glaston

Q2

Glaston Corporation

HALF-YEAR FINANCIAL REPORT

1 January – 30 June 2019

Glaston Corporation Half-Year Financial Report 1 January – 30 June 2019:

First combined quarter for the new Glaston: net sales grew to EUR 58.4 million and comparable EBITA was EUR 3.6 million

Glaston Corporation's acquisition of Bystronic glass was completed on 1 April 2019. As a result of the acquisition, Bystronic glass's consolidated income statement has been combined with Glaston Corporation's consolidated income statement and its consolidated balance sheet with Glaston Corporation's consolidated balance sheet as of 1 April 2019. The reported figures of this interim report for the period 1 January – 31 March 2019 and the comparison information for periods 1 January – 30 June 2018 and 1 January – 31 December 2018 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 2018 presented in this interim report is presented as if the acquisition would have been already been completed on 1 January 2018. Pro forma financial information has been titled Pro forma information in the places in the interim report where the information is presented.

April–June 2019 in brief

- Orders received totaled EUR 44.5 (25.4) million.
- Net sales totaled EUR 58.4 (25.6) million.
- Comparable EBITA was EUR 3.6 (1.4) million, 6.2 (5.4)% of net sales.
- The operating result (EBIT) was EUR 0.4 (0.9) million, 0.7 (3.6)% of net sales.
- The comparable operating result (EBIT) was EUR 2.5 (0.9) million, 4.3 (3.6)% of net sales.
- Items affecting comparability totaled EUR -2.1 (0.0) million.
- Cash flow from business operations was EUR -5.4 (1.9) million.

Review period January–June 2019 in brief

- Orders received totaled EUR 67.4 (52.0) million.
- The order book on 30 June 2019 was EUR 78.9 (37.3) million.
- Net sales totaled EUR 79.2 (50.3) million.
- Comparable EBITA was EUR 4.2 (3.0) million, i.e. 5.3 (5.9)% of net sales.
- The operating result (EBIT) was EUR -0.3 (1.8) million.
- The comparable operating result (EBIT) was EUR 2.6 (2.0) million, 3.3 (4.0)% of net sales.
- The comparable earnings per share were EUR -0.001 (0.019).
- Items affecting comparability totaled EUR -2.9 (-0.2) million.
- Cash flow from business operations was EUR –3.7 (-4.6) million.
- Net interest-bearing debt totaled EUR 43.8 (18.1) million.

Pro forma April–June 2019 in brief (comparables in brackets pro forma)

- Orders received declined by 16% and totaled EUR 44.5 (52.8) million.
- Net sales grew by 5.5% to EUR 58.4 (55.4) million.
- Comparable EBITA was EUR 3.6 (4.0) million, 6.2 (7.2)% of net sales.
- The operating result (EBIT) was EUR 0.4 (2.8) million, 0.7 (5.1)% of net sales.
- The comparable operating result was EUR 2.5 (2.8) million, 4.3 (5.1)% of net sales.
- Items affecting comparability totaled EUR -2.1 (0.0) million.

Pro forma January–June 2019 in brief

- Orders received declined by 18% and totaled EUR 89.8 (109.0) million.
- The order book on 30 June 2019 was EUR 78.9 (87.0) million.
- Net sales totaled EUR 102.8 (109.6) million.
- Comparable EBITA was EUR 6.4 (7.8) million, 6.3 (7.2)% of net sales.
- The operating result (EBIT) was EUR 1.2 (5.3) million.
- The comparable operating result (EBIT) was EUR 4.1 (5.5) million, 4.0 (5.0)% of net sales.
- Items affecting comparability totaled EUR -2.9 (-0.2) million.

GLASTON'S OUTLOOK FOR 2019

Glaston Corporation expects 2019 comparable pro forma EBITA to be at the 2018 level or slightly improve (2018 comparable pro forma EBITA EUR 11.5 million). As the integration process is at an early stage, more uncertainty than usual is associated with the outlook and the company's estimate.

At the end of 2018, Bystronic glass had a significant number of orders that will be recognized as revenue in the second and third quarters of 2019, thereby improving Bystronic glass's net sales and profitability at the beginning of the year. Bystronic glass's fourth quarter net sales and profitability will be significantly lower than in the early part of the year. The Glaston segment's lower than 2018 first half order intake and result will affect the segment's 2019 result. The segment's net sales and result will be skewed towards the second half of the year and particularly to the fourth quarter, when several orders received at the end of 2018 will be delivered.

President & CEO Arto Metsänen:

A busy quarter - good start to the integration

"The second quarter was very busy for Glaston. The integration of Bystronic glass started actively and in addition to the rights issue related to the acquisition, we arranged the glass industry's biggest conference, the Glass Performace days (GPD), at the end of June.

The start of the integration of Bystronic glass into Glaston has been very positive. It has been a pleasure to see how enthusiastic our customers are about our merger and how quickly our personnel have embraced the new situation. During the quarter, we have published a new strategy and financial targets, merged our sales and services organizations, and succeeded in our first cross-selling efforts. The integration is just beginning, but we have already achieved a great deal. I firmly believe that the acquisition will bring value added to our shareholders through synergies achieved by cross-selling of equipment and services, as well as through annual cost synergies of approximately 4 million euros achieved by 2021.

The rights issue we arranged in June was a success and it was oversubscribed. I want to thank all our shareholders and I am proud that so many want to participate in our growth story. With the proceeds received from the rights issue we repaid the bridgeloan related to the acquisition.

" We expect the comparable pro forma EBITA for the year to be at the 2018 level or slightly improve"

At the end of June, we arranged the glass industry's biggest conference, the Glass Performance Days (GPD) in Tampere, Finland. The objective of the conference is to bring together glass industry specialists from around the world and the event is dedicated to developing the global glass industry. More than 1,000 specialists participated in the 2019 conference. Presentations included topics covering the energy efficiency of glass, environmental sustainability, digitalization and smart glass in addition to the traditional technical presentations. To increase innovation and increase business potential brought through digitalization Glaston also arranged, for the second time, the Step Change start up event in connection to the conference. Step change aims to boost the development of the industry as well as enable encounters between innovators, partners, customers and investors. Some 40 start ups participated in the event this year.

The activity in our Emerging Technologies product area has increased and we are negotiating about several interesting projects. Our new engineering projects for the automotive and aviation industries also developed well during the quarter.

There were no major changes in our markets in the second quarter, although the markets picked up slightly despite the uncertainty. Market uncertainty postponed decision-making on the heat treatment side in the EMEA area and China, which was reflected in the Glaston segment's second-quarter order intake. Processing times for financing related to EMEA area projects have lengthened, which delays decision-making and payment of deposits. In Bystronic glass, demand for insulating glass and for services was strong, and the decline in orders received was mainly due to weak demand in the automotive glass market.

Our second-quarter net sales totaled EUR 58.4 million and comparable EBITA was EUR 3.6 million, i.e. 6.2% of net sales. Bystronic glass's second-quarter comparable EBITA was very good, but as previously stated the Glaston segment's result will be skewed this year towards the fourth quarter.

We expect comparable pro forma EBITA for the year to be at the 2018 level or improve slightly. With integration at such an early stage, and due to the uncertain market situation, more uncertainty than usual is associated with the forecast."

Changes in the company's reporting

Glaston Corporation's acquisition of Bystronic glass was completed on 1 April 2019. As a result of the acquisition, Bystronic glass's consolidated income statement has been combined with Glaston Corporation's consolidated income statement and its consolidated balance sheet with Glaston Corporation's consolidated balance sheet as of 1 April 2019. The figures of this interim report for the period 1 January – 31 March 2019 and the comparison data for periods 1 January – 30 June 2018 and 1 January – 31 December 2018 do not include figures for Bystronic glass.

As of the second quarter of 2019, Glaston Group's financial reporting has been changed to reflect the new organizational structure. Glaston and Bystronic glass form the company's two reporting segments. In addition, as of 1 April 2019, the company will report net sales, order intake and order book for the product areas Heat Treatment Technologies, Bystronic Glass Technologies, Emerging Technologies (combining the Glaston segment's Emerging Technologies and Bystronic glass segment's display business), Services (combining the Glaston segment's heat treatment services and the Bystronic glass segment's Services & Spare Parts business) and Other (combining the Glaston segment's remaining tools and pre-processing business) product areas.

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 2018 presented in this interim report is presented as if the acquisition would have already been completed on 1 January 2018. Pro forma financial information has been titled Pro forma information in the places in the interim report where the information is presented.

The figures in parentheses refer to the comparison period, i.e. the same period in the previous year, unless otherwise stated. Glaston Group applies new IFRS 16 Leases standard fully retrospectively from 1 January 2019 and has prepared a restated income statement and balance sheet for 2018. The new accounting principles are described in more detail in the accounting principles section of this interim report. The comparison period figures in the text have been restated owing to the application of the IFRS 16 standard fully retrospectively on 1 January 2019.

"Glaston Corporation", "Glaston Group" or "company" refer to the Group and "Glaston segment" to the reporting segment.

GLASTON GROUP'S KEY FIGURES

EUR million	4–6/2019	4–6/2018	1–6/2019	1–6/2018	2018
Orders received	44.5	25.4	67.4	52.0	107.6
of which service operations	17.9	6.5	25.3	13.1	25.2
Order book at end of period	78.9	37.3	78.9	37.3	38.2
Net sales	58.4	25.6	79.2	50.3	101.1
of which service operations	14.9	6.0	22.6	12.6	27.6
EBITDA	2.8	2.1	2.7	4.3	8.7
Items affecting comparability	2.1	0.0	2.9	0.2	1.8
Comparable EBITDA	4.9	2.1	5.6	4.4	10.5
Comparable EBITDA, %	8.4%	8.4%	7.1%	8.8%	10.4%
Comparable EBITA	3.6	1.4	4.2	3.0	7.6
Comparable EBITA, %	6.2%	5.4%	5.3%	5.9%	7.5%
Operating result (EBIT)	0.4	0.9	-0.3	1.8	3.8
Comparable operating result (EBIT)	2.5	0.9	2.6	2.0	5.7
Comparable operating result (EBIT), %	4.3%	3.6%	3.3%	4.0%	5.6%
Profit/loss before taxes	-1.1	0.7	-2.2	1.2	2.6
Profit/loss for the period	-1.8	0.5	-3.0	0.7	1.9
Comparable earnings per share (rights offering adjusted), EUR	0.004	0.009	-0.001	0.019	0.076
Number of registered shares at end of period (1,000)	84 290	38 727	84 290	38 727	38 727
Cash flow from operations	-5.4	1.9	-3.7	-4.6	-0.0
Net interest-bearing debt at end of period	43.8	18.1	43.8	18.1	13.9
Return on investment (ROI), %, (annualized)			-0.6%	6.3%	6.5%
Comparable return on capital employed (ROCE), %, (annualized)			2.0%	6.5%	9.6%
Equity ratio, %			34.5%	41.0%	44.4%
Net gearing, %			54.8%	51.5%	38.2%
Number of employees at end of period			808	382	357

GLASTON GROUP'S PRO FORMA KEY FIGURES

EUR million	Actual 4–6/2019	Pro forma 4–6/2018	Pro forma 1–6/2019	Pro forma 1–6/2018	Pro forma 2018
Orders received	44.5	52.8	89.8	109.0	216.7
of which service operations	17.9	15.8	35.3	31.7	64.2
of which service operations, %	40%	30%	39%	29%	30%
Order book at end of period	78.9	87.0	78.9	87.0	99.9
Net sales	58.4	55.4	102.8	109.6	201.8
of which service operations	14.9	14.3	32.1	29.9	63.8
of which service operations, %	26%	26%	31%	27%	32%
EBITDA	2.8	5.0	5.9	9.8	13.6
Items affecting comparability	-2.1	0.0	-2.9	-0.2	-2.3
Comparable EBITDA	4.9	5.0	8.8	10.0	15.9
Comparable EBITDA, %	8.4%	9.1%	8.6%	9.1%	7.9%
Comparable EBITA	3.6	4.0	6.4	7.8	11.5
Comparable EBITA, %	6.2%	7.2%	6.3%	7.2%	5.7%
Operating result (EBIT)	0.4	2.8	1.2	5.3	4.4
Comparable operating result (EBIT)	2.5	2.8	4.1	5.5	6.7
Comparable operating result (EBIT), %	4.3%	5.1%	4.0%	5.0%	3.3%
Profit/loss before taxes	-1.1	2.1	-0.8	3.8	1.1
Profit/loss for the period	-1.8	2.1	-2.1	3.1	0.9

KEY FIGURES OF REPORTING SEGMENTS

Orders received, EUR million	4–6/19	4–6/18	1–6/19	1–6/18	2018
Glaston	18.1	25.4	41.1	52.0	107.6
Bystronic glass	26.4	-	26.4	-	
Glaston Group	**44.5**	**25.4**	**67.4**	**52.0**	**107.6**

Order book EUR million	30.6.2019	Adjusted 30.6.2018	Adjusted 31.12.2018
Glaston	31.1	37.3	38.2
Bystronic	47.7	-	-
Glaston Group	**78.9**	**37.3**	**38.2**

Net sales EUR million	4–6/19	4–6/18	1–6/19	1–6/18	2018
Glaston	23.8	25.6	44.6	50.3	101.1
Bystronic glass	34.6	-	34.6	-	-
Glaston Group	**58.4**	**25.6**	**79.2**	**50.3**	**101.1**

Comparable EBITA EUR million	4–6/19	4–6/18	1–6/19	1–6/18	2018
Glaston	-0.1	1.4	0.5	3.0	7.6
Bystronic glass	3.7	-	3.7	-	-
Comparable EBITA, total	**3.6**	**1.4**	**4.2**	**3.0**	**7.6**
Comparable EBITA, %	6.2%	5.4%	5.3%	5.9%	7.5%

Comparable operating result and operating result (EBIT) EUR million	4–6/19	4–6/18	1–6/19	1–6/18	2018
Glaston	-0.4	0.9	-0.3	2.0	5.7
Bystronic glass	2.9	-	2.9	-	-
Comparable operating result (EBIT), total	**2.5**	**0.9**	**2.6**	**2.0**	**5.7**
Comparable EBIT, %	4.3%	3.6%	3.3%	4.0%	5.6%
Items affecting comparability	-2.1	0.0	-2.9	-0.2	-1.8
Operating result	**0.4**	**0.9**	**-0.3**	**1.8**	**3.8**
Operating result, %	0.7%	3.6%	-0.4%	3.7%	3.8%

glaston seeing it through®

PRO FORMA KEY FIGURES OF REPORTING SEGMENTS

Pro forma orders received, EUR million	Actual 4–6/2019	Pro forma 4–6/2018	Pro forma 1–6/2019	Pro forma 1–6/2018	Pro forma 2018
Glaston	18.1	25.4	41.1	52.0	107.6
Bystronic glass	26.4	27.4	48.8	57.1	109.1
Glaston Group	**44.5**	**52.8**	**89.8**	**109.0**	**216.7**

Pro forma Order book, EUR million	30.6.2019	30.6.2018	31.12.2018
Glaston	31.1	37.3	38.2
Bystronic glass	47.7	49.7	61.7
Glaston Group	**78.9**	**87.0**	**99.9**

Pro forma Net sales, EUR million	Actual 4–6/2019	Pro forma 4–6/2018	Pro forma 1–6/2019	Pro forma 1–6/2018	Pro forma 2018
Glaston	23.8	25.6	44.6	50.3	101.1
Bystronic glass	34.6	29.8	58.1	59.2	100.7
Glaston Group	**58.4**	**55.4**	**102.8**	**109.6**	**201.8**

Pro forma Comparable EBITA, EUR million	Actual 4–6/2019	Pro forma 4–6/2018	Pro forma 1–6/2019	Pro forma 1–6/2018	Pro forma 2018
Glaston	-0.1	1.4	0.5	3.0	7.6
Bystronic glass	3.7	2.6	6.0	4.9	3.9
Total	**3.6**	**4.0**	**6.4**	**7.8**	**11.5**
Share of net sales, %	6.2%	7.2%	6.3%	7.2%	5.7%

Comparable operating result and operating result (EBIT), EUR million	Actual 4–6/2019	Pro forma 4–6/2018	Pro forma 1–6/2019	Pro forma 1–6/2018	Pro forma 2018
Glaston	-0.4	0.9	-0.4	2.0	5.7
Bystronic glass	2.9	1.9	4.5	3.5	1.1
Comparable operating result (EBIT), total	**2.5**	**2.8**	**4.1**	**5.5**	**6.7**
Comparable EBIT, %	4.3%	5.1%	4.0%	5.0%	3.3%
Items affecting comparability	-2.1	0.0	-2.9	-0.2	-2.3
Operating result	**0.4**	**2.8**	**1.2**	**5.3**	**4.4**
Operating result, %	0.7 %	5.1%	1.2%	4.9%	2.2%

OPERATING ENVIRONMENT

Glaston Corporation is a glass industry technologies and services frontrunner whose machines respond globally to the glass processing needs of the architectural, automotive, solar and appliance industries. Most of the glass produced with Glaston's technology is supplied to the construction industry (measured by volume). Glaston operates in a global market, and the company's business is to a large extent linked to trends in global investment demand and therefore to demand for glass and glass processors' capacity utilization rates, which in turn impact investment needs and demand for services and spare parts. 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%.

Increasing urbanization is affecting demand for glass in both new and renovation construction. Special requirements relating to the use of glass in new and renovation construction are also expected to increase due to changing environmental factors as well as increasing safety regulations and energy requirements, thus supporting demand for glass.

Growth of solar energy, smart glass and energy-efficient glass solutions is supported by increasing environmental awareness and investments in renewable energy.

Architectural glass is used for both commercial and residential buildings. Commercial buildings, such as shopping centers and offices, account for approximately 40% of total architectural glass volume. Both Glaston and Bystronic glass machines are utilized in both areas of application, although the focus is on commercial construction.

The automotive industry market, and therefore also the automotive glass market, is cyclical and business conditions may fluctuate significantly. The automotive glass market consists of a few large operators, and demand in the market fluctuates depending on these operators' investment cycles. The overall market for automotive glass is expected to grow slowly, although the relative share of glass in vehicles is increasing and the use of thin glass in particular is growing in order to reduce weight.

Glaston's market area are EMEA (Europe, Middle East and Africa), the Americas (North, Central and South America) and Asia-Pacific (China and the rest of the Asia and Pacific area).

Architectural glass

Glaston Group's architectural glass machine market consists of many different market areas and countries, whose stage of development and political situation may vary significantly.

In the second quarter of 2019, market activity in Central Europe, and among other the United Kingdom, improved from the previous quarter, although decision-making on heat treatment machines continued to be slow. Particularly in Germany, glass processing customers are increasingly seeking to utilize project funding, provided for example, by the EU, aimed at improving the energy efficiency of buildings. In Eastern Europe, too, customers are increasing seeking EU funding for different purposes. This slows down decision-making processes. Activity was good in the Northern Europe and Scandinavian markets, and particularly in insulating glass. In Turkey, development remained weak due to the political situation. The services market developed positively in Europe.

In North America, the market for both heat treatment and insulating glass machines as well as services was at a good level. Challenges continued in the Central and South American markets.

In the Asia and Pacific area, development was relative good, particularly in services. In China, market uncertainty and trade policy tensions continued to slow down decision-making on heat treatment machines, but demand for mid-market segment insulating glass machines was good.

Automotive glass

The market downturn that began in mid-2018, trade policy tensions between the US and China, and anticipation of the new emission regulations that will come into force in 2020 are having a negative impact on activity in the Chinese market in particular. At the same time, however, automotive glass requirements are increasing and presenting new challenges for glass processing, bringing new players to the market and creating new opportunities for glass processing technology suppliers. Activity in the automotive glass machine market is expected to remain weaker than in previous years throughout the year.

FINANCIAL DEVELOPMENT OF THE GROUP

Orders received and order book (reported)

Orders received and order book, EUR million	4–6/19	4–6/18	1–6/19	1–6/18	2018
Orders received	44.5	25.4	67.4	52.0	107.6
Orders received, excluding divested Tools business*	44.5	24.3	67.4	49.9	103.6
Order book at end of period	78.9	37.3	78.9	37.3	38.2

* In December 2018, Glaston sold its Tools business in Italy and the USA.

Glaston Group's April–June 2019 orders received totaled EUR 44.5 (25.4, excluding divested business operations 24.3) million. In the review period January–June, orders received totaled EUR 67.4 (52.0, excluding divested business operations 49.9) million. Glaston Group's order book stood at EUR 78.9 (37.3) million at the end of the review period.

Orders received and order book by product area (pro forma)

Pro forma Orders received by product area, EUR million	Actual 4–6/19	Pro forma 4–6/18	Pro forma 1–6/19	Pro forma 1–6/18	Pro forma 2018
Heat Treatment Technologies	9.5	16.4	23.0	34.3	73.6
Bystronic glass Technologies	15.0	18.1	27.4	38.5	70.1
Emerging Technologies	0.6	-	1.3	-	-
Services	17.9	15.8	35.3	31.7	64.2
Other	1.5	2.6	2.8	4.5	8.8
Total	**44.5**	**52.8**	**89.8**	**109.0**	**216.7**

Pro forma Order book by product area, EUR million	Actual 30.6.2019	Pro forma 30.6.2018	Pro forma 31.12.2018
Heat Treatment Technologies	26.9	32.5	35.2
Bystronic glass Technologies	45.5	47.7	57.0
Emerging Technologies	2.8	2.5	5.1
Services	3.1	4.0	2.6
Other	0.5	0.3	0.1
Total	**78.9**	**87.0**	**99.9**

Glaston Group's orders received in April–June 2019 totaled EUR 44.5 (52.8 pro forma) million. The orders received of the Heat Treatment Technologies product area declined and totaled EUR 9.5 (16.4 pro forma) million. Market activity in the EMEA picked up, but the decline in orders received still reflects the slowness of customers' decision-making. During the second quarter, several orders for Jumbo series heat treatment machines were received from the USA and Russia, among other countries. The orders received of the Bystronic glass Technologies product area totaled EUR 15.0 (18.1 pro forma) million. Orders for insulating glass machines increased significantly but, due to the weak situation in the automotive glass market, the automotive glass order development was weak.

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 consulting services in the field of emerging glass technologies. In April–June, negotiations progressed on new special projects for the needs of the automotive, solar energy and aviation industries and Glaston received a small, but strategically important order from the aviation industry. The nanotechnology company Heliotrope Technologies development work related to new smart glass technology continues, and Glaston's role in the project is production line developer, manufacturer and global distributor with the exclusive right to sell the lines globally. The target is to receive the first order in 2019. As this is a startup-type development of new technology, there is uncertainty about the timetable.

The orders received of the Services product area grew and totaled EUR 17.9 (15.8 pro forma) million. The activity of the Services product area was at a good level in the second quarter and throughout the first half of the year, after a subdued latter part of 2018.

Orders received in January–June 2019 totaled EUR 89.8 (109.0 pro forma) million. Of the orders, 26% were received for the Heat Treatment Technologies product area, 31% for the Bystronic glass Technologies product area and 39% for the Services product area.

Net sales (reported)

Geographical distribution of net sales, EUR million	4–6/19	4–6/18	1–6/19	1–6/18	2018
Americas	20.3	4.9	28.3	11.1	27.7
EMEA	23.6	14.7	33.0	27.3	54.3
APAC	14.5	5.9	17.9	12.0	19.2
Total	**58.4**	**25.6**	**79.2**	**50.3**	**101.1**

Glaston Group's April–June net sales totaled EUR 58.4 (25.6) million. The Glaston segment's net sales were EUR 23.8 (25.6, taking into account divested business operations 24.4) and the Bystronic glass segment net sales were EUR 34.6 million. Of total net sales, Glaston accounted for 41% and Bystronic glass for 59%. Geographically, the EMEA area accounted for 40%, the Americas for 35%, and Asia and Pacific (APAC) for approximately 25% of the company's total net sales. Net sales in January–June totaled EUR 79.2 (50.3) million.

Net sales by product area (pro forma)

Pro forma Net sales by product area, EUR million	Actual 4–6/19	Pro forma 4–6/18	Pro forma 1–6/19	Pro forma 1–6/18	Pro forma 2018
Heat Treatment Technologies	17.1	17.2	29.4	33.2	64.9
Bystronic glass Technologies	22.4	20.8	36.0	40.7	64.9
Emerging Technologies	3.1	0.1	3.1	0.7	-2.0
Services	14.9	14.3	32.1	29.9	63.8
Other	1.0	3.1	2.1	5.2	10.2
Total	**58.4**	**55.4**	**102.8**	**109.6**	**201.8**

In the second quarter, net sales grew by 5.5% from the comparison period and totaled EUR 58.4 (55.4 pro forma) million. The net sales of the Heat Treatment Technologies product area remained at the previous year's level and totaled EUR 17.1 (17.2 pro forma) million. The net sales of the Bystronic glass Technologies product area grew by 8% and totaled EUR 22.4 (20.8 pro forma), with revenue from a number of insulating glass machines projects being recognized in the quarter. The net sales of the Emerging Technologies product area consisted primarily of revenue recognized from Display product area projects. The net sales of the Services product area grew from the corresponding period of the previous year and totaled EUR 14.9 (14.3 pro forma) million. Net sales development was negatively impacted by low orders for heat treatment modernizations in the latter part of 2018. In December 2018, Glaston divested its Tools business operations in Italy and the USA, as a result of which net sales of the Other product area declined to EUR 1.0 (3.1) million.

January–June pro forma net sales totaled EUR 102.8 (109.6 pro forma) million.

Operating result and profitability (reported)

Comparable EBITA, EUR million	4–6/19	4–6/18	1–6/19	1–6/18	2018
Operating result (EBIT)	0.4	0.9	-0.3	1.8	3.8
Items affecting comparability	2.1	0.0	2.9	0.2	1.8
Comparable operating result (EBIT)	2.5	0.9	2.6	2.0	5.7
Depreciation of intangible assets and PPA	1.1	0.5	1.6	0.9	1.9
Comparable EBITA	**3.6**	**1.4**	**4.2**	**3.0**	**7.6**
% of net sales	6.2 %	5.4 %	5.3 %	5.9 %	7.5 %

Second-quarter 2019 comparable EBITA was EUR 3.6 (1.4) million, i.e. 6.2 (5.4)%. The good result is explained, in particular, by the number of revenue recognitions for Bystronic glass insulating glass machine projects. The purchase price allocation (PPA) depreciation for the acquisition was EUR 0.7 (0.0) million in the second quarter. According to the company's preliminary calculation of PPA, the annual result impact of PPA depreciation associated with the Bystronic glass acquisition is EUR 2.8 million. The PPA has been revised from the preliminary calculations presented in the rights offering prospectus. More detailed information on fair value allocation, useful life and depreciation can be found in the tables section of this report.

Glaston Group's comparable operating result for April–June 2019 was EUR 2.5 (0.9) million, i.e. 4.3 (3.6)% of net sales. The second-quarter operating result was EUR 0.4 (0.9) million. The Glaston segment's operating result was EUR -1.7 (0.9) million. Items affecting comparability totaling EUR -2.1 (0.0) million related to the Bystronic glass acquisition were recognized in the second quarter, of which EUR -1.6 million consisted of integration expenses and EUR -0.5 million of transaction expenses affecting the operating result. Financial income and expenses amounted to EUR -1.5 (-0.1) million, of which EUR -0.9 million was non-recurring expenses for financing arrangements related to the acquisition. The result before taxes was EUR -1.1 (0.7) million. The result for the second quarter was EUR -1.8 (0.5) million and earnings per share were EUR -0.028 (0.009). Comparable earnings per share of EUR 0.004 (-0.009) were burdened by exceptionally high financial expenses arising from the acquisition.

In January–June 2019, comparable EBITA was EUR 4.2 (3.0) million, i.e. 5.3 (5.9)% of net sales. In January–June 2019, the comparable operating result was EUR 2.6 (2.0) million, i.e. 3.3 (4.0)% of net sales. The Group's operating result was EUR -0.3 (1.8) million. Items affecting comparability totaling EUR -2.9 (0.0) million relating to the Bystronic glass acquisition were recognized in January–June, of which EUR 1.6 million consisted of integration expenses and EUR 1.3 million of transaction expenses affecting the result. Financial income and expenses were EUR -1.7 (-0.4) million. The result before taxes was EUR -2.2 (1.2) million. The result for the review period was EUR -3.0 (0.7) million. January–June earnings per share were EUR -0.050 (0.016) and comparable earnings per share EUR -0.001 (0.019), excluding items affecting comparability of the operating result, but including financing arrangement costs.

Operating result and profitability (pro forma)

Comparable EBITA, EUR million	Actual 4–6/19	Pro forma 4–6/18	Pro forma 1–6/19	Pro forma 1–6/18	Pro forma 2018
Operating result (EBIT)	0.4	2.8	1.2	5.3	4.4
Items affecting comparability	2.1	0.0	2.9	0.2	2.3
Comparable operating result (EBIT)	2.5	2.8	4.1	5.5	6.7
Depreciation of intangible assets and PPA	1.1	1.2	2.3	2.4	4.8
Comparable EBITA	**3.6**	**4.0**	**6.4**	**7.8**	**11.5**
% of net sales	6.2%	7.2%	6.3%	7.2%	5.7%

Second-quarter 2019 comparable EBITA was EUR 3.6 (4.0 pro forma) million, i.e. 6.2 (7.2)%. The purchase price allocation (PPA) depreciation was EUR 0.7 (0.7) million in the second quarter. Glaston Group's comparable operating result for April–June 2019 was EUR 2.5 (2.8 pro forma) million, i.e. 4.3 (5.1)% of net sales. The second-quarter operating result was EUR 0.4 (2.8 pro forma) million. Financial expenses amounted to EUR -1.5 (-0.6) million. The second-quarter operating result before taxes was EUR -1.1 (2.1 pro forma) million. The second-quarter result was EUR -1.8 (2.1 pro forma) million. Comparable rights issue adjusted earnings per share

glaston seeing it through®

were EUR 0.004 (0.042) euros, and rights offering adjusted earnings per share were EUR -0.031 (0.042 pro forma).

In January–June 2019, comparable pro forma EBITA was EUR 6.4 (7.8) million, i.e. 6.3 (7.2)% of net sales. January–June PPA depreciation totaled EUR 1.4 (1.4 pro forma) million. In January–June 2019, Glaston Group's comparable pro forma operating result was EUR 4.1 (5.5 pro forma) million, i.e. 4.0 (5.0)% of net sales. The Glaston segment's comparable operating result was EUR -0.4 (2.0) million and the Bystronic glass segment's comparable operating result was EUR 4.5 (3.5) million. The development of Bystronic glass' comparable operating result was impacted, in particular, by the number of revenue recognitions for insulating glass machine projects. In January–June, the Group's pro forma operating result was EUR 1.2 (5.3) million. Financial income and expenses were EUR -1.8 (-1.2) million. The result before taxes was EUR -0.8 (3.8) million. The result for the review period was EUR -2.1 (3.1) million. January–June earnings per share were EUR -0.035 (0.060) and comparable earnings per share were EUR 0.014 (0.063).

FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

Glaston reporting segment

Glaston's business 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 Glaston segment includes the Heat Treatment Technologies and related Heat Treatment Services, Glaston's Emerging Technologies and the Other product area.

Glaston segment's second quarter in brief:

- Market uncertainty and trade policy tensions continued to slow down decision-making on heat treatment machines in the EMEA area and China. In North America, the market continued to be at a good level.
- Development of net sales and profitability were impacted primarily by momentarily weaker demand for Heat Treatment Services in the latter part of 2018 and by an increase in fixed costs, mainly personnel expenses, in the second quarter.

KEY FIGURES GLASTON, EUR million	4–6/19	4–6/18	1–6/19	1–6/18	2018
Orders received	18.1	25.4	41.1	52.0	107.6
Order book at end of period	31.1	37.3	31.1	37.3	38.2
Net sales	23.8	25.6	44.6	50.3	101.1
Net sales (comparison figure excludes divested Tools business)	23.8	24.4	44.6	48.2	
Comparable EBITA	-0.1	1.4	0.5	3.0	7.6
PPA depreciation	-	-	-	-	-
Comparable operating result (EBIT)	-0.4	0.9	-0.3	2.0	5.7
Operating result (EBIT)	-1.7	0.9	-2.5	1.8	3.8
Net working capital			-4.9	-4.5	-7.1
Employees at end of period			372	382	357

Orders received

The Glaston segment's second-quarter 2019 orders received declined by 29% and totaled EUR 18.1 (25.4, taking into account divested business operations 24.3) million. Geographically, demand picked up slightly in the EMEA area in the second quarter, but decision-making continued to be slow. In Central and Eastern Europe, an increasing number of projects are project-funded, which slows down decision-making processes. Despite long-standing Brexit uncertainty, customer discussions were active in the UK and demand for day-to-day maintenance services in particular was good. Confidence in the US economic outlook, stricter building regulations and glass quality standards are increasing demand for Glaston's machines. Demand for heat treatment machines declined slightly from the busy previous quarter, but remained at a good level. Challenges continued in the Mexico, Central America and South America markets. In the Asia and Pacific area, development was stable. In China, uncertainty about US trade sanctions has resulted in a slowing of investment decisions and postponements with regard to heat treatment machines.

Glaston is investing in large-size flat tempering lines, and one of the most important products launched at the 2018 Glasstec fair was the Jumbo series machine, designed for the heat treatment of jumbo-size architectural glass. In the second quarter, the Glaston segment sold several Jumbo series machines, to the United States and Russia, among other countries. In autumn 2018, Glaston launched a revamped FC series annual model, one key feature of which is the new Vortex Pro convection. With Vortex Pro, Glaston's customers can run their lines at a higher loading rate, while increasing the machine's automation level. A number of new-generation FC series machines were sold in the second quarter. In April-June, Glaston also received several modernization orders, for example from the USA and Finland.

Net sales and profitability

The Glaston segment's April–June 2019 net sales totaled EUR 23.8 (25.6, taking into account divested business operations 24.4) million.

April–June comparable EBITA was EUR -0.1 (1.4) million, primarily due to the momentarily weaker demand and profitability of Heat Treatment Services in the latter part of 2018, and an increase in fixed costs, mainly personnel expenses. The improved gross profit of Glaston's Heat Treatment Technologies product area was not sufficient to compensate for the decline in profitability caused by Heat Treatment Services.

January–June 2019 net sales totaled EUR 44.6 (50.3, taking into account divested business operations 48.2) million. Comparable EBITA for the first half of the year was EUR 0.5 (3.0) million.

The Glaston segment's lower order intake and result than in first half of the previous year will affect the segment's 2019 result. The segment's net sales and result will be skewed towards the second half of the year and particularly to the fourth quarter, when several orders received at the end of 2018 will be delivered.

Bystronic glass reporting segment

Bystronic glass provides services, machines, systems and software for cutting, grinding, drilling, processing and insulating flat glass globally for the architectural, automotive, appliance and display glass markets. The Bystronic glass segment consists of the Bystronic glass Technologies product area, Servicse and spare parts as well as the Display business.

Bystronic glass segment's second quarter in brief:

- Good activity in the insulating glass market, automotive glass market quiet.
- Net sales and profitability impacted by number of project revenue recognitions.

KEY FIGURES BYSTRONIC GLASS, EUR million	4–6/19	Pro forma 4–6/18	Pro forma 1–6/19	Pro forma 1–6/18	Pro forma 2018
Orders received	26.4	27.4	48.8	57.1	109.1
Order book at end of period	47.7	49.7	47.7	49.7	61.7
Net sales	34.6	29.8	58.1	59.2	100.7
Comparable EBITA	3.7	2.6	6.0	4.9	3.9
Comparable EBITA, %	10.6%	8.7%	10.3%	8.3%	3.9%
PPA	0.7	0.7	1.4	1.4	2.8
Comparable operating result (EBIT)	2.9	1.9	4.5	3.5	1.1
Comparable operating result (EBIT), %	8.4%	6.4%	7.7%	5.9%	1.1%
Operating result (EBIT)	2.2	1.9	3.7	3.5	0.6
Operating result (EBIT), %	6.3%	6.4%	6.4%	5.9%	0.6%
Net working capital			15.6		
Employees at end of period	436		436		

Orders received

The Bystronic glass segment's second-quarter 2019 orders received totaled EUR 26.4 (27.4 pro forma) million. Demand for insulating glass machines was strong in all geographical areas, and the decline in orders received was due to the weak performance of the automotive glass machine market. Geographically, the EMEA area insulating glass machine market picked up from the previous quarter. Bystronic glass received several orders from the area, including one of the largest insulating glass lines ever made by Bystronic glass, a B'JUMBO insulating glass line order from Maxividro, a Portuguese glass processor. In addition, several slightly smaller orders were received from France, Poland and Germany, among other countries.

The North American insulating glass market was active and Bystronic glass received, among others, two orders from a large North American glass processor, which during the past three years has ordered eight insulating glass lines from Bystronic glass, including these orders.

In the Asia and Pacific (APAC) area, demand for insulating glass machines as well as services and spare parts was good, and Bystronic glass received, for example, a B'JUMBO TPSTM 330 insulating glass machine order from Thailand. In terms of glass size, this is the largest insulating glass line ever sold by Bystronic glass in Southeast Asia. In China, Bystronic glass insulating glass lines are competitive, and the company's products, particularly the insulating glass machine lines B'Comfort and B'Compact, are in demand in the mid-market segment.

Services and spare parts sales are significant drivers of profitable growth, and bring stability alongside the slightly more cyclical machines business. Demand for Bystronic glass's services and spare parts was strong in all geographical areas during the second quarter. The challenges in the automotive glass continued in the second quarter.

Net sales and profitability

The Bystronic glass reporting segment's second-quarter 2019 net sales grew to EUR 34.6 (29.8 pro forma) million. Second-quarter comparable EBITA was EUR 3.7 (2.6 pro forma) million, i.e. 10.6 (8.7)% of revenue. Bystronic glass's better than the previous year second-quarter 2019 net sales and comparable EBITA are primarily explained by the number of revenue recognitions for insulating glass machine projects. At the end of 2018, Bystronic glass had a significant number of orders that will be recognized as revenue in the second and third quarters of 2019, thereby improving Bystronic glass' net sales and profitability in the early part of the year. Bystronic glass's fourth quarter net sales and profitability will be significantly lower than in the early part of the year. Around half of second-quarter net sales was for insulating glass machines. The segment's PPA was EUR 0.7 (0.7 pro forma) million.

Bystronic glass's January–June 2019 pro forma net sales totaled EUR 58.1 (59.2 pro forma) million. Comparable pro forma EBITA was EUR 6.0 (4.9 pro forma) million, i.e. 10.3 (8.3)% of net sales. The segment's pro forma PPA was EUR 1.4 (1.4 pro forma) million.

Financial position, cash flow and financing

At the end of June, Glaston Group's balance sheet total was EUR 268.8 (103.0, at end-December 98.9) million. The equity attributable to the owners of the parent was EUR 79.9 (35.0) million, i.e. EUR 1.34 (0.68) per share. Intangible assets, of which goodwill was EUR 57.7 (30.6) million, amounted to EUR 77.5 million. At the end of the period, property, plant and equipment amounted to EUR 25.3 (8.2) million and inventories EUR 51.0 (8.6) million. The increase in balance sheet items was primarily due to the acquisition of Bystronic glass.

The comparable return on capital employed (ROCE) was 2.0 (6.5)%. The return on comparable capital employed (ROCE) was impacted by a lower 12 month annualized results as well as the Bystronic glass -acqusition and related financing which increases Glaston's equity and debt. Glaston Group's target is to achieve a comparable return on capital employed of 14% by the end of the strategy period, i.e. the end of 2021. The comparable return on capital employed was -5.2 (4.6)%. The company's equity ratio was 34.5 (41.0)%.

Second-quarter cash flow from operating activities, before the change in working capital, was EUR -1.1 (0.6) million and it was negatively impacted by costs relating to the acquisition of Bystronic glass. Working capital increased, primarily due to an increase in trade receivables. Cash flow from the change in working capital was EUR -4.3 (1.3) million and cash flow from operating activities EUR -5.4 (1.9) million. Cash flow from investments amounted to EUR -68.9 (-0.5) million and cash flow from financing activities was EUR 106.9 (-0.7) million.

In January–June, Glaston Group's cash flow from operating activities, before the change in working capital, was EUR -2.1 (1.5) million. In January–June, cash flow from the change in working capital was EUR -1.6 (-6.1) million. Cash flow from investment activities was EUR -69.9 (-0.9) million and cash flow from financing activities was EUR 109.4 (-1.1) million. The exceptionally high levels are explained by the acquisition of Bystronic glass and its financing.

At the end of March, in connection with the Bystronic acquisition, Glaston signed a new long-term financing agreement, which was used for financing the acquisition, refinancing Glaston's existing loan facilities as well as general working capital and guarantee needs. The package consists of borrowings by Glaston under senior secured credit facilities in an aggregate amount of EUR 75 million, comprising a term loan amounting to EUR 40 million and a revolving credit facility amounting to EUR 35 million, each with 3-year maturity from the closing of the acquisition. The financial covenants used in the financing agreement are gearing (net debt/equity) and leverage (net debt/EBITDA).

In addition to the long-term financing agreement, Glaston raised EUR 32 million in bridge financing for equity financing to be raised through a rights issue. In June, Glaston arranged a rights issue, which was fully subscribed. In the offering, the company received a gross amount of approximately EUR 34 million (a net amount of EUR 32.5 million, taking into account the costs of the rights offering accumulated up to the end of June) and paid back the bridge financing at the beginning of July.

At the end of the reporting period, the Group's cash and cash equivalents totaled EUR 43.4 (5.8) million. Net interest-bearing debt totaled EUR 43.8 (18.1) million and net gearing was 54.8 (51.5)%.

Capital expenditure, depreciation and amortization

Glaston Group's January–June gross capital expenditure totaled EUR 59.2 million, of which EUR 1.8 (0.9) million related mainly to product development and the remainder to the acquisition of Bystronic glass. Depreciation and amortization of property, plant and equipment, and of intangible assets totaled EUR 2.3 (1.5) million.

Personnel

Glaston Group had a total of 808 (382) employees on 30 June 2019. The Glaston segment had 372 employees and the Bystronic glass segment 436 employees. Of the Group's personnel, 215 employees (27%) worked in Germany, 208 employees (26%) worked in Finland, and 131 employees (16%) worked elsewhere in the EMEA area, while 22% worked in Asia and 9% in the Americas. In January-June, the average number of employees was 692 (374).

STRATEGIC DEVELOPMENT

Strategy

Glaston reviewed its strategy and updated its financial targets for the strategy period 2018–2021 as a result of its acquisition of Bystronic glass.

The company will continue to seek growth in its core business and services through digitalization. Combining the strengths of Bystronic glass and Glaston as well as leveraging the expertise brought by Bystronic glass creates for the company unique opportunities to build a strong machinery and services offering as well as the ability to capture new growth opportunities**.** Implementing a joint operating model will support the company in reaching the strategic goals and in realizing the full synergy potential of combining Glaston and Bystronic glass.

Company's strategy divided into four key themes:

1. **Growth in the core**: The company will focus on growth in its core business with the aim of becoming the leading player in heat treatment and insulating glass technologies as well as in Cut & Grind technologies for the automotive industry.

   Key goals:
   - Profitably grow sales of core business equipment,
   - Develop an integrated line offering and
   - Increase digitalization and level of automation in products leading up to fully automated lines.

2. **New growth opportunities**: Combining the strengths of Bystronic glass and Glaston, as well as leveraging the expertise Bystronic glass adds to our business, provides the company with unique opportunities to develop the market and further strengthen its position in the mid-market segment of its core products, in technologies for the automotive industry and in emerging glass processing technologies within energy efficient, smarter and safer glass products.

   Key goals:
   - Develop mid-market offering in architectural market.
   - Leverage the strong position of Bystronic glass in the automotive industry and capture cross-selling synergies.
   - Continue to look for new opportunities and technologies to support growth in the Emerging Technologies product area.

3. **Services:** Combining the Services businesses of Glaston and Bystronic glass will drive growth. The company will seek to leverage untapped potential from existing unique lifecycle services, the combined large installed base and the extensive global service network.

   Key goals: Grow the Services business supported by digitalization.

4. **Joint operating model**: A joint operating model will support the companies in reaching the strategic goals and in realizing the full synergy potential of combining Glaston and Bystronic glass. The company's aim is to develop a cohesive and effective operating model for sales, services and operations, and to continuously improve performance. The first phase of building the joint operating model targets cost synergies, cross-selling, strengthening the joint presence in Asia and further developing integrated line offerings for relevant end markets.

Updated financial targets

In connection with the strategy update, the company also revised its financial targets. Updated targets for 2018–2021:

- Annual growth of net sales exceeding market growth* (CAGR)
- Comparable operating margin before depreciation of intangible assets and excluding purchase price allocations (EBITA) above 8% at the end of the strategy period
- Comparable return on capital employed (ROCE) of more than 14% at the end of the period

*Flat glass market growth over the cycle.

Strategic measures, acquisitions and divestments

The acquisition of Bystronic glass was completed on 1 April 2019. The acquisition is expected to result in significant benefits for stakeholders of the combined company, including creation of significant shareholder value through synergies in services sales and cross-selling new equipment. Cost synergies will come mainly from costs of goods sold, sales & marketing and administration. The transaction also provides additional synergy potential relating to product development, procurement, fixed cost leverage and best practice sharing. More information on the acquisition can be found on the company's website www.glaston.net.

Synergy benefits of integration, cost savings and integration costs

The combination of Glaston and Bystronic glass is expected to result in significant benefits for stakeholders of the combined company, including creation of significant shareholder value through synergies in services sales and cross-selling new equipment as well as estimated annual cost synergies of approximately EUR 4 million by 2021. The cost synergies will come mainly from costs of goods sold, sales & marketing and administration. The transaction also provides additional synergy potential relating to product development, procurement, fixed cost leverage and best practice sharing. Costs and capital expenditure affecting comparability related to the achievement of synergies are estimated at EUR 7–8 million over the same period. Most of the one-time costs are expected to occur during the first year of integration.

Following the completion of the acquisition, in the second quarter of 2019, the company appointed a new Executive Management Group, published an updated strategy, combined the sales and services organizations and their management structures, made decisions on joint operating premises and combined the companies' information and other systems. Cost synergies realized in the second quarter amounted to EUR 0.1 million. Annual costs savings from the measures undertaken will amount to EUR 0.95 million. Second-quarter accumulated integration costs totaled EUR 1.6 million.

INVESTMENTS IN PRODUCT DEVELOPMENT, DIGITALIZATION AND EMERGING TECHNOLOGIES

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.

In January-June, research and product development expenditure, excluding depreciation, totaled EUR 3.8 (2.6) million, of which EUR 0.4 (0.4) million was capitalized. Research and product development expenditure amounted to 4.8 (5.2)% of net sales.

RESPONSIBILITY

Glaston's purpose is to build a better tomorrow through safer, smarter, more energy-efficient glass solutions. As environmental awareness increases, demand for more energy-efficient and environmentally sustainable glass solutions is growing. This is resulting in rapid development of smart glass, very thin glass and solar energy glass solutions. The glass processing industry has actively developed types of glass, such as insulating glass, which can effectively optimize the heating and cooling needs of buildings. As our industry's innovative technology leader, we are strongly involved in this development, and we are continually launching more advanced technology to meet the changing needs of the market. With the acquisition of Bystronic glass, we have gained a strong foothold in the insulating glass market. The use of insulating glass in buildings significantly improves the energy efficiency of buildings.

Responsibility is part of Glaston's everyday way of operating, 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, for example, how the company requires employees to act in their daily work with colleagues and customers, suppliers and other stakeholders. Glaston is committed to complying with the relevant national and international laws, provisions and generally excepted operating practices in all of its activities. In its daily operations, the company is committed to combating bribery and corruption.

The company will develop its corporate responsibility reporting during 2019 with the aim of publishing a more comprehensive corporate responsibility report for 2019.

GOVERNANCE

Shares and shareholders

Glaston Corporation's share is listed on the Nasdaq Helsinki Small Cap list. The trading code for the share 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 2019 was EUR 12.7 (12.7) million.

Shares on Nasdaq Helsinki

1 January–30 June 2019			No. of shares and votes	Share turnover, M€
GLA1V			84 289 911	6.0
	Highest	Lowest	Closing	Average price *)
Share price	1.82	1.19	1.29	1.61
			30.6.2019	31.12.2018
Market value			108.3	89.6
Number of shareholders			6 407	5 977
Foreign ownership, %			27.8	19.5

*) trading-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

General Meetings of Shareholders

Extraordinary General Meeting

An Extraordinary General Meeting of Glaston Corporation was held in Helsinki on 26 February 2019. The Extraordinary General Meeting resolved, as proposed by the Board of Directors, to authorize the Board of Directors to resolve on the issuance of shares for the implementation of a directed share issue and rights offering. The Extraordinary General Meeting also resolved to combine the shares and to redeem the shares related to this, as proposed by the Board of Directors.

Annual General Meeting

The Annual General Meeting of Glaston Corporation was held in Helsinki on 4 April 2019. The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial year 1 January – 31 December 2018 and discharged the Members of the Board of Directors and the President & CEO from liability for the financial year 1 January – 31 December 2018.

In accordance with the proposal of the Board of Directors, Annual General Meeting resolved that, based on the balance sheet adopted for financial year 2018, a return of capital totaling approximately EUR 1,157,067, i.e. EUR 0.03 per share, be distributed. The return of 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, 8 April 2019. The return of capital was paid on 25 April 2019.

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 six. The Annual General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Board, to re-elect the current members of the Board of Directors, Teuvo Salminen, Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Kai Mäenpää and Tero Telaranta for a term of office ending at the close of the next Annual General Meeting. More information on the members of the Board of Directors is available on Glaston Corporation's website at www.glaston.net.

Remuneration of the members of the Board of Directors

The Annual General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Board, that that the annual fees of the members of the Board of Directors be increased so that the Chairman of the Board of Directors will be 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 Annual General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Board, that the members of the Audit and Remuneration Committees to be established will be paid a meeting fee of EUR 500 for each meeting that the members have 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 Remuneration Committee will be paid an annual fee of EUR 7,500.

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

Authorization to the Board of Directors
In accordance with the proposal of the Board of Directors, the Annual General Meeting authorized the Board of Directors to decide on one or more issuances of shares, including 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 consists of a total of up to 4,000,000 shares, representing approximately 10 per cent of the current total number of shares in the company.

The authorisation does not exclude the Board of Directors' right to decide on a directed share issue. The authorisation may 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 a weighty financial reason for issuing shares, options or other rights and possibly directing a share issue would exist.

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 free of charge or that the subscription price may be paid besides in cash also with other assets either partially or entirely (contribution in kind).

The authorization is effective until 30 June 2020 and it revokes earlier corresponding authorizations. In contrast, the authorization does not revoke the authorizations given by the Extraordinary General Meeting of the company on 26 February 2019 to the Board of Directors for share issues of 7,600,000 shares and 46,000,000 shares as set out in more detail in the resolution of the aforementioned General Meeting.

Reduction of the share premium account
In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved that the share premium account, as stated on the parent company's balance sheet on 31 December 2018, that belongs to restricted equity, will be reduced by transferring all funds in the account EUR 25,269,825, to the company's reserve for invested unrestricted equity. A significant amount of funds has accumulated in the company's share premium account based on entries made until 2004 in accordance with the so-called old Limited Liability Companies Act (734/1978), and particularly due to a share issue related to the listing of the company in 1997, when the part of the subscription price of the new shares exceeding the nominal value of the share of that time was entered in the company's share premium account. The entry into force of the reduction of the share premium account is subject to the completion of the creditor protection procedure set out in Chapter 14 of the Limited Liability Companies Act.

Flagging notifications

9 April 2019: Glaston Corporation received a notification, pursuant to Chapter 9 Section 5 of the Finnish Securities Market Act, that AC Invest Eight B.V.'s holding of shares and votes in Glaston Corporation had exceeded 25%.

Changes in the Executive Management Group

In connection with the completion of the Bystronic glass acquisition, Glaston made the following changes to its Executive Management Group. As of 1 April 2019, the Executive Management Group consists of CEO Arto Metsänen, COO and integration lead Sasu Koivumäki, CFO Päivi Lindqvist, as of 27 May 2019 Dietmar Walz, who is responsible for the operations of Bystronic glass, and as of 1 May 2019 Juha Liettyä, who is responsible for Glaston Technologies.

BUSINESS RISKS

Glaston's risks and uncertainties are described in detail in the company's financial statements bulletin for 2018 (https://glaston.net/wp content/uploads/2019/02/SER_PDF_tilinpäätöstiedote2018.pdf) and in the Report of the Board of Directors. During the quarter, there have been no significant changes in risks.

UNCERTAINTIES AND FACTORS AFFECTING DEVELOPMENT 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 continuously monitors the development outlook of 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 3–6 month delay.

In the second quarter of 2019, market uncertainty and trade policy tensions further slowed down decision-making on heat treatment machines in the EMEA area and China. Demand for insulating glass machines was good, and demand is expected to continue to be good throughout the year. The automotive glass market is expected to continue to be challenging.

Some of Bystronic glass' new machine business comes from a small number of automotive industry customers, and a significant weakening in the outlook for the industry may impact order intake and thereby net sales and the result. Due to the project nature of the company's business, the number of orders might fluctuate from one quarter to the next. Uncertainty associated with the timing of the Bystronic glass acquisition, progress with integration and conversion of financial reporting to harmonize with Glaston's accounting principles might have an effect on the company's development in 2019.

GLASTON'S OUTLOOK FOR 2019

Glaston Corporation expects 2019 comparable pro forma EBITA to be at the 2018 level or slightly improve (2018 comparable pro forma EBITA EUR 11.5 million). As the integration process is at an early stage, more uncertainty than usual is associated with the outlook and the company's estimate.

At the end of 2018, Bystronic glass had a significant number of orders that will be recognized as revenue in the second and third quarters of 2019, thereby improving Bystronic glass's net sales and profitability at the beginning of the year. Bystronic glass's fourth quarter net sales and profitability will be significantly lower than in the early part of the year. The Glaston segment's lower than 2018 first half order intake and result will affect the segment's 2019 result. The segment's net sales and result will be skewed towards the second half of the year and particularly to the fourth quarter, when several orders received at the end of 2018 will be delivered.

GLASTON CORPORATION
CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 30 JUNE 2019

This interim report has been prepared in accordance with IAS 34. The interim report has been prepared in accordance with the same accounting principles as the annual financial statements for 2018, except for the impact of the new standard IFRS 16 Leases, which took effect on 1 January 2019.

Glaston is applying the new leasing standard 'IFRS 16 leases' fully retrospectively from 1 January 2019 and has restated the comparable figures accordingly for 2018.

These interim financial statements are non 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		restated*		restated*	restated*
EUR million	**4-6/2019**	**4-6/2018**	**1-6/2019**	**1-6/2018**	**1-12/2018**
Net sales	**58.4**	**25.6**	**79.2**	**50.3**	**101.1**
Other operating income	0.4	0.9	0.7	1.2	2.2
Expenses	-56.0	-24.4	-76.6	-47.3	-94.7
Depreciation, amortization and impairment	-1.6	-0.8	-2.3	-1.5	-3.0
Depreciation of right-of-use assets	-0.8	-0.5	-1.3	-0.9	-1.8
Operating result	**0.4**	**0.9**	**-0.3**	**1.8**	**3.8**
Financial items, net	-1.5	-0.1	-1.7	-0.4	-0.7
Interest expenses on lease liabilities	-0.1	-0.1	-0.2	-0.3	-0.5
Result before income taxes	**-1.1**	**0.7**	**-2.2**	**1.2**	**2.6**
Income taxes	-0.7	-0.2	-0.8	-0.4	-0.7
Profit / loss for the period	**-1.8**	**0.5**	**-3.0**	**0.7**	**1.9**
Attributable to:					
Owners of the parent	-1.8	0.5	-3.0	0.8	2.1
Non-controlling interest	-0.0	-0.0	-0.0	-0.1	-0.2
Total	**-1.8**	**0.5**	**-3.0**	**0.7**	**1.9**
Earnings per share, EUR [1]	-0.028	0.009	-0.050	0.016	0.041
Earnings per share, EUR, basic and diluted	**-0.028**	**0.009**	**-0.050**	**0.016**	**0.041**
Operating result, as % of net sales	0.7	3.6	-0.4	3.7	3.8
Profit / loss for the period, as % of net sales	-3.1	1.8	-3.7	1.5	1.9
Items affecting comparability	-2.1	-0.0	-2.9	-0.2	-1.8
Comparable operating result	2.5	0.9	2.6	2.0	5.7
Comparable operating result, as % of net sales	4.3	3.6	3.3	4.0	5.6

[1] Reverse share split was implemented on 1 March 2019. Rights issue was implemented during the second quarter in 2019. The number of shares and the share price for the comparative period has been restated accordingly.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
Profit / loss for the period	**-1.8**	**0.5**	**-3.0**	**0.7**	**1.9**
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	-0.2	0.2	-0.2	0.1	0.1
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	0.2	-0.2	0.1	-0.2	-0.1
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	-0.2	-	-0.2	-	0.0
Other comprehensive income for the reporting period, net of tax	**-0.1**	**0.1**	**-0.3**	**-0.1**	**0.0**
Total comprehensive income for the reporting period	**-2.0**	**0.5**	**-3.3**	**0.7**	**1.9**
Attributable to:					
Owners of the parent	-1.9	0.5	-3.2	0.8	2.1
Non-controlling interest	-0.0	-0.0	0.0	-0.1	-0.2
Total comprehensive income for the reporting period	**-2.0**	**0.5**	**-3.3**	**0.7**	**1.9**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		restated*	restated*
EUR million	30.6.2019	30.6.2018	31.12.2018
Assets			
Non-current assets			
Goodwill	57.7	30.6	30.6
Other intangible assets	19.8	6.1	5.8
Property, plant and equipment	25.3	8.2	7.7
Right-of-use assets	10.6	8.9	8.0
Financial assets measured at fair value through other comprehensive income	3.0	3.0	3.0
Loan receivables	3.0	1.3	3.2
Deferred tax assets	1.1	0.9	0.6
Total non-current assets	**120.5**	**59.0**	**58.8**
Current assets			
Inventories	51.0	8.6	5.8
Receivables			
Trade and other receivables	32.7	18.7	15.7
Contract assets	21.0	10.9	10.3
Assets for current tax	0.3	0.1	0.4
Total receivables	54.0	29.7	26.4
Cash equivalents	43.4	5.8	7.9
Total current assets	**148.4**	**44.0**	**40.0**
Total assets	**268.8**	**103.0**	**98.9**

EUR million	30.6.2019	restated* 30.6.2018	restated* 31.12.2018
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	86.4	39.6	39.6
Treasury shares	-	-3.3	-3.3
Fair value reserve	0.1	0.1	0.1
Other unrestricted equity reserves	0.1	-0.1	0.0
Retained earnings and exchange differences	-41.8	-40.2	-40.2
Net result attributable to owners of the parent	-3.0	0.8	2.1
Equity attributable to owners of the parent	**79.9**	**35.0**	**36.3**
Non-controlling interest	**0.0**	**0.2**	**0.1**
Total equity	**79.9**	**35.2**	**36.4**
Non-current liabilities			
Non-current interest-bearing liabilities	41.6	9.4	8.1
Non-current lease liabilities	10.2	8.0	7.6
Non-current interest-free liabilities and provisions	0.9	1.0	0.7
Deferred tax liabilities	6.1	0.3	0.2
Total non-current liabilities	**58.9**	**18.7**	**16.5**
Current liabilities			
Current interest-bearing liabilities	33.6	4.6	4.6
Current lease liabilities	1.7	1.9	1.5
Current provisions	5.0	1.9	1.7
Trade and other current interest-free payables	72.0	24.0	37.3
Contract liabilities	17.3	16.5	0.7
Liabilities for current tax	0.4	0.2	0.2
Total current liabilities	**130.0**	**49.2**	**46.0**
Total liabilities	**188.9**	**67.8**	**62.5**
Total equity and liabilities	**268.8**	**103.0**	**98.9**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	4-6/2019	restated* 4-6/2018	1-6/2019	restated* 1-6/2018	restated* 1-12/2018
Cash flows from operating activities					
Cash flow before change in net working capital	-1.1	0.6	-2.1	1.5	5.0
Change in net working capital	-4.3	1.3	-1.6	-6.1	-5.1
Net cash flow from operating activities	**-5.4**	**1.9**	**-3.7**	**-4.6**	**-0.0**
Cash flow from investing activities					
Acquisition of subsidiaries less cash at the date of acquisition	-51.2	-	-51.2	-	-
Purchase of loan receivables of subsidiaries acquired	-16.9		-16.9		
Other purchases of non-current assets	-1.0	-0.5	-1.9	-0.9	-1.8
Proceeds from sale of business	0.2	-	0.2	-	0.1
Proceeds from sale of other non-current assets	-0.0	0.0	-0.0	0.0	0.2
Net cash flow from investing activities	**-68.9**	**-0.5**	**-69.9**	**-0.9**	**-1.5**
Cash flow before financing	**-74.4**	**1.4**	**-73,5**	**-5.5**	**-1.5**
Cash flow from financing activities					
Share issue	43.2	-	48.0	-	-

Increase in non-current liabilities	40.1	0.0	40.1	0.0	0.0
Decrease in non-current liabilities	-5.2	-	-5.2	-	-
Changes in loan receivables (increase - / decrease +)	-	0.2	-	0.2	-0.5
Increase in short-term liabilities	32.0	4.0	33.0	4.0	9.0
Decrease in short-term liabilities	-2.0	-3.0	-5.3	-3.3	-9.6
Return of capital	-1.2	-1.9	-1.2	-1.9	-1.9
Net cash flow from financing activities	**106.9**	**-0.7**	**109.4**	**-1.1**	**-3.0**
Effect of exchange rate changes	**-0.0**	**-0.2**	**-0.3**	**-0.0**	**0.0**
Net change in cash and cash equivalents	**32.5**	**0.5**	**35.6**	**-6.6**	**-4.5**
Cash and cash equivalents at the beginning of period	10.9	5.3	7.9	12.4	12.4
Cash and cash equivalents at the end of period	43.4	5.8	43.4	5.8	7.9
Net change in cash and cash equivalents	**32.5**	**0.5**	**35.6**	**-6.6**	**-4.5**

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, 2018	**12.7**	**25.3**	**41.6**	**-3.3**	**0.3**	**-44.1**	**4.5**	**36.9**	**0.2**	**37.1**
Restate: IFRS 16	**-**	**-**	**-**	**-**	**-**	-0.1	-0.6	**-0.7**	**-**	**-0.7**
Restated equity at 1 January, 2018	**12.7**	**25.3**	**41.6**	**-3.3**	**0.3**	**-44.2**	**3.9**	**36.2**	**0.2**	**36.4**
Total compr. income for the period	-	-	-	-	-0.1	0.8	0.1	**0.8**	-0.1	**0.7**
Return of capital	-	-	-1.9	-	-	-	-	**-1.9**	**-**	**-1.9**
Equity at 30 June, 2018	**12.7**	**25.3**	**39.6**	**-3.3**	**0.1**	**-43.4**	**3.9**	**35.0**	**0.2**	**35.2**

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, 2019	**12.7**	**25.3**	**39.6**	**-3.3**	**0.2**	**-42.1**	**3.9**	**36.3**	**0.1**	**36.4**
Total compr. income for the period	-	-	-	-	0.1	-3.1	-0.2	**-3.2**	-0.0	**-3.3**
Changes in non-controlling interest	-	-	-	-	-	-	-	**-**	-0.1	**-0.1**
Change in treasury shares	-	-	-	3.3	-	-3.3	-	**0.0**	-	**0.0**
Return of capital	-	-	-1.2	-	-	-	-	**-1.2**	-	**-1.2**
Share issue	-	-	48.0	-	-	-	-	**48.0**	-	**48.0**
Equity at 30 June, 2019	**12.7**	**25.3**	**86.4**	**-**	**0.3**	**-48.4**	**3.7**	**79.9**	**0.0**	**79.9**

KEY RATIOS	30.6.2019	restated* 30.6.2018	restated* 31.12.2018
EBITDA, as % of net sales	4.1	8.5	8.6
Comparable EBITDA, as % of net sales	7.8	8.8	10.4
Operating profit (EBIT), as % of net sales	-0.4	3.7	3.8
Comparable operating profit (EBIT), as % of net sales	3.3	4.0	5.6
Comparable EBITA, as % of net sales	5.3	5.9	7.5
Profit / loss for the period, as % of net sales	-3.7	1.5	1.9
Gross capital expenditure, EUR million	59,2	0,9	2,0
Gross capital expenditure, as % of net sales	74,8	1,7	2,0
Equity ratio, %	34.5	41.0	44.4
Gearing, %	109.1	67.9	59.8
Net gearing, %	54.8	51.5	38.2
Net interest-bearing debt, EUR million	43.8	18.1	13.9
Capital employed, end of period, EUR million	167.1	59.0	58.2
Return on equity, %, annualized	-10.2	4.2	5.3
Return on capital employed, %, annualized	-0.6	6.3	6.5
Number of personnel, average	692	374	379
Number of personnel, end of period	808	382	357

PER SHARE DATA	30.6.2019	restated* 30.6.2018	restated* 31.12.2018
Number of registered shares, end of period, adjusted with share issue (1.000) (1	84 290	38 727	38 727
Number of shares, average, adjusted with share issue, treasury shares excluded (1.000) (1	59 651	51 302	51 302
EPS, total, basic and diluted, adjusted with share issue, EUR (1	-0.050	0.016	0.041
Adjusted equity attributable to owners of the parent per share, EUR (1	0.95	0.68	0.71
Return of capital per share, EUR	-	-	0.030
Return of capital ratio, %	-	-	73.9
Return of capital yield	-	-	2.1
Price per adjusted earnings per share (P/E) ratio (1	-25.8	108.9	35.4
Price per adjusted equity attributable to owners of the parent per share (1	1.36	2.56	2.03
Market capitalization of registered shares, EUR million (1	108.3	89.6	73.7
Share turnover, % (number of shares traded, % of the average registered number of shares) (1	2.2	5.3	8.4
Number of shares traded, (1.000) (1	1 302	2 699	4 307
Closing price of the share, EUR (1	1.29	1.75	1.44
Highest quoted price, EUR (1	1.82	1.89	1.89
Lowest quoted price, EUR (1	1.19	1.46	1.38
Volume-weighted average quoted price, EUR (1	1.61	1.69	1.65

(1 Reverse share split was implemented on 1 March 2019. The number of shares and the share price for the comparative period has been restated accordingly

SEGMENT INFORMATION

Glaston's reportable segments as of April 1, 2019 are Glaston and Bystronic glass.

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 its third party transactions.

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.

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	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
Glaston	18.1	25.4	41.1	52.0	107.6
Bystronic glass	26.4	-	26.4	-	
Total Glaston Group	**44.5**	**25.4**	**67.4**	**52.0**	**107.6**

Net sales

EUR million	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
Glaston	23.8	25.6	44.6	50.3	101.1
Bystronic glass	34.6	-	34.6	-	-
Total Glaston Group	**58.4**	**25.6**	**79.2**	**50.3**	**101.1**

Operating result (EBIT)

EUR million	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
Glaston	-1.7	0.9	-2.5	1.8	3.8
Bystronic glass	2.2	-	2.2	-	-
Total Glaston Group	**0.4**	**0.9**	**-0.3**	**1.8**	**3.8**
Operating result %	0.7 %	3.6 %	-0.4 %	3.7 %	3.8 %

Comparable EBIT

EUR million	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
Glaston	-0.4	0.9	-0.3	2.0	5.7
Bystronic glass	2.9	-	2.9	-	-
Total Glaston Group	**2.5**	**0.9**	**2.6**	**2.0**	**5.7**
Comparable EBIT %	4.3 %	3.6 %	3.3 %	4.0 %	5.6 %

Comparable EBITA

EUR million	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
Glaston	-0.1	1.4	0.5	3.0	7.6
Bystronic glass	3.7	-	3.7	-	-
Total Glaston Group	**3.6**	**1.4**	**4.2**	**3.0**	**7.6**
Comparable EBITA %	6.2 %	5.4 %	5.3 %	5.9 %	7.5 %

Segment assets

EUR million	1-6/2019	1-6/2018	1-12/2018
Glaston	94.8	92.5	85.3
Bystronic Glass	118.5	-	-
Total segment assets	**213.3**	**92.5**	**85.3**
Other assets	49.6	10.4	13.6
Total assets	**263.0**	**103.0**	**98.9**

Segment liabilities

EUR million	1-6/2019	1-6/2018	1-12/2018
Glaston	45.1	43.3	40.3
Bystronic glass	49.0	-	-
Total segment liabilities	**94.1**	**43.3**	**40.3**
Other liabilities	89.0	24.6	22.2
Total liabilities	**183.0**	**67.8**	**62.5**

Personnel at the end of the period

EUR million	1-6/2019	1-6/2018	1-12/2018
Glaston	372	382	357
Bystronic glass	436	-	-
Total personnel at the end of the period	**808**	**382**	**357**

ORDER INTAKE, ORDER BOOK, NET SALES AND OPERATING RESULT BY QUARTERS

Order intake

EUR million	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	18.1	22.9	33.9	21.7	25.4	26.5
Bystronic glass	26.4	-	-	-	-	-
Total Glaston Group	**44.5**	**22.9**	**33.9**	**21.7**	**25.4**	**26.5**

Order book

EUR million	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	31.1	42.8	38.2	36.3	37.3	36.0
Bystronic glass	47.7	-	-	-	-	-
Total Glaston Group	**78.9**	**42.8**	**38.2**	**36.3**	**37.3**	**36.0**

Net sales

EUR million	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	23.8	20.8	27.8	23.0	25.6	24.8
Bystronic glass	34.6	-	-	-	-	-
Total Glaston Group	**58.4**	**20.8**	**27.8**	**23.0**	**25.6**	**24.8**

Operating result (EBIT)

EUR million	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	-1.7	-0.8	1.2	0.7	0.9	0.9
Bystronic glass	2.2	-	-	-	-	-
Total Glaston Group	**0.4**	**-0.8**	**1.2**	**0.7**	**0.9**	**0.9**
Operating result %	0.7 %	-3.6 %	4.5 %	3.2 %	3.6 %	3.8 %

Comparable EBIT

EUR million	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	-0.4	0.1	2.6	1.1	0.9	1.1
Bystronic glass	2.9	-	-	-	-	-
Total Glaston Group	**2.5**	**0.1**	**2.6**	**1.1**	**0.9**	**1.1**
Comparable EBIT %	4.3 %	0.4 %	9.2 %	4.7 %	3.6 %	4.4 %

Comparable EBITA

EUR million	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	-0.1	0.6	3.0	1.6	1.4	1.6
Bystronic glass	3.7	-	-	-	-	-
Total Glaston Group	**3.6**	**0.6**	**3.0**	**1.6**	**1.4**	**1.6**
Comparable EBITA %	6.2 %	2.7 %	10.9 %	6.8 %	5.4 %	6.3 %

COMPARABLE EBIT AND EBITA

Items affecting comparability

EUR million	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
Re-structuring	-2.1	0.0	-2.9	-0.2	-1.8
Items affecting comparability	**-2.1**	**0.0**	**-2.9**	**-0.2**	**-1.8**

Comparable operating result (EBIT) and EBITA

		restated*		restated*	restated*
EUR million	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
Operating result	0.4	0.9	-0.3	1.8	3.8
Items affecting comparability	2.1	0.0	2.9	0.2	1.8
Comparable EBIT	**2.5**	**0.9**	**2.6**	**2.0**	**5.7**
Operating result	**0.4**	**0.9**	**-0.3**	**1.8**	**3.8**
Amortization and purchase price allocation	1.1	0.5	1.6	0.9	1.9
EBITA	**1.5**	**1.4**	**1.3**	**2.8**	**5.7**
Items affecting comparability	2.1	0.0	2.9	0.2	1.8
Comparable EBITA	**3.6**	**1.4**	**4.2**	**3.0**	**7.6**
% of net sales	6.2 %	5.4 %	5.3 %	5.9 %	7.5 %

COMPARISON BETWEEN RESTATED AND REPORTED FIGURES (IFRS16)

	Restated	Reported	Restated	Reported
EUR million	1-6/2018	1-6/2018	1-12/2018	1-12/2018
Net sales Glaston Group total	50.3	50.3	101.1	101.1
Comparable EBIT	**2.0**	**1.8**	**5.7**	**5.2**
Comparable EBIT-%	4.0	3.6	5.6	5.2
Items affecting comparability	-0.2	-0.2	-1.8	-1.8
EBIT	**1.8**	**1.6**	**3.8**	**3.4**
EBIT-%	3.7	3.2	3.8	3.4

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	1-6/2019	1-6/2018	1-12/2018
Carrying amount at beginning of the period	7.7	8.4	8.4
Additions	1.2	0.4	0.9
Additions, business acquisitions	39.8	-	-
Disposals	-0.0	-0.0	-0.4
Depreciation and amortization	-0.9	-0.6	-1.1
Depreciation and amortization, business acquisitions	-22.4	-	-
Reclassification and other changes	-0.2	-	0.0
Exchange differences	0.0	0.0	-0.0
Carrying amount at end of the period	25.3	8.2	7.7

At the end of June 2019 and 2018 Glaston had not contractual commitments for the acquisition of property, plant and equipment.

INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	1-6/2019	1-6/2018	1-12/2018
Carrying amount at beginning of the period	36.3	37.1	37.1
Additions	0.6	0.5	1.1
Additions, business acquisitions	47.2	-	-
Disposals	-0.0	-	-
Depreciation and amortization	-1.4	-0.9	-1.9
Depreciation and amortization, business acquisitions	-5.1	-	-
Reclassification and other changes	0.0	-	0.0
Exchange differences	0.0	0.0	-0.0
Carrying amount at end of the period	77.5	36.6	36.3

LEASES IN THE BALANCE SHEET

EUR million

Right-of-use assets	1-6/2019	1-6/2018	1-12/2018
Carrying amount at beginning of the period	8.0	9.3	9.3
Additions	4.9	0.5	0.5
Deprication expense	-2.3	-0.9	-1.8
Carrying amount at end of the period	10.6	8.9	8.0

EUR million

Lease liabilities	1-6/2019	1-6/2018	1-12/2018
Carrying amount at beginning of the period	9.0	10.2	10.2
Additions	3.9	0.5	0.5
Interest expense	0.2	0.3	0.5
Rental payment	-1.3	-1.1	-2.3
Carrying amount at end of the period	11.9	9.9	9.0

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	1-6/2019	1-6/2018	1-12/2018
Depreciation of right-of-use assets	-2.3	-0.9	-1.8
Interest expense on lease liabilities	-0.2	-0.3	-0.5
Short-term lease expense	-0.1	-0.1	-0.2
Total amounts recognised in profit or loss	**-2.5**	**-1.3**	**-2.6**

CONTINGENT LIABILITIES

EUR million	30.6.2019	30.6.2018	31.12.2018
Mortgages and pledges			
On own behalf	166.9	166.9	166.9
Guarantees			
On own behalf	11.7	10.3	6.2
On behalf of others	0.1	0.2	0.1

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	30.6.2019		30.6.2018		31.12.2018	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forwards						
Currency forward contracts	8.3	0.0	8.1	-0.1	11.9	-0.1

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

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

	2019	2018
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	30.6.2019				30.6.2018				31.12.2018			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Assets												
Listed shares	0.2	-	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	-	0.0	-	**0.0**	-	-	-	**-**	-	-	-	**-**
Total	**0.2**	**0.0**	**2.8**	**3.1**	**0.2**	**-**	**2.8**	**3.0**	**0.2**	**-**	**2.8**	**3.0**
Liabilities												
Currency forward contracts	-	-	-	**-**	-	-0.1	-	**-0.1**	-	-0.1	-	**-0.1**
Total	**-**	**-**	**-**	**-**	**-**	**-0.1**	**-**	**-0.1**	**-**	**-0.1**	**-**	**-0.1**

BUSINESS COMBINATIONS

Bystronic Glass acquisition on 1 April 2019

On 1 April 2019, Glaston Corporation completed the acquisition of the Swiss-German company Bystronic glass for an enterprise value of EUR 68 million.

Glaston Services Ltd Oy aquired 100% of shares of Bystronic Maschinen AG and Bystronic Lenhardt GmbH and their subsidiaries. The purchase price of shared acquired was EUR 56.2 million.

Bystronic glass provides globally high-end machinery, systems and services provider for glass processing.

The acquisition is in line with Glaston's strategy and supports Glaston's objective of further strengthening its position in the glass processing value chain, expanding Glaston's offering in terms of insulation glass for the architectural market and in pre-processing for the automotive and display industry markets. Through the acquisition, Glaston has a unique and value-adding offering benefitting its customers. The acquisition provides excellent opportunities for cross-selling of new equipment, for providing services directly from one supplier and for the joint development of integrated production lines. In addition, Bystronic glass will support the company's growth targets in emerging glass technologies. As a result of the acquisition, Glaston Corporation will grow substantially, and this will also offer a platform for growth and consolidation in the future.

PRELIMINARY BYSTRONIC GLASS PURCHASE PRICE ALLOCATION

EUR million	Acquired assets and liabilities fair value
Non-current assets	
Intangible assets	14.9
Tangible assets	17.4
Right-of-use assets	1.3
Deferred tax assets	1.8
Total non-current assets	**35.5**
Current assets	
Inventory	30.3
Trade and other receivables	15.4
Cash and cash equivalents	5.1
Total current assets	**50.8**
Total assets	**86.3**
Non-current liabilities	
Non-current lease liabilities	1.2
Non-current interest-free liabilities and provisions	0.1
Deferred tax liabilities	6.6
Defined benefit pensions and other long-term employee benefits liabilities	0.2
Total non-current liabilities	**8.1**
Current liabilities	
Current interest-bearing liabilities	16.9
Current lease liabilities	0.3
Current provisions	3.5
Trade and other payables	25.0
Contract liabilities	3.2
Liabilities for current tax	0.3
Total current liabilities	**49.2**
Total liabilities	**57.3**
Total net assets acquired	**29.0**
Goodwill	**27.1**
Consideration paid	**56.2**

PRELIMINARY FAIR VALUE ADJUSTMENTS

	Fair value adjustments EUR million	Estimated useful life (years)	Depreciation/ amortization /year EUR million
Buildings	4.8	20	0.2
Land	5.4	N/A	-
Trademark	3.1	3	1.0
Customer relationships	11.4	10	1.1
Inventory	0.7	2	0.4
Total	**25.4**		**2.8**
Related deferred tax liablity	5.9		

FINANCING OF THE BYSTRONIC GLASS ACQUISITION

The purchase price was paid in full on 1 April 2019. The Board of Directors of Glaston Corporation decided on a directed share issue of approximately EUR 15 million, based on the authorization granted by Glaston's Extraordinary General Meeting held on 26 February 2019. The proceeds of the directed share issue will be used to finance part of the acquisition of Bystronic glass. In the directed share issue, the Board of Directors resolved to issue a total of 7,407,405 new shares to AC Invest Eight B.V., Hymy Lahtinen Oy, Ilmarinen Mutual Pension Insurance Company and Varma Mutual Pension Insurance Company in deviation from the pre-emptive subscription right of the shareholders. The number of shares represented approximately 19.1% of all the shares in Glaston immediately before the completion of the directed share issue.

The subscription price was approximately EUR 2.025 per share and was based on the volume-weighted average closing price of the Glaston share on Nasdaq Helsinki Ltd in the five trading days immediately preceding the announcement of the acquisition on 25 January 2019, adjusted with the reverse share split registered on 1 March 2019. The subscription price for the new shares will be recorded in the reserve for invested unrestricted equity.

In connection with the Bystronic acquisition, Glaston signed a new long-term financing agreement, which will be used for financing the transaction, refinancing Glaston's existing loan facilities as well as general working capital and guarantee needs. The package consists of borrowings by Glaston under senior secured credit facilities in an aggregate amount of EUR 75 million, comprising (i) a term loan amounting to EUR 40 million and (ii) a revolving credit facility amounting to EUR 35 million, each with 3-year maturity from the closing of the acquisition. The financial covenants used in the financing agreement are gearing (net debt/equity) and leverage (net debt/EBITDA).

Transaction costs arising from the acquisition were recognized as items affecting comparability during the first half in 2019 of totaling EUR 1.3 million.

On the basis of the authorization given by the Extraordinary General Meeting on 26 February 2019, Glaston's Board of Directors decided on a rights issue of EUR 34 million with pre-emptive subscription rights to existing shareholders of the Company. The purpose of the share issue was to repay the remaining bridge loan.

The subscription rights issue of Glaston on 19 June 2019, was subscribed with subscription rights using 37,236,320 shares, which corresponds to approximately 97.19 percent of the new shares offered. The remaining shares offered were subscribed in the secondary issue The subscription price was EUR 0.89 per offer share. Glaston will receive approximately EUR 34 million from the offering before taking into account the transaction costs associated with the offering. As a result of the share issue, the number of Company's shares increased by 38,313,595 shares from 45,976,316 shares to a total of 84,289,911 shares. The new shares have been registered in the trade register on 27 June 2019.

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*:
(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, share of associates' results included +/- items affecting comparability

Comparable EBITDA:
Operating result before amortization f and impairment, share of associates' results included +/- 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 and exceptionally large gains or losses on tangible and intangible assets are restated as an item affecting comparability.

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, 2019.

IFRS 16 Leases

Glaston is applying the new leases standard 'IFRS 16 leases' fully retrospectively from 1 January 2019, and has prepared a restated income statement and balance sheet for 2018.

Under IFRS 16, all leases over 12 months in length are recognized in the lessee's statement of financial position. The lessee recognizes in the statement of financial position a right-of-use asset item, based on its right to use the said asset, and a lease liability item corresponding to the present value of the asset, based on the obligation to make the lease payments. The lessor's reporting remains unchanged, namely leases are still subdivided into finance leases and other leases. IFRS 16 Leases contains exemptions for leases of 12 months or less and for low-value assets. Glaston applies the exemptions permitted by IFRS 16 for leases of 12 months or less and for low-value assets and continues to treat them as other leases.

IFRS 16 has a significant impact on the statement of profit and loss and the statement of financial position, as well as on some key ratios. The application of IFRS 16 increases significantly EBITDA and comparable EBITDA and slightly improves operating profit and comparable operating profit, when the lease expenditure recognized in the statement of profit and loss is replaced by the amortization of right-of-use assets and interest expenses recognized in financing items. In addition, the change in deferred tax is recognized in income taxes. Assets in the statement of financial position are increased by the right-of-use asset calculated at the inception of each lease, which is amortized over the lease term. The amount of interest-bearing debt significantly increases by the discounted amount of the lease liability.

Under IFRS 16 Leases, the amount of the right-of-use asset and the liability is calculated by discounting future minimum lease payments. The discount rate will primarily be the interest rate implicit in the lease, if available. In leases where the implicit interest rate is not specified, the discount rate used is the lessee's incremental borrowing rate, the components of which are the currency-specific reference rate, the interest margin and any country or currency risk premium. In the case of retrospective application, the lessee's incremental borrowing rate is determined for the inception of the lease and the minimum lease payments are discounted from the commencement date of each lease.

Glaston has leases that, prior to the entry into effective of IFRS 16 Leases, have been classified as other leases and recognized as a lease expenditure in the statement of profit and loss based on the passage of time. Under the new standard that became effective from 1 January 2019, for some of these leases an asset and liability equivalent to the present value of the minimum lease payments at the inception of the lease is recognized in the statement of financial position, thereby significantly increasing the assets and liabilities presented in the statement of financial position. At the end of 2018, Glaston had 12 leased properties with a lease liability of EUR 11.4 million, and also other lease liabilities totaling EUR 0.3 million. Based on IFRS 16 Leases, the content of leases recognized in the statement of financial position differs from the current reporting of lease liability stated in the notes to the statement of financial position with respect to, for example, leases of 12 months or less and low-value assets. Timing-related differences also arise, as lease liabilities reported in notes to the consolidated financial statements also include the nominal amount of liability for leases that will enter into force in the future, while under IFRS 16 Leases, leases are recognized in the balance sheet at the inception of the lease.

In the statement of financial position restated according to IFRS 16, the Group's right-of-use assets amounted to EUR 8.0 million and the corresponding interest-bearing liabilities to EUR 9.0 million. The Group's comparable operating profit increases to EUR 5.7 million (reported 5.2), as operating profit is burdened by depreciation instead of lease payments. The interest expenses on interest-bearing liabilities calculated in accordance with the standard are recognized in the statement of profit and loss, which increases net financial expenses for January-December 2018 to EUR -1.2 million (reported -0.7). The restated profit for 2018 is therefore EUR 1.9 million (reported 2.0). The Group's interest-bearing net debt grows to a total of EUR 13.9 million (reported 4.9) and gearing to 38.2% (reported 13.1). The Group's equity ratio falls to 44.4% (reported 50.3).

NOTE 1

GLASTON AND BYSTRONIC GLASS PRO FORMA 2018 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 2018. 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.

Further information on the basis for the presentation of unaudited pro forma -information is available on the Glaston subscription rights brochure dated 29 May 2019. The brochure is available on Glaston's website.

In Glaston's Rights Issue Prospectus,published on 29 May in 2019 the preliminary costs from purchase price allocation was 3.9 milj eur /year. Fair values have been revised and updated costs from purchase price allocation is 2,8 milj eur /year

CONDENSED PRO FORMA STATEMENT OF PROFIT OR LOSS

EUR million	Actual 4-6/2019	Pro forma 4-6/2018	Pro forma 1-6/2019	Pro forma 1-6/2018	Pro forma 1-12/2018
Net sales	**58.4**	**55.4**	**102.8**	**109.6**	**201.8**
Other operating income	0.4	1.2	0.9	1.4	2.2
Expenses	-56.0	-51.5	-97.8	-101.2	-190.4
Depreciation, amortization and impairment	-1.6	-1.6	-3.2	-3.2	-6.6
Depreciation of right-of-use assets	-0.8	-0.7	-1.5	-1.3	-2.6
Operating result	**0.4**	**2.8**	**1.2**	**5.3**	**4.4**
Financial items, net	-1.5	-0.6	-1.8	-1.2	-2.7
Interest expenses on lease liabilities	-0.1	-0.2	-0.2	-0.3	-0.6
Result before income taxes	**-1.1**	**2.1**	**-0.8**	**3.8**	**1.1**
Income taxes	-0.7	0.0	-1.4	-0.7	-0.2
Profit / loss for the period	**-1.8**	**2.1**	**-2.1**	**3.1**	**0.9**
Average number of share issues adjusted (1000)	59 651	51 302	59 651	51 302	51 302
Earnings per share	**-0.031**	**0.042**	**-0.035**	**0.060**	**0.018**

Net sales

EUR million	Actual 4-6/2019	Pro forma 4-6/2018	Pro forma 1-6/2019	Pro forma 1-6/2018	Pro forma 1-12/2018
Glaston	23.8	25.6	44.6	50.3	101.1
Bystronic glass	34.6	29.8	58.1	59.2	100.7
Total Glaston Group	**58.4**	**55.4**	**102.8**	**109.6**	**201.8**

Operating result (EBIT)

EUR million	Actual 4-6/2019	Pro forma 4-6/2018	Pro forma 1-6/2019	Pro forma 1-6/2018	Pro forma 1-12/2018
Glaston	-1.7	0.9	-2.5	1.8	3.8
Bystronic glass	2.2	1.9	3.7	3.5	0.6
Total Glaston Group	**0.4**	**2.8**	**1.2**	**5.3**	**4.4**

Comparable EBIT

EUR million	Actual 1-6/2019	Pro forma 4-6/2018	Pro forma 1-6/2019	Pro forma 1-6/2018	Pro forma 1-12/2018
Glaston	-0.4	0.9	-0.4	2.0	5.7
Bystronic glass	2.9	1.9	4.5	3.5	1.1
Total Glaston Group	**2.5**	**2.8**	**4.1**	**5.5**	**6.7**

Comparable EBITA

EUR million	Actual 4-6/2019	Pro forma 4-6/2018	Pro forma 1-6/2019	Pro forma 1-6/2018	Pro forma 1-12/2018
Glaston	-0.1	1.4	0.5	3.0	7.6
Bystronic glass	3.7	2.6	6.0	4.9	3.9
Total Glaston Group	**3.6**	**4.0**	**6.4**	**7.8**	**11.5**

Order intake

EUR million	Actual 4-6/2019	Pro forma 4-6/2018	Pro forma 1-6/2019	Pro forma 1-6/2018	Pro forma 1-12/2018
Glaston	18.1	25.4	41.1	52.0	107.6
Bystronic glass	26.4	27.4	48.8	57.1	109.1
Total Glaston Group	**44.5**	**52.8**	**89.8**	**109.0**	**216.7**

PRO FORMA NET SALES, OPERATING RESULT AND ORDER INTAKE BY QUARTERS

Net sales

EUR million	Actual 4-6/2019	Pro forma 1-3/2019	Pro forma 10-12/2018	Pro forma 7-9/2018	Pro forma 4-6/2018	Pro forma 1-3/2018
Glaston	23.8	20.8	27.8	23.0	25.6	24.8
Bystronic Glass	34.6	23.6	17.1	24.4	29.8	29.4
Total Glaston Group	**58.4**	**44.3**	**44.9**	**47.3**	**55.4**	**54.2**

Operating result (EBIT)

EUR million	Actual 4-6/2019	Pro forma 1-3/2019	Pro forma 10-12/2018	Pro forma 7-9/2018	Pro forma 4-6/2018	Pro forma 1-3/2018
Glaston	-1.7	-0.8	1.2	0.7	0.9	0.9
Bystronic glass	2.2	1.6	-4.2	1.3	1.9	1.6
Total Glaston Group	**0.4**	**0.8**	**-2.9**	**2.0**	**2.8**	**2.5**
Operating result %	0.7 %	1.8 %	-6.6 %	4.3 %	5.1 %	4.6 %

Comparable EBIT

EUR million	Actual 4-6/2019	Pro forma 1-3/2019	Pro forma 10-12/2018	Pro forma 7-9/2018	Pro forma 4-6/2018	Pro forma 1-3/2018
Glaston	-0.4	0.0	2.6	1.1	0.9	1.1
Bystronic glass	2.9	1.6	-3.7	1.3	1.9	1.6
Total Glaston Group	**2.5**	**1.6**	**-1.1**	**2.4**	**2.8**	**2.7**
Comparable EBIT %	4.3 %	3.6 %	-2.4 %	5.0 %	5.1 %	4.9 %

Comparable EBITA

EUR million	Actual 4-6/2019	Pro forma 1-3/2019	Pro forma 10-12/2018	Pro forma 7-9/2018	Pro forma 4-6/2018	Pro forma 1-3/2018
Glaston	-0.1	0.5	3.0	1.6	1.4	1.6
Bystronic glass	3.7	2.3	-2.9	2.0	2.6	2.3
Total Glaston Group	**3.6**	**2.8**	**0.1**	**3.5**	**4.0**	**3.9**
Comparable EBITA %	6.2 %	6.4 %	0.2 %	7.5 %	7.2 %	7.1 %

Order intake

EUR million	Actual **4-6/2019**	Pro forma **1-3/2019**	Pro forma **10-12/2018**	Pro forma **7-9/2018**	Pro forma **4-6/2018**	Pro forma **1-3/2018**
Glaston	18.1	22.9	33.9	21.7	25.4	26.5
Bystronic glass	26.4	22.4	29.5	22.6	27.4	29.7
Total Glaston Group	**44.5**	**45.3**	**63.4**	**44.2**	**52.8**	**56.2**

Order book

EUR million	Actual **30.6.2019**	Pro forma **31.3.2019**	Pro forma **31.12.2018**	Pro forma **30.9.2018**	Pro forma **30.6.2018**	Pro forma **31.3.2018**
Glaston	31.1	42.8	38.2	36.3	37.3	36,0
Bystronic glass	47.7	61.4	61.7	48.1	49.7	52,7
Total Glaston Group	**78.9**	**104.2**	**99.9**	**84.5**	**87.0**	**88,8**

PRO FORMA COMPARABLE OPERATING RESULT (EBIT) AND EBITA

Items affecting comparability

EUR million	Actual **4-6/2019**	Pro forma **4-6/2018**	Pro forma **1-6/2019**	Pro forma **1-6/2018**	Pro forma **1-12/2018**
Re-structuring	-2.1	0.0	-2.9	-0.2	-2.3
Items affecting comparability	**-2.1**	**0.0**	**-2.9**	**-0.2**	**-2.3**

EUR million	Actual **4-6/2019**	Pro forma **4-6/2018**	Pro forma **1-6/2019**	Pro forma **1-6/2018**	Pro forma **1-12/2018**
Operating result	0.4	2.8	1.2	5.3	4.4
Items affecting comparability	2.1	0.0	2.9	0.2	2.3
Comparable EBIT	**2.5**	**2.8**	**4.2**	**5.5**	**6.7**
Amortization and purchase price allocation	1.1	1.2	2.3	2.4	4.8
Comparable EBITA	**3.6**	**4.0**	**6.4**	**7.8**	**11.5**
% of net sales	6.2 %	7.2 %	6.3 %	7.2 %	5.7 %