



Q2

Glaston Corporation HALF-YEAR FINANCIAL REPORT 1 January – 30 June 2021



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Glaston's half year financial report January–June 2021: Record high quarterly order intake in Q2

As of 1 January 2021, the company has three reporting segments: Glaston Heat Treatment, Glaston Insulating Glass and Glaston Automotive & Display. 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 2021, the company published comparative information according to the new structure. The figures in brackets refer to the comparison period, i.e. the same period in the previous year, unless otherwise stated.

APRIL–JUNE 2021 IN BRIEF

- Orders received totaled EUR 65.9 (24.0) million
- Net sales totaled EUR 43.3 (48.9) million
- Comparable EBITA was EUR 2.4 (2.3) million, i.e. 5.5 (4.8)% of net sales
- The operating result (EBIT) was EUR 1.6 (0.6) million
- The comparable operating result (EBIT) was EUR 1.3 (1.2) million, i.e. 2.9 (2.5)% of net sales
- Items affecting comparability totaled EUR 0.3 (-0.7) million
- Comparable earnings per share were EUR 0.009 (0.002)
- Cash flow from operating activities was EUR 7.7 (-0.3) million

JANUARY–JUNE 2021 IN BRIEF

- Orders received totaled 113.2 (69.6) million
- Net sales totaled EUR 83.7 (95.9) million
- Comparable EBITA was EUR 4.4 (4.4) million, i.e. 5.3 (4.6)% of net sales
- The operating result (EBIT) was EUR 1.7 (0.7) million
- The comparable operating result (EBIT) was EUR 2.2 (2.1) million, i.e. 2.6 (2.2)% of net sales
- Items affecting comparability totaled EUR -0.5 (-1.5) million
- Comparable earnings per share were EUR 0.018 (0.016)
- Cash flow from operating activities was EUR 14.3 (-3.4) million

GLASTON SPECIFIES OUTLOOK FOR 2021

The strong recovery in orders received in the first half of 2021 indicates positive development for both the machines and services business throughout 2021. The low order backlog at the start of 2021 (20% lower compared to the previous year) impacted Glaston's January–June 2021 net sales and comparable operating profit. Moreover, the second half of 2021 will benefit from the strong order intake development seen in the first half of the year.

Glaston expects the heat treatment and insulating glass technology markets to continue to perform well. However, order intake for the rest of the year is expected to return to pre-COVID-19 levels after the record high second quarter. In the short-term demand for automotive glass processing technology shows recovery but remains uncertain due to structural changes and supply chain driven challenges in the market. There is higher than normal uncertainty connected to the outlook due to increasing component pricing and delivery times, as well as potential ongoing travel restrictions.

Based on the high order intake since the fourth quarter of 2020, Glaston Corporation estimates that its net sales in 2021 will improve from the level reported for 2020 and specifies its outlook for comparable EBITA, which is estimated to increase to EUR 10.5–12.5 million. In 2020, Group net sales totaled EUR 170.1 million and comparable EBITA was EUR 7.7 million.

(Previous outlook: Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2021 from the levels reported for 2020.)

President & CEO Anders Dahlblom:

“In the second quarter of 2021, the strong recovery of Glaston’s markets continued and orders received increased to a record high EUR 65.9 million. This increase is, of course, significant compared to the COVID-19 impacted second quarter of 2020 but, more importantly, new orders were as much as 48% higher than in the second quarter of 2019. The strong demand for heat treatment equipment, already noted in the previous two quarters, continued throughout the second quarter, and orders received increased to EUR 24.4 million. Orders received in the Insulating Glass segment saw excellent development and increased to EUR 30.9 million. Also, order intake in the Automotive & Display segment noted good recovery to EUR 10.3 million. Due to the strong development in order intake, cash flow was excellent and the order backlog increased to EUR 87.8 million.

Second-quarter net sales were EUR 43.3 million, down 12% compared to the corresponding period in the previous year. Comparable EBITA was slightly above the previous year’s level (EUR 2.4 million), despite lower net sales.

During the quarter, supply chain disruptions were a growing concern. Raw material prices are increasing and the delivery times for certain components are becoming longer. Currently, material shortages are primarily putting pressure on spare parts and we can see our own delivery times becoming longer for certain products, which is impacting the timing of our services revenue. We proactively take actions to secure the availability of the critical components to avoid delivery delays. Due to increasing material and freight costs, we are focusing on managing our product pricing accordingly.

Differentiating us from the competition, Glaston’s wide product portfolio and comprehensive services add value to our customers, who can benefit from unifying their technology solutions. During the first half of the year, we have noted good development in cross-selling heat treatment and insulating glass technologies. Disclosed in April, the strategic and commercial importance of cross-selling was clearly demonstrated when PRESS GLASS UAB, part of PRESS GLASS Group, the leading European producer of processed flat glass for the construction industry, placed an order for several insulating glass lines, one tempering line, a grinding line, as well as other equipment.

Glaston’s revised strategy for 2021–2025 was approved on 5 August. The key objectives of the strategy are clearly improved organic growth and profitability. Growth is driven by our strategic initiatives and the expected over 5% annual addressable equipment market growth. Strategic must-win development initiatives securing net sales growth and improved profitability have been identified in all Glaston business areas, as well as in the services business. As the industry frontrunner, Glaston plans to increase investments in innovation and development initiatives. Profitability improvement is supported by net sales growth, an optimal product offering, as well as productivity improvements.

For Glaston, sustainability is a strategic focus area. Our ambition is to maintain leadership in developing the industry towards a more sustainable future. As societies take actions towards carbon neutrality, there is increased focus on the energy performance of buildings. Glaston’s technologies are at the core of promoting sustainability as the majority of our business is targeted at the architectural segment in which our products provide key technologies for improved energy efficiency and building safety. The increased focus on reducing the energy consumption of buildings is expected to boost demand for insulating glass technologies, in particular. In addressing our focus on sustainability, in addition to financial targets, we have also set new non-financial targets, for example for CO₂ emissions and health and safety.

The review period saw a recovery in investment confidence. In most regions and markets, our customers’ business activity improved. Considering the increasing customer activity and resumed customer projects, we expect the positive market development to continue during the second half of 2021, indicating a healthy, pre-COVID-19 order intake level.



Changes in the company's reporting

As of 1 January 2021, the company has three reporting segments: Glaston Heat Treatment, Glaston Insulating Glass and Glaston Automotive & Display. 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 2021, the company published comparative information according to the new structure. The figures in brackets refer to the comparison period, i.e. the same period in the previous year, unless otherwise stated.

GLASTON GROUP'S KEY FIGURES

MEUR	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Orders received	65.9	24.0	113.2	69.6	153.5
of which service operations	16.8	9.9	34.3	25.4	57.1
of which service operations, %	25.5%	41.3%	30.3%	36.5%	37.2%
Order book at end of period	87.8	49.1	87.8	49.1	63.9
Net sales	43.3	48.9	83.7	95.9	170.1
of which service operations	14.7	11.2	31.3	27.7	58.1
of which service operations, %	34.0%	22.8%	37.4%	28.9%	34.1%
EBITDA	3.5	2.6	5.5	4.8	7.6
Items affecting comparability ⁽¹⁾	-0.3	0.7	0.5	1.5	3.8
Comparable EBITDA	3.2	3.3	6.0	6.3	11.3
Comparable EBITDA, %	7.4%	6.7%	7.2%	6.5%	6.7%
Comparable EBITA	2.4	2.3	4.4	4.4	7.7
Comparable EBITA, %	5.5%	4.8%	5.3%	4.6%	4.6%
Operating result (EBIT)	1.6	0.6	1.7	0.7	-0.5
Comparable operating result (EBIT)	1.3	1.2	2.2	2.1	3.2
Comparable operating result (EBIT), %	2.9%	2.5%	2.6%	2.2%	1.9%
Profit/loss before taxes	0.6	-0.3	0.3	-0.4	-3.3
Profit/loss for the period	0.4	-1.2	-0.3	-1.5	-5.5
Comparable earnings per share, adjusted with share issue, EUR	0.009	0.002	0.018	0.016	0.013
Number of registered shares at end of period adjusted with share issue (1,000)	84,290	84,290	84,290	84,290	84,290
Cash flow from operating activities	7.7	-0.3	14.3	-3.4	0.7
Net interest-bearing debt at end of period			21.4	37.4	33.6
Return on investment (ROI), %, (annualized)			2.7%	1.0%	-0.4%
Comparable return on capital employed (ROCE), %, (annualized)			5.3%	4.3%	4.7%
Equity ratio, %			42.1%	40.8%	41.2%
Net gearing, %			32.1%	51.8%	48.8%
Number of employees at end of period			733	755	723

⁽¹⁾ + cost, - income

KEY FIGURES FOR REPORTING SEGMENTS

Orders received, EUR million

	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Heat Treatment	24.4	8.7	47.2	28.5	56.1
Insulating Glass	30.9	11.5	50.5	32.7	75.7
Automotive & Display	10.3	3.6	15.1	7.8	20.2
Segments, total	65.6	23.8	112.8	68.9	152.1
Unallocated and eliminations	0.3	0.2	0.4	0.7	1.4
Glaston Group, total	65.9	24.0	113.2	69.6	153.5

Order book, EUR million

	30.6.2021	30.6.2020	31.12.2020
Heat Treatment	46.1	29.5	31.4
Insulating Glass	35.7	15.7	26.1
Automotive & Display	6.0	3.7	6.5
Segments, total	87.8	48.9	63.9
Unallocated and eliminations	0.0	0.2	0.0
Glaston Group, total	87.8	49.1	63.9

Net sales, EUR million

	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Heat Treatment	17.6	15.1	31.5	34.5	61.6
Insulating Glass	18.2	24.1	39.4	46.6	81.9
Automotive & Display	7.2	9.5	12.4	13.7	24.6
Segments, total	42.9	48.7	83.3	94.7	168.2
Unallocated and eliminations	0.3	0.2	0.4	1.2	1.9
Glaston Group, total	43.3	48.9	83.7	95.9	170.1

Comparable EBITA, EUR million

	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Heat Treatment	0.6	0.5	0.9	1.0	2.0
Insulating Glass	0.9	2.0	2.7	4.4	7.3
Automotive & Display	0.8	-0.1	0.8	-1.1	-1.6
Segments, total	2.3	2.4	4.4	4.3	7.6
Unallocated and eliminations	0.1	-0.0	0.0	0.0	0.1
Glaston Group, total	2.4	2.3	4.4	4.4	7.7

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

	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Heat Treatment	0.1	0.1	0.0	0.3	0.4
Insulating Glass	0.5	1.5	1.7	3.4	5.2
Automotive & Display	0.6	-0.3	0.4	-1.5	-2.5
Segments, total	1.2	1.2	2.2	2.1	3.1
Unallocated and eliminations	0.1	0.0	0.0	0.0	0.1
Comparable operating result (EBIT), total	1.3	1.2	2.2	2.1	3.2
Comparable operating result (EBIT), %	2.9%	2.5%	2.6%	2.2%	1.9%
Items affecting comparability	-0.3	0.7	0.5	1.5	3.8
Operating result (EBIT)	1.6	0.6	1.7	0.7	-0.5
Operating result (EBIT), %	3.6%	1.1%	2.0%	0.7%	-0.3%

KEY FIGURES FOR PRODUCT AREAS

**Orders received by product area,
EUR million**

	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Heat Treatment Technologies	17.2	5.4	32.1	18.6	34.1
Insulating Glass Technologies	25.5	6.7	38.9	22.5	53.6
Automotive & Display Technologies	6.2	1.7	7.5	2.4	7.3
Services	16.8	9.9	34.3	25.4	57.1
Unallocated and eliminations	0.3	0.2	0.4	0.7	1.4
Glaston Group, total	65.9	24.0	113.2	69.6	153.5

**Order book by product area,
EUR million**

	30.6.2021	30.6.2020	31.12.2020
Heat Treatment Technologies	38.5	27.7	26.6
Insulating Glass Technologies	35.7	15.7	26.1
Automotive & Display Technologies	5.8	3.7	6.5
Services	7.7	1.8	4.7
Unallocated and eliminations	0.0	0.2	0.0
Glaston Group, total	87.8	49.1	63.9

**Net sales by product area,
EUR million**

	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Heat Treatment Technologies	12.7	10.8	20.1	23.3	40.2
Insulating Glass Technologies	12.8	19.4	28.0	36.5	60.3
Automotive & Display Technologies	3.2	7.8	5.1	8.6	12.5
Services	14.7	11.2	31.3	27.7	58.1
Unallocated and eliminations	-0.2	-0.2	-0.8	-0.2	-0.9
Glaston Group, total	43.3	48.9	83.7	95.9	170.1

This interim report provides estimates on future prospects involving risk and uncertainty factors, and other factors, as a result of which the performance, operations 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 EMEA (Europe, Middle East and Africa), the Americas (North, Central and South America) and Asia-Pacific (China and the rest of the Asia and Pacific, APAC region).

In the International Monetary Fund's (IMF) latest World Economic Outlook, published in July 2021, the IMF maintains its 2021 global growth forecast of 6%. The IMF notes a growing gap between advanced and emerging economies: growth prospects for advanced economies have improved by 0.5 percentage points, but this is offset by a downward revision for emerging markets and developing economies driven by a significant downgrade for emerging markets in Asia. The upward revision for the advanced economies, including the United States, is largely due to slightly faster growth than the IMF previously forecast.¹⁾

Architectural glass

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

Continuing the strong development noted in the first quarter of 2021, the architectural business saw excellent progress during the second quarter of the year. Supported by the strong development, the demand for Heat Treatment equipment continued to be high, which particularly drove demand for flat tempering lines. Also, demand for Glaston's laminating technology is growing globally. The market recovery for Heat Treatment upgrades continued during the second quarter in all regions. Demand for Insulating Glass equipment was excellent as customers resumed their investment plans. For the services business overall, the market recovery seen in the first quarter of 2021 continued. However, corona-pandemic-related travel restrictions and customers' focus on operating their equipment at full capacity, thereby delaying maintenance, impacted the spare parts and field services business, particularly in Europe and North America, and this market slowed down from the first quarter. Supply chain disruptions such as material delivery times, raw material price increases and logistics disruptions were a growing concern.

In Glaston's main market area, the EMEA region, market activity was good, and applied to both new machine and upgrade investments. The robust development in the architectural market boosted demand for Heat Treatment and Insulating Glass technologies equipment. Demand was further supported by subsidy programs that were launched in a number of European countries. The Services markets remained quite strong, particularly for Heat Treatment upgrade products.

In North America, the stable market recovery continued in the second quarter, driven by the residential glass sector, in particular. In China, the strong market recovery for insulating glass lines continued with customers showing interest for big sized lines and automation. Elsewhere in the APAC region, activity remained low with the pandemic clearly slowing down customers' operations and demand.

Automotive glass

In the second quarter, Automotive production faced difficulties due to component shortages. This also resulted in reduced activities for Glaston's customers, who are tier 1 suppliers to automotive OEMs. However, the general market sentiment is positive as automotive sales are increasing and production started to recover towards the end of the quarter. This was reflected in increased investment activity in the market for new machinery in the second quarter of the year.

The second quarter saw good market activity in China, with many new projects. Also, good recovery was noted for the North American market. China is more driven by the classic automotive industry and display industry while the USA is mainly driven by special products such as recreational vehicles (RV) and heavy vehicles. In other regions, investment activity remained subdued.

The demand for Automotive services was very high at the end of the quarter as customers focused on getting production back on track.

¹⁾ International Monetary Fund: World Economic Outlook Update, July 2021

FINANCIAL DEVELOPMENT OF THE GROUP

Orders received and order book

Excellent growth was noted for Glaston Group's **April–June 2021** orders received. With all segments contributing to the growth, the order intake totaled EUR 65.9 (24.0 and Q2/2019: 44.5) million. Comparison information for the corresponding period in the previous year was on a low level due to corona pandemic-related market uncertainty.

The **January–June 2021** orders received totaled EUR 113.2 (69.6, H1/2019 pro forma 89.8) million, up 63% compared to the corresponding period in 2020.

Orders received, EUR million	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Heat Treatment	24.4	8.7	47.2	28.5	56.1
Insulating Glass	30.9	11.5	50.5	32.7	75.7
Automotive & Display	10.3	3.6	15.1	7.8	20.2
Segments, total	65.6	23.8	112.8	68.9	152.1
Unallocated and eliminations	0.3	0.2	0.4	0.7	1.4
Glaston Group, total	65.9	24.0	113.2	69.6	153.5

Glaston Group's **order book** stood at EUR 87.8 (49.1) million at the end of the second quarter. The Heat Treatment order book totaled EUR 46.1 (29.5) million, representing 53% of the Group's order book, Insulating Glass EUR 35.7 (15.7) million or 41% and Automotive & Display EUR 6.0 (3.7) million or 7% of the Group's order book.

Order book, EUR million	30.6.2021	30.6.2020	31.12.2020
Heat Treatment	46.1	29.5	31.4
Insulating Glass	35.7	15.7	26.1
Automotive & Display	6.0	3.7	6.5
Segments, total	87.8	48.9	63.9
Unallocated and eliminations	0.0	0.2	0.0
Glaston Group, total	87.8	49.1	63.9

Orders received and order book by product area

In the Heat Treatment Technologies product area, the robust market recovery continued in the second quarter and April–June 2021 orders received totaled EUR 17.2 (5.4) million with new orders from many key customers. For insulating glass machines, an excellent increase in new orders was noted and orders received for the Insulating Glass Technologies product area totaled EUR 25.5 (6.7) million. The positive development in cross-sales with insulating glass and heat treatment equipment saw good progress. Demonstrating the strength of Glaston's versatile product offering, Glaston received a strategically significant order from PRESS GLASS UAB, valued at approximately EUR 9 million, which, in addition to one tempering line, included several insulating glass lines, a grinding line, as well as other equipment. Also, a leading French glass processor with a long tradition of Glaston heat treatment and insulating glass technologies expanded into Glaston's laminating technologies by placing an order for a ProL flat glass laminating line. In addition, increasing activity was noted in the Automotive & Display Technologies product area and orders received totaled EUR 6.2 (1.7) million with China and the USA the most active markets.

Orders received in the Services product area were up by almost 70% compared to the same period in 2020, totaling EUR 16.8 (9.9) million. The excellent progress for Heat Treatment upgrades and modernizations continued in the second quarter as orders received for HT upgrades exceeded all previous quarters thus far. The Americas, the EMEA region and Australia were the most active markets. Glaston is now also offering upgrade products for the Insulating Glass and Automotive technologies and some orders were received during the quarter. In Heat Treatment and Insulating Glass services, global travel restrictions and customers delaying maintenance due to high demand, calling for operations to be run at full capacity, had a slightly negative impact on the business, whereas Automotive services market activity improved as customers ramped up production. The Services product area accounted for 26 (41)% of orders received.

Orders received by product area, EUR million	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Heat Treatment Technologies	17.2	5.4	32.1	18.6	34.1
Insulating Glass Technologies	25.5	6.7	38.9	22.5	53.6
Automotive & Display Technologies	6.2	1.7	7.5	2.4	7.3
Services	16.8	9.9	34.3	25.4	57.1
Unallocated and eliminations	0.3	0.2	0.4	0.7	1.4
Glaston Group, total	65.9	24.0	113.2	69.6	153.5

Order book by product area, EUR million

	30.6.2021	30.6.2020	31.12.2020
Heat Treatment Technologies	38.5	27.7	26.6
Insulating Glass Technologies	35.7	15.7	26.1
Automotive & Display Technologies	5.8	3.7	6.5
Services	7.7	1.8	4.7
Unallocated and eliminations	0.0	0.2	0.0
Glaston Group, total	87.8	49.1	63.9

Net sales

Glaston Group's **April–June 2021** net sales declined from the corresponding period of the previous year and totaled EUR 43.3 (48.9) million. The Heat Treatment segment's net sales were EUR 17.6 (15.1) million and the Insulating Glass segment's net sales were EUR 18.2 (24.1) million. The Automotive & Display segment's net sales were EUR 7.2 (9.5) million. Of total net sales, the Heat Treatment segment accounted for 41%, the Insulating Glass segment for 42% and the Automotive & Display segment for 17%. Geographically, of the company's total second-quarter net sales, the EMEA region accounted for 51%, the Americas for 32% and Asia and Pacific (APAC) for 17%.

January–June 2021 net sales totaled EUR 83.7 (95.9) million. The Heat Treatment segment's net sales were somewhat below the level of the previous year and totaled EUR 31.5 (34.5) million. The Insulating Glass segment's net sales decreased by 15% and totaled EUR 39.4 (46.6) million. The Automotive & Display segment's net sales decreased by 10% and totaled EUR 12.4 (13.7) million.

Net sales, EUR million

	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Heat Treatment	17.6	15.1	31.5	34.5	61.6
Insulating Glass	18.2	24.1	39.4	46.6	81.9
Automotive & Display	7.2	9.5	12.4	13.7	24.6
Segments, total	42.9	48.7	83.3	94.7	168.2
Unallocated and eliminations	0.3	0.2	0.4	1.2	1.9
Glaston Group, total	43.3	48.9	83.7	95.9	170.1

Geographical distribution of net sales, EUR million

	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Americas	14.0	10.0	22.9	27.5	44.7
EMEA	21.9	29.4	44.7	50.3	94.4
APAC	7.3	9.5	16.1	18.1	30.9
Glaston Group, total	43.3	48.9	83.7	95.9	170.1

Net sales by product area

Second-quarter net sales of the Heat Treatment Technologies product area were up 18% compared to the corresponding period of the previous year and totaled EUR 12.7 (10.8) million, mainly due to the increased order intake in the previous quarters. Operationally, the Insulating Glass Technologies product area had a higher volume but its net sales were clearly below the level of the comparison period and totaled EUR 12.8 (19.4) million as the comparison period net sales were high due to the delayed revenue recognition of several larger projects at the point of acceptance. Net sales of the Automotive & Display Technologies product area declined from the previous year's level to EUR 3.2 (7.8) million, mainly due to some late order entries. Net sales of the Services product area were above the level of the corresponding period of the previous year and totaled EUR 14.7 (11.2) million. Services product area net sales accounted for 34 (23)% of total net sales.

Net sales by product area, EUR million

	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Heat Treatment Technologies	12.7	10.8	20.1	23.3	40.2
Insulating Glass Technologies	12.8	19.4	28.0	36.5	60.3
Automotive & Display Technologies	3.2	7.8	5.1	8.6	12.5
Services	14.7	11.2	31.3	27.7	58.1
Unallocated and eliminations	-0.2	-0.2	-0.8	-0.2	-0.9
Glaston Group, total	43.3	48.9	83.7	95.9	170.1

Operating result and profitability

Glaston Group's **April–June 2021** comparable EBITA was EUR 2.4 (2.3) million, i.e. 5.5 (4.8)% of net sales. Profitability was particularly impacted by the Automotive & Display segment's turn from loss to profit.

Glaston Group's comparable operating result was EUR 1.3 (1.2) million, i.e. 2.9 (2.5)% of net sales. The operating result was EUR 1.6 (0.6) million. Items affecting comparability amounting to EUR 0.3 (-0.7) million were recognized in the second quarter. These were mainly related to the sale of a property located in Tampere, Finland, as well as to restructuring and integration costs. Financial income and expenses were EUR -0.9 (-0.7) million. The result before taxes was EUR 0.6 (-0.3) million. The result for the second quarter was EUR 0.4 (-1.2) million and earnings per share were EUR 0.005 (-0.014). The comparable earnings per share were EUR 0.009 (0.002).

January–June 2021 comparable EBITA amounted to EUR 4.4 (4.4) million, i.e. 5.3 (4.6)% of net sales. The comparable operating result was EUR 2.2 (2.1) million, i.e. 2.6 (2.2)% of net sales. The Group's operating result was EUR 1.7 (0.7) million. Items affecting comparability totaled EUR -0.5 (-1.5) million in January–June 2021. Financial income and expenses amounted to EUR -1.1 (-0.9) million. The result before taxes was EUR 0.3 (-0.4) million. The result for the review period was EUR -0.3 (-1.5) million. January–June 2021 earnings per share were EUR -0.004 (-0.017) and comparable earnings per share were EUR 0.018 (0.016).

Comparable operating result (EBIT) and EBITA

EUR million	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Operating result	1.6	0.6	1.7	0.7	-0.5
Items affecting comparability ⁽¹⁾	-0.3	0.7	0.5	1.5	3.8
Comparable EBIT	1.3	1.2	2.2	2.1	3.2
Operating result	1.6	0.6	1.7	0.7	-0.5
Amortization and purchase price allocation	1.1	1.1	2.2	2.2	4.5
EBITA	2.7	1.7	3.9	2.9	4.0
Items affecting comparability ⁽¹⁾	-0.3	0.7	0.5	1.5	3.8
Comparable EBITA	2.4	2.3	4.4	4.4	7.7
% of net sales	5.5%	4.8%	5.3%	4.6%	4.6%

⁽¹⁾ + cost, - income

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 Heat Treatment machine services.

Heat Treatment segment's second quarter in brief:

- Buoyant order intake for both new machinery and upgrades
- Net sales up 17% mainly due to improved order backlog
- Capacity utilization at main factories on a good level

HEAT TREATMENT SEGMENT KEY FIGURES

EUR million	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Orders received	24.4	8.7	47.2	28.5	56.1
Order book at end of period	46.1	29.5	46.1	29.5	31.4
Net sales	17.6	15.1	31.5	34.5	61.6
Comparable EBITA	0.6	0.5	0.9	1.0	2.0
Comparable EBITA, %	3.3%	3.1%	2.9%	3.0%	3.2%
Comparable operating result (EBIT)	0.1	0.1	0.0	0.3	0.4
Comparable operating result (EBIT), %	0.7%	0.5%	0.1%	0.8%	0.6%
Operating result (EBIT)	0.6	-0.0	0.0	-0.1	-1.2
Operating result (EBIT), %	3.2%	-0.2%	0.1%	-0.3%	-2.0%
Net working capital	-23.9	-12.7	-23.9	-12.7	-13.0
Employees at end of period	289	305	289	305	293

Orders received and order book

In the second quarter of 2021, the market recovery in the Heat Treatment segment continued with strong order intake. April–June orders received totaled EUR 24.4 (8.7) million. Many key customers resumed their investment plans, and even projects that had been postponed in 2020 were re-activated.

The activity level in Europe was good with some areas, such as the UK, performing very well due to subsidy programs. In North America, the positive market development continued, driven by the residential glass market, in particular. The activity level in the APAC region remained at a lower level. Demand for HT upgrades remained strong in all regions with an all-time high order intake at around EUR 4 million. A total of 35 contracts were signed in the review period, reflecting Glaston's broad upgrade offering, the largest being an FC second chamber upgrade for the USA, some ProL line upgrades to South America and the EMEA region, as well as several iControl upgrades. Rapidly changing travel restrictions continued to pose some challenges to machine installations and the spare parts business.

Orders received in January–June 2021 totaled EUR 47.2 (28.5) million. The Heat Treatment segment's order book stood at EUR 46.1 (29.5) million at the end of the second quarter.

Net sales and profitability

The Heat Treatment segment's April–June 2021 net sales increased by 17% to EUR 17.6 (15.1) million and were mainly supported by an improved order intake in the previous quarters. April–June comparable EBITA was EUR 0.6 (0.5) million, i.e. 3.3 (3.1)% of net sales. A higher volume and margin increase in services compensated for the impact of the lower margin in the machines business and higher fixed costs. Heat Treatment operations are ramping up volumes whereas comparison period costs were impacted by temporary cost saving measures.

The Heat Treatment segment's January–June 2021 net sales totaled EUR 31.5 (34.5) million. Comparable EBITA amounted to EUR 0.9 (1.0) million, corresponding to 2.9 (3.0)% of net sales.

Production and working capital management

In the second quarter, the utilization rates at the Tampere and Tianjin tempering machine assembly plants were at a good level and are expected to remain at a good level for the rest of the year due to the improved order backlog. The Heat Treatment segment's second-quarter net working capital was EUR -23.9 (-12.7) million.

Personnel

At the end of the review period, the Heat Treatment segment employed 289 (305) people, most of them in Finland. Because of the pick up in order activity, the temporary lay-offs that were announced in the autumn of 2020 were canceled as of February 2021.

Insulating Glass reporting segment

The Glaston Insulating Glass segment provides high technology machines for the manufacture of insulating glass, handling equipment and systems, maintenance, upgrade and modernization services, as well as spare parts.

Insulating Glass segment's second quarter in brief:

- Excellent order intake
- Net sales declined
- Factory in Neuhausen-Hamberg running at full capacity

INSULATING GLASS SEGMENT

KEY FIGURES

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Orders received	30.9	11.5	50.5	32.7	75.7
Order book at end of period	35.7	15.7	35.7	15.7	26.1
Net sales	18.2	24.1	39.4	46.6	81.9
Comparable EBITA	0.9	2.0	2.7	4.4	7.3
Comparable EBITA, %	5.0%	8.3%	6.8%	9.4%	8.9%
Comparable operating result (EBIT)	0.5	1.5	1.7	3.4	5.2
Comparable operating result (EBIT), %	2.6%	6.2%	4.4%	7.2%	6.4%
Operating result (EBIT)	0.3	1.0	1.3	2.5	3.6
Operating result (EBIT), %	1.9%	4.3%	3.2%	5.3%	4.4%
Net working capital	0.2	6.3	0.2	6.3	2.1
Employees at end of period	347	341	347	341	330

Orders received

The Insulating Glass segment's second-quarter 2021 order intake was excellent and totaled EUR 30.9 (11.5) million. Orders were received from all market areas. In the EMEA region, demand was buoyant as postponed projects were resumed. Government subsidies, launched in several countries, supported customers' investment decisions. The good progress in the Chinese market continued with growing interest for big sized (jumbo) insulating glass lines and automation, thereby driving demand for TPS® (Thermo Plastic Spacer) lines. Elsewhere in the APAC region, demand remained low due to ongoing COVID-19 restrictions. In North America, market recovery continued, particularly in the residential market.

During the second quarter, orders were received from Austria, Lithuania, Poland, China and North America, for example. The orders were primarily for the manufacture of insulating glass lines for residential buildings. The TPS® line was in high demand. Orders were also received for one jumbo sized line, as well as some box spacer lines. Customers also showed great interest in the MULTI'ARRISSER arissing machine, a user-friendly solution for high quality arissing of straight glass edges.

New and unpredicted COVID-19 related restrictions affected the Insulating Glass segment's services business.

The Insulating Glass segment's order book stood at EUR 35.7 (15.7) million at the end of the period.

Net sales and profitability

The Insulating Glass segment's volumes grew operationally but net sales declined as several large projects were accepted and fully recognized in revenue in the comparison period. Net sales totaled EUR 18.2 (24.1) million. Second-quarter comparable EBITA was EUR 0.9 (2.0) million, i.e. 5.0 (8.3)% of net sales. Profitability was impacted by lower net sales, lower margins on a few projects and higher fixed costs as the business is preparing for increased deliveries in the coming quarters.

January–June 2021 net sales totaled EUR 39.4 (46.6) million and comparable EBITA was EUR 2.7 (4.4) million, i.e. 6.8 (9.4)% of net sales.

Production and working capital management

In the second quarter, the company's insulating glass machine factory in Neuhausen-Hamberg, Germany was fully operational and production was running at full capacity. Supply chain disruptions were a growing concern as the delivery times for certain components became clearly longer. The Insulating Glass segment's second-quarter net working capital totaled EUR 0.2 (6.3) million.

Personnel

At the end of the review period, the Insulating Glass segment employed 347 (341) people, most of them in Germany. The corona pandemic-related safety measures continued during the second quarter. More than 100 people were vaccinated at the factory and Corona quick tests were performed by the company's first aiders.

Automotive & Display reporting segment

Glaston's Automotive & Display segment provides glass processing machines and related services to the automotive industry, as well as the appliance and display industry.

Automotive & Display segment's second quarter in brief:

- Steady improvement in the automotive glass market despite end customer supply chain issues
- Good order intake with orders mainly from China and the USA
- Services increasing in all regions

AUTOMOTIVE & DISPLAY SEGMENT KEY FIGURES

EUR million	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Orders received	10.3	3.6	15.1	7.8	20.2
Order book at end of period	6.0	3.7	6.0	3.7	6.5
Net sales	7.2	9.5	12.4	13.7	24.6
Comparable EBITA	0.8	-0.1	0.8	-1.1	-1.6
Comparable EBITA, %	11.3%	-1.2%	6.7%	-7.9%	-6.6%
Comparable operating result (EBIT)	0.6	-0.3	0.4	-1.5	-2.5
Comparable operating result (EBIT), %	8.7%	-3.5%	3.5%	-11.1%	-10.1%
Operating result (EBIT)	0.6	-0.4	0.3	-1.7	-3.0
Operating result (EBIT), %	8.3%	-4.3%	2.8%	-12.5%	-12.0%
Net working capital	9.2	9.5	9.2	9.5	8.4
Employees at end of period	93	101	93	101	94

Orders received

After a slow first quarter, demand in the Automotive market picked up during the second quarter. Although automotive production faced supply shortages, the general market sentiment was positive, as automotive sales were increasing and production started to recover. This was reflected in increased investment activity for new machines and the April–June 2021 orders received totaled EUR 10.3 (3.6) million.

In the April–June period, orders were mainly received from China. Good order activity was also noted for the North American market. Orders from Chinese customers were for Glaston's standard automotive products, whilst orders from US customers were for highly customized solutions, taking advantage of Glaston's flexibility and ability to respond to the customers' special requirements for special vehicles production, such as recreational (RV) and heavy vehicles. In all other regions, investment activity continued to be low.

As the requirements in the display market are developing, orders received for display products were mainly for automotive displays with special features such as high quality edge finish and special shapes.

Increased interest in Automotive upgrade products and modifications to existing machinery was noted. The Automotive services markets picked up as customers restarted production and the order intake reach the highest level since the third quarter of 2019.

The Automotive & Display segment's order book stood at EUR 6.0 (3.7) million at the end of the period.

Net sales and profitability

The Automotive & Display segment's second-quarter net sales were EUR 7.2 (9.5) million. The segment's comparable EBITA was EUR 0.8 (-0.1) million, i.e. 11.3 (-1.2)% of net sales, with a beneficial product and project mix and fixed cost control contributing to the outcome. The services share of net sales was exceptionally high as machines volume was low and services increased strongly.

The Automotive & Display segment's January–June 2021 net sales totaled EUR 12.4 (13.7) million and comparable EBITA was EUR 0.8 (-1.1) million, i.e. 6.7 (-7.9)% of net sales.

Production and working capital management

Reflecting the order intake in previous quarters, in May and June the utilization rate of the company's automotive glass machine factory in Bützberg, Switzerland was at a low level. The Automotive & Display segment's second-quarter net working capital was EUR 9.2 (9.5) million.

Personnel

At the end of the review period, the Automotive & Display segment employed 93 (101) people, most of them in Switzerland. Due to the lower workload, Swiss production personnel temporarily returned to reduced working hours in May and June.

Financial position, cash flow and financing

At the end of June, Glaston Group's balance sheet total was EUR 215.4 (210.5) million. Intangible assets amounted to EUR 75.8 (77.8) million, of which goodwill was EUR 58.1 (58.3) million. At the end of the period, property, plant and equipment amounted to EUR 21.8 (24.0) million and inventories to EUR 25.9 (28.4) million.

The comparable return on capital employed (ROCE) was 5.3 (4.3)%.

At the end of June, the company's net gearing was reduced to 32.1 (51.8)% mainly due to the strong cash flow. The equity ratio was 42.1 (40.8)%. Net interest-bearing debt decreased to EUR 21.4 (37.4) million as 9.5 million of short-term debt was repaid. At the end of June, the average maturity of Glaston's long-term debt was 2.0 years.

The second-quarter cash flow from operating activities, before the change in working capital, was EUR 1.1 (2.7) million. Cash flow from the change in working capital was EUR 6.6 (-2.9) million, which was due to an increase in advances received. Cash flow from operating activities was EUR 7.7 (-0.3) million. Cash flow from investing activities was EUR 0.7 (-0.9) million and cash flow from financing activities was EUR -11.2 (-1.0) million. A capital return of EUR 1.7 million was paid in April.

At the end of the review period, Glaston's liquidity was at a good level. The company's cash and cash equivalents stood at EUR 25.9 (20.6) million. Short-term interest-bearing financial liabilities amounted to EUR 6.3 (3.6) million. The company has unused revolving credit facilities in the amount of EUR 15.0 million.

Capital expenditure, depreciation and amortization

Glaston Group's April–June gross capital expenditure totaled EUR 1.3 (2.0) million and was primarily related to product development. Depreciation and amortization of property, plant and equipment, as well as intangible assets, totaled EUR -1.5 (-1.5) million.

Investments in product development, digitalization and innovation

In the second quarter of the year, Glaston continued to invest in product development with a focus on market-driven R&D activities in close cooperation with its customers. Projects and innovations related to a higher level of automation remained firmly at the center of development. Significant steps towards Glaston's goal of developing a fully automated tempering machine were taken during the early part of the year, when the company completed the first part of the strategically significant FC series tempering machine order.

In Insulating Glass Technologies, the main focus was on finalizing the development and field testing of the MULTI'ARRISSER arissing machine. With the new MULTI'ARRISSER, Glaston is introducing a fast and user-friendly solution for high quality arissing of straight glass edges with proven cup wheel technology.

In the review period, Glaston organized its first ever virtual customer event, Glaston Innovation Days, presenting innovations and trends in architectural, automotive and display glass processing. At the three-day event, Glaston's product and industry experts shared their insights on the latest developments in glass processing technologies and showcased the company's latest products and services.

In January–June, research and product development expenditure, excluding depreciation, totaled EUR 3.5 (3.2) million, of which EUR 0.9 (0.9) million was capitalized. Research and product development expenditure amounted to 4.1 (3.3)% of net sales.

Personnel

On 30 June 2021, Glaston Group had a total of 733 (755) employees. The Heat Treatment segment employed 289 (305) people, the Insulating Glass segment 347 (341) people, and the Automotive & Display segment 93 (101) people. Of the Group's personnel, 34%, i.e. 252 employees, worked in Germany, 25%, i.e. 182, worked in Finland, 14% worked elsewhere in the EMEA region, 21% worked in Asia and 6% worked in the Americas. The average number of personnel was 722 (750).

In the review period, Glaston continued with the strict corona safety guidelines. Many of Glaston's employees worked remotely in order to safeguard their health and the health of production personnel. New and rapidly changing restrictions continued to complicate installation and service work. However, installation work has been adapted to the current circumstances with new ways of completing installations, including detailed travel planning and the use of digital support tools. All of the company's production plants were fully operational.

STRATEGY

Glaston published its revised strategy and updated financial targets for 2021–2025 on 5 August 2021. The strategy is explained in more detail in the section Events after the reporting period.

RESPONSIBILITY

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

Responsibility is part of Glaston's everyday activities and the basis for this is the Code of Conduct approved by the Board of Directors. The Code of Conduct outlines the company's requirements and expectations for responsible and ethical conduct as well as, for example, how the company requires employees to act in their daily work with colleagues and customers, suppliers and other stakeholders. 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. Further information about the company's responsibility and non-financial information can be found in the company's 2020 Annual Review and Report of the Board of Directors.

GOVERNANCE

Shares and shareholders

Glaston Corporation's shares are listed on the Nasdaq Helsinki Small Cap list. The trading code for the share 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 30 June 2021 was EUR 12.7 (12.7) million.

			No. of shares and votes	Share turnover, EUR million
GLA1V			84,289,911	11.5
	Highest	Lowest	Closing	Average price *)
Share price	1.10	0.72	0.99	0.87
			30.6.2021	30.6.2020
Market value			83.1	57.8
Number of shareholders			7,232	7,567
Foreign ownership, %			27.2	27.3

*) trading weighted average

At the end of the review period, Glaston Corporation's largest shareholders were Ahlstrom Capital B.V. 26.4%, Hymy Lahtinen Oy 12.2%, Varma Mutual Pension Insurance Company 7.5%, Ilmarinen Mutual Pension Insurance Company 7.3% and OP-Finland Small Firms Mutual Fund 6.1%.

Annual General Meeting

The Annual General Meeting of Glaston Corporation was held on 13 April 2021 in Helsinki. The General Meeting adopted the financial statements and consolidated financial statements for the financial period from 1 January to 31 December 2020 and discharged the members of the Board of Directors and the CEOs from liability for the financial year from 1 January to 31 December 2020.

In accordance with the proposal of the Board of Directors, the General Meeting resolved that a return of capital of EUR 0.02 per share be distributed for the financial year ended 31 December 2020. The return of capital was paid to shareholders registered in the Company's register of shareholders, maintained by Euroclear Finland Ltd, on the record date for payment, 15 April 2021. The return of capital was paid on 23 April 2021.

Adoption of the Remuneration Report for governing bodies

In accordance with the proposal of the Board of Directors, the General Meeting resolved to adopt the Remuneration Report for the governing bodies. The resolution on the adoption of the Remuneration Report is advisory.

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. Veli-Matti Reinikkala, Mr. Sebastian Bondestam, Mr. Antti Kaunonen, Ms. Sarlotta Narjus, Mr. Michael Willome and Mr. Tero Telaranta, and to elect Ms. Arja Talma 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 a member of the Board of Directors may, at their discretion, choose to receive the annual fixed remuneration partly in company shares and partly in cash so that approximately 40% of the annual fixed remuneration is paid in Glaston Corporation's shares. The number of shares forming the above remuneration portion, which would be payable in shares, will be determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki Ltd, calculated as the trade volume weighted average quotation of the share during the one-month period immediately following the date on which the interim report of January–March 2021 of the company is published.

Furthermore, 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 their home country and EUR 1,000 for meetings held elsewhere. For per capsulam Board Meetings, one half of the normal meeting fee will be paid. Furthermore, it was resolved that each Member of the Board will be compensated for travel and 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 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 Authorised 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 the Board of Directors to decide on the repurchase as well as on the acceptance as a pledge of the company's own shares

The General Meeting authorized the Board of Directors to decide on the repurchase as well as on the acceptance as pledge of the Company's own shares in one or several tranches as follows: The number of own shares to be repurchased or accepted as pledge shall not exceed 8,000,000 shares, which correspond to approximately 10% of all registered shares in the Company, subject to the provisions of the Finnish Companies' Act on the maximum amount 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 decides how own shares will be repurchased or accepted as a pledge. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization is effective until 30 June 2022 and revokes corresponding earlier authorizations.

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

The General Meeting authorized the Board of Directors to resolve one or more issuances of shares that contain the right to issue new shares or dispose of 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 consists of up to 8,000,000 shares in the aggregate representing approximately 10% 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 Companies Act, including the payment period, grounds for the determination of the subscription price and subscription price or allocation of shares, options or other rights free of charge, or that the subscription price may be paid besides in cash also by other assets either partially or entirely (contribution in kind). The authorization is effective until 30 June 2022 and revokes corresponding earlier authorizations.

Organization of the Board of Directors

In its organization meeting held after the Annual General Meeting, the Board of Directors re-elected Veli-Matti Reinikkala as the Chairman of the Board and Sebastian Bondestam as the Deputy Chairman of the Board. In addition, the composition of the Board

committees was resolved to be as follows:

Audit Committee

Arja Talma (Chairman), Veli-Matti Reinikkala and Tero Telaranta were elected as members of the Audit Committee of the Board of Directors.

Compensation Committee

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

CHANGES TO GLASTON'S GROUP STRUCTURE AND EXECUTIVE MANAGEMENT GROUP

As of 1 January 2021, Glaston made changes to the Group structure as the Emerging Technologies operations, previously part of the Automotive & Emerging Technologies business area, were re-organized and became part of the regional sales structure. As of the same date, Glaston's business areas are Glaston Heat Treatment Technologies, Glaston Insulating Glass Technologies and Glaston Automotive & Display Technologies.

As of 1 February 2021, operations in Glaston's Brazilian subsidiary were discontinued. As of June 2021, customer support, service and sales in South America have been provided through a local agent and authorized service partner network.

On 12 March 2021, the appointment of Hannele Anonen as SVP People and Culture and a member of the Executive Management Group was announced. She took up her position on 1 August 2021 and will report to President & CEO Anders Dahlblom. Taina Tirkkonen, the company's current General Counsel and SVP Human Resources, will continue as the company's General Counsel and as a member of the Executive Management Group.

BUSINESS RISKS

Glaston's long-term strategic and operational risks and uncertainties are described in detail in the company's financial statements bulletin for 2020 and in the Report of the Board of Directors.

Uncertainties and factors affecting short-term development

In the second quarter of 2021, the global economic outlook improved further and despite the ongoing COVID-19 pandemic, market activity increased in Glaston's markets. Even though the impact of the pandemic has decreased, there are still concerns about the impact of the pandemic, such as more transmissible variants of the virus and a slow global rollout of vaccinations. This could, lead to new lockdowns and more stringent travel restrictions, particularly affecting service work and the spare parts business, as well as machine installations. Under the prevailing circumstances, a higher-than-normal uncertainty is related to customers' investment behavior.

Glaston is also actively mitigating the risks related to raw material and component prices and availability, as well as logistics cost increases. Major supply chain disruptions may impact on the company's performance.

EVENTS AFTER THE REPORTING PERIOD

On 5 August 2021, Glaston's Board of Directors approved the revised strategy for 2021–2025. The key objectives of the revised strategy are improved organic growth and profitability, based on Glaston's own strategic initiatives and the expected market growth.

Glaston's addressable glass processing equipment market is expected to grow by more than 5% annually, on average, during the strategy period and Glaston's ambition is to clearly exceed this market growth. Strategic must-win development initiatives securing net sales growth and improved profitability have been identified in all Glaston's business areas and the services business. These initiatives are supported by Group-wide cornerstone initiatives that target improved commercial and operational excellence.

Glaston's core technologies and lifecycle solutions continue to be at the center of the strategy and Glaston aims to take market share in all its business areas. As the frontrunner in its industry, Glaston plans to increase its investments in innovation and development. Glaston is also continuing its commitment to leading the industry's digital transformation. Profitability improvement is supported by net sales growth, an optimal product offering as well as productivity improvements.

Glaston will capture growth through its core technologies and lifecycle solutions from the following customer segments: architecture, automotive, display and solar, as well as three regions: the Americas, APAC and EMEA. China is a common focus area throughout Glaston as it holds the single largest growth potential for all customer segments and Glaston's business areas. Strategic growth projects have been identified for the Glaston business areas.

Insulating Glass will capitalize on its most advanced and automated technology offering on the market by strengthening and broadening its presence in all main customer segments and regions, particularly in North America and the APAC region. The move towards carbon neutrality in Europe is already driving growth strongly within the EMEA region. The increased focus on

reducing the energy consumption of buildings is also expected to boost demand for insulating glass technologies in other regions in the coming years.

Heat Treatment will continue its systematic development work for increasing the automation level towards a fully automated tempering line, and modularity of products while broadening the offering. Emphasis is also being placed on optimizing for cost efficiency and quality by, for example, further developing installation processes for an excellent customer experience. Glaston also sees attractive opportunities in the solar panel glass processing, where demand is driven by the shift to renewable energy.

Automotive & Display will focus on automotive and selected display applications, as well as commercializing the most comprehensive product portfolio in the industry. Glaston will also continue to develop automotive heat treatment products to complement its market-leading pre-processing products for an integrated offering.

Services aims to grow in all business areas throughout its product portfolio (spare parts, field services, upgrades) with increased focus on new upgrade development, particularly in the Insulating Glass and Automotive & Display businesses. Other focus areas include improved service accessibility, fast and easy spare parts ordering, as well as further development of the preventive maintenance and remote support concepts. Digitalization, access to data and Artificial Intelligence (AI) capabilities will continue to be important building blocks in creating new service models.

Glaston's new **financial targets** for the strategy period 2021–2025 are:

- Annual average net sales growth (CAGR) clearly exceeding the addressable equipment market growth of more than 5%¹⁾
- Comparable operating margin (EBITA) of 10% at the end of the strategy period ²⁾
- Comparable return on capital employed (ROCE) of 16% at the end of the strategy period ³⁾

Addressing the company's focus on sustainability, in addition to its financial targets, Glaston has set new **non-financial strategic targets**:

- Customer satisfaction score (Net Promoter Score, NPS) above 40
- Group-wide safety target measured as zero lost time accidents (LTA)
- Employee Engagement target above 75 (out of 100)
- Glaston's CO2 emissions (scope 1+2)⁴⁾ in relation to net sales down by 50% from the 2020 level. In 2020, greenhouse gas emissions totaled 2,777 tons of CO₂ with net sales of EUR 170.1 million

GLASTON'S SPECIFIES OUTLOOK FOR 2021

The strong recovery in orders received in the first half of 2021 indicates positive development for both the machines and services business throughout 2021. The low order backlog at the start of 2021 (20% lower compared to the previous year) impacted Glaston's January–June 2021 net sales and comparable operating profit. Moreover, the second half of 2021 will benefit from the strong order intake development seen in the first half of the year.

Glaston expects the heat treatment and insulating glass technology markets to continue to perform well. However, order intake for the rest of the year is expected to return to pre-COVID-19 levels after the record high second quarter. In the short-term demand for automotive glass processing technology shows recovery but remains uncertain due to structural changes and supply chain driven challenges in the market. There is higher than normal uncertainty connected to the outlook due to increasing component pricing and delivery times, as well as potential ongoing travel restrictions.

Based on the high order intake since the fourth quarter of 2020, Glaston Corporation estimates that its net sales in 2021 will improve from the level reported for 2020 and specifies its outlook for comparable EBITA, which is estimated to increase to EUR 10.5–12.5 million. In 2020, Group net sales totaled EUR 170.1 million and comparable EBITA was EUR 7.7 million.

(Previous outlook: Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2021 from the levels reported for 2020.)

¹⁾ Glaston estimate, in euros. Glaston's addressable equipment market is expected to grow on average by more than 5% annually during 2021–2025. The growth rate of the addressable equipment market is expected to exceed that of the global flat glass market, which is expected to grow 3–4 % annually in 2021–2025, according to Grand View Research, 2021.

Glaston's product portfolio is targeting those end use areas of flat glass that are growing faster than the average (e.g., insulating glass). The addressable equipment market also includes the customers' replacement investments after machines' useful lifetime. In 2021–2025, replacement investments further stem from productivity gains, especially through automation, as well as technology and regulatory changes. Additionally, price inflation explains part of the difference between volume-based and euro-based market estimates.

²⁾ Calculation of key ratio: Comparable EBITA: Operating result before amortization, impairment of intangible assets and purchase price allocation +/- items affecting comparability

³⁾ Calculation of key ratio: 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

⁴⁾ Scope 1 emissions: direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by Glaston (e.g., emissions associated with fuel oil, diesel and natural gas).

Scope 2 emissions: indirect GHG emissions associated with the purchase of electricity, heat, and cooling.

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 30 JUNE 2021

This interim report has been prepared in accordance with IAS 34. The interim report has been prepared in accordance with the same accounting principles as the annual financial statements for 2020.

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	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Net sales	43.3	48.9	83.7	95.9	170.1
Other operating income	1.2	0.6	2.3	1.1	2.3
Expenses	-41.0	-46.9	-80.4	-92.2	-164.8
Depreciation, amortization and impairment	-1.5	-1.5	-2.9	-3.0	-6.0
Depreciation of right-of-use assets	-0.4	-0.6	-0.9	-1.1	-2.1
Operating result	1.6	0.6	1.7	0.7	-0.5
Financial items, net	-0.9	-0.7	-1.1	-0.9	-2.3
Interest expenses on lease liabilities	-0.1	-0.1	-0.2	-0.3	-0.5
Result before income taxes	0.6	-0.3	0.3	-0.4	-3.3
Income taxes	-0.2	-0.9	-0.6	-1.0	-2.2
Profit / loss for the period	0.4	-1.2	-0.3	-1.5	-5.5

Earnings per share, EUR	0.005	-0.014	-0.004	-0.017	-0.065
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Operating result, as % of net sales	3.6	1.1	2.0	0.7	-0.3
Profit / loss for the period, as % of net sales	0.9	-2.5	-0.4	-1.5	-3.2
Items affecting comparability ⁽¹⁾	-0.3	0.7	0.5	1.5	3.8
Comparable operating result	1.3	1.2	2.2	2.1	3.2
Comparable operating result, as % of net sales	2.9	2.5	2.6	2.2	1.9

⁽¹⁾ + cost, - income

STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Profit / loss for the period	0.4	-1.2	-0.3	-1.5	-5.5
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	0.0	0.0	-0.1	0.1	-0.6
Cash flow hedges	0.0	-0.1	0.0	-0.1	-0.3
Income tax on other comprehensive income	0.0	0.0	0.0	0.0	-0.0
Other comprehensive income that will not be reclassified subsequently to profit or loss:					
Fair value changes of financial assets measured at fair value through profit or loss	0.0	0.0	0.0	0.0	-0.1
Exchange differences on actuarial gains and losses arising from defined benefit plans	0.0	0.0	0.0	0.0	-0.0
Actuarial gains and losses arising from defined benefit plans	0.0	-	0.0	-	1.6
Taxes on actuarial gains and losses arising from defined benefit plans	0.0	-	0.0	-	0.3
Other comprehensive income for the reporting period	0.0	-0.1	-0.1	0.0	0.8
Total comprehensive income for the reporting period	0.4	-1.3	-0.4	-1.4	-4.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	30.6.2021	30.6.2020	31.12.2020
Assets			
Non-current assets			
Goodwill	58.1	58.3	58.3
Other intangible assets	17.6	19.5	18.6
Property, plant and equipment	21.8	24.0	23.1
Right-of-use assets	7.3	7.6	6.9
Financial assets measured at fair value through other comprehensive income	2.8	3.1	2.8
Loan receivables	2.1	2.3	2.1
Deferred tax assets	1.8	1.8	1.6
Total non-current assets	111.7	116.6	113.5
Current assets			
Inventories	25.9	28.4	25.1
Receivables			
Trade and other receivables	19.7	18.9	17.7
Contract assets	32.0	25.8	27.3
Assets for current tax	0.2	0.2	0.4
Total receivables	51.9	44.9	45.4
Cash equivalents	25.9	20.6	23.3
Total current assets	103.7	93.9	93.8
Total assets	215.4	210.5	207.3

EUR million	30.6.2021	30.6.2020	31.12.2020
Equity and liabilities			
Equity			
Share capital	12.7	12.7	12.7
Other restricted equity reserves	0.3	-0.0	0.1
Reserve for invested unrestricted equity	107.9	109.5	109.5
Fair value reserve	-0.0	0.2	-0.0
Other unrestricted equity reserves	-0.2	-0.1	-0.2
Retained earnings and exchange differences	-53.6	-48.8	-47.7
Net result attributable to owners of the parent	-0.3	-1.5	-5.5
Total equity	66.7	72.1	68.9
Non-current liabilities			
Non-current interest-bearing liabilities	32.5	45.4	44.0
Non-current lease liabilities	6.8	7.3	6.6
Non-current interest-free liabilities and provisions	0.9	2.2	0.8
Deferred tax liabilities	8.2	8.0	7.8
Total non-current liabilities	48.3	62.9	59.2
Current liabilities			
Current interest-bearing liabilities	6.3	3.6	4.6
Current lease liabilities	1.7	1.7	1.6
Current provisions	3.0	3.8	3.5
Trade and other current interest-free payables	87.9	63.4	67.2
Contract liabilities	0.3	2.3	1.4
Liabilities for current tax	1.0	0.6	0.9
Total current liabilities	100.3	75.5	79.2
Total liabilities	148.6	138.4	138.4
Total equity and liabilities	215.4	210.5	207.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Cash flows from operating activities					
Cash flow before change in net working capital	1.1	2.7	2.0	4.4	3.0
Change in net working capital	6.6	-2.9	12.3	-7.7	-2.3
Net cash flow from operating activities	7.7	-0.3	14.3	-3.4	0.7
Cash flow from investing activities					
Purchases of non-current assets	-0.7	-1.3	-1.3	-2.0	-3.4
Proceeds from sale of business	-	0.1	-	0.2	0.6
Proceeds from sale of other non-current assets	1.5	0.3	1.6	0.3	0.6
Net cash flow from investing activities	0.7	-0.9	0.3	-1.6	-2.2
Cash flow before financing	8.4	-1.1	14.6	-4.9	-1.5
Cash flow from financing activities					
Increase in non-current liabilities	-	-	-	7.5	7.5
Changes in loan receivables (increase - / decrease +)	0.0	-	0.0	-	0.1
Decrease in short-term liabilities	-9.5	-1.0	-9.8	-1.3	-1.6
Return of capital	-1.7	-	-1.7	-	-
Net cash flow from financing activities	-11.2	-1.0	-11.5	6.2	5.9
Effect of exchange rate changes	-0.3	-0.2	-0.4	-0.5	-1.0
Net change in cash and cash equivalents	-3.0	-2.3	2.7	0.8	3.4
Cash and cash equivalents at the beginning of period	29.0	22.9	23.3	19.9	19.9
Cash and cash equivalents at the end of period	25.9	20.6	25.9	20.6	23.3
Net change in cash and cash equivalents	-3.0	-2.3	2.7	0.8	3.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Reserve for inv.unrestr. equity	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2020	12.7	109.5	0.3	-53.3	4.2	73.4
Total compr. income for the period	-	-	-0.1	-1.5	0.2	-1.4
Share-based plan	-	-	-	-	0.1	0.1
Share-based plan, tax effect	-	-	-	-	-0.0	-0.0
Other changes	-	-	-	-	0.1	0.1
Equity at 30 June 2020	12.7	109.5	0.2	-54.8	4.4	72.1

EUR million	Share capital	Reserve for inv.unrestr. equity	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2021	12.7	109.5	-0.2	-56.8	3.6	68.9
Total compr. income for the period	-	-	0.0	-0.3	-0.1	-0.4
Share-based plan	-	-	-	0.0	-	0.0
Share-based plan, tax effect	-	-	-	0.0	-	-0.0
Return of capital	-	-1.7	-	-	-	-1.7
Other changes	-	-	-	-	-0.1	-0.1
Equity at 30 June 2021	12.7	107.9	-0.1	-57.0	3.3	66.7

KEY RATIOS**30.6.2021 30.6.2020 31.12.2020**

EBITDA, as % of net sales	6.6	5.0	4.4
Comparable EBITDA, as % of net sales	7.2	6.5	6.7
Operating profit (EBIT), as % of net sales	2.0	0.7	-0.3
Comparable operating profit (EBIT), as % of net sales	2.6	2.2	1.9
Comparable EBITA, as % of net sales	5.3	4.6	4.6
Profit / loss for the period, as % of net sales	-0.4	-1.5	-3.2
Gross capital expenditure, EUR million	1.3	2.0	3.4
Gross capital expenditure, as % of net sales	1.6	2.1	2.0
Equity ratio, %	42.1	40.8	41.2
Gearing, %	70.9	80.4	82.6
Net gearing, %	32.1	51.8	48.8
Net interest-bearing debt, EUR million	21.4	37.4	33.6
Capital employed, end of period, EUR million	114.1	130.1	125.8
Return on equity, %	-0.9	-4.0	-7.7
Return on capital employed, %	2.7	1.0	-0.4
Number of personnel, average	722	750	744
Number of personnel, end of period	733	755	723

PER SHARE DATA**30.6.2021 30.6.2020 31.12.2020**

Number of registered shares, end of period (1.000)	84 290	84 290	84 290
Number of shares, average (1.000)	84 290	84 290	84 290
EPS, total, basic and diluted, EUR	-0.004	-0.017	-0.065
Adjusted equity attributable to owners of the parent per share, EUR (1)	0.79	0.86	0.82
Return of capital per share, EUR			0.02
Return of capital yield / share			2.25
Price per earnings per share (P/E) ratio	-280.0	-39.8	-13.7
Price per equity attributable to owners of the parent per share	1.25	0.80	1.09
Market capitalization of registered shares, EUR million	83.1	57.8	75.0
Share turnover, % (number of shares traded, % of the average registered number of shares)	15.2	13.5	29.2
Number of shares traded, (1.000)	12 810	11 364	24 638
Closing price of the share, EUR	0.99	0.69	0.89
Highest quoted price, EUR	1.10	1.27	1.27
Lowest quoted price, EUR	0.72	0.60	0.58
Volume-weighted average quoted price, EUR	0.87	1.01	0.78

FINANCIAL RISK MANAGEMENT**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.

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.

EUR million	In use	Unused	Total
Committed credit and guarantee facilities 30.6.2021	4.0	31.0	35.0
Committed credit and guarantee facilities 31.12.2020	15.4	19.6	35.0

Net interest bearing debt

EUR million	30.6.2021	30.6.2020	31.12.2020
Loans from financial institutions	38.8	49.0	48.7
Lease liabilities	8.5	9.0	8.2
Cash	25.9	20.6	23.3
Total	21.4	37.4	33.6
Net gearing, %	32.1	51.8	48.8

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.

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 June 2021 13.2 (15.3 on 31.12.2020) 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	
30.6.2021	14.6	9.7	1.4	1.9	0.8	0.8	
31.12.2020	14.7	9.8	2.9	1.4	0.4	0.2	

SEGMENT INFORMATION

Glaston's reportable segments as of January 1, 2021 are Glaston Heat Treatment, Glaston Insulating Glass and Glaston Automotive & Display. 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.

Orders received

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Heat Treatment	24.4	8.7	47.2	28.5	56.1
Insulating Glass	30.9	11.5	50.5	32.7	75.7
Automotive & Display	10.3	3.6	15.1	7.8	20.2
Total segments	65.6	23.8	112.8	68.9	152.1
Unallocated and eliminations	0.3	0.2	0.4	0.7	1.4
Total Glaston Group	65.9	24.0	113.2	69.6	153.5

Net sales

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Heat Treatment	17.6	15.1	31.5	34.5	61.6
Insulating Glass	18.2	24.1	39.4	46.6	81.9
Automotive & Display	7.2	9.5	12.4	13.7	24.6
Total segments	42.9	48.7	83.3	94.7	168.2
Unallocated and eliminations	0.3	0.2	0.4	1.2	1.9
Total Glaston Group	43.3	48.9	83.7	95.9	170.1

Operating result (EBIT)

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Heat Treatment	0.6	-0.0	0.0	-0.1	-1.2
Insulating Glass	0.3	1.0	1.3	2.5	3.6
Automotive & Display	0.6	-0.4	0.3	-1.7	-3.0
Total segments	1.5	0.6	1.7	0.7	-0.6
Unallocated and eliminations	0.1	-0.0	0.0	0.0	0.1
Total Glaston Group	1.6	0.6	1.7	0.7	-0.5
Operating result %	3.6 %	1.1 %	2.0 %	0.7 %	-0.3 %

Comparable operating result (EBIT)

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Heat Treatment	0.1	0.1	0.0	0.3	0.4
Insulating Glass	0.5	1.5	1.7	3.4	5.2
Automotive & Display	0.6	-0.3	0.4	-1.5	-2.5
Total segments	1.2	1.2	2.2	2.1	3.1
Unallocated and eliminations	0.1	0.0	0.0	0.0	0.1
Total Glaston Group	1.3	1.2	2.2	2.1	3.2
Comparable EBIT %	2.9 %	2.5 %	2.6 %	2.2 %	1.9 %

Comparable EBITA

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Heat Treatment	0.6	0.5	0.9	1.0	2.0
Insulating Glass	0.9	2.0	2.7	4.4	7.3
Automotive & Display	0.8	-0.1	0.8	-1.1	-1.6
Total segments	2.3	2.4	4.4	4.3	7.6
Unallocated and eliminations	0.1	-0.0	0.0	0.0	0.1
Total Glaston Group	2.4	2.3	4.4	4.4	7.7
Comparable EBITA %	5.5 %	4.8 %	5.3 %	4.6 %	4.6 %

Segment assets

EUR million	1-6/2021	1-6/2020	1-12/2020
Heat Treatment	68.9	73.0	69.8
Insulating Glass	82.9	78.5	78.4
Automotive & Display	30.4	30.9	28.6
Total segment assets	182.2	182.4	176.8
Other assets	33.2	28.2	30.4
Total assets	215.4	210.5	207.3

Segment liabilities

EUR million	1-6/2021	1-6/2020	1-12/2020
Heat Treatment	44.0	34.8	33.0
Insulating Glass	41.8	30.2	35.1
Automotive & Display	5.8	5.9	4.0
Total segment liabilities	91.7	71.0	72.1
Other liabilities	57.0	67.5	66.3
Total liabilities	148.6	138.4	138.4

Personnel at the end of the period

	1-6/2021	1-6/2020	1-12/2020
Heat Treatment	289	305	293
Insulating Glass	347	341	330
Automotive & Display	93	101	94
Others	4	8	6
Total personnel at the end of the period	733	755	723

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

EUR million

	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Heat Treatment	24.4	22.8	20.7	7.6	8.7	19.7
Insulating Glass	30.9	19.5	22.2	21.6	11.5	21.2
Automotive & Display	10.3	4.8	8.8	3.8	3.6	4.2
Total segments	65.6	47.1	51.6	33.1	23.8	45.2
Unallocated and eliminations	0.3	0.1	0.5	0.3	0.2	0.5
Total Glaston Group	65.9	47.2	52.1	33.3	24.0	45.6

Order book

EUR million

	30.6.2021	31.3.2021	31.12.2020	30.9.2020	30.6.2020	31.3.2020
Heat Treatment	46.1	34.2	31.4	26.7	29.5	36.2
Insulating Glass	35.7	24.8	26.1	18.9	15.7	29.7
Automotive & Display	6.0	4.8	6.5	2.1	3.7	10.0
Total segments	87.8	63.7	63.9	47.6	48.9	75.9
Unallocated and eliminations	0.0	0.0	0.0	0.2	0.2	0.6
Total Glaston Group	87.8	63.7	63.9	47.8	49.1	76.4

Net sales

EUR million

	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Heat Treatment	17.6	13.8	14.9	12.2	15.1	19.4
Insulating Glass	18.2	21.3	18.0	17.4	24.1	22.4
Automotive & Display	7.2	5.2	4.9	6.0	9.5	4.2
Total segments	42.9	40.3	37.9	35.6	48.7	46.0
Unallocated and eliminations	0.3	0.1	0.4	0.3	0.2	1.0
Total Glaston Group	43.3	40.4	38.3	35.9	48.9	46.9

Operating result (EBIT)

EUR million

	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Heat Treatment	0.6	-0.5	-0.6	-0.5	-0.0	-0.1
Insulating Glass	0.3	0.9	0.7	0.4	1.0	1.4
Automotive & Display	0.6	-0.3	-0.9	-0.4	-0.4	-1.3
Total segments	1.5	0.1	-0.8	-0.5	0.6	0.1
Unallocated and eliminations	0.1	-0.0	0.1	-0.0	-0.0	0.1
Total Glaston Group	1.6	0.1	-0.7	-0.5	0.6	0.1
Operating result %	3.6 %	0.3 %	-1.8 %	-1.4 %	1.1 %	0.3 %

Comparable operating result (EBIT)

EUR million	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Heat Treatment	0.1	-0.1	0.4	- 0.3	0.1	0.2
Insulating Glass	0.5	1.3	1.1	0.7	1.5	1.9
Automotive & Display	0.6	-0.2	-0.7	-0.2	-0.3	-1.2
Total segments	1.2	1.0	0.8	0.2	1.2	0.9
Unallocated and eliminations	0.1	-0.0	0.1	-0.1	-0.0	0.1
Total Glaston Group	1.3	0.9	0.9	0.2	1.2	0.9
Comparable EBIT %	2.9 %	2.3 %	2.4 %	0.5 %	2.5 %	2.0 %

Comparable EBITA

EUR million	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020	1-3/2020
Heat Treatment	0,6	0.3	0.8	0.2	0.5	0.6
Insulating Glass	0,9	1.8	1.6	1.2	2.0	2.4
Automotive & Display	0,8	0.0	- 0.5	- 0.0	- 0.1	-1.0
Total segments	2,3	2.1	1.9	1.4	2.4	2.0
Unallocated and eliminations	0,1	-0.0	0.1	-0.1	-0.0	0.1
Total Glaston Group	2,4	2.1	2.1	1.3	2.3	2.0
Comparable EBITA %	5,5 %	5.1 %	5.4 %	3.6 %	4.8 %	4.3 %

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

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Re-structuring	0.4	0.7	1.0	1.5	3.8
Other	-0.7	-	-0.5	-	-
Items affecting comparability⁽¹⁾	-0.3	0.7	0.5	1.5	3.8

Comparable operating result (EBIT) and EBITA

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Operating result	1.6	0.6	1.7	0.7	-0.5
Items affecting comparability ⁽¹⁾	-0.3	0.7	0.5	1.5	3.8
Comparable EBIT	1.3	1.2	2.2	2.1	3.2
Operating result	1.6	0.6	1.7	0.7	-0.5
Amortization and purchase price allocation	1.1	1.1	2.2	2.2	4.5
EBITA	2.7	1.7	3.9	2.9	4.0
Items affecting comparability ⁽¹⁾	-0.3	0.7	0.5	1.5	3.8
Comparable EBITA	2.4	2.3	4.4	4.4	7.7
% of net sales	5.5 %	4.8 %	5.3 %	4.6 %	4.6 %

⁽¹⁾ + cost, - income

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**Changes in property, plant and equipment**

EUR million	1-6/2021	1-6/2020	1-12/2020
Carrying amount at beginning of the period	23.1	25.0	25.0
Additions	0.2	0.4	0.8
Disposals	-0.7	-0.3	-0.4
Depreciation and amortization	-0.9	-1.1	-2.1
Reclassification and other changes	-0.0	-0.1	-0.2
Exchange differences	0.1	-0.0	-0.1
Carrying amount at end of the period	21.8	24.0	23.1

At the end of June 2021 Glaston had not contractual commitments for the acquisition of property, plant and equipment.

EUR million

Changes in intangible assets

	1-6/2021	1-6/2020	1-12/2020
Carrying amount at beginning of the period	76.9	78.1	78.1
Additions	1.1	1.6	2.5
Disposals	0.0	-	-
Depreciation and amortization	-2.0	-1.9	-3.9
Reclassification and other changes	0.0	0.1	0.2
Exchange differences	-0.2	0.0	0.0
Carrying amount at end of the period	75.8	77.8	76.9

LEASES IN THE BALANCE SHEET

EUR million

Right-of-use assets	1-6/2021	1-6/2020	1-12/2020
Carrying amount at beginning of the period	6.9	8.4	8.4
Additions	1.3	0.2	0.5
Depreciation expense	-0.9	-1.1	-2.1
Carrying amount at end of the period	7.3	7.6	6.9

EUR million

Lease liabilities	1-6/2021	1-6/2020	1-12/2020
Carrying amount at beginning of the period	8.2	9.9	9.9
Additions	1.2	0.1	0.4
Interest expense	0.2	0.3	0.5
Rental payment	-1.1	-1.3	-2.6
Carrying amount at end of the period	8.5	9.0	8.2

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	1-6/2021	1-6/2020	1-12/2020
Depreciation of right-of-use assets	-0.9	-1.1	-2.1
Interest expense on lease liabilities	-0.2	-0.3	-0.5
Short-term lease expense	-0.2	-0.1	-0.3
Total amounts recognised in profit or loss	-1.3	-1.5	-2.9

CONTINGENT LIABILITIES

EUR million	30.6.2021	30.6.2020	31.12.2020
Mortgages and pledges			
On own behalf	511.4	511.4	511.4
Guarantees			
On own behalf	4.5	12.7	9.0
On behalf of others	0.1	0.2	0.1

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

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

DERIVATIVE INSTRUMENTS

EUR million	30.6.2021		30.6.2020		31.12.2020	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forwards						
Currency forward contracts	18.5	-0.3	10.0	0.1	12.3	0.3

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

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

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

	2021	2020
1.1.	2.8	2.8
Additions	-	-
Disposals	-	-
Impairment losses	-	-
Reclassification	-	-
30.6.	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

	30.6.2021				30.6.2020				31.12.2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Listed shares	-	-	0.0	0.0	0.3	-	0.0	0.3	0.0	-	0.0	0.0
Other long-term investments	-0.0	-	2.8	2.8	-	-	2.8	2.8	-	-	2.8	2.8
Currency forward contracts	-	-	-	-	-	0.1	-	0.1	-	0.3	-	0.3
Total	-0.0	-	2.8	2.8	0.3	0.1	2.8	3.2	0.0	0.3	2.8	3.2
Liabilities												
Currency forward contracts	-	-0.3	-	-0.3	-	-	-	-	-	-	-	-
Total	-	-0.3	-	-0.3	-	-	-	-	-	-	-	-

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+ amortization of purchase price allocations / 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 interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34. The interim report has followed the same IFRS accounting principles as in the previous consolidated financial statements.

IFRS IC finalized in April 2021 its agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In this agenda decision IFRS IC considered, whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software, and if an intangible asset is not recognized, how the customer accounts for the configuration or customisation costs. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. As the *Group* has cloud computing arrangements in place, it has started to analyse, if this agenda decision has an impact to the accounting policies applied to implementation costs in cloud computing arrangements. The *Group* will undertake this analysis under the fall 2021, and the possible impacts will be implemented retrospectively in the financial statements 2021 at the latest.