



Glaston H1 2023:

Second-quarter order intake and profitability holding up

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Q2/2023 HIGHLIGHTS



Q2 2023 highlights

- Market activity in the architectural glass segment slowed down, however, good order intake in Heat Treatment business. Insulating Glass order intake under pressure
- Strong growth in Automotive order intake, up 32%
- Second-quarter net sales up by 3% mainly due to good development in the Insulating Glass segment
- Profitability was fairly good with comparable EBITA at EUR 3.4 million and EBITA margin at 6.2%
 - Heat Treatment and Automotive & Display profits declined whereas Insulating Glass EBITA increased
- A capital repayment of EUR 0.04 per share was paid in April
- Glaston plans a reorganization to accelerate strategy implementation



Key Figures

MEUR	4–6/2023	4–6/2022	Change%	1–6/2023	1–6/2022	Change%	1–12/2022
Order intake	53.6	56.2	-4.6%	110.5	115.2	-4.1%	253.0
Order backlog*)	115.2	106.0	8.7%	115.2	106.0	8.7%	138.3
Net sales	55.2	53.5	3.3%	106.5	105.8	0.7%	213.5
Comparable EBITA	3.4	3.5	-2.5%	6.4	7.0	-8.1%	13.6
EBITA%	6.2%	6.6%		6.0%	6.6%		6.4%

*) The June order backlog for Insulating Glass Technologies was adjusted for the partial cancellation of orders with one customer, totaling EUR 19.4 million

Market environment in Q2

EMEA

- Mainly due to the slowdown in the residential markets especially in Europe, the markets for **Insulating Glass** and **Heat Treatment** softened
- For **Automotive**, the market in Europe was still very slow
- For **Services** markets, demand for field services and spares saw a slow quarter, whereas for upgrades, order intake started to recover

AMERICAS

- For **Insulating Glass**, demand remained slow
- For **Heat Treatment**, good demand continued, driven by the architectural business
- For **Automotive**, the market continued to be good for special products such as recreational vehicles and heavy vehicles
- For **Services**, good activity for spare parts and field services was noted. Demand for upgrades slowed down

APAC

- China:
 - Demand for **architectural glass** continued to be soft due to the downturn in the real estate market, however better than Q1
 - For **Automotive**, market activity continued at a good level
- Elsewhere in the APAC region, the markets for new machines were slow. In **Services**, demand for spare parts and field services was strong

Strategy implementation

- In order to accelerate the implementation of the strategy and to better serve the customers, Glaston plans to reorganize its structure
- The reorganization supports Glaston to reach the 10% comparable EBITA margin financial target by 2025
- As of October 1, 2023, the plan is to have two Business Areas (BA) and two new global Business functions (BF):
 - BA Architecture
 - BA Mobility, Display & Solar
 - BF Automation & Innovation
 - BF Sourcing & Supply Chain Management (SCM)
- Ramping up the production capabilities of Automotive standard pre-processing equipment in Tianjin, China has continued as planned
- Creation of the local automotive supply chain network in China is slightly delayed. However, local sourcing improved in Q2



Sustainability

- In H1/2023, the Lost-Time-Injury-Frequency Rate was 10.1 (Rolling 12 month: 6.3, FY2022:3.9) and the number of accidents was 8 (4)
- Indirect Scope 3 emissions for 2022 were calculated and totaled 684,150 (287,348) tCO₂e. Around 99.8% of all emissions related to Glaston's activities are Scope 3 emissions
- The increase is mainly due to the emissions of the high-volume solar glass tempering lines for continuous production, that were launched to the market in 2022. They have approximately five times higher electricity consumption during their lifetime compared to a tempering line that is used for processing architectural glass. However, these emissions contribute to global emissions reduction as fossil energy is replaced by solar energy
- Glaston has joined the United Nations Global Compact initiative and has delivered its commitment letter to the Science Based Targets initiative (SBTi)

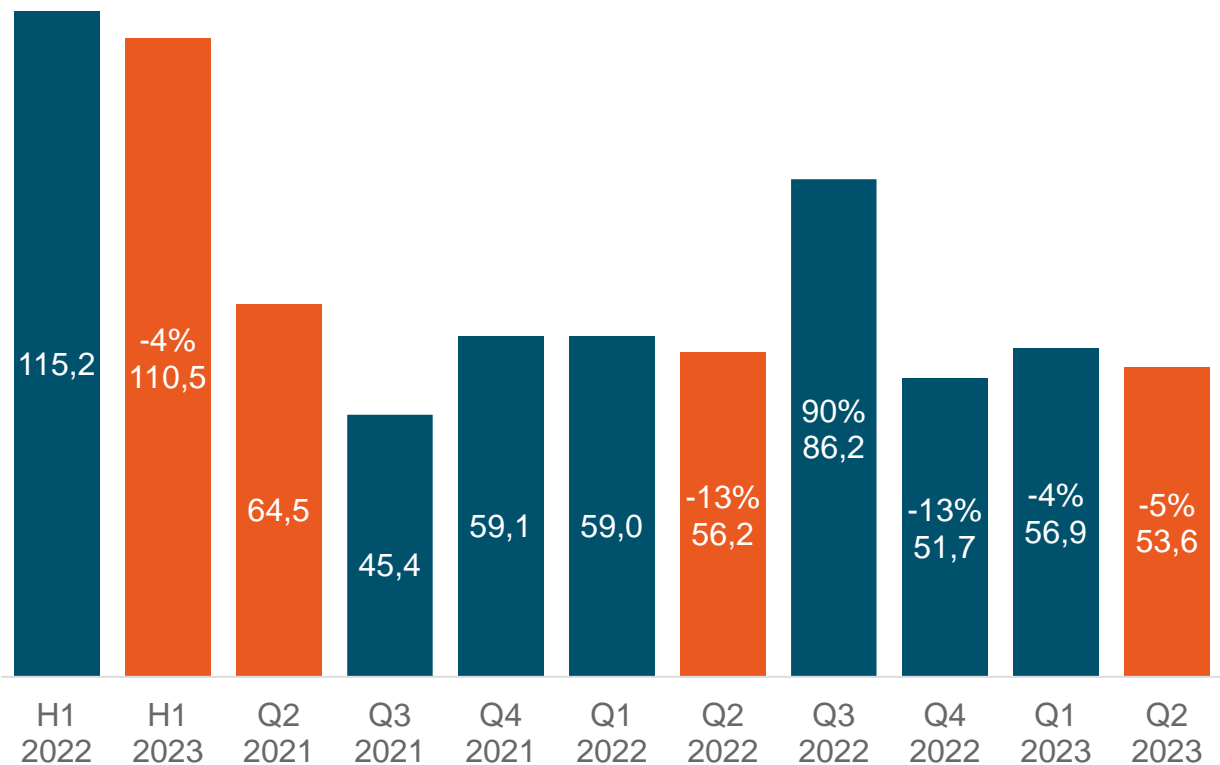


FINANCIAL DEVELOPMENT

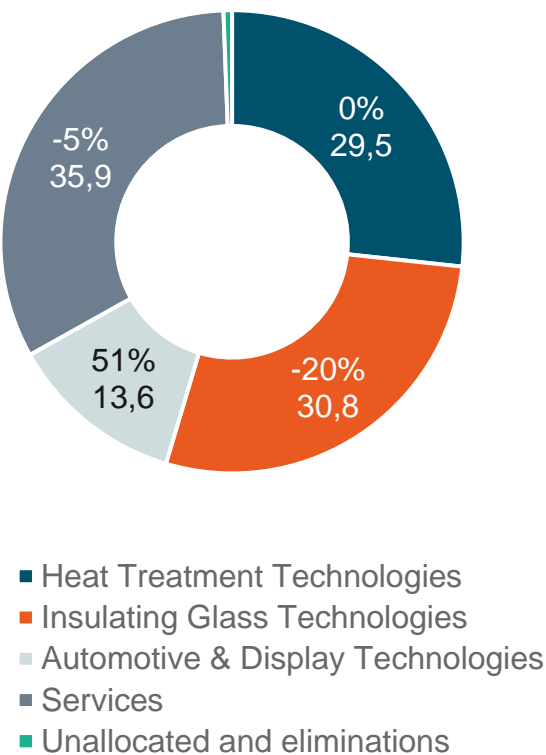


Fairly good order intake in softening market thanks to Heat Treatment and Automotive Technologies

Group orders received, MEUR and yoy%

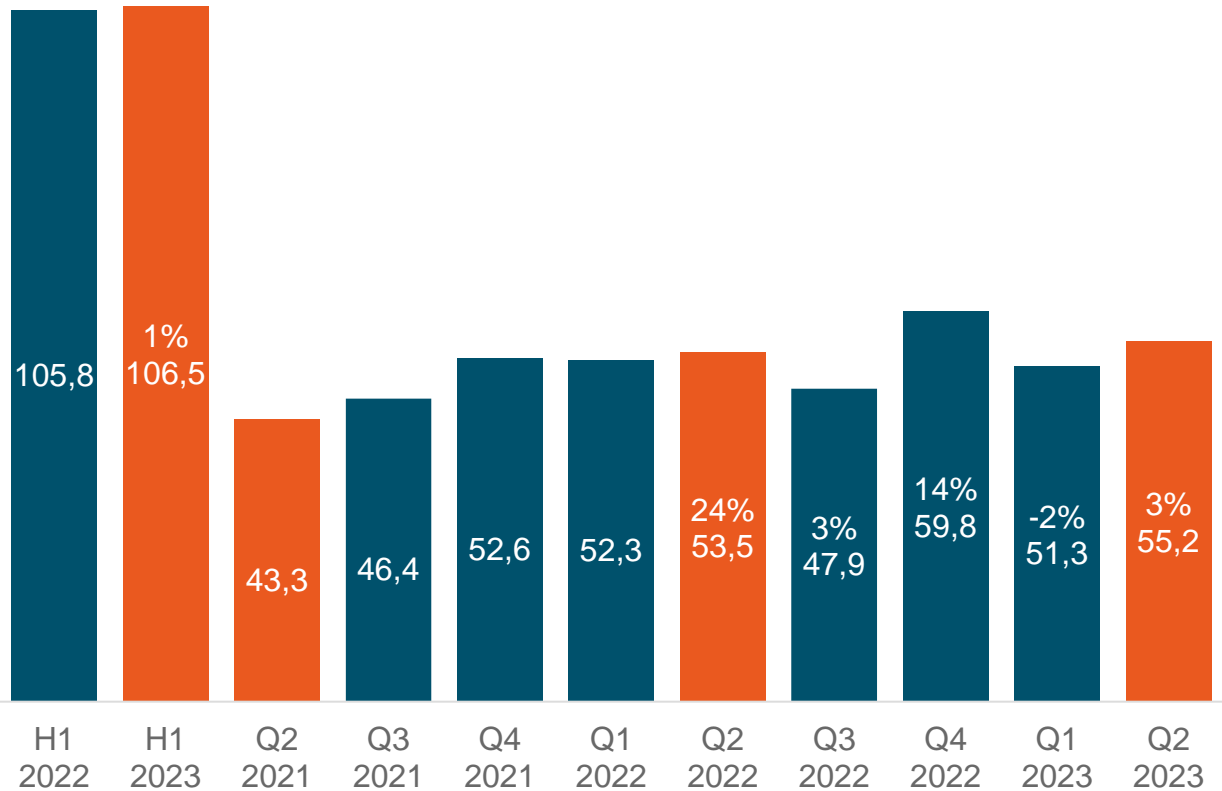


H1 2023 orders received by product area, MEUR and yoy%

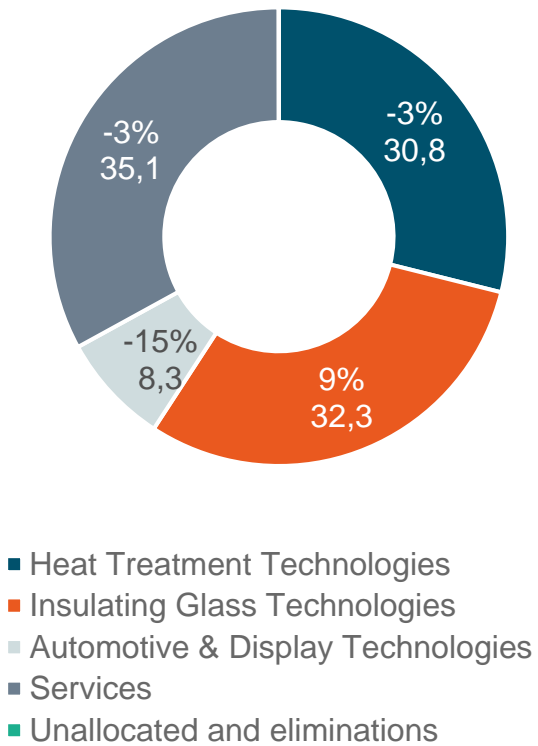


Net sales grew 3% driven by the Insulating Glass segment

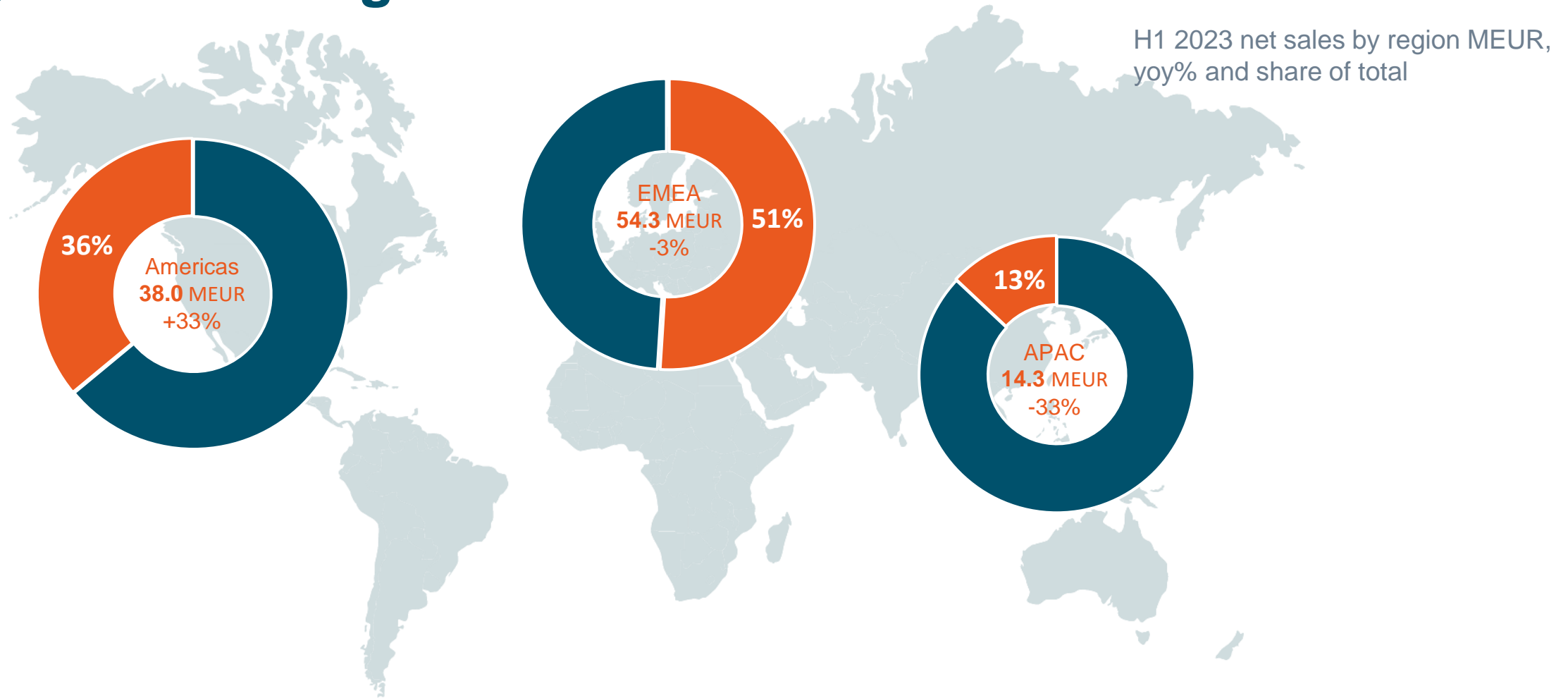
Group net sales, MEUR and yoy%



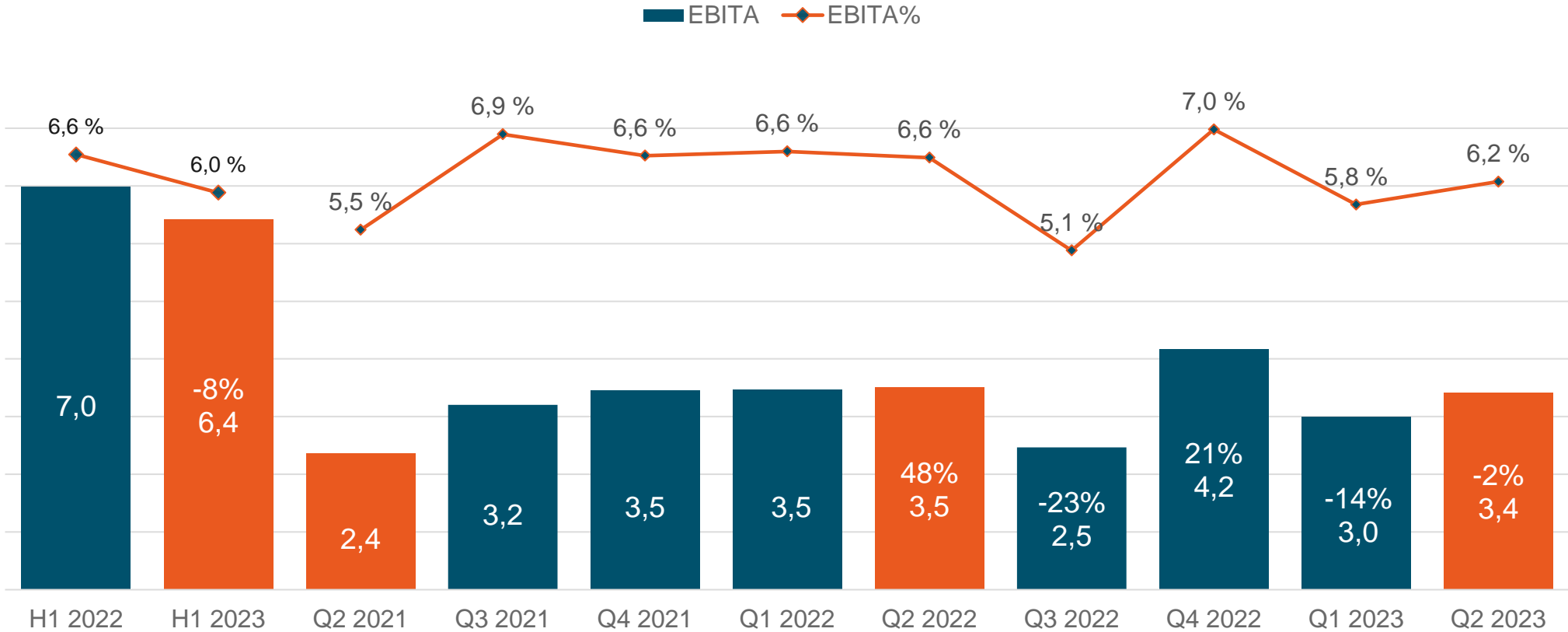
H1 2023 net sales by product area, MEUR and yoy%



Americas continues strong, EMEA returned to growth in Q2, China driving down APAC



Reasonably good profitability, Automotive & Display reached break-even



Reporting segments



Heat Treatment – good orders and margin progress in machines supported performance

- 14% increase in machines orders. Services' order intake was down 23% due to lower upgrades orders
- Net sales decreased by 11%, mainly due to seasonal differences within the summer quarters in the machines business and 16% lower services net sales driven by low order intake for upgrades in earlier quarters
- Very good machine margins softened the negative impact of volume decline and higher fixed costs

MEUR	Q2 2023	vs Q2 2022*	H1 2023	vs H1 2022*
Order intake	23.7	+1%	42.8	-7%
Order backlog	52.0	+14%		
Net sales	20.3	-11%	42.9	-5%
Comparable EBITA	1.3	-26%	3.1	-7%
Comparable EBITA%	6.6%	7.9%	7.2%	7.4%

* yoy% change and for EBITA% the comparison period margin level

Insulating Glass – strong net sales and profit performance, orders under pressure

- Reflecting a softer market in Europe, which is clearly the strongest market for IG, machines orders declined 28%. Services orders grew 8%
- In June, the order book was adjusted by EUR 19.4 million due to partial cancellation of orders by one customer
- Machines net sales growth 19% and services 14%
- Volume and margin boosted profitability and compensated for the weaker mix (services share declined) and negative impact from fixed costs & other operating income

MEUR	Q2 2023	vs Q2 2022*	H1 2023	vs H1 2022*
Order intake	21.8	-18%	45.3	-13%
Order backlog**	54.4	+10%		
Net sales	24.7	+17%	46.6	+9%
Comparable EBITA	1.9	+38%	3.5	+6%
Comparable EBITA%	7.8%	6.6%	7.5%	7.7%

* yoy% change and for EBITA% the comparison period margin level

** The June order backlog adjusted for the partial cancellation of orders with one customer, totaling EUR 19.4 million

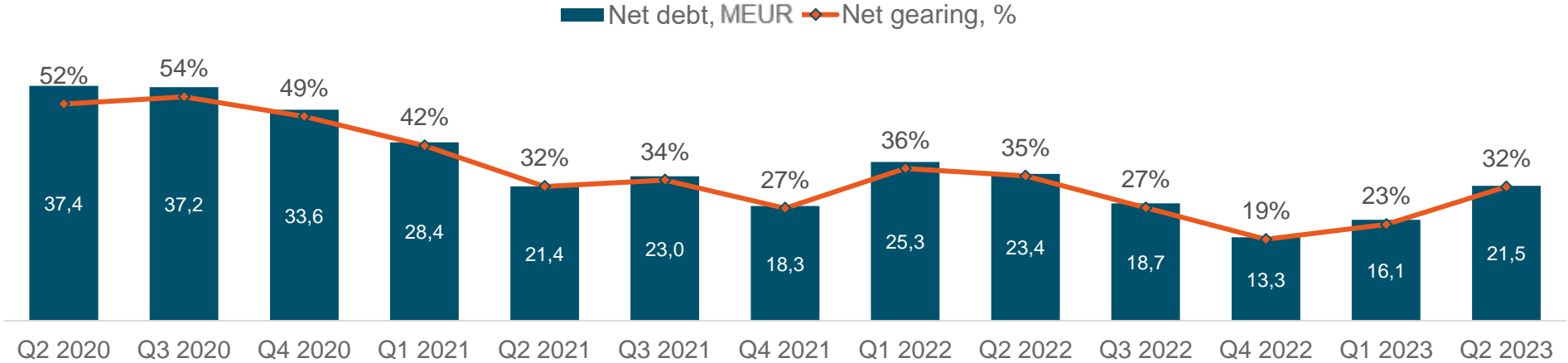
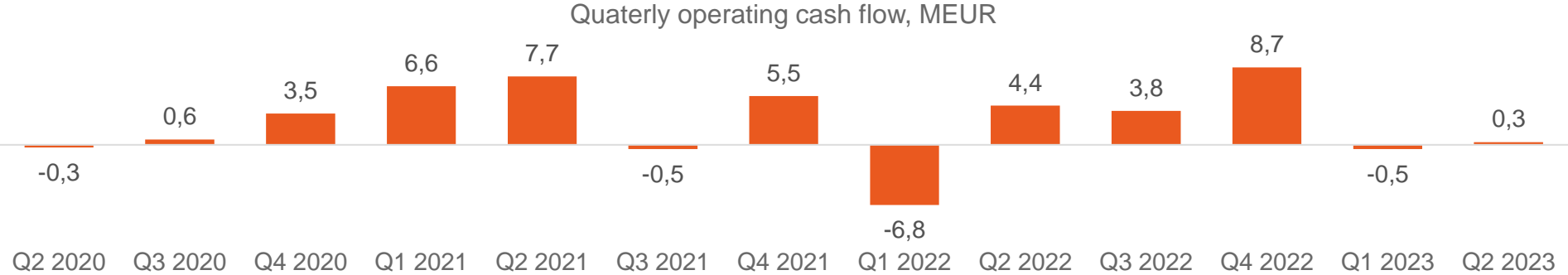
Automotive & Display – gradual progress according to plans

- Machine orders more than doubled from very weak comparison period, services orders declined 9%
- With improving order intake, machines net sales were up by 12%. Services' net sales were down 8%
- Profitability was burdened by the production ramp-up of automotive standard pre-processing lines in China, but to a lesser extent than in the first quarter
- Higher volume and better margin product mix in Automotive machines almost offset the negative impact of the lower performance in services and fixed costs increase

MEUR	Q2 2023	vs Q2 2022*	H1 2023	vs H1 2022*
Order intake	7.8	+32%	21.8	+30%
Order backlog	8.8	-21%		
Net sales	9.8	+4%	16.4	-6%
Comparable EBITA	0.0	-86%	-0.3	-175%
Comparable EBITA%	0.5%	3.7%	-2.0%	2.5%

* yoy% change and for EBITA% the comparison period margin level

Working capital increase consumed cash, capital return and debt repayment 5.4 million euros in Q2



OUTLOOK 2023



Glaston specifies outlook for 2023

Glaston's 2023 net sales and profitability development continue to be supported by the healthy order backlog.

Despite the prevailing uncertainties, Glaston Corporation estimates that its net sales will increase in 2023 from the levels reported for 2022, and **specifies its outlook for comparable EBITA, which is estimated to increase to EUR 13.7–15.7 million.**

In 2022, Group full-year net sales totaled EUR 213.5 million and comparable EBITA was EUR 13.6 million.

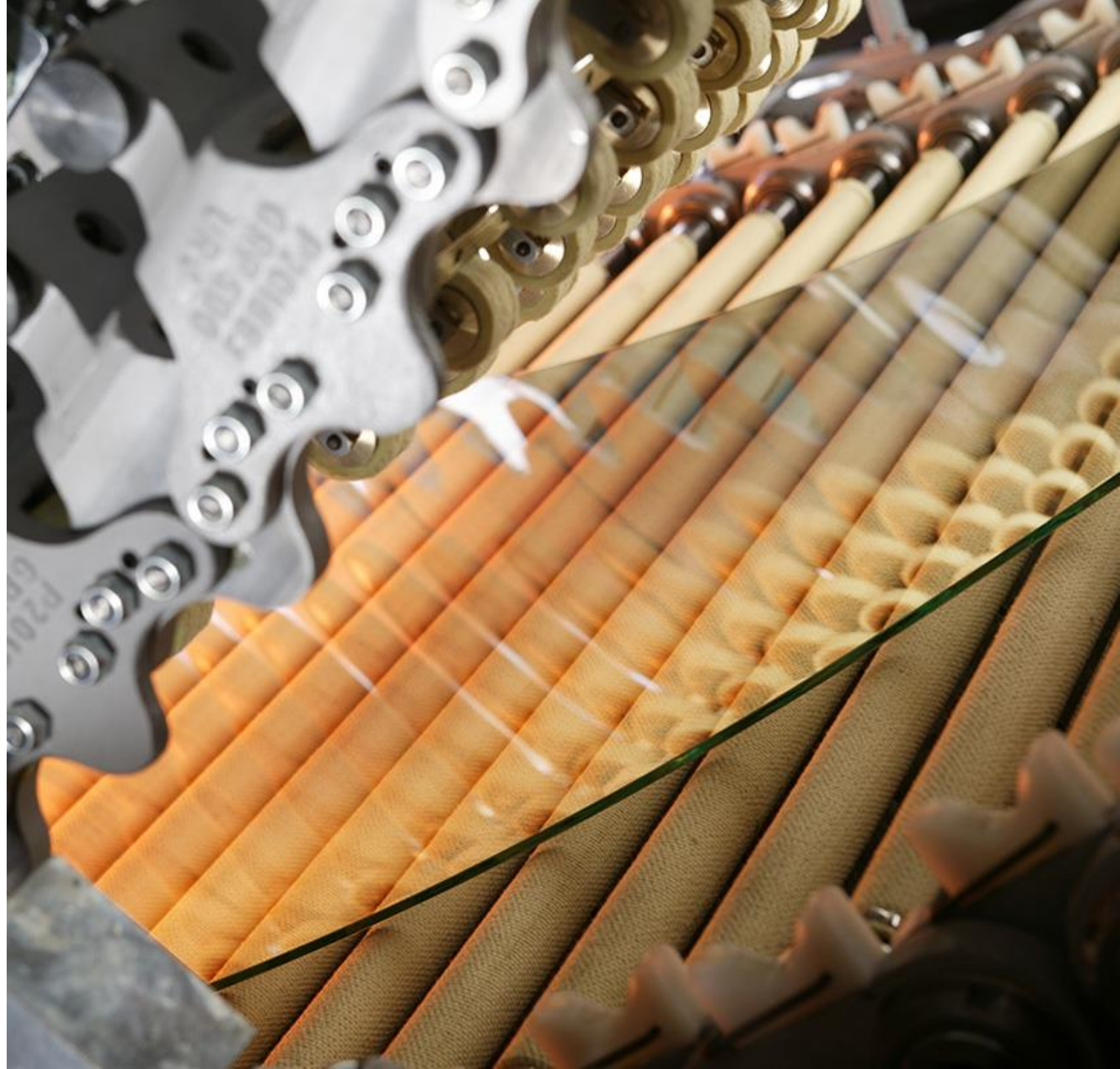
(Previous outlook: Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2023 from the levels reported for 2022.)

QUESTIONS

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Financial reports in 2023

Interim report January-September 2023,
on 26 October 2023



This half-year financial 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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