

# glaston

# Q2

**Glaston Corporation**  
**HALF-YEAR FINANCIAL REPORT**  
1 January – 30 June 2020





## Glaston's half-year financial report January–June 2020:

### COVID-19 pandemic impacted orders and net sales, timely cost-savings supported healthy comparable EBITA

Glaston Corporation's acquisition of Bystronic glass was completed on 1 April 2019. The comparison data of this interim report for the period 1 January – 31 March 2019 do not include figures for Bystronic glass. Glaston Corporation has prepared unaudited pro forma financial information to illustrate the impact of the Bystronic glass acquisition, completed on 1 April 2019, on the Group's operational result and financial position and to improve the comparability of financial information. The unaudited pro forma financial information for 1 January – 30 June 2019 and 1 January – 31 December 2019 in this interim report is presented as if the acquisition would have already been completed on 1 January 2019. Pro forma financial information has been titled Pro forma information in the parts of the interim report in which the information is presented.

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

#### April–June 2020 in brief

- Orders received totaled EUR 24.0 (44.5) million
- Net sales totaled EUR 48.9 (58.4) million
- Comparable EBITA was EUR 2.3 (3.6) million, i.e. 4.8 (6.2)% of net sales
- The operating result (EBIT) was EUR 0.6 (0.4) million
- The comparable operating result (EBIT) was EUR 1.2 (2.5) million, i.e. 2.5 (4.3)% of net sales
- Items affecting comparability totaled EUR -0.7 (-2.1) million
- Comparable earnings per share were EUR -0.007 (0.005)
- Cash flow from operating activities was EUR -0.3 (-5.4) million

#### January–June 2020 in brief

- Orders received totaled EUR 69.6 (67.4, pro forma 89.8) million
- Net sales totaled EUR 95.9 (79.2, pro forma 102.8) million
- Comparable EBITA was EUR 4.4 (4.2, pro forma 6.4) million, i.e. 4.6 (5.3, pro forma 6.2)% of net sales
- The operating result (EBIT) was EUR 0.7 (-0.3, pro forma 1.2) million
- The comparable operating result (EBIT) was EUR 2.1 (2.6, pro forma 4.1) million, i.e. 2.2 (3.3, pro forma 4.0)% of net sales
- Items affecting comparability totaled EUR -1.5 (-2.9, pro forma -2.9) million
- Comparable earnings per share were EUR 0.000 (-0.001)
- Cash flow from operating activities was EUR -3.4 (-3.7) million

### GLASTON'S OUTLOOK FOR 2020 UNCHANGED

Glaston Corporation estimates that comparable EBITA for 2020 will decline from the 2019 level. The company's current assessment is that the market will recover gradually and that third- and fourth-quarter orders will improve from the second quarter but stay below the previous year's levels. The lower than 2019 order intake and slower than normal volume in services business impacts the development of net sales and earnings in 2020. The uncertainty surrounding the assessment remains, and the situation might change quickly depending on the development of the COVID-19 pandemic and the general economic climate.

## SUMMARY OF THE COVID-19 IMPACTS, RELATED NEAR-TERM RISKS AND UNCERTAINTIES AND RISK MITIGATION

The economic crisis caused by the COVID-19 pandemic has had a significant impact on Glaston. The uncertainty related to the situation prevails and there are several potential development scenarios. 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. The situation might change quickly depending on the development of the COVID-19 pandemic and the general economic climate. The pandemic could become more severe or a second wave of infections could take place later this year, and last much longer than assumed, requiring more stringent and longer lasting containment measures than estimated. On the other hand, should the pandemic take a more positive turn than anticipated, the economic recovery could be faster than expected.

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

The negative impact of COVID-19 on both Glaston and its customers increased during the second quarter, and orders declined significantly from the corresponding period in 2019. However, market activity clearly picked up towards the end of the quarter and the majority of orders received were placed in June. Second-quarter net sales were negatively impacted by the postponement of some equipment deliveries, mainly in the Heat Treatment segment. Travel restrictions as well as customer production limitations also led to limited operating conditions for the Services business impacting its sales. The recent easing of travel restrictions started to have a gradual positive impact on the Services business in June. Glaston's current assessment is that the market will continue to recover in the third and fourth quarter and that orders received will improve from the second quarter.

The pandemic and related restrictions have impacted the possibility of conducting face-to-face sales meetings and organizing events. The majority of trade fairs, including the entire industry's most important bi-annual event Glasstec in Düsseldorf, has been postponed until 2021. While such traditional sales and marketing events are an efficient means of showcasing and demonstrating new products and deepening customer relations, Glaston has also used the current situation as an opportunity to renew and remodel sales and marketing efforts. During the second quarter Glaston has focused on digital marketing and live virtual product demos to individual customers. Although not fully compensating for face-to-face sales events, they have proven to be both resource and cost efficient.

Glaston estimates that comparable EBITA for 2020 will decline from the 2019 level. To address costs and mitigate the negative market impacts, Glaston continues to implement additional measures, such as temporary layoffs of employees in various locations and strict cost management. Glaston's fixed costs were significantly lower in the review period, compared to the corresponding period 2019, due to organizational streamlining, temporary lay-offs and additional synergy benefits from the Bystronic glass integration. Marketing and travelling costs were also lower than normal and will continue to be so throughout the year.

Efforts have been taken to strengthen receivables collection throughout the spring, and credit risk and realized credit losses have not significantly increased. Credit risks are mitigated through stringent customer payment terms with significant customer advances. Orders are registered in the order book only upon receipt of a customer advance. No orders in the order book have been cancelled. Glaston is maintaining an ongoing dialogue with customers in order to continuously follow-up and mitigate the situation. Glaston closely monitors and manages its liquidity and financial position. At the end of the second quarter 2020, cash and cash equivalents totaled EUR 20.6 million. Additionally, Glaston has committed revolving credit facilities, which enable further debt financing for EUR 7.5 million and guarantees for EUR 10.2 million.

If the COVID-19 pandemic depresses the global economy for a longer period, the willingness of Glaston's customers to invest in new equipment could decrease and if the operating conditions of the services business are not restored, the company's liquidity could suffer. Should the company's earnings and financial position be considerably impacted, the covenants of the financing agreement may be breached, which could lead to an increase in financing costs. Glaston manages risks through savings, tighter spending, and risk management, as well as through proactive discussions with providers of finance. As a measure to ensure adherence to the terms of its external financing Glaston has agreed with its financing banks on increased covenant levels and postponement of debt repayments for the remainder of 2020.

## ACTING PRESIDENT & CEO SASU KOIVUMÄKI:

### The second quarter was clearly impacted by the pandemic – profitability supported by timely cost savings and employee flexibility

“The spread of the COVID-19 pandemic accelerated in the Western countries at the beginning of the second quarter, severely impacting all areas of society and businesses. To Glaston this was evident in the significant decrease in orders across all businesses, and several orders expected in the second quarter were postponed due to market uncertainty. Although far from recovering, it seems we have passed the steepest decline, and the majority of second-quarter orders were in fact received in June. Although we have been impacted by the pandemic, and will continue to be so throughout the year, our continuous customer dialogue reassures me that several of the projects discussed earlier will ramp up once the situation has settled to some extent. No orders in the order book have been cancelled.

Throughout the pandemic, Glaston has been able to deliver all projects according to schedule. However, at the beginning of the quarter, a number of customers, mainly from the US, postponed project deliveries and installations due to the economic uncertainty and restrictions caused by the pandemic. These postponements have had a negative impact on our second-quarter net sales. Our Services sales were strongly impacted by travel restrictions, the containment measures of various countries and by the decreased or no production activity in customer operations. The low demand in the automotive industry also continued to impact Services negatively. Although decreasing, our net sales remained at a reasonable level at EUR 48.9 million, compared to the peaking second quarter of 2019. Profitability was impacted by lower sales volumes and sales mix, but still held up rather well, thanks to clearly lower fixed costs from organizational streamlining and temporary lay-offs as well as lower than usual marketing and travelling costs. Also cost synergies from the Bystronic glass integration were clearly higher than a year ago at the start of the integration. I want to thank all our employees for their efforts, flexibility and efficiency in this difficult situation.

Due to the current crisis, the Emerging Technologies (ET) market was slow in the second quarter. ET provides consulting and engineering services to technology companies and helps them commercialize technologies in the glass industry while also creating new opportunities for Glaston's equipment business. In the second quarter, ET started a consulting project with a technology company designing solutions integrating solar technology into buildings. During the first half of 2020, Heliotope successfully raised additional funding from new investors, despite of the challenging environment.

Mitigating COVID-19 related near-term business disruptions has been high on our agenda throughout the spring and we have taken prompt action to safeguard the health and safety of our employees and the company's financial stability. We have created tools that will enable us to adapt our operations quickly. In Finland, temporary lay-offs for all personnel flexibly continue throughout the year, and corresponding measures have also been implemented in Switzerland, the USA and the UK. We are constantly monitoring the development of the situation, our orders and order book, the company's cash flow and liquidity, as well as government and other aid available in different countries.

We are pleased to see that the EU's recovery strategy for the pandemic, and other support packages, involve investments in energy efficiency and digital solutions. Glaston offers an extensive portfolio of products and solutions answering to these needs.

Uncertainty in the market remains high. The lower than 2019 order intake and slower than normal volume in the Services business impacts the development of net sales and earnings in 2020. Currently, we estimate that new orders in the third and fourth quarter will increase from the second quarter levels. The postponement of the delivery of some orders will impact the development of net sales and earnings in the near future.”



“Throughout the pandemic, Glaston has been able to deliver all projects according to schedule.”

## Changes in reporting

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

## GLASTON GROUP'S KEY FIGURES

EUR million	4–6/2020	4–6/2019	1–6/2020	1–6/2019	1–12/2019	Pro forma 1–6/2019	Pro forma 1–12/2019
Orders received	24.0	44.5	69.6	67.4	162.2	89.8	184.6
of which service operations	9.9	17.9	25.4	25.3	58.5	35.3	68.3
of which service operations, %	41.3%	40.3%	36.5%	37.5%	36.1%	39.3%	37.0%
Order book at end of period			49.1	78.9	79.5	78.9	79.5
Net sales	48.9	58.4	95.9	79.2	181.0	102.8	204.6
of which service operations	11.2	14.9	27.7	22.6	57.1	31.8	67.1
of which service operations, %	22.8%	25.5%	28.9%	28.6%	31.6%	30.9%	32.8%
EBITDA	2.6	2.8	4.8	3.3	6.9	5.9	9.5
Items affecting comparability	-0.7	-2.1	-1.5	-2.9	-7.2	-2.9	-7.2
Comparable EBITDA	3.3	4.9	6.3	6.2	14.1	8.8	16.7
Comparable EBITDA, %	6.7%	8.4%	6.5%	7.8%	7.8%	8.5%	8.2%
Comparable EBITA	2.3	3.6	4.4	4.2	9.7	6.4	12.1
Comparable EBITA, %	4.8%	6.2%	4.6%	5.3%	5.4%	6.2%	5.9%
Operating result (EBIT)	0.6	0.4	0.7	-0.3	-1.3	1.2	0.3
Comparable operating result (EBIT)	1.2	2.5	2.1	2.6	5.9	4.1	7.5
Comparable operating result (EBIT), %	2.5%	4.3%	2.2%	3.3%	3.3%	4.0%	3.7%
Profit/loss before taxes	-0.3	-1.1	-0.4	-2.2	-4.4	1.1	3.8
Profit/loss for the period	-1.2	-1.8	-1.5	-3.0	-6.4	0.9	3.1
Comparable earnings per share, adjusted with share issue, EUR	-0.007	0.005	0.000	-0.001			
Number of registered shares at end of period adjusted with share issue (1 000)	84 290	84 290	84 290	84 290			
Cash flow from operating activities	-0.3	-5.4	-3.4	-3.7			
Net interest-bearing debt at end of period			37.4	43.8			
Return on investment (ROI), %, (annualized)			1.0%	-0.6%			
Comparable return on capital employed (ROCE), %, (annualized)			4,3%	2,6%			
Equity ratio, %			40,8%	34,5%			
Net gearing, %			51,8%	54,8%			
Number of employees at end of period			755	808			

## KEY FIGURES OF REPORTING SEGMENTS

### Orders received, EUR million

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019	Pro forma 1-6/2019	Pro forma 1-12/2019
Heat Treatment	8.7	16.2	28.5	37.2	76.0	37.2	76.0
Insulating Glass	11.5	21.3	32.7	21.3	60.4	33.6	72.6
Automotive & Emerging Technologies	3.6	5.5	7.8	6.3	19.7	16.2	29.6
<b>Segments, total</b>	<b>23.8</b>	<b>43.0</b>	<b>68.9</b>	<b>64.7</b>	<b>156.1</b>	<b>87.0</b>	<b>178.3</b>
Unallocated and eliminations	0.2	1.5	0.7	2.7	6.1	2.8	6.3
<b>Glaston Group, total</b>	<b>24.0</b>	<b>44.5</b>	<b>69.6</b>	<b>67.4</b>	<b>162.2</b>	<b>89.8</b>	<b>184.6</b>

### Order book, EUR million

	30.6.2020	30.6.2019	31.12.2019	Pro forma 30.6.2019	Pro forma 31.12.2019
Heat Treatment	28.0	30.0	35.1	30.0	35.1
Insulating Glass	15.7	27.9	31.2	27.9	31.2
Automotive & Emerging Technologies	5.2	20.4	12.5	20.4	12.5
<b>Segments, total</b>	<b>48.9</b>	<b>78.4</b>	<b>78.8</b>	<b>78.4</b>	<b>78.8</b>
Unallocated and eliminations	0.2	0.5	0.7	0.5	0.7
<b>Glaston Group, total</b>	<b>49.1</b>	<b>78.9</b>	<b>79.5</b>	<b>78.9</b>	<b>79.5</b>

### Net sales, EUR million

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019	Pro forma 1-6/2019	Pro forma 1-12/2019
Heat Treatment	14.9	22.1	34.1	41.7	82.6	41.7	82.6
Insulating Glass	24.1	22.9	46.6	22.9	58.8	38.0	73.9
Automotive & Emerging Technologies	9.7	12.3	14.0	12.4	35.5	20.8	44.0
<b>Segments, total</b>	<b>48.7</b>	<b>57.3</b>	<b>94.7</b>	<b>77.0</b>	<b>176.9</b>	<b>100.6</b>	<b>200.5</b>
Unallocated and eliminations	0.2	1.1	1.2	2.2	4.1	2.2	4.0
<b>Glaston Group, total</b>	<b>48.9</b>	<b>58.4</b>	<b>95.9</b>	<b>79.2</b>	<b>181.0</b>	<b>102.8</b>	<b>204.6</b>

### Comparable EBITA, EUR million

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019	Pro forma 1-6/2019	Pro forma 1-12/2019
Heat Treatment	0.6	0.1	1.3	1.0	3.4	1.0	3.4
Insulating Glass	2.0	2.4	4.4	2.4	4.7	3.9	6.2
Automotive & Emerging Technologies	-0.3	1.0	-1.3	0.7	1.7	1.4	2.6
<b>Segments, total</b>	<b>2.4</b>	<b>3.6</b>	<b>4.3</b>	<b>4.1</b>	<b>9.8</b>	<b>6.3</b>	<b>12.1</b>
Unallocated and eliminations	0.0	0.0	0.0	0.1	-0.1	0.1	-0.1
<b>Glaston Group, total</b>	<b>2.3</b>	<b>3.6</b>	<b>4.4</b>	<b>4.2</b>	<b>9.7</b>	<b>6.4</b>	<b>12.1</b>

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

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019	Pro forma 1-6/2019	Pro forma 1-12/2019
Heat Treatment	0.2	-0.2	0.5	0.2	1.9	0.2	1.9
Insulating Glass	1.5	1.8	3.4	1.8	2.6	2.7	3.5
Automotive & Emerging Technologies	-0.5	1.0	-1.8	0.6	1.5	1.2	2.1
<b>Segments, total</b>	<b>1.2</b>	<b>2.5</b>	<b>2.1</b>	<b>2.5</b>	<b>6.0</b>	<b>4.1</b>	<b>7.6</b>
Unallocated and eliminations	0.0	0.0	0.0	0.1	-0.1	0.0	-0.1
<b>Comparable operating result (EBIT), total</b>	<b>1.2</b>	<b>2.5</b>	<b>2.1</b>	<b>2.6</b>	<b>5.9</b>	<b>4.1</b>	<b>7.5</b>
<b>Comparable operating result (EBIT), %</b>	<b>2.5%</b>	<b>4.3%</b>	<b>2.2%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>4.0%</b>	<b>3.7%</b>
Items affecting comparability	-0.7	-2.1	-1.5	-2.9	-7.2	-2.9	-7.2
<b>Operating result (EBIT)</b>	<b>0.6</b>	<b>0.4</b>	<b>0.7</b>	<b>-0.3</b>	<b>-1.3</b>	<b>1.2</b>	<b>0.3</b>
<b>Operating result (EBIT), %</b>	<b>1.1%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>-0.4%</b>	<b>-0.7%</b>	<b>1.1%</b>	<b>0.1%</b>

## KEY FIGURES OF PRODUCT AREAS

Orders received by product area, EUR million	4–6/2020	4–6/2019	1–6/2020	1–6/2019	1–12/2019	Pro forma 1–6/2019	Pro forma 1–12/2019
Heat Treatment Technologies	5.4	9.5	18.6	23.0	48.5	23.0	48.3
Insulating Glass Technologies	6.7	14.9	22.5	14.9	42.4	21.6	49.3
Automotive & Emerging Technologies (machines)	1.7	0.7	2.4	1.4	6.6	7.1	12.3
Services	9.9	17.9	25.4	25.3	58.5	35.3	68.3
Unallocated and eliminations	0.2	1.5	0.7	2.8	6.2	2.8	6.3
<b>Glaston Group, total</b>	<b>24.0</b>	<b>44.5</b>	<b>69.6</b>	<b>67.4</b>	<b>162.2</b>	<b>89.8</b>	<b>184.6</b>

Order book by product area, EUR million	30.6.2020	30.6.2019	31.12.2019	Pro forma 30.6.2019	Pro forma 31.12.2019
Heat Treatment Technologies	26.2	26.9	31.2	26.9	31.2
Insulating Glass Technologies	15.7	27.9	31.2	27.9	31.2
Automotive & Emerging Technologies (machines)	5.2	20.4	12.5	20.4	12.5
Services	1.8	3.1	3.9	3.1	3.9
Unallocated and eliminations	0.2	0.5	0.7	0.5	0.7
<b>Glaston Group, total</b>	<b>49.1</b>	<b>78.9</b>	<b>79.5</b>	<b>78.9</b>	<b>79.5</b>

Net sales by product area, EUR million	4–6/2020	4–6/2019	1–6/2020	1–6/2019	1–12/2019	Pro forma 1–6/2019	Pro forma 1–12/2019
Heat Treatment Technologies	10.7	17.1	23.0	29.5	56.1	29.4	56.1
Insulating Glass Technologies	19.4	17.4	36.5	17.4	41.8	26.7	51.4
Automotive & Emerging Technologies (machines)	7.9	8.3	8.8	8.4	23.2	12.4	27.2
Services	11.2	14.9	27.7	22.6	57.1	31.8	67.1
Unallocated and eliminations	-0.2	0.7	-0.2	1.3	2.8	2.5	2.8
<b>Glaston Group, total</b>	<b>48.9</b>	<b>58.4</b>	<b>95.9</b>	<b>79.2</b>	<b>181.0</b>	<b>102.8</b>	<b>204.6</b>

*This half year financial report provides estimates on 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, such as the development of the COVID-19 pandemic.*

## OPERATING ENVIRONMENT

According to the International Monetary Fund's (IMF) World Economic Outlook update published in June, the world economy will contract by 4.9 percent in 2020, a 1.9 percentage points lower estimate compared to the IMF's previous estimate from April. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent.<sup>1</sup> Contraction is expected to be severe in several of Glaston's important target countries, including the USA, Germany, UK and Spain. In South America, the outlook is bleak given the disruptions to global supply chains and trade due to the fast spreading COVID-19 pandemic. Construction forecasts also indicate strong decline in 2020, with the most severe decline in the first half of the year.

Uncertainty related to all forecasts is extraordinarily significant. The pandemic could become more severe or a second wave of infections could take place later this year, and last much longer than assumed, requiring more stringent and longer lasting containment measures than estimated.

### Architectural glass

Until March, the development of the operating environment was stable in Glaston's main market areas EMEA and the Americas. In the second quarter the COVID-19 pandemic changed the situation significantly, and the general market uncertainty, government mitigation measures as well as travel and meeting restrictions slowed or postponed customers' decision-making and ordering as well as the possibility of accepting project deliveries. Towards the end of the second quarter some recovery was noted.

In North America market activity ceased and investments were completely frozen during April and May. In June activity picked up with positive signs of increasing investments. US architectural glass manufacturers continued to run their operations without constraints throughout the quarter, although COVID-19 infections were rapidly increasing. COVID-19 could still significantly impact the US economy, particularly in the Southern states.

The COVID-19 pandemic slowed activities in China at the start of the year, as factories were faced with lower capacities, and the availability of components weakened. However, the situation improved towards the end of the first quarter and in March production gradually restarted. In the second quarter market activity recovered, but competition remained strong. The situation varied across South-East Asia with the lockdowns of most countries' being lifted during the second quarter but investment decisions remaining slow or on hold.

### Automotive glass

The already fragile investment-intensive automotive industry is facing an economic crisis due to COVID-19 and 2020 forecasts for passenger car registrations have been radically revised downwards. The low activity level in the automotive glass market continued in the second quarter. During the peak of the first COVID-19-wave, production activities at most car factories ceased. Thus, the subcontractor production was also considerably reduced or stopped, which led to very low machinery order intake and service activities. Signs of a gradual increase in production was noted during the quarter. Going forward, market activity and investment readiness is expected to remain low.

<sup>1</sup> International Monetary Fund: World Economic Outlook Update, June 2020



## FINANCIAL DEVELOPMENT OF THE GROUP

### Orders received and order book

**Glaston Group's April–June 2020 orders received** decreased by 46% to EUR 24.0 (44.5) million compared to the corresponding period in the previous year. Uncertainty related to the COVID-19 pandemic weakened demand in all segments during the review period.

**Glaston Group's January–June 2020 orders received** decreased and amounted to EUR 69.6 million (67.4, pro forma 89.8) compared to the corresponding period in the previous year.

Orders received, EUR million	4–6/2020	4–6/2019	1–6/2020	1–6/2019	1–12/2019	Pro forma 1–6/2019	Pro forma 1–12/2019
Heat Treatment	8.7	16.2	28.5	37.2	76.0	37.2	76.0
Insulating Glass	11.5	21.3	32.7	21.3	60.4	33.6	72.6
Automotive & Emerging Technologies	3.6	5.5	7.8	6.3	19.7	16.2	29.6
<b>Segments, total</b>	<b>23.8</b>	<b>43.0</b>	<b>68.9</b>	<b>64.7</b>	<b>156.1</b>	<b>87.0</b>	<b>178.3</b>
Unallocated and eliminations	0.2	1.5	0.7	2.7	6.1	2.8	6.3
<b>Glaston Group, total</b>	<b>24.0</b>	<b>44.5</b>	<b>69.6</b>	<b>67.4</b>	<b>162.2</b>	<b>89.8</b>	<b>184.6</b>

**Glaston Group's order book** decreased by 38%, and totaled EUR 49.1 (78.9) million at the end of the second quarter. The Heat Treatment order book totaled EUR 28.0 (30.0) million, representing 57 (38)%, Insulating Glass EUR 15.7 (27.9) million or 32 (35)% and Automotive & Emerging Technologies EUR 5.2 (20.4) million or 11 (26)% of the Group's order book.

Order book, EUR million	30.6.2020	30.6.2019	31.12.2019	Pro forma 30.6.2019	Pro forma 31.12.2019
Heat Treatment	28.0	30.0	35.1	30.0	35.1
Insulating Glass	15.7	27.9	31.2	27.9	31.2
Automotive & Emerging Technologies	5.2	20.4	12.5	20.4	12.5
<b>Segments, total</b>	<b>48.9</b>	<b>78.4</b>	<b>78.8</b>	<b>78.4</b>	<b>78.8</b>
Unallocated and eliminations	0.2	0.5	0.7	0.5	0.7
<b>Glaston Group, total</b>	<b>49.1</b>	<b>78.9</b>	<b>79.5</b>	<b>78.9</b>	<b>79.5</b>

### Order received and order book by product area

**Glaston Group's April–June 2020** orders received of the Heat Treatment Technologies product area decreased from the previous year by 43% and totaled EUR 5.4 (9.5) million. Demand for Insulating glass machines was also low in the second quarter and orders received of the Insulating Glass Technologies product area decreased by 55% to EUR 6.7 (14.9) million. Demand in the Automotive & Emerging Technologies product area, particularly for automotive glass machines, was low. Among others, Glaston closed a deal for a B'CHAMP pre-processing line, a Glaston Matrix serial bending furnace and high-performance laminating equipment with a leading US based supplier of components to the recreational vehicle industry. The order was of strategic importance as it was the first order from the automotive industry, with products from the combined product portfolio, showcasing the substantial competitive advantage of the new Glaston. The order is registered in part in Heat Treatment and in part in Automotive & Emerging Technologies.

Orders received of the Services product area fell sharply and totaled EUR 9.9 (17.9) million. Travel restrictions, total lock downs and the limited use of equipment impacted demand for both field services and spare parts. Demand for upgrade services also fell sharply from the corresponding period 2019. The weak demand in the automotive glass machine services market and particularly in spare parts continued. The Services product area accounted for 41.3 (40.2)% of orders received.

Orders received by product area, EUR million	4–6/2020	4–6/2019	1–6/2020	1–6/2019	1–12/2019	Pro forma 1–6/2019	Pro forma 1–12/2019
Heat Treatment Technologies	5.4	9.5	18.6	23.0	48,5	23.0	48.3
Insulating Glass Technologies	6.7	14.9	22.5	14.9	42,4	21.6	49.3
Automotive & Emerging Technologies (machines)	1.7	0.7	2.4	1.4	6,6	7.1	12.3
Services	9.9	17.9	25.4	25.3	58,5	35.3	68.3
Unallocated and eliminations	0.2	1.5	0.7	2.8	6,2	2.8	6.3
<b>Glaston Group, total</b>	<b>24.0</b>	<b>44.5</b>	<b>69.6</b>	<b>67.4</b>	<b>162,2</b>	<b>89.8</b>	<b>184.6</b>

Order book by product area, EUR million	30.6.2020	30.6.2019	31.12.2019	Pro forma 30.6.2019	Pro forma 31.12.2019
Heat Treatment Technologies	26.2	26.9	31.2	26.9	31.2
Insulating Glass Technologies	15.7	27.9	31.2	27.9	31.2
Automotive & Emerging Technologies (machines)	5.2	20.4	12.5	20.4	12.5
Services	1.8	3.1	3.9	3.1	3.9
Unallocated and eliminations	0.2	0.5	0.7	0.5	0.7
<b>Glaston Group, total</b>	<b>49.1</b>	<b>78.9</b>	<b>79.5</b>	<b>78.9</b>	<b>79.5</b>

## Net sales

Net sales, EUR million	4–6/2020	4–6/2019	1–6/2020	1–6/2019	1–12/2019	Pro forma 1–6/2019	Pro forma 1–12/2019
Heat Treatment	14.9	22.1	34.1	41.7	82.6	41.7	82.6
Insulating Glass	24.1	22.9	46.6	22.9	58.8	38.0	73.9
Automotive & Emerging Technologies	9.7	12.3	14.0	12.4	35.5	20.8	44.0
<b>Segments. total</b>	<b>48.7</b>	<b>57.3</b>	<b>94.7</b>	<b>77.0</b>	<b>176.9</b>	<b>100.6</b>	<b>200.5</b>
Unallocated and eliminations	0.2	1.1	1.2	2.2	4.1	2.2	4.0
<b>Glaston Group. total</b>	<b>48.9</b>	<b>58.4</b>	<b>95.9</b>	<b>79.2</b>	<b>181.0</b>	<b>102.8</b>	<b>204.6</b>

Geographical distribution of net sales, EUR million	4–6/2020	4–6/2019	1–6/2020	1–6/2019	1–12/2019	Pro forma 1–6/2019	Pro forma 1–12/2019
Americas	10.0	20.3	27.5	28.3	66.5	32.7	71.0
EMEA	29.4	23.6	50.3	33.0	76.5	46.6	89.9
APAC	9.5	14.5	18.1	17.9	38.0	23.5	43.7
<b>Glaston Group. total</b>	<b>48.9</b>	<b>58.4</b>	<b>95.9</b>	<b>79.2</b>	<b>181.0</b>	<b>102.8</b>	<b>204.6</b>

**Glaston Group's April–June 2020** net sales totaled EUR 48.9 (58.4) million. The Heat Treatment segment's net sales decreased by 33% and totaled EUR 14.9 (22.1) million, mainly due to lower preceding quarters' order intake and a clear decline in spare parts and field service revenue. The segment's sales were particularly high in the comparison period due to the delivery of several orders placed at the Glasstec fair in 2018. The Insulating Glass segment's net sales grew by 5% to EUR 24.1 (22.9) million. Several larger projects received their final acceptance during the quarter. The Automotive & Emerging Technologies segment's net sales totaled EUR 9.7 (12.3) million despite very low order intake for several preceding quarters as one major project received acceptance and was fully recognized in revenue during the second quarter. The divested businesses has a slight negative impact on net sales. Services net sales declined in all three segments, with the biggest decline in Automotive & Emerging Technologies services. Of total net sales, the Heat Treatment segment accounted for 36%, the Insulating Glass segment for 49% and the Automotive & Emerging Technologies segment for 15%. Geographically, of the company's total second-quarter net sales, the EMEA region accounted for 60%, the Americas for 20% and Asia and Pacific (APAC) for around 19%.

**Glaston Group's January–June 2020** net sales totaled EUR 95.9 (79.2, pro forma 102.8) million. The Heat Treatment segment's net sales decreased by 18% and totaled EUR 34.1 (41.7) million. The Insulating Glass segment's net sales grew clearly and totaled EUR 46.6 (22.9, pro forma 38.0) million. The Automotive & Emerging Technologies segment's net sales decreased and totaled EUR 14.0 (12.4, pro forma 20.8) million.

## Net sales by product area

Net sales by product area, EUR million	4–6/2020	4–6/2019	1–6/2020	1–6/2019	1–12/2019	Pro forma 1–6/2019	Pro forma 1–12/2019
Heat Treatment Technologies	10.7	17.1	23.0	29.5	56.1	29.4	56.1
Insulating Glass Technologies	19.4	17.4	36.5	17.4	41.8	26.7	51.4
Automotive & Emerging Technologies (machines)	7.9	8.3	8.8	8.4	23.2	12.4	27.2
Services	11.2	14.9	27.7	22.6	57.1	31.8	67.1
Unallocated and eliminations	-0.2	0.7	-0.2	1.3	2.8	2.5	2.8
<b>Glaston Group, total</b>	<b>48.9</b>	<b>58.4</b>	<b>95.9</b>	<b>79.2</b>	<b>181.0</b>	<b>102.8</b>	<b>204.6</b>

**Glaston Group's April–June 2020** net sales of the Heat Treatment Technologies product area totaled EUR 10.7 (17.1) million. Net sales of the Insulating Glass Technologies product area grew by 12% and totaled EUR 19.4 (17.4) million. The net sales of the Automotive & Emerging Technologies product area was close to the level of the corresponding period at EUR 7.9 (8.3)

million. Net sales of the Services product area decreased by 25% from the corresponding period of the previous year and totaled EUR 11.2 (14.9) million. Services product area net sales accounted for 22.8% (25.5)% of total net sales.

## Operating result and profitability

**Glaston Group's April–June 2020** comparable EBITA was EUR 2.3 (3.6) million. i.e. 4.8 (6.2)% of net sales. The profitability of the Heat Treatment segment improved from the corresponding period 2019 and remained at the previous quarter's level, positively impacted by a reduction in personnel cost and lower marketing and travel costs. The comparable EBITA of the Insulating Glass segment decreased from the corresponding, high quarter 2019. The Automotive & Emerging Technologies segment remained loss making due to continued low volume. Glaston Group's comparable operating result was EUR 1.2 (2.5) million. i.e. 2.5 (4.3) % of net sales. The second-quarter operating result was EUR 0.6 (0.4) million. Mainly integration-related items affecting comparability amounting to EUR -0.7 (-2.1) million were recognized in the second quarter. PPAs and depreciation of intangible assets totaled EUR -1.1 (-1.1) million. Financial income and expenses amounted to EUR -0.7 (-1.5) million. The result before taxes was EUR -0.3 (-1.1) million. The result for the second quarter was EUR -1.2 (-1.8) million and earnings per share were EUR -0.014 (-0.028). The comparable earnings per share were EUR -0.007 (0.005).

**Glaston Group's January–June 2020** comparable EBITA amounted to EUR 4.4 (4.2, pro forma 6.4) million, i.e. 4.6 (5.3)% of net sales. The comparable operating result was EUR 2.1 (2.6, pro forma 4.1) million, i.e. 2.2 (3.3, pro forma 4.0)% of net sales. The Group's operating result was EUR 0.7 (-0.3, pro forma 1.2) million. Items affecting comparability totaled EUR -1.5 (-2.9) million in January–June 2020. Financial income and expenses amounted to EUR -0.9 (-1.7) million. The result before taxes was EUR -0.4 (-2.2) million. The result for the review period was EUR -1.5 (-3.0) million. January–June 2020 earnings per share were EUR -0.017 (-0.050) and comparable earnings per share were EUR 0.000 (-0.001), excluding items affecting comparability of the operating result, but including 2019 financing arrangement expenses.

Operating result and profitability Comparable EBITA, EUR million	4–6/2020	4–6/2019	1–6/2020	1–6/2019	1–12/2019	Pro forma 1–6/2019	Pro forma 1–12/2019
Operating result (EBIT)	0.6	0.4	0.7	-0.3	-1.3	1.2	0.3
Items affecting comparability	-0.7	-2.1	-1.5	-2.9	-7.2	-2.9	-7.2
Comparable operating result (EBIT)	1.2	2.5	2.1	2.6	5.9	4.1	7.5
Depreciation of intangible assets and PPA	1.1	1.1	2.2	1.6	3.8	2.3	4.5
<b>Comparable EBITA</b>	<b>2.3</b>	<b>3.6</b>	<b>4.4</b>	<b>4.2</b>	<b>9.7</b>	<b>6.4</b>	<b>12.1</b>
% of net sales	4.8%	6.2%	4.6%	5.3%	5.4%	6.3%	5.9%



## FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

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

### Heat Treatment reporting segment

#### Heat Treatment segment's second quarter in brief:

- Orders received declined sharply due to the uncertainty in the market.
- Net sales impacted by among other postponements of deliveries and low services volume due to pandemic-related restrictions.
- Fixed cost savings and other adaptation measures slowed down the decline in the comparable EBITA. In Finland, temporary lay-offs, affecting approximately 180 people, continue throughout the year.

#### HEAT TREATMENT SEGMENT

KEY FIGURES MEUR	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019	Pro forma 1-6/2019	Pro forma 1-12/2019
Orders received	8.7	16.2	28.5	37.2	76.0	37.2	76.0
Order book at end of period			28.0	30.0	35.1	30.0	35.1
Net sales	14.9	22.1	34.1	41.7	82.6	41.7	82.6
Comparable EBITA	0.6	0.1	1.3	1.0	3.4	1.0	3.4
Comparable EBITA, %	4.2%	0.4%	3.8%	2.3%	4.1%	2.3%	4.1%
Comparable operating result (EBIT)	0.2	-0.2	0.5	0.2	1.9	0.2	1.9
Comparable operating result (EBIT), %	1.6%	-1.1%	1.6%	0.4%	2.3%	0.4%	2.3%
Operating result (EBIT)	0.1	-0.4	0.2	-0.4	-0.9	-0.4	-0.9
Operating result (EBIT), %	0.8%	-1.6%	0.5%	-0.9%	-1.1%	-0.9%	-1.1%
Net working capital			-11.6	-5.0	-11.3		
Employees at end of period			305	352	333		

### Orders received and order book

The Heat Treatment segment's second-quarter 2020 orders received were EUR 8.7 (16.2) million. During the quarter, the segment's most significant orders came from Estonia, Switzerland and Canada. The Heat Treatment customers' decision-making clearly slowed down, and new ordering was postponed due to market uncertainty. The decline in services activity also clearly impacted the level of new orders.

Orders received in January–June 2020 totaled EUR 28.5 (37.2) million.

The Heat Treatment segment's order book stood at EUR 28.0 (30.0) million at the end of the second quarter. Some order deliveries and installations, scheduled for the second quarter, were postponed due to the decisions to freeze on-going investments or the closure of customer operations. As customers gradually started ramping up operation at the end of the quarter, deliveries and installations gradually resumed. No order cancellations were received during the second quarter.

### Net sales and profitability

The Heat Treatment segment's April–June 2020 net sales decreased by 33% to EUR 14.9 (22.1) million. Net sales in the comparison period was high due to orders placed at the Glasstec fair in 2018 and delivered in the second quarter of 2019. Net sales were mainly impacted by postponements of deliveries and low services volume due to pandemic-related restrictions. Heat Treatment Services sales decreased in all regions and all product groups, with the exception of upgrades. Upgrades sales was at a low level in the comparison period 2019. Despite clearly lower net sales the April–June 2020 comparable EBITA increased to EUR 0.6 (0.1) million, i.e. 4.2 (0.4)% of net sales. Profitability was positively impacted by lower fixed costs related to organizational streamlining and temporary layoffs in Finland as well as lower costs in marketing and travelling.

The Heat Treatment segment's January–June 2020 net sales totaled EUR 34.1 (41.7) million. Comparable EBITA amounted to EUR 1.3 (1.0) million, corresponding to 3.8 (2.3)% of net sales.

### Production and working capital management

The Tampere tempering machine assembly plant was fully operational during the second quarter and the capacity utilization rate was at a good level. Operations at the factory in Tianjin have been completely ramped up. The availability of components continues to be secured. The Heat Treatment segment's second-quarter net working capital grew slightly from the previous quarter and was EUR -11.6 (-5.0, -10.4 at the end of March 2020) million.

### Personnel

At the end of the review period, the Heat Treatment segment employed 305 (352) people, most of them in Finland. During the second quarter the temporary lay-offs continued. The timing and implementation of the lay-offs have been reviewed function-by-function and will a maximum of 90 days per employee by the end of 2020.

## Insulating Glass reporting segment

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

### Insulating Glass segment's second quarter in brief:

- The Insulating glass market was clearly impacted by the COVID-19 pandemic and new orders declined.
- During the quarter some larger Insulating Glass projects were accepted, and net sales grew by 9%. Profitability declined as project margins were below the previous year's exceptionally high level and the relative share of services revenue declined
- Consultations regarding the reduction of working hours of employees in Germany have taken place, and working hours may be reduced, if required.

## INSULATING GLASS SEGMENT

### KEY FIGURES

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019	Pro forma 1-6/2019	Pro forma 1-12/2019
Orders received	11.5	21.3	32.7	21.3	60.4	33.6	72.6
Order book at end of period			15.7	27.9	31.2	27.9	31.2
Net sales	24.1	22.9	46.6	22.9	58.8	38.0	73.9
Comparable EBITA	2.0	2.4	4.4	2.4	4.7	3.9	6.2
Comparable EBITA, %	8.3%	10.7%	9.4%	10.7%	8.0%	10.2%	8.3%
Comparable operating result (EBIT)	1.5	1.8	3.4	1.8	2.6	2.7	3.5
Comparable operating result (EBIT), %	6.2%	7.7%	7.2%	7.7%	4.4%	7.1%	4.8%
Operating result (EBIT)	1.0	1.1	2.5	1.1	0.4	2.0	1.3
Operating result (EBIT), %	4.3%	4.8%	5.3%	4.8%	0.7%	5.3%	1.8%
Net working capital			6.3	3.6	0.9		
Employees at end of period			341	309	344		

### Orders received and order book

The Insulating Glass segment's second-quarter 2020 orders received decreased and totaled EUR 11.5 (21.3) million. Insulating glass machine orders were mainly received from Central Europe, including Germany, Austria and Poland among others. The volume of services business also declined.

Orders received in January–June 2020 totaled EUR 32.7 (21.3, pro forma 33.6) million.

The Insulating Glass segment's order book stood at EUR 15.7 (27.9) million at the end of the period. All the Insulating Glass segment's deliveries and installations proceeded according to plan during the quarter. No orders were cancelled during the quarter.

### Net sales and profitability

The Insulating Glass segment's second-quarter 2020 net sales improved compared to the corresponding period in 2019, and totaled EUR 24.1 (22.9) million. Some larger Insulating Glass projects were accepted during the quarter, positively impacting net sales. Second-quarter comparable EBITA was EUR 2.0 (2.4) i.e. 8.3 (10.7)% of net sales. Project margins were below the previous year's exceptionally high level and profitability was impacted by the lower relative share of services revenue. Fixed costs decreased due to synergy benefits.

The Insulating Glass segment's January–June 2020 net sales totaled EUR 46.6 (22.9, pro forma 38.0) million. Comparable EBITA amounted to EUR 4.4 (2.4, pro forma 3.9) million, corresponding to 9.4 (10.7)% of net sales.

### Production and working capital management

The company's insulating glass machine factory in Neuhausen-Hamberg, Germany was fully operational and capacity utilization at a very high level during the second quarter. Production at the Shanghai plant was relocated to Tianjin and manufacturing was ramped up during the quarter. The Insulating Glass segment's second-quarter net working capital was EUR 6.3 (3.6) million.

### Personnel

At the end of the review period, the Insulating Glass segment employed 341 people, most of them in Germany. Due to the increased uncertainty caused by the coronavirus pandemic, the company has negotiated a possible reduction in the working hours of employees in Germany. A reduction in working hours may be applied, if required.

## Automotive & Emerging Technologies reporting segment

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

### Automotive & Emerging Technologies segment's second quarter in brief:

- The automotive glass market was subdued and customer operations shutdown during the quarter. A slow ramp up started towards the end of the quarter.
- Some Automotive and Display orders were received, Emerging Technologies activity was dormant due to market uncertainty. Net sales and profitability were impacted by very low demand in the previous quarters.

### AUTOMOTIVE & EMERGING TECHNOLOGIES

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019	Pro forma 1-6/2019	Pro forma 1-12/2019
Orders received	3.6	5.5	7.8	6.3	19.7	16.2	29.6
Order book at end of period			5.2	20.4	12.5	20.4	12.5
Net sales	9.7	12.3	14.0	12.4	35.5	20.8	44.0
Comparable EBITA	-0.3	1.0	-1.3	0.7	1.7	1.4	2.6
Comparable EBITA, %	-2.7%	8.5%	-9.6%	5.4%	4.8%	6.9%	5.9%
Comparable operating result (EBIT)	-0.5	1.0	-1.8	0.6	1.5	1.2	2.1
Comparable operating result (EBIT), %	-4.9%	7.9%	-12.7%	4.8%	4.1%	6.0%	4.8%
Operating result (EBIT)	-0.6	0.5	-2.0	0.5	1.2	1.1	1.8
Operating result (EBIT), %	-5.8%	4.1%	-14.1%	4.0%	3.4%	5.5%	4.2%
Net working capital			8.3	12.2	7.0		
Employees at end of period			101	131	103		

### Orders received

During the peak of the first COVID-19-wave, production activities at most automobile factories stopped and consequently also subcontractor production was considerably reduced or ceased. This led to very low machinery order intake and service activities in the Automotive & Emerging Technologies segment which totaled EUR 3.6 (5.5) million. At the end of the quarter, Glaston's automotive glass customers restarted their production, service demand increased again, and some new investments were made. Among other orders, a first cross-segmental automotive order was received, showcasing the success of the new Glaston's broad and highly competitive product offering. The order was placed by a leading supplier of components to the recreational vehicle industry and is registered in part in Heat Treatment and in part in Automotive & Emerging Technologies. The second-quarter Automotive Technologies order intake was modest, but higher than the very low level of the corresponding period in 2019. There was a clear decline in Automotive Services.

Due to the current crisis, the Emerging Technologies (ET) market was slow in the second quarter. The project for bending and tempering equipment for complex shapes, published in December 2019, is proceeding according to plan, but its delivery has been postponed until 2021. ET started a consulting project with a technology company designing solutions integrating solar technology into buildings. Heliotrope's product development is progressing according to this year's plan. During the first half of 2020, Heliotrope has successfully raised additional funding from new investors, despite the challenging environment. Orders received in January–June 2020 totaled EUR 7.8 (6.3, pro forma 16.2) million.

### Net sales and profitability

The Automotive & Emerging Technologies segment's April–June 2020 net sales were EUR 9.7 (12.3) million. Automotive Technologies net sales increased clearly as one major project received acceptance and was fully recognized in revenue in the quarter. However, this was not able to compensate for the very sharp decline in net sales in Automotive Services. The segment's comparable EBITA amounted to EUR -0.3 (1.0) million, impacted by the low volume in Services. Fixed costs declined as a result of cost-saving measures. The Automotive & Emerging Technologies January–June 2020 net sales totaled EUR 14.0 (12.4, pro forma 20.8) million. Comparable EBITA amounted to EUR -1.3 (0.7, pro forma 1.4) million, corresponding to -9.6% (5.4)% of net sales.

### Production and working capital management

The utilization rate of the company's automotive glass machine factory in Bützberg, Switzerland was at a low level and its operations were adjusted accordingly. The Automotive & Emerging Technologies segment's second-quarter net working capital was EUR 8.3 (12.2, 7.3 at the end of March 2020) million.

### Personnel

At the end of the review period, the Automotive & Emerging Technologies segment employed 101 (131) people, most of them in Switzerland. Due to the downturn in the automotive industry, and pandemic-related restrictions, the working hours of Swiss production personnel were adjusted, and reduced working hours were continued during the second quarter and covered the majority of Swiss employees.



## Financial position, cash flow and financing

At the end of June, Glaston Group's balance sheet total was EUR 210.5 (268.8 ) million. Intangible assets amounted to EUR 77.8 (77.5) million, of which goodwill was EUR 58.3 (57.7) million. At the end of the period property, plant and equipment amounted to EUR 24.0 (25.3) million and inventories to EUR 28.4 (51.0) million.

The comparable return on capital employed (ROCE) was 4.3 (2.6, and at the end of December 8.7)%.

The company's net gearing at the end of June was 51.8 (54.8)% and the equity ratio was 40.8 (34.5)%. Net interest-bearing debt totaled EUR 37.4 (43.8) million. The average maturity of Glaston's long-term debt was 2.2 years at the end of June. The financial covenants used in the company's financing agreement are gearing (net debt/equity) and leverage (net debt/EBITDA). In March, the company drew a EUR 7.5 million long-term loan using a revolving credit facility.

Second-quarter cash flow from operating activities, before the change in net working capital, was EUR 2.6 (-1.1) million. Cash flow from the change in working capital was EUR -2.9 (-4.3) million and cash flow from operating activities was EUR -0.3 (-5.4) million. Cash flow from investing activities was EUR -0.9 (-68.9) million and cash flow from financing activities was EUR -1.0 (106.9) million.

Glaston closely monitors and manages its liquidity and financial position. At the end of the second quarter 2020, cash and cash equivalents totaled EUR 20.6 million. Additionally, Glaston has committed revolving credit facilities, which enable further debt financing for EUR 7.5 million and guarantees for EUR 10.2 million. As a measure to ensure the adherence to the terms of its external financing Glaston has agreed with its financing banks on increased covenant levels and postponement of debt repayments for the remainder of 2020.

## Capital expenditure, depreciation and amortization

Glaston Group's January–June gross capital expenditure totaled EUR 2.0 (59.2) million and was primarily related to product development. The high comparison number is related to the acquisition of Bystronic glass. Depreciation and amortization of property, plant and equipment, and of intangible assets totaled EUR -3.0 (-2.3) million.

## Investments in product development, digitalization and innovation

In the review period, Glaston continued investing in product development and emerging glass technologies in line with the company's growth strategy. New digital and IoT-based products that facilitate the transition to fully automated glass processing continue to be at the forefront of product development. Due to the prevailing coronavirus situation, it has been decided to postpone a number of product development projects. Projects and innovations related to digitalization remain firmly at the center of development, and the coronavirus pandemic has further highlighted the importance of digital and remote services.

In January–June 2020, research and product development expenditure, excluding depreciation, totaled EUR 3.2 (3.2) million, of which EUR 0.9 (0.4) million was capitalized. Research and product development expenditure amounted to 3.3 (4.1)% of net sales.

## Personnel

As of 30 June 2020, Glaston Group had a total of 755 employees. The Heat Treatment segment employed 305 people, the Insulating Glass segment 341 people, and the Automotive & Emerging Technologies segment 101 people. Of the Group's personnel 32%, i.e. 241 employees, worked in Germany, 23%, i.e. 177, worked in Finland, while 14% worked elsewhere in the EMEA area, 22% worked in Asia and 9% in the Americas. In both the Finnish and Swiss units as well as in a number of sales and services entities, employee-related adjustment measures continued during the second quarter.

In the first quarter 2020, Glaston Corporation completed a cooperation process in which temporary lay-offs of up to 90 days per employee were agreed for all personnel in Finland. In June, it was agreed that the temporary lay-offs would continue throughout the year and would be implemented in stages according to workload. The company is continuing its measures and consultations to reduce working hours in Switzerland and other locations have been continued.

During the second quarter many of Glaston's employees worked remotely in order to safeguard their own health and the health of production personnel. At the end of May employees gradually started returning to the offices, with strict rules to prevent the spread of the virus. All of the company's production plants were fully operational during the quarter.

## Synergy benefits of Bystronic glass acquisition; cost savings and integration costs

In connection with the Bystronic glass acquisition, Glaston estimated that it will achieve annual cost synergies of approximately EUR 4 million by 2021. Most of the synergy-related measures were implemented on a faster schedule than expected, and cost synergies were already achieved ahead of schedule by the end of 2019, with an annual cost saving for all measures undertaken totaling EUR 4.2 million at that time. In 2020, integration has continued with the Bystronic glass brand integration project, for example. However, due to the uncertainty caused by the coronavirus, certain long-term integration projects, such as the

integration of ERP systems in selected countries, have been postponed. The integration activities will be continued as part of the company's normal management, and the related separate financial monitoring of integration benefits ceased in April. The achieved and on-going integration measures will support Glaston's profitability throughout 2020 compared to 2019.

Annual cost savings from all of the integration measures undertaken since the second quarter 2019 will reach close to EUR 6 million.

## RESPONSIBILITY

Responsibility is part of Glaston's everyday operations, and the foundation for this is the Code of Conduct approved by the Board of Directors. The Code of Conduct outlines the company's requirements and expectations for responsible and ethical conduct as well as how the company requires employees to act in their daily work with colleagues and customers, suppliers and other stakeholders, for example. Glaston is committed to complying with the relevant national and international laws, provisions and generally accepted operating practices in all of its activities. In its daily operations, the company is committed to combating bribery and corruption. Further information on the company's responsibility and non-financial information can be found in the company's 2019 Annual Review and Report of the Board of Directors.

## 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 2020 was EUR 12.7 (12.7) million.

1.1-30.6.2020	No. of shares and votes		Share turnover. EUR million	
GLA1V	84 289 911		10.1	
	Highest	Lowest	Closing	Average price *)
Share price	1.34	0.60	0.69	1.01
	30.6.2020		30.6.2019	
Market value	57.8		108.3	
Number of shareholders	7 567		7 344	
Foreign ownership. %	27.3		27.2	

\*) trade weighted average

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

## GOVERNANCE

### Annual General Meeting 2020

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

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

### Adoption of the Remuneration Policy for governing bodies

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

### Composition of the Board of Directors

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

### Remuneration of the members of the Board of Directors

The General Meeting resolved that the annual and meeting fees of the members of the Board of Directors as well as fees

paid for Committee work remain unchanged. The Chairman of the Board of Directors is paid an annual fee of EUR 60 000, the Deputy Chairman an annual fee of EUR 40 000 and the other members of the Board of Directors an annual fee of EUR 30 000. In addition, the General Meeting resolved that meeting fees shall be paid for each meeting of the Board of Directors that a Member of the Board has attended, so that the Chairman of the Board is paid EUR 800 for meetings held in the Chairman's home country and EUR 1,500 for meetings held elsewhere and the other Members of the Board are paid EUR 500 for meetings held in the home country of the respective member and EUR 1,000 for meetings held elsewhere. For per capsulum Board Meetings, half of the normal meeting fee will be paid. Furthermore, it was resolved that each Member of the Board will be compensated for travel and accommodation costs and direct expenses arising from their work for the Board of Directors in line with the Company's normal practice.

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

## Auditor

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

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

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

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

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

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

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

The authorization is effective until 30 June 2021 and it revokes corresponding earlier authorizations.

## Amendments of the Articles of Association

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

## Organization of the Board of Directors

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

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



#### **Audit Committee**

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

#### **Compensation Committee**

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

### **Organizational and Executive Management changes**

In order to better reflect its business dynamics and market drivers, Glaston has made changes to the Group structure. As of 1 January 2020, Glaston Corporation has three business areas: Glaston Heat Treatment Technologies, Glaston Insulating Glass Technologies and Glaston Automotive & Emerging Technologies. The business areas also form the company's three reporting segments in which Services are included.

On 25 May, President & CEO Arto Metsänen (b. 1956) announced his retirement from the company on 1 January 2021 and stepped down as CEO on 1 June 2020. Glaston's Board of Directors nominated former deputy to the CEO Sasu Koivumäki (b. 1974) acting CEO as of 1 June 2020. The recruitment process for a new CEO was initiated immediately.

On 30 June 2020, Glaston Corporation's Executive Management Group consisted of Sasu Koivumäki, acting President & CEO; Päivi Lindqvist, CFO; Juha Liettyä, SVP Glaston Heat Treatment Technologies; Dietmar Walz, SVP Glaston Insulating Glass Technologies; Robert Prange, SVP Glaston Automotive and Emerging Technologies; Artturi Mäki, SVP Services; Taina Tirkkonen, General Counsel and SVP Human Resources.

### **BUSINESS RISKS AND NEAR FUTURE UNCERTAINTIES**

Glaston's long-term strategic and operational risks and uncertainties are described in detail in the company's financial statements bulletin for 2019 and in the Report of the Board of Directors. Near term risks are mainly related to the impacts of the COVID-19 pandemic and have been described in detail on page 2 in this financial report.

### **GLASTON'S OUTLOOK FOR 2020 UNCHANGED**

Glaston Corporation estimates that comparable EBITA for 2020 will decline from the 2019 level. The company's current assessment is that the market will recover gradually and that third- and fourth-quarter orders will improve from the second quarter but stay below the previous year's levels. The lower than 2019 order intake and slower than normal volume in services business impacts the development of net sales and earnings in 2020. The uncertainty surrounding the assessment remains, and the situation might change quickly depending on the development of the COVID-19 pandemic and the general economic climate.

## GLASTON CORPORATION

### HALF YEAR FINANCIAL REPORT AND NOTES 1 JANUARY – 30 JUNE 2020

This half year financial report has been prepared in accordance with IAS 34. The half year financial report has been prepared in accordance with the same accounting principles as the annual financial statements for 2019.

Half year financial report is not audited.

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

#### CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Net sales	48.9	58.4	95.9	79.2	181.0
Other operating income	0.6	0.4	1.1	0.7	1.8
Expenses	-46.9	-56.0	-92.2	-76.6	-176.0
Depreciation, amortization and impairment	-1.5	-1.6	-3.0	-2.3	-5.6
Depreciation of right-of-use assets	-0.6	-0.8	-1.1	-1.3	-2.6
<b>Operating result</b>	<b>0.6</b>	<b>0.4</b>	<b>0.7</b>	<b>-0.3</b>	<b>-1.3</b>
Financial items, net	-0.7	-1.5	-0.9	-1.7	-2.6
Interest expenses on lease liabilities	-0.1	-0.1	-0.3	-0.2	-0.5
<b>Result before income taxes</b>	<b>-0.3</b>	<b>-1.1</b>	<b>-0.4</b>	<b>-2.2</b>	<b>-4.4</b>
Income taxes	-0.9	-0.7	-1.0	-0.8	-2.0
<b>Profit / loss for the period</b>	<b>-1.2</b>	<b>-1.8</b>	<b>-1.5</b>	<b>-3.0</b>	<b>-6.4</b>
<b>Attributable to:</b>					
Owners of the parent	-1.2	-1.8	-1.5	-3.0	-6.4
Non-controlling interest	-	-0.0	-	-0.0	-0.0
<b>Total</b>	<b>-1.2</b>	<b>-1.8</b>	<b>-1.5</b>	<b>-3.0</b>	<b>-6.4</b>
Earnings per share, EUR	-0.014	-0.028	-0.017	-0.050	-0.089
Earnings per share, EUR, basic and diluted	-0.014	-0.028	-0.017	-0.050	-0.089
Operating result, as % of net sales	1.1	0.7	0.7	-0.4	-0.7
Profit / loss for the period, as % of net sales	-2.5	-3.1	-1.5	-3.7	-3.5
Items affecting comparability	-0.7	-2.1	-1.5	-2.9	-7.2
Comparable operating result	1.2	2.5	2.1	2.6	5.9
Comparable operating result, as % of net sales	2.5	4.3	2.2	3.3	3.3

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
<b>Profit / loss for the period</b>	<b>-1.2</b>	<b>-1.8</b>	<b>-1.5</b>	<b>-3.0</b>	<b>-6.4</b>
<b>Other comprehensive income that will be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign operations	0.0	-0.2	0.1	-0.2	-0.4
Fair value changes of financial assets measured at fair value through profit or loss	0.0	0.0	0.0	0.0	0.1
Cash flow hedges	-0.1	0.2	-0.1	0.1	0.0
Income tax on other comprehensive income	0.0	-0.0	0.0	0.0	0.0
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss:</b>					
Exchange differences on actuarial gains and losses arising from defined benefit plans	0.0	0.0	0.0	0.0	0.0
Actuarial gains and losses arising from defined benefit plans	0.0	-0.2	0.0	-0.2	-1.2
Taxes on actuarial gains and losses arising from defined benefit plans	0.0	-	0.0	-	0.3
<b>Other comprehensive income for the reporting period</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.3</b>	<b>-1.2</b>
<b>Total comprehensive income for the reporting period</b>	<b>-1.3</b>	<b>-2.0</b>	<b>-1.4</b>	<b>-3.3</b>	<b>-7.6</b>
Attributable to:					
Owners of the parent	-1.3	-1.9	-1.4	-3.2	-7.6
Non-controlling interest	-	-0.0	-	0.0	0.0
<b>Total comprehensive income for the reporting period</b>	<b>-1.3</b>	<b>-2.0</b>	<b>-1.4</b>	<b>-3.3</b>	<b>-7.6</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	30.6.2020	30.6.2019	31.12.2019
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	58.3	57.7	58.3
Other intangible assets	19.5	19.8	19.7
Property, plant and equipment	24.0	25.3	25.0
Right-of-use assets	7.6	10.6	8.4
Financial assets measured at fair value through other comprehensive income	3.1	3.0	3.1
Loan receivables	2.3	3.0	2.5
Deferred tax assets	1.8	1.1	1.3
<b>Total non-current assets</b>	<b>116.6</b>	<b>120.5</b>	<b>118.4</b>
<b>Current assets</b>			
Inventories	28.4	51.0	42.6
Receivables			
Trade and other receivables	18.9	32.7	23.0
Contract assets	25.8	21.0	12.6
Assets for current tax	0.2	0.3	0.2
Total receivables	44.9	54.0	35.8
Cash equivalents	20.6	43.4	19.9
<b>Total current assets</b>	<b>93.9</b>	<b>148.4</b>	<b>98.3</b>
<b>Total assets</b>	<b>210.5</b>	<b>268.8</b>	<b>216.7</b>



EUR million	30.6.2020	30.6.2019	31.12.2019
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12.7	12.7	12.7
Share premium account	0.0	25.3	-
Other restricted equity reserves	-0.0	0.1	0.0
Reserve for invested unrestricted equity	109.5	86.4	109.5
Fair value reserve	0.2	0.1	0.2
Other unrestricted equity reserves	-0.1	0.1	0.0
Retained earnings and exchange differences	-48.8	-41.8	-42.7
Net result attributable to owners of the parent	-1.5	-3.0	-6.4
<b>Equity attributable to owners of the parent</b>	<b>72.1</b>	<b>79.9</b>	<b>73.4</b>
<b>Non-controlling interest</b>	<b>-</b>	<b>-0.0</b>	<b>-0.0</b>
<b>Total equity</b>	<b>72.1</b>	<b>79.9</b>	<b>73.4</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	45.4	41.6	39.3
Non-current lease liabilities	7.3	10.2	8.2
Non-current interest-free liabilities and provisions	2.2	0.9	2.4
Deferred tax liabilities	8.0	6.1	6.7
<b>Total non-current liabilities</b>	<b>62.9</b>	<b>58.9</b>	<b>56.6</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	3.6	33.6	3.6
Current lease liabilities	1.7	1.7	1.7
Current provisions	3.8	5.0	3.9
Trade and other current interest-free payables	63.4	72.0	72.2
Contract liabilities	2.3	17.3	4.8
Liabilities for current tax	0.6	0.4	0.4
<b>Total current liabilities</b>	<b>75.5</b>	<b>130.0</b>	<b>86.6</b>
<b>Total liabilities</b>	<b>138.4</b>	<b>188.9</b>	<b>143.2</b>
<b>Total equity and liabilities</b>	<b>210.5</b>	<b>268.8</b>	<b>216.7</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
<b>Cash flows from operating activities</b>					
Cash flow before change in net working capital	2.6	-1.1	4.4	-2.1	2.3
Change in net working capital	-2.9	-4.3	-7.7	-1.6	8.6
<b>Net cash flow from operating activities</b>	<b>-0.3</b>	<b>-5.4</b>	<b>-3.4</b>	<b>-3.7</b>	<b>10.8</b>
<b>Cash flow from investing activities</b>					
Acquisition of subsidiaries less cash at the date of acquisition	-	-51.2	-	-51.2	-51.7
Purchase of loan receivables of subsidiaries acquired	-	-16.9	-	-16.9	-16.9
Other purchases of non-current assets	-1.3	-1.0	-2.0	-1.9	-4.6
Proceeds from sale of business	0.2	0.2	0.2	0.2	0.6
Proceeds from sale of other non-current assets	0.3	0.0	0.3	-0.0	0.1
<b>Net cash flow from investing activities</b>	<b>-0.9</b>	<b>-68.9</b>	<b>-1.6</b>	<b>-69.9</b>	<b>-72.5</b>
<b>Cash flow before financing</b>	<b>-1.1</b>	<b>-74.4</b>	<b>-4.9</b>	<b>-73.5</b>	<b>-61.6</b>
<b>Cash flow from financing activities</b>					
Share issue, net	-	43.2	-	48.0	45.8
Increase in non-current liabilities	-	40.1	7.5	40.1	40.1

Decrease in non-current liabilities	-	-5.2	-	-5.2	-5.0
Increase in short-term liabilities	-	32.0	-	33.0	33.0
Decrease in short-term liabilities	-1.0	-2.0	-1.3	-5.3	-37.6
Return of capital	-	-1.2	-	-1.2	-1.2
<b>Net cash flow from financing activities</b>	<b>-1.0</b>	<b>106.9</b>	<b>6.2</b>	<b>109.4</b>	<b>75.1</b>
<b>Effect of exchange rate changes</b>	<b>-0.2</b>	<b>-0.0</b>	<b>-0.5</b>	<b>-0.3</b>	<b>-1.5</b>
<b>Net change in cash and cash equivalents</b>	<b>-2.3</b>	<b>32.5</b>	<b>0.8</b>	<b>35.6</b>	<b>12.0</b>
Cash and cash equivalents at the beginning of period	22.9	10.9	19.9	7.9	7.9
Cash and cash equivalents at the end of period	20.6	43.4	20.6	43.4	19.9
<b>Net change in cash and cash equivalents</b>	<b>-2.3</b>	<b>32.5</b>	<b>0.8</b>	<b>35.6</b>	<b>12.0</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Reserve for inv. unestr. equity	Treas-ury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
<b>Equity at 1 January, 2019</b>	<b>12.7</b>	<b>25.3</b>	<b>39.6</b>	<b>-3.3</b>	<b>0.2</b>	<b>-42.1</b>	<b>3.9</b>	<b>36.3</b>	<b>0.1</b>	<b>36.4</b>
Total compr. income for the period	-	-	-	-	0.1	-3.1	-0.2	-3.2	-0.0	-3.3
Share issue	-	-	48.0	-	-	-	-	48.0	-	48.0
Change in treasury shares	-	-	-	3.3	-	-3.3	-	0.0	-	0.0
Change in non-controlling interest	-	-	-	-	-	-	-	-	-0.1	-0.1
Return of capital	-	-	-1.2	-	-	-	-	-1.2	-	-1.2
Other changes	-	-	-	-	-	-	-	-	-	-
<b>Equity at 30 June 2019</b>	<b>12.7</b>	<b>25.3</b>	<b>86.4</b>	<b>-</b>	<b>0.3</b>	<b>-48.4</b>	<b>3.7</b>	<b>79.9</b>	<b>0.0</b>	<b>79.9</b>

EUR million	Share capital	Share premium account	Reserve for inv. unestr. equity	Treas-ury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
<b>Equity at 1 January, 2020</b>	<b>12.7</b>	<b>-</b>	<b>109.5</b>	<b>-</b>	<b>0.3</b>	<b>-53.3</b>	<b>4.2</b>	<b>73.4</b>	<b>-</b>	<b>73.4</b>
Total compr. income for the period	-	-	-	-	-0.1	-1.5	0.2	-1.4	-	-1.4
Share-based plan	-	-	-	-	-	-	0.1	0.1	-	0.1
Share-based plan, tax effect	-	-	-	-	-	-	-0.0	-0.0	-	-0.0
Other changes	-	-	-	-	-	-	0.1	0.1	-	0.1
<b>Equity at 30 June 2020</b>	<b>12.7</b>	<b>-</b>	<b>109.5</b>	<b>-</b>	<b>0.2</b>	<b>-54.8</b>	<b>4.4</b>	<b>72.1</b>	<b>-</b>	<b>72.1</b>

KEY RATIOS	30.6.2020	30.6.2019	31.12.2019
EBITDA, as % of net sales	5.0	4.1	3.8
Comparable EBITDA, as % of net sales	6.5	7.8	7.8
Operating profit (EBIT), as % of net sales	0.7	-0.4	-0.7
Comparable operating profit (EBIT), as % of net sales	2.2	3.3	3.3
Comparable EBITA, as % of net sales	4.6	5.3	5.4
Profit / loss for the period, as % of net sales	-1.5	-3.7	-3.5
Gross capital expenditure, EUR million	2.0	59.2	63.1
Gross capital expenditure, as % of net sales	2.1	74.8	34.8
Equity ratio, %	40.8	34.5	41.6
Gearing, %	80.4	109.1	72.0
Net gearing, %	51.8	54.8	45.0
Net interest-bearing debt, EUR million	37.4	43.8	33.0
Capital employed, end of period, EUR million	130.1	167.1	126.3
Return on equity, %, annualized	-4.0	-10.2	-11.6
Return on capital employed, %, annualized	1.0	-0.6	-1.3
Number of personnel, average	750	579	689
Number of personnel, end of period	755	808	790

PER SHARE DATA	30.6.2020	30.6.2019	31.12.2019
Number of registered shares, end of period, adjusted with share issue (1.000) (1)	84 290	84 290	84 290
Number of shares, average, adjusted with share issue, treasury shares excluded (1.000) (1)	84 290	59 651	72 072
EPS, total, basic and diluted, adjusted with share issue, EUR (1)	-0.017	-0.050	-0.089
Adjusted equity attributable to owners of the parent per share, EUR (1)	0.86	0.95	0.87
Price per earnings per share (P/E) ratio (1)	-39.8	-25.9	-14.2
Price per equity attributable to owners of the parent per share (1)	0.80	1.36	1.44
Market capitalization of registered shares, excl. treasury shares, EUR million (1)	57.8	108.3	105.8
Share turnover, % (number of shares traded, % of the average registered number of shares) (1)	23.4	4.3	15.1
Number of shares traded, (1.000) (1)	19 686	2 256	10 878
Closing price of the share, EUR (1)	0.69	1.29	1.26
Highest quoted price, EUR (1)	1.34	1.82	1.82
Lowest quoted price, EUR (1)	0.60	1.19	1.05
Volume-weighted average quoted price, EUR (1)	1.01	1.48	1.25

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

## INFORMATION ABOUT THE IMPACT OF COVID-19 IN THE FINANCIAL REPORTING

Glaston has updated the information given in the financial statements on 31 Dec 2019 related to liquidity risk and credit risk management due to increased economic uncertainty caused by the coronavirus situation.

### Liquidity risk

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

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

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

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

Glaston closely monitors and manages its liquidity and financial position. At the end of the second quarter 2020, cash and cash equivalents totaled EUR 20.6 million. As a measure to ensure the adherence to the terms of its external financing Glaston has agreed with its financing banks on increased covenant levels and postponement of debt repayments for the remaining of 2020.

EUR million	In use	Unused	Total
Committed credit facilities 30.6.2020	21.6	13.4	35.0
Committed credit facilities 31.12.2019	10.6	24.4	35.0

Interest-bearing net liabilities			
EUR million	30.6.2020	30.6.2019	31.12.2019
Loans from financial institutions	49.0	75.2	43.0
Lease liabilities	9.0	11.9	9.9
Other interest-bearing liabilities	-	-	-
Cash	20.6	43.4	19.9
<b>Total</b>	<b>37.4</b>	<b>43.7</b>	<b>33.0</b>
<b>Net gearing, %</b>	<b>51.8</b>	<b>54.8</b>	<b>45.0</b>

### Credit risk

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

The estimate made for doubtful receivables is based on a review of all trade receivables outstanding on the reporting date as well as on an assessment of the impairment of financial assets based on expected credit losses. The gross amount of impaired trade receivables at the end of the reporting period was EUR 3.5 (3.7 31.12.2019), and the impairment loss of these receivables was EUR 1.7 (2.4 31.12.2019) million.

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

At the end of June 2020 10.3 (12.1 31.12.2019) per cent of Group's trade receivables were secured by LCs.



Ageing analysis of trade receivables			Past due			
EUR million						
	Carrying amount of trade receivables after recognizing allowance account	Not past due	< 30 days	31-180 days	181 - 360 days	> 360 days
<b>30.6.2020</b>	13.8	8.6	1.4	2.7	0.5	0.6
<b>31.12.2019</b>	18.5	12.4	2.8	1.7	0.7	0.8

## IMPAIRMENT TESTING OF GOODWILL

Glaston has updated the impairment tests in the 2019 annual financial statements due to the increase in financial uncertainty caused by the coronavirus situation and the impact of the changed market situation. The recoverable amount of a cash-generating unit is defined as the value in use obtained by discounting its estimated future cash flows.

Based on the impairment test, there was no need to record an impairment loss and the recoverable amount exceeded the carrying amount of the tested assets 30 percent in the Heat Treatment Machines business, 66 percent in the Services business, 65 percent in the Insulating Glass Technologies business, and 20 percent in the Automotive Glass Technologies business.

Cash generating unit	1.1.2020	30.6.2020
Heat Treatment Machines	4.1	4.1
Heat Treatment Services	26.5	26.5
Insulating Glass Technologies	19.4	19.4
Automotive & Emerging Technologies	8.3	8.3
<b>Total</b>	<b>58.3</b>	<b>58.3</b>

The most significant assumptions used in value in use calculations in 2020	Heat Treatment Machines	HT Services	Insulating Glass Technologies	Automotive Glass Technologies
Pre-tax discount rate	11.37%	11.80%	11.56%	10.59%
Long-term growth rate	1.00%	1.00%	1.00%	1.00%

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

Post-tax discount rate	Value assigned to the assumption	Value Change
Heat Treatment Machines	9.59%	13.10%
Services	9.22%	14.50%
Insulating Glass technologies	9.00%	13.90%
Automotive Glass technologies	8.84%	10.30%
Long-term growth rate	Value assigned to the assumption	Value Change
Heat Treatment Machines	1.00%	-3.20%
Services	1.00%	-7.60%
Insulating Glass technologies	1.00%	-6.80%
Automotive Glass technologies	1.00%	-1.00%

## SEGMENT INFORMATION

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

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

Operating segments have been aggregated, when the nature of the products and services is similar, the nature of the production process is similar as well as the type or class of customers. Glaston Group's business consists of the manufacture and sale of glass processing

machines as well as the service operations for these machines. There is a high level of integration between glass machines and maintenance. Their customers are the same, as is their market development, which is linked to the general development of the global market.

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

### Order intake

EUR million

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Heat Treatment	8.7	16.2	28.5	37.2	76.0
Insulating Glass	11.5	21.3	32.7	21.3	60.4
Automotive & Emerging Technologies	3.6	5.5	7.8	6.3	19.7
<b>Total segments</b>	<b>23.8</b>	<b>43.0</b>	<b>68.9</b>	<b>64.7</b>	<b>156.1</b>
Unallocated and eliminations	0.2	1.5	0.7	2.7	6.1
<b>Total Glaston Group</b>	<b>24.0</b>	<b>44.5</b>	<b>69.6</b>	<b>67.4</b>	<b>162.2</b>

### Net sales

EUR million

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Heat Treatment	14.9	22.1	34.1	41.7	82.6
Insulating Glass	24.1	22.9	46.6	22.9	58.8
Automotive & Emerging Technologies	9.7	12.3	14.0	12.4	35.5
<b>Total segments</b>	<b>48.7</b>	<b>57.3</b>	<b>94.7</b>	<b>77.0</b>	<b>176.9</b>
Unallocated and eliminations	0.2	1.1	1.2	2.2	4.1
<b>Total Glaston Group</b>	<b>48.9</b>	<b>58.4</b>	<b>95.9</b>	<b>79.2</b>	<b>181.0</b>

### Operating result (EBIT)

EUR million

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Heat Treatment	0.1	-0.4	0.2	-0.4	-0.9
Insulating Glass	1.0	1.1	2.5	1.1	0.4
Automotive & Emerging Technologies	-0.6	0.5	-2.0	0.5	1.2
<b>Total segments</b>	<b>0.6</b>	<b>1.3</b>	<b>0.7</b>	<b>1.2</b>	<b>0.7</b>
Unallocated and eliminations	-0.0	-0.8	0.0	-1.5	-2.0
<b>Total Glaston Group</b>	<b>0.6</b>	<b>0.4</b>	<b>0.7</b>	<b>-0.3</b>	<b>-1.3</b>
Operating result %	1.1 %	0.7 %	0.7 %	-0.4 %	-0.7 %

**Comparable operating result (EBIT)**

EUR million

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Heat Treatment	0.2	-0.2	0.5	0.2	1.9
Insulating Glass	1.5	1.8	3.4	1.8	2.6
Automotive & Emerging Technologies	-0.5	1.0	-1.8	0.6	1.5
<b>Total segments</b>	<b>1.2</b>	<b>2.5</b>	<b>2.1</b>	<b>2.5</b>	<b>6.0</b>
Unallocated and eliminations	-0.0	0.0	0.0	0.1	-0.1
<b>Total Glaston Group</b>	<b>1.2</b>	<b>2.5</b>	<b>2.1</b>	<b>2.6</b>	<b>5.9</b>
Comparable EBIT %	2.5 %	4.3 %	2.2 %	3.3 %	3.3 %

**Comparable EBITA**

EUR million

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Heat Treatment	0.6	0.1	1.3	1.0	3.4
Insulating Glass	2.0	2.4	4.4	2.4	4.7
Automotive & Emerging Technologies	-0.3	1.0	-1.3	0.7	1.7
<b>Total segments</b>	<b>2.4</b>	<b>3.6</b>	<b>4.3</b>	<b>4.1</b>	<b>9.8</b>
Unallocated and eliminations	-0.0	0.0	0.0	0.1	-0.1
<b>Total Glaston Group</b>	<b>2.3</b>	<b>3.6</b>	<b>4.4</b>	<b>4.2</b>	<b>9.7</b>
Comparable EBITA %	4.8 %	6.2 %	4.6 %	5.3 %	5.4 %

**Segment assets**

EUR million

	1-6/2020	1-6/2019	1-12/2019
Heat Treatment	73.0	91.7	81.0
Insulating Glass	78.5	77.3	72.5
Automotive & Emerging Technologies	30.9	48.4	36.2
<b>Total segment assets</b>	<b>182.4</b>	<b>217.4</b>	<b>189.7</b>
Other assets	28.2	51.4	27.0
<b>Total assets</b>	<b>210.5</b>	<b>268.8</b>	<b>216.7</b>

**Segment liabilities**

EUR million

	1-6/2020	1-6/2019	1-12/2019
Heat Treatment	33.7	42.3	40.1
Insulating Glass	30.2	30.8	28.6
Automotive & Emerging Technologies	7.1	18.9	13.3
<b>Total segment liabilities</b>	<b>70.9</b>	<b>92.0</b>	<b>82.0</b>
Other liabilities	67.5	96.9	61.2
<b>Total liabilities</b>	<b>138.4</b>	<b>188.9</b>	<b>143.2</b>

**Personnel at the end of the period**

EUR million

	1-6/2020	1-6/2019	1-12/2019
Heat Treatment	305	352	333
Insulating Glass	341	309	344
Automotive & Emerging Technologies	101	131	103
Others	8	16	10
<b>Total personnel at the end of the period</b>	<b>755</b>	<b>808</b>	<b>790</b>

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

EUR million

	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Heat Treatment	8.7	19.7	23.0	15.9	16.2	20.9
Insulating Glass	11.5	21.2	18.0	21.1	21.3	-
Automotive & Emerging Technologies	3.6	4.2	7.7	5.7	5.5	0.6
<b>Total segments</b>	<b>23.8</b>	<b>45.2</b>	<b>48.7</b>	<b>42.7</b>	<b>43.0</b>	<b>21.5</b>
Unallocated and eliminations	0.2	0.5	0.5	2.9	1.5	1.3
<b>Total Glaston Group</b>	<b>24.0</b>	<b>45.6</b>	<b>49.2</b>	<b>45.6</b>	<b>44.5</b>	<b>22.9</b>

**Order book**

EUR million

	30.6.2020	31.3.2020	31.12.2019	30.9.2019	30.6.2019	31.3.2019
Heat Treatment	28.0	34.7	35.1	34.2	30.0	41.6
Insulating Glass	15.7	29.7	31.2	28.3	27.9	-
Automotive & Emerging Technologies	5.2	11.5	12.5	15.2	20.4	0.8
<b>Total segments</b>	<b>48.9</b>	<b>75.9</b>	<b>78.8</b>	<b>77.7</b>	<b>78.4</b>	<b>42.4</b>
Unallocated and eliminations	0.2	0.6	0.7	1.4	0.5	0.4
<b>Total Glaston Group</b>	<b>49.1</b>	<b>76.4</b>	<b>79.5</b>	<b>79.1</b>	<b>78.9</b>	<b>42.8</b>

\*Order book 31.3.2020 has changed

**Net sales**

EUR million

	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Heat Treatment	14.9	19.2	20.8	20.1	22.1	19.6
Insulating Glass	24.1	22.4	14.5	21.4	22.9	-
Automotive & Emerging Technologies	9.7	4.3	11.9	11.2	12.3	0.0
<b>Total segments</b>	<b>48.7</b>	<b>46.0</b>	<b>47.2</b>	<b>52.7</b>	<b>57.3</b>	<b>19.7</b>
Unallocated and eliminations	0.2	1.0	0.1	1.8	1.1	1.1
<b>Total Glaston Group</b>	<b>48.9</b>	<b>46.9</b>	<b>47.3</b>	<b>54.5</b>	<b>58.4</b>	<b>20.8</b>



**Operating result (EBIT)**

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

**Comparable EBIT**

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

**Comparable EBITA**

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

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

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Re-structuring	-0.7	-2.1	-1.5	-2.9	-6.2
Others	-	-	-	-	-1.0
<b>Items affecting comparability</b>	<b>-0.7</b>	<b>-2.1</b>	<b>-1.5</b>	<b>-2.9</b>	<b>-7.2</b>

**Comparable operating result (EBIT) and EBITA**

EUR million

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Operating result	0.6	0.4	0.7	-0.3	-1.3
Items affecting comparability	0.7	2.1	1.5	2.9	7.2
<b>Comparable EBIT</b>	<b>1.2</b>	<b>2.5</b>	<b>2.1</b>	<b>2.6</b>	<b>5.9</b>
<b>Operating result</b>	<b>0.6</b>	<b>0.4</b>	<b>0.7</b>	<b>-0.3</b>	<b>-1.3</b>
Amortization and purchase price allocation	1.1	1.1	2.2	1.6	3.8
<b>EBITA</b>	<b>1.7</b>	<b>1.5</b>	<b>2.9</b>	<b>1.3</b>	<b>2.5</b>
Items affecting comparability	0.7	2.1	1.5	2.9	7.2
<b>Comparable EBITA</b>	<b>2.3</b>	<b>3.6</b>	<b>4.4</b>	<b>4.2</b>	<b>9.7</b>
% of net sales	4.8%	6.2%	4.6%	5.3%	5.4%

**PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

EUR million

Changes in property, plant and equipment	1-6/2020	1-6/2019	1-12/2019
Carrying amount at beginning of the period	25.0	7.7	7.7
Additions	0.4	1.2	2.1
Additions, business acquisitions	-	39.8	40.1
Disposals	-0.3	-0.0	0.1
Depreciation and amortization	-1.1	-0.9	-2.2
Depreciation and amortization, business acquisitions	-	-22.4	-22.6
Impairment and reversals of impairment	-	-	-0.1
Reclassification and other changes	-0.1	-0.2	-0.1
Transfers to available-for-sale assets	-	-	-0.2
Exchange differences	-0.0	0.0	0.0
Carrying amount at end of the period	24.0	25.3	25.0

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

EUR million

Changes in intangible assets	1-6/2020	1-6/2019	1-12/2019
Carrying amount at beginning of the period	78.1	36.3	36.3
Additions	1.6	0.6	2.3
Additions, business acquisitions	-	47.2	47.9
Disposals	-	-0.0	-0.0
Depreciation and amortization	-1.9	-1.4	-3.4
Depreciation and amortization, business acquisitions	-	-5.1	-5.2
Reclassification and other changes	0.1	0.0	0.1
Exchange differences	0.0	0.0	0.0
Carrying amount at end of the period	77.8	77.5	78.1

**LEASES IN THE BALANCE SHEET****Right-of-use assets**

EUR million	1-6/2020	1-6/2019	1-12/2019
Carrying amount at beginning of the period	8.4	8.0	8.0
Additions	0.2	4.9	4.0
Depreciation expense	-1.1	-2.3	-3.6
Carrying amount at end of the period	7.6	10.6	8.4

**Lease liabilities**

EUR million	1-6/2020	1-6/2019	1-12/2019
Carrying amount at beginning of the period	9.9	9.0	9.0
Additions	0.1	3.9	3.1
Interest expense	0.3	0.2	0.5
Rental payment	-1.3	-1.3	-2.7
Carrying amount at end of the period	9.0	11.9	9.9

**LEASES IN PROFIT AND LOSS STATEMENT**

EUR million	1-6/2020	1-6/2019	1-12/2019
Depreciation of right-of-use assets	-1.1	-1.3	-2.6
Interest expense on lease liabilities	-0.3	-0.2	-0.5
Short-term lease expense	-0.1	-0.1	-0.2
<b>Total amounts recognised in profit or loss</b>	<b>-1.5</b>	<b>-1.5</b>	<b>-3.3</b>

**CONTINGENT LIABILITIES**

EUR million	30.6.2020	30.6.2019	31.12.2019
<b>Mortgages and pledges</b>			
On own behalf	511.4	166.9	511.4
<b>Guarantees</b>			
On own behalf	12.7	11.7	12.4
On behalf of others	0.2	0.1	0.1
Investment commitments related to joint ventures	0.0	-	-

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

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

**DERIVATIVE INSTRUMENTS**

EUR million	30.6.2020		30.6.2019		31.12.2019	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value

**Currency forwards**

Currency forward contracts	10.0	0.1	8.3	0.0	12.0	0.0
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Glaston hedge foreign currency-denominated sales and cash flows of binding orders received with currency forwards. In fulfilling the conditions of hedge accounting, cash flow hedge accounting under IFRS 9 is applied with respect to currency derivatives.

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

**FINANCIAL INSTRUMENTS AT FAIR VALUE**

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

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

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

Fair value measurement hierarchy:

Level 1 = quoted prices in active markets

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

Level 3 = not based on observable market data. Fair value equals cost or cost less impairment

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

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

	2020	2019
1.1.	2.8	2.8
Additions	-	-
Disposals	-	-
Impairment losses	-	-
Reclassification	-	-
30.6.	2.8	2.8

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



**Fair value hierarchy, fair values**

EUR million	30.6.2020				30.6.2019				31.12.2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>												
Listed shares	0.3	-	0.0	<b>0.3</b>	0.2	-	0.0	<b>0.2</b>	0.2	-	0.0	<b>0.2</b>
Other long-term investments	-	-	2.8	<b>2.8</b>	-	-	2.8	<b>2.8</b>	-	-	2.8	<b>2.8</b>
Currency forward contracts	-	0.1	-	<b>0.1</b>	-	0.0	-	<b>0.0</b>	-	0.0	-	<b>0.0</b>
<b>Total</b>	<b>0.3</b>	<b>0.1</b>	<b>2.8</b>	<b>3.2</b>	<b>0.2</b>	<b>0.0</b>	<b>2.8</b>	<b>3.1</b>	<b>0.2</b>	<b>0.0</b>	<b>2.8</b>	<b>3.1</b>
<b>Liabilities</b>												
Currency forward contracts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**DEFINITIONS OF KEY RATIOS****Per share data**

Earnings per share (EPS):

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

Dividend per share\*:

Dividends paid / Adjusted number of issued shares at end of the period

Dividend payout ratio\*:

(Dividend per share x 100) / Earnings per share

Dividend yield per share\*:

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

Equity attributable to owners of the parent per share:

Equity attributable to owners of the parent at end of the period / Adjusted number of shares at end of the period

Average trading price:

Shares traded (EUR) / Shares traded (volume)

Price per earnings per share (P/E):

Share price at end of the period / Earnings per share (EPS)

Price per equity attributable to owners of the parent per share:

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

Share turnover:

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

Market capitalization:

Number of shares at end of the period x share price at end of the period

Number of shares at period end:

Number of issued shares - treasury shares

\*The definition is also applied with return of capital

**Financial ratios**

EBITDA:

Profit / loss before depreciation, amortization and impairment

Operating result (EBIT):

Profit / loss after depreciation, amortization and impairment

Cash and cash equivalents:

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

Net interest-bearing debt:

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

**Financial expenses:**

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

**Equity ratio, %:**

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

**Gearing, %:**

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

**Net gearing, %:**

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

**Return on capital employed, % (ROCE):**

(Profit / loss before taxes + financial expenses x 100) / Equity + interest-bearing liabilities, average of 1 January and end of the reporting period

**Return on equity, % (ROE):**

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

**Alternative performance measures****Comparable EBIT:**

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

**Comparable EBITDA:**

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

**Comparable EBITA:**

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

**Comparable return on capital employed, % (Comparable ROCE):**

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

**Comparable earnings per share (Comparable EPS):**

Net result attributable to owners of the parent +/- items affecting comparability / Adjusted average number of shares

**Items affecting comparability:**

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

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

**Accounting policies**

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

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

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

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

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

EUR million	Actual 1-6/2020	Pro forma 1-6/2019	Pro forma 1-12/2019
<b>Net sales</b>	<b>95.9</b>	<b>102.8</b>	<b>204.6</b>
Other operating income	1.1	0.9	2.1
Expenses	-92.2	-97.8	-197.1
Depreciation, amortization and impairment	-3.0	-3.2	-6.5
Depreciation of right-of-use assets	-1.1	-1.5	-2.8
<b>Operating result</b>	<b>0.7</b>	<b>1.2</b>	<b>0.3</b>
Financial items, net	-0.9	-1.8	-2.7
Interest expenses on lease liabilities	-0.3	-0.2	-0.5
<b>Result before income taxes</b>	<b>-0.4</b>	<b>-0.8</b>	<b>-3.0</b>
Income taxes	-1.0	-1.4	-2.7
<b>Profit / loss for the period</b>	<b>-1.5</b>	<b>-2.1</b>	<b>-5.6</b>

Average number of shares, issues adjusted (1000)	84 290	59 651	72 072
<b>Earnings per share</b>	<b>-0.017</b>	<b>-0.035</b>	<b>-0.078</b>

**Order intake**

EUR million	Actual 1-6/2020	Pro forma 1-6/2019	Pro forma 1-12/2019
Heat Treatment	28.5	37.2	76.0
Insulating Glass	32.7	33.6	72.6
Automotive & Emerging Technologies	7.8	16.2	29.6
<b>Total segments</b>	<b>68.9</b>	<b>87.0</b>	<b>178.3</b>
Unallocated and eliminations	0.7	2.8	6.3
<b>Total Glaston Group</b>	<b>69.9</b>	<b>89.8</b>	<b>184.6</b>

**Net sales**

EUR million	Actual 1-6/2020	Pro forma 1-6/2019	Pro forma 1-12/2019
Heat Treatment	34.1	41.7	82.6
Insulating Glass	46.6	38.0	73.9
Automotive & Emerging Technologies	14.0	20.8	44.0
<b>Total segments</b>	<b>94.7</b>	<b>100.6</b>	<b>200.5</b>
Unallocated and eliminations	1.2	2.2	4.0
<b>Total Glaston Group</b>	<b>95.9</b>	<b>102.8</b>	<b>204.6</b>

**Operating result (EBIT)**

EUR million	Actual 1-6/2020	Pro forma 1-6/2019	Pro forma 1-12/2019
Heat Treatment	0.2	-0.4	-0.9
Insulating Glass	2.5	2.0	1.3
Automotive & Emerging Technologies	-2.0	1.1	1.8
<b>Total segments</b>	<b>0.7</b>	<b>2.8</b>	<b>2.2</b>
Unallocated and eliminations	0.0	-1.6	-2.0
<b>Total Glaston Group</b>	<b>0.7</b>	<b>1.2</b>	<b>0.3</b>

**Comparable EBIT**

EUR million	Actual 1-6/2020	Pro forma 1-6/2019	Pro forma 1-12/2019
Heat Treatment	0.5	0.2	1.9
Insulating Glass	3.4	2.7	3.5
Automotive & Emerging Technologies	-1.8	1.2	2.1
<b>Total segments</b>	<b>2.1</b>	<b>4.1</b>	<b>7.6</b>
Unallocated and eliminations	0.0	0.0	-0.1
<b>Total Glaston Group</b>	<b>2.1</b>	<b>4.1</b>	<b>7.5</b>

**Comparable EBITA**

EUR million	Actual 1-6/2020	Pro forma 1-6/2019	Pro forma 1-12/2019
Heat Treatment	1.3	1.0	3.4
Insulating Glass	4.4	3.9	6.2
Automotive & Emerging Technologies	-1.3	1.4	2.6
<b>Total segments</b>	<b>4.3</b>	<b>6.3</b>	<b>12.1</b>
Unallocated and eliminations	0.0	0.1	-0.1
<b>Total Glaston Group</b>	<b>4.4</b>	<b>6.4</b>	<b>12.1</b>

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

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



**Order book**

EUR million	Actual 30.6.2020	Actual 31.3.2020	Actual 31.12.2019	Actual 30.9.2019	Actual 30.6.2019	Pro forma 31.3.2019
Heat Treatment	28.0	34.7	35.1	34.2	30.0	41.6
Insulating Glass	15.7	29.7	31.2	28.3	27.9	32.3
Automotive & Emerging Technologies	5.2	11.5	12.5	15.2	20.4	30.0
<b>Total segments</b>	<b>48.9</b>	<b>75.9</b>	<b>78.8</b>	<b>77.7</b>	<b>78.4</b>	<b>103.8</b>
Unallocated and eliminations	0.2	0.6	0.7	1.4	0.5	0.4
<b>Total Glaston Group</b>	<b>49.1</b>	<b>76.4</b>	<b>79.5</b>	<b>79.1</b>	<b>78.9</b>	<b>104.2</b>

\* Order book 31.3.2020 has changed

**Net sales**

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

**Operating result (EBIT)**

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

**Comparable EBIT**

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

**Comparable EBITA**

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

**PRO FORMA COMPARABLE OPERATING RESULT (EBIT) AND EBITA****Items affecting comparability**

EUR million	Actual 1-6/2020	Pro forma 1-6/2019	Pro forma 1-12/2019
Re-structuring	-1.5	-2.9	-6.2
Others	-	-	-1.0
<b>Items affecting comparability</b>	<b>-1.5</b>	<b>-2.9</b>	<b>-7.2</b>

EUR million	Actual 1-6/2020	Pro forma 1-6/2019	Pro forma 1-12/2019
<b>Operating result</b>	<b>0.7</b>	<b>1.2</b>	<b>0.3</b>
Items affecting comparability	1.5	2.9	7.2
<b>Comparable EBIT</b>	<b>2.1</b>	<b>4.1</b>	<b>7.5</b>
Amortization and purchase price allocation	2.2	2.3	4.5
<b>Comparable EBITA</b>	<b>4.4</b>	<b>6.4</b>	<b>12.1</b>
% of net sales	4.6 %	6.3 %	5.9 %