

Glaston Interim Report 1 January – 30 September 2018: Comparable operating profit at last year's level

July–September 2018 in brief

- Orders received totaled EUR 21.7 (26.8) million.
- Net sales totaled EUR 23.0 (24.5) million.
- Comparable EBITDA was EUR 1.7 (1.8) million, i.e. EUR 7.5 (7.2)% of net sales.
- The operating profit was EUR 0.6 (1.0) million, i.e. 2.8 (4.1)% of net sales.
- The comparable operating profit was EUR 1.0 (1.0) million, i.e. EUR 4.2 (4.1)% of net sales.

January–September 2018 in brief

- Orders received totaled EUR 73.6 (74.9, taking into account sold business operations 73.6*) million.
- The order book was EUR 36.3 (37.5) million at the end of September.
- Net sales totaled EUR 73.3 (80.0, taking into account sold business operations 77.2) million.
- Comparable EBITDA was EUR 5.0 (5.8) million, i.e. EUR 6.9 (7.3)% of net sales.
- The operating profit was EUR 2.3 (3.4) million, i.e. 3.1 (4.3)% of net sales.
- The comparable operating profit was EUR 2.8 (3.6) million, i.e. EUR 3.8 (4.5)% of net sales.
- Return on capital employed (ROCE) was 6.0 (9.0)%.
- Earnings per share were EUR 0.007 (0.010).
- Net interest-bearing debt totaled EUR 9.8 (8.2) million and net gearing was 27.2 (22.6)%.

Glaston has applied the new revenue recognition standard IFRS 15 fully retrospectively from 1 January 2018, and therefore the interim report 1 January – 30 September 2018 is reported in accordance with the new standard for 2018 actual data and 2017 comparison data.

* In May 2017, Glaston sold its pre-processing business in the USA and Canada.

Glaston's outlook unchanged

Glaston's outlook is unchanged. We expect the full-year comparable operating profit to improve from 2017. (Full-year 2017 comparable operating profit was EUR 5.0 million according to the new revenue recognition standard IFRS 15).

President & CEO Arto Metsänen: Markets in expectant mode

"In the third quarter, the glass processing market was relatively quiet, but a slight pick-up was perceptible at the end of the review period. Glaston's third-quarter order intake totaled EUR 21.7 (26.8) million. The lower level of orders in the third quarter is explained, partly, by the Glasstec 2018 Fair, held in Düsseldorf in October. Glasstec is the glass processing industry's most important event. Customers have traditionally scheduled their orders for this event, held every second year, or for the period following it. At this year's event we had many visitors at our stand, our latest products were introduced to customers and we engaged in many direct negotiations with customers on the spot. The fair was a success for Glaston.

Increased economic and political uncertainty as well as various trade policy tensions have not, so far, affected our customers' willingness to invest or demand for our products. Offering activity remained at a good level, but decision-making was slow. In the longer term, environmental awareness and the need for energy-efficient solutions will grow and construction safety regulations are constantly tightening. This

development creates new opportunities for Glaston.

Third-quarter net sales declined by 6% to EUR 23.0 (24.5) million. The decline was due mainly to an exceptional special equipment valued at over EUR 1 million delivered for Heliotrope Technologies' prototype line in the corresponding period of the previous year. The Group's comparable operating profit was at the level of the corresponding period of the previous year and the Group's operating profit margin improved slightly to 4.2 (4.1)%. Profitability was improved by increased profitability of the company's core business.

Despite the low order intake for the third quarter, our full-year outlook is unchanged. Traditionally, the final quarter of year is the most important quarter for us, and this year its significance is even higher.

We are exploring the possibility of reducing the number of shares in the company by combining shares (so-called reverse split) in order to increase interest in the company's share, to improve conditions for share trading and to increase flexibility in connection to return of capital. The arrangement requires a decision of Glaston's General Meeting and we will revert to the issue in connection with Glaston's AGM in spring 2019."

Glaston's markets and market development

Glaston is a frontrunner in glass industry technologies and services, responding globally to the glass processing needs of the architectural, solar, appliance and automotive industries. Demand for Glaston's products and services is dependent on demand for glass and glass processors' capacity. Demand for glass is expected to grow by around 3–5% annually in the coming years. Demand for smart glass is expected to grow by 12–15%.

Use of glass in construction will further increase with urbanization. Special requirements for glass are growing due to changing environmental factors, increasing safety standards and energy requirements. In the automotive industry, the relative proportion of glass in vehicles is growing and use of thin glass, in particular, is increasing. Solar energy growth is being supported by increasing environmental awareness and investments in renewable energy. Most, i.e. around 80%, of glass produced with Glaston's technology is supplied to the building and construction industry, around 10% to the automotive industry, and the remaining 10% to the solar and appliance industry.

Glaston operates in a global market, and the company's business is to a large extent linked to trends in global investment demand.

EMEA

The basic picture of the European economy remains positive, even though the outlook has weakened slightly from spring. In recent years, investments have grown in nearly all euro area countries, and growth is expected to continue, supported by low interest rates, the need for renewal of buildings, machines and equipment as well as low corporate indebtedness. On the other hand, companies' uncertainty about the future and trade policy tensions will impact their willingness to invest.

In Central Europe, and particularly in Germany and Austria, glass processing investment activity increased in the review period. In Finland, safety regulations for the use of glass structures are tightening and this has increased the level of enquiries and investments. In the UK, Brexit negotiations are continuing, which continues to cause slight confusion in the market. The situation in Turkey remained unchanged during the review period, and no change is expected before the 2019 local elections.

Americas

Confidence in the US economic outlook continued to be strong in the third quarter, and GDP development continued to be good, supported by a record low level of unemployment. Trade policy tensions have not had a significant impact on Glaston's market and customers' willingness to invest, even though decision-making has remained slower throughout North America. Glaston estimates that the trade sanctions that entered in effect at the end of September could have a slightly positive impact on the company's competitive position in the USA. In addition, a tax reform entered into effect in the USA at the beginning of the year, which will accelerate tax write-offs on companies' investments. This is

expected to have a positive impact on customers' willingness to invest. Stricter building regulations and glass quality requirements, in particular, are supporting demand for Glaston's laminating products.

Challenges continued in the Mexico, Central America and South America markets.

Asia-Pacific

The Asia-Pacific area is expected to be the fastest growing market area for glass processing in the coming years. The Chinese glass industry market is the largest in the Asia-Pacific area. Price competition is intense and local operators have a significant competitive advantage. China is also the world's largest solar energy market. At the beginning of June, the Chinese government decided to reduce its subsidy for solar energy, which will probably slow solar panel producers' investments in China. The EU Commission decided in September to discontinue its anti-dumping tariffs on Chinese solar panels, which have been in force for five years. In India and its neighboring markets, development was steady. In the third quarter, the markets in South-East Asia developed positively and, particularly in the Philippines, Thailand and Vietnam, interest in energy-efficient glass solutions was good.

Emerging Technologies

Emerging glass technologies and value-adding glass products, such as smart glass, are making a strong entry into the market. Glaston's Emerging Technologies unit is continually looking for new business opportunities, and it provides engineering and consultant services in the field of emerging glass technologies.

The nanotechnology company Heliotrope Technologies is developing a new glass technology for the market, and Glaston's role in the project is production line developer. In the third quarter, test production on the Heliotrope prototype line continued. Glaston has the exclusive right to sell Heliotrope glass production lines globally. If the final phase of the Heliotrope project is implemented on schedule, the first line is likely to be ordered in spring 2019. Heliotrope lines include Glaston's and external manufacturers' equipment. The total price of the lines is significantly higher than Glaston's present deliveries, and the project size may be EUR 10–20 million.

In the reporting period, negotiations continued on new special projects for the needs of the automotive, solar energy and aviation industries.

Orders received and order book

In the third quarter, the glass processing market was relatively calm. In the EMEA area, demand for machines remained high. The subdued development in North America over the last few quarters took a positive turn in the latter part of the reporting period, supported by the GlassBuild America fair. Order activity in the Asia-Pacific market area was good. Glaston's third-quarter order intake totaled EUR 21.7 (26.8) million.

Machines

In July–September, the Machines business order intake was EUR 12.7 (17.2) million. The low level of orders signals a shift in order activity to the fourth quarter, due to, among other things, Glasstec, the glass process industry's most important event. The largest orders were received from the Asia-Pacific area, the Nordic countries and the USA. In North America, stricter building regulations and glass quality requirements are supporting demand for Glaston's ProL™ laminating machine in particular.

The FC series machines are still Glaston's most sold machines. Demand has been increased, particularly by improved usability achieved through digitalization and by automation of reporting, maintenance and quality management.

Services

In the third quarter, Services business order activity continued to be relatively steady, although at a lower level than the corresponding period of the previous year. Services business order intake was EUR 9.0 (9.6) million, 6% less than in the comparison period. Orders in the Asia-Pacific area grew compared with the corresponding period of the previous year. Orders in other areas declined slightly from the high level

of the corresponding period. The most significant single orders were received from the UK, the Nordic countries, France and the USA.

Lower demand for pre-processing products and field maintenance services affected development of order intake. Demand for modernization products, on the other hand, was good and the company received a number of significant modernization orders in the review period. Interest in Glaston's modernization products is a clear indication of customers' need to develop their production. Glaston installed and operating machine stock comprises over 2,000 machines. The company has invested significantly in its modernization services, and responds comprehensively to customers' needs by offering over 100 different upgrade options.

Demand for the ProL-zone laminating line upgrade product continued to be good. The product is also suitable for laminating lines of other manufacturers. The introduction of digital maintenance services advanced, and Glaston received a number of iControl modernization orders for different types of machine.

Glaston's January–September order intake was 2% down on the level of the corresponding period of the previous year and totaled EUR 73.6 (74.9) million. Taking into account the sale of the pre-processing business, the order intake was at the same time level as the comparison period. Glaston's order book at the end of September was 3% down from the previous year's level and totaled EUR 36.3 (37.5) million. Of the order book, the Machines business accounted for 85% and the Services business 15%.

Orders received, M€	7–9/2018	7–9/2017	Change	1–9/2018	1–9/2017	Change	1–12/2017
Machines	12.7	17.2	-26 %	47.0	44.2	6 %	63.8
Services	9.0	9.6	-6 %	26.7	30.7	-13 %	39.9
Total	21.7	26.8	-19 %	73.6	74.9	-2 %	103.7

Orders received, M€ (comparison figure excluding sold pre-processing business)	1–9/2018	1–9/2017	Change	1–12/2017
Machines	47.0	44.2	6 %	63.8
Services	26.7	29.4	-9 %	38.6
Total	73.6	73.6	0 %	102.4

Order book, M€	30.9.2018	restated 30.9.2017	restated 31.12.2017
Machines	30.9	32.3	30.6
Services	5.4	5.2	3.5
Total	36.3	37.5	34.1

Net sales

Glaston's July–September net sales totaled EUR 23.0 (24.5) million, down 6% on the corresponding period of the previous year. The net sales of the Machines business totaled EUR 14.4 (15.2) million, down by 5%. The slight decline in net sales was primarily attributable to an exceptional special equipment valued at over EUR 1 million for a prototype line delivered by Glaston in the comparison period to its Californian partner, Heliotrope Technologies. Due to the project-oriented nature of its business, the company's net sales and profitability may fluctuate significantly from quarter to quarter. The net sales of the Services business declined by 9% and totaled EUR 8.9 (9.8) million.

January–September net sales declined by 8% and totaled EUR 73.3 (80.0, taking into account sold pre-processing business 77.2) million. Taking into account the previous year's sale of the pre-processing

business, the decline was 5%. The net sales of the Machines business totaled EUR 48.0 (49.6) million. The net sales of the Services business declined by 16% and totaled EUR 26.6 (31.7) million. When the sold pre-processing business is taken into account, the decline was 8%. In January 2018, Glaston made the decision to discontinue the production operations of its Chinese joint venture Glaston Tools (Sanhe) Co., Ltd. Production at the factory has already stopped, but the final official decisions relating to the closure have not yet been received. The closure has resulted in non-recurring costs of around EUR 0.5 million, of which EUR 0.3 million has been recognized in the third quarter. Glaston owns 70% of the joint venture. The company's net sales were EUR 0.7 million in 2017.

In the review period, January–September 2018, net sales of the EMEA area grew by 7% and totaled EUR 40.2 (37.7) million. The pick-up in the Asian market area also continued. Net sales in Asia grew by 18% to EUR 15.1 (12.8) million. The development of net sales in the Americas area was affected by the sale of the company's North American pre-processing business in spring 2017, a weaker US dollar in the early part of the year than in the previous year, and lower demand. The net sales of the Americas area totaled EUR 18.0 (29.5), down 39% compared with the corresponding period of the previous year. Taking into account the sale of the pre-processing business, the decline was 33%.

The EMEA area further strengthened its position as Glaston largest market area, and it accounted for 55% of the Group's net sales. Asia accounted for 20% of net sales and the Americas for 25%.

Net sales, M€	7–9/2018	restated 7–9/2017	Change	1–9/2018	restated 1–9/2017	Change	restated 1–12/2017
Machines	14.4	15.2	-5 %	48.0	49.6	-3 %	68.8
Services	8.9	9.8	-9 %	26.6	31.7	-16 %	42.8
Other and internal sales	-0.3	-0.3	-1 %	-1.3	-1.3	-5 %	-2.0
Total	23.0	24.5	-6 %	73.3	80.0	-8 %	109.7

Net sales, M€ (comparison figure excluding sold pre- processing business)	1–9/2018	restated 1–9/2017	Change	restated 1–12/2017
Machines	48.0	49.6	-3 %	68.8
Services	26.6	29.0	-8 %	40.1
Other and internal sales	-1.3	-1.3	-5 %	-2.0
Total	73.3	77.2	-5 %	106.9

Sales by geographical area, M€	7–9/2018	restated 7–9/2017	1–9/2018	restated 1–9/2017	restated 1–12/2017
EMEA	12.9	11.3	40.2	37.7	51.5
Asia-Pacific	3.1	5.2	15.1	12.8	16.5
Americas	7.0	8.0	18.0	29.5	41.6
Total	23.0	24.5	73.3	80.0	109.7

Operating result and profitability

Profitability of the company's core business, i.e. heat treatment machines and their maintenance, improved in the quarter, and Glaston July–September comparable operating profit was EUR 1.0 (1.0) million, i.e. 4.2 (4.1)% of net sales. Items affecting comparability totaling EUR 0.3 million were recognized in the reporting period. The items relate to the closure of the production operations of Glaston's Chinese joint venture Glaston Tools (Sanhe) Co., Ltd.

The operating profit in July–September was EUR 0.6 (1.0) million, i.e. 2.8 (4.1)% of net sales. The result before taxes was EUR 0.5 (0.9) million. The third-quarter result was EUR 0.3 (0.4) million. July–September earnings per share were at the level of the corresponding period of the previous year, i.e. EUR 0.002 (0.002).

Glaston comparable operating profit in January–September was EUR 2.8 (3.6) million, i.e. 3.8 (4.5)% of net sales.

The operating profit in January–September was EUR 2.3 (3.4) million. The result before taxes was EUR 1.7 (2.7) million. The result for the review period was EUR 1.1 (2.0) million. January–September earnings per share were EUR 0.007 (0.010) euros.

Comparable operating profit, M€	7–9/2018	restated 7–9/2017	1–9/2018	restated 1–9/2017	restated 1–12/2017
	EBIT	0.6	1.0	2.3	3.4
Items affecting comparability	0.3	0.0	0.5	0.2	0.4
Comparable operating profit	1.0	1.0	2.8	3.6	5.0

Financial position, cash flow and financing

Glaston's third-quarter cash flow from operating activities, before the change in working capital, was EUR 1.4 (4.7) million. Cash flow from the change in working capital was EUR -2.0 (-5.9) million and cash flow from operating activities was EUR -0.6 (-1.1) million. Cash flow from investments was EUR -0.3 (-1.3) million and cash flow from financing activities was EUR 0.0 (2.1) million.

Cash flow from operating activities, before the change in working capital, was EUR 2.8 (5.3) million in January–September. Cash flow from the change in working capital was EUR -8.1 (-12.5) million in January–September. Cash flow from investments was EUR -1.2 (-2.2) million and cash flow from financing activities was EUR -1.0 (-0.3) million. A return of capital amounting to EUR 1.9 million was paid in April.

At the end of the reporting period, the Group's cash and cash equivalents totaled EUR 4.9 (7.6) million. Net interest-bearing debt totaled EUR 9.8 (8.2) million and net gearing was 27.2 (22.6)%.

At the end of September, the consolidated asset total was EUR 89.9 (94.0) million. The equity attributable to the owners of the parent was EUR 36.1 (36.3) million. Equity per share was EUR 0.19 (0.19). Return on equity in the reporting period was 4.0 (7.2)%. The return on capital employed was 6.0 (9.0)%.

Capital expenditure, depreciation and amortization

Glaston's gross capital expenditure totaled EUR 1.2 (2.3) million. Investments were mainly related to product development. Depreciation and amortization on property, plant and equipment, and on intangible assets totaled EUR 2.3 (2.3) million.

Investments in product development, digitalization and emerging technologies

Product development activity in the review period was affected by the timing of new product launches at the industry's most important fair, Glasstec 2018, held at the end of October, where Glaston announced a number of new and further developed products.

Glaston is investing in large-size flat tempering lines, and one of the most important products launched at the fair was the Jumbo series machine, which is designed for the heat treatment of jumbo-size, typically 3300 mm x 12000 mm, architectural glass. The amount of energy required in normal production by the jumbo-size heat treatment line is reduced by Glaston's Fusion option, in which energy is directed only to the areas required by production.

Glaston has continued the development of the Insight Reporting tool, intended for measuring and reporting the quality of flat-tempered and laminated glass. The reporting tool provides immediate

information on the success of production and saves it in an easily accessible form. Products have also been added to the iLook product range.

In addition to above product launches, Glaston has 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.

In the second quarter, Glaston received a positive decision on its participation in the national MIDAS project, which is Finland's first industry-oriented machine-learning project, led by the DIMECC innovation platform. The substantial two-year project will accelerate Glaston's development work aimed at utilizing digitalization in its operations. Glaston's research topic is focused on tempering machine artificial intelligence and is aimed at developing a more automated and easier-to-use tempering furnace.

In addition, Glaston has been one of the main organizers in the XR Challenge, an international challenge competition for businesses and students in the fields of virtual (VR), augmented (AR) and mixed (MR) reality. The goal of the competition has been to demonstrate how companies can develop their businesses through virtual reality means.

With regard to emerging glass technologies, product testings of the Heliotrope prototype line as well as glass durability and ageing tests were carried out. The material has been proved to be effective and in tests it has met the targets set for it to date.

In January–September, research and product development expenditure, excluding depreciation, totaled EUR 2.8 (2.9) million, of which EUR 0.6 (0.7) million was capitalized. Research and product development expenditure amounted to 3.8 (3.6)% of net sales.

Organization and employees

On 30 September 2018, Glaston had 386 (404) employees. Of the Group's employees, 47% worked in Finland and 17% elsewhere in the EMEA area, 23% in Asia and 13% in the Americas. The average number of employees was 378 (411).

Shares and share prices

Glaston Corporation's paid and registered share capital on 30 September 2018 was EUR 12.7 million. In accordance with a decision of the Annual General Meeting, the Board of Directors decided to cancel the Glaston Corporation shares in the joint book-entry account, a total of 75,200 shares. The cancellation of the shares was entered in the Trade Register on 27 April 2018. Following this, Glaston Corporation has a total of 193,633,136 issued and registered shares. The company has one series of share.

At the end of September, the company held 788,582 of the company's own shares (treasury shares), corresponding to 0.41% of the total number of issued and registered shares and votes. The counter book value of the treasury shares is EUR 51,685. Every share that the company does not hold itself entitles its owner to one vote at a General Meeting of Shareholders. The share has no nominal value. The counter book value of each registered share is EUR 0.07.

In January–September, a total of approximately 12.5 (56.5) million of the company's shares were traded, i.e. around 6.5 (29.3)% of the average number of registered shares.

Shares on the Nasdaq Helsinki stock exchange list

1.1.-30.9.2018			No. of shares and votes	Share turnover, M€
GLA1V			193 633 136	5.7
	Highest	Lowest	Closing	Average price *)
Share price	0.51	0.39	0.44	0.45
			30.9.2018	30.9.2017
Market value			84.9**)	94.5
Number of shareholders			5 900	5 529
Foreign ownership, %			19.2	19.6

*) trading-weighted average

**) excluding of treasury shares

The Board of Directors has authorized management to study the possibility of reducing the number of the company's shares by combining the shares (so-called reverse split). The objective of combining the shares would be to increase interest in the company's share, to improve conditions for share trading and to increase flexibility in connection to potential return of capital. The arrangement is subject to a decision of Glaston's General Meeting and we will revert to the topic in connection with Glaston's Annual General Meeting 2019.

Governance

General Meeting of Shareholders

The Annual General Meeting of Glaston Corporation was held in Helsinki on 10 April 2018. The Annual General Meeting adopted the financial statements and consolidated financial statements for the period 1 January–31 December 2017. The Annual General Meeting discharged the Members of the Board of Directors and the President & CEO from liability for the financial year 1 January–31 December 2017.

In accordance with the proposal of the Board of Directors, Annual General Meeting decided that, based on the balance sheet adopted for financial year 2017, a return of capital of EUR 0.01 per share be paid. Capital was paid from the reserve for invested unrestricted equity to shareholders who were registered in the company's register of shareholders, maintained by Euroclear Finland Ltd, on the record date for payment, 12 April 2018. The return of capital was paid on 26 April 2018.

Composition of the Board of Directors

In accordance with the proposal of the Shareholders' Nomination Board, the number of the members of the Board of Directors was resolved to be seven. The Annual General Meeting decided, in accordance with the proposal of the Shareholders' Nomination Board, to re-elect the current members of the Board of Directors, Teuvo Salminen, Anu Hämäläinen, Sarlotta Narjus, Kai Mäenpää and Tero Telaranta for a term of office ending at the close of the next Annual General Meeting. In addition, it was resolved that Antti Kaunonen and Sebastian Bondestam be elected as new members of the Board of Directors for the same term.

In its organizing meeting, held after the Annual General Meeting, the Board of Directors elected Teuvo Salminen as Chairman of the Board and Sebastian Bondestam as Deputy Chairman of the Board.

Remuneration of the members of the Board of Directors

In accordance with the proposal of the Shareholders' Nomination Board, the Annual General Meeting resolved that the annual remuneration payable to the members of the Board of Directors be increased by 15%, and therefore that the Chairman of the Board be paid an annual fee of EUR 46,000, the Deputy Chairman EUR 34,500 and the other members of the Board EUR 23,000.

Auditor

In accordance with the proposal of the Board of Directors, the Annual General Meeting elected Authorized Public Accounting firm Ernst & Young Oy as the company's auditor, with Authorized Public Accountant Kristina Sandin as the main responsible auditor.

Board authorization

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares as well as the issuance of options and other rights granting entitlement to shares. The authorization covers a maximum of 20,000,000 shares.

The authorization does not exclude the Board of Directors' right to decide on a directed issue. It was proposed that the authorization be used for executing or financing arrangements important from the company's point of view, such as business arrangements or investments, or for other such purposes determined by the Board of Directors in which a weighty financial reason would exist for issuing shares, options or other rights granting entitlement to shares and possibly directing a share issue.

The Board of Directors is authorized to resolve on all other 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 the subscription price or allocation of shares, options or other rights without payment or that the subscription price may be paid besides in cash also with other assets either partially or entirely. The authorization is valid until 30 June 2019 and it invalidates earlier authorizations.

Shares in the joint book-entry account and the rights carried by these shares

The Annual General Meeting decided in accordance with Chapter 3, Section 14 a, Subsection 3 of the Finnish Companies Act, that rights to all shares recorded on the joint book-entry account of Glaston Corporation and the rights based on such shares, whose registration had not been requested in accordance with Chapter 6, Section 3 of the Act on the Book-Entry System and Clearance Activity prior to the resolution of the Annual General Meeting, be forfeited. In addition to the shares, all rights based on those shares, such as undrawn dividends, shall also be forfeited. Rules and regulations regarding treasury shares shall be applied to the forfeited shares after the resolution. On 30 January 2018, the number of Glaston Corporation's shares in the joint book-entry account was 75,200. The cancellation of the shares was entered in the Trade Register on 27 April 2018. Following this, the total number of Glaston Corporation shares is 193,633,136.

Composition of the Nomination Board

Based on the ownership situation on 3 September 2018, the following were selected as members of Glaston's Nomination Board: Lasse Heinonen (AC Invest Eight B.V.), Jaakko Kurikka (Hymy Lahtinen Oy), Sami Jormalainen (OP-Finland Small Firms) and Esko Torsti (Ilmarinen Mutual Pension Insurance Company). In its organizing meeting held on 5 October 2018, the Nomination Board elected Lasse Heinonen from among its members to be Chairman.

Teuvo Salminen, Chairman of the Company's Board of Directors, serves as an advisory member of the Nomination Board.

Uncertainties and risks in the near future

Glaston operates in a global market in which both political and economic instability arise. The company's uncertainties in the near future are to a large extent linked to the development of global investment demand and, in some geographical areas, also to customers' access to financing.

Glaston has taken into account in its forecasts for the near future the development outlook for the global economy and its impact on the development of the sector. If the demand situation of the sector deteriorates substantially, this will affect Glaston's net sales and earnings with a 2–3 month delay.

The Group's net sales are affected most by the level and timing of order intake as well as the geographical and product mix of orders. In terms of earnings, there is also uncertainty in meeting the planned delivery times and costs of customer projects. For Glaston, North America is a significant market, as a result of which a significant weakening of the US dollar would have an impact on the company's net sales, profit and, depending on the market willingness to invest, possibly also on future order intake.

Glaston's outlook unchanged

Despite a slowing of customers' investment decisions, market activity has remained good, and the level of enquiries and offers has been high throughout the year. Although growth expectations for the global economy have weakened slightly, high activity in the glass processing market means that development will continue to be good.

Many machine deliveries are scheduled for the end of the final quarter of 2018, and therefore the final quarter is expected to be clearer better than the other quarters. We expect the full-year comparable operating profit to improve from 2017. (Full-year 2017 comparable operating profit was EUR 5.0 million according to the new revenue recognition standard IFRS 15).

Helsinki, 31 October 2018
Glaston Corporation
Board of Directors

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Glaston Corporation
Glaston is a frontrunner in glass processing technologies and services. We respond globally to the most demanding glass processing needs of the architectural, solar, appliance and automotive industries. Additionally, we utilize emerging technologies that integrate intelligence and sustainability to glass. We are committed to providing our clients with both the best know-how and the latest technologies in glass processing. Glaston's shares (GLA1V) are listed on NASDAQ Helsinki Ltd. Further information is available at www.glaston.net

Distribution: NASDAQ Helsinki Ltd, key media, www.glaston.net

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 30 SEPTEMBER 2018

These interim financial statements are not audited.

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

* Glaston is applying the new revenue recognition standard 'IFRS 15 Revenue from Contracts with Customers' fully retrospectively from 1 January 2018 and has prepared a restated income statement and balance sheet for 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	<u>30.9.2018</u>	restated* <u>30.9.2017</u>	restated* <u>31.12.2017</u>
Assets			
Non-current assets			
Goodwill	30.6	30.6	30.6
Other intangible assets	5.8	6.3	6.5
Property, plant and equipment	7.8	9.4	8.4
Financial assets measured at fair value through other comprehensive income	3.0	3.0	3.0
Loan receivables	2.0	0.6	1.4
Deferred tax assets	0.7	1.4	1.0
Total non-current assets	49.8	51.2	50.9
Current assets			
Inventories	7.3	10.3	11.0
Receivables			
Trade and other receivables	16.1	23.4	20.2
Contract assets	11.7	1.4	-
Assets for current tax	0.1	0.1	0.1
Total receivables	27.9	24.9	20.4
Cash equivalents	4.9	7.6	12.4
Total current assets	40.0	42.9	43.7
Total assets	89.9	94.0	94.6

EUR million	<u>30.9.2018</u>	restated* <u>30.9.2017</u>	restated* <u>31.12.2017</u>
Equity and liabilities			
Equity			
Share capital	12.7	12.7	12.7
Share premium account	25.3	25.3	25.3
Other restricted equity reserves	0.1	0.1	0.1
Reserve for invested unrestricted equity	39.6	41.6	41.6
Treasury shares	-3.3	-3.3	-3.3
Fair value reserve	0.1	0.1	0.1
Other unrestricted equity reserves	-0.1	0.1	0.1
Retained earnings and exchange differences	-39.6	-42.2	-42.2
Net result attributable to owners of the parent	1.3	2.0	2.6
Equity attributable to owners of the parent	36.1	36.3	36.9
Non-controlling interest	0.1	0.2	0.2
Total equity	36.2	36.6	37.1
Non-current liabilities			
Non-current interest-bearing liabilities	9.1	12.2	10.6
Non-current interest-free liabilities and provisions	1.0	2.0	2.1
Deferred tax liabilities	0.3	0.4	0.3
Total non-current liabilities	10.4	14.6	12.9

Current liabilities			
Current interest-bearing liabilities	5.6	3.7	2.6
Current provisions	1.8	2.5	2.4
Trade and other current interest-free payables	19.4	23.4	26.8
Contract liabilities	16.3	13.3	12.5
Liabilities for current tax	0.2	0.0	0.2
Total current liabilities	43.3	42.9	44.6
Total liabilities	53.7	57.5	57.5
Total equity and liabilities	89.9	94.0	94.6

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	<u>7-9/2018</u>	restated* <u>7-9/2017</u>	<u>1-9/2018</u>	restated* <u>1-9/2017</u>	restated* <u>1-12/2017</u>
Net sales	23.0	24.5	73.3	80.0	109.7
Other operating income	0.4	0.5	1.6	1.4	1.7
Expenses	-21.9	-23.3	-70.4	-75.8	-103.8
Depreciation, amortization and impairment	-0.8	-0.8	-2.3	-2.3	-3.0
Operating profit	0.6	1.0	2.3	3.4	4.6
Financial items, net	-0.1	-0.1	-0.5	-0.7	-0.9
Result before income taxes	0.5	0.9	1.7	2.7	3.8
Income taxes	-0.2	-0.5	-0.6	-0.7	-1.2
Profit / loss for the period	0.3	0.4	1.1	2.0	2.6
Attributable to:					
Owners of the parent	0.4	0.4	1.3	2.0	2.6
Non-controlling interest	-0.1	-0.0	-0.2	-0.0	-0.0
Total	0.3	0.4	1.1	2.0	2.6
Earnings per share, EUR	0.002	0.002	0.007	0.010	0.014
Earnings per share, EUR, basic and diluted	0.002	0.002	0.007	0.010	0.014
Operating result, as % of net sales	2.8	4.1	3.1	4.3	4.2
Profit / loss for the period, as % of net sales	1.4	1.8	1.5	2.4	2.4
Items affecting comparability	-0.3	-0.0	-0.5	-0.2	-0.4
Comparable operating result	1.0	1.0	2.8	3.6	5.0
Comparable operating result, as % of net sales	4.2	4.1	3.8	4.5	4.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	<u>7-9/2018</u>	restated* <u>7-9/2017</u>	<u>1-9/2018</u>	restated* <u>1-9/2017</u>	restated* <u>1-12/2017</u>
Profit / loss for the period	0.3	0.4	1.1	1.4	2.0
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	-0.1	-0.1	0.0	-0.8	-0.8
Fair value changes of financial assets measured at fair value through profit or loss	-0.0	0.0	0.0	0.0	0.0
Cash flow hedges	0.0	-0.1	-0.2	0.1	0.0
Income tax on other comprehensive income	-0.0	0.0	0.0	-0.0	-0.0

Other comprehensive income that will not be reclassified subsequently to profit or loss:

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

Other comprehensive income for the reporting period, net of tax

Other comprehensive income for the reporting period, net of tax	-0.1	-0.2	-0.1	-0.7	-0.8
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Total comprehensive income for the reporting period

Total comprehensive income for the reporting period	0.3	0.2	1.0	0.7	1.2
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Attributable to:

Owners of the parent	0.3	0.2	1.2	0.7	1.3
Non-controlling interest	-0.1	-0.0	-0.2	-0.0	-0.1

Total comprehensive income for the reporting period

Total comprehensive income for the reporting period	0.3	0.2	1.0	0.7	1.2
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	<u>7-9/2018</u>	<u>restated*</u> <u>7-9/2017</u>	<u>1-9/2018</u>	<u>restated*</u> <u>1-9/2017</u>	<u>restated*</u> <u>1-12/2017</u>
Cash flows from operating activities					
Cash flow before change in net working capital	1.4	4.7	2.8	5.3	7.4
Change in net working capital	-2.0	-5.9	-8.1	-12.5	-7.3
Net cash flow from operating activities	-0.6	-1.1	-5.3	-7.2	0.1
Cash flow from investing activities					
Other purchases of non-current assets	-0.4	-1.3	-1.2	-2.3	-2.3
Proceeds from sale of other non-current assets	0.0	-0.0	0.1	0.1	0.2
Net cash flow from investing activities	-0.3	-1.3	-1.2	-2.2	-2.1
Cash flow before financing	-0.9	-2.5	-6.4	-9.3	-1.9
Cash flow from financing activities					
Increase in non-current liabilities	-	5.6	0.0	5.6	6.0
Decrease in non-current liabilities	-	-0.0	-	-0.0	-0.7
Changes in loan receivables (increase - / decrease +)	-0.6	0.1	-0.5	0.3	0.4
Increase in short-term liabilities	1.0	1.0	5.0	2.0	2.0
Decrease in short-term liabilities	-0.3	-4.6	-3.6	-8.1	-10.5
Capital repayment	0.0	-	-1.9	-	-
Net cash flow from financing activities	0.0	2.1	-1.0	-0.3	-2.8
Effect of exchange rate changes	-0.0	0.0	-0.0	-0.2	-0.2
Net change in cash and cash equivalents	-0.9	-0.4	-7.5	-9.8	-5.0
Cash and cash equivalents at the beginning of period	5.8	8.0	12.4	17.4	17.4
Cash and cash equivalents at the end of period	4.9	7.6	4.9	7.6	12.4
Net change in cash and cash equivalents	-0.9	-0.4	-7.5	-9.8	-5.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2017	12.7	25.3	41.6	-3.3	0.2	-46.1	5.2	35.6	0.3	35.9
Restate: IFRS 15	-	-	-	-	-	-0.6	-	-0.6	-	-0.6
Restated equity at 1 January, 2017	12.7	25.3	41.6	-3.3	0.2	-46.7	5.2	35.0	0.3	35.3
Total compr. income for the period	-	-	-	-	0.1	2.0	-0.7	1.3	-0.0	1.3
Equity at 30 September, 2017	12.7	25.3	41.6	-3.3	0.3	-44.7	4.5	36.3	0.2	36.6

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2018	12.7	25.3	41.6	-3.3	0.3	-44.1	4.5	36.9	0.2	37.1
Restate: IFRS 9	-	-	-	-	-	0.0	-	0.0	-	0.0
Restated equity at 1 January, 2018	12.7	25.3	41.6	-3.3	0.3	-44.1	4.5	36.9	0.2	37.1
Total compr. income for the period	-	-	-	-	-0.1	1.3	0.0	1.2	-0.2	1.0
Capital repayment	-	-	-1.9	-	-	-	-	-1.9	-	-1.9
Equity at 30 September, 2018	12.7	25.3	39.6	-3.3	0.1	-42.8	4.5	36.1	0.1	36.2

KEY RATIOS

	30.9.2018	restated* 30.9.2017	restated* 31.12.2017
EBITDA, as % of net sales ⁽¹⁾	6.2	7.1	6.9
Operating profit (EBIT), as % of net sales	3.1	4.3	4.2
Profit / loss for the period, as % of net sales	1.5	2.4	2.4
Gross capital expenditure, EUR million	1.2	2.3	2.3
Gross capital expenditure, as % of net sales	1.6	2.8	2.1
Equity ratio, %	50.1	45.6	44.7

Gearing, %	40.6	43.3	35.7
Net gearing, %	27.2	22.6	2.3
Net interest-bearing debt, EUR million	9.8	8.2	0.9
Capital employed, end of period, EUR million	50.9	52.4	50.4
Return on equity, %, annualized	4.0	7.2	7.1
Return on capital employed, %, annualized	6.0	9.0	9.2
Number of personnel, average	378	411	409
Number of personnel, end of period	386	404	402

PER SHARE DATA	<u>30.9.2018</u>	<u>restated*</u> <u>30.9.2017</u>	<u>restated*</u> <u>31.12.2017</u>
Number of registered shares, end of period, treasury shares excluded (1.000)	192 845	192 920	192 920
Number of shares, average, adjusted with share issue, treasury shares excluded (1.000)	192 845	192 920	192 920
EPS, total, basic and diluted, adjusted with share issue, EUR	0.007	0.010	0.014
Adjusted equity attributable to owners of the parent per share, EUR	0.19	0.19	0.19
Capital repayment per share, EUR	-	-	0.01
Capital repayment ratio, %	-	-	73.1
Capital repayment yield	-	-	2.1
Price per adjusted earnings per share (P/E) ratio	66.7	47.9	34.2
Price per adjusted equity attributable to owners of the parent per share	2.35	2.60	2.45
Market capitalization of registered shares, EUR million	84.9	94.5	90.3
Share turnover, % (number of shares traded, % of the average registered number of shares)	6.5	29.3	31.5
Number of shares traded, (1.000)	12 549	56 525	60 779
Closing price of the share, EUR	0.44	0.49	0.47
Highest quoted price, EUR	0.51	0.56	0.56
Lowest quoted price, EUR	0.39	0.39	0.39
Volume-weighted average quoted price, EUR	0.45	0.42	0.42

SEGMENT INFORMATION

The reportable segment consists 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. The remaining business consists of the manufacture and sale of heat treatment glass machines as well as the service operations for these machines. There is a high level of integration between safety glass machines and maintenance. Product development as well as sales and distribution are shared functions, serving both business areas. Their customers are the same, as is their market development, which is linked to the general development of the global market. Also the methods to distribute products or to provide services are similar. In the long term, also sales development and gross profit of the operating segments are similar.

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.

NET SALES

EUR million	restated*		restated*		restated*
	7-9/2018	7-9/2017	1-9/2018	1-9/2017	1-12/2017
Machines	14.4	15.2	48.0	49.6	68.8
Services	8.9	9.8	26.6	31.7	42.8
Other and intersegment sales	-0.3	-0.3	-1.3	-1.3	-2.0
Net sales Glaston Group total	23.0	24.5	73.3	80.0	109.7
Comparable EBIT	1.0	1.0	2.8	3.6	5.0
Comparable EBIT-%	4.2	4.1	3.8	4.5	4.6
Items affecting comparability	-0.3	-0.0	-0.5	-0.2	-0.4
EBIT	0.6	1.0	2.3	3.4	4.6
EBIT-%	2.8	4.1	3.1	4.3	4.2

Order intake

EUR million	1-9/2018	1-9/2017	1-12/2017
Machines	47.0	44.2	63.8
Services	26.7	30.7	39.9
Total Glaston Group	73.6	74.9	103.7

Net sales by geographical areas

EUR million	1-9/2018	restated*	restated*
		1-9/2017	1-12/2017
EMEA	40.2	37.7	51.5
Asia	15.1	12.8	16.5
America	18.0	29.5	41.6
Total	73.3	80.0	109.7

QUARTERLY NET SALES, OPERATING RESULT, ORDER INTAKE AND ORDER BOOK

Net sales EUR million	7-9/2018	4-6/2018	1-3/2018	restated*	restated*	restated*
				10-12/2017	7-9/2017	4-6/2017
Machines	14.4	17.3	16.3	19.2	15.2	18.4
Services	8.9	9.0	8.7	11.1	9.8	10.8
Other and intersegment sales	-0.3	-0.7	-0.3	-0.6	-0.5	-0.3
Net sales Glaston Group total	23.0	25.6	24.8	29.7	24.5	28.9
Comparable EBIT	1.0	0.8	1.0	1.4	1.0	1.5
Comparable EBIT-%	4.2	3.1	4.0	4.8	4.1	5.1
Items affecting comparability	-0.3	-0.0	-0.2	-0.2	-0.0	-0.2
EBIT	0.6	0.8	0.8	1.2	1.0	1.3
EBIT-%	2.8	3.1	3.3	4.1	4.1	4.5

Order book

	30.9.2018	30.6.2018	31.3.2018	restated*	restated*	restated*
				31.12.2017	30.9.2017	30.6.2017
Machines	30.9	32.9	32.0	30.6	32.3	31.3
Services	5.4	4.3	4.0	3.5	5.2	4.8
Total Glaston Group	36.3	37.3	36.0	34.1	37.5	36.1

Order intake

EUR million	7-9/2018	4-6/2018	1-3/2018	10-12/2017	7-9/2017	4-6/2017
Machines	12.7	16.4	18.0	19.6	17.2	15.1
Services	9.0	9.1	8.6	9.2	9.6	11.5
Total Glaston Group	21.7	25.4	26.5	28.8	26.8	26.6

COMPARABLE OPERATING PROFIT

Items affecting comparability

EUR million	7-9/2018	7-9/2017	1-9/2018	1-9/2017	1-12/2017
Resturings and disposals of property, plant and equipment	-0.3	-0.0	-0.5	-0.2	-0.4
Items affecting comparability	-0.3	-0.0	-0.5	-0.2	-0.4

		restated*		restated*	restated*
Comparable EBITDA	7-9/2018	7-9/2017	1-9/2018	1-9/2017	1-12/2017
Operating profit	0.6	1.0	2.3	3.4	4.6
Less					
Depreciation and amortization	0.8	0.8	2.3	2.3	3.0
Adjustment: Items affecting comparability	0.3	0.0	0.5	0.2	0.4
Comparable EBITDA	1.7	1.8	5.0	5.8	8.0
% of net sales	7.5	7.2	6.9	7.3	7.3

		restated*		restated*	restated*
Comparable EBIT	7-9/2018	7-9/2017	1-9/2018	1-9/2017	1-12/2017
Operating profit	0.6	1.0	2.3	3.4	4.6
Less					
Adjustment: Items affecting comparability	0.3	0.0	0.5	0.2	0.4
Comparable EBIT	1.0	1.0	2.8	3.6	5.0
% of net sales	4.2	4.1	3.8	4.5	4.6

COMPARISON BETWEEN RESTATED AND REPORTED FIGURES (IFRS15)

	restated*	reported	restated*	reported
EUR million	1-9/2017	1-9/2017	1-12/2017	1-12/2017
Machines	49.6	47.0	68.8	69.3
Services	31.7	31.6	42.8	43.1
Other and intersegment sales	-1.3	-1.3	-2.0	-2.0
Net sales Glaston Group total	80.0	77.3	109.7	110.4
Comparable EBIT	3.6	2.8	5.0	5.4
Comparable EBIT-%	4.5	3.6	4.6	4.8
Items affecting comparability	-0.2	-0.2	-0.4	-0.4
EBIT	3.4	2.6	4.6	5.0
EBIT-%	4.3	3.4	4.2	4.5

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	1-9/2018	1-9/2017	1-12/2017
Carrying amount at beginning of the period	8.4	9.2	9.2
Additions	0.5	1.4	0.7
Disposals	-0.1	-0.0	-0.0
Depreciation and amortization	-0.9	-0.9	-1.1
Exchange differences	-0.1	-0.3	-0.3
Carrying amount at end of the period	7.8	9.4	8.4

At the end of September 2018 and 2017 Glaston had not contractual commitments for the acquisition of property, plant and equipment.

INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	1-9/2018	1-9/2017	1-12/2017
Carrying amount at beginning of the period	37.1	37.4	37.4
Additions	0.7	0.9	1.6
Disposals	-	-0.0	-0.1
Depreciation and amortization	-1.4	-1.4	-1.8
Exchange differences	-0.0	-0.0	-0.0
Carrying amount at end of the period	36.3	36.9	37.1

CONTINGENT LIABILITIES

EUR million

	<u>30.9.2018</u>	<u>30.9.2017</u>	<u>31.12.2017</u>
Mortgages and pledges			
On own behalf	166.9	166.9	166.9
Guarantees			
On own behalf	6.8	10.0	10.0
On behalf of others	0.1	0.3	0.2
Lease obligations	12.2	13.3	12.8
Repurchase obligations	-	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

	<u>30.9.2018</u>		<u>30.9.2017</u>		<u>31.12.2017</u>	
	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>
Currency forwards						
Currency forward contracts	11.5	-0.1	7.3	0.1	4.9	0.0

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. Also available-for-sale financial assets are measured at fair value.

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

EUR million	2018	2017
1 January	2.8	3.1
Additions	-	-
Disposals	-	-0.2
Impairment losses	-	-
Reclassification	-	-
30 September	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

	30.9.2018				30.9.2017				31.12.2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Available-for-sale shares	0.2	-	0.0	0.2	0.2	-	0.0	0.2	0.2	-	0.0	0.2
Other long-term investments	-	-	2.8	2.8	-	-	2.8	2.8	-	-	2.8	2.8
Currency forward contracts	-	-	-	-	-	0.1	-	0.1	-	0.0	-	0.0
Total	0.2	-	2.8	3.0	0.2	0.1	2.8	3.1	0.2	0.0	2.8	3.0
Liabilities												
Currency forward contracts	-	-0.1	-	-0.1	-	-	-	-	-	-	-	-
Total	-	-0.1	-	-0.1	-	-	-	-	-	-	-	-

SHAREHOLDER INFORMATION

20 largest shareholders 30 September, 2018

	Shareholder	Number of shares	% of shares and votes
1	Ac Invest Eight B.V.	33 931 442	17.52
2	Hymy Lahtinen Oy	23 400 000	12.08
3	OP-Finland Small Firms Fund	14 154 400	7.31
4	Ilmarinen Mutual Pension Insurance Company	13 843 878	7.15
5	Varma Mutual Pension Insurance Company	12 786 643	6.60
6	Evli Finnish Small Cap Fund	8 673 393	4.48
7	Hulkko Juha Olavi	4 400 000	2.27
8	Päivikki and Sakari Sohlberg Foundation	3 965 600	2.05
9	Oy Investsum Ab	3 358 000	1.73
10	Kirkon Eläkerahasto	3 089 406	1.60
11	Sijoitusrahasto Taaleritehdas Mikro Markka	2 375 600	1.23
12	Säästöpankki Pienyhtiöt	2 307 860	1.19
13	Sumelius Birgitta Christina	1 944 734	1.00
14	Sumelius Bjarne Henning	1 801 504	0.93
15	Metsänen Arto Juhani	1 750 000	0.90
16	Von Christierson Charlie	1 600 000	0.83
17	Oy Nissala Ab	1 500 000	0.77
18	Sumelius-Koljonen Barbro	1 235 988	0.64
19	Sumelius Christer	1 214 576	0.63
20	Lahtinen Jeppe Juhani Urponpoika	1 200 001	0.62
	20 largest shareholders total	138 533 025	71.54
	Nominee registered shareholders	1 847 636	0.95
	Other shares	53 252 475	27.50
	Total	193 633 136	

DEFINITIONS OF KEY RATIOS

Per share data

Earnings per share (EPS):

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

Diluted earnings per share:

Net result attributable to owners of the parent adjusted with the result effect of the convertible bond / Adjusted average number of shares, dilution effect of the convertible bond taken into account

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*:

(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 of continuing operations before depreciation, amortization and impairment, share of associates' results included

Operating result (EBIT):
Profit / loss of continuing operations after depreciation, amortization and impairment, share of associates' results included

Cash and cash equivalents:
Cash + other financial assets (includes cash and cash equivalents classified as held for sale)

Net interest-bearing debt:
Interest-bearing liabilities (includes interest-bearing liabilities classified as held for sale) - cash and cash equivalents

Financial expenses:
Interest expenses of financial liabilities + fees of financing arrangements + foreign currency differences of financial liabilities (total of continuing and discontinued operations)

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:

Profit / loss of continuing operations after depreciation, amortization and impairment, share of associates' results included – items affecting comparability

Comparable EBITDA:

Profit / loss of continuing operations before depreciation, amortization and impairment, share of associates' results included – items affecting comparability

Items affecting comparability:

Items affecting comparability are related to restructuring and for events or activities, which are not part of the normal business operations. They can include expenses arising from personnel reduction, product portfolio rationalization, changes in production structure and from reduction of offices. Impairment loss of goodwill, exceptionally large gains or losses from disposals of property, plant and equipment and intangible assets as well as capital gains or losses arising from group restructuring.

Accounting principles

The consolidated interim financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as approved by the European Union.

They do not include all of the information required for full annual financial statements.

The accounting principles applied in these interim financial statements are the same as those applied by Glaston in its consolidated financial statements, with the exception the following new or revised or amended standards and interpretations have been applied from 1 January, 2018.

IFRS 15 Revenue from Contracts with Customers

Glaston is applying the new revenue recognition standard 'IFRS 15 Revenue from Contracts with Customers' fully retrospectively from 1 January 2018, and has prepared a restated income statement and balance sheet for 2017.

IFRS 15 establishes a five-step model for the recognition of sales revenue arising from contracts with customers. Revenue is recognised in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods delivered or services rendered. The disclosure requirements are extended.

When the terms of revenue recognition over time are satisfied in accordance with the new standard, Glaston recognises the revenue from tailor-made glass processing machine deliveries over time. As a recognition practice, Glaston applies the cost-to-cost method, i.e. the share of accumulated project costs compared to total estimated costs is used as the percentage of completion. Revenue recognition takes place over time as costs accumulate and are recognised for the project.

When using revenue recognition over time according to degree of completion, the start of revenue recognition is brought forward and revenue recognition is distributed over the entire period of a project more evenly than at present. The amount of revenue recognised at the time of delivery is smaller than before. Revenue recognition in accordance with IFRS 15 evens out slightly the quarterly fluctuation in the revenue of projects recognised over time, because revenue recognition is no longer linked to time of delivery. In tailored-made glass processing machine deliveries where the terms of revenue recognition are not fulfilled, revenue recognition takes place when a machine is taken into use by the customer. In 2017 there were no such projects.

In the balance sheet, the change to revenue recognition in accordance with IFRS 15 will reduce the amount of work in progress in inventories, but will increase accrued income. The change has no impact on cash flow. The order backlog will be lower compared with the previous reporting practice, because orders begin to accumulate revenue earlier. For this reason, changes in the amount of new orders will affect revenue more quickly than before, typically in around 2-3 months.

Glaston is applying the new revenue recognition standard fully retrospectively and has prepared a restated income statement and balance sheet for 2017.

As a cumulative impact from the restatement, EUR 0.6 million, is recognised as an adjustment to the opening balance of retained earnings. The opening balance of short-term receivables increased by EUR 1.0 million, deferred tax liabilities increased by EUR -0.1 million.

IFRS 9 Financial Instruments

Glaston is applying the new standard from 1 January 2018. IFRS 9 includes new guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment on financial assets as well as new general hedge accounting requirements.

The amendment of the standard changes the calculation of impairment on the Group's current receivables and the amount of credit loss provision, but the change has no significant impact on the consolidated financial statements. The impact of applying the new standard on the opening balance of retained earnings is EUR 0,0 million.