



Q4

Glaston Corporation
Financial Statements bulletin
1 January – 31 December 2020



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January–December 2020: Order intake improved in Q4 compared to previous quarters. Comparable EBITA satisfactory for an exceptional year

Glaston Corporation's acquisition of Bystronic glass was completed on 1 April 2019. The comparison data in this interim report for the period 1 January – 31 March 2019 do not include figures for Bystronic glass. Glaston Corporation has prepared unaudited pro forma financial information to illustrate the impact of the Bystronic glass acquisition, on the Group's operational result and financial position and to improve the comparability of financial information. The unaudited pro forma financial information for 1 January – 31 December 2019 in this interim report is presented as if the acquisition would have already been completed on 1 January 2019. Pro forma financial information has been titled *Pro forma information* in the parts of the interim report that present the information.

As of 1 January 2020, the company has three reporting segments: Glaston Heat Treatment, Glaston Insulating Glass and Glaston Automotive & Emerging Technologies. Services business is included in the reporting segments. Machine and Services sales, order intake and order book are also reported separately as additional product area information. On 18 March 2020, the company published comparative information according to the new structure.

October–December 2020 in brief

- Orders received totaled EUR 52.1 (49.2) million
- Net sales totaled EUR 38.3 (47.3) million
- Comparable EBITA was EUR 2.1 (2.5) million, i.e. 5.4 (5.2)% of net sales
- The operating result (EBIT) was EUR -0.7 (-0.9) million
- The comparable operating result (EBIT) was EUR 0.9 (1.3) million, i.e. 2.4 (2.8)% of net sales
- Items affecting comparability totaled EUR -1.6 (-2.3) million
- Comparable earnings per share were EUR -0.007 (-0.003)
- Cash flow from operating activities was EUR 3.5 (8.8) million

January– December 2020 in brief

- Orders received totaled EUR 153.5 (162.2, pro forma 184.6) million
- Net sales totaled EUR 170.1 (181.0, pro forma 204.6) million
- Comparable EBITA was EUR 7.7 (9.7, pro forma 12.1) million, i.e. 4.6 (5.4, pro forma 5.9)% of net sales
- The operating result (EBIT) was EUR -0.5 (-1.3, pro forma 0.3) million
- The comparable operating result (EBIT) was EUR 3.2 (5.9, pro forma 7.5) million, i.e. 1.9 (3.3, pro forma 3.7)% of net sales
- Items affecting comparability totaled EUR -3.8 (-7.2, pro forma -7.2) million
- Comparable earnings per share were EUR -0.020 (0.011)
- Cash flow from operating activities was EUR 0.7 (10.8) million
- The Board of Directors proposes a capital repayment of EUR 0.02 per share

GLASTON'S OUTLOOK FOR 2021

The strong recovery in orders received towards the end of 2020 and continued positive market environment during the first weeks of 2021 indicate positive development for both the machines and services business throughout 2021. However, reflecting the lower order intake in 2020 compared to the previous year, Glaston will start 2021 with a 20% lower order backlog than the previous year. This will impact on Glaston's net sales and comparable operating profit for the first half of 2021. The uncertainty related to the pace and extent of market recovery continues to be higher than normal due to the COVID-19 pandemic and its implications on economic activity, investments and travel restrictions.

Based on the expected continued market recovery, Glaston Corporation estimates, that its net sales and comparable EBITA will improve in 2021 from the levels reported for 2020. In 2020, Group net sales totaled EUR 170.1 million and comparable EBITA was EUR 7.7 million.

PRESIDENT & CEO ANDERS DAHLBLOM: Our work to create profitable growth and to realize the full potential of Glaston has started

“Glaston is an inspiring technology frontrunner in its field with 150 years of history and an exciting future. Throughout the years, Glaston has always been a technology leader and visionary in its industry and I’m proud and honored to lead the company as its President and CEO.

I have spent a good amount of time getting to know the company and its operations in the months that preceded my official start on 1 January. I’m enthusiastic about the company, its qualities and people and I see strong future potential. I’m also inspired about the potential of the innovative glass processing technologies for safe and sustainable glass solutions.

As to Glaston’s performance in the fourth quarter 2020, the demand for heat treatment equipment in particular increased towards the end of the quarter, resulting in a higher-than-expected order intake. Recovery was also noted in the Automotive market. The insulating glass business continued to experience high demand driven by the necessity to improve the energy efficiency of buildings. The services business picked up in the fourth quarter with increasing activity across all regions. Total orders received in the final quarter amounted to EUR 52.1 million, up by 6% compared to the same period in 2019. Despite the pick-up in the final quarter, orders received for the full year ended at 17% below the level of the previous year: EUR 153.5 (pro forma 184.6) million.

Net sales for the fourth quarter and for the full year decreased, mainly due to the lower order intake in the previous quarters. Net sales in the fourth quarter totaled EUR 38.3 (47.3) million. For the full year EUR 170.1 (pro forma 204.6) million was recorded, with the Insulating Glass Technologies product area exceeding previous year’s levels.

Profitability in 2020 was impacted by low sales volumes in both Heat Treatment and Automotive equipment but considering the prevailing circumstances during the year, was at a satisfactory level. Our prompt actions to adapt our operations to market demand significantly impacted the outcome. The implemented synergy benefits also played a clear role in the fixed cost reduction. I would like to thank all Glaston employees for their dedication to keeping our promises to our customers and for their flexibility throughout a truly exceptional year.

Last year due to the integration of Bystronic glass and various corona-related adjustment measures the focus of the organization was mainly internal. However, we are now in a position in which the organization can move forward and shift its focus to being more customer oriented with the target to create growth.

As a first priority in 2021, we will review Glaston’s strategy and this process already started in the second week of the year. Motivated employees and competitive products and solutions to serve our customers’ needs are the foundation to sustainable shareholder value. The ultimate target of the strategy is winning with customers, engaged employees and shareholder value creation. We will place great emphasis on realistic and carefully selected measures in order to implement our strategy.

Another key priority on Glaston’s agenda is phase two of the integration. In the first phase, the focus was on integrating and streamlining organizations. As a result, the overlapping activities were discontinued, offices merged and the estimated cost synergies were achieved and even exceeded in many areas. Phase two focuses on how to utilize the full potential of the integration. This covers the commercial potential for both equipment and services, for example the integrated growth strategy for our service businesses. We will also harmonize our ways of working globally to improve operational excellence. Working as one aligned team and organization with clear targets and priorities will give us additional advantages in the mid-term.

As environmental awareness increases, the demand for more energy-efficient and environmentally sustainable glass solutions is growing. Buildings will play a significant role in combating climate change as in the EU, for example, buildings account for 40% of total energy consumption, and 36% of carbon dioxide emissions. The greatest potential for reducing energy consumption lies in the renovation of existing buildings. The European Commission’s Renovation Rate strategy, launched in October 2020, aims to at least double renovation rates in the next ten years while ensuring that renovations lead to greater energy and resource efficiency. According to the European Commission, 35 million buildings could be renovated by 2030. This will be a major driver for our business as double- or triple-glazed insulating glass units and coated, low-emissivity glass, both processed using Glaston’s technology, are key solutions for energy-efficient window renovation.

For Glaston, 2020 ended on a positive note with a strong recovery in orders received in the final quarter of the year. Good market activity has continued during the first weeks of 2021, indicating positive volume development for both machines and services businesses. Based on the expected continued market recovery, we estimate that the company’s 2021 net sales and comparable EBITA will improve from the previous year. Due to the coronavirus pandemic, uncertainty related to the pace and extent of market recovery is higher than normal, however.”



Changes in reporting

Glaston Corporation's acquisition of Bystronic glass was completed on 1 April 2019. The comparison data for the period 1 January – 31 March 2019 do not include figures for Bystronic glass. Glaston Corporation has prepared unaudited pro forma financial information to illustrate the impact of the Bystronic glass acquisition on the Group's operational result and financial position and to improve the comparability of financial information. The unaudited pro forma financial information for 1 January – 31 December 2019 in this interim report is presented as if the acquisition would have already been completed on 1 January 2019. Pro forma financial information has been titled *Pro forma information* in the parts of the interim report in which the information is presented.

As of 1 January 2020, the company has three reporting segments: Glaston Heat Treatment (HT), Glaston Insulating Glass (IG) and Glaston Automotive & Emerging Technologies (A&ET). Services business is included in the reporting segments. Machine and Services sales, order intake and order book are also reported separately as additional product area information. On 18 March 2020, the company published comparative information according to the new structure.

GLASTON GROUP'S KEY FIGURES

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019	Pro forma 1-12/2019
Orders received	52.1	49.2	153.5	162.2	184.6
of which service operations	17.4	15.8	57.1	58.5	68.3
of which service operations, %	33.4%	32.1%	37.2%	36.1%	37.0%
Order book at end of period			63.9	79.5	79.5
Net sales	38.3	47.3	170.1	181.0	204.6
of which service operations	17.1	16.9	58.1	57.1	67.1
of which service operations, %	44.8%	35.7%	34.2%	31.6%	32.8%
EBITDA	1.3	1.3	7.6	6.9	9.5
Items affecting comparability	1.6	2.3	3.8	7.2	7.2
Comparable EBITDA	2.9	3.5	11.3	14.1	16.7
Comparable EBITDA, %	7.6%	7.5%	6.7%	7.8%	8.2%
Comparable EBITA	2.1	2.5	7.7	9.7	12.1
Comparable EBITA, %	5.4%	5.2%	4.6%	5.4%	5.9%
Operating result (EBIT)	-0.7	-0.9	-0.5	-1.3	0.3
Comparable operating result (EBIT)	0.9	1.3	3.2	5.9	7.5
Comparable operating result (EBIT), %	2.4%	2.8%	1.9%	3.3%	3.7%
Profit/loss before taxes	-1.4	-1.8	-3.3	-4.4	3.8
Profit/loss for the period	-2.2	-2.4	-5.5	-6.4	3.1
Comparable earnings per share, adjusted with share issue, EUR	-0.007	-0.003	-0.020	0.011	
Number of registered shares at end of period adjusted with share issue (1,000)	84,290	84,290	84,290	84,290	
Cash flow from operating activities	3.5	8.8	0.7	10.8	
Net interest-bearing debt at end of period			33.6	33.0	
Return on investment (ROI), %, (annualized)			-0.4%	-1.3%	
Comparable return on capital employed (ROCE), %, (annualized)			4.7%	8.7%	
Equity ratio, %			41.2%	41.6%	
Net gearing, %			48.8%	45.0%	
Number of employees at end of period			723	790	

KEY FIGURES FOR REPORTING SEGMENTS

Orders received, EUR million

	10–12/2020	10–12/2019	1–12/2020	1–12/2019	Pro forma 1–12/2019
Heat Treatment	20.7	23.0	56.1	76.0	76.0
Insulating Glass	22.2	18.0	75.7	60.4	72.6
Automotive & Emerging Technologies	8.8	7.7	20.2	19.7	29.6
Segments, total	51.6	48.7	152.1	156.1	178.3
Unallocated and eliminations	0.5	0.5	1.4	6.1	6.3
Glaston Group, total	52.1	49.2	153.5	162.2	184.6

Order book, EUR million

	31.12.2020	31.12.2019	Pro forma 31.12.2019
Heat Treatment	29.5	35.1	35.1
Insulating Glass	26.1	31.2	31.2
Automotive & Emerging Technologies	8.3	12.5	12.5
Segments, total	63.9	78.8	78.8
Unallocated and eliminations	0.0	0.7	0.7
Glaston Group, total	63.9	79.5	79.5

Net sales, EUR million

	10–12/2020	10–12/2019	1–12/2020	1–12/2019	Pro forma 1–12/2019
Heat Treatment	14.9	20.8	61.6	82.6	82.6
Insulating Glass	18.0	14.5	81.9	58.8	73.9
Automotive & Emerging Technologies	4.9	11.9	24.6	35.5	44.0
Segments, total	37.9	47.2	168.2	176.9	200.5
Unallocated and eliminations	0.4	0.1	1.9	4.1	4.0
Glaston Group, total	38.3	47.3	170.1	181.0	204.5

Comparable EBITA,
EUR million

	10–12/2020	10–12/2019	1–12/2020	1–12/2019	Pro forma 1–12/2019
Heat Treatment	0.9	1.2	2.4	3.4	3.4
Insulating Glass	1.6	1.6	7.3	4.7	6.2
Automotive & Emerging Technologies	-0.6	-0.2	-2.1	1.7	2.6
Segments, total	1.9	2.6	7.6	9.8	12.1
Unallocated and eliminations	0.1	-0.1	0.1	-0.1	-0.1
Glaston Group, total	2.1	2.5	7.7	9.7	12.1

Comparable operating result
and operating result (EBIT),
EUR million

	10–12/2020	10–12/2019	1–12/2020	1–12/2019	Pro forma 1–12/2019
Heat Treatment	0.5	0.8	0.8	1.9	1.9
Insulating Glass	1.1	0.9	5.2	2.6	3.5
Automotive & Emerging Technologies	-0.8	-0.3	-2.9	1.5	2.1
Segments, total	0.8	1.5	3.1	6.0	7.6
Unallocated and eliminations	0.1	-0.1	0.1	-0.1	-0.1
Comparable operating result (EBIT), total	0.9	1.3	3.2	5.9	7.5
Comparable operating result (EBIT), %	2.4%	2.8%	1.9%	3.3%	3.7%
Items affecting comparability	-1.6	-2.3	-3.8	-7.2	-7.2
Operating result (EBIT)	-0.7	-0.9	-0.5	-1.3	0.3
Operating result (EBIT), %	-1.8%	-1.8%	-0.3%	-0.7%	0.1%

KEY FIGURES FOR PRODUCT AREAS

Orders received by product area, EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019	Pro forma 1-12/2019
Heat Treatment Technologies	13.9	16.3	34.1	48.5	48.3
Insulating Glass Technologies	15.9	12.7	53.6	42.4	49.3
Automotive & Emerging Technologies (machines)	4.4	3.9	7.3	6.6	12.3
Services	17.4	15.8	57.1	58.5	68.3
Unallocated and eliminations	0.5	0.5	1.4	6.2	6.3
Glaston Group, total	52.1	49.2	153.5	162.2	184.6

Order book by product area, EUR million	31.12.2020	31.12.2019	Pro forma 31.12.2019
Heat Treatment Technologies	25.1	31.2	31.2
Insulating Glass Technologies	26.1	31.2	31.2
Automotive & Emerging Technologies (machines)	8.0	12.5	12.5
Services	4.7	3.9	3.9
Unallocated and eliminations	0.0	0.7	0.7
Glaston Group, total	63.9	79.5	79.5

Net sales by product area, EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019	Pro forma 1-12/2019
Heat Treatment Technologies	8.6	13.4	40.2	56.1	56.1
Insulating Glass Technologies	12.1	9.1	60.3	41.8	51.4
Automotive & Emerging Technologies (machines)	1.1	8.1	12.5	23.2	27.2
Services	17.1	16.9	58.1	57.1	67.1
Unallocated and eliminations	-0.5	-0.1	-0.9	2.8	2.8
Glaston Group, total	38.3	47.3	170.1	181.0	204.6

This interim report provides estimates of future prospects involving risk and uncertainty factors, as well as other factors as a result of which the performance, operation, or achievements of Glaston may substantially deviate from the estimates. Forward-looking statements relating to future prospects are subject to risks, uncertainties and assumptions, the implementation of which depends on the future business environment and other circumstances, such as the development of the COVID-19 pandemic.

OPERATING ENVIRONMENT

Glaston Corporation is a glass industry technologies and services frontrunner. Glass processed using Glaston's processing machines is supplied to the architectural glass, automotive glass, solar energy and appliance industries. Most of the glass produced with the company's technology is supplied to the construction industry (measured by volume). Glaston operates in a global market, and the company's business is largely linked to trends in global investment demand and therefore to demand for glass and glass processors' capacity utilization rates, which in turn impact investment needs and demand for services and spare parts.

Glaston Group's market areas are the EMEA region (Europe, Middle East and Africa), the Americas (North, Central and South America) and Asia-Pacific (China and the rest of the Asia and Pacific area).

According to the International Monetary Fund's¹⁾ (IMF) World Economic Outlook update published in January 2021, the global economy was estimated to have contracted by 3.5% in 2020, which is 0.9 percentage points better than estimated in the previous forecast in October 2020. The International Monetary Fund estimates that global growth will rebound at 5.5% in 2021, which is 0.3 percentage points above the IMF's October projection, reflecting additional policy support in a few large economies and expectations of a vaccine-powered strengthening of activity later in 2021, outweighing the drag on near-term momentum due to rising infection rates. The strength of the recovery is projected to vary significantly across countries.

In 2020, contraction was severe in several of Glaston's important target countries, such as the USA and several Euro zone countries. Recovery is expected in 2021 with rising momentum from the second quarter of 2021.

Due to pandemic there are significant uncertainties related to the forecast.

Architectural glass

Glaston Group's architectural glass machines market comprises of many different market areas and countries, whose stage of development and political situation may vary significantly.

Since late February/early March 2020, market uncertainty caused by the coronavirus was evident in all geographic areas. The Heat Treatment architectural business is driven by construction, particularly commercial construction, which was subject to great uncertainty throughout the year with customers holding back many of their investments. However, during the fourth quarter, a turn for the better was noted in the Heat Treatment equipment markets with good recovery in investment activity. The Insulating Glass Technologies market remained robust with the architectural market being in good shape. Services operations adapted to the current market circumstances and services were available at all times within the restrictions imposed by the pandemic. The pandemic had a clear negative impact on the services volume, particularly in the second quarter of 2020, after which volumes gradually started recovering and were, for the most part, already back at normal levels in the fourth quarter.

In the fourth quarter, Glaston's main market area, the EMEA region, saw good progress. In the Insulating Glass equipment market strong positive development continued, and demand was on a good level considering the exceptional circumstances. Towards the end of the year, several customer orders that Glaston had been working on for an extended period and that had been on hold, were closed. Driven by strong demand in Central Europe, the Heat Treatment equipment market saw a strong recovery from the very weak levels in the second and third quarter as, despite the prevailing uncertainty, customers now resumed their investment plans. The Services markets were active, particularly for spare parts services and equipment upgrades.

In North America, market recovery continued despite economic and political turmoil. After a slow start to the quarter, Heat Treatment equipment market activity clearly picked up in December while the Insulating Glass equipment market saw a slight market recovery. The Services markets picked up compared to the previous quarter.

In the fourth quarter market activity in China continued to grow, with particularly good development in the mid-range market for Insulating Glass equipment. In addition, spare parts services experienced strong development in China. Elsewhere in the APAC area, restrictions continued to be imposed, with a negative impact on equipment market activity. Despite travel and other restrictions, the Services markets developed positively, although with major variations in activity across the region.

Automotive glass

During the third and particularly the fourth quarter, adjustments to "a new normal" were evident in the markets thereby weakening the impact of the pandemic. Activity in the automotive glass market increased in the fourth quarter, particularly in China, as automotive production returned close to pre-pandemic levels. Demand remained lower than normal, although it was much improved from the levels earlier in 2020 or even 2019. Demand was particularly noted in areas outside the traditional Automotive sector, from customers producing glass for other vehicles such as recreational vehicles (RV), and appliances. The services markets were almost back to normal levels.

¹⁾ International Monetary Fund: World Economic Outlook Update, October 2020

FINANCIAL DEVELOPMENT OF THE GROUP

Orders received and order book

Glaston Group's October–December 2020 orders received amounted to EUR 52.1 (49.2) million and grew from the previous quarter by 56% (7–9/2020: EUR 33.3 million) and by 6% from the corresponding period in 2019. Recovery in order activity was particularly noted for Heat Treatment glass processing equipment.

Orders received in January–December 2020 amounted to EUR 153.5 (162.2, pro forma 184.6) million.

Orders received, EUR million	10–12/2020	10–12/2019	1–12/2020	1–12/2019	Pro forma 1–12/2019
Heat Treatment	20.7	23.0	56.1	76.0	76.0
Insulating Glass	22.2	18.0	75.7	60.4	72.6
Automotive & Emerging Technologies	8.8	7.7	20.2	19.7	29.6
Segments, total	51.6	48.7	152.1	156.1	178.3
Unallocated and eliminations	0.5	0.5	1.4	6.1	6.3
Glaston Group, total	52.1	49.2	153.5	162.2	184.6

Glaston Group's order book stood at EUR 63.9 (79.5) million at the end of the year, which represents a 20% decline. The Heat Treatment order book totaled EUR 29.5 (35.1) million, representing 46% of the order book, Insulating Glass EUR 26.1 (31.2) million or 41% and Automotive & Emerging Technologies EUR 8.3 (12.5) million or 13% of the order book.

Order book, EUR million	31.12.2020	31.12.2019	Pro forma 31.12.2019
Heat Treatment	29.5	35.1	35.1
Insulating Glass	26.1	31.2	31.2
Automotive & Emerging Technologies	8.3	12.5	12.5
Segments, total	63.9	78.8	78.8
Unallocated and eliminations	0.0	0.7	0.7
Glaston Group, total	63.9	79.5	79.5

Order received and order book by product area

Glaston Group's October–December 2020 orders received in the Heat Treatment Technologies product area improved significantly from the very low level in the previous quarter (EUR 2.5 million) and totaled EUR 13.9 (16.3) million. Demand for Insulating glass equipment remained robust and the quarterly order intake was the highest during the Glaston ownership of the business at EUR 15.9 (12.7) million.

In the Automotive & Emerging Technologies product area the year ended on a positive note with Q4 having the best order entry since the first quarter of 2019, totaling EUR 4.4 (3.9) million. New machine orders were received, particularly from automotive customers producing glass for vehicles other than passenger cars, such as recreational vehicles (RV), as well as display glass equipment.

Supported by increasing market activity, particularly in the EMEA region and China orders received in the Services product area improved compared to all previous quarter and also compared to the fourth quarter of the previous year. Demand for HT upgrades and modernization saw good recovery and the best quarterly HT upgrade order intake was recorded for the last quarter. Demand for IG and Automotive upgrades was also noted. In the fourth quarter, spare parts delivery volumes were strong and were on a higher level compared to the same quarter of the previous year. Field services continued with low volumes due to restricted travel and factory access. Orders received for the Services product area totaled EUR 17.4 (15.8) million. The Services product area accounted for 33 (32)% of orders received.

Orders received in January–December 2020 totaled EUR 153.5 (162.2) million. Of the orders 22% were received for the Heat Treatment Technologies product area, 35% for the Insulating Glass Technologies product area, 5% for the Automotive & Emerging Technologies product area and 37% for the Services product area.

Orders received by product area, EUR million	10–12/2020	10–12/2019	1–12/2020	1–12/2019	Pro forma 1–12/2019
Heat Treatment Technologies	13.9	16.3	34.1	48.5	48.3
Insulating Glass Technologies	15.9	12.7	53.6	42.4	49.3
Automotive & Emerging Technologies (machines)	4.4	3.9	7.3	6.6	12.3
Services	17.4	15.8	57.1	58.5	68.3
Unallocated and eliminations	0.5	0.5	1.4	6.2	6.3
Glaston Group, total	52.1	49.2	153.5	162.2	184.6

Order book by product area, EUR million	31.12.2020	31.12.2019	Pro forma 31.12.2019
Heat Treatment Technologies	25.1	31.2	31.2
Insulating Glass Technologies	26.1	31.2	31.2
Automotive & Emerging Technologies (machines)	8.0	12.5	12.5
Services	4.7	3.9	3.9
Unallocated and eliminations	0.0	0.7	0.7
Glaston Group, total	63.9	79.5	79.5

Net sales

Net sales, EUR million	10–12/2020	10–12/2019	1–12/2020	1–12/2019	Pro forma 1–12/2019
Heat Treatment	14.9	20.8	61.6	82.6	82.6
Insulating Glass	18.0	14.5	81.9	58.8	73.9
Automotive & Emerging Technologies	4.9	11.9	24.6	35.5	44.0
Segments, total	37.9	47.2	168.2	176.9	200.5
Unallocated and eliminations	0.4	0.1	1.9	4.1	4.0
Glaston Group, total	38.3	47.3	170.1	181.0	204.6

Geographical distribution of net sales, EUR million	10–12/2020	10–12/2019	1–12/2020	1–12/2019	Pro forma 1–12/2019
Americas	9.5	16.1	44.7	66.5	71.0
EMEA	20.4	19.1	94.4	76.5	89.9
APAC	8.3	12.0	30.9	38.0	43.7
Glaston Group, total	38.3	47.3	170.1	181.0	204.6

Glaston Group's October–December 2020 net sales totaled EUR 38.3 (47.3) million. The Heat Treatment segment's net sales decreased by 28% and totaled EUR 14.9 (20.8) million, mainly due to the lower order intake for machines and upgrades in the previous quarters, as well as a decline in spare parts and field service revenue. Net sales in the Insulating Glass segment increased to EUR 18.0 (14.5) million as several customer projects were completed and delivered in line with plans and spare parts business experienced strong growth. Net sales in the Automotive & Emerging Technologies segment totaled EUR 4.9 (11.9) million reflecting low order intake in the previous quarters. The Automotive spare parts business returned to growth in the fourth quarter. Of total net sales, the Heat Treatment segment accounted for 39%, the Insulating Glass segment for 47% and the Automotive & Emerging Technologies segment for 13%. Geographically the EMEA region accounted for 53%, the Americas for 25% and Asia and Pacific (APAC) for around 22% of the company's total fourth-quarter net sales.

Glaston Group's January–December 2020 net sales totaled EUR 170.1 (181.0, pro forma 204.6) million. Net sales in the Heat Treatment segment decreased by 25% and totaled EUR 61.6 (82.6) million. Net sales in the Insulating Glass segment clearly grew and totaled EUR 81.9 (58.8, pro forma 73.9) million. Net sales in the Automotive & Emerging Technologies segment decreased and totaled EUR 24.6 (35.5, pro forma 44.0) million.

Net sales by product area

Net sales by product area, EUR million	10–12/2020	10–12/2019	1–12/2020	1–12/2019	Pro forma 1–12/2019
Heat Treatment Technologies	8.6	13.4	40.2	56.1	56.1
Insulating Glass Technologies	12.1	9.1	60.3	41.8	51.4
Automotive & Emerging Technologies (machines)	1.1	8.1	12.5	23.2	27.2
Services	17.1	16.9	58.1	57.1	67.1
Unallocated and eliminations	-0.5	-0.1	-0.9	2.8	2.8
Glaston Group, total	38.3	47.3	170.1	181.0	204.6

Glaston Group's October–December 2020 net sales in the Heat Treatment Technologies product area decreased by 36% and totaled EUR 8.6 (13.4) million. Net sales in the Insulating Glass Technologies product area increased by 33% and totaled EUR 12.1 (9.1) million. Net sales in the Automotive & Emerging Technologies product area totaled only EUR 1.1 (8.1) million. Total net sales in the Services product area were on the same level as the corresponding period in the previous year at EUR 17.1 (16.9) million. Net sales in the Services product area accounted for 45 (36)% of total net sales as net sales in heat treatment and automotive technologies were depressed by low order intake in previous quarters.

Operating result and profitability

Glaston Group's October–December 2020 comparable EBITA was EUR 2.1 (2.5) million, i.e. 5.4 (5.2)% of net sales. Profitability was impacted by low project volumes in new equipment in the Heat Treatment and Automotive & ET segments. Lower fixed costs positively impacted on Group profitability as the EBITA margin was slightly higher than the previous year. Fixed costs were reduced by adjusting the cost base to the prevailing activity level (temporary layoffs and short-term work in Finland and Switzerland), pandemic-driven lower travel expenses and marketing costs as well as the synergy benefits from the integration of Bystronic glass. Glaston Group's comparable operating result was EUR 0.9 (1.3) million, i.e. 2.4 (2.8)% of net sales. The fourth-quarter operating result was EUR -0.7 (-0.9) million. Items affecting comparability amounted to EUR -1.6 (-2.3) million and were mainly related to the integration and discontinuation of operations in the Brazilian subsidiary. PPAs and depreciation of intangible assets totaled EUR 1.2 (1.1) million. Financial income and expenses amounted to EUR -0.6 (-0.5) million. The result before taxes was EUR -1.4 (-1.8) million. The result for the fourth quarter was EUR -2.2 (-2.4) million and earnings per share were EUR -0.026 (-0.034). The comparable earnings per share were EUR -0.007 (-0.003).

Glaston Group's January–December 2020 comparable EBITA amounted to EUR 7.7 (9.7, pro forma 12.1) million, i.e. 4.6 (5.4, pro forma 5.9)% of net sales. The comparable operating result was EUR 3.2 (5.9, pro forma 7.5) million, i.e. 1.9 (3.3, pro forma 3.7)% of net sales. The Group's operating result was EUR -0.5 (-1.3, pro forma 0.3) million. Items affecting comparability totaled EUR -3.8 (-7.2) million. Financial income and expenses amounted to EUR -2.3 (-2.6) million. The result before taxes was EUR -3.3 (-4.4) million. The result for the review period was EUR -5.5 (-6.4) million.

January–December 2020 earnings per share were EUR -0.065 (-0.089) and comparable earnings per share were EUR -0.020 (0.011), excluding items affecting the comparability of the operating result, but including PPA and 2019 financing arrangement expenses.

Operating result and profitability Comparable EBITA, EUR million	10–12/2020	10–12/2019	1–12/2020	1–12/2019	Pro forma 1–12/2019
Operating result (EBIT)	-0.7	-0.9	-0.5	-1.3	0.3
Items affecting comparability	-1.6	-2.3	-3.8	-7.2	-7.2
Comparable operating result (EBIT)	0.9	1.3	3.2	5.9	7.5
Depreciation of intangible assets and PPA	1.2	1.1	4.5	3.8	4.5
Comparable EBITA	2.1	2.5	7.7	9.7	12.1
% of net sales	5.4%	5.2%	4.6%	5.4%	5.9%

FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

Heat Treatment reporting segment

Glaston's Heat Treatment segment includes a wide and technologically advanced range of heat treatment machines, maintenance, upgrade and modernization services, as well as spare parts for glass flat tempering, bending, bending tempering and laminating. Glaston also offers digital services, such as glass processing machine remote monitoring and fault analysis services, as well as consulting and engineering services for new areas of glass technology. The Heat Treatment segment includes the Heat Treatment Technologies product area and the heat treatment machine services.

Heat Treatment segment's fourth quarter in brief:

- Markets recovering with increased demand for Heat Treatment equipment. Also HT upgrade order intake at a good level
- Net sales impacted by low order intake in previous quarters
- Ongoing implementation of measures to adapt the Heat Treatment capacity to a lower-than-expected demand

HEAT TREATMENT SEGMENT KEY FIGURES MEUR						Pro forma 1-12/2019
	10-12/2020	10-12/2019	1-12/2020	1-12/2019		
Orders received	20.7	23.0	56.1	76.0		76.0
Order book at end of period			29.5	35.1		35.1
Net sales	14.9	20.8	61.6	82.6		82.6
Comparable EBITA	0.9	1.2	2.4	3.4		3.4
Comparable EBITA, %	6.0 %	5.5%	3.9%	4.1%		4.1 %
Comparable operating result (EBIT)	0.5	0.8	0.8	1.9		1.9
Comparable operating result (EBIT), %	3.2%	3.9%	1.3%	2.3%		2.3%
Operating result (EBIT)	-0.5	-0.3	-0.8	-0.9		-0.9
Operating result (EBIT), %	-3.6%	-1.4%	-1.3%	-1.1%		-1.1%
Net working capital			-11.9	-11.3		
Employees at end of period			293	333		

Orders received and order book

In the fourth quarter the Heat Treatment market picked up with new orders coming closer to 2019 levels with an overall sentiment change in investment activity level. In North America, the recovery that started in the third quarter, continued. The EMEA region saw positive development driven by good demand in Central Europe. In China market activity is focused on low- and mid-range product segments and competition continued to be intense. Activity in the rest of the APAC region remained low. The Heat Treatment segment's fourth-quarter 2020 order intake totaled EUR 20.7 (23.0) million. The segment's most significant orders were from Spain, North America, and Germany. Demand for Heat Treatment equipment upgrades increased with strong development particularly in the EMEA region. The most significant upgrade orders were received from Russia, USA and the UK, among others. Orders received in January–December 2020 totaled EUR 56.1 (76.0) million.

The Heat Treatment segment's order book stood at EUR 29.5 (35.1) million at the end of the year.

Net sales and profitability

October–December 2020 net sales in the Heat Treatment segment decreased by 28% to EUR 14.9 (20.8) million. Net sales were mainly impacted by low order intake in the previous quarters and services net sales also declined. The October–December 2020 comparable EBITA was EUR 0.9 (1.2) million, i.e. 6.0 (5.5)% of net sales. The decrease in fixed costs partially compensated for the impact of lower net sales.

January–December 2020 net sales in the Heat Treatment segment totaled EUR 61.6 (82.6) million. Comparable EBITA amounted to EUR 2.4 (3.4) million, corresponding to 3.9 (4.1)% of net sales.

Production and working capital management

The Tampere tempering machine assembly production facility was fully operational during the fourth quarter and the capacity utilization rate in assembly was at a satisfactory level. Operations at the factory in Tianjin were low. The Heat Treatment segment's net working capital developed positively from the previous quarter and was EUR -11.9 (-11.3) million.

Personnel

At the end of October, Glaston announced that it would initiate cooperation discussions concerning measures to adjust the Heat Treatment segment's operations to lower-than-expected demand. The impact on personnel was lower than the initially estimated 20 employment relationships and as a result of the negotiations six employment relationships were terminated. In addition, the negotiations identified the need for temporary lay-offs in the period January–June 2021. Due to increasing order intake, there will be fewer temporary lay-offs in the first quarter 2021.

At the end of the year, the Heat Treatment segment employed 293 (333) people, mainly in Finland. During the fourth quarter the temporary layoffs continued.

Insulating Glass reporting segment

Glaston's Insulating Glass segment provides services, machines, systems and software for the cutting, grinding, drilling, processing and insulation of flat glass for the global architectural glass market. The Insulating Glass segment comprises insulating glass machine business as well as related services and spare parts business.

Insulating Glass segment's fourth quarter in brief:

- Strong order intake comprising several important orders. In Europe, sales opportunities that have been in the process for a long time picked up again. In the Americas, some recovery was noted and in Asia the mid-range segment developed well
- Due to good order intake during the year, the Insulating Glass segment's net sales increased and were higher than the corresponding period in the previous year
- Production running at full capacity and high order intake indicates good capacity utilization for the first part of 2021

INSULATING GLASS SEGMENT KEY FIGURES EUR million

	10-12/2020	10-12/2019	1-12/2020	1-12/2019	Pro forma 1-12/2019
Orders received	22.2	18.0	75.7	60.4	72.6
Order book at end of period			26.1	31.2	31.2
Net sales	18.0	14.5	81.9	58.8	73.9
Comparable EBITA	1.6	1.6	7.3	4.7	6.2
Comparable EBITA, %	9.2%	11.2%	8.9%	8.0%	8.3%
Comparable operating result (EBIT)	1.1	0.9	5.2	2.6	3.5
Comparable operating result (EBIT), %	6.3%	6.4%	6.4%	4.4%	4.8%
Operating result (EBIT)	0.7	-0.0	3.6	0.4	1.3
Operating result (EBIT), %	3.9 %	-0.3%	4.4%	0.7%	1.8%
Net working capital			2.1	0.9	
Employees at end of period			330	344	

Orders received and order book

The Insulating Glass equipment market continued to develop well, and activity was at a good level. With the architectural market in good shape, order intake from the EMEA region was strong as special projects that had been on hold, picked up again. In Asia, the market for high-end insulating glass lines continued to be slow. However, demand in the mid-range market grew with high order intake levels in the fourth quarter. In the Americas, a slight recovery was noted but the overall level of uncertainty remained high. The IG segment received several important insulating glass equipment orders from Central Europe, the US and Japan as well as an order for an advanced IG line from a Chinese customer. The Insulating Glass segment's fourth-quarter 2020 orders received grew by 23% and totaled EUR 22.2 (18.0) million. Insulating Glass Services were performing well and grew strongly in the final quarter. Orders received in January–December 2020 totaled EUR 75.7 (60.4, pro forma 72.6) million.

Net sales and profitability

Fourth-quarter 2020 net sales in the Insulating Glass segment improved compared to the corresponding period in 2019, and totaled EUR 18.0 (14.5) million. The comparable EBITA was EUR 1.6 (1.6) million, i.e. 9.2 (11.2)% of net sales. Profit was impacted by higher fixed costs as the segment's share of Group overhead costs increased.

January–December 2020 net sales in the Insulating Glass segment increased by 39% compared to the corresponding period in the previous year and totaled EUR 81.9 (58.8, pro forma 73.9) million. Comparable EBITA amounted to EUR 7.3 (4.7, pro forma 6.2) million, corresponding to 8.9 (8.0)% of net sales.

Production and working capital management

The company's insulating glass machine factory in Neuhausen-Hamberg, Germany was fully operational and capacity utilization was at an excellent level during the fourth quarter. Due to good order intake in the midrange segment, the capacity utilization rate at the factory in Tianjin, China, was high. The Insulating Glass segment's fourth-quarter net working capital improved due to the high number of advance payments and strong improvement of receivables collection and was EUR 2.1 (0.9) million.

Personnel

At the end of the review period, the Insulating Glass segment employed 330 (344) people, mainly in Germany. All COVID-19 related safety measures continued and were even increased during the last quarter. Measures were taken to enable remote work whenever necessary for employees working in administration.

Automotive & Emerging Technologies reporting segment

Glaston's Automotive & Emerging Technologies segment provides glass processing machines and related services to the automotive industry as well as the appliance and display industry. In addition, services are offered to emerging glass technologies and value-adding glass products, such as smart glass.

Automotive & Emerging Technologies segment's fourth quarter in brief:

- Automotive market activity increased in the fourth quarter, particularly in China, as car and display production returned close to pre-Covid levels
- Demand for Automotive Services improved during the quarter and was generally back to normal levels
- The low activity in Emerging Technologies market continued

AUTOMOTIVE & EMERGING TECHNOLOGIES

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019	Pro forma 1-12/2019
Orders received	8.8	7.7	20.2	19.7	29.6
Order book at end of period			8.3	12.5	12.5
Net sales	4.9	11.9	24.6	35.5	44.0
Comparable EBITA	-0.6	-0.2	-2.1	1.7	2.6
Comparable EBITA, %	-12.3%	-1.8%	-8.4%	4.8%	5.9%
Comparable operating result (EBIT)	-0.8	-0.3	-2.9	1.5	2.1
Comparable operating result (EBIT), %	-16.7%	-2.4%	-11.9%	4.1%	4.8%
Operating result (EBIT)	-1.0	-0.4	-3.4	1.2	1.8
Operating result (EBIT), %	-19.6%	-3.6%	-13.7%	3.4 %	4.2 %
Net working capital			7.3	7.0	
Employees at end of period			94	103	

Orders received

During the last quarter of the year, demand in the Automotive market was still lower than normal, although much improved. In the quarter, new machine orders were received from Automotive customers producing glass for vehicles other than traditional cars as well as other appliances within the Automotive market. The segment's order intake improved and totaled EUR 8.8 (7.7) million. The recovery of market activity for Automotive Services continued and activity was back at normal levels.

The Emerging Technologies (ET) market remained slow in the fourth quarter as customers have been less interested in investing in new technologies. The ET business continued to develop existing innovation projects in its portfolio. Heliotrope's work towards a commercially viable product continued. The company is continuing its efforts to raise financing to secure the completion of the product development and to be able to invest in production capacity. Glaston will not participate in this financing round.

Automotive & Emerging Technologies segment's orders received in January–December 2020 totaled EUR 20.2 (19.7, pro forma 29.6) million.

Net sales and profitability

October–December 2020 net sales in the Automotive & Emerging Technologies segment were EUR 4.9 (11.9) million. Automotive Technologies net sales declined clearly reflecting the low machine order intake in the previous quarters. The segment's comparable EBITA amounted to EUR -0.6 (-0.2) million, impacted by the low volume. Fixed costs declined as a result of cost-saving measures.

January–December 2020 net sales in the Automotive & Emerging Technologies segment totaled EUR 24.6 (35.5, pro forma 44.0) million. Comparable EBITA amounted to EUR -2.1 (1.7, pro forma 2.6) million, corresponding to -8.4 (4.8)% of net sales.

Production and working capital management

The utilization rate of the company's automotive glass machine factory in Bützberg, Switzerland was at a low level due to modest order levels in the previous quarters, and its operations were adjusted accordingly. The Automotive & Emerging Technologies segment's fourth-quarter net working capital development was very positive, and was reduced by approximately 25%. It was stable compared to last year at EUR 7.3 (7.0) million.

Personnel

At the end of the review period, the Automotive & Emerging Technologies segment employed 94 (103) people, mainly in Switzerland. Due to the continued weak demand, as well as pandemic-related restrictions, the working hours of Swiss production personnel were adjusted, and the reduced working hours continued during the fourth quarter and covered most Swiss employees.

Financial position, cash flow and financing

At the end of December, Glaston Group's balance sheet total was EUR 207.3 (216.7) million. Intangible assets amounted to EUR 76.9 (78.1) million, of which goodwill was EUR 58.3 (58.3) million. At the end of the period property, plant and equipment amounted to EUR 23.1 (25.0) million and inventories to EUR 25.1 (42.6, and at the end of September 25.3) million.

The comparable return on capital employed (ROCE) was 4.7 (8.7, and at the end of September 3.4)%.

At the end of December, the company's net gearing was 48.8 (45.0)% and the equity ratio was 41.2 (41.6)%. Net interest-bearing debt totaled EUR 33.6 (33.0) million. The average maturity of Glaston's long-term debt was 2.2 years at the end of the year. The financial covenants used in the company's financing agreement are gearing (net debt/equity) and leverage (net debt/EBITDA).

In October–December 2020, cash flow from operating activities, before the change in net working capital, was EUR -0.2 (2.0) million. Cash flow from the change in working capital was EUR 3.7 (6.8) million and cash flow from operating activities was EUR 3.5 (8.8) million. Net cash flow from investing activities was EUR 0.0 (-1.6) million and cash flow from financing activities was EUR -0.2 (-0.5) million.

Glaston's cash flow from operating activities was EUR 0.7 (10.8) million in January–December. Cash flow from investing activities was EUR -2.2 (-72.5) million and cash flow from financing activities was EUR 5.9 (75.1) million. The exceptionally high levels for the comparison period relate to the acquisition of Bystronic glass and its financing.

Glaston closely monitors and manages its liquidity and financial position. At the end of 2020, cash and cash equivalents totaled EUR 23.3 (19.9) million. Additionally, Glaston has committed revolving credit facilities, which enable further debt financing in the amount of EUR 7.5 million and guarantees of EUR 11.5 million. As a measure to ensure the adherence to the terms of its external financing Glaston agreed with its financing banks in August on increased covenant levels and postponement of debt repayments for the remainder of 2020. In December Glaston agreed with its financing banks to extend the maturity of its senior facilities agreement by one year to the end of March 2023.

Capital expenditure, depreciation and amortization

Glaston Group's January–December gross capital expenditure totaled EUR 3.4 (63.1) million and was primarily related to product development. The high comparison figure is related to the acquisition of Bystronic glass. Depreciation and amortization of property, plant, equipment, and intangible assets, totaled EUR -8.1 (-8.1) million.

Investments in product development, digitalization and innovation

In 2020, Glaston continued investing in product development and emerging glass technologies in line with the company's growth strategy. New digital and IoT-based products that facilitate the transition to fully automated glass processing continue to be at the forefront of product development. In addition, Glaston put significant efforts into the continuous development of the company's core technology portfolio and R&D. The latest showcase of this work is the cup wheel technology for glass edge arripping of architectural glass, which was presented at the virtual Glasstec fair in mid-October.

By the end of the year, more than 180 tempering machines had been connected to the Insight services, and more than four million glass processing loads had been registered. In addition, the first laminating machines have been connected to the Insight ecosystem and the work continued to enable the connection of insulating glass lines to Insight Services. The implementation of artificial intelligence applications to improve the quality and control of the tempering were continued after the MIDAS project was completed at the end of September.

During the year, a number of the product development projects were postponed. Projects and innovations related to digitalization remain firmly at the center of development and the pandemic further highlighted the importance of digital and remote services.

In January–December 2020, research, and product development expenditure, excluding depreciation, totaled EUR 6.4 (7.1) million, of which EUR 1.7 (1.8) million was capitalized. Research and product development expenditure amounted to 3.8 (3.9)% of net sales.

Personnel

As of 31 December 2020, Glaston Group had a total of 723 (790) employees. At the end of December, the Heat Treatment segment employed 293 people, the Insulating Glass segment 330 people, and the Automotive & Emerging Technologies segment 94 people. Of the Group's personnel 34%, i.e. 248 employees, worked in Germany, 23%, i.e. 169, worked in Finland, while 14% worked elsewhere in the EMEA region, 21% worked in Asia and 7% in the Americas. In both the Finnish and Swiss units as well as in a number of sales and services entities, employee-related adjustment measures continued during the fourth quarter.

In the first quarter 2020, Glaston Corporation completed a cooperation process in which temporary lay-offs of up to 90 days per employee were agreed for all personnel in Finland. In June, it was agreed that the temporary lay-offs would continue throughout the year and would be implemented in stages according to workload.

In the fourth quarter 2020, Glaston Corporation announced that it would initiate cooperation negotiations concerning measures to adapt its operations to lower-than-expected demand in the heat treatment business. The co-operation negotiations covered all companies in Finland. As a result of the negotiations, the company terminated six employment relationships, the impact on personnel being lower than estimated. At the start of the negotiations, the reduction requirement was estimated to be 20 employment relationships. In addition, the negotiations identified the need for temporary lay-offs in the period January–June 2021. These temporary lay-offs are planned to be implemented on a function basis, taking into account workload, in the first quarter. Thereafter, the need for lay-offs will be reviewed on a monthly basis. The above measures will yield estimated cost-savings of approximately EUR 1.2 million, of which permanent savings will amount to approximately EUR 0.9 million.

Short-time work in Glaston's Automotive business in Switzerland, introduced in autumn 2019, will continue based on workload, and measures in other units will be implemented according to the level of demand.

Due to the continuing low market activity in South America the scale-down of the operations of Glaston's subsidiary in Sao Paulo, Brazil, started at the end of 2020. Operations were ceased as of first of February 2021. The operations in Brazil employed 9 persons.

Since the outbreak of the COVID-19 pandemic in February-March 2020, many Glaston employees have worked remotely in order to safeguard their health and the health of production personnel. During the summer employees gradually started returning to work, with strict rules in order to prevent the spread of the virus. As the Covid situation took a turn for the worse in many countries during the latter part of the year, remote work was reintroduced. All of the company's production plants were fully operational during the last quarter of 2020.

RESPONSIBILITY

Glaston's purpose is to build a better tomorrow through safer, smarter, and more energy-efficient glass solutions. As environmental awareness increases, demand for more energy-efficient and environmentally sustainable glass solutions is growing. As a frontrunner in our industry, Glaston has taken this into account in product development and will continue to focus on this in the future.

The debate on climate change is strongly reflected in the glass industry. There is a significant focus on the energy efficiency and safety of buildings, and for glazing solutions this means increasing use of tempered, laminated and coated glass. Tempering and laminating processes are Glaston's core expertise, and through these the company offers the most advanced technology. Coated low-emissivity glass processed using Glaston's technology as well as energy-efficient double- or triple-glazed insulating units meet the energy-saving needs of buildings.

Responsibility is part of Glaston's everyday operations, and the basis for this is its Code of Conduct. The Code of Conduct is reviewed on an annual basis, and the latest update was approved by the Board of Directors in September 2020. The Code of Conduct outlines the company's requirements and expectations for responsible and ethical conduct as well as how the company requires employees to behave in their daily work with colleagues and customers, suppliers and other stakeholders, for example. Glaston is committed to complying with the relevant national and international laws, provisions and generally accepted operating practices in all of its activities. In its daily operations, the company is committed to combating bribery and corruption.

The implementation of Glaston's responsibility agenda, approved by the company's Executive Management Group in December 2019, progressed during 2020 with the most essential themes being: responsible own activities (personnel, environment, responsible business), responsible purchases, responsible partner and responsible member of society.

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 December 2020 was EUR 12.7 (12.7) million.

1.1.–31.12.2020		No. of shares and votes		Share turnover, EUR million
GLA1V		84 289 911		
	Highest	Lowest	Closing	Average price *)
Share price	1.27	0.58	0.89	0.78
			31.12.2020	31.12.2019
Market value			75.0	105.8
Number of shareholders			7 352	7 112
Foreign ownership, %			27.4	27.2

*) trade weighted average

At the end of the review period, Glaston Corporation's largest shareholders were AC Invest Eight 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 6.1%.

GOVERNANCE

Annual General Meeting 2020

The Annual General Meeting of Glaston Corporation was held on 28 May 2020 in Helsinki, in accordance with the temporary legislation issued by the Finnish Government on 24 May 2020, which enabled the meeting to be held by remote participation during the COVID-19 pandemic. The General Meeting adopted the financial statements and consolidated financial statements for the financial period from 1 January to 31 December 2019 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year from 1 January to 31 December 2019.

In accordance with the proposal of the Board of Directors, the General Meeting resolved that no dividend or return of capital would be distributed based on the balance sheet adopted for the financial year ended on 31 December 2019.

Adoption of the Remuneration Policy for governing bodies

The General Meeting decided to adopt the Remuneration Policy for the governing bodies.

Composition of the Board of Directors

The number of the members of the Board of Directors was resolved to be seven. The General Meeting resolved to re-elect as members of the Board of Directors the current members of the Board of Directors Mr. Teuvo Salminen, Mr. Sebastian Bondestam, Mr. Antti Kaunonen, Ms. Sarlotta Narjus, Mr. Kai Mäenpää and Mr. Tero Telaaranta, and to elect Mr. Michael Willome as a new member of the Board of Directors. The Board of Directors was elected for a term continuing until the close of the next Annual General Meeting.

Remuneration of the members of the Board of Directors

The General Meeting resolved that the annual and meeting fees of the members of the Board of Directors as well as fees paid for Committee work remain unchanged. The Chairman of the Board of Directors is paid an annual fee of EUR 60,000, the Deputy Chairman an annual fee of EUR 40,000 and the other members of the Board of Directors an annual fee of EUR 30,000.

In addition, the General Meeting resolved that meeting fees shall be paid for each meeting of the Board of Directors that a Member of the Board has attended, so that the Chairman of the Board is paid EUR 800 for meetings held in the Chairman's home country and EUR 1,500 for meetings held elsewhere and the other Members of the Board are paid EUR 500 for meetings held in the home country of the respective member and EUR 1,000 for meetings held elsewhere. For per capsulum Board Meetings, half of the normal meeting fee will be paid. Furthermore, it was resolved that each Member of the Board will be compensated for travel expenses, accommodation costs and direct expenses arising from their work for the Board of Directors in line with the Company's normal practice.

In addition, the General Meeting resolved that the meeting fee for the Compensation and Audit Committees would remain unchanged and that all members of the Audit and Compensation Committees will be paid a meeting fee of EUR 500 for each meeting attended. In addition to the meeting fee, the Chairman of the Audit Committee will be paid an annual fee of EUR 10 000 and the Chairman of the Compensation Committee will be paid an annual fee of EUR 7 500.

Auditor

The General Meeting elected the authorized public accounting firm KPMG Oy Ab as the Company's auditor. The auditing firm has announced that the auditor in charge of the audit is Authorized Public Accountant Lotta Nurminen. The General Meeting resolved that the remuneration of the auditor shall be paid based on a reasonable invoice approved by the Company.

Authorization to decide on the repurchase as well as on the acceptance as pledge of the company's own shares

The Board of Directors was authorized to decide on the repurchase and on the acceptance as pledge of the Company's own shares in one or several tranches. The number of own shares to be repurchased or accepted as pledge shall not exceed 8,000,000 shares, which corresponds to approximately 10 per cent of all registered shares in the Company, subject to the provisions of the Finnish Companies' Act on the maximum number of shares owned by or pledged to the company or its subsidiaries. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or at a price otherwise formed on the market.

The Board of Directors shall decide how own shares will be repurchased or accepted as a pledge. Own shares can be repurchased in other ways than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization is effective until 30 June 2021 and revokes any corresponding previous authorizations.

Authorization to decide on the issuance of shares as well as the issuance of options and other rights entitling to shares

The Board of Directors was authorized to resolve on one or more issuances of shares that contain the right to issue new shares or dispose of the shares in the possession of the Company and to issue options or other rights entitling to shares pursuant to Chapter 10 of the Finnish Companies Act. The authorization comprises up to 8,000,000 shares in the aggregate representing approximately 10 per cent of the current number of shares in the Company. The authorization does not exclude the Board of Directors' right to decide on a directed issue of shares. The authorization can be used for material arrangements from the Company's point of view, such as financing or implementing business arrangements or investments or for other such purposes determined by the Board of Directors in which case a weighty financial reason for issuing shares, options or other rights and possibly directing a share issue would exist. The Board of Directors was authorized to resolve on all terms and conditions of the issuance of shares, options and other rights entitling to shares as referred to in Chapter 10 of the Finnish Companies Act, including the payment period, grounds for the determination of the subscription price and subscription price or allocation of shares, option or other rights free of charge or that the subscription price may also be paid separately in cash with other assets either partially or entirely (contribution in kind).

The authorization is effective until 30 June 2021 and revokes any corresponding previous authorizations.

Amendments of the Articles of Association

The General Meeting resolved to amend Articles 4, 9 and 13 of the Articles of Association of the Company. The amendments and updated Articles of Association can be found on the company's website in the investors section.

Organization of the Board of Directors

Convening after the Annual General Meeting, the Board of Directors of Glaston Corporation re-elected Teuvo Salminen as the Chairman of the Board and Sebastian Bondestam as the Deputy Chairman of the Board.

In addition, the compositions of the Board committees were resolved to be as follows:

Audit Committee

Teuvo Salminen (Chairman) and Tero Telaranta were elected as members of the Audit Committee of the Board of Directors.

Compensation Committee

Sebastian Bondestam (Chairman), Sarlotta Narjus, and Antti Kaunonen were elected as members of the Compensation Committee of the Board of Directors.

Extraordinary General Meeting 2020

Glaston Corporation's Extraordinary General Meeting, convened by the Board of Directors, was held on 4 September 2020 in Helsinki.

Composition of the Board of Directors

In accordance with the proposal of the Shareholders' Nomination Board, the number of the members of the Board of Directors was resolved to be eight. The Extraordinary General Meeting decided, in accordance with the proposal of the Shareholders' Nomination Board, to elect Mr. Veli-Matti Reinikkala as a new member of the Board of Directors, in addition to the current members of the Board of Directors, until closing of the Annual General Meeting 2021.

Glaston Corporation's shareholders' Nomination Board

Glaston Corporation's shareholders' Nomination Board comprised the four largest shareholders registered in the shareholders' register of the company as of the first working day in September in the relevant year and of the Chairman of the Company's Board of Directors, who serves as an advisory member of the Nomination Board. Based on the ownership on 1 September 2020, the following members were nominated to Glaston's Nomination Board:

Lasse Heinonen (AC Invest Eight B.V., as of 28 December 2020 Ahlstrom Capital B.V.)
Jaakko Kurikka (Hymy Lahtinen Oy)
Pekka Pajamo (Varma Mutual Pension Insurance Company)
Esko Torsti (Ilmarinen Mutual Pension Insurance Company)

Teuvo Salminen, Chairman of the Company's Board of Directors, serves as an advisory member of the Nomination Board. In its organizing meeting on 21 September 2020, the Nomination Board elected Lasse Heinonen amongst its members as Chairman.

New Chairman of the Board elected

Chairman of the Board of Directors, Teuvo Salminen, had informed the company that he would cease serving as Chairman of the Board of Directors from the beginning of 2021. In line with the recommendation set out by the Company's Nomination Board in August 2020, the Board of Directors elected in its meeting on 16 December 2020 Veli-Matti Reinikkala as the Chairman of the Board of Directors as of 1 January 2021. Teuvo Salminen will continue as a member of the Board of Directors until the Annual General Meeting in spring 2021.

Organizational and Executive Management changes

On 14 August 2020, Glaston's Board of Directors announced the appointment of M.Sc. (Econ.) Anders Dahlblom as President and CEO of Glaston Corporation. Anders Dahlblom joined Glaston from Owens Corning where he has worked since 2019 as VP and Managing Director of the European Insulation business unit. Prior to this position he held the position of Managing Director (2018) and CFO (2006–2017) at Paroc Group, among other positions. Anders Dahlblom assumed in his new position on 1 January 2021. Sasu Koivumäki served as the company's acting CEO from 1 June – 31 December 2020. Following this he resumes his position as Chief Sales Officer responsible for global sales and Deputy to the CEO, as well as a member of the Executive Management Group. Former President and CEO Arto Metsänen stepped down as CEO on 1 June 2020 and retired from the company on 1 January 2021.

As of 1 December 2020, Miika Äppelqvist was appointed SVP, Glaston Heat Treatment Technologies and member of the Executive Management Group. Miika Äppelqvist joined Glaston in 2013 and has held various positions such as Director of Glaston's Architectural Business Unit (2016–2019) and Marketing Director (2015–2016).

On 31 December 2020, Glaston Corporation's Executive Management Group comprised Sasu Koivumäki, acting President & CEO; Päivi Lindqvist, CFO; Miika Äppelqvist, SVP Glaston Heat Treatment Technologies; Dietmar Walz, SVP Glaston Insulating Glass Technologies; Robert Prange, SVP Glaston Automotive and Emerging Technologies; Artturi Mäki, SVP Services and Taina Tirkkonen, General Counsel and SVP Human Resources.

Flaggings

29 December 2020: Glaston Corporation received a notification, pursuant to Chapter 9 Section 5 of the Finnish Securities Market Act from Ahlström Capital Oy, according to which as a result of an intragroup merger in which AC Invest Eight B.V. has been merged into its parent company Ahlstrom Capital B.V., Ahlstrom Capital B.V. is therefore as of 28 December 2020 the direct shareholder in Glaston Oyj Abp.

BUSINESS RISKS

Strategic risks

A review of strategic risks is part of the Group's strategic planning process. A risk is defined as strategic where, if realized, it may have long-term effects on business.

Pandemic risk

The economic crisis caused by the COVID-19 pandemic has had a significant impact on Glaston. The uncertainty related to the situation prevails with several potential development scenarios. The situation is changing quickly with renewed upticks in COVID-19 infections in places where infection levels had been reduced significantly, re-openings have been revoked, and shutdowns are being reinstated. The new variants of the virus, which might be significantly more transmissible, coupled with a slow rollout of vaccinations and vaccines not working effectively against new and rapidly spreading variants of the virus further complicates the situation. The second and third wave of infections could become more severe than the first wave and last much longer than estimated, requiring more stringent and longer lasting containment measures than estimated.

Mitigation of the COVID-19 pandemic-related near-term business disruptions has been a key priority throughout the year and Glaston has taken prompt action to safeguard the health and safety of its employees and also safeguard the company's financial stability. Because of all the preventive measures that were already introduced at an early stage, Glaston has been able to maintain all production operations throughout the pandemic. Glaston is continuing to monitor the situation very closely.

If the COVID-19 pandemic depresses the global economy for a longer period and the expected rebound does not take place, the willingness of Glaston's customers to invest in new equipment could decrease. If the operating conditions of the services business deteriorate again, the company's liquidity could suffer. Should the company's earnings and financial position be considerably impacted, the covenants of the financing agreement may be breached, which could lead to increased financing costs. Glaston manages risks through cost savings and risk management, as well as through proactive discussions with providers of finance. As a measure to ensure adherence to the terms of its external financing Glaston agreed with its financing banks in August 2020 on increased covenant levels and the postponement of debt repayments for the remainder of 2020. In December, Glaston agreed with its financing banks to extend the maturity of its senior facilities agreement by one year to the end of March 2023.

Business environment risks

The company operates worldwide and changes in the global economy and business cycles directly impact on the company's operating conditions. The company's business is largely linked to trends in global investment demand. Demand for the company's products is influenced by global, regional and national macroeconomic conditions, which affect the end users of its products. As a

result, Glaston is exposed to business cycles in its customers' industries, such as the construction, automotive appliance and solar energy industries. In recent years, general economic and financial market conditions in Europe and elsewhere in the world have fluctuated significantly, and the general increase in uncertainty could reduce the willingness to invest and therefore negatively impact on Glaston's order intake, net sales and earnings.

The Covid pandemic has slowed the pace of urbanization and commercial building industry development. The future role of office buildings might change as remote work becomes more commonplace. In the mid-to-long term this could have an impact on commercial building development, which is an important driver especially for flat tempering and flat laminating in the heat treatment business. Demand for insulating glass machines is currently driven by the widespread global need to improve the energy performance of buildings and is therefore less dependent on the global economic cycle. This brings stability to the company alongside the more cyclical heat treatment and automotive glass businesses.

Due to rising costs caused by increasing global environmental requirements and environmental pollution, vehicle manufacturers need to invest in more low-emission and energy-efficient technologies and products. Changing consumer behavior, stricter requirements and tighter regulation have led to a shift in the investments of automotive industry customers. Long-term disruption and structural changes in the market could impact demand for the Group's automotive glass machines. Increasing automotive glass requirements present new challenges for glass processing, bringing new players to the market and creating new opportunities for glass processing technology suppliers. From a technical perspective, environmental requirements will be met, among other things, through the use of lighter vehicle structures, on which thin glass, in particular, will have a positive impact.

Heat treatment and automotive glass machines accounted for 31% of the company's net sales in 2020.

In addition to sales of new machines, the company is focusing on increasing its services business, with the aim of partially balancing its cyclically sensitive business and improving its profitability.

Competitive situation and price risks

Competition in the glass processing machines and services market is intense, and Glaston is in competition with several multinational companies and regional manufacturers and service providers, as well as indirectly with its customers' operations. The intensification of competition may lead to a deterioration of order intake, project margins or terms of payment, thereby adversely impacting Glaston's business. Existing or new competitors may expand into one or more of the company's key markets, or may seek to increase their market share through aggressive pricing strategies or other means. For example in China, which is the largest market for the glass processing industry globally, purchasing behavior is more cost-conscious than in other market areas. Consequently, price competition is intense and local players have certain competitive advantage in the market. The company's position in the Chinese market and its success in launching and increasing the sales of new products developed for the market are important factors in the company's long-term growth.

Utilizing the full potential of the integration will create opportunities for the company to develop its markets and cost competitiveness as well as to seek growth by developing its product range to better meet the needs of mid-range segment customers in the glass processing market, particularly in Asia's architectural market.

Technology risks

One of Glaston's most significant strategic risks is technology risk, i.e. entry into the market by a competing machine or glass processing technology, which would result in a reduction of Glaston's currently high market shares and require the company to make considerable investments in product development. Glaston also invests in new, early-stage technologies whose commercial viability is uncertain. Currently this mainly comprises Glaston's stake in Heliotrope Technologies where unsuccessful commercialization of the product or the company being unsuccessful in raising funding for the product development could lead to a write-off of the investment and other assets related to the project.

Responsibility and climate change risks

Glaston has assessed its responsibility risks, including risks related to climate change, in both its strategic and operational risk assessments. However, the risks were not found to be significant. The potential risks associated with responsibility, climate change and Glaston's products include regulatory changes, environmental protection and rising operating costs due to environmental taxation.

Glaston's position as a frontrunner in technology development reduces the company's responsibility risks and supports the exploitation of the opportunities provided by more stringent environmental requirements, for example through the insulating glass and smart glass technologies offered by the company. In addition, a key focus of Glaston's product development work is the energy-efficiency of products, and consequently customers can process their glass more energy-efficiently than before.

Changes in the climate

As a result of climate change, changes in annual rainfall and extreme weather conditions are becoming more common. Floods or unusual levels of snow and ice, for example, could jeopardize the continuity of Glaston's operations. None of Glaston's production facilities are located in such a way that there is a significant risk that flooding would jeopardize their activities. Glaston manages these risks at the Group level and takes the necessary preventive measures for its production facilities and their machinery and equipment.

Compliance and corruption risk

Glaston recognizes the risk of becoming the target of third-party fraud and that the risk of corruption and fraud is possible in the company's operating areas. Glaston's operations are guided by its Code of Conduct, which has been approved by the company's Board of Directors. The company always adheres to high ethical operating principles and requires strict compliance with its anti-

corruption procedures. The Code of Conduct describes the company's requirements and expectations regarding responsible and ethical conduct. In addition, the Code of Conduct guides Glaston's employees in their daily work with colleagues, customers, suppliers and other stakeholders. The topics covered include workplace conduct and responsible business practices as well as the environment and sustainable development. The Code of Conduct was updated in 2020. In addition, a separate Supplier Code of Conduct was approved by the Board of Directors as well as an anti-bribery and anti-corruption policy. All personnel will be trained in the updated Code of Conduct during 2021. The Code of Conduct is complemented by other Group-level operating guidelines approved by the Board of Directors. Local guidelines, on occupation health and safety, for example, supplement the Group-level guidelines.

Glaston has a whistleblowing system that allows personnel to anonymously report any violations of the Code of Conduct and other guidelines. Group-level guidelines are available on the company's intranet. Local guidelines are available on either the intranet sites or shared networks of operating locations.

Operational risks

Operational risk management forms part of the daily work of business areas. Opportunities and risks are identified, assessed and managed on a daily basis.

Glaston's most significant operational risks include management and possible quality problems related to demanding customer projects, availability of components, management of the contractual partner and subcontractor network, product development, succeeding in the protection and efficient production of intellectual property rights as well as the availability and permanence of expert personnel. In some cases, the possible failure of a single project may have significant financial implications if its size or contractual terms and conditions are exceptional.

The successful growth of the Group's operations requires successful management and the controlled growth of resources. In addition, digitalization and developing technologies are bringing requirements for technological and business management expertise. The Group's ability to attract new types of expertise and maintain a high level of job satisfaction among its employees is further emphasized.

Glaston's balance sheet contains a substantial amount of goodwill. A prolonged period of low demand may lead to a situation in which Glaston's recoverable amounts are insufficient to cover the carrying amounts of asset items, particularly goodwill. If this happens, it will be necessary to recognize an impairment loss, which, when implemented, will weaken the result and equity.

Glaston continually develops its information systems and, despite careful planning, temporary disruptions to operations might be associated with the introduction stages. Because of the industrial internet, the significance of information security risks has increased, and the management of such risks is the subject of particular attention.

Financial risks

The Group's most significant financial risks are foreign exchange, credit and refinancing risks. Financial risks and their management are described in the section *Management of Financial Risks of the Annual Review*.

The Group's risk management processes are described in the Corporation Governance Statement.

EVENTS AFTER THE CLOSING DATE

On 15 January 2021, Glaston announced the appointment of Susanna Kohisevankoski as SVP People and Culture and a member of the Executive Management Group. She will take up her position no later than July 2021. Taina Tirkkonen, the company's current General Counsel and SVP Human Resources, will continue as the company's General Counsel and a member of the Executive Management Group.

UNCERTAINTIES AND FACTORS AFFECTING NEAR FUTURE DEVELOPMENT

In the fourth quarter of 2020, the global community adapted on a step-by-step basis to the "new normal" characterized by the pandemic, and market activity increased in Glaston's market segments. Recent vaccine development and approvals also raised hopes of a turnaround in the pandemic later in 2021. Nevertheless, near-term risks continue to be mainly related to the impacts of the COVID-19 pandemic. The uncertainty related to the pandemic prevails as the situation might change quickly for the worse with new lock-downs, new variants of the virus, a slow rollout of vaccinations and a shortfall of doses. Thus higher-than-normal uncertainty is related to customers' investment behavior.

GLASTON'S OUTLOOK FOR 2021

The strong recovery in orders received towards the end of 2020 and continued positive market environment during the first weeks of 2021 indicate positive development for both the machines and services business throughout 2021. However, reflecting the lower order intake in 2020 compared to the previous year Glaston will start 2021 with a 20% lower order backlog than the

previous year. This will have an impact on Glaston's net sales and comparable operating profit for the first half of 2021. The uncertainty related to the pace and extent of market recovery continues to be higher than normal due to the COVID-19 pandemic and its implications on economic activity, investments and travel restrictions.

Based on the expected continued market recovery, Glaston Corporation estimates, that its net sales and comparable EBITA will improve in 2021 from the levels reported for 2020. In 2020, Group net sales totaled EUR 170.1 million and comparable EBITA was EUR 7.7 million.

BOARD OF DIRECTORS' PROPOSAL ON THE DISTRIBUTION OF PROFITS

The distributable funds of Glaston Corporation, are EUR 72,146,705 of which EUR 3,151,611 represents the loss for the financial year. No funds are available for dividend distribution.

For the Annual General Meeting to be held on 13 April 2021, the Board of Directors proposes that the loss for the financial year 2020 be placed in retained earnings and no dividend be paid.

The Board of Directors proposes to the Annual General Meeting that based on the balance sheet to be adopted for financial period 2020, a return of capital of a total of EUR 1,685,798 be distributed, i.e. EUR 0.02 per share.

The return of capital will be paid from the reserve for invested unrestricted equity to shareholders who are registered in the company's register of shareholders, maintained by Euroclear Finland Ltd, on the record date for payment, 15 April 2021. The Board of Directors proposes to the Annual General Meeting that the return of capital be paid on 23 April 2021.

The number of shares entitled to a return of capital on the date of the proposal on the distribution of profits is 84,289,911, corresponding to a total return of capital of EUR 1,685,798. EUR 70,460,907 will be left in distributable funds.

There have been no substantial changes in the company's financial position after the end of the financial year. In the view of the Board of Directors, the proposed distribution of profits does not jeopardize the company's solvency.

Helsinki, 9 February 2021
Glaston Corporation
Board of Directors

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 31 DECEMBER 2020

This consolidated financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (SIC and IFRIC). The Notes to the Financial Statements are also in accordance with the Finnish Accounting Act and Ordinance and the Finnish Companies' Act.

These condensed financial statements are audited. Auditor's report has been given on 9 February 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.

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Net sales	38.3	47.3	170.1	181.0
Other operating income	0.7	0.6	2.3	1.8
Expenses	-37.6	-46.7	-164.8	-176.0
Depreciation, amortization and impairment	-1.5	-1.7	-6.0	-5.6
Depreciation of right-of-use assets	-0.5	-0.5	-2.1	-2.6
Operating result	-0.7	-0.9	-0.5	-1.3
Financial items, net	-0.6	-0.5	-2.3	-2.6
Interest expenses on lease liabilities	-0.1	-0.3	-0.5	-0.5
Result before income taxes	-1.4	-1.8	-3.3	-4.4
Income taxes	-0.8	-0.7	-2.2	-2.0
Profit / loss for the period	-2.2	-2.4	-5.5	-6.4
Attributable to:				
Owners of the parent	-2.2	-2.4	-5.5	-6.4
Non-controlling interest	-	0.0	-	-0.0
Total	-2.2	-2.4	-5.5	-6.4
Earnings per share, EUR	-0.026	-0.034	-0.065	-0.089
Operating result, as % of net sales	-1.8	-1.9	-0.3	-0.7
Profit / loss for the period, as % of net sales	-5.8	-5.1	-3.2	-3.5
Items affecting comparability	-1.6	-2.3	-3.8	-7.2
Comparable operating result	0.9	1.3	3.2	5.9
Comparable operating result, as % of net sales	2.4	2.8	1.9	3.3

STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR million

10-12/2020 10-12/2019 1-12/2020 1-12/2019

Profit / loss for the period	-2.2	-2.4	-5.5	-6.4
Other comprehensive income that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	-0.2	-0.6	-0.6	-0.4
Cash flow hedges	0.1	0.3	-0.3	0.0
Income tax on other comprehensive income	0.0	0.0	0.0	0.0
Other comprehensive income that will not be reclassified subsequently to profit or loss:				
Exchange differences on actuarial gains and losses arising from defined benefit plans	0.0	0.0	0.0	0.0
Fair value changes of financial assets measured at fair value through profit or loss	-0.2	0.0	-0.2	0.1
Actuarial gains and losses arising from defined benefit plans	1.6	-1.1	1.6	-1.2
Taxes on actuarial gains and losses arising from defined benefit plans	0.3	0.3	0.3	0.3
Other comprehensive income for the reporting period	1.5	-1.0	0.8	-1.2
Total comprehensive income for the reporting period	-0.7	-3.5	-4.7	-7.6
Attributable to:				
Owners of the parent	-0.7	-3.5	-4.7	-7.6
Non-controlling interest	-	0.0	-	0.0
Total comprehensive income for the reporting period	-0.7	-3.5	-4.7	-7.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

31.12.2020 31.12.2019

Assets		
Non-current assets		
Goodwill	58.3	58.3
Other intangible assets	18.6	19.7
Property, plant and equipment	23.1	25.0
Right-of-use assets	6.9	8.4
Financial assets measured at fair value through other comprehensive income	2.8	3.1
Loan receivables	2.1	2.5
Deferred tax assets	1.6	1.3
Total non-current assets	113.5	118.4
Current assets		
Inventories	25.1	42.6
Receivables		
Trade and other receivables	17.7	23.0
Contract assets	27.3	12.6
Assets for current tax	0.4	0.2
Total receivables	45.4	35.8
Cash equivalents	23.3	19.9
Total current assets	93.8	98.3
Total assets	207.3	216.7

EUR million	31.12.2020	31.12.2019
Equity and liabilities		
Equity		
Share capital	12.7	12.7
Other restricted equity reserves	0.1	0.0
Reserve for invested unrestricted equity	109.5	109.5
Fair value reserve	-0.0	0.2
Other unrestricted equity reserves	-0.2	0.0
Retained earnings and exchange differences	-47.7	-42.7
Net result attributable to owners of the parent	-5.5	-6.4
Equity attributable to owners of the parent	68.9	73.4
Non-controlling interest	-	-0.0
Total equity	68.9	73.4
Non-current liabilities		
Non-current interest-bearing liabilities	44.0	39.3
Non-current lease liabilities	6.6	8.2
Non-current interest-free liabilities and provisions	0.8	2.4
Deferred tax liabilities	7.8	6.7
Total non-current liabilities	59.2	56.6
Current liabilities		
Current interest-bearing liabilities	4.6	3.6
Current lease liabilities	1.6	1.7
Current provisions	3.5	3.9
Trade and other current interest-free payables	67.2	72.2
Contract liabilities	1.4	4.8
Liabilities for current tax	0.9	0.4
Total current liabilities	79.2	86.6
Total liabilities	138.4	143.2
Total equity and liabilities	207.3	216.7

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Cash flows from operating activities				
Cash flow before change in net working capital	-0.2	2.0	3.0	2.3
Change in net working capital	3.7	6.8	-2.3	8.6
Net cash flow from operating activities	3.5	8.8	0.7	10.8
Cash flow from investing activities				
Acquisition of subsidiaries less cash at the date of acquisition	-	-0.5	-	-51.7
Purchase of loan receivables of subsidiaries acquired	-	0.0	-	-16.9
Other purchases of non-current assets	-0.7	-1.6	-3.4	-4.6
Proceeds from sale of business	0.4	0.4	0.6	0.6
Proceeds from sale of other non-current assets	0.3	0.1	0.6	0.1
Net cash flow from investing activities	0.0	-1.6	-2.2	-72.5
Cash flow before financing	3.4	7.2	-1.5	-61.6
Cash flow from financing activities				
Share issue, net	-	-0.5	-	45.8
Increase in non-current liabilities	-	-	7.5	40.1
Decrease in non-current liabilities	-	-	-	-5.0
Changes in loan receivables (increase - / decrease +)	0.1	-	0.1	-
Increase in short-term liabilities	-	-	-	33.0
Decrease in short-term liabilities	-0.3	-	-1.6	-37.6
Return of capital	-	-	-	-1.2
Net cash flow from financing activities	-0.2	-0.5	5.9	75.1
Effect of exchange rate changes	-0.3	-0.7	-1.0	-1.5
Net change in cash and cash equivalents	2.9	5.9	3.4	12.0
Cash and cash equivalents at the beginning of period	20.3	13.9	19.9	7.9
Cash and cash equivalents at the end of period	23.3	19.9	23.3	19.9
Net change in cash and cash equivalents	2.9	5.9	3.4	12.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treas-ury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2019	12.7	25.3	39.6	-3.3	0.3	-42.7	4.5	36.3	0.1	36.4
Total compr. income for the period	-	-	-	-	0.1	-7.4	-0.4	-7.6	-0.0	-7.6
Share issue	-	-	45.8	-	-	-	-	45.8	-	45.8
Change in treasury shares	-	-	-	3.3	-	-3.3	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	-0.1	-0.1
Share-based plan	-	-	-	-	-	-	0.0	0.0	-	0.0
Share-based plan, tax effect	-	-	-	-	-	-	-0.0	-0.0	-	-0.0
Return of capital	-	-	-1.2	-	-	-	-	-1.2	-	-1.2
Dissolution of share premium account	-	-25.3	25.3	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	0.1	-	0.1	-	0.1
Equity at 31 December 2019	12.7	0.0	109.5	-	0.3	-53.3	4.2	73.4	0.0	73.4

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treas-ury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2020	12.7	-	109.5	-	0.2	-53.3	4.2	73.4	-	73.4
Total compr. income for the period	-	-	-	-	-0.5	-3.6	-0.6	-4.7	-	-4.7
Share-based plan	-	-	-	-	-	-	0.0	0.0	-	0.0
Share-based plan, tax effect	-	-	-	-	-	-	-0.0	-0.0	-	-0.0
Other changes	-	-	-	-	-	-	0.1	0.1	-	0.1
Equity at 31 December 2020	12.7	-	109.5	-	-0.2	-56.8	3.6	68.9	-	68.9

KEY RATIOS	31.12.2020	31.12.2019
EBITDA, as % of net sales	4.4	3.8
Comparable EBITDA, as % of net sales	6.7	7.8
Operating profit (EBIT), as % of net sales	-0.3	-0.7
Comparable operating profit (EBIT), as % of net sales	1.9	3.3
Comparable EBITA, as % of net sales	4.6	5.4
Profit / loss for the period, as % of net sales	-3.2	-3.5
Gross capital expenditure, EUR million	3.4	63.1
Gross capital expenditure, as % of net sales	2.0	34.8
Equity ratio, %	41.2	41.6
Gearing, %	82.6	72.0
Net gearing, %	48.8	45.0
Net interest-bearing debt, EUR million	33.6	33.0
Capital employed, end of period, EUR million	125.8	126.3
Return on equity, %, annualized	-7.7	-11.6
Return on capital employed, %, annualized	-0.4	-1.3
Number of personnel, average	744	689
Number of personnel, end of period	723	790

PER SHARE DATA	31.12.2020	31.12.2019
Number of registered shares, end of period, adjusted with share issue (1.000) (1)	84 290	84 290
Number of shares, average, adjusted with share issue, treasury shares excluded (1.000) (1)	84 290	72 072
EPS, total, basic and diluted, adjusted with share issue, EUR (1)	-0.065	-0.089
Adjusted equity attributable to owners of the parent per share, EUR (1)	0.82	0.87
Return of capital per share, EUR *	0.02	-
Return of capital yield / share *	2.25	-
Price per earnings per share (P/E) ratio (1)	-13.7	-14.2
Price per equity attributable to owners of the parent per share (1)	1.09	1.44
Market capitalization of registered shares, excl. treasury shares, EUR million (1)	75.0	105.8
Share turnover, % (number of shares traded, % of the average registered number of shares) (1)	29.2	15.1
Number of shares traded, (1.000) (1)	24 638	10 878
Closing price of the share, EUR (1)	0.89	1.26
Highest quoted price, EUR (1)	1.27	1.82
Lowest quoted price, EUR (1)	0.58	1.05
Volume-weighted average quoted price, EUR (1)	0.78	1.25

⁽¹⁾ A Reverse share split was implemented on 1 March 2019. A Rights issue was implemented during the second quarter in 2019. The number of shares and the share price and key ratios based on these for the comparative period have been restated accordingly.

*The Board of Directors' proposal to the Annual General Meeting

INFORMATION ABOUT THE IMPACT OF COVID-19 IN THE FINANCIAL REPORTING**Liquidity risk**

Liquidity risk is managed through 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 Group's funding is mainly organized by using the approximately EUR 75 million facilities agreement signed 2019 from which EUR 35 million is committed credit facilities including EUR 20 million guarantee facility.

In March, the company drew a EUR 7.5 million long-term loan using a revolving credit facility.

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 during the financial year have been met.

Glaston closely monitors and manages its liquidity and financial position. As a measure to ensure the adherence to the terms of its external financing Glaston agreed with its financing banks on increased covenant levels and postponement of debt repayments for the second half of 2020.

EUR million	In use	Unused	Total
Committed credit facilities 31.12.2020	15.4	19.6	35.0
Committed credit facilities 31.12.2019	10.6	24.4	35.0

EUR million	31.12.2020	31.12.2019
Loans from financial institutions	48.7	43.0
Lease liabilities	8.2	9.9
Other interest-bearing liabilities	-	-
Cash	23.3	19.9
Total	33.6	33.0

Net gearing, %	48.8	45.0
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Credit risk

The impact of the COVID-19 pandemic on credit risk is reviewed in companies on a monthly basis and there has been no significant change in uncertain receivables. Efforts have been taken to strengthen receivables collection throughout the year, and credit risk and realized credit losses have not significantly increased. Credit risks are mitigated through stringent customer payment terms with significant customer advances. Orders are registered in the order book only upon receipt of customer advance. No orders in the order book have been cancelled.

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. The gross amount of impaired trade receivables at the end of the reporting period was EUR 1.5 (3.7 on 31.12.2019), and the impairment loss of these receivables was EUR 1.4 (2.4 on 31.12.2019) million.

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 December 2020 15.3 (12.1 on 31.12.2019) per cent of Group's trade receivables were secured by LCs.

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
31.12.2020	14.7	10.0	2.9	1.4	0.4	0.2
31.12.2019	18.5	12.4	2.8	1.7	0.7	0.8

IMPAIRMENT TESTING OF GOODWILL

Glaston has updated the impairment tests on 31 December 2020. The recoverable amount of a cash-generating unit is defined as the value in use obtained by discounting its estimated future cash flows.

Based on the impairment test, there was no need to record an impairment loss and the recoverable amount exceeded the carrying amount of the tested assets: 42 percent in the Heat Treatment Machines business, 44 percent in the Heat Treatment Services business, 92 percent in the Insulating Glass Technologies business, and 15 percent in the Automotive Glass Technologies business.

Cash generating unit	1.1.2020	31.12.2020
Heat Treatment Machines	4.1	4.1
Heat Treatment Services	26.5	26.5
Insulating Glass Technologies	19.4	19.4
Automotive & Emerging Technologies	8.3	8.3
Total	58.3	58.3

The most significant assumptions used in value in use calculations in 2020	Heat Treatment Machines	Heat Treatment Services	Insulating Glass Technologies	Automotive Glass Technologies
Pre-tax discount rate	10.5%	11.9%	12.7%	10.7%
Long-term growth rate	1.0%	1.0%	1.0%	1.0%

A change in an assumption which, other things being equal, would cause the recoverable amount to equal the carrying amount

Post-tax discount rate	Value assigned to the assumption	Value Change
Heat Treatment Machines	9.7%	13.2%
Heat Treatment Services	9.2%	13.0%
Insulating Glass Technologies	8.7%	15.8%
Automotive Glass Technologies	9.1%	10.4%
Long-term growth rate	Value assigned to the assumption	Value Change
Heat Treatment Machines	1.0%	-4.8%
Heat Treatment Services	1.0%	-4.9%
Insulating Glass Technologies	1.0%	-12.4%
Automotive Glass Technologies	1.0%	-0.7%

SEGMENT INFORMATION

Glaston's reportable segments as of January 1, 2020 are Glaston Heat Treatment, Glaston Insulating Glass, Glaston Automotive & Emerging Technologies. The reportable segments comply with the group's accounting and valuation principles. In inter-segment transactions, Glaston complies with the same commercial terms and conditions as in its third party transactions.

The reportable segments consist of operating segments, which have been aggregated in accordance with the criteria of IFRS 8.12.

Operating segments have been aggregated, when the nature of the products and services is similar, the nature of the production process is similar as well as the type or class of customers. Glaston Group's business consists of the manufacture and sale of glass processing machines as well as the service operations for these machines. There is a high level of integration between

glass machines and maintenance. Their customers are the same, as is their market development, which is linked to the general development of the global market.

Glaston's highest operative decision maker (CODM, Chief Operating Decision Maker) is Glaston Corporation's President & CEO, supported by the Executive Management Group. The President & CEO assesses the Group's financial position and its overall development.

Order intake

EUR million

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Heat Treatment	20.7	23.0	56.1	76.0
Insulating Glass	22.2	18.0	75.7	60.4
Automotive & Emerging Technologies	8.8	7.7	20.2	19.7
Total segments	51.6	48.7	152.1	156.1
Unallocated and eliminations	0.5	0.5	1.4	6.1
Total Glaston Group	52.1	49.2	153.5	162.2

Net sales

EUR million

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Heat Treatment	14.9	20.8	61.6	82.6
Insulating Glass	18.0	14.5	81.9	58.8
Automotive & Emerging Technologies	4.9	11.9	24.6	35.5
Total segments	37.9	47.2	168.2	176.9
Unallocated and eliminations	0.4	0.1	1.9	4.1
Total Glaston Group	38.3	47.3	170.1	181.0

Operating result (EBIT)

EUR million

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Heat Treatment	-0.5	-0.3	-0.8	-0.9
Insulating Glass	0.7	0.0	3.6	0.4
Automotive & Emerging Technologies	-1.0	-0.4	-3.4	1.2
Total segments	-0.8	-0.8	-0.6	0.7
Unallocated and eliminations	0.1	-0.1	0.1	-2.0
Total Glaston Group	-0.7	-0.9	-0.5	-1.3
Operating result %	-1.8 %	-1.8 %	-0.3 %	-0.7 %

Comparable operating result (EBIT)

EUR million

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Heat Treatment	0.5	0.8	0.8	1.9
Insulating Glass	1.1	0.9	5.2	2.6
Automotive & Emerging Technologies	-0.8	-0.3	-2.9	1.5
Total segments	0.8	1.5	3.1	6.0
Unallocated and eliminations	0.1	-0.1	0.1	-0.1
Total Glaston Group	0.9	1.3	3.2	5.9
Comparable EBIT %	2.4 %	2.8 %	1.9 %	3.3 %

Comparable EBITA

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Heat Treatment	0.9	1.2	2.4	3.4
Insulating Glass	1.6	1.6	7.3	4.7
Automotive & Emerging Technologies	-0.6	-0.2	-2.1	1.7
Total segments	1.9	2.6	7.6	9.8
Unallocated and eliminations	0.1	-0.1	0.1	-0.1
Total Glaston Group	2.1	2.5	7.7	9.7
Comparable EBITA %	5.4 %	5.2 %	4.6 %	5.4 %

Segment assets

EUR million	1-12/2020	1-12/2019
Heat Treatment	69.8	81.0
Insulating Glass	78.4	72.5
Automotive & Emerging Technologies	28.6	36.2
Total segment assets	176.8	189.7
Other assets	30.4	27.0
Total assets	207.3	216.7

Segment liabilities

EUR million	1-12/2020	1-12/2019
Heat Treatment	31.9	40.1
Insulating Glass	35.1	28.6
Automotive & Emerging Technologies	5.1	13.3
Total segment liabilities	72.1	82.0
Other liabilities	66.3	61.2
Total liabilities	138.4	143.2

Personnel at the end of the period

EUR million	1-12/2020	1-12/2019
Heat Treatment	293	333
Insulating Glass	330	344
Automotive & Emerging Technologies	94	103
Others	6	10
Total personnel at the end of the period	723	790

ORDER INTAKE, ORDER BOOK, NET SALES AND OPERATING RESULT BY QUARTERS**Order intake**

EUR million	10-12/2020	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Heat Treatment	20.7	7.6	8.7	19.7	23.0	15.9	16.2	20.9
Insulating Glass	22.2	21.6	11.5	21.2	18.0	21.1	21.3	-
Automotive & Emerging Technologies	8.8	3.8	3.6	4.2	7.7	5.7	5.5	0.6
Total segments	51.6	33.1	23.8	45.2	48.7	42.7	43.0	21.5
Unallocated and eliminations	0.5	0.3	0.2	0.5	0.5	2.9	1.5	1.3
Total Glaston Group	52.1	33.3	24.0	45.6	49.2	45.6	44.5	22.9

Order intake

EUR million	31.12.2020	30.9.2020	30.6.2020	31.3.2020	31.12.2019	30.9.2019	30.6.2019	31.3.2019
Heat Treatment	29.5	25.2	28.0	34.7	35.1	34.2	30.0	41.6
Insulating Glass	26.1	18.9	15.7	29.7	31.2	28.3	27.9	-
Automotive & Emerging Technologies	8.3	3.6	5.2	11.5	12.5	15.2	20.4	0.8
Total segments	63.9	47.6	48.9	75.9	78.8	77.7	78.4	42.4
Unallocated and eliminations	0.0	0.2	0.2	0.6	0.7	1.4	0.5	0.4
Total Glaston Group	63.9	47.8	49.1	76.4	79.5	79.1	78.9	42.8

*Order book 31.3.2020 has changed

Net sales

EUR million	10-12/2020	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Heat Treatment	14.9	12.6	14.9	19.2	20.8	20.1	22.1	19.6
Insulating Glass	18.0	17.4	24.1	22.4	14.5	21.4	22.9	-
Automotive & Emerging Technologies	4.9	5.7	9.7	4.3	11.9	11.2	12.3	0.0
Total segments	37.9	35.6	48.7	46.0	47.2	52.7	57.3	19.7
Unallocated and eliminations	0.4	0.3	0.2	1.0	0.1	1.8	1.1	1.1
Total Glaston Group	38.3	35.9	48.9	46.9	47.3	54.5	58.4	20.8

Operating result (EBIT)

EUR million	10-12/2020	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Heat Treatment	-0.5	-0.4	0.1	0.1	-0.3	-0.3	-0.4	-0.0
Insulating Glass	0.7	0.4	1.0	1.4	-0.0	-0.7	1.1	-
Automotive & Emerging Technologies	-1.0	-0.4	-0.6	-1.4	-0.4	1.1	0.5	-0.0
Total segments	-0.8	-0.5	0.6	0.1	-0.8	0.2	1.3	-0.0
Unallocated and eliminations	0.1	-0.0	-0.0	0.1	-0.1	-0.2	-0.8	-0.8
Total Glaston Group	-0.7	-0.5	0.6	0.1	-0.9	-0.0	0.4	-0.8
Operating result %	-1.8%	-1.4%	1.1%	0.3%	-1.8%	-0.0%	0.7%	-3.6%

Comparable EBIT

EUR million	10-12/2020	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Heat Treatment	0.5	-0.2	0.2	0.3	0.8	1.0	-0.2	0.4
Insulating Glass	1.1	0.7	1.5	1.9	0.9	-0.1	1.8	-
Automotive & Emerging Technologies	-0.8	-0.3	-0.5	-1.3	-0.3	1.2	1.0	-0.4
Total segments	0.8	0.2	1.2	0.9	1.5	2.0	2.5	0.0
Unallocated and eliminations	0.1	-0.1	-0.0	0.1	-0.1	-0.1	0.0	0.1
Total Glaston Group	0.9	0.2	1.2	0.9	1.3	2.0	2.5	0.1
Comparable EBIT %	2.4%	0.5%	2.5%	2.0%	2.8%	3.6%	4.3%	0.4%

Comparable EBITA

EUR million	10-12/2020	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Heat Treatment	0.9	0.2	0.6	0.7	1.2	1.3	0.1	0.9
Insulating Glass	1.6	1.2	2.0	2.4	1.6	0.7	2.4	-
Automotive & Emerging Technologies	-0.6	-0.1	-0.3	-1.1	-0.2	1.2	1.0	-0.4
Total segments	1.9	1.4	2.4	2.0	2.6	3.2	3.6	0.5
Unallocated and eliminations	0.1	-0.1	-0.0	0.1	-0.1	-0.1	0.0	0.1
Total Glaston Group	2.1	1.3	2.3	2.0	2.5	3.1	3.6	0.6
Comparable EBITA %	5.4%	3.6%	4.8%	4.3%	5.2%	5.7%	6.2%	2.7%

COMPARABLE OPEARATING RESULT EBIT AND EBITA**Items affecting comparability**

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Re-structuring	-1.6	-1.7	-3.8	-6.2
Others	-	-0.6	-	-1.0
Items affecting comparability	-1.6	-2.3	-3.8	-7.2

Comparable operating result (EBIT) and EBITA

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Operating result	-0.7	-0.9	-0.5	-1.3
Items affecting comparability	1.6	2.3	3.8	7.2
Comparable EBIT	0.9	1.4	3.2	5.9
Operating result	-0.7	-0.9	-0.5	-1.3
Amortization and purchase price allocation	1.2	1.1	4.5	3.8
EBITA	0.4	0.3	4.0	2.5
Items affecting comparability	1.6	2.3	3.8	7.2
Comparable EBITA	2.1	2.5	7.7	9.7
% of net sales	5.4%	5.2%	4.6%	5.4%

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	1-12/2020	1-12/2019
Carrying amount at beginning of the period	25.0	7.7
Additions	0.8	2.1
Additions, business acquisitions	-	40.1
Disposals	-0.4	0.1
Depreciation and amortization	-2.1	-2.2
Depreciation and amortization, business acquisitions	-	-22.6
Impairment and reversals of impairment	-	-0.1
Reclassification and other changes	-0.2	-0.1
Transfers to available-for-sale assets	-	-0.2
Exchange differences	-0.1	0.0
Carrying amount at end of the period	23.1	25.0

At the end of December 2020 Glaston had not contractual commitments for the acquisition of property, plant and equipment.

EUR million

Changes in intangible assets	1-12/2020	1-12/2019
Carrying amount at beginning of the period	78.1	36.3
Additions	2.5	2.3
Additions, business acquisitions	-	47.9
Disposals	-	-0.0
Depreciation and amortization	-3.9	-3.4
Depreciation and amortization, business acquisitions	-	-5.2
Reclassification and other changes	0.2	0.1
Exchange differences	0.0	0.0
Carrying amount at end of the period	76.9	78.1

LEASES IN THE BALANCE SHEET

Right-of-use assets

EUR million	1-12/2020	1-12/2019
Carrying amount at beginning of the period	8.4	8.0
Additions	0.5	4.0
Depreciation expense	-2.1	-3.6
Carrying amount at end of the period	6.9	8.4

Lease liabilities

EUR million	1-12/2020	1-12/2019
Carrying amount at beginning of the period	9.9	9.0
Additions	0.4	3.1
Interest expense	0.5	0.5
Rental payment	-2.6	-2.7
Carrying amount at end of the period	8.2	9.9

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	1-12/2020	1-12/2019
Depreciation of right-of-use assets	-2.1	-2.6
Interest expense on lease liabilities	-0.5	-0.5
Short-term lease expense	-0.3	-0.2
Total amounts recognised in profit or loss	-2.9	-3.3

CONTINGENT LIABILITIES

EUR million	31.12.2020	31.12.2019
Mortgages and pledges		
On own behalf	511.4	511,4
Guarantees		
On own behalf	9.0	12.4
On behalf of others	0.1	0.1

Mortgages and pledges include EUR 23.9 million shares in group companies.

Glaston Group has international operations and 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.

DERIVATIVE INSTRUMENTS

EUR million	31.12.2020		31.12.2019	
	Nominal value	Fair value	Nominal value	Fair value
Currency forwards				
Currency forward contracts	12.3	0.3	12.0	0.0

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.

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. Fair value equals cost or cost less impairment

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

	2020	2019
1.1.	2.8	2.8
Additions	-	-
Disposals	-	-
Impairment losses	-	-
Reclassification	-	-
31.12.	2.8	2.8

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	31.12.2020				31.12.2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Listed shares	-0.0	-	0.0	0.0	0.2	-	0.0	0.2
Other long-term investments	-	-	2.8	2.8	-	-	2.8	2.8
Currency forward contracts	-	0.3	-	0.3	-	0.0	-	0.0
Total	-0.0	0.3	2.8	3.2	0.2	0.0	2.8	3.1
Liabilities								
Currency forward contracts	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

DEFINITIONS OF KEY RATIOS

Per share data

Earnings per share (EPS):

Net result attributable to owners of the parent / Adjusted average number of shares

Dividend per share*:

Dividends paid / Adjusted 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 / Adjusted 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

Alternative performance measures**Comparable EBIT:**

Operating result after depreciation, amortization and impairment, +/- items affecting comparability

Comparable EBITDA:

Operating result before depreciation, amortization and impairment, +/- items affecting comparability

Comparable EBITA:

Operating result before amortization, impairment of intangible assets and purchase price allocation +/- items affecting comparability

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 / Adjusted 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.

Accounting policies

The Glaston Group's Q4 financial report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34. The Q4 financial report has followed the same IFRS accounting principles as in the previous consolidated financial statements.

NOTE 1**GLASTON AND BYSTRONIC GLASS PRO FORMA 2019 COMPARATIVE FIGURES**

The following unaudited pro forma financial information has been presented to illustrate how the Bystronic glass acquisition and related financing arrangements would have had a hypothetical impact on the company's result if it had materialized on 1 January 2019. Pro forma information is presented separately for the group level and segments.

Pro forma financial information has been prepared in accordance with the IFRS standards introduced in the EU and with the accounting principles used by Glaston in the consolidated financial statements.

**CONDENSED STATEMENT OF PROFIT OR LOSS
PRO FORMA**

EUR million	Actual	Pro forma
	1-12/2020	1-12/2019
Net sales	170.1	204.6
Other operating income	2.3	2.1
Expenses	-164.8	-197.1
Depreciation, amortization and impairment	-6.0	-6.5
Depreciation of right-of-use assets	-2.1	-2.8
Operating result	-0.5	0.3
Financial items, net	-2.3	-2.7
Interest expenses on lease liabilities	-0.5	-0.5
Result before income taxes	-3.3	-3.0
Income taxes	-2.2	-2.7
Profit / loss for the period	-5.5	-5.6

Average number of shares, issues adjusted (1000)	84 290	72 072
Earnings per share	-0.065	-0.078

Order intake

EUR million	Actual	Pro forma
	1-12/2020	1-12/2019
Heat Treatment	56.1	76.0
Insulating Glass	75.7	72.6
Automotive & Emerging Technologies	20.2	29.6
Total segments	152.1	178.3
Unallocated and eliminations	1.4	6.3
Total Glaston Group	153.5	184.6

Net sales

EUR million	Actual	Pro forma
	1-12/2020	1-12/2019
Heat Treatment	61.6	82.6
Insulating Glass	81.9	73.9
Automotive & Emerging Technologies	24.6	44.0
Total segments	168.2	200.5
Unallocated and eliminations	1.9	4.0
Total Glaston Group	170.1	204.6

Operating result (EBIT)

EUR million	Actual 1-12/2020	Pro forma 1-12/2019
Heat Treatment	-0.8	-0.9
Insulating Glass	3.6	1.3
Automotive & Emerging Technologies	-3.4	1.8
Total segments	-0.6	2.2
Unallocated and eliminations	0.1	-2.0
Total Glaston Group	-0.5	0.3

Comparable EBIT

EUR million	Actual 1-12/2020	Pro forma 1-12/2019
Heat Treatment	0.8	1.9
Insulating Glass	5.2	3.5
Automotive & Emerging Technologies	-2.9	2.1
Total segments	3.1	7.6
Unallocated and eliminations	0.1	-0.1
Total Glaston Group	3.2	7.5

Comparable EBITA

EUR million	Actual 1-12/2020	Pro forma 1-12/2019
Heat Treatment	2.4	3.4
Insulating Glass	7.3	6.2
Automotive & Emerging Technologies	-2.1	2.6
Total segments	7.6	12.1
Unallocated and eliminations	0.1	-0.1
Total Glaston Group	7.7	12.1

PRO FORMA ORDER INTAKE, ORDER BOOK, NET SALES AND OPERATING RESULT BY QUARTERS**Order intake**

EUR million	Actual 10-12/2020	Actual 7-9/2020	Actual 4-6/2020	Actual 1-3/2020	Actual 10-12/2019	Actual 7-9/2019	Actual 4-6/2019	Pro forma 1-3/2019
Heat Treatment	20.7	7.6	8.7	19.7	23.0	15.9	16.2	20.9
Insulating Glass	22.2	21.6	11.5	21.2	18.0	21.1	21.3	12.3
Automotive & Emerging Technologies	8.8	3.8	3.6	4.2	7.7	5.7	5.5	10.7
Total segments	51.6	33.1	23.8	45.2	48.7	42.7	43.0	43.9
Unallocated and eliminations	0.5	0.3	0.2	0.5	0.5	2.9	1.5	1.3
Total Glaston Group	52.1	33.3	24.0	45.6	49.2	45.6	44.5	45.3

Order book

EUR million	Actual 31.12.2020	Actual 30.9.2020	Actual 30.6.2020	Actual 31.3.2020	Actual 31.12.2019	Actual 30.9.2019	Actual 30.6.2019	Pro forma 31.3.2019
Heat Treatment	29.5	25.2	28.0	34.7	35.1	34.2	30.0	41.6
Insulating Glass	26.1	18.9	15.7	29.7	31.2	28.3	27.9	32.3
Automotive & Emerging Technologies	8.3	3.6	5.2	11.5	12.5	15.2	20.4	30.0
Total segments	63.9	47.6	48.9	75.9	78.8	77.7	78.4	103.8
Unallocated and eliminations	0.0	0.2	0.2	0.6	0.7	1.4	0.5	0.4
Total Glaston Group	63.9	47.8	49.1	76.4	79.5	79.1	78.9	104.2

* Order book 31.3.2020 has changed

Net sales

EUR million	Actual 10-12/2020	Actual 7-9/2020	Actual 4-6/2020	Actual 1-3/2020	Actual 10-12/2019	Actual 7-9/2019	Actual 4-6/2019	Pro forma 1-3/2019
Heat Treatment	14.9	12.6	14.9	19.2	20.8	20.1	22.1	19.6
Insulating Glass	18.0	17.4	24.1	22.4	14.5	21.4	22.9	15.1
Automotive & Emerging Technologies	4.9	5.7	9.7	4.3	11.9	11.2	12.3	8.5
Total segments	37.9	35.6	48.7	46.0	47.2	52.7	57.3	43.2
Unallocated and eliminations	0.4	0.3	0.2	1.0	0.1	1.8	1.1	1.1
Total Glaston Group	38.3	35.9	48.9	46.9	47.3	54.5	58.4	44.3

Operating result (EBIT)

EUR million	Actual 10-12/2020	Actual 7-9/2020	Actual 4-6/2020	Actual 1-3/2020	Actual 10-12/2019	Actual 7-9/2019	Actual 4-6/2019	Pro forma 1-3/2019
Heat Treatment	-0.5	-0.4	0.1	0.1	-0.3	-0.3	-0.4	-0.0
Insulating Glass	0.7	0.4	1.0	1.4	-0.0	-0.7	1.1	0.9
Automotive & Emerging Technologies	-1.0	-0.4	-0.6	-1.4	-0.4	1.1	0.5	0.7
Total segments	-0.8	-0.5	0.6	0.1	-0.8	0.2	1.3	1.6
Unallocated and eliminations	0.1	-0.1	-0.0	0.1	-0.1	-0.2	-0.8	-0.8
Total Glaston Group	-0.7	-0.5	0.6	0.1	-0.9	-0.0	0.4	0.8

Comparable EBIT

EUR million	Actual 10-12/2020	Actual 7-9/2020	Actual 4-6/2020	Actual 1-3/2020	Actual 10-12/2019	Actual 7-9/2019	Actual 4-6/2019	Pro forma 1-3/2019
Heat Treatment	0.5	-0.2	0.2	0.3	0.8	1.0	-0.2	0.2
Insulating Glass	1.1	0.7	1.5	1.9	0.9	-0.1	1.8	0.9
Automotive & Emerging Technologies	-0.8	-0.3	-0.5	-1.3	-0.3	1.2	1.0	0.4
Total segments	0.8	0.2	1.2	0.9	1.5	2.0	2.5	1.6
Unallocated and eliminations	0.1	-0.1	-0.0	0.1	-0.1	-0.1	0.0	-0.0
Total Glaston Group	0.9	0.2	1.2	0.9	1.3	2.0	2.5	1.6

Comparable EBITA

EUR million	Actual 10-12/2020	Actual 7-9/2020	Actual 4-6/2020	Actual 1-3/2020	Actual 10-12/2019	Actual 7-9/2019	Actual 4-6/2019	Pro forma 1-3/2019
Heat Treatment	0.9	0.2	0.6	0.7	1.2	1.3	0.1	0.7
Insulating Glass	1.6	1.2	2.0	2.4	1.6	0.7	2.4	1.4
Automotive & Emerging Technologies	-0.6	-0.1	-0.3	-1.1	-0.2	1.2	1.0	0.6
Total segments	1.9	1.4	2.4	2.0	2.6	3.2	3.6	2.7
Unallocated and eliminations	0.1	-0.1	-0.0	0.1	-0.1	-0.1	0.0	0.1
Total Glaston Group	2.1	1.3	2.3	2.0	2.5	3.1	3.6	2.8

Items affecting comparability

EUR million	Actual 1-12/2020	Pro forma 1-12/2019
Re-structuring	-3.8	-6.2
Others	-	-1.0
Items affecting comparability	-3.8	-7.2

EUR million	Actual 1-12/2020	Pro forma 1-12/2019
Operating result	-0.5	0.3
Items affecting comparability	3.8	7.2
Comparable EBIT	3.2	7.5
Amortization and purchase price allocation	4.5	4.5
Comparable EBITA	7.7	12.1
% of net sales	4.6 %	5.9 %