Q3

Glaston Corporation
INTERIM REPORT
January - September 2022

Glaston's interim report January–September 2022: Record high order intake at EUR 86.2 million in Q3

JULY–SEPTEMBER 2022 IN BRIEF

- Orders received totaled EUR 86.2 (45.4) million
- Net sales totaled EUR 47.9 (46.4) million
- Comparable EBITA was EUR 2.5 (3.2) million, i.e. 5.1 (6.9)% of net sales
- The operating result (EBIT) was EUR 1.2 (2.3) million
- Comparable earnings per share were EUR 0.011 (0.019)

JANUARY–SEPTEMBER 2022 IN BRIEF

- Orders received totaled 201.4 (157.1) million
- Net sales totaled EUR 153.7 (130.1) million
- Comparable EBITA was EUR 9.4 (7.6) million, i.e. 6.1 (5.9)% of net sales
- The operating result (EBIT) was EUR 5.2 (3.9) million
- Comparable earnings per share were EUR 0.053 (0.038)

GLASTON SPECIFIES OUTLOOK FOR 2022

In the third quarter, overall demand in most of Glaston's markets remained strong, which indicates good development for machines and services businesses for the coming quarters. Glaston began 2022 with a solid order backlog. The strong order intake in January-September further supports Glaston's 2022 full-year net sales and profitability development. Costs and capital expenditure related to the execution of the updated Group strategy, announced in August 2021, will occur ahead of the effect on revenue growth.

Contrary to the overall strong market demand, inflation, energy cost increases, raw material prices and the slowdown in economic growth are causing hesitation among some customers in their investment decisions. Supply chain disturbances are expected to continue, which means higher than normal uncertainty over Glaston's short-term net sales and profitability development. Despite an improved situation, the impact of the COVID-19 pandemic cannot be fully ruled out, especially in China.

Taking into account the prevailing uncertainties, Glaston Corporation estimates that its net sales will increase in 2022 from the levels reported for 2021 and comparable EBITA will increase to EUR 12−14 million. In 2021, Group net sales totaled EUR 182.7 million and comparable EBITA was EUR 11.1 million.

(Previous outlook: Despite the prevailing uncertainties, Glaston Corporation estimates that its net sales will increase in 2022 from the levels reported for 2021 and specifies its outlook for comparable EBITA, which is estimated to increase to EUR 12−15 million. In 2021, Group net sales totaled EUR 182.7 million and comparable EBITA was EUR 11.1 million.)

President & CEO Anders Dahlblom:

"Amid increasing uncertainty in the global business environment, the majority of Glaston's markets continued to perform well in the third quarter, and we set a new clear record in order intake at EUR 86.2 (45.4) million. In particular, one order valued at EUR 31 million significantly contributed to the outcome. That said, even without this order, the quarterly order intake exceeded our historical quarterly average. Third-quarter net sales growth slowed down from previous quarters as component shortages continued to burden our operations. The Insulating Glass and Automotive & Display segments achieved good year-on-year development, whereas Heat Treatment's net sales declined. Third-quarter comparable EBITA was EUR 2.5 million, with a slightly lower margin than previous quarters as net sales did not reach the same level.

Market activity for the Services business remained positive with daily flow services continuing strong in all regions. As customers' machine utilization was high and machines were regularly maintained for consistent performance, spare parts saw solid growth. In addition, field services grew as most countries have eased their COVID-19 travel restrictions. Despite continued component shortages and long delivery times, Services net sales in the third quarter increased by 8%.

The supply chain situation remained challenging and a rapid turn for the better is not in sight. Our efforts to manage the situation have increased, which means resources are tied up as additional work and re-planning are carried out on a daily basis ultimately impacting negatively on efficiency and costs.

During the quarter, we continued our good progress with strategy implementation. Taking full advantage of our diverse offering, we were able to close the above-mentioned EUR 31 million deal when our customer decided to expand the existing cooperation within tempering technologies into insulating glass. Our strategic focus to grow our business in China is the foundation of our plan to establish the production of Automotive pre-processing equipment for standard products at the factory in Tianjin. Since the announcement of the plan in June, we have made a strong entry into the Automotive market by securing orders for a standard pre-processing line. With shipments scheduled for 2023, these Automotive lines will be the first to be delivered from Tianjin.

Another strategic step was also taken in the third quarter as we entered the market of tempering technologies for solar panel production in China with the CHF Solar line, a new flat tempering line for solar panel tempering. In September, we had our first win for this new concept as we signed a contract for five lines with a Chinese customer, who already operates close to 20 Glaston insulating glass lines.

During the review period, our markets remained healthy despite the increasing overall global economic uncertainty and this has resulted in a good order intake for the quarter and also the full year 2022."

GLASTON GROUP'S KEY FIGURES

MEUR	7–9/2022	7–9/2021	Change%	1–9/2022	1–9/2021	Change%	1–12/2021
Orders received	86.2	45.4	89.9%	201.4	157.1	28.2%	216.2
of which service operations	16.0	16.2	-1.2%	54.0	50.5	6.9%	68.0
of which service operations, %	18.6%	35.7%		26.8%	32.2%		31.4%
Order book at end of period	142.3	86.1	65.3%	142.3	86.1	65.3%	94.8
Net sales	47.9	46.4	3.3%	153.7	130.1	18.2%	182.7
of which service operations	19.2	17.9	7.6%	55.3	49.2	12.4%	66.8
of which service operations, %	40.2%	38.6%		36.0%	37.8%		36.5%
EBITDA	3.0	4.3	-29.0%	11.0	9.8	12.1%	13.0
Items affecting comparability[1)]	0.4	-0.2	285.2%	1.4	0.3	367.1%	1.5
Comparable EBITDA	3.5	4.1	-14.8%	12.4	10.1	22.8%	14.5
Comparable EBITDA, %	7.2%	8.8%		8.1%	7.8%		7.9%
Comparable EBITA	2.5	3.2	-23.1%	9.4	7.6	23.7%	11.1
Comparable EBITA, %	5.1%	6.9%		6.1%	5.9%		6.1%
Operating result (EBIT)	1.2	2.3	-48.4%	5.2	3.9	30.6%	5.1
Profit/loss for the period	0.2	1.3	-86.6%	1.8	1.0	-83.1%	1.1
Earnings per share, EUR	0.002	0.015	-86.6%	0.021	0.011	-83.1%	0.013
Comparable earnings per share, EUR	0.011	0.019	-42.1%	0.053	0.038	41.4%	0.060
Cash flow from operating activities	3.8	-0.5	860.0%	1.4	13.8	-89.9%	19.3
Return on investment (ROI), %, (annualized)				6.1%	4.5%		2.8%
Comparable return on capital employed (ROCE), %, (annualized)				8.9%	6.9%		6.1%
Equity ratio, %				64.4%	42.4%		42.3%
Net gearing, %				27.0%	33.6%		26.9%
Number of employees at end of period				780	743	5.0%	750

1) + cost, - income

OPERATING ENVIRONMENT

Architectural glass

In the third quarter, overall market activity remained at a good level despite increasing supply chain problems and inflationary pressures. Stricter financing rules for new projects and surging materials and energy prices had some impact on investment decisions, but only a few potential orders were postponed. The majority of customers' investments were in increased automation and the capability to increase production efficiency.

The market for Insulating Glass equipment remained strong. Demand for the Thermoplastic Spacer (TPS®) remained at a high level, whereas the MULTI'ARRISSER continued to be a door opener for new integrated insulating glass lines. Driven by the good development in the architectural business, market activity and demand for Heat Treatment equipment remained at a good level. Flat tempering and laminating lines, in particular, were in strong demand.

The market for the Services business remained positive. Demand for spare parts was solid as customers' machines were up and running and maintained in order to secure consistent performance. As coronavirus-related travel restrictions were limited to China only, field services also grew. Heat Treatment upgrades had an exceptionally weak quarter, whereas solid growth was noted for Insulating Glass upgrades. Supply chain disruptions continued with a general shortage of materials continuing.

Operating environment in the regions

EMEA, with Europe as the core market, remained the strongest market for Insulating Glass equipment. Supported by the excellent pick-up in order intake, Glaston was able to gain market share. However, the first signs of hesitation in investment behavior were noted. For Heat Treatment equipment, demand in the EMEA region continued at a good level. For Services markets, the business environment continued to be mixed: demand for daily services was strong, whereas upgrade demand was weaker.

In the **Americas**, good demand for Heat Treatment equipment continued, driven by the residential sector in particular. For Insulating Glass equipment, demand was subdued. For Services, demand for daily services was very strong, while demand for upgrades slowed down.

In **China**, the slowdown in the architectural market was significant. Given the challenging market environment, demand for high-end Insulating Glass machines continued at a reasonable level. Elsewhere in the APAC region, the markets for new machines remained subdued. In Services, activity was at a very high level as countries continued to open up for travel.

Automotive glass

After a slow start to the third quarter, market activity steadily picked up and the positive development is expected to continue into the fourth quarter. Automotive production still faced difficulties due to supply chain shortages and regional factors, such as Russia's invasion of Ukraine and the coronavirus-related restrictions in China. Increased caution over new investments was visible, causing delays and some postponements regarding new machinery projects.
Despite higher-than-usual market uncertainty, the general market sentiment remained positive, with service activity steadily improving throughout the year.

No major changes were observed in the display market. Automotive displays once again showed increasing activity, but orders were still at a low level. Customers continued to request Automotive upgrades. Due to the long delivery times for control system components, a majority of the orders were delayed.

Operating environment in the regions

In **Europe**, the market was still very slow as the automotive glass business consolidates, but some early signs of slightly improving markets were visible.

In **North America,** the market continued to be good outside of the traditional automotive market, i.e. for special products such as recreational vehicles (RVs) and heavy vehicles. In addition, cautious signs of market recovery were seen in South America.

In **China**, market activity continued at a good level and was clearly supported by the company's decision to establish the production of standard pre-processing automotive lines in the country.

FINANCIAL DEVELOPMENT OF THE GROUP

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

Orders received and order book

Glaston Group's **July−September 2022** orders received were EUR 86.2 (45.4) million, up 90% compared to the corresponding period in the previous year. For Insulating Glass equipment, a record-high order intake was booked at EUR 55.0 (19.3) million, including a EUR 31 million order for multiple insulating glass lines, MULTI'ARRISSERs as well as machines for spacer frame production. Order intake for Heat Treatment equipment increased by 30% to EUR 23.8 (18.3) million with flat tempering and flat lamination technology in the lead. For Automotive & Display equipment, the third quarter order intake was at the same level as in the corresponding period in the previous year: EUR 7.2 (7.5) million. Total Services business order intake was at the same level as in the corresponding period in 2021, with a lower upgrade order intake impacting the total negatively.

The **January–September 2022** orders received totaled EUR 201.4 (157.1) million, up 28% compared to the corresponding period in the previous year. Order intake performance for Heat Treatment equipment was up 6% and totaled EUR 69.7 (65.5) million. With EMEA at the core, the Insulating Glass equipment order intake was up 54% totaling EUR 107.2 (69.8) million. For Automotive & Display equipment, the order intake saw an increase of 12%, amounting to EUR 23.8 (21.2) million, with America and China as the most active markets. Total Services business order intake increased by 7% in the period.

Orders received EUR million	7–9/2022	7–9/2021	Change%	1–9/2022	1–9/2021	Change%	1–12/2021
Heat Treatment	23.8	18.3	30.1%	69.7	65.5	6.5%	89.0
Insulating Glass	55.0	19.3	185.0 %	107.2	69.8	53.5%	95.0
Automotive & Display	7.2	7.5	-4.0%	23.8	21.2	12.3%	31.2
Segments, total	**86.0**	**45.1**	90.7%	**200.7**	**156.5**	28.3%	**215.1**
Unallocated and eliminations	0.2	0.3	-21.5%	0.6	0.6	-4.3%	1.1
Glaston Group, total	**86.2**	**45.4**	90.1%	**201.4**	**157.1**	28.2%	**216.2**

The **order book** stood at EUR 142.3 (86.1) million at the end of the third quarter and was 65% higher than in the corresponding period in 2021. The Heat Treatment order book totaled EUR 52.0 (41.5) million, representing 37% of the Group's order book, Insulating Glass EUR 81.1 (37.4) million or 57% of the order book. For Automotive & Display, the corresponding numbers were EUR 9.2 (7.2) million or 6% of the Group's order book.

Order book EUR million	30.9.2022	30.9.2021	Change%	31.12.2021
Heat Treatment	52.0	41.5	25.3%	45.6
Insulating Glass	81.1	37.4	116.8%	38.5
Automotive & Display	9.2	7.2	27.8%	10.7
Segments, total	**142.3**	86.1	65.3%	**94.8**
Unallocated and eliminations	-	-	-	-
Glaston Group, total	**142.3**	**86.1**	**65.3%**	**94.8**

Net sales

The **July−September 2022** net sales were up 3% from the corresponding period of the previous year and totaled EUR 47.9 (46.4) million. Net sales growth slowed down from previous quarters, mainly due to the decline in the Heat Treatment segment.

The Heat Treatment segment's net sales were EUR 17.9 (21.0) million, down 15% compared to the corresponding period in the previous year. The Insulating Glass segment's net sales improved compared to the corresponding period in 2021 and were EUR 21.8 (19.1) million. Automotive & Display segment's net sales grew 33% and were EUR 7.9 (6.0) million. In the July−September period, the Services business grew its net sales by 8%.

Of total net sales, the Heat Treatment segment accounted for 37%, the Insulating Glass segment for 46%, and the Automotive & Display segment for 17%. Geographically, the EMEA area continued to be the biggest area and accounted for 58% of net sales, while the Americas accounted for 25%, and Asia and Pacific (APAC) for 17%.

The **January–September 2022** net sales totaled EUR 153.7 (130.1) million. The Heat Treatment segment's net sales totaled EUR 63.2 (52.5) million, up 20%. The Insulating Glass segment's net sales increased by 10% to EUR 64.4 (58.6) million. The Automotive & Display segment's net sales were up by 39% and totaled EUR 25.4 (18.3) million. Total Services net sales increased 12%.

Net sales, EUR million	7–9/2022	7–9/2021	Change%	1–9/2022	1–9/2021	Change%	1–12/2021
Heat Treatment	17.9	21.0	-14.8%	63.2	52.5	20.5%	74.7
Insulating Glass	21.8	19.1	14.3%	64.4	58.6	10.1%	81.6
Automotive & Display	7.9	6.0	32.8%	25.4	18.3	38.8%	25.6
Segments, total	**47.7**	**46.1**	3.4%	**153.1**	**129.4**	18.4%	**181.9**
Unallocated and eliminations	0.2	0.3	-17.1%	0.6	0.7	-17.5%	0.8
Glaston Group, total	**47.9**	**46.4**	3.3%	**153.7**	**130.1**	18.2%	**182.7**

Operating result and profitability

July−September 2022 comparable EBITA was EUR 2.5 (3.2) million, i.e. 5.1 (6.9)% of net sales. EBITA and EBITA margin declined from the comparison period in Heat Treatment and Insulating Glass segments, whereas Automotive & Display turned from breaking even to strong profit.

Glaston Group's comparable operating result was EUR 1.6 (2.1) million, i.e. 3.3 (4.4)% of net sales. The third quarter operating result was EUR 1.2 (2.3) million. Items affecting comparability amounting to EUR -0.4 (0.2) million were recognized in the third quarter. These were mainly related to the strategic Automotive project in China and the termination of operations in Russia.

Due to lower operating result, earnings per share declined to EUR 0.002 (0.012). The comparable earnings per share were EUR 0.011 (0.019).

The **January−September 2022** comparable EBITA amounted to EUR 9.4 (7.6) million, i.e. 6.1 (5.9)% of net sales. Profit improvement took place mainly in Heat Treatment and to some extent in Automotive & Display. The comparable operating result was EUR 6.6 (4.3) million, i.e. 4.3 (2.3)% of net sales. The Group's operating result was EUR 5.2 (3.9) million. Items affecting comparability totaled EUR -1.4 (-0.3) million mainly related to the termination of operations in Russia and other restructuring costs.

Mainly due to higher operating result, earnings per share increased to EUR 0.021 (0.011).The comparable earnings per share were EUR 0.053 (0.038).

Comparable operating result (EBIT) and EBITA

EUR million	7–9/2022	7–9/2021	Change%	1–9/2022	1-9/2021	Change%	1–12/2021
Operating result	1.2	2.3	-48.4%	5.2	3.9	30.6%	5.1
Items affecting comparability1)	0.4	-0.2	-285.2%	1.4	0.3	367.1%	1.5
Comparable EBIT	**1.6**	**2.1**	**-22.3%**	**6.6**	**4.3**	**54.7%**	**6.6**
Operating result	**1,2**	**2.3**	**-48.4%**	**5.2**	**3.9**	**30.6%**	**5.1**
Amortization and purchase price allocation1)	0.9	1.2	-24.5%	2.9	3.4	-15.1%	4.5
EBITA	**2.0**	**3.4**	**-40.4%**	**8.0**	**7.3**	**9.5%**	**9.6**
Items affecting comparability1)	0.4	-0.2	-285.2%	1.4	0.3	367.1%	1.5
Comparable EBITA	**2.5**	**3.2**	**-23.1%**	**9.4**	**7.6**	**23.7%**	**11.1**
% of net sales	5.1%	6.9%		6.1%	5.9%		6.1%

1) + cost, -income

FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

Heat Treatment reporting segment

Heat Treatment segment's third quarter in brief:

- Market activity continued at a good level
- Strong entry into the tempering technologies for solar panel production in China
- Net sales and profitability lower than in the comparison period

Heat Treatment KEY RATIOS EUR million	7−9/2022	7−9/2021	Change%	1−9/2022	1−9/2021	Change%	1−12/2021
Orders received	23.8	18.3	30.1%	69.7	65.5	6.5%	89.0
of which service operations	5.4	6.3	-14.3%	21.8	21.4	1.9%	28.8
of which service operations, %	22.7%	34.4%		31.3%	32.7%		32.4%
Order book at end of period	52.0	41.5	25.3%	52.0	41.5	25.3%	45.6
Net sales	17.9	21.0	-14.8%	63.2	52,5	20.5%	74.7
of which service operations	7.8	8.0	-2.6%	22.4	20.1	11.6%	27.7
of which service operations, %	43.6%	38.2%		35.5%	38.3%		37.1%
Comparable EBITA	0.8	1.8	-57.3%	4.1	2.7	53.3%	3.4
Comparable EBITA, %	4.2%	8.4%		6.5%	5.1%		4.5%
Operating result (EBIT)	0.3	0.9	-69.3%	2.1	0.9	128.9%	0.6
Operating result (EBIT), %	1.5%	4.1%		3.3%	1.7%		0.8%

Orders received and order book

Despite the prevailing uncertainty in the global markets, activity in Heat Treatment's markets continued at a good level. The segment's order intake grew 30% compared to the corresponding period in the previous year and totaled EUR 23.8 (18.3) million. Reflecting the low order intake for Heat Treatment upgrades, Heat Treatment services order intake declined 14%.

In the review period, order intake from the Americas continued at a good level with orders for both flat tempering and flat lamination equipment. In the EMEA region, laminating as well as RC, FC, and Jumbo series tempering lines were ordered, for example from Poland, Croatia, and Bulgaria. In China, an order for five flat tempering lines for solar panel tempering was received.

January–September 2022 orders grew by 6% compared to the corresponding period in the previous year and totaled EUR 69.7 (65.5) million. Services orders grew 2%.

The Heat Treatment segment's order book stood at EUR 52.0 (41.5) million at the end of the third quarter.

Financial development

July−September 2022 net sales were EUR 17.9 (21.0) million, down 15% compared to the corresponding period in the previous year. Net sales declined due to component shortages and the exceptionally high comparison period. Services net sales were at the same level as in the comparison period and totaled EUR 7.8 (8.0) million. Heat Treatment upgrades had exceptionally high net sales in the comparison quarter. Third quarter comparable EBITA was EUR 0.8 (1.8) million, i.e. 4.2 (8.4)% of net sales. The comparable EBITA and EBITA margin was at a lower level mainly due to lower net sales and higher fixed costs.

January–September 2022 net sales were up 20% and totaled EUR 63.2 (52.5) million. Comparable EBITA was EUR 4.1 (2.7) million, i.e. 6.5 (5.1)% of net sales. Strong order intake supported net sales development. Profitability improvement was a consequence of volume growth, improving margins, and fixed costs growing at a slower pace than net sales.

Insulating Glass reporting segment

Insulating Glass segment's third quarter in brief:

- Record-high order intake with major orders from Europe
- Net sales up 14%, profitability lower than in the comparison period
- Factory workload high, gradual capacity increase in progress

Insulating Glass KEY RATIOS EUR million	7−9/2022	7−9/2021	Change%	1−9/2022	1−9/2021	Change%	1−12/2021
Orders received	55.0	19.3	185.0%	107.2	69.8	53.5%	95.0
of which service operations	6.4	5.7	12.3%	20.3	17.3	17.3%	24.5
of which service operations, %	11.6%	29.5%		18.9%	24.8%		25.8%
Order book at end of period	81.1	37.4	116.8%	81.1	37.4	116.8%	38.5
Net sales	21.8	19.1	14.3%	64.4	58.6	10.1%	81.6
of which service operations	7.0	6.1	15.5%	20.7	17.9	15.7%	24.7
of which service operations, %	32.0%	31.7%		32.1%	30.5%		30.2%
Comparable EBITA	0.9	1.4	-34.3%	4.2	4.1	2.9%	6.5
Comparable EBITA, %	4.2%	7.4%		6.5%	7.0%		8.0%
Operating result (EBIT)	0.5	1.6	-70.1%	2.7	2.9	-4.8%	4.6
Operating result (EBIT), %	2.2%	8.3%		4.2%	4.9%		5.6%

Orders received

Despite significant supply chain problems and high inflation rates, the insulating glass market remained strong in the third quarter. The Insulating Glass segment's July−September 2022 order intake increased by a staggering 185% to EUR 55.0 (19.3) million mainly due to the EUR 31 million order from a European glass processor. Services order intake grew 12% during the quarter.

In the EMEA region, July−September order entry was excellent and Europe remained the strongest market for Insulating Glass technologies. In addition to the EUR 31 million order, several other significant orders from Europe were received from, for example, Germany, Italy, and Estonia. The high-speed TPS® insulating glass solution continued to see strong demand. Amid still ongoing coronavirus-related restrictions in China and a clearly lower level for the locally produced insulating glass lines, order entry for high-end lines was at a reasonable level. Solid growth was noted for Insulating Glass upgrades with consistent deliveries.

January–September 2022 orders received increased by 54% compared to the corresponding period in the previous year and totaled EUR 107.2 (69.8) million. Services orders grew 17%.

Due to already gained and further secured projects, the Insulating Glass segment's order book was strong at EUR 81.1 (37.4) million at the end of the period.

Financial development

The Insulating Glass segment's third-quarter net sales were up 14% and totaled EUR 21.8 (19.1) million. Net sales growth was impacted by component shortages and the architectural market slowdown in China. Supply chain difficulties, causing higher costs for parts and inefficiencies as well as higher fixed costs, affected comparable EBITA and EBITA margin development. In July−September, comparable EBITA was EUR 0.9 (1.4) million, i.e. 4.2 (7.4)% of net sales.

January–September 2022 net sales were up 10% and totaled EUR 64.4 (58.6) million. Comparable EBITA was EUR 4.2 (4.1) million, i.e. 6.5 (7.0)% of net sales. The positive impact from volume growth was offset by fixed costs increasing at a higher pace than net sales leading to a profitability decline.

Automotive & Display reporting segment

Automotive & Display segment's third quarter in brief:

- Decision to establish automotive glass pre-processing in China secured orders
- Net sales up 33%, profitability improving
- Factory workload at a high level

Automotive & Display KEY RATIOS EUR million	7–9/2022	7–9/2021	Change%	1–9/2022	1–9/2021	Change%	1–12/2021
Orders received	7.2	7.5	-4.0%	23.8	21.2	12.3%	31.2
of which service operations	4.3	4.2	2.4%	11.9	11.9	0.0%	14.6
of which service operations, %	59.7%	56.0%		50.0%	56.2%		46.8%
Order book at end of period	9.2	7.2	27.8%	9.2	7.2	27.8%	10.7
Net sales	7.9	6.0	32.8%	25.4	18.3	38.8%	25.6
of which service operations	4.4	3.8	16.9%	12.2	11.2	8.7%	14.4
of which service operations, %	55.8%	63.5%		47.9%	61.2%		56.2%
Comparable EBITA	0.7	-0.0	4265.6 %	1.2	0.8	41.9%	1.2
Comparable EBITA, %	9.1%	-0.3%		4.6%	4.5%		4.7%
Operating result (EBIT)	0.4	-0.2	256.4%	0.4	0.1	237.9%	-0.1
Operating result (EBIT), %	4.6%	-3.9%		1.4%	0.6%		-0.4%

Orders received

In the third quarter, the Automotive & Display segment's orders declined 4% and totaled EUR 7.2 (7.5) million. Supported by the company's decision to set up local production in China for standard automotive pre-processing machines, Glaston closed a deal for two CHAMP EVO lines. Other significant orders were received from South America and Europe. Display orders continued to be at a low level. Services orders increased slightly with a decline in upgrade orders.

January–September 2022 orders received increased by 12% compared to the corresponding period in the previous year and totaled EUR 23.8 (21.2) million. Services orders were at the same level as in the corresponding period in the previous year.

The Automotive & Display segment's order book stood at EUR 9.2 (7.2) million at the end of the period.

Financial development

The Automotive & Display segment's net sales increased by 33% and were EUR 7.9 (6.0) million, supported by the higher machines order intake in the previous quarters. Despite supply chain issues and some temporary customer factory shut-downs, Automotive services' net sales increased 17% compared to the corresponding period in the previous year.

The segment's comparable EBITA improved mainly due to volume growth and was EUR 0.7 (-0.0) million.

January–September 2022 net sales were up 39% and totaled EUR 25.4 (18.3) million. Comparable EBITA was EUR 1.2 (0.8) million, i.e. 4.6 (4.5)% of net sales. Volume growth and fixed costs growing at a slower pace than net sales contributed to the positive profitability development.

Financial position, cash flow and financing

At the end of September, Glaston Group's balance sheet total was EUR 195.3 (224.7) million. Intangible assets amounted to EUR 76.3 (75.4) million, of which goodwill was EUR 59.4 (58.3) million. At the end of the period, property, plant, and equipment amounted to EUR 22.5 (21.8) million and inventories to EUR 33.7 (28.3) million. Inventories have been increased in order to ensure the best possible customer service when component delivery times are unpredictable.

The comparable return on capital employed (ROCE) was 8.9 (6.9)%.

At the end of September, the company's net gearing was 27.0 (33.6)% and the equity ratio was 64.4 (42.4)%. Net interest-bearing debt totaled EUR 18.7 (23.0) million.

The third-quarter cash flow from operating activities, before the change in working capital, was EUR 1.1 (3.7) million. Cash flow from the change in working capital was EUR 2.7 (-4.2) million, which was mainly due to an increase in advance payments and trade receivables. Cash flow from operating activities was EUR 3.8 (-0.5) million. Cash flow from investing activities was EUR -1.5 (-0.9) million. No cash flow from financing activities was recorded. In the comparison period, cash flow from financing activities was EUR -0.3 million.

Capital expenditure and product development

Glaston Group's January−September gross capital expenditure totaled EUR 3.6 (2.2) million and was primarily related to product development. Depreciation and amortization of property, plant, and equipment, and intangible assets totaled EUR 4.1 (4.5) million.

Projects and innovations related to automation, ease of use, and self-learning remained at the center of product development. Addressing the growing solar market, Glaston's new solar concept was completed. The CHF Solar line is designed for high volumes and operates 24/7 with an automatic setup. In the glasstec 2022 exhibition, Glaston introduced the Autopilot for automating the tempering process and ensuring optimized productivity. In addition, for the automotive glass processing, the new CHAMP EVO pre-processing line and the new MATRIX EVO for glass bending were introduced. For energy-efficient insulating glass manufacturing, the new arrissing machine Glaston MULTI'ARRISSER, which is the fastest and most silent single-head arrissing machine in the industry, was officially launched to a broader audience. For the TPS® technology, among others, a new specially designed and patented drum pump follower plate was introduced.

In January−September, research and product development expenditure, excluding depreciation, totaled EUR 6.3 (4.8) million, of which EUR 1.8 (1.3) million was capitalized. Research and product development expenditure amounted to 4.1 (3.7)% of net sales.

Organization and personnel

Glaston Group had a total of 780 (743) employees on September 30, 2022. The Heat Treatment segment employed 294 (285) people, the Insulating Glass segment 376 (357) people, and the Automotive & Display segment 108 (97) people. Of the Group's personnel, 35%, i.e. 274 employees, worked in Germany, 25%, i.e. 195, worked in Finland, 14% worked elsewhere in the EMEA area, 19% worked in Asia, and 6% worked in the Americas. The average number of employees was 771 (726).

STRATEGY

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

In line with Glaston's strategic focus to grow its business in China and improve operational efficiency, Glaston announced in June its plan to establish the production of Automotive pre-processing equipment for standard products at Glaston's factory in Tianjin, China. Since the announcement, activities for ramping up the production, enhancing the product-specific production skills as well as setting up a local automotive supply chain network proceeded in line with the plans. Demonstrating the viability of the strategic initiative, the first orders for the new Automotive pre-processing CHAMP EVO lines were received in the third quarter. The lines will be delivered in the first half of 2023.

Further strengthening its position in China, Glaston entered the market of tempering technologies for solar panel production and introduced the new flat tempering line for solar panel tempering.

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 September 30, 2022, was EUR 12.7 (12.7) million.

			No. of shares and votes	Share turnover, EUR million
GLA1V			84,289,911	5.7
	Highest	Lowest	Closing	Average price *)
Share price	1.19	0.71	0.89	0.97
			30.9.2022	30.9.2021
Market value			74.8	100.3
Number of shareholders			7,432	7,574
Foreign ownership, %			27.4	27.2

*) 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%.

Annual General Meeting

Glaston Corporation's Annual General Meeting (AGM) was held on April 12, 2022, in Helsinki. The AGM adopted the financial statements and discharged the members of the Board of Directors and the President & CEO from liability for the financial year 2021 and adopted the company's remuneration report for governing bodies. The AGM resolved to approve the Board of Directors' proposal that a return of capital of EUR 0.03 per share be distributed for the financial year 2021. The return of capital was paid on April 26, 2022.

The AGM approved the proposals concerning the selection and remuneration of the Board of Directors and auditor as well as the number of members of the Board of Directors. The AGM re-elected as members of the Board of Directors Veli-Matti Reinikkala, Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Arja Talma, Tero Telaranta, and Michael Willome. In addition, the AGM authorized the Board of Directors to decide on a repurchase of the company's own shares and the issuance of shares.

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

SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

The main short-term risk for Glaston's business operations, supply chain disruptions, are expected to continue at least for the rest of 2022. 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 and costs. Major supply chain disruptions may impact the company's performance as component scarcity may cause revenue recognition delays, whereas heavily increasing prices of raw materials may add to short-term profitability pressure. Additionally, inflationary pressures combined with tighter monetary control could have a negative impact on customers' investment decisions. Amid increasing market uncertainty, customers may also want to postpone or cancel their orders.

The increasing uncertainty in the global markets may affect Glaston's business environment, with short-term risks mainly linked to the development of global investment demand. Glaston continuously monitors the development outlook of the global economy and its impact on the progress of its markets. If the demand environment deteriorates substantially, this will mainly affect Glaston's net sales and earnings with a delay of six to nine months.

In Europe, the glass industry, as an energy-intensive industry, is severely impacted by the ongoing energy crisis. In previous months, the sector has already seen glass manufacturers closing down or reducing their production in Europe. Soaring energy prices and availability concerns in Europe in particular may impact the willingness of Glaston's customers to invest in new machinery. Furthermore, the significant price increase of float glass has impacted customers' short-term profitability. 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. Significant rationing of natural gas could lead to serious or even permanent damage to float glass producing equipment. Increased uncertainty is slowing down economic growth and could lead to a recession. In the longer term, the energy-related risks could lead to general energy consumption awareness and drive demand for investments in energy-saving technologies and renewable energy solutions.

Even though the impact of the COVID-19 pandemic has further decreased, there is still a risk of new virus variants spreading, causing severe business challenges like those experienced in previous years. In the third quarter of 2022, coronavirus-related restrictions continued to ease, with the exception of China, where Glaston's operations and performance continued to be affected. In the event of continuing lockdowns and travel restrictions in the country, service work and the spare parts business as well as machine installations would be affected. Despite 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 growing concerns in the market. Glaston's ability to maintain a high level of job satisfaction among its employees and also 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.

GLASTON SPECIFIES OUTLOOK FOR 2022

In the third quarter, overall demand in most of Glaston's markets remained strong, which indicates good development for machines and services businesses for the coming quarters. Glaston began 2022 with a solid order backlog. The strong order intake in January−September further supports Glaston's 2022 full-year net sales and profitability development. Costs and capital expenditure related to the execution of the updated Group strategy, announced in August 2021, will occur ahead of the effect on revenue growth.

Contrary to the overall strong market demand, inflation, energy cost increases, raw material prices, and the slowdown in economic growth are causing hesitation among some customers in their investment decisions. Supply chain disturbances are expected to continue, which means higher than normal uncertainty over Glaston's short-term net sales and profitability development. Despite an improved situation, the impact of the COVID-19 pandemic cannot be fully ruled out, especially in China.

Taking into account the prevailing uncertainties, Glaston Corporation estimates that its net sales will increase in 2022 from the levels reported for 2021 and comparable EBITA will increase to EUR 12−14 million. In 2021, Group net sales totaled EUR 182.7 million and comparable EBITA was EUR 11.1 million.

(Previous outlook: Despite the prevailing uncertainties, Glaston Corporation estimates that its net sales will increase in 2022 from the levels reported for 2021 and specifies its outlook for comparable EBITA, which is estimated to increase to EUR 12−15 million. 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 – 30 SEPTEMBER 2022

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	1-12/2021
Net sales	**47.9**	**46.4**	3.3%	**153.7**	**130.1**	18.2 %	**182.7**
Other operating income	0.9	1.5		2.7	3.8		4.3
Expenses	-45.7	-43.6		-145.4	-124.0		-173.9
Depreciation, amortization and impairment	-1.3	-1.5		-4.1	-4.5		-6.0
Depreciation of right-of-use assets	-0.6	-0.5		-1.7	-1.4		-1.9
Operating result	**1.2**	**2.3**	-48.4%	**5.2**	**3.9**	30.6 %	**5.1**
Financial items, net	-0.5	-0.3		-2.1	-1.4		-3.5
Interest expenses on lease liabilities	-0.1	-0.1		-0.3	-0.4		-0.5
Result before income taxes	**0.6**	**1.9**	-69.8%	**2.7**	**2.2**	24.3 %	**1.2**
Income taxes	-0.4	-0.6		-0.9	-1.2		-0.0
Profit / loss for the period	**0.2**	**1.3**	-86.6%	**1.8**	**1.0**	-83.1 %	**1.1**

	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	1-12/2021
Earnings per share, EUR	0.002	0.015		0.021	0.011		0.013
Operating result, as % of net sales	2.5	4.9		3.4	3.0		2.8
Profit / loss for the period, as % of net sales	0.4	2.7		1.1	0.7		0.6

STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Profit / loss for the period	**0.2**	**1.3**	**1.8**	**1.0**	**1.1**
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	1.0	0.5	2.5	0.4	1.4
Cash flow hedges, net of tax	0.3	-0.3	-0.9	-0.3	-0.1
Other comprehensive income that will not be reclassified subsequently to profit or loss:					
Fair value changes of financial assets measured at fair value through profit or loss	0.0	0.0	0.0	0.0	-2.8
Actuarial gains and losses arising from defined benefit plans, net of tax	-0.1	0.0	-0.1	0.0	1.2
Other comprehensive income for the reporting period	**1.2**	**0.2**	**1.5**	**0.1**	**-0.3**
Total comprehensive income for the reporting period	**1.4**	**1.5**	**3.3**	**1.1**	**0.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	30.9.2022	30.9.2021	31.12.2021
Assets			
Non-current assets			
Goodwill	59.4	58.3	58.6
Other intangible assets	16.9	17.1	17.2
Property, plant and equipment	22.5	21.8	22.9
Right-of-use assets	6.6	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	2.4	2.9
Deferred tax assets	2.8	1.8	2.6
Total non-current assets	**111.0**	**111.8**	**111.6**
Current assets			
Inventories	33.7	28.3	27.3
Receivables			
Trade and other receivables	20.8	20.9	17.1
Contract assets	10.1	38.9	14.3
Assets for current tax	0.0	0.2	0.1
Total receivables	30.9	60.0	31.6
Cash equivalents	19.7	24.6	26.9
Total current assets	**84.3**	**112.9**	**85.7**
Total assets	**195.3**	**224.7**	**197.3**

EUR million	30.9.2022	30.9.2021	31.12.2021
Equity and liabilities			
Equity			
Share capital	12.7	12.7	12.7
Other restricted equity reserves	0.3	0.3	0.3
Reserve for invested unrestricted equity	105.3	107.9	107.9
Other unrestricted equity reserves	-1.2	-0.5	-0.3
Retained earnings and exchange differences	-48.0	-51.9	-52.5
Total equity	**69.1**	**68.4**	**68.0**
Non-current liabilities			
Non-current interest-bearing liabilities	26.1	32.8	30.4
Non-current lease liabilities	6.3	7.0	6.9
Non-current interest-free liabilities and provisions	0.6	0.9	0.3
Deferred tax liabilities	9.6	8.6	9.3
Total non-current liabilities	**42.5**	**49.4**	**46.9**
Current liabilities			
Current interest-bearing liabilities	4.2	6.0	6.2
Current lease liabilities	1.7	1.7	1.7
Current provisions	2.9	3.1	2.5
Trade and other current interest-free payables	72.8	94.8	69.3
Contract liabilities	1.6	0.1	2.1
Liabilities for current tax	0.4	1.2	0.8
Total current liabilities	**83.6**	**106.9**	**82.4**
Total liabilities	**126.2**	**156.3**	**129.3**
Total equity and liabilities	**195.3**	**224.7**	**197.3**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Cash flows from operating activities					
Cash flow before change in net working capital	1.1	3.7	7.4	5.7	7.1
Change in net working capital	2.7	-4.2	-5.9	8.1	12.2
Net cash flow from operating activities	**3.8**	**-0.5**	**1.4**	**13.8**	**19.3**
Cash flow from investing activities					
Purchases of non-current assets	-1.5	-0.8	-3.6	-2.2	-5.2
Proceeds from sale of business	-	-	-	-	0.4
Proceeds from sale of other non-current assets	-0.0	-0.0	0.4	1.6	1.6
Net cash flow from investing activities	**-1.5**	**-0.9**	**-3.2**	**-0.6**	**-3.1**
Cash flow before financing	**2.3**	**-1.4**	**-1.8**	**13.2**	**16.2**
Cash flow from financing activities					
Increase in non-current liabilities	-	-	26.0	-	-
Decrease in non-current liabilities	-	-	-31.0	-	-
Changes in loan receivables (increase - / decrease +)	-	0.0	0.3	0.0	0.0
Increase in short-term liabilities	0.0	-	4.3	-	-
Decrease in short-term liabilities	-0.0	-0.3	-6.2	-10.1	-12.1
Return of capital	-	-	-2.5	-1.7	-1.7
Net cash flow from financing activities	**-**	**-0.3**	**-9.2**	**-11.8**	**-13.8**
Effect of exchange rate changes	2.3	0.3	3.7	-0.1	1.2
Net change in cash and cash equivalents	**4.6**	**-1.4**	**-7.2**	**1.3**	**3.6**
Cash and cash equivalents at the beginning of period	15.1	25.9	26.9	23.3	23.3
Cash and cash equivalents at the end of period	19.7	24.6	19.7	24.6	26.9
Net change in cash and cash equivalents	**4.6**	**-1.4**	**-7.2**	**1.3**	**3.6**

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
Equity at 1 January, 2021	**12.7**	**109.5**	**-0.2**	**-56.8**	**3.6**	**68.9**
Total compr. income for the period	-	-	-0.3	1.0	0.4	**1.1**
Share-based plan, net of tax	-	-	-	0.2	-	**0.2**
Return of capital	-	-1.7	-	-	-	**-1.7**
Other changes	-	-	-	-0.1	-	**-0.1**
Equity at 30 September 2021	**12.7**	**107.9**	**-0.4**	**-55.8**	**4.1**	**68.4**

EUR million	Share capital	Reserve for inv. unrestr. equity	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2022	**12.7**	**107.9**	**-0.2**	**-57.2**	**4.9**	**68.0**
Total compr. income for the period	-	-	-0.9	1.7	2.5	**3.3**
Share-based plan, net of tax	-	-	-	0.2	-	**0.2**
Return of capital	-	-2.5	-	-	-	**-2.5**
Other changes	-	-	-	0.2	-	**0.2**
Equity at 30 September 2022	**12.7**	**105.3**	**-1.2**	**-55.1**	**7.4**	**69.1**

KEY RATIOS	**30.9.2022**	**30.9.2021**	**31.12.2021**
EBITDA, as % of net sales	7.2%	7.5%	7.1%
Comparable EBITDA, as % of net sales	8.1%	7.8%	7.9%
Operating profit (EBIT), as % of net sales	3.4%	3.0%	2.8%
Comparable EBITA, as % of net sales	6.1%	5.9%	6.1%
Profit / loss for the period, as % of net sales	1.1%	0.7%	0.6%
Gross capital expenditure, EUR million	3.6	2.2	5.2
Gross capital expenditure, as % of net sales	2.3%	1.7%	2.8%
Equity ratio, %	64.4%	42.4%	42.3%
Gearing, %	55.4%	69.5%	66.3%
Net gearing, %	27.0%	33.6%	26.9%
Net interest-bearing debt, EUR million	18.7	23.0	18.3
Capital employed, end of period, EUR million	107.4	116.0	113.2
Return on equity, %	3.4%	1.9%	1.6%
Return on capital employed, %	6.1%	4.5%	2.8%
Comparable Return on capital employed, %	8.9%	6.9%	6.1%
Number of personnel, average	771	726	731
Number of personnel, end of period	780	743	750

PER SHARE DATA	30.9.2022	30.9.2021	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	0.021	0.011	0.013
Comparable EPS, total, basic and diluted, EUR	0.053	0.038	0.060
Equity attributable to owners of the parent per share, EUR	0.82	0.81	0.81
Return of capital per share, EUR	-	-	0.03
Return of capital yield / share	-	-	2.6%
Price per earnings per share (P/E) ratio	42.5	104.2	86.5
Price per equity attributable to owners of the parent per share	1.08	1.47	1.41
Market capitalization of registered shares, EUR million	74.8	100.3	96.1
Share turnover, % (number of shares traded, % of the average registered number of shares)	7.0%	21.3%	24.4%
Number of shares traded, (1.000)	5 866	17 978	20 577
Closing price of the share, EUR	0.89	1.19	1.14
Highest quoted price, EUR	1.19	1.40	1.40
Lowest quoted price, EUR	0.71	0.72	0.72
Volume-weighted average quoted price, EUR	0.97	0.95	0.98

The reconciliation of alternative performance measures

Items affecting comparability

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Re-structuring	-0.4	-0.4	-1.3	-1.5	-1.7
Other	-0.1	0.7	-0.2	1.1	0.3
Items affecting comparability(1	**-0.4**	**0.2**	**-1.4**	**-0.3**	**-1.5**

Comparable operating result (EBIT) and EBITA

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Operating result	1.2	2.3	5.2	3.9	5.1
Items affecting comparability(1	0.4	-0.2	1.4	0.3	1.5
Comparable EBIT	**1.6**	**2.1**	**6.6**	**4.3**	**6.6**
Operating result	**1,2**	**2.3**	**5.2**	**3.9**	**5.1**
Amortization and purchase price allocation(1	0,9	1.2	2.9	3.4	4.5
EBITA	**2,0**	**3.4**	**8.0**	**7.3**	**9.6**
Items affecting comparability(1	0,4	-0.2	1.4	0.3	1.5
Comparable EBITA	**2,5**	**3.2**	**9.4**	**7.6**	**11.1**
% of net sales	5,1%	6.9%	6.1%	5.9%	6.1%

(1 + cost, - income

Comparable ROCE% and EPS

EUR million	1-9/2022	1-9/2021	1-12/2021
Profit/loss for the period before taxes	2.7	2.2	1.2
Financial expenses	2.3	1.9	2.2
Amortization of purchase price allocation(1	1.3	1.9	2.5
Total	6.3	6.0	5.8
Total annualized	8.4	8.0	5.8
Items affecting comparability(1	1.4	0.3	1.5
Total	9.8	8.3	7.3
Equity	69.1	68.4	68.0
Interest bearing liabilities	38.3	47.6	45.1
Avg (1.1.and end of period)	110.3	120.9	119.0
Comparable ROCE%	**8.9%**	**6.9%**	**6.1%**
Profit/loss for the period	1.8	1.0	1.1
Amortization of purchase price allocation(1	1.3	1.9	2.5
Items affecting comparability(1	1.4	0.3	1.5
Total	4.5	3.2	5.1
Number of shares , average	84.3	84.3	84.3
Comparable earnings per share, EUR	**0.053**	**0.038**	**0.060**

(1 + cost, - income

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):
(Profit / loss before taxes + amortization of purchase price allocations +/- items affecting comparability + financial expenses x 100) / (Equity + interest-bearing liabilities, average of 1 January and end of the reporting period)

Comparable earnings per share (Comparable EPS):
Net result attributable to owners of the parent +/- items affecting comparability+ amortization of purchase price allocations / 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	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Heat Treatment	23.8	18.3	69.7	65.5	89.0
Insulating Glass	55.0	19.3	107.2	69.8	95.0
Automotive & Display	7.2	7.5	23.8	21.2	31.2
Total segments	**86.0**	**45.1**	**200.7**	**156.5**	**215.1**
Unallocated and eliminations	0.2	0.3	0.6	0.6	1.1
Total Glaston Group	**86.2**	**45.4**	**201.4**	**157.1**	**216.2**

Net sales

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Heat Treatment	17.9	21.0	63.2	52.5	74.7
Insulating Glass	21.8	19.1	64.4	58.6	81.6
Automotive & Display	7.9	6.0	25.4	18.3	25.6
Total segments	**47.7**	**46.1**	**153.1**	**129.4**	**181.9**
Unallocated and eliminations	0.2	0.3	0.6	0.7	0.8
Total Glaston Group	**47.9**	**46.4**	**153.7**	**130.1**	**182.7**

Comparable EBITA

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Heat Treatment	0.8	1.8	4.1	2.7	3.4
Insulating Glass	0.9	1.4	4.2	4.1	6.5
Automotive & Display	0.7	-0.0	1.2	0.8	1.2
Total segments	**2.4**	**3.2**	**9.5**	**7.6**	**11.1**
Unallocated and eliminations	0.1	0.0	-0.0	0.1	0.0
Total Glaston Group	**2.5**	**3.2**	**9.4**	**7.6**	**11.1**
Comparable EBITA %	5.1%	6.9%	6.1%	5.9%	6.1%

Comparable EBITA %

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Heat Treatment	4.2%	8.4%	6.5%	5.1%	4.5%
Insulating Glass	4.2%	7.4%	6.5%	7.0%	8.0%
Automotive & Display	9.1%	-0.3%	4.6%	4.5%	4.7%
Total segments	**5.0%**	**6.8%**	**6.2%**	**5.9%**	**6.1%**
Unallocated and eliminations	28.6%	18.2%	-1.2%	9.0%	0.9%
Total Glaston Group	**5.1%**	**6.9%**	**6.1%**	**5.9%**	**6.1%**

Operating result (EBIT)

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Heat Treatment	0.3	0.9	2.1	0.9	0.6
Insulating Glass	0.5	1.6	2.7	2.9	4.6
Automotive & Display	0.4	-0.2	0.4	0.1	-0.1
Total segments	**1.1**	**2.2**	**5.2**	**3.9**	**5.1**
Unallocated and eliminations	0.1	0.0	-0.0	0.1	0.0
Total Glaston Group	**1.2**	**2.3**	**5.2**	**3.9**	**5.1**
Operating result %	2.5%	4.9%	3.4%	3.0%	2.8%

Segment assets

EUR million	1-9/2022	1-9/2021	1-12/2021
Heat Treatment	63.7	73.9	67.2
Insulating Glass	72.1	85.0	67.8
Automotive & Display	36.1	34.0	32.2
Total segment assets	**171.9**	**192.9**	**167.2**
Other assets	23.4	31.8	30.1
Total assets	**195.3**	**224.7**	**197.3**

Segment liabilities

EUR million	1-9/2022	1-9/2021	1-12/2021
Heat Treatment	36.6	45.2	37.7
Insulating Glass	29.6	44.9	30.3
Automotive & Display	11.4	8.5	5.7
Total segment liabilities	**77.6**	**98.6**	**73.7**
Other liabilities	48.5	57.7	54.3
Total liabilities	**126.2**	**156.3**	**128.0**

Personnel at the end of the period

	1-9/2022	1-9/2021	1-12/2021
Heat Treatment	294	285	283
Insulating Glass	376	357	359
Automotive & Display	108	97	103
Others	2	4	5
Total personnel at the end of the period	**780**	**743**	**750**

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

Orders received

EUR million	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	23.8	23.5	22.4	23.5	18.3	24.4	22.8
Insulating Glass	55.0	26.7	25.5	25.1	19.3	30.9	19.5
Automotive & Display	7.2	5.9	10.8	10.0	7.5	8.9	4.8
Total segments	**86.0**	**56.1**	**58.7**	**58.6**	**45.1**	**64.3**	**47.1**
Unallocated and eliminations	0.2	0.1	0.2	0.4	0.3	0.3	0.1
Total Glaston Group	**86.2**	**56.2**	**59.0**	**59.1**	**45.4**	**64.5**	**47.2**

Order book

EUR million	30.9.2022	30.6.2022	31.3.2022	31.12.2021	30.9.2021	30.6.2021	31.3.2021
Heat Treatment	52.0	45.6	44.1	45.6	41.5	46.1	39.4
Insulating Glass	81.1	49.3	40.6	38.5	37.4	35.7	23.8
Automotive & Display	9.2	11.1	13.3	10.7	7.2	6.0	4.8
Total segments	**142.3**	**106.0**	**98.1**	**94.8**	**86.1**	**87.8**	**68.0**
Unallocated and eliminations	-	-	-	-	-	-	-
Total Glaston Group	**142.3**	**106.0**	**98.1**	**94.8**	**86.1**	**87.8**	**68.0**

Net sales

EUR million	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	17.9	22.9	22.5	22.1	21.0	17.6	13.8
Insulating Glass	21.8	21.1	21.5	23.1	19.1	18.2	21.3
Automotive & Display	7.9	9.4	8.1	7.3	6.0	7.2	5.2
Total segments	**47.7**	**53.3**	**52.1**	**52.5**	**46.1**	**42.9**	**40.3**
Unallocated and eliminations	0.2	0.1	0.2	0.1	0.3	0.3	0.1
Total Glaston Group	**47.9**	**53.5**	**52.3**	**52.6**	**46.4**	**43.3**	**40.4**

Comparable EBITA

EUR million	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	0.8	1.8	1.5	0.7	1.8	0.6	0.3
Insulating Glass	0.9	1.4	1.9	2.4	1.4	0.9	1.8
Automotive & Display	0.7	0.3	0.1	0.4	-0.0	0.8	0.0
Total segments	**2.4**	**3.6**	**3.5**	**3.5**	**3.2**	**2.3**	**2.1**
Unallocated and eliminations	0.1	-0.1	-0.0	-0.1	0.0	0.1	-0.0
Total Glaston Group	**2.5**	**3.5**	**3.5**	**3.5**	**3.2**	**2.4**	**2.1**
Comparable EBITA %	5.1%	6.6%	6.6%	6.6%	6.9%	5.5%	5.1%

Comparable EBITA %

EUR million	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	4.2%	7.9%	6.8%	3.2%	8.4%	3.3%	2.3%
Insulating Glass	4.2%	6.6%	8.8%	10.5%	7.4%	5.0%	8.3%
Automotive & Display	9.1%	3.7%	1.1%	5.2%	-0.3%	11.3%	0.5%
Total segments	**5.0%**	**6.7%**	**6.7%**	**6.7%**	**6.8%**	**5.4%**	**5.2%**
Unallocated and eliminations	28.6%	-37.3%	-9.6%	-61.2%	18.2%	15.8 %	-36.4%
Total Glaston Group	**5.1%**	**6.6%**	**6.6%**	**6.6%**	**6.9%**	**5.5%**	**5.1%**

Operating result (EBIT)

EUR million	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	0.3	0.7	1.1	-0.3	0.9	0.6	-0.5
Insulating Glass	0.5	1.0	1.3	1.7	1.6	0.3	0.9
Automotive & Display	0.4	0.2	-0.2	-0.2	-0.2	0.6	-0.3
Total segments	**1.1**	**1.8**	**2.2**	**1.2**	**2.2**	**1.5**	**0.1**
Unallocated and eliminations	0.1	-0.1	-0.0	-0.1	0.0	0.1	-0.0
Total Glaston Group	**1.2**	**1.8**	**2.2**	**1.2**	**2.3**	**1.6**	**0.1**
Operating result %	2.5%	3.4%	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	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Heat Treatment Technologies	18.4	11.9	47.9	44.1	60.1
Insulating Glass Technologies	48.6	13.7	87.0	52.5	70.5
Automotive & Display Technologies	2.9	3.3	11.9	9.3	16.5
Services	16.0	16.2	54.0	50.5	68.0
Unallocated and eliminations	0.2	0.3	0.6	0.6	1.1
Glaston Group, total	**86.2**	**45.4**	**201.4**	**157.1**	**216.2**

Order book by product area

EUR million	30.9.2022	30.9.2021	31.12.2021
Heat Treatment Technologies	45.0	35.2	39.3
Insulating Glass Technologies	80.1	37.4	38.0
Automotive & Display Technologies	8.8	6.7	10.2
Services	8.4	6.9	7.3
Unallocated and eliminations	-	-	-
Glaston Group, total	**142.3**	**86.1**	**94.8**

Net sales by product area

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Heat Treatment Technologies	10.3	13.1	42.1	33.2	48.0
Insulating Glass Technologies	15.1	13.3	44.7	41.4	58.1
Automotive & Display Technologies	3.6	2.3	13.4	7.4	11.5
Services	19.2	17.9	55.3	49.2	66.8
Unallocated and eliminations	-0.3	-0.2	-1.8	-1.0	-1.7
Glaston Group, total	**47.9**	**46.4**	**153.7**	**130.1**	**182.7**

NET SALES BY REGION

Geographical distribution of net sales, EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Americas	12.0	16.6	40.6	39.5	55.4
EMEA	27.6	22.3	83.4	67.0	95.7
APAC	8.3	7.5	29.8	23.6	31.5
Glaston Group, total	**47.9**	**46.4**	**153.7**	**130.1**	**182.7**

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 a 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 30.9.2022	2.0	23.0	25.0
Committed credit facilities 31.12.2021	8.1	26.9	35.0

Net interest bearing debt

EUR million	30.9.2022	30.9.2021	31.12.2021
Loans from financial institutions	30.3	38.8	36.6
Lease liabilities	8.0	8.7	8.6
Cash	19.7	24.6	26.9
Total	**18.6**	**22.9**	**18.3**

Net gearing, %	**27.0**	**33.6**	**26.9**

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 September 2022, 21.8 (19.6 on 31.12.2021) per cent of the Group's trade receivables were secured by LCs and incoming bank guarantees.

Ageing analysis of trade receivables EUR million			Past due			
	Carrying amount of trade receivables after recognizing allowance account	Not past due	< 30 days	31-180 days	181 - 360 days	> 360 days
30.9.2022	14.2	10.8	1.9	1.2	0.2	0.1
31.12.2021	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	1-9/2022	1-9/2021	1-12/2021
Carrying amount at beginning of the period	22.9	23.1	23.1
Additions	1.3	0.6	2.0
Disposals	-0.4	-0.7	-0.8
Depreciation and amortization	-1.4	-1.4	-1.8
Reclassification and other changes	-0.2	-0.0	-0.0
Exchange differences	0.3	0.2	0.4
Carrying amount at end of the period	22.5	21.8	22.9

At the end of September 2022, Glaston had not contractual commitments for the acquisition of property, plant and equipment.

EUR million

Changes in intangible assets	1-9/2022	1-9/2021	1-12/2021
Carrying amount at beginning of the period	75.8	76.9	76.9
Additions	2.3	1.6	3.2
Disposals	-0.0	0.0	-0.4
Depreciation and amortization	-2.7	-3.1	-4.2
Reclassification and other changes	0.0	-0.0	-0.1
Exchange differences	1.0	0.0	0.3
Carrying amount at end of the period	76.3	75.4	75.8

4. LEASES

LEASES IN THE BALANCE SHEET

EUR million

Right-of-use assets	1-9/2022	1-9/2021	1-12/2021
Carrying amount at beginning of the period	7.3	6.9	6.9
Additions	1.1	2.0	2.3
Depreciation expense	-1.8	-1.3	-1.9
Carrying amount at end of the period	6.6	7.5	7.3

EUR million

Lease liabilities	1-9/2022	1-9/2021	1-12/2021
Carrying amount at beginning of the period	8.6	8.2	8.2
Additions	1.2	1.9	2.2
Interest expense	0.3	0.4	0.5
Rental payment	-2.1	-1.7	-2.3
Carrying amount at end of the period	8.0	8.7	8.6

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	1-9/2022	1-9/2021	1-12/2021
Depreciation of right-of-use assets	-1.7	-1.4	-1.9
Interest expense on lease liabilities	-0.3	-0.4	-0.5
Short-term lease expense	-0.3	-0.3	-0.4
Total amounts recognised in profit or loss	**-2.4**	**-2.0**	**-2.7**

5. CONTINGENT LIABILITIES

EUR million	30.9.2022	30.9.2021	31.12.2021
Mortgages and pledges			
On own behalf	314.1	511.4	513.5
Guarantees			
On own behalf	13.5	5.0	8.5
On behalf of others	0.3	0.2	0.2

Mortgages and pledges include EUR 21.6 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	30.9.2022		30.9.2021		31.12.2021	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forwards						
Currency forward contracts	22.8	-1.8	23.7	-0.6	19.2	-0.3
Interest rate derivatives						
Interest rate derivatives	12.0	0.5	-	-	-	-

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.

In April 2022, Glaston entered into a 3-year interest rate swap with a nominal value of EUR 12 million to hedge a variable rate loan, which is subject to hedge accounting.

Derivative instruments are used only for currency and interest rate 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 relibly, 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

	30.9.2022	31.12.2021
1.1.	0.0	2.8
Additions	-	-
Disposals	-	-
Impairment losses	-	-2.8
Reclassification	-	-
30.9.	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	30.9.2022				30.9.2021				31.12.2021			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Assets												
Listed shares	-	-	0.0	**0.0**	-	-	0.0	**0.0**	-	-	-	**-**
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	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Interest rate derivatives	-	0.5	-	**0.5**	-	-	-	**-**	-	-	-	**-**
Total	**-0.0**	**0.5**	**0.0**	**0.5**	**-0.0**	**-**	**2.8**	**2.8**	**-0.0**	**-**	**0.0**	**0.0**
Liabilities												
Currency forward contracts	-	-1.8	-	**-1.8**	-	-0.6	-	**-0.6**	-	-0.3	-	**-0.3**
Interest rate derivatives	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Total	**-**	**-1.8**	**-**	**-1.8**	**-**	**-0.6**	**-**	**-0.6**	**-**	**-0.3**	**-**	**-0.3**

glaston seeing it through