



Glaston H1 2022:

**Solid progress in
the second quarter
despite challenging
environment**



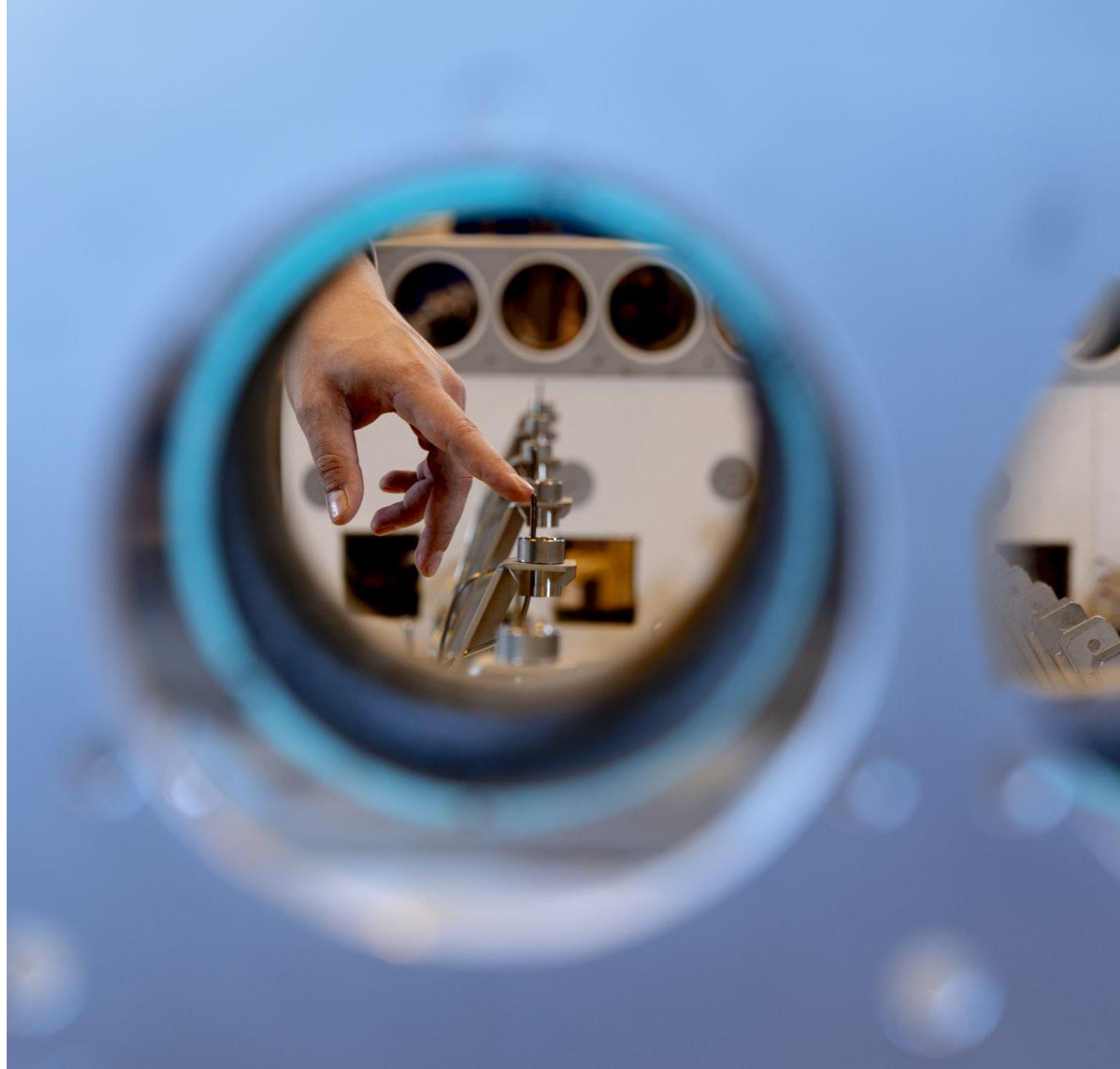
4 August 2022

Anders Dahlblom, CEO
Päivi Lindqvist, CFO

glaston
seeing it through®

Content

- Q2/2022 highlights
- Financial development
- Outlook 2022



Q2/2022 HIGHLIGHTS



Q2 2022 highlights

- **Order intake** was EUR 56.2 (64.5) million
- **Net sales** were EUR 53.5 (43.3) million, up 24%
 - A strong quarter for **Services business**, with over 20% net sales growth
- **Comparable EBITA** margin improved
 - Q2: EUR 3.5 (2.4) million, i.e. 6.6 (5.5)% of net sales
- **Order backlog at** EUR 106.0 (87.8) million
- Plan for establishing production of **Automotive glass pre-processing** equipment in Tianjin, China
- Glaston's **operations in Russia** were discontinued and all employment contracts terminated
- A **capital repayment** of EUR 0.03 per share was paid in April



Architectural market Q2

EMEA



- Based on solid demand in the residential and commercial glass markets, EMEA, with Europe at the core, remained the strongest market for Insulating Glass equipment
- For Heat Treatment equipment, demand was lower than in the previous quarter but market activity was still at a good level
- In the Services markets, demand for daily services was high

Americas



- In North America, excellent demand for Heat Treatment equipment continued
- 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

Asia



- In China, the coronavirus-related restrictions and lockdowns continued to affect market activity
- Elsewhere in the APAC region, demand for new machines remained subdued
- In Services operations, activity improved significantly, as many countries opened for travel

Automotive market in Q2



- Automotive production continued to face difficulties due to supply shortages
- A shift in investment behavior was perceptible: machine investments were made even more carefully than before while service activity, in general, increased
- Automotive upgrade products continued to be in high demand
- The general market sentiment remains positive, as development in the automotive end market has a better outlook with regards to high-end customer demand

Glaston's segments Q2 2022 in brief

Heat Treatment



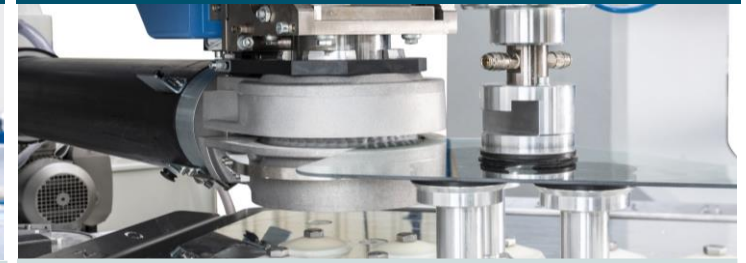
- Good development in the architectural business was the strongest driver for Heat Treatment, supporting demand for flat tempering and flat laminating lines, in particular
- Order intake from North America continued at a high level
- Strong demand for HT upgrades

Insulating Glass



- The markets remained good despite increasing market uncertainty
- The EMEA order entry was strong and orders received from the Americas recovered from the previous quarter. In China, the TPS® lines continued to perform well
- Demand for IG upgrades was steadily increasing

Automotive & Display



- China and North America continued to be the most active markets. In China, several orders were postponed due to the corona-related lockdowns
- Display orders continued to be at low figures
- Supply shortages continued to pose challenges

Automotive pre-processing production in China



- As a strategic initiative, Glaston plans to establish automotive glass pre-processing production in Tianjin, China. The aim is to serve customers in the globally largest automotive market with local standard automotive machine production
- The expansion of the offering enables Glaston to reach a new automotive glass processing customer segment in China. In addition, it strengthens Glaston's position with existing customers
- First deliveries are scheduled for H1 2023
- The estimated investment is approximately EUR 1.4 million with costs and capital expenditure mainly expected in 2022
- Production of automotive pre-processing equipment in Switzerland will continue to serve customers outside of China and automotive Heat Treatment machines will continue to be manufactured in Finland

Sustainability – a focus area

- Sustainability is one of the focus areas in the revised strategy
- The first Group-wide safety week was held in May. The Lost-Time-Injury-Frequency Rate was 5.3 for the review period (3.3 in full-year 2021)
- A series of measures have been implemented to reduce the company's CO₂ emissions:
 - production facilities in Finland and Germany switched to renewable electricity in January
 - investment decisions to improve the energy efficiency at the unit in Switzerland
- Scope 3 project was set up and data collection initiated
- The new financing agreement is linked to sustainability targets



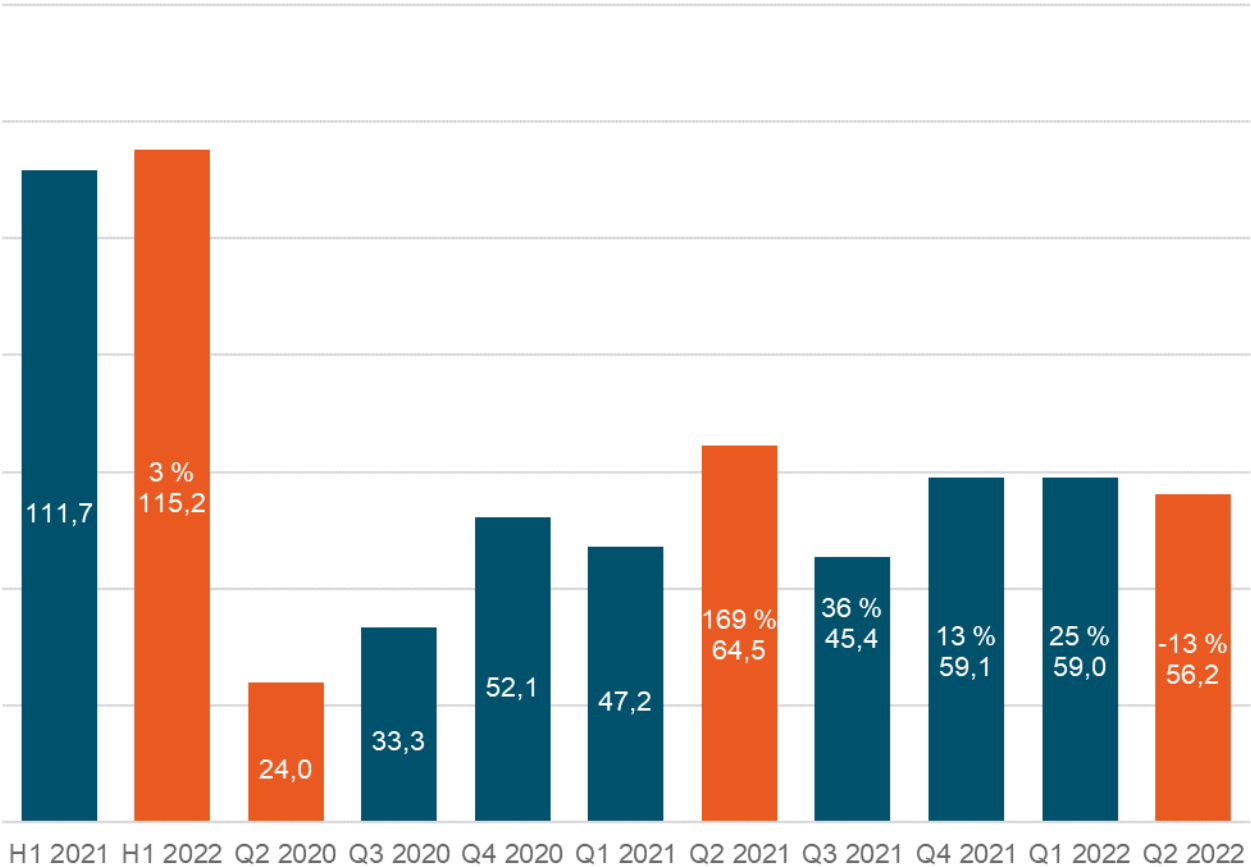
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FINANCIAL DEVELOPMENT

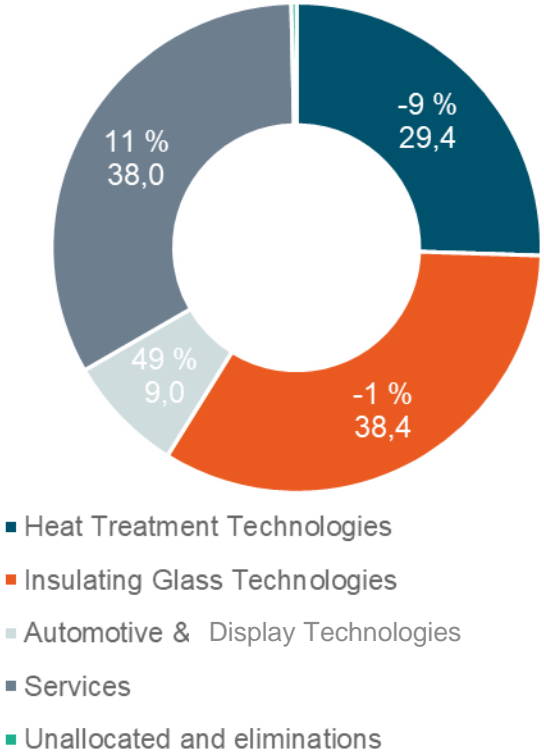


Healthy order intake against strong comparison

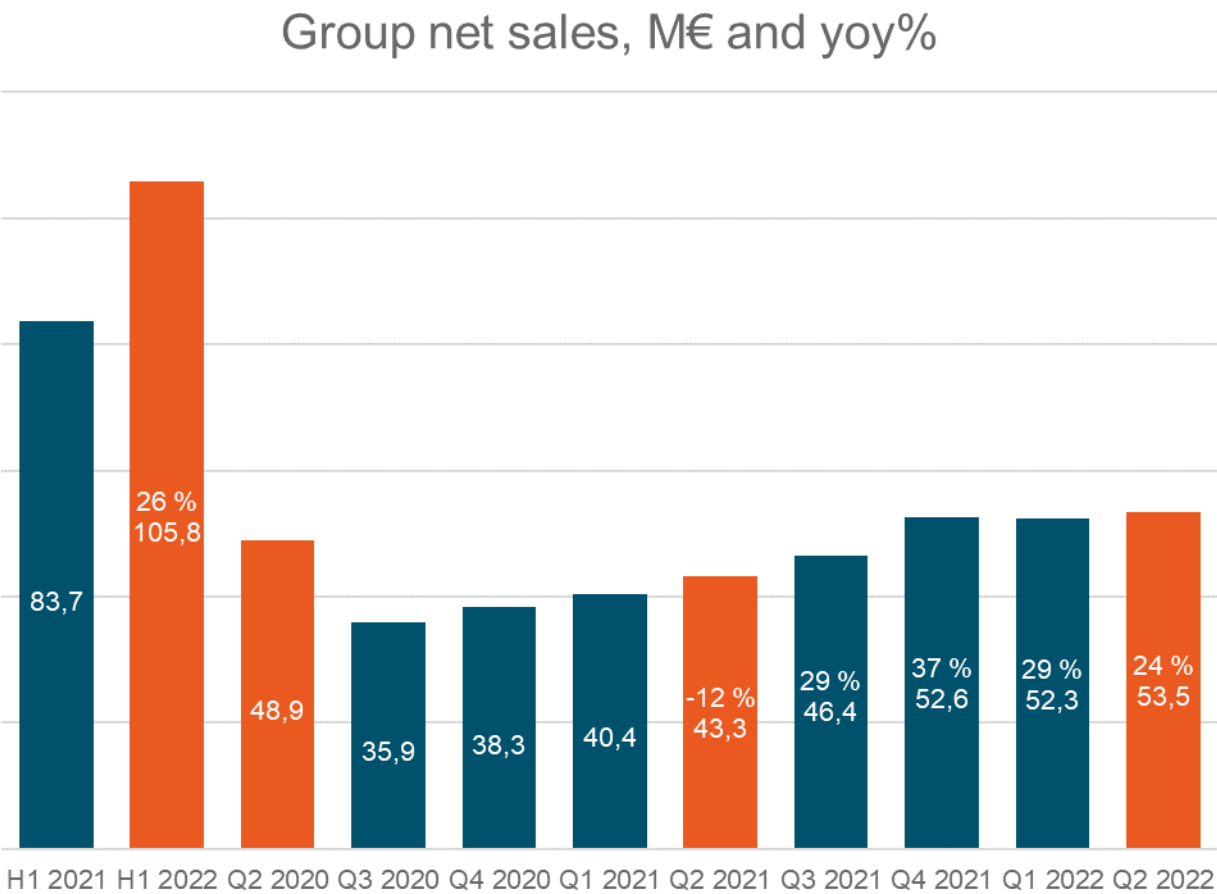
Group orders received, M€ and yoy%



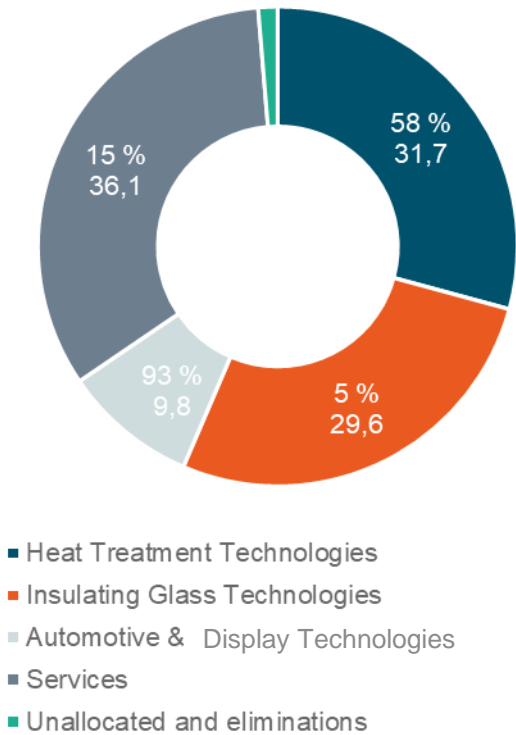
H1 2022 orders received by product area, M€ and yoy%



24% net sales growth with some impact from component shortage and China lockdowns

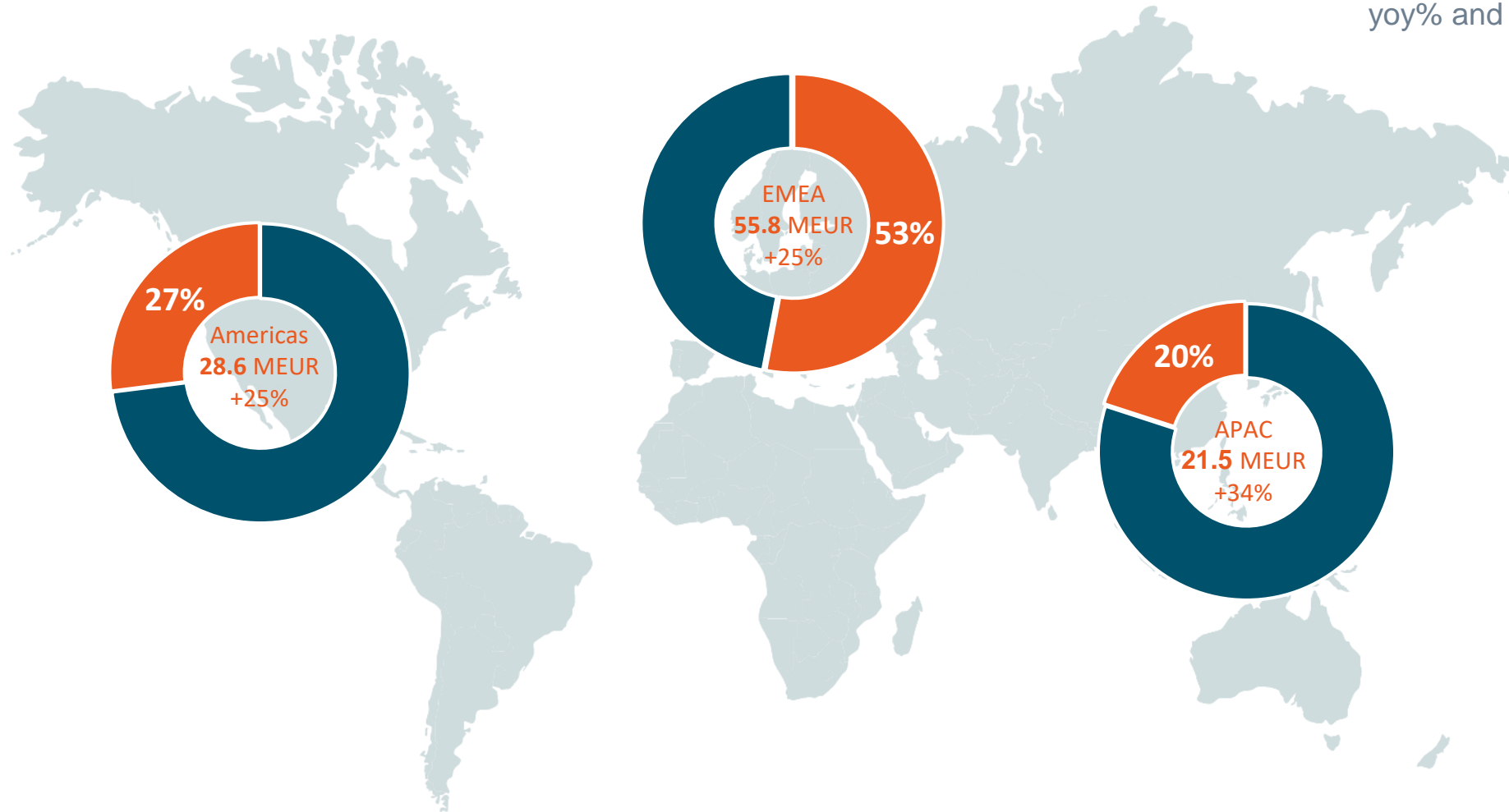


H1 2022 net sales by product area, M€ and yoy%

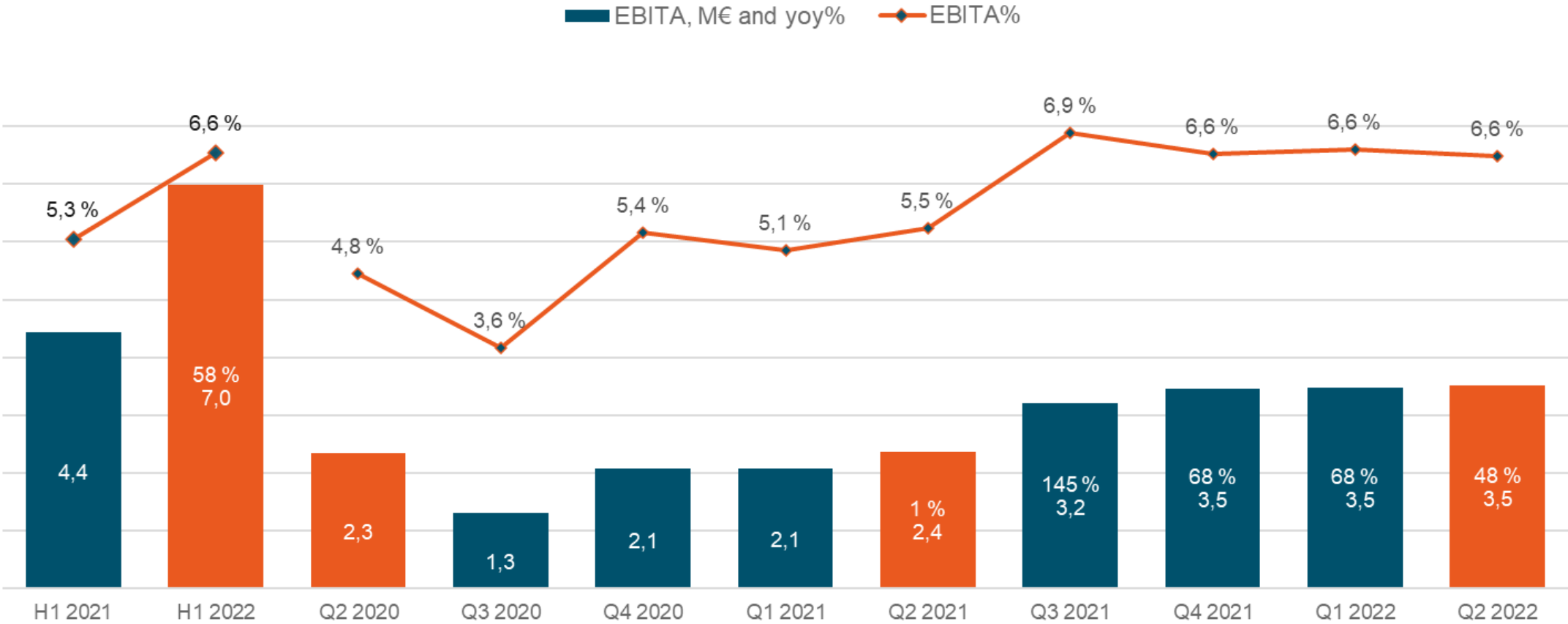


All regions growing strongly

H1 2022 net sales by region M€, yoy% and share of total



Consistent profitability and clear year-on-year progress



Heat Treatment



Heat Treatment – Strong net sales and profitability



- Good level of orders but slightly below the comparison period
- Net sales continued at high level despite supply chain challenges, strong project execution towards the end of the quarter
- EBITA and EBITA margin improved significantly
 - Strong volume growth and 35% of net sales from North America benefiting from the stronger USD
 - Over 30% services growth led to neutral mix impact
 - Fixed costs increased but their share of net sales declined

MEUR	H1 2022	Vs H1 2021*	Q2 2022	Vs Q2 2021*
Order intake	45.9	-2.7%	23.5	-3.8%
Order backlog	45.6	-1.1%		
Net sales	45.3	44.0%	22.9	29.6%
Comparable EBITA	3.3	270%	1.8	208%
Comparable EBITA%	7.4%	3.3%	7.9%	2.9%

*Yoy% change and for EBITA% comparison figure same period previous year

Insulating Glass



Insulating Glass – Component challenges and China lockdowns having an impact



- Good order intake at EUR 26.7 million. Comparison period was record-high due to one big order
- Net sales up 16%, component shortages having some impact on projects and customers' readiness to receive machines as well as the lock-downs in China delaying some deliveries
- EBITA and EBITA margin improved from weaker than usual Q2 2021
 - Volume growth compensating for the gross margin decline
 - Slightly positive mix impact thanks to services growing over 20%

MEUR	H1 2022	Vs H1 2021*	Q2 2022	Vs Q2 2021*
Order intake	52.3	3.6%	26.7	-13.7%
Order backlog	49.3	38.1%		
Net sales	42.6	8.0%	21.1	16.2%
Comparable EBITA	3.3	22.4%	1.4	52.5%
Comparable EBITA%	7.7%	6.8%	6.6%	5.0%

*Yoy% change and for EBITA% comparison figure same period previous year

Automotive & Display



Automotive & Display – Weak order intake, business ramping up production

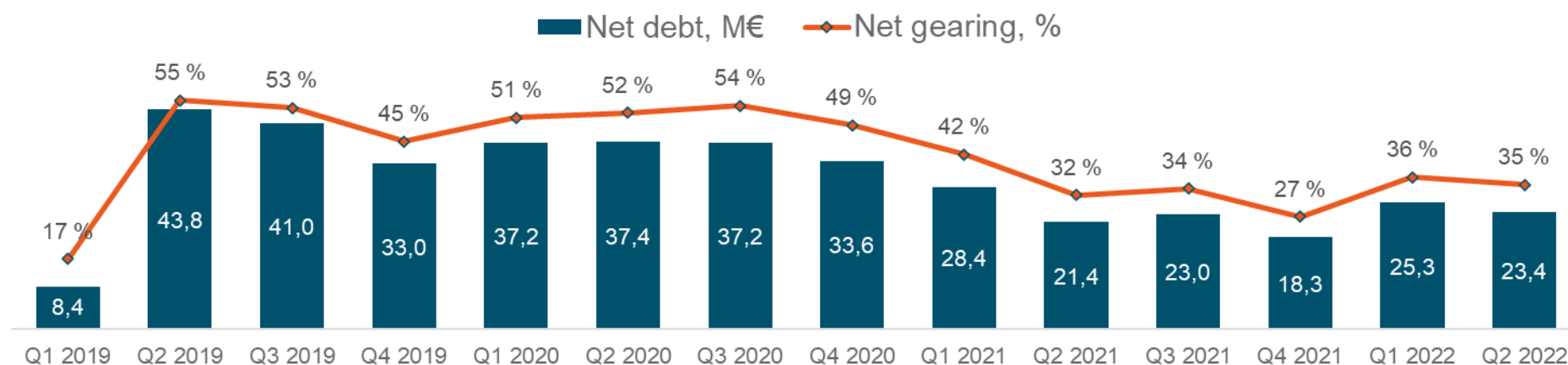
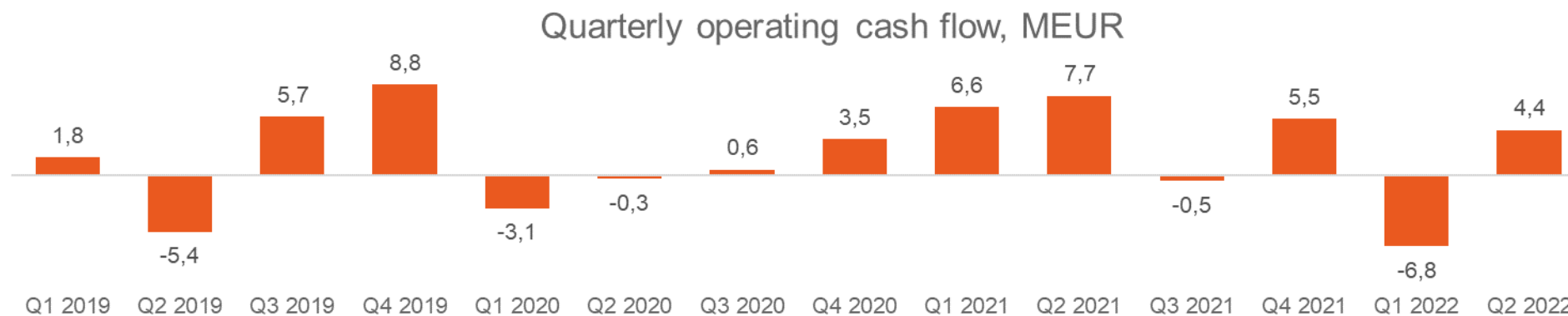


- Modest order intake as several orders from China were postponed due to the lock-downs
- Net sales recovered strongly supported by the order intake pick-up in the previous quarters
- Comparable EBITA fell from the exceptionally high comparison period, but recovered slightly from Q1 2022
 - Net sales growth mainly in lower-margin machines business, poorer geographical mix of projects
 - Fixed costs higher as the business is preparing for volume growth later in the year

MEUR	H1 2022	Vs H1 2021*	Q2 2022	Vs Q2 2021*
Order intake	16.7	21.8%	5.9	-33.7%
Order backlog	11.1	85.0%		
Net sales	17.5	41.7%	9.4	31.5%
Comparable EBITA	0.4	-47.8%	0.3	-56.9%
Comparable EBITA%	2.5%	6.7%	3.7%	11.3%

*Yoy% change and for EBITA% comparison figure same period previous year

Positive operating cash flow, MEUR 7 of debt repayment in Q2



OUTLOOK 2022



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.)

QUESTIONS



Financial reports in 2022

Interim report January-September
2022

27 October 2022



This interim report provides future prospects involving risk and uncertainty factors, and other factors as a result of which the performance, operation, or achievements of Glaston may substantially deviate from the estimates.

Forward-looking statements relating to future prospects are subject to risks, uncertainties and assumptions, the implementation of which depends on the future business environment and other circumstances.



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Thank you!

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