' readiness to receive machines. Additionally, lock-downs in China delayed some deliveries during the quarter. Despite stable net sales, comparable EBITA and EBITA margin improved. Increased gross margin and higher share of services business more than compensated for the increased fixed costs. First-quarter comparable EBITA was EUR 1.9 (1.8) million, i.e. 8.8 (8.3)% of net sales.

## Automotive & Display reporting segment

### Automotive & Display segment's first quarter in brief:

- Order intake continued at a good level both for machines and upgrades
- Services business growth modest due to supply chain issues
- Net sales up by 56%, supported by growing order intake

<b>Automotive &amp; Display KEY RATIOS</b>				
EUR million	1-3/2022	1-3/2021	Change%	1-12/2021
Orders received	10.8	4.8	124.9%	31.2
of which service operations	3.5	3.5	0.0%	14.6
of which service operations%	32.4%	72.8%	-	46.8%
Order book at end of period	13.3	4.8	177.1%	10.7
Net sales	8.1	5.2	55.8%	25.6
of which service operations	3.5	3.4	4.8%	14.4
of which service operations%	43.7%	64.9%	-	56.2%
Comparable EBITA	0.1	0.0	233.6%	1.2
Comparable EBITA, %	1.1%	0.5%	-	4.7%
Operating result (EBIT)	-0.2	-0.3	33.3%	-0.1
Operating result (EBIT), %	-2.1%	-4.9%	-	-0.4 %

### Orders received

The first quarter saw continued good investment activity for new automotive glass machines. This was reflected in a good order intake, and orders received in January–March 2022 totaled EUR 10.8 (4.8) million, with China and North America the most active markets. The North American market is mainly driven by special automotive products and Glaston closed a deal with US-based Lippert Components Inc., an industry-leading manufacturer and supplier to the recreational vehicle (RV), marine, power sports, and mass transit markets, for five automotive pre-processing lines. Demonstrating the strength of Glaston's offering, the deal also included a flat tempering line.

The increasing interest in Automotive upgrade products to extend the lifetime and increase the performance of machines continued with gradually increasing volumes. Display orders continued to be at low figures.

The Automotive & Display segment's order book stood at EUR 13.3 (4.8) million at the end of the period.

### Financial development

The Automotive & Display segment's net sales increased by 56% and were EUR 8.1 (5.2) million, supported by the higher machines order intake in the latter part of 2021. Automotive services were on a satisfactory level, but grew modestly due to supply chain issues that affected spare parts sales.

Despite a clear increase in net sales, the segment's comparable EBITA improved only slightly and was EUR 0.1 (0.0) million. The geographical and product mix was weaker during the quarter, resulting in a lower margin. The share of the services business reduced, and fixed costs increased, as the business prepares for further growth in volumes, particularly in the second half of 2022.

## Financial position, cash flow and financing

At the end of March, Glaston Group's balance sheet total was EUR 191.5 (212.8) million. Intangible assets amounted to EUR 75.5 (76.3) million, of which goodwill was EUR 58.7 (58.2) million. At the end of the period, property, plant and equipment amounted to EUR 22.7 (22.9) million and inventories to EUR 29.1 (24.8) million. Inventories have increased to reflect higher business volumes and to ensure the best possible customer service when component delivery times are unpredictable.

The comparable return on capital employed (ROCE) was 9.8 (3.1)%.

At the end of March, the company's net gearing was 36.4 (41.8)% and the equity ratio was 53.7 (40.0)%. Net interest-bearing debt totaled EUR 25.3 (28.4) million.

The first-quarter cash flow from operating activities, before the change in working capital, was EUR 3.1 (0.9) million. Cash flow from the change in working capital was EUR -9.9 (5.7) million, which was mainly due to increasing inventories as well as lower non-interest-bearing short-term liabilities. Cash flow from operating activities was EUR -6.8 (6.6) million. Cash flow from investing activities was EUR -0.8 (-0.5) million and cash flow from financing activities was EUR 0.4 (-0.3) million.

On 25 March, Glaston signed a new long-term financing agreement to be used for refinancing its current financing arrangement as well as for general working capital and guarantee purposes. The financing agreement, which was executed 1 April 2022, consists of EUR 30 million long-term loans as well as a EUR 25 million revolving credit facility. The agreement is for three years and includes two one-year options for extension of the loan period. Additionally, Glaston has agreed on bilateral guarantee limits with its financing banks. The loan margin of the new financing agreement is adjusted by the achievement of Glaston's sustainability objectives annually. The objectives are Safety at work (decrease of lost time accidents, measured as lost time injury frequency rate LTIFR) and CO2 emissions (Scope 1 & 2) in relation to net sales.

## Capital expenditure and product development

Glaston Group's January–March gross capital expenditure totaled EUR 0.8 (0.6) million and was primarily related to product development. Depreciation and amortization of property, plant and equipment, and intangible assets totaled EUR -1.5 (-1.4) million.

In the review period, projects and innovations related to automation, ease of use and self-learning remained at the center of product development. Glaston continued to strongly focus on the development towards fully automated lines in insulating glass and heat treatment technologies as well as automotive and display technologies.

In January–March, research and product development expenditure, excluding depreciation, totaled EUR 2.0 (1.5) million, of which EUR 0.5 (0.4) million was capitalized. Research and product development expenditure amounted to 3.9 (3.8)% of net sales.

## Personnel

Glaston Group had a total of 761 (721) employees on 31 March 2022. The Heat Treatment segment employed 295 (275) people, the Insulating Glass segment 362 (351) people, and the Automotive & Display segment 102 (92) people. Of the Group's personnel, 34%, i.e. 259 employees, worked in Germany, 26%, i.e. 195, worked in Finland, 14% worked elsewhere in the EMEA area, 20% worked in Asia and 6% worked in the Americas. The average number of employees was 760 (716).

## STRATEGY

Glaston's revised strategy and updated financial targets for 2021–2025 were announced in August 2021.

In the first quarter, the implementation of the five cornerstone initiatives continued. In the 'Innovate with customers to win' cornerstone initiative, the offering steering group got organized and the harmonization of sales tools and processes, as well as the strategic account management program, progressed. In the 'Lead digital transformation' cornerstone initiative, the work on Glaston's digital vision progressed with the objective to build the tools and business architecture to lead the industry's digital transformation. In the 'Empower Glastonians to thrive' cornerstone, the global competence mapping was completed and the talent review progressed. Development work on the eLearning platform advanced. In the 'Elevate sustainability & continuous improvement' cornerstone initiative, roadmaps for 2021–2025 for the material topics were defined and planning of Glaston's first group-wide safety week proceeded. Additionally, reporting on group-wide quality KPIs started. The 'Global sourcing and manufacturing' cornerstone initiative confirmed the set-up of the sourcing operations and implemented the first coordinated sourcing initiative.

## GOVERNANCE

### Shares and shareholders

Glaston Corporation's shares are listed on the Nasdaq Helsinki Small Cap list. The trading code is GLA1V and the ISIN code is FI4000369657. Each share entitles its holder to one vote and voting right. Glaston Corporation's share capital on 31 March 2022 was EUR 12.7 (12.7) million.

	No. of shares and votes		Share turnover, EUR million	
	Highest	Lowest	Closing	Average price *)
GLA1V			84,289,911	3.1
Share price	1.19	0.71	0.95	1.01
			31.3.2022	31.3.2021
Market value			80.1	71.6
Number of shareholders			7,342	7,269
Foreign ownership, %			26.9	27.3

\*) trading-weighted average

At the end of the review period, Glaston Corporation's largest shareholders were Ahlstrom Capital B.V. 26.4%, Hymy Lahtinen Oy 12.2%, Varma Mutual Pension Insurance Company 7.5%, Ilmarinen Mutual Pension Insurance Company 7.3% and OP-Finland Small Firms Mutual Fund 6.0%.

### Share-based incentive plan

On 27 January 2022, Glaston disclosed the share-based incentive plan 2022–2026 for key employees. The Performance Share Plan comprises three performance periods, calendar years 2022–2024, 2023–2025 and 2024–2026. The Board of Directors resolves on the plan's performance criteria and on the performance levels at the beginning of each performance period.

#### Performance Period 2022–2024

The potential reward of the performance period 2022–2024 will be based on the Glaston Group's comparable EBITA and Service Net Sales during the period of 1 January 2022–31 December 2024.

In total 18 key persons, including the CEO and President and the members of the Executive Management Group, belong to the target group of the plan in the performance period 2022–2024.

Additional information, including essential terms and conditions of the plan, is available in the stock exchange release dated 27 January 2022.

## SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

The supply chain disruptions constitute the main short-term risk for Glaston's business operations. These disruptions are expected to continue in 2022 and Glaston is actively mitigating the higher than normal risks related to raw materials, component prices and availability as well as logistics cost increases and freight availability. Major supply chain disruptions may impact the company's performance as component scarcity may cause revenue recognition delays and heavily increasing prices on raw materials may constitute a short-term profitability pressure. Additionally, Glaston closely monitors how the inflationary pressures combined with tighter monetary control may impact the customers' decision-making.

Due to the Russian invasion of Ukraine in February 2022, Glaston will cease its operations in and business with Russia. Glaston's direct exposure to Russia is limited. Glaston is closely monitoring the indirect effects caused by the war and its implications on the glass industry, such as soaring energy prices and further complicated supply chains. Further, for the energy-intensive float glass industry, an uninterrupted supply of energy is crucial. The industry is dependent on fossil fuels, mainly gas, which in Europe comes partly from Russia. A complete elimination of natural gas could lead to serious or even permanent damage to float glass producing equipment. The price and availability of energy in Europe may impact Glaston's customers' willingness to invest in new machinery. In the longer-term, the energy-related risks can be translated into a need to step up investments in energy-saving and renewable energy solutions.

Even though the impact of the COVID-19 pandemic has decreased, there is still significant uncertainty related to the pandemic in terms of its duration and new virus variants, which might be significantly more transmissible, coupled with the potentially slow rollout of vaccinations and vaccines not working effectively against new and rapidly spreading variants of the virus, further complicating the situation. New lockdowns and more stringent travel restrictions are particularly affecting service work and the spare parts business as well as machine installations. In the first quarter of 2022, China saw an outbreak of the coronavirus and

restrictions and lockdowns were put in force in several cities, thereby affecting Glaston's operations and performance in China. Despite the healthy underlying demand, a prolonged lockdown could affect Glaston's performance in China in the mid-term. Due to the abovementioned circumstances, there is higher than normal uncertainty related to customers' investment behavior in regions heavily affected by the pandemic.

Labor shortages and rising employee turnover are a growing concern, particularly in the USA. Glaston's ability to maintain a high level of job satisfaction among its employees, as well as to attract new employees, is further emphasized.

Glaston's long-term strategic and operational risks and uncertainties are described in detail in the Report of the Board of Directors for 2021.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Resolutions taken by the Annual General Meeting**

The Annual General Meeting of Glaston Corporation was held on 12 April 2022 in Helsinki. The General Meeting adopted the financial statements and consolidated financial statements for the financial period from 1 January to 31 December 2021 and discharged the members of the Board of Directors and the CEO from liability for the financial year from 1 January to 31 December 2021. In accordance with the proposal of the Board of Directors, the General Meeting resolved that a return of capital of EUR 0.03 per share be distributed for the financial year ended on 31 December 2021.

The General Meeting re-elected as members of the Board of Directors the current members of the Board of Directors, Mr. Veli-Matti Reinikkala, Mr. Sebastian Bondestam, Mr. Antti Kaunonen, Ms. Sariotta Narjus, Ms. Arja Talma, Mr. Tero Telaranta and Mr. Michael Willome.

The resolutions of the Annual General Meeting are available in the stock exchange release dated 12 April 2022.

## **GLASTON'S OUTLOOK FOR 2022**

In 2021, Glaston's markets saw a strong recovery and growth. This positive development continued in the first quarter of 2022, indicating good development for both machines and services business. Glaston started the year with a 48% higher order backlog than in 2021, which supports Glaston's net sales and profitability development. In 2022, Glaston is focusing on the execution of its strategy, which will incur costs and capital expenditure ahead of the effect on revenue growth.

Currently, higher than normal uncertainty is related to the development of economic activity and customers' investments. The uncertainty is driven by several simultaneous factors, such as the supply chain disturbances that have become a longer-term challenge, the Russian invasion of Ukraine with its implications on energy and raw material prices, and the still ongoing COVID-19 pandemic.

Despite the prevailing uncertainties, Glaston Corporation expects the market development to continue to be positive and estimates that its net sales and comparable EBITA will improve in 2022 from the levels reported for 2021. In 2021, Group net sales totaled EUR 182.7 million and comparable EBITA was EUR 11.1 million.



# GLASTON CORPORATION

## CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 31 MARCH 2022

### CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	1-3/2022	1-3/2021	Change	1-12/2021
Net sales	52.3	40.4	29%	182.7
Other operating income	0.4	1.0		4.3
Expenses	-48.5	-39.4		-173.9
Depreciation, amortization and impairment	-1.5	-1.4		-6.0
Depreciation of right-of- use assets	-0.6	-0.5		-1.9
<b>Operating result</b>	<b>2.2</b>	<b>0.1</b>	1966%	<b>5.1</b>
Financial items, net	-0.4	-0.3		-3.5
Interest expenses on lease liabilities	-0.1	-0.1		-0.5
<b>Result before income taxes</b>	<b>1.7</b>	<b>-0.3</b>	682%	<b>1.2</b>
Income taxes	-0.5	-0.4		-0.0
<b>Profit / loss for the period</b>	<b>1.2</b>	<b>-0.7</b>	272%	<b>1.1</b>

Earnings per share, EUR	0.014	-0.008	272%	0.013
Operating result, as % of net sales	4.2	0.3		2.8
Profit / loss for the period, as % of net sales	2.3	-1.7		0.6

**STATEMENT OF OTHER COMPREHENSIVE INCOME**

EUR million	1-3/2022	1-3/2021	1-12/2021
<b>Profit / loss for the period</b>	<b>1.2</b>	<b>-0.7</b>	<b>1.1</b>
<b>Other comprehensive income that will be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations	0.2	-0.1	1.4
Cash flow hedges	-0.1	0.0	-0.1
Income tax on other comprehensive income	0.0	-	0.0
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss:</b>			
Fair value changes of financial assets measured at fair value through profit or loss	-	-	-2.8
Actuarial gains and losses arising from defined benefit plans	0.0	-0,0	1.8
Taxes on actuarial gains and losses arising from defined benefit plans	-	-	-0.6
<b>Other comprehensive income for the reporting period</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.3</b>
<b>Total comprehensive income for the reporting period</b>	<b>1.3</b>	<b>-0.8</b>	<b>0.8</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	31.3.2022	31.3.2021	31.12.2021
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	58.7	58.2	58.6
Other intangible assets	16.8	18.1	17.2
Property, plant and equipment	22.7	22.9	22.9
Right-of-use assets	7.1	7.5	7.3
Financial assets measured at fair value through other comprehensive income	0.0	2.8	0.0
Loan and other non-current receivables	2.8	2.1	2.9
Deferred tax assets	2.7	1.8	2.6
<b>Total non-current assets</b>	<b>110.8</b>	<b>113.3</b>	<b>111.6</b>
<b>Current assets</b>			
Inventories	29.1	24.8	27.3
Receivables			
Trade and other receivables	20.7	20.9	17.1
Contract assets	10.6	24.5	14.3
Assets for current tax	0.1	0.2	0.1
Total receivables	31.4	45.6	31.6
Cash equivalents	20.2	29.0	26.9
<b>Total current assets</b>	<b>80.7</b>	<b>99.4</b>	<b>85.7</b>
<b>Total assets</b>	<b>191.5</b>	<b>212.8</b>	<b>197.3</b>

EUR million	31.3.2022	31.3.2021	31.12.2021
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12.7	12.7	12.7
Other restricted equity reserves	0.3	0.1	0.3
Reserve for invested unrestricted equity	107.9	109.5	107.9
Other unrestricted equity reserves	-0.4	-0.2	-0.3
Retained earnings and exchange differences	-50.8	-54.1	-52.5
<b>Total equity</b>	<b>69.6</b>	<b>68.0</b>	<b>68.0</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	30.7	44.4	30.4
Non-current lease liabilities	6.8	7.0	6.9
Non-current interest-free liabilities and provisions	0.4	0.8	0.3
Deferred tax liabilities	9.3	7.8	9.3
<b>Total non-current liabilities</b>	<b>47.1</b>	<b>60.1</b>	<b>46.9</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	6.4	4.3	6.2
Current lease liabilities	1.6	1.6	1.7
Current provisions	2.7	3.2	2.5
Trade and other current interest-free payables	61.1	74.0	69.3
Contract liabilities	2.1	0.1	2.1
Liabilities for current tax	0.8	1.5	0.8
<b>Total current liabilities</b>	<b>74.8</b>	<b>84.7</b>	<b>82.4</b>
<b>Total liabilities</b>	<b>121.9</b>	<b>144.8</b>	<b>129.3</b>
<b>Total equity and liabilities</b>	<b>191.5</b>	<b>212.8</b>	<b>197.3</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR million

	1-3/2022	1-3/2021	1-12/2021
<b>Cash flows from operating activities</b>			
Cash flow before change in net working capital	3.1	0.9	7.1
Change in net working capital	-9.9	5.7	12.2
<b>Net cash flow from operating activities</b>	<b>-6.8</b>	<b>6.6</b>	<b>19.3</b>
<b>Cash flow from investing activities</b>			
Purchases of non-current assets	-0.8	-0.6	-5.2
Proceeds from sale of business	-	-	0.4
Proceeds from sale of other non-current assets	-	0.1	1.6
<b>Net cash flow from investing activities</b>	<b>-0.8</b>	<b>-0.5</b>	<b>-3.1</b>
<b>Cash flow before financing</b>	<b>-7.6</b>	<b>6.2</b>	<b>16.2</b>
<b>Cash flow from financing activities</b>			
Changes in loan receivables (increase - / decrease +)	0.1	0.0	0.0
Increase in short-term liabilities	0.3	-	-
Decrease in short-term liabilities	-	-0.3	-12.1
Return of capital	-	-	-1.7
<b>Net cash flow from financing activities</b>	<b>0.4</b>	<b>-0.3</b>	<b>-13.8</b>
Effect of exchange rate changes	0.5	-0.1	1.2
<b>Net change in cash and cash equivalents</b>	<b>-6.7</b>	<b>5.7</b>	<b>3.6</b>
Cash and cash equivalents at the beginning of period	26.9	23.3	23.3
Cash and cash equivalents at the end of period	20.2	29.0	26.9
<b>Net change in cash and cash equivalents</b>	<b>-6.7</b>	<b>5.7</b>	<b>3.6</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR million	Share capital	Reserve for inv. unrestr. equity	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
<b>Equity at 1 January, 2021</b>	<b>12.7</b>	<b>109.5</b>	<b>-0.2</b>	<b>-56.8</b>	<b>3.6</b>	<b>68.9</b>
Total compr. income for the period	-	-	0.0	-0.7	-0.1	<b>-0.8</b>
Share-based plan	-	-	-	-	-	-
Share-based plan, tax effect	-	-	-	-	-	-
Other changes	-	-	-	-	-0.1	<b>-0.1</b>
<b>Equity at 31 March 2021</b>	<b>12.7</b>	<b>109.5</b>	<b>-0.2</b>	<b>-57.6</b>	<b>3.4</b>	<b>68.0</b>

EUR million	Share capital	Reserve for inv. unrestr. equity	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
<b>Equity at 1 January, 2022</b>	<b>12.7</b>	<b>107.9</b>	<b>-0.2</b>	<b>-57.4</b>	<b>5.0</b>	<b>68.0</b>
Total compr. income for the period	-	-	-	1.1	0.2	1.3
Share-based plan	-	-	-	-	0.1	0.1
Share-based plan, tax effect	-	-	-	-	-0.0	-0.0
Other changes	-	-	-	-	0.2	0.2
<b>Equity at 31 March 2022</b>	<b>12.7</b>	<b>107.9</b>	<b>-0.2</b>	<b>-56.3</b>	<b>5.5</b>	<b>69.6</b>

KEY RATIOS	31.3.2022	31.3.2021	31.12.2021
EBITDA, as % of net sales	8.2%	5.0%	7.1%
Comparable EBITDA, as % of net sales	8.5%	7.0%	7.9%
Operating profit (EBIT), as % of net sales	4.2%	0.3%	2.8%
Comparable EBITA, as % of net sales	6.6%	5.1%	6.1%
Profit / loss for the period, as % of net sales	2.3%	-1.7%	0.6%
Gross capital expenditure, EUR million	0.8	0.6	5.2
Gross capital expenditure, as % of net sales	1.5%	1.6%	2.8%
Equity ratio, %	53.7%	40.0%	42.3%
Gearing, %	65.4%	84.4%	66.3%
Net gearing, %	36.4%	41.8%	26.9%
Net interest-bearing debt, EUR million	25.3	28.4	18.3
Capital employed, end of period, EUR million	115.1	125.3	113.2
Return on equity, %	7.0%	-4.1%	1.6%
Return on capital employed, %	7.5%	0.2%	2.8%
Comparable return on capital employed, %	9.8%	3.1%	6.1%
Number of personnel, average	760	716	731
Number of personnel, end of period	761	721	750

PER SHARE DATA	31.3.2022	31.3.2021	31.12.2021
Number of registered shares, end of period (1.000)	84 290	84 290	84 290
Number of shares, average (1.000)	84 290	84 290	84 290
EPS, total, basic and diluted, EUR	0.014	-0.008	0.013
Comparable EPS, total, basic and diluted, EUR	0.023	0.010	0.060
Equity attributable to owners of the parent per share, EUR	0.83	0.81	0.81
Return of capital per share, EUR	-	-	0.03
Return of capital yield / share, %	-	-	2.63%
Price per earnings per share (P/E) ratio	66.1	-101.5	86.5
Price per equity attributable to owners of the parent per share	1.15	1.05	1.41
Market capitalization of registered shares, EUR million	80.1	71.6	96.1
Share turnover, % (number of shares traded, % of the average registered number of shares)	3.7%	10.4%	24.4%
Number of shares traded, (1.000)	3 077	8 743	20 577
Closing price of the share, EUR	0.95	0.85	1.14
Highest quoted price, EUR	1.19	0.91	1.40
Lowest quoted price, EUR	0.71	0.72	0.72
Volume-weighted average quoted price, EUR	1.01	0.83	0.98



## The reconciliation of other alternative performance measures

### Items affecting comparability

EUR million	1-3/2022	1-3/2021	1-12/2021
Re-structuring	-0.1	-0.6	-1.7
Other	-0.1	-0.2	0.3
<b>Items affecting comparability</b>	<b>-0.2</b>	<b>-0.8</b>	<b>-1.5</b>

### Comparable operating result (EBIT) and EBITA

EUR million	1-3/2022	1-3/2021	1-12/2021
Operating result	2.2	0.1	5.1
Items affecting comparability <sup>(1)</sup>	0.2	0.8	1.5
<b>Comparable EBIT</b>	<b>2.3</b>	<b>0.9</b>	<b>6.6</b>
<b>Operating result</b>	<b>2.2</b>	<b>0.1</b>	<b>5.1</b>
Amortization and purchase price allocation <sup>(1)</sup>	1.1	1.1	4.5
EBITA	3.3	1.2	9.6
Items affecting comparability <sup>(1)</sup>	0.2	0.8	1.5
<b>Comparable EBITA</b>	<b>3.5</b>	<b>2.1</b>	<b>11.1</b>
% of net sales	6.6%	5.1%	6.1%

<sup>(1)</sup> + cost, - income

### Comparable ROCE% and EPS

EUR million	1-3/2022	1-3/2021	1-12/2021
Profit/loss for the period before taxes	1.7	-0.3	1.2
Financial expenses	0.5	0.4	2.2
Amortization of purchase price allocation <sup>(1)</sup>	0.6	0.7	2.5
Total	2.7	0.8	5.8
Total annualized	11.0	3.0	5.8
Items affecting comparability <sup>(1)</sup>	0.2	0.8	1.5
Total	11.1	3.8	7.3
Equity	69.6	68.0	68.0
Interest bearing liabilities	45.5	57.4	45.1
Avg (1.1.and end of period)	114.1	125.6	119.0
<b>Comparable ROCE% annualized</b>	<b>9.8%</b>	<b>3.1%</b>	<b>6.1%</b>
Profit/loss for the period	1.2	-0.7	1.1
Amortization of purchase price allocation <sup>(1)</sup>	0.6	0.7	2.5
Items affecting comparability <sup>(1)</sup>	0.2	0.8	1.5
Total	2.0	0.8	5.1
Number of shares , average	84.3	84.3	84.3
<b>Comparable earnings per share, EUR</b>	<b>0.023</b>	<b>0.010</b>	<b>0.060</b>

<sup>(1)</sup> + cost, - income

**DEFINITIONS OF KEY RATIOS****Per share data**

Earnings per share (EPS):

Net result attributable to owners of the parent / Average number of shares

Dividend per share\*:

Dividends paid / Number of issued shares at end of the period

Dividend payout ratio\*:

(Dividend per share x 100) / Earnings per share

Dividend yield per share\*:

(Dividend per share x 100) / Share price at end of the period

Equity attributable to owners of the parent per share:

Equity attributable to owners of the parent at end of the period / Number of shares at end of the period

Average trading price:

Shares traded (EUR) / Shares traded (volume)

Price per earnings per share (P/E):

Share price at end of the period / Earnings per share (EPS)

Price per equity attributable to owners of the parent per share:

Share price at end of the period / Equity attributable to owners of the parent per share

Share turnover:

The proportion of number of shares traded during the period to weighted average number of shares

Market capitalization:

Number of shares at end of the period x share price at end of the period

Number of shares at period end:

Number of issued shares - treasury shares

\*The definition is also applied with return of capital

**Financial ratios**

EBITDA:

Profit / loss before depreciation, amortization, and impairment

Operating result (EBIT):

Profit / loss after depreciation, amortization, and impairment

Cash and cash equivalents:

Cash + other financial assets (includes cash and cash equivalents at amortized cost)

Net interest-bearing debt:

Interest-bearing liabilities (includes interest-bearing liabilities at amortized cost) - cash and cash equivalents

Financial expenses:

Interest expenses of financial liabilities + fees of financing arrangements + foreign currency differences of financial liabilities

Equity ratio, %:

Equity (Equity attributable to owners of the parent + non-controlling interest) x 100 / (Total assets - advance payments received)

Gearing, %:

(Interest-bearing liabilities x 100) / Equity (Equity attributable to owners of the parent + non-controlling interest)

Net gearing, %:

(Net interest-bearing debt x 100) / Equity (Equity attributable to owners of the parent + non-controlling interest)

Return on capital employed, % (ROCE):

(Profit / loss before taxes + financial expenses x 100) / (Equity + interest-bearing liabilities, average of 1 January and end of the reporting period)

Return on equity, % (ROE):

(Profit / loss for the reporting period) x 100 / Equity (Equity attributable to owners of the parent + non-controlling interest), average of 1 January and end of the reporting period

**Other alternative performance measures**

Comparable EBIT:

Operating result after depreciation, amortization, and impairment, +/- items affecting comparability+ large, expensed cloud-computing investments

Comparable EBITDA:

Operating result before depreciation, amortization, and impairment, +/- items affecting comparability+ large, expensed cloud-computing investments

Comparable EBITA:

Operating result before amortization, impairment of intangible assets and purchase price allocation +/- items affecting comparability+ large, expensed cloud-computing investments

Comparable return on capital employed, % (Comparable ROCE):

$$\frac{(\text{Profit / loss before taxes} + \text{amortization of purchase price allocations} + \text{/- items affecting comparability} + \text{financial expenses} \times 100)}{(\text{Equity} + \text{interest-bearing liabilities, average of 1 January and end of the reporting period})}$$

Comparable earnings per share (Comparable EPS):

$$\frac{\text{Net result attributable to owners of the parent} + \text{/- items affecting comparability} + \text{amortization of purchase price allocations}}{\text{Average number of shares}}$$

Items affecting comparability:

Items affecting comparability are adjusted for non-business transactions or changes in valuation items when they arise from restructuring, acquisitions and disposals, related integration and separation costs, sale or impairment of assets. These may include staff reductions, rationalization of the product range, restructuring of the production structure, and reduction of premises.

Impairment losses on goodwill, gains or losses on disposals due to changes in the group structure, exceptionally large gains or losses on tangible and intangible assets, exceptional compensations for damages and legal proceedings are restated as an item affecting comparability.

**NOTES****Basis of preparation**

The Glaston Group's interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34. The interim report has followed the same IFRS accounting principles as in the previous consolidated financial statements 2021. Quarterly information and interim reports are not audited.

As a result of rounding differences, the figures presented in the tables may not add up to the total.

**1. SEGMENT INFORMATION****Orders received**

EUR million

	1-3/2022	1-3/2021	1-12/2021
Heat Treatment	22.4	22.8	89.0
Insulating Glass	25.5	19.5	95.0
Automotive & Display	10.8	4.8	31.2
<b>Total segments</b>	<b>58.7</b>	<b>47.1</b>	<b>215.1</b>
Unallocated and eliminations	0.2	0.1	1.1
<b>Total Glaston Group</b>	<b>59.0</b>	<b>47.2</b>	<b>216.2</b>

**Net sales**

EUR million

	1-3/2022	1-3/2021	1-12/2021
Heat Treatment	22.5	13.8	74.7
Insulating Glass	21.5	21.3	81.6
Automotive & Display	8.1	5.2	25.6
<b>Total segments</b>	<b>52.1</b>	<b>40.3</b>	<b>181.9</b>
Unallocated and eliminations	0.2	0.1	0.8
<b>Total Glaston Group</b>	<b>52.3</b>	<b>40.4</b>	<b>182.7</b>

**Comparable EBITA**

EUR million

	1-3/2022	1-3/2021	1-12/2021
Heat Treatment	1.5	0.3	3.4
Insulating Glass	1.9	1.8	6.5
Automotive & Display	0.1	0.0	1.2
<b>Total segments</b>	<b>3.5</b>	<b>2.1</b>	<b>11.1</b>
Unallocated and eliminations	-0.0	-0.0	0.0
<b>Total Glaston Group</b>	<b>3.5</b>	<b>2.1</b>	<b>11.1</b>
Comparable EBITA %	6.6%	5.1%	6.1%

**Comparable EBITA %**

EUR million

	1-3/2022	1-3/2021	1-12/2021
Heat Treatment	6.8%	2.3%	4.5%
Insulating Glass	8.8%	8.3%	8.0%
Automotive & Display	1.1%	0.5%	4.7%
<b>Total segments</b>	<b>6.7%</b>	<b>5.2%</b>	<b>6.1%</b>
Unallocated and eliminations	-9.6%	-36.4%	0.9%
<b>Total Glaston Group</b>	<b>6.6%</b>	<b>5.1%</b>	<b>6.1%</b>

**Operating result (EBIT)**

EUR million	1-3/2022	1-3/2021	1-12/2021
Heat Treatment	1.1	-0.5	0.6
Insulating Glass	1.3	0.9	4.6
Automotive & Display	-0.2	-0.3	-0.1
<b>Total segments</b>	<b>2.2</b>	<b>0.1</b>	<b>5.1</b>
Unallocated and eliminations	-0.0	-0.0	0.0
<b>Total Glaston Group</b>	<b>2.2</b>	<b>0.1</b>	<b>5.1</b>
Operating result %	4.2%	0.3%	2.8%

**Segment assets**

EUR million	1-3/2022	1-3/2021	1-12/2021
Heat Treatment	75.0	68.1	67.2
Insulating Glass	86.7	79.7	67.8
Automotive & Display	40.2	29.0	32.2
<b>Total segment assets</b>	<b>202.0</b>	<b>176.7</b>	<b>167.2</b>
Other assets	-10.4	36.0	30.1
<b>Total assets</b>	<b>191.5</b>	<b>212.8</b>	<b>197.3</b>

**Segment liabilities**

EUR million	1-3/2022	1-3/2021	1-12/2021
Heat Treatment	41.7	36.8	37.7
Insulating Glass	43.8	33.9	30.3
Automotive & Display	13.0	6.9	5.7
<b>Total segment liabilities</b>	<b>98.4</b>	<b>77.6</b>	<b>73.7</b>
Other liabilities	23.5	66.8	54.3
<b>Total liabilities</b>	<b>121.9</b>	<b>144.5</b>	<b>128.0</b>

**Personnel at the end of the period**

	1-3/2022	1-3/2021	1-12/2021
Heat Treatment	295	275	283
Insulating Glass	362	351	359
Automotive & Display	102	92	103
Others	2	3	5
<b>Total personnel at the end of the period</b>	<b>761</b>	<b>721</b>	<b>750</b>

**ORDERS RECEIVED, ORDER BOOK, NET SALES AND OPERATING RESULT BY QUARTERS****Orders received**

EUR million	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	22.4	23.5	18.3	24.4	22.8
Insulating Glass	25.5	25.1	19.3	30.9	19.5
Automotive & Display	10.8	10.0	7.5	8.9	4.8
<b>Total segments</b>	<b>58.7</b>	<b>58.6</b>	<b>45.1</b>	<b>64.3</b>	<b>47.1</b>
Unallocated and eliminations	0.2	0.4	0.3	0.3	0.1
<b>Total Glaston Group</b>	<b>59.0</b>	<b>59.1</b>	<b>45.4</b>	<b>64.5</b>	<b>47.2</b>



**Order book**

EUR million	31.3.2022	31.12.2021	30.9.2021	30.6.2021	31.3.2021
Heat Treatment	44.1	45.6	41.5	46.1	39.4
Insulating Glass	40.6	38.5	37.4	35.7	23.8
Automotive & Display	13.3	10.7	7.2	6.0	4.8
<b>Total segments</b>	<b>98.1</b>	<b>94.8</b>	<b>86.1</b>	<b>87.8</b>	<b>68.0</b>
Unallocated and eliminations	-	-	-	-	-
<b>Total Glaston Group</b>	<b>98.1</b>	<b>94.8</b>	<b>86.1</b>	<b>87.8</b>	<b>68.0</b>

**Net sales**

EUR million	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	22.5	22.1	21.0	17.6	13.8
Insulating Glass	21.5	23.1	19.1	18.2	21.3
Automotive & Display	8.1	7.3	6.0	7.2	5.2
<b>Total segments</b>	<b>52.1</b>	<b>52.5</b>	<b>46.1</b>	<b>42.9</b>	<b>40.3</b>
Unallocated and eliminations	0.2	0.1	0.3	0.3	0.1
<b>Total Glaston Group</b>	<b>52.3</b>	<b>52.6</b>	<b>46.4</b>	<b>43.3</b>	<b>40.4</b>

**Comparable EBITA**

EUR million	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	1.5	0.7	1.8	0.6	0.3
Insulating Glass	1.9	2.4	1.4	0.9	1.8
Automotive & Display	0.1	0.4	-0.0	0.8	0.0
<b>Total segments</b>	<b>3.5</b>	<b>3.5</b>	<b>3.2</b>	<b>2.3</b>	<b>2.1</b>
Unallocated and eliminations	-0.0	-0.1	0.0	0.1	-0.0
<b>Total Glaston Group</b>	<b>3.5</b>	<b>3.5</b>	<b>3.2</b>	<b>2.4</b>	<b>2.1</b>
Comparable EBITA %	6.6%	6.6%	6.9%	5.5%	5.1%

**Comparable EBITA %**

EUR million	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	6.8%	3.2%	8.4%	3.3%	2.3%
Insulating Glass	8.8%	10.5%	7.4%	5.0%	8.3%
Automotive & Display	1.1%	5.2%	-0.3%	11.3%	0.5%
<b>Total segments</b>	<b>6.7%</b>	<b>6.7%</b>	<b>6.8%</b>	<b>5.4%</b>	<b>5.2%</b>
Unallocated and eliminations	-9.6%	-61.2%	18.2%	15.8%	-36.4%
<b>Total Glaston Group</b>	<b>6.6%</b>	<b>6.6%</b>	<b>6.9%</b>	<b>5.5%</b>	<b>5.1%</b>

**Operating result (EBIT)**

EUR million	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	1.1	-0.3	0.9	0.6	-0.5
Insulating Glass	1.3	1.7	1.6	0.3	0.9
Automotive & Display	-0.2	-0.2	-0.2	0.6	-0.3
<b>Total segments</b>	<b>2.2</b>	<b>1.2</b>	<b>2.2</b>	<b>1.5</b>	<b>0.1</b>
Unallocated and eliminations	-0.0	-0.1	0.0	0.1	-0.0
<b>Total Glaston Group</b>	<b>2.2</b>	<b>1.2</b>	<b>2.3</b>	<b>1.6</b>	<b>0.1</b>
Operating result %	4.2%	2.2%	4.9%	3.6%	0.3%

**ORDERS RECEIVED, ORDER BOOK AND NET SALES BY PRODUCT AREAS****Orders received by product area**

EUR million	1-3/2022	1-3/2021	1-12/2021
Heat Treatment Technologies	14.2	15.0	60.1
Insulating Glass Technologies	18.4	13.4	70.5
Automotive & Display Technologies	7.3	1.3	16.5
Services	18.8	17.5	68.0
Unallocated and eliminations	0.2	0.1	1.1
<b>Glaston Group, total</b>	<b>59.0</b>	<b>47.2</b>	<b>216.2</b>

**Order book by product area**

EUR million	31.3.2022	31.3.2021	31.12.2021
Heat Treatment Technologies	36.5	34.2	39.3
Insulating Glass Technologies	39.7	23.8	38.0
Automotive & Display Technologies	12.9	4.4	10.2
Services	9.1	5.7	7.3
Unallocated and eliminations	-	-	-
<b>Glaston Group, total</b>	<b>98.1</b>	<b>68.0</b>	<b>94.8</b>

**Net sales by product area**

EUR million	1-3/2022	1-3/2021	1-12/2021
Heat Treatment Technologies	15.1	7.4	48.0
Insulating Glass Technologies	14.9	15.2	58.1
Automotive & Display Technologies	4.6	1.8	11.5
Services	18.3	16.6	66.8
Unallocated and eliminations	-0.7	-0.6	-1.7
<b>Glaston Group, total</b>	<b>52.3</b>	<b>40.4</b>	<b>182.7</b>

**NET SALES BY REGION****Geographical distribution of net sales,  
EUR million**

	1-3/2022	1-3/2021	1-12/2021
Americas	12.7	8.9	55.4
EMEA	28.4	22.8	95.7
APAC	11.2	8.8	31.5
<b>Glaston Group, total</b>	<b>52.3</b>	<b>40.4</b>	<b>182.7</b>

**2. FINANCIAL RISK MANAGEMENT****Liquidity risk**

Liquidity risk is managed through the effective use of advance payments in order to reduce the amount of working capital tied up in the operations. A special focus is set on the working capital management and the development is monitored regularly. Short- and long-term cash planning is part of group companies' operational activity together with the Group Treasury. As a measurement for the liquidity risk are the Group's liquid funds and unused credit facilities. Group Treasury reports the Group's liquidity position regularly to the management and to the Board of Directors of Glaston Corporation.

The covenants in use are net interest-bearing debt to equity (gearing ratio) and interest-bearing debt to EBITDA (leverage). Group treasury is responsible for monitoring the covenants and reports the situation regularly to management and the Board of Directors of Glaston Corporation. All covenant terms have been met.

Glaston Corporation has signed a new long-term financing agreement in March 2022. The financing agreement consists of EUR 30 million long-term loans as well as a EUR 25 million revolving credit facility. The agreement is for three years and includes two one-year options for extension of the loan period. The re-financing was executed on April 1, 2022.

EUR million	In use	Unused	Total
Committed credit facilities 31.3.2022	4.1	30.9	35.0
Committed credit facilities 31.12.2021	8.1	26.9	35.0

#### Net interest bearing debt

EUR million	31.3.2022	31.3.2021	31.12.2021
Loans from financial institutions	37.1	48.7	36.6
Lease liabilities	8.4	8.7	8.6
Cash	20.2	29.0	26.9
<b>Total</b>	<b>25.3</b>	<b>28.4</b>	<b>18.3</b>
<b>Net gearing, %</b>	<b>36.4</b>	<b>41.8</b>	<b>26.9</b>

#### Credit risk

The Group becomes exposed to credit and counterparty risks when it grants payment time to the customers. The credit worthiness of these counterparties may decrease and affect Group's result. Credit risk management is conducted in accordance with the Group's Credit Management Policy.

The estimate made for doubtful receivables is based on a review of all trade receivables outstanding on the reporting date as well as on an assessment of the impairment of financial assets based on expected credit losses.

Risk management is performed together with the business management with the objective to avoid major credit risk concentrations and to verify, that sufficient guarantees and collaterals are received. The Group reduces its credit risk by using letters of credit and various types of guarantees received from the customers to secure the receivables. In addition, the Group uses advance payments to reduce risk and to accelerate fund inflows.

At the end of March 2022 23.1 (19.6 on 31.12.2021) per cent of Group's trade receivables were secured by LCs.

Ageing analysis of trade receivables		Past due					
EUR million							
	Carrying amount of trade receivables after recognizing allowance account	Not past due	< 30 days	31-180 days	181 - 360 days	> 360 days	
<b>31.3.2022</b>	14.4	11.4	1.5	1.1	0.1	0.3	
<b>31.12.2021</b>	12.5	9.4	1.7	0.7	0.2	0.5	

### 3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

#### Changes in property, plant and equipment

EUR million	1-3/2022	1-3/2021	1-12/2021
Carrying amount at beginning of the period	22.9	23.1	23.1
Additions	0.2	0.1	2.0
Disposals	-0.0	-0.0	-0.8
Depreciation and amortization	-0.5	-0.5	-1.8
Reclassification and other changes	0.0	0.0	-0.0
Exchange differences	0.1	0.1	0.4
Carrying amount at end of the period	22.7	22.9	22.9

At the end of March 2022, Glaston had no contractual commitments for the acquisition of property, plant and equipment.

EUR million

<b>Changes in intangible assets</b>	<b>1-3/2022</b>	<b>1-3/2021</b>	<b>1-12/2021</b>
Carrying amount at beginning of the period	75.8	76.9	76.9
Additions	0.6	0.5	3.2
Disposals	0.0	-0.0	-0.4
Depreciation and amortization	-1.1	-1.0	-4.2
Reclassification and other changes	-0.0	0.0	-0.1
Exchange differences	0.2	-0.2	0.3
Carrying amount at end of the period	75.5	76.2	75.8

#### 4. LEASES

##### LEASES IN THE BALANCE SHEET

EUR million

<b>Right-of-use assets</b>	<b>1-3/2022</b>	<b>1-3/2021</b>	<b>1-12/2021</b>
Carrying amount at beginning of the period	7.3	6.9	6.9
Additions	0.4	1.0	2.3
Depreciation expense	-0.6	-0.4	-1.9
Carrying amount at end of the period	7.1	7.5	7.3

EUR million

<b>Lease liabilities</b>	<b>1-3/2022</b>	<b>1-3/2021</b>	<b>1-12/2021</b>
Carrying amount at beginning of the period	8.6	8.2	8.2
Additions	0.4	0.9	2.2
Interest expense	0.1	0.1	0.5
Rental payment	-0.7	-0.6	-2.3
Carrying amount at end of the period	8.4	8.7	8.6

##### LEASES IN PROFIT AND LOSS STATEMENT

<b>EUR million</b>	<b>1-3/2022</b>	<b>1-3/2021</b>	<b>1-12/2021</b>
Depreciation of right-of-use assets	-0.6	-0.5	-1.9
Interest expense on lease liabilities	-0.1	-0.1	-0.5
Short-term lease expense	-0.1	-0.1	-0.4
<b>Total amounts recognised in profit or loss</b>	<b>-0.8</b>	<b>-0.7</b>	<b>-2.7</b>

## 5. CONTINGENT LIABILITIES

EUR million	31.3.2022	31.3.2021	31.12.2021
<b>Mortgages and pledges</b>			
On own behalf	513.5	513.5	513.5
<b>Guarantees</b>			
On own behalf	4.5	6.8	8.5
On behalf of others	0.2	-	0.2

Mortgages and pledges include EUR 26.0 million shares in group companies.

Glaston Group can be a defendant or plaintiff in a number of legal proceedings incidental to those operations. The Group does not expect the outcome of any unmentioned legal proceedings currently pending, either individually or in the aggregate, to have material adverse effect upon the Group's consolidated financial position or results of operations.

## 6. DERIVATIVE INSTRUMENTS

EUR million	31.3.2022		31.3.2021		31.12.2021	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
<b>Currency forwards</b>						
Currency forward contracts	25.9	-0.5	11.1	-0.3	19.2	-0.3

Glaston hedge foreign currency-denominated sales and cash flows of binding orders received with currency forwards. In fulfilling the conditions of hedge accounting, cash flow hedge accounting under IFRS 9 is applied with respect to currency derivatives.

Derivative instruments are used only for hedging purposes. Nominal values of derivative instruments do not necessarily correspond with the actual cash flows between the counterparties and do not therefore give a fair view of the risk position of the Group. The fair values are based on market valuation on the date of reporting.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE

Financial instruments at fair value include derivatives. Other financial instruments at fair value through profit or loss can include mainly Glaston's current investments, which are classified as held for trading i.e. which have been acquired or incurred principally for the purpose of selling them in the near future.

Fair values of publicly traded derivatives are calculated based on quoted market rates at the end of the reporting period (fair value hierarchy level 1). All Glaston's derivatives are publicly traded.

Financial assets measured at fair value through other comprehensive income include listed investments are measured at the market price at the end of the reporting period (fair value hierarchy level 2). Investments, for which fair values cannot be measured reliably, such as unlisted equities, are reported at cost or at cost less impairment (fair value hierarchy level 3).

Fair value measurement hierarchy:

Level 1 = quoted prices in active markets

Level 2 = other than quoted prices included within Level 1 that are observable either directly or indirectly

Level 3 = not based on observable market data

During the reporting period there were no transfers between levels 1 and 2 of the fair value hierarchy. During the reporting period there were no changes in the valuation techniques of levels 2 or 3 of the fair value hierarchy.



**Fair value measurement hierarchy, Level 3. changes during the reporting period**

	31.3.2022	31.12.2021
1.1.	0.0	2.8
Additions	-	-
Disposals	-	-
Impairment losses	-	-2.8
Reclassification	-	-
31.3.	0.0	0.0

Financial instruments measured at fair value and included in level 3 of fair value hierarchy, had no effect on the profit or loss of the reporting period or on other comprehensive income. These financial instruments are not measured at fair value on recurring basis.

**Fair value hierarchy, fair values**

EUR million	31.3.2022				31.3.2021				31.12.2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>												
Listed shares	-	-	-	-	-	-	-	-	-	-	-	-
Other long-term investments	-0.0	-	0.0	0.0	-0.0	-	2.8	2.8	-0.0	-	0.0	0.0
Currency forward contracts	-	-	-	-	-	0.1	-	0.1	-	-	-	-
<b>Total</b>	<b>-0.0</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.0</b>	<b>0.1</b>	<b>2.8</b>	<b>2.9</b>	<b>-0.0</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>
<b>Liabilities</b>												
Currency forward contracts	-	-0.5	-	-0.5	-	-	-	-	-	-0.3	-	-0.3
<b>Total</b>	<b>-</b>	<b>-0.5</b>	<b>-</b>	<b>-0.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0.3</b>	<b>-</b>	<b>-0.3</b>