Q2

Glaston Corporation

Half year report

January - June 2022

glaston

seeing it through®

Glaston's half-year financial report January–June 2022: Solid progress in the second quarter despite challenging environment

APRIL–JUNE 2022 IN BRIEF

- Orders received totaled EUR 56.2 (64.5) million
- Net sales totaled EUR 53.5 (43.3) million
- Comparable EBITA was EUR 3.5 (2.4) million, i.e. 6.6 (5.5)% of net sales
- The operating result (EBIT) was EUR 1.8 (1.6) million
- Comparable earnings per share were EUR 0.019 (0.009)

JANUARY–JUNE 2022 IN BRIEF

- Orders received totaled 115.2 (111.7) million
- Net sales totaled EUR 105.8 (83.7) million
- Comparable EBITA was EUR 7.0 (4.4) million, i.e. 6.6 (5.3)% of net sales
- The operating result (EBIT) was EUR 4.0 (1.7) million
- Comparable earnings per share were EUR 0.042 (0.018)

GLASTON SPECIFIES OUTLOOK FOR 2022

During the first half of 2022, the overall demand in most of Glaston's markets remained strong, indicating good development for machines and services businesses. In 2022, Glaston's net sales and profitability development are supported by the solid order backlog at the beginning of the year as well as healthy order intake during the first half of 2022. Costs and capital expenditure related to the execution of the refined Group strategy, announced in August 2021, will occur ahead of the effect on revenue growth.

Currently, higher than usual uncertainty is related to the development of global economic activity and customers' investments. The uncertainty is driven by, in particular, the supply chain disturbances, which have become a longer-term challenge, and the Russian attack on Ukraine with its implications for energy and raw material prices. The impacts of the still ongoing COVID-19 pandemic add to the uncertainty, especially in China.

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

(Previous outlook: Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2022 from the levels reported for 2021.)

President & CEO Anders Dahlblom:

“Despite increasing overall global economic uncertainty, most of Glaston’s markets continued to perform well in the second quarter. The quarterly order intake was EUR 56.2 million, somewhat above our quarterly average. Net sales were up by 24% to EUR 53.5 million, primarily due to the good order intake in the previous quarters. Comparable EBITA improved and was EUR 3.5 million, corresponding to an EBITA margin of 6.6%, mainly due to good volume development and operational execution securing strong net sales growth.

For the Services business overall, a strong quarter with over 20% net sales growth was recorded as customers maintained operations or continued to ramp up their production. This was reflected in strong growth for daily services, with all market areas contributing to the outcome. With the Americas leading the way, the order intake for upgrades was record high, with a wide variety of upgrades sold from our broad offering. Labor availability constraints were a growing concern.

In the second quarter, the COVID-19 lockdowns in China continued thereby weakening market sentiment. New orders were on a modest level and some machine deliveries were postponed as a result of customers delaying payments as well as lock-down-related logistic challenges. Due to the governmental shutdowns, Glaston's factory in Tianjin was fully closed only for two days. In addition, operations were adversely impacted by different supply chain disruptions.

Even though the development of the Chinese market currently is surrounded by uncertainty, we will proceed with our strategic focus to grow our business in China with a plan to establish production for Automotive glass pre-processing equipment in Tianjin. The first products produced in China for the Chinese market are expected to be delivered during the first half of 2023. Introducing the Automotive offering’s local production in the Chinese market will contribute to our strategy of profitable growth by improved product offering for the Chinese market as well as productivity improvements.

Due to the Russian invasion of Ukraine in February 2022, Glaston made the decision to cease its operations in and business with Russia. In the review period, our operations in Russia were discontinued and all employment contracts, six in total, were terminated. Two upgrade projects totaling EUR 0.7 million were stopped and removed from the order backlog. New orders have not been taken from Russia since February. In 2021, Russia accounted for less than one percent of Glaston’s net sales.

We have made good progress with strategy implementation; our main strategic actions are ongoing and proceeding. As mentioned above, the strategic initiative to grow our business in China is advancing. Additionally, we have systematically improved our actions on safety and the first global safety week was held in May. We have taken action towards reaching our sustainability targets, specifically to reduce our own CO_2 emissions. Of Glaston’s greenhouse gas emissions, over 80% occur in Finland, Germany and China. Our production units in Finland and Germany started using renewable electricity in the early part of the year, thereby substantially reducing their CO_2 emissions. In addition, we made investment decisions to improve the energy efficiency at our production unit in Switzerland, where renewable energy is already used. Within the strategic initiative for developing the product offering, several initiatives are ongoing for automotive pre-processing, insulating glass and heat treatment with automotive pre-processing being in the final phase.

In the January−June period, the demand environment for Glaston’s products and services remained healthy in most of our markets. Amid the still ongoing Russian invasion of Ukraine, which is affecting the global and particularly the European economy, customers’ decision making for new projects is slowing down, mainly due to stricter financing rules for the projects and soaring materials and energy costs. The huge price increases for float glass, in particular, with the highest example being 40% in the United States, has impacted our customers’ short-term profitability. Supported by the clear improvement in the first half of the year and the second half starting with a high order backlog, we expect good progress in 2022 despite the challenges in the business conditions.”

GLASTON GROUP'S KEY FIGURES

MEUR	4–6/2022	4–6/2021	Change%	1–6/2022	1-6/2021	Change%	1–12/2021
Orders received	56.2	64.5	-12.7%	115.2	111.7	3.1%	216.2
of which service operations	19.2	16.8	14.0%	38.0	34.3	10.8%	68.0
of which service operations, %	34.2%	26.1%		33.0%	30.7%		31.4%
Order book at end of period	106.0	87.8	20.8%	106.0	87.8	20.8%	94.8
Net sales	53.5	43.3	23.6%	105.8	83.7	26.4%	182.7
of which service operations	17.7	14.7	20.5%	36.1	31.3	15.1%	66.8
of which service operations, %	33.1%	34.0%		34.1%	37.4%		36.5%
EBITDA	3.7	2.0	82.3%	8.0	5.5	44.2%	13.0
Items affecting comparability[1)]	0.8	-0.3	-387.7%	1.0	0.5	88.8%	1.5
Comparable EBITDA	4.5	2.8	59.1%	9.0	6.0	48.1%	14.5
Comparable EBITDA, %	8.4%	6.5%		8.5%	7.2%		7.9%
Comparable EBITA	3.5	2.4	48.4%	7.0	4.4	57.6%	11.1
Comparable EBITA, %	6.6%	5.5%		6.6%	5.3%		6.1%
Operating result (EBIT)	1.8	1.6	14.8%	4.0	1.7	138.6%	5.1
Profit/loss for the period	0.4	0.4	-6.6%	1.6	-0.3	637.0%	1.1
Comparable earnings per share, EUR	0.019	0.009	111.1%	0.042	0.018	133.6%	0.060
Cash flow from operating activities	4.4	7.7	-42.9%	-2.3	14.3	-116.4%	19.3
Return on investment (ROI), %, (annualized)				7.1%	2.7%		2.8%
Comparable return on capital employed (ROCE), %, (annualized)				9.7%	5.3%		6.1%
Equity ratio, %				56.6%	42.1%		42.3%
Net gearing, %				34.6%	32.1%		26.9%
Number of employees at end of period				781	733	6,5%	750

1) + cost, - income

OPERATING ENVIRONMENT

Architectural glass

In the second quarter, the overall market activity continued at a good level. Driven by the good development in the architectural business, demand for Heat Treatment equipment remained good even though the high inflationary environment had some impact on investment discussions. Flat tempering and laminating lines, in particular, were in high demand. A majority of the customers' investments were for increased automation and capability to increase production efficiency.

Amid supply chain challenges and rising inflation, Insulating Glass Technologies' markets were good, with the trend for automated insulating glass manufacturing solutions and special lines continuing. Demand for the Thermoplastic Spacer (TPS®) remained at a high level. Additionally, the MULTI'ARRISSER, launched in the previous year, raised much attention and was a door opener for new integrated insulating glass lines, thereby strengthening Glaston's position in the market.

For the Services business, the market was mostly positive as customers were operational or ready for higher utilization rates. In addition, corona-related restrictions were limited to some specific countries, such as China. The supply chain disruptions continued and further additional measures to secure the availability of spare parts were taken. Upgrades were in high demand with a wide variety of products sold. In Insulating Glass, the upgrades demand was steadily increasing. The extended delivery times due to component availability issues affected demand for Automotive upgrades.

EMEA, with Europe at the core, remained the strongest market for Insulating Glass Technologies. For Heat Treatment equipment, demand in the EMEA region was lower than in the previous quarter but market activity was still at a good level. For Services markets, the business environment was mixed: demand for daily services was high whereas hesitation was noted for upgrade investments.

In the Americas, excellent demand for Heat Treatment equipment continued and the residential sector, in particular, drove investments for increased capacity and production capabilities. For Insulating Glass equipment, demand picked up from the previous quarter. For Services, the markets developed positively with daily services and upgrades performing at record-high levels.

In China, market activity was subdued due to the coronavirus-related restrictions and lockdowns. Demand for high-end Insulating Glass machines was on a good level, driving demand for jumbo glass sizes, large-sized lines and automation. Elsewhere in the APAC region, demand for new machines remained subdued. However, in services operations activity improved significantly, as many countries opened up for travel.

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

Automotive glass

In the second quarter of 2022, automotive production continued to face difficulties due to supply chain shortages and regional factors. Russia's military offensive against Ukraine and the coronavirus-related restrictions and lockdowns in China contributed to higher-than-usual market uncertainty.

The general market sentiment remained positive, as development in the automotive end market has a better outlook with regard to high end-customer demand, which automotive production is currently unable to fulfill. However, a shift in investment behavior was perceptible. New machine investments were made even more carefully than before, even though the customers have recognized the need to invest in order to fulfill future requirements. Service activity, in general, was increasing. In the display market, no major changes were observed. Display orders remained at a low level.

Automotive upgrade products continued to be in high demand. Most of the upgrade products include control components which are scarce, and demand could not be fully met.

In April−June, market activity in China continued on a good level even though several investment decisions were delayed as a consequence of the lock-downs. In North America, the market continued to be good outside of the traditional automotive market, i.e. for special products such as recreational vehicles (RVs) and heavy vehicles. In Europe, market activity was very low as the automotive glass business is being consolidated.

FINANCIAL DEVELOPMENT OF THE GROUP

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

Orders received and order book

Glaston Group's **April–June 2022** orders received were EUR 56.2 (64.5) million, down 13% compared to the corresponding period in the previous year. In the record-high comparison period, one exceptionally big Insulating Glass order at EUR 7.9 million was received. Total services business order intake increased by 14% in the second quarter. For upgrades, order intake was record-high with Heat Treatment upgrades in the lead.

The **January–June 2022** orders received totaled EUR 115.2 (111.7) million, up 3% compared to the corresponding period in the previous year. Order intake performance for Heat Treatment equipment was down 3% and totaled EUR 45.9 (47.2) million. However, order intake from the Americas was excellent. In addition, a strong order intake for Heat Treatment upgrades was noted. For Insulating Glass equipment, order intake was up 4% totaling EUR 52.3 (50.5) million with EMEA continuing as the core market. For Automotive & Display, half-year order intake saw an increase of 22% amounting to EUR 16.7 (13.7) million as North America and China continued to be the most active markets. Total services business order intake increased by 11% in the period.

Orders received, EUR million	4–6/2022	4–6/2021	Change%	1–6/2022	1–6/2021	Change%	1–12/2021
Heat Treatment	23.5	24.4	-3.8%	45.9	47.2	-2.7%	89.0
Insulating Glass	26.7	30.9	-13.7%	52.3	50.5	3.6%	95.0
Automotive & Display	5.9	8.9	-33.7%	16.7	13.7	21.8%	31.2
Segments, total	**56.1**	**64.3**	-12.7%	**114.9**	**111.4**	3.2%	**215.1**
Unallocated and eliminations	0.1	0.3	-60.8%	0.4	0.4	11.4%	1.1
Glaston Group, total	**56.2**	**64.5**	-12.9%	**115.2**	**111.7**	3.1 %	**216.2**

The **order book** stood at EUR 106.0 (87.8) million at the end of the second quarter and was 21% higher than in the corresponding period in 2021. The Heat Treatment order book totaled EUR 45.6 (46.1) million, representing 43% of the Group's order book. The Insulating Glass order book stood at EUR 49.3 (35.7) million, representing 47% of the Group's order book and the corresponding numbers for Automotive & Display were EUR 11.1 (6.0) million and 10% of the Group's order book.

Order book, EUR million	30.6.2022	30.6.2021	Change%	31.12.2021
Heat Treatment	45.6	46.1	-1.1%	45.6
Insulating Glass	49.3	35.7	38.1%	38.5
Automotive & Display	11.1	6.0	85.0%	10.7
Segments, total	**106.0**	87.8	20.7%	**94.8**
Unallocated and eliminations	-	-	-	-
Glaston Group, total	**106.0**	87.8	20.7 %	**94.8**

Net sales

The **April–June 2022** net sales were up 24% from the corresponding period of the previous year, mainly due to good order intake in the previous quarters, and were EUR 53.5 (43.3) million. Component shortages and the lockdowns in China slightly affected second-quarter net sales development.

The Heat Treatment segment's net sales saw continued strong growth and were EUR 22.9 (17.6) million, up 30% compared to the same period in the previous year. Net sales of the Insulating Glass segment improved compared to the corresponding period in 2021: EUR 21.1 (18.2) million. The Automotive & Display segment's net sales were EUR 9.4 (7.2) million, supported by the higher order intake in the previous quarters. Total Services business grew its net sales by 20% in the April−June period.

Of total net sales, the Heat Treatment segment accounted for 43%, the Insulating Glass segment for 39%, and the Automotive & Display segment for 18%. Geographically, the EMEA area continued as the biggest area and accounted for 51% of net sales while the Americas accounted for 30%, and Asia and Pacific (APAC) for around 19%.

The **January–June 2022** net sales totaled EUR 105.8 (83.7) million. The Heat Treatment segment's net sales amounted to a total of EUR 45.3 (31.5) million, up 44%. The Insulating Glass segment's net sales increased by 8% to EUR 42.6 (39.4) million. The Automotive & Display segment's net sales were up by 42% and totaled EUR 17.5 (12.4) million. Total Services net sales increased 15%.

Net sales, EUR million	4–6/2022	4–6/2021	Change, %	1–6/2022	1–6/2021	Change, %	1–12/2021
Heat Treatment	22.9	17.6	29.6%	45.3	31.5	44.0%	74.7
Insulating Glass	21.1	18.2	16.2%	42.6	39.4	8.0%	81.6
Automotive & Display	9.4	7.2	31.5%	17.5	12.4	41.7%	25.6
Segments, total	**53.3**	**42.9**	24.3%	**105.4**	**83.3**	26.6%	**181.9**
Unallocated and eliminations	0.1	0.3	-59.8%	0.4	0.4	-17.8%	0.8
Glaston Group, total	**53.5**	**43.3**	23.6%	**105.8**	**83.7**	26.4%	**182.7**

Operating result and profitability

Second-quarter comparable EBITA was EUR 3.5 (2.4) million, i.e. 6.6 (5.5)% of net sales. Strong volume growth drove profitability higher and compensated for the negative impacts of gross margin decline and higher fixed costs. Fixed costs however reduced in relation to net sales.

Glaston Group's comparable operating result was EUR 2.6 (1.3) million, i.e. 4.9 (2.9)% of net sales. The second-quarter operating result was EUR 1.8 (1.6) million. Items affecting comparability amounting to EUR -0.8 (0.3) million were recognized in the second quarter. These were mainly related to the termination of operations in Russia. Financial income and expenses were EUR -1.2 (-0.9) million. The result before taxes was EUR 0.5 (0.6) million. The result for the second quarter was EUR 0.4 (0.4) million and earnings per share were EUR 0.005 (0.005). The comparable earnings per share were EUR 0.019 (0.009).

The **January−June 2022** comparable EBITA amounted to EUR 7.0 (4.4) million, i.e. 6.6 (5.3)% of net sales. Also in the first half, strong volume growth impacted profit positively whereas gross margin declined and fixed costs increased. The comparable operating result was EUR 5.0 (2.2) million, i.e. 4.7 (2.6)% of net sales. The Group's operating result was EUR 4.0 (1.7) million. Items affecting comparability totaled EUR -1.0 (-0.5) million mainly related to the termination of operations in Russia. Financial income and expenses amounted to EUR -1.6 (-1.1) million. The result before taxes was EUR 2.1 (0.3) million. The January−June result was EUR 1.6 (-0.3) million. Earnings per share were EUR 0.019 (-0.004) and comparable earnings per share were EUR 0.042 (0.018).

Comparable operating result (EBIT) and EBITA

EUR million	1—6/2022	1—6/2021	Change, %	1—6/2022	1—6/2021	Change, %	1—12/2021
Operating result	1.8	1.6	14.8%	4.0	1.7	138.6%	5,1
Items affecting comparability[1)]	0.8	-0.3	387.7%	1.0	0.5	88.8%	1,5
Comparable EBIT	**2.6**	**1.3**	107.6%	**5.0**	**2.2**	126.6%	**6,6**
Operating result	**1.8**	**1,6**	14,8 %	**4.0**	**1.7**	138.6%	**5,1**
Amortization and purchase price allocation[1)]	0.9	1,1	-20.3%	2.0	2.2	-10.3%	4.5
EBITA	**2.7**	**2,7**	0.4%	**6.0**	**3.9**	53.3%	**9.6**
Items affecting comparability[1)]	0.8	-0,3	387.7%	1.0	0.5	88.8%	1.5
Comparable EBITA	**3.5**	2,4	48.4%	**7.0**	**4.4**	57.6%	**11.1**
% of net sales	6.6%	5,5%	20.1%	6.6%	5.3%	24.7%	6.1%

1) + cost, -income

FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

Heat Treatment reporting segment

Heat Treatment segment's second quarter in brief:

- Market activity continued on a good level with excellent performance in the Americas
- Net sales up by 30%, supported by stable order intake in the previous quarters
- Good profitability improvement

Heat Treatment KEY RATIOS EUR million	**4–6/2022**	**4–6/2021**	**Change%**	**1–6/2022**	**1–6/2021**	**Change%**	**1–12/2021**
Orders received	23.5	24.4	-3.8 %	45.9	47.2	-2.7%	89.0
of which service operations	8.3	7.3	13.7 %	16.5	15.0	10.0 %	28.8
of which service operations%	35.3 %	29.9 %		35.9 %	31.8 %		32.4%
Order book at end of period	45.6	46.1	-1.1 %	45.6	46.1	-1.1%	45.6
Net sales	22.9	17.6	29.6 %	45.3	31.5	44.0%	74.7
of which service operations	6.8	5.2	30.7 %	14.6	12.1	21.0%	27.7
of which service operations%	29.9%	29.6%		32.3%	38.4%		37.1%
Comparable EBITA	1.8	0.6	208.4 %	3.3	0.9	270.0%	3.4
Comparable EBITA, %	7.9%	3.3%		7.4%	2.9%		4.5%
Operating result (EBIT)	0.7	0.6	28.2 %	1.8	0.0	5014.2%	0.6
Operating result (EBIT), %	3.2%	3.2%		4.0%	0.1%		0.8%

Orders received and order book

In the second quarter of 2022, the Heat Treatment segment's order intake was slightly below the level of the corresponding period in the previous year and totaled EUR 23.5 (24.4) million. Order intake of Heat Treatment services grew over 5%.

In the review period, order intake from the Americas continued on a high level with orders for both flat tempering and flat lamination equipment. The weakening of the euro against the US dollar supported Glaston's competitiveness in North America. In the EMEA region, RC tempering as well as lamination lines were ordered, for example from France, Belgium and Germany.

Demand for HT upgrades remained strong with some RC and ProL zone upgrades sold to Europe and the Americas. In addition, major upgrades were sold to Japan and Denmark.

January–June 2022 orders decreased by 3% compared to the corresponding period in the previous year and totaled EUR 45.9 (47.2) million. Services orders grew 10%.

The Heat Treatment segment's order book stood at EUR 45.6 (46.1) million at the end of the second quarter.

Financial development

The good order intake in the previous months moved well to the Heat Treatment segment's April—June 2022 net sales and net sales increased by 30% to EUR 22.9 (17.6) million despite the global supply chain challenges. Services net sales also showed over 30% growth. April−June comparable EBITA was EUR 1.8 (0.6) million, i.e. 7.9 (3.3)% of net sales.

The profitability improvement was mainly contributed to the increased volume. A stronger US dollar with a high share of net sales from the North American region and similar growth rates in the machines and services business enabled stable gross margin. Fixed costs increased but their share of net sales declined.

As a result of clearly higher order backlog at the start of the year January–June 2022 net sales were up 44% and totaled EUR 45.3 (31.5) million. Comparable EBITA was EUR 3.3 (0.9) million, i.e. 7.4 (2.9)% of net sales. Higher volume compensated for the impact of higher fixed costs. Total gross margin was stable despite a lower share of services business as gross margin increases especially within services contributed positively.

Insulating Glass reporting segment

Insulating Glass segment's second quarter in brief:

- Stable market with major orders from Europe, China and North America
- Net sales up 16%, EBITA margin higher than in the comparison period
- Production running at full capacity and preparing for gradually increasing the capacity

Insulating Glass KEY RATIOS EUR million	4−6/2022	4−6/2021	Change%	1−6/2022	1−6/2021	Change%	1−12/2021
Orders received	26.7	30.9	-13.7%	52.3	50.5	3.6%	95.0
of which service operations	6.8	5.4	25.9 %	13.9	11.6	19.8 %	24.5
of which service operations%	25.5 %	17.4 %		26.6 %	23.0 %		25.8%
Order book at end of period	49.3	35.7	38.1%	49.3	35.7	38.1%	38.5
Net sales	21.1	18.2	16.2%	42.6	39.4	8.0%	81.6
of which service operations	6.7	5.4	22.7%	13.7	11.8	15.8%	24.7
of which service operations%	31.6%	30.0%		32.1%	29.9%		30.2%
Comparable EBITA	1.4	0.9	52.5%	3.3	2.7	22.4%	6.5
Comparable EBITA, %	6.6%	5.0%		7.7%	6.8%		8.0%
Operating result (EBIT)	1.0	0.3	175.4%	2.3	1.3	76.7%	4.6
Operating result (EBIT), %	4.6%	1.9%		5.3%	3.2%		5.6%

Orders received

In the second quarter, the insulating glass market remained good despite increasing market uncertainty caused by the supply chain disruptions, inflation and COVID-19 related issues. The Insulating Glass segment's April−June 2022 order intake declined by 13.7% and was at EUR 26.7 (30.9) million. One single order of EUR 7.9 million was included in the record-high comparison period of the previous year. Services order intake grew close to 20% during the quarter.

In the second quarter, EMEA order entry was strong with the Insulating Glass manufacturers still having full order books. Orders received in Europe included, among others, an order at approximately EUR 4 million for a high-speed TPS® insulating glass solution. In China, the TPS® line continued to perform well. Order entry from the Americas recovered from the previous quarter and a strong order entry was noted. For Insulating Glass upgrades, demand was steadily increasing and the order intake was on a satisfactory level.

January–June 2022 orders received increased by 4% compared to the corresponding period in the previous year and totaled EUR 52.3 (50.5) million. Services orders grew 20%.

The Insulating Glass segment's order book stood at EUR 49.3 (35.7) million at the end of the period.

Financial development

The Insulating Glass segment's second-quarter 2022 net sales were up 16% and totaled EUR 21.1 (18.2) million. Component shortages had some impact on projects and on customers' readiness to receive machines. Additionally, lock-downs in China delayed some deliveries during the quarter. April−June comparable EBITA and EBITA margin improved mainly due to higher net sales and higher share of services business. Despite the positive product mix, gross margin declined due to the component situation and a few lower margin projects. Fixed costs increased but other operating income offset this impact. Comparable EBITA was EUR 1.4 (0.9) million, i.e. 6.6 (5.0)% of net sales.

January–June 2022 net sales were up 8% and totaled EUR 42.6 (39.4) million. Comparable EBITA was EUR 3.3 (2.7) million, i.e. 7.7 (6.8)% of net sales. Higher volume and higher other operating income compensated for the impact of higher fixed costs. Total gross margin was stable as services share and margin increased whereas machines margin declined.

Automotive & Display reporting segment

Automotive & Display segment's second quarter in brief:

- Order intake at EUR 5.9 million with low demand from China
- Net sales up by 32%, reflecting higher order intake in previous quarters

Automotive & Display KEY RATIOS EUR million	4–6/2022	4–6/2021	Change%	1–6/2022	1–6/2021	Change%	1–12/2021
Orders received	5.9	8.9	-33.7%	16.7	13.7	21.8%	31.2
of which service operations	4.1	4.1	0.0 %	7.7	7.7	0.0 %	14.6
of which service operations%	69.5 %	46.1 %		46.1 %	56.2 %		46.8%
Order book at end of period	11.1	6.0	85.0%	11.1	6.0	85.0%	10.7
Net sales	9.4	7.2	31.5%	17.5	12.4	41.7%	25.6
of which service operations	4.2	4.0	4.3%	7.8	7.4	4.6%	14.4
of which service operations%	44.8%	56.5%		44.3%	60.0%		56.2%
Comparable EBITA	0.3	0.8	-56.9%	0.4	0.8	-47.8%	1.2
Comparable EBITA, %	3.7%	11.3%		2.5%	6.7%		4.7%
Operating result (EBIT)	0.2	0.6	74.0%	-0.0	0.3	104.3%	-0.1
Operating result (EBIT), %	1.6%	8.3%		-0.1%	2.8%		-0.4%

Orders received

In the second quarter of the year, the Automotive & Display segment's orders received totaled EUR 5.9 (8.9) million. China and North America continued to be the most active markets but several orders were postponed in China due to the COVID-19 related lock-downs. Display orders continued to be at low figures.

January–June 2022 orders received increased by 22% compared to the corresponding period in the previous year and totaled EUR 16.7 (13.7) million. Services orders were on the same level as in the corresponding period in the previous year.
The Automotive & Display segment's order book stood at EUR 11.1 (6.0) million at the end of the period.

Financial development

The Automotive & Display segment's net sales increased by 32% and were EUR 9.4 (7.2) million, supported by the higher machines order intake in the previous quarters. For Automotive services, net sales were on a satisfactory level, however slightly slower than expected due to supply chain issues and some temporary customer factory shut-downs.

The segment's comparable EBITA fell from the exceptionally high corresponding period in the previous year and was EUR 0.3 (0.8) million as net sales growth took place mainly in the lower-margin machines business with a less favourable geographical mix of projects. Thus gross margin declined clearly and fixed costs increased with the business ramping up production.

January–June 2022 net sales were up 42% and totaled EUR 17.5 (12.4) million. Comparable EBITA was EUR 0.4 (0.8) million, i.e. 2.5 (6.7)% of net sales. Volume increased but gross margin declined as share of services business was clearly lower and machines margin was weak due to less favourable geographical mix of the projects. Fixed costs also increased.

Financial position, cash flow and financing

At the end of June, Glaston Group's balance sheet total was EUR 193.9 (215.4) million. Intangible assets amounted to EUR 76.0 (75.7) million, of which goodwill was EUR 59.2 (58.1) million. At the end of the period, property, plant and equipment amounted to EUR 22.4 (21.8) million and inventories to EUR 32.1 (25.9) million. In order to ensure the best possible customer service when component delivery times are unpredictable, inventories have been increased. The higher business volume is also reflected in the increased inventories.

The comparable return on capital employed (ROCE) was 9.7 (5.3)%.

At the end of June, the company's net gearing was 34.6 (32.1)% and the equity ratio was 56.6 (42.1)%. Net interest-bearing debt totaled EUR 23.4 (21.4) million.

The second-quarter cash flow from operating activities, before the change in working capital, was EUR 3.2 (1.1) million. Cash flow from the change in working capital was EUR 1.3 (6.6) million, which was mainly due to the increase in advance payments. Cash flow from operating activities was EUR 4.4 (7.7) million. Cash flow from investing activities was EUR -0.9 (0.7) million and cash flow from financing activities was EUR -9.6 (-11.2) million. A total of EUR 7.0 million of debt repayment was made during the second quarter. A return of capital of EUR 2.5 million was paid in April.

Executed on 1 April 2022, Glaston's new long-term financing agreement for refinancing its previous financing arrangement as well as for general working capital and guarantee purposes, consists of EUR 30 million long-term loans as well as a EUR 25 million revolving credit facility. The agreement is for three years and includes two one-year options for extension of the loan period. Additionally, Glaston has agreed on bilateral guarantee limits with its financing banks.

Capital expenditure and product development

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

In the review period, Glaston continued to strongly focus on the development towards fully automated lines in insulating glass and heat treatment technologies as well as automotive and display technologies. Projects and innovations related to automation, ease of use and self-learning remained focus areas of product development. With growing industry requirements for higher glass quality and zero tolerance of clearly visible glass defects, the White Haze Scanner was launched to the market. This AI-based solution, introduced by Glaston and Softsolution, is the first product to automatically detect white haze on processed glass.

In January−June, research and product development expenditure, excluding depreciation, totaled EUR 4.3 (3.5) million, of which EUR 1.1 (0.9) million was capitalized. Research and product development expenditure amounted to 4.0 (4.1)% of net sales.

Organization and Personnel

Due to the Russian invasion of Ukraine in February 2022, Glaston made the decision to cease its operations in and business with Russia. In the second quarter, Glaston's operations in Russia were discontinued, and all employment contracts, six in total, were terminated.

Throughout the year, safety and well-being of the personnel have been prominent themes. The first group-wide Safety Week, organized by the Safety Team was reflected in various initiatives to further develop safety at work at all Glaston sites. Embracing diversity during the German nationwide project day "Girls' Day – Future prospects for Girls", Glaston Germany opened its doors for schoolgirls in late April to introduce them to apprenticeships and Bachelor programs in IT, crafts, sciences and technology.

Glaston Group had a total of 781 (733) employees on 30 June 2022. The Heat Treatment segment employed 308 (289) people, the Insulating Glass segment 366 (347) people, and the Automotive & Display segment 105 (93) people. Of the Group's personnel, 34%, i.e. 266 employees, worked in Germany, 27%, i.e. 208, worked in Finland, 14% worked elsewhere in the EMEA area, 19% worked in Asia and 6% worked in the Americas. The average number of employees was 767 (722).

STRATEGY

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

In line with Glaston's strategic focus to grow its business in China and improve operational efficiency, the plan to establish production for Automotive pre-processing equipment in Tianjin was disclosed in June. The estimated investment for the implementation of the plan is around EUR 1.4 million with most of the costs and capital expenditure expected for the second half of 2022. The first products produced in China for the Chinese market are expected to be delivered during the first half of 2023. The plan is based on the assumption that COVID-19 related restrictions will gradually be lifted in China in the second half of 2022. In case of delays, the timing of the financial impacts will move forward. Production of Automotive pre-processing machines in Bützberg, Switzerland will continue to serve Glaston customers outside of China. The Swiss factory will also deliver customized machines to China. Automotive Heat Treatment machines will continue to be produced in Tampere, Finland. Further information is disclosed in the stock exchange release published on 14 June 2022.

SUSTAINABILITY

In Glaston's revised strategy, one of the focus areas is sustainability. To highlight the sustainable nature of the company's business and the strategic importance of its environmental, social and governance (ESG) commitment, Glaston set new Group-wide non-financial targets in connection to the strategy work.

The Group-wide safety target of zero lost time accidents (LTA), measured using the Lost-Time-Injury-Frequency Rate, was 5.3 for the review period (3.3 in full-year 2021). For CO_2 emissions (scope 1+2), the target is a reduction in relation to net sales by 50% from the 2020 level. During the first half of the year, a series of measures were implemented to reduce the company's carbon emissions. Of Glaston's greenhouse gas emissions, over 80% occur in Finland, Germany and China. As of January 2022, the production facilities in Finland and Germany switched to renewable electricity, thereby significantly reducing their CO_2 emissions. To further reduce CO_2 emissions, investments in the Swiss production unit were approved. In Switzerland, where renewable energy has been the main source of energy already for years, a renewal of the heating system was decided upon. It will notably reduce the consumption of gas. Additionally, a decision on a solar panel investment was made. Glaston's CO_2 emissions are reported on a yearly basis. Towards the end of the review period, measurement of the group-wide customer satisfaction target, Net Promoter Score >40, started. For the strategic employee engagement target (engagement rate >75 out of 100) measurement will start in the latter part of the year.

In 2023, Glaston will in addition to its scope 1 and 2 emissions also disclose the scope 3 emissions, i.e. the value chain emissions. In the review period, the scope 3 project was set up and data collection was initiated. Constituting the starting point for future work, the results of this project enable us to better identify the measures that will support our efforts to strengthen a sustainable business.

As part of the company's corporate responsibility work, Glaston's new financing agreement is linked to sustainability targets and the loan margin of the new financing agreement is adjusted by the achievement of Glaston's sustainability objectives annually. The objectives are safety at work, measured as a decrease of lost time accidents (lost time injury frequency rate) and CO_2 emissions (scope 1 & 2) in relation to net sales.

In the review period, Glaston was re-certified as a 'Nasdaq ESG Transparency Partner'.

GOVERNANCE

Shares and shareholders

Glaston Corporation's shares are listed on the Nasdaq Helsinki Small Cap list. The trading code is GLA1V and the ISIN code is FI4000369657. Each share entitles its holder to one vote and voting right. Glaston Corporation's share capital on 30 June 2022 was EUR 12.7 (12.7) million.

			No. of shares and votes	Share turnover, EUR million
GLA1V			84,289,911	3.9
	Highest	Lowest	Closing	Average price *)
Share price	1.19	0.71	0.82	0.99
			30.6.2022	30.6.2021
Market value			69.1	83.1
Number of shareholders			7,300	7,232
Foreign ownership, %			27.4	27.2

*) trading-weighted average

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

Share-based incentive plan

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

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

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

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

Annual General Meeting

Glaston Corporation's Annual General Meeting was held on 12 April 2022 in Helsinki. The General Meeting adopted the financial statements and consolidated financial statements for the financial period from 1 January to 31 December 2021 and discharged the members of the Board of Directors and the CEO from liability for the financial year from 1 January to 31 December 2021. In accordance with the proposal of the Board of Directors, the General Meeting resolved that a return of capital of EUR 0.03 per share be distributed for the financial year ended on 31 December 2021. The return of capital was paid on 26 April 2022.

In accordance with the proposal of the Board of Directors, the General Meeting decided to adopt the Remuneration Report for the governing bodies. The General Meeting approved the proposals concerning the selection and remuneration of the Board of Directors and auditor as well as the number of members of the Board of Directors. The General Meeting re-elected as members of the Board of Directors the current members of the Board of Directors, Mr. Veli-Matti Reinikkala, Mr. Sebastian Bondestam, Mr. Antti Kaunonen, Ms. Sarlotta Narjus, Ms. Arja Talma, Mr.Tero Telaranta and Mr. Michael Willome. In addition, the General Meeting authorized the Board of Directors to decide on a repurchase of the company's own shares and the issuance of shares.

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.

The Board of Directors resolved upon the composition of the Board committees as follows:
Audit Committee: Arja Talma (Chair), Veli-Matti Reinikkala and Tero Telaranta were elected as members of the Audit Committee of the Board of Directors.

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

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

SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

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

The increasing uncertainty in the global markets may affect Glaston's business environment, with short-term risks mainly linked to the development of global investment demand. Glaston continuously monitors the development outlook of the global economy and its impact on the progress of its markets. If the demand environment deteriorates substantially, this will mainly affect Glaston's net sales and earnings with a 6–9-month delay.

Due to the Russian invasion of Ukraine in February 2022, Glaston has discontinued its operations in and business with Russia. Glaston is closely monitoring the indirect effects caused by the war and its implications for the glass industry, such as soaring energy prices and further complicated supply chains. The price and availability of energy in Europe may impact Glaston's customers' willingness to invest in new machinery while the huge price increase of float glass, up to 40% in the U.S, has impacted the customers' short-term profitability. Further, for the energy-intensive float glass industry, an uninterrupted supply of energy is crucial. The industry is dependent on fossil fuels, mainly gas, which in Europe comes partly from Russia. A complete elimination of natural gas could lead to serious or even permanent damage to float glass producing equipment. In the longer-term, the energy-related risks could lead to a general energy consumption awareness driving demand for investments in energy-saving technologies and renewable energy solutions. Increased uncertainty is slowing down economic growth and could lead to recession.

Even though the impact of the COVID-19 pandemic has further decreased, there is still significant uncertainty related to the pandemic in terms of its duration and possible new virus variants. In case of new lockdowns and travel restrictions in China, service work and the spare parts business as well as machine installations would be affected. In the second quarter of 2022, the corona-related restrictions and lockdowns continued in China, thereby affecting Glaston's operations and performance in China. Despite the healthy underlying demand, a prolonged lockdown could affect Glaston's performance in China in the mid-term. Due to the abovementioned circumstances, there is higher than normal uncertainty related to customers' investment behavior in regions heavily affected by the pandemic.

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

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

GLASTON SPECIFIES OUTLOOK FOR 2022

During the first half of 2022, the overall demand in most of Glaston's markets remained strong, indicating good development for machines and services businesses. In 2022, Glaston's net sales and profitability development are supported by the solid order backlog at the beginning of the year as well as healthy order intake during the first half of 2022. Costs and capital expenditure related to the execution of the refined Group strategy, announced in August 2021, will occur ahead of the effect on revenue growth.

Currently, higher than usual uncertainty is related to the development of global economic activity and customers' investments. The uncertainty is driven by, in particular, the supply chain disturbances, which have become a longer-term challenge, and the Russian attack on Ukraine with its implications for energy and raw material prices. The impacts of the still ongoing COVID-19 pandemic add to the uncertainty, especially in China.

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

(Previous outlook: Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2022 from the levels reported for 2021.)

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 30 JUNE 2022

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	4-6/2022	4-6/2021	Change	1-6/2022	1-6/2021	Change	1-12/2021
Net sales	**53.5**	**43.3**	**23.6%**	**105.8**	**83.7**	**26.4%**	**182.7**
Other operating income	1.4	1.2		1.8	2.3		4.3
Expenses	-51.2	-41.0		-99.7	-80.4		-173.9
Depreciation, amortization and impairment	-1.3	-1.5		-2.8	-2.9		-6.0
Depreciation of right-of-use assets	-0.6	-0.4		-1.1	-0.9		-1.9
Operating result	**1.8**	**1.6**	14.8%	**4.0**	**1.7**	138.6%	**5.1**
Financial items, net	-1.2	-0.9		-1.6	-1.1		-3.5
Interest expenses on lease liabilities	-0.1	-0.1		-0.2	-0.2		-0.5
Result before income taxes	**0.5**	**0.6**	-19.8%	**2.1**	**0.3**	621.4%	**1.2**
Income taxes	-0.1	-0.2		-0.5	-0.6		-0.0
Profit / loss for the period	**0.4**	**0.4**	-6.5%	**1.6**	**-0.3**	637.0%	**1.1**
Earnings per share, EUR	0.005	0.005		0.019	-0.004		0.013
Operating result, as % of net sales	3.4	3.6		3.8	2.0		2.8
Profit / loss for the period, as % of net sales	0.7	0.9		1.5	-0.4		0.6

STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Profit / loss for the period	**0.4**	**0.4**	**1.6**	**-0.3**	**1.1**
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	1.3	0.0	1.5	-0.1	1.4
Cash flow hedges, net of tax	-1.1	0.0	-1.2	0.0	-0.1
Other comprehensive income that will not be reclassified subsequently to profit or loss:					
Fair value changes of financial assets measured at fair value through profit or loss	0.0	0.0	0.0	0.0	-2.8
Actuarial gains and losses arising from defined benefit plans, net of tax	0.0	0.0	0.0	0.0	1.2
Other comprehensive income for the reporting period	**0.2**	**0.0**	**0.3**	**-0.1**	**-0.3**
Total comprehensive income for the reporting period	**0.6**	**0.4**	**1.9**	**-0.4**	**0.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	30.6.2022	30.6.2021	31.12.2021
Assets			
Non-current assets			
Goodwill	59.2	58.1	58.6
Other intangible assets	16.8	17.6	17.2
Property, plant and equipment	22.4	21.8	22.9
Right-of-use assets	7.1	7.3	7.3
Financial assets measured at fair value through other comprehensive income	0.0	2.8	0.0
Loan and other non-current receivables	2.8	2.1	2.9
Deferred tax assets	2.7	1.8	2.6
Total non-current assets	**111.0**	**111.7**	**111.6**
Current assets			
Inventories	32.1	25.9	27.3
Receivables			
Trade and other receivables	22.4	19.7	17.1
Contract assets	13.3	32.0	14.3
Assets for current tax	0.0	0.2	0.1
Total receivables	35.7	51.9	31.6
Cash equivalents	15.1	25.9	26.9
Total current assets	**82.9**	**103.7**	**85.7**
Total assets	**193.9**	**215.4**	**197.3**

EUR million	30.6.2022	30.6.2021	31.12.2021
Equity and liabilities			
Equity			
Share capital	12.7	12.7	12.7
Other restricted equity reserves	0.3	0.3	0.3
Reserve for invested unrestricted equity	105.3	107.9	107.9
Other unrestricted equity reserves	-1.5	-0.2	-0.3
Retained earnings and exchange differences	-49.1	-53.9	-52.5
Total equity	**67.7**	**66.7**	**68.0**
Non-current liabilities			
Non-current interest-bearing liabilities	25.9	32.5	30.4
Non-current lease liabilities	6.6	6.8	6.9
Non-current interest-free liabilities and provisions	0.4	0.9	0.3
Deferred tax liabilities	9.1	8.2	9.3
Total non-current liabilities	**42.1**	**48.3**	**46.9**
Current liabilities			
Current interest-bearing liabilities	4.2	6.3	6.2
Current lease liabilities	1.8	1.7	1.7
Current provisions	3.5	3.0	2.5
Trade and other current interest-free payables	72.6	87.9	69.3
Contract liabilities	1.3	0.3	2.1
Liabilities for current tax	0.8	1.0	0.8
Total current liabilities	**84.1**	**100.3**	**82.4**
Total liabilities	**126.2**	**148.6**	**129.3**
Total equity and liabilities	**193.9**	**215.4**	**197.3**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Cash flows from operating activities					
Cash flow before change in net working capital	3.2	1.1	6.3	2.0	7.1
Change in net working capital	1.3	6.6	-8.6	12.3	12.2
Net cash flow from operating activities	**4.4**	**7.7**	**-2.3**	**14.3**	**19.3**
Cash flow from investing activities					
Purchases of non-current assets	-1.2	-0.7	-2.0	-1.3	-5.2
Proceeds from sale of business	-	-	-	-	0.4
Proceeds from sale of other non-current assets	0.4	1.5	0.4	1.6	1.6
Net cash flow from investing activities	**-0.9**	**0.7**	**-1.7**	**0.3**	**-3.1**
Cash flow before financing	**3.6**	**8.4**	**-4.0**	**14.6**	**16.2**
Cash flow from financing activities					
Increase in non-current liabilities	26.0	-	26.0	-	-
Decrease in non-current liabilities	-31.0	-	-31.0	-	-
Changes in loan receivables (increase - / decrease +)	0.2	0.0	0.3	0.0	0.0
Increase in short-term liabilities	4.0	-	4.3	-	-
Decrease in short-term liabilities	-6.2	-9.5	-6.2	-9.8	-12.1
Return of capital	-2.5	-1.7	-2.5	-1.7	-1.7
Net cash flow from financing activities	**-9.6**	**-11.2**	**-9.2**	**-11.5**	**-13.8**
Effect of exchange rate changes	0.9	-0.3	1.4	-0.4	1.2
Net change in cash and cash equivalents	**-5.1**	**-3.0**	**-11.8**	**2.7**	**3.6**
Cash and cash equivalents at the beginning of period	20.2	29.0	26.9	23.3	23.3
Cash and cash equivalents at the end of period	15.1	25.9	15.1	25.9	26.9
Net change in cash and cash equivalents	**-5.1**	**-3.0**	**-11.8**	**2.7**	**3.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Reserve for inv. unrestr. equity	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2021	**12.7**	**109.5**	**-0.2**	**-56.8**	**3.6**	**68.9**
Total compr. income for the period	-	-	0.0	-0.3	-0.1	**-0.4**
Share-based plan, net of tax	-	-	-	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**	**-57.1**	**3.4**	**66.7**

EUR million	Share capital	Reserve for inv. unrestr. equity	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2022	**12.7**	**107.9**	**-0.2**	**-57.3**	**5.0**	**68.0**
Total compr. income for the period	-	-	-1.2	1.7	1.5	**1.9**
Share-based plan, net of tax	-	-	-	0.1	-	**0.1**
Return of capital		-2.5	-	-	-	**-2.5**
Other changes	-	-	-	0.2	-	**0.2**
Equity at 30 June 2022	**12.7**	**105.3**	**-1.4**	**-55.3**	**6.4**	**67.7**

KEY RATIOS	**30.6.2022**	**30.6.2021**	**31.12.2021**
EBITDA, as % of net sales	7.5%	6.6%	7.1%
Comparable EBITDA, as % of net sales	8.5%	7.2%	7.9%
Operating profit (EBIT), as % of net sales	3.8%	2.0%	2.8%
Comparable EBITA, as % of net sales	6.6%	5.3%	6.1%
Profit / loss for the period, as % of net sales	1.5%	-0.4%	0.6%
Gross capital expenditure, EUR million	2.0	1.3	5.2
Gross capital expenditure, as % of net sales	1.9%	1.6%	2.8%
Equity ratio, %	56.6%	42.1%	42.3%
Gearing, %	56.8%	70.9%	66.3%
Net gearing, %	34.6%	32.1%	26.9%
Net interest-bearing debt, EUR million	23.4	21.4	18.3
Capital employed, end of period, EUR million	106.2	114.1	113.2
Return on equity, %	4.7%	-0.9%	1.6%
Return on capital employed, %	7.1%	2.7%	2.8%
Comparable Return on capital employed, %	9.7%	5.3%	6.1%
Number of personnel, average	767	722	731
Number of personnel, end of period	781	733	750

PER SHARE DATA	30.6.2022	30.6.2021	31.12.2021
Number of registered shares, end of period (1.000)	84 290	84 290	84 290
Number of shares, average (1.000)	84 290	84 290	84 290
EPS, total, basic and diluted, EUR	0.019	-0.004	0.013
Comparable EPS, total, basic and diluted, EUR	0.042	0,018	0.060
Equity attributable to owners of the parent per share, EUR	0.80	0.79	0.81
Return of capital per share, EUR	-	-	0.03
Return of capital yield / share	-	-	2.6%
Price per earnings per share (P/E) ratio	43.4	-280.0	86.5
Price per equity attributable to owners of the parent per share	1.02	1.25	1.41
Market capitalization of registered shares, EUR million	69.1	83.1	96.1
Share turnover, % (number of shares traded, % of the average registered number of shares)	4.7%	15.2%	24.4%
Number of shares traded, (1.000)	3 956	12 810	20 577
Closing price of the share, EUR	0.82	0.99	1.14
Highest quoted price, EUR	1.19	1.10	1.40
Lowest quoted price, EUR	0.71	0.72	0.72
Volume-weighted average quoted price, EUR	0.99	0.87	0.98

The reconciliation of alternative performance measures

Items affecting comparability

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Re-structuring	-0.8	-0.4	-0.9	-1.0	-1.7
Other	-0.0	0.7	-0.1	0.5	0.3
Items affecting comparability(1	**-0.8**	**0.3**	**-1.0**	**-0.5**	**-1.5**

Comparable operating result (EBIT) and EBITA

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Operating result	1.8	1.6	4.0	1.7	5.1
Items affecting comparability(1	0.8	-0.3	1.0	0.5	1.5
Comparable EBIT	**2.6**	**1.3**	**5.0**	**2.2**	**6.6**
Operating result	**1.8**	**1.6**	**4.0**	**1.7**	**5.1**
Amortization and purchase price allocation(1	0.9	1.1	2.0	2.2	4.5
EBITA	**2.7**	**2.7**	**6.0**	**3.9**	**9.6**
Items affecting comparability(1	0.8	-0.3	1.0	0.5	1.5
Comparable EBITA	**3.5**	**2.4**	**7.0**	**4.4**	**11.1**
% of net sales	6.6%	5.5%	6.6%	5.3%	6.1%

(1 + cost, - income

Comparable ROCE% and EPS

EUR million	1-6/2022	1-6/2021	1-12/2021
Profit/loss for the period before taxes	2.1	0.3	1.2
Financial expenses	1.7	1.3	2.2
Amortization of purchase price allocation[1]	0.9	1.3	2.5
Total	4.8	2.9	5.8
Total annualized	9.7	5.8	5.8
Items affecting comparability[1]	1.0	0.5	1.5
Total	10.7	6.3	7.3
Equity	67.7	66.7	68.0
Interest bearing liabilities	38.5	47.4	45.1
Avg (1.1.and end of period)	109.7	119.9	119.0
Comparable ROCE%	**9.7%**	**5.3%**	**6.1%**
Profit/loss for the period	1.6	-0.3	1.1
Amortization of purchase price allocation[1]	0.9	1.3	2.5
Items affecting comparability[1]	1.0	0.5	1.5
Total	1.6	1.5	5.1
Number of shares , average	84.3	84.3	84.3
Comparable earnings per share, EUR	**0.042**	**0.018**	**0.060**

[1] + cost, - income

Per share data

Earnings per share (EPS):
Net result attributable to owners of the parent / Average number of shares

Dividend per share*:
Dividends paid / Number of issued shares at end of the period

Dividend payout ratio*:
(Dividend per share x 100) / Earnings per share

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

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

Average trading price:
Shares traded (EUR) / Shares traded (volume)

Price per earnings per share (P/E):
Share price at end of the period / Earnings per share (EPS)

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

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

Market capitalization:
Number of shares at end of the period x share price at end of the period

Number of shares at period end:
Number of issued shares - treasury shares

*The definition is also applied with return of capital

Financial ratios

EBITDA:
Profit / loss before depreciation, amortization, and impairment

Operating result (EBIT):
Profit / loss after depreciation, amortization, and impairment

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

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

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

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

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

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

Return on capital employed, % (ROCE):
(Profit / loss before taxes + financial expenses x 100) / (Equity + interest-bearing liabilities, average of 1 January and end of the reporting period)

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

Other alternative performance measures

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

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

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

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

Comparable earnings per share (Comparable EPS):
Net result attributable to owners of the parent +/- items affecting comparability+ amortization of purchase price allocations / Average number of shares

Items affecting comparability:

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

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

NOTES

Basis of preparation

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

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

1. SEGMENT INFORMATION

Orders received
EUR million

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Heat Treatment	23.5	24.4	45.9	47.2	89.0
Insulating Glass	26.7	30.9	52.3	50.5	95.0
Automotive & Display	5.9	8.9	16.7	13.7	31.2
Total segments	**56.1**	**64.3**	**114.9**	**111.4**	**215.1**
Unallocated and eliminations	0.1	0.3	0.4	0.4	1.1
Total Glaston Group	**56.2**	**64.5**	**115.2**	**111.7**	**216.2**

Net sales
EUR million

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Heat Treatment	22.9	17.6	45.3	31.5	74.7
Insulating Glass	21.1	18.2	42.6	39.4	81.6
Automotive & Display	9.4	7.2	17.5	12.4	25.6
Total segments	**53.3**	**42.9**	**105.4**	**83.3**	**181.9**
Unallocated and eliminations	0.1	0.3	0.4	0.4	0.8
Total Glaston Group	**53.5**	**43.3**	**105.8**	**83.7**	**182.7**

Comparable EBITA
EUR million

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Heat Treatment	1.8	0.6	3.3	0.9	3.4
Insulating Glass	1.4	0.9	3.3	2.7	6.5
Automotive & Display	0.3	0.8	0.4	0.8	1.2
Total segments	**3.6**	**2.3**	**7.1**	**4.4**	**11.1**
Unallocated and eliminations	- 0.1	0.1	-0.1	0.0	0.0
Total Glaston Group	**3.5**	**2.4**	**7.0**	**4.4**	**11.1**
Comparable EBITA %	6.6%	5.5%	6.6%	5.3%	6.1%

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Comparable EBITA %

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Heat Treatment	7.9%	3.3%	7.4%	2.9%	4.5%
Insulating Glass	6.6%	5.0%	7.7%	6.8%	8.0%
Automotive & Display	3.7%	11.3%	2.5%	6.7%	4.7%
Total segments	**6.7%**	**5.4%**	**6.7%**	**5.3%**	**6.1%**
Unallocated and eliminations	-37.3%	15.8%	-19.9%	3.4%	0.9%
Total Glaston Group	**6.6%**	**5.5 %**	**6.6%**	**5.3%**	**6.1%**

Operating result (EBIT)

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Heat Treatment	0.7	0.6	1.8	0.0	0.6
Insulating Glass	1.0	0.3	2.3	1.3	4.6
Automotive & Display	0.2	0.6	-0.0	0.3	-0.1
Total segments	**1.8**	**1.5**	**4.0**	**1.7**	**5.1**
Unallocated and eliminations	0.1	0.1	0.1	0.0	0.0
Total Glaston Group	**1.8**	**1.6**	**4.0**	**1.7**	**5.1**
Operating result %	3.4%	3.6%	3.8%	2.0%	2.8%

Segment assets

EUR million	1-6/2022	1-6/2021	1-12/2021
Heat Treatment	68.5	68.9	67.2
Insulating Glass	72.0	82.9	67.8
Automotive & Display	35.2	30.4	32.2
Total segment assets	**175.7**	**182.2**	**167.2**
Other assets	18.2	33.2	30.1
Total assets	**193.9**	**215.4**	**197.3**

Segment liabilities

EUR million	1-6/2022	1-6/2021	1-12/2021
Heat Treatment	37.8	44.0	37.7
Insulating Glass	28.4	41.8	30.3
Automotive & Display	11.4	5.8	5.7
Total segment liabilities	**77.5**	**91.7**	**73.7**
Other liabilities	48.6	57.0	54.3
Total liabilities	**126.2**	**148.6**	**128.0**

Personnel at the end of the period

	1-6/2022	1-6/2021	1-12/2021
Heat Treatment	308	289	283
Insulating Glass	366	347	359
Automotive & Display	105	93	103
Others	2	4	5
Total personnel at the end of the period	**781**	**733**	**750**

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

Orders received

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

Order book

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

Net sales

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

Comparable EBITA

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

Comparable EBITA %

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

Operating result (EBIT)

EUR million	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	0.7	1.1	-0.3	0.9	0.6	-0.5
Insulating Glass	1.0	1.3	1.7	1.6	0.3	0.9
Automotive & Display	0.2	-0.2	-0.2	-0.2	0.6	-0.3
Total segments	**1.8**	**2.2**	**1.2**	**2.2**	**1.5**	**0.1**
Unallocated and eliminations	-0.1	-0.0	-0.1	0.0	0.1	-0.0
Total Glaston Group	**1.8**	**2.2**	**1.2**	**2.3**	**1.6**	**0.1**
Operating result %	3.4%	4.2%	2.2%	4.9%	3.6%	0.3%

ORDERS RECEIVED, ORDER BOOK AND NET SALES BY PRODUCT AREAS

Orders received by product area

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Heat Treatment Technologies	15.3	17.2	29.4	32.1	60.1
Insulating Glass Technologies	20.0	25.5	38.4	38.9	70.5
Automotive & Display Technologies	1.7	4.8	9.0	6.0	16.5
Services	19.2	16.8	38.0	34.3	68.0
Unallocated and eliminations	0.1	0.3	0.4	0.4	1.1
Glaston Group, total	**56.2**	**64.5**	**115.20**	**111.7**	**216.2**

Order book by product area

EUR million	30.6.2022	30.6.2021	31.12.2021
Heat Treatment Technologies	36.7	38.5	39.3
Insulating Glass Technologies	48.1	35.7	38.0
Automotive & Display Technologies	10.7	5.8	10.2
Services	10.5	7.7	7.3
Unallocated and eliminations	-	-	-
Glaston Group, total	**106.0**	**87.8**	**94.8**

Net sales by product area

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Heat Treatment Technologies	16.6	12.7	31.7	20.1	48.0
Insulating Glass Technologies	14.7	12.8	29.6	28.0	58.1
Automotive & Display Technologies	5.2	3.2	9.8	5.1	11.5
Services	17.7	14.7	36.1	31.3	66.8
Unallocated and eliminations	-0.8	-0.2	-1.4	-0.8	-1.7
Glaston Group, total	**53.5**	**43.3**	**105.8**	**83.7**	**182.7**

NET SALES BY REGION

Geographical distribution of net sales, EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Americas	15.9	14.0	28.6	22.9	55.4
EMEA	27.4	21.9	55.8	44.7	95.7
APAC	10.3	7.3	21.5	16.1	31.5
Glaston Group, total	**53.5**	**43.3**	**105.8**	**83.7**	**182.7**

2. FINANCIAL RISK MANAGEMENT

Liquidity risk

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

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

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

EUR million	In use	Unused	Total
Committed credit facilities 30.6.2022	-	25.0	25.0
Committed credit facilities 31.12.2021	8.1	26.9	35.0

Net interest bearing debt

EUR million	30.6.2022	30.6.2021	31.12.2021
Loans from financial institutions	30.1	38.8	36.6
Lease liabilities	8.4	8.5	8.6
Cash	15.1	25.9	26.9
Total	**23.4**	**21.4**	**18.3**

Net gearing, %	**34.6**	**32.1**	**26.9**

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Credit risk

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

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

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

At the end of June 2022 20.5 (19.6 on 31.12.2021) 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
30.6.2022	16.0	12.5	2.0	1.2	0.1	0.2
31.12.2021	12.5	9.4	1.7	0.7	0.2	0.5

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Changes in property, plant and equipment

EUR million	**1-6/2022**	**1-6/2021**	**1-12/2021**
Carrying amount at beginning of the period	22.9	23.1	23.1
Additions	0.7	0.2	2.0
Disposals	-0.4	-0.7	-0.8
Depreciation and amortization	-0.9	-0.9	-1.8
Reclassification and other changes	0.0	-0.0	-0.0
Exchange differences	0.2	0.1	0.4
Carrying amount at end of the period	22.4	21.8	22.9

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

EUR million

Changes in intangible assets	**1-6/2022**	**1-6/2021**	**1-12/2021**
Carrying amount at beginning of the period	75.8	76.9	76.9
Additions	1.4	1.1	3.2
Disposals	0.0	0.0	-0.4
Depreciation and amortization	-1.9	-2.0	-4.2
Reclassification and other changes	0.0	0.0	-0.1
Exchange differences	0.7	-0.2	0.3
Carrying amount at end of the period	76.0	75.8	75.8

4. LEASES

LEASES IN THE BALANCE SHEET

EUR million

Right-of-use assets	1-6/2022	1-6/2021	1-12/2021
Carrying amount at beginning of the period	7.3	6.9	6.9
Additions	0.9	1.3	2.3
Depreciation expense	-1.2	-0.9	-1.9
Carrying amount at end of the period	7.1	7.3	7.3

EUR million

Lease liabilities	1-6/2022	1-6/2021	1-12/2021
Carrying amount at beginning of the period	8.6	8.2	8.2
Additions	1.0	1.2	2.2
Interest expense	0.2	0.2	0.5
Rental payment	-1.4	-1.1	-2.3
Carrying amount at end of the period	8.4	8.5	8.6

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	1-6/2022	1-6/2021	1-12/2021
Depreciation of right-of-use assets	-1.2	-0.9	-1.9
Interest expense on lease liabilities	-0.2	-0.2	-0.5
Short-term lease expense	-0.2	-0.2	-0.4
Total amounts recognised in profit or loss	**-1.6**	**-1.3**	**-2.7**

5. CONTINGENT LIABILITIES

EUR million	30.6.2022	30.6.2021	31.12.2021
Mortgages and pledges			
On own behalf	314.1	511.4	513.5
Guarantees			
On own behalf	8.6	4.5	8.5
On behalf of others	0.2	0.1	0.2

Mortgages and pledges include EUR 21.6 million shares in group companies.

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

6. DERIVATIVE INSTRUMENTS

EUR million	30.6.2022		30.6.2021		31.12.2021	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forwards						
Currency forward contracts	24.9	-1.0	18.5	-0.3	19.2	-0.3
Interest rate derivatives						
Interest rate derivatives	12.0	0.1	-	-	-	-

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

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE

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

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

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

Fair value measurement hierarchy:

Level 1 = quoted prices in active markets

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

Level 3 = not based on observable market data

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

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

	30.6.2022	31.12.2021
1.1.	0.0	2.8
Additions	-	-
Disposals	-	-
Impairment losses	-	-2.8
Reclassification	-	-
30.6.	0.0	0.0

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

Fair value hierarchy, fair values

EUR million	30.6.2022				30.6.2021				31.12.2021			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Assets												
Listed shares	-	-	0.0	**0.0**	-	-	0.0	**0.0**	-	-	-	**-**
Other long-term investments	-0.0	-	0.0	**0.0**	-0.0	-	2.8	**2.8**	-0.0	-	0.0	**0.0**
Currency forward contracts	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Interest rate derivatives	-	0.1	-	**0.1**	-	-	-	**-**	-	-	-	**-**
Total	**-0.0**	**0.1**	**0.0**	**0.1**	**-0.0**	**-**	**2.8**	**2.8**	**-0.0**	**-**	**0.0**	**0.0**
Liabilities												
Currency forward contracts	-	-1.0	-	**-1.0**	-	-0.3	-	**-0.3**	-	-0.3	-	**-0.3**
Interest rate derivatives	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Total	**-**	**-1.0**	**-**	**-1.0**	**-**	**-0.3**	**-**	**-0.3**	**-**	**-0.3**	**-**	**-0.3**