



Q4 2022

Glaston Corporation
Financial Statements bulletin
1 January – 31 December 2022

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Glaston's Financial Statement Bulletin 1 January – 31 December 2022: Strong profit and cash flow in the final quarter of the year

October–December 2022 in brief

- Orders received totaled EUR 51.7 (59.1) million
- Net sales totaled EUR 59.8 (52.6) million
- Comparable EBITA was EUR 4.2 (3.5) million, i.e. 7.0 (6.6)% of net sales
- The operating result (EBIT) was EUR 2.5 (1.2) million
- The comparable operating result (EBIT) was EUR 3.3 (2.3) million, i.e. 5.6 (4.4)% of net sales
- Items affecting comparability totaled EUR -0.9 (-1.2) million
- Comparable earnings per share were EUR 0.027 (0.019)
- Cash flow from operating activities was EUR 8.7 (5.5) million

January–December 2022 in brief

- Orders received totaled EUR 253.0 (216.2) million
- Net sales totaled EUR 213.5 (182.7) million
- Comparable EBITA was EUR 13.6 (11.1) million, i.e. 6.4 (6.1)% of net sales
- The operating result (EBIT) was EUR 7.6 (5.1) million
- The comparable operating result (EBIT) was EUR 9.9 (6.6) million, i.e. 4.6 (3.6)% of net sales
- Items affecting comparability totaled EUR -2.3 (-1.5) million
- Comparable earnings per share were EUR 0.074 (0.051)
- Cash flow from operating activities was EUR 10.2 (19.3) million
- The Board of Directors proposes a capital repayment of EUR 0.04 per share

GLASTON'S OUTLOOK FOR 2023

In 2023, Glaston expects the overall market activity to remain at a good level despite some regional differences. Although the megatrends support the use of energy-efficient windows, demand in Europe could be affected by the slowdown in the architectural market. In the Americas, Glaston expects the demand to continue strong, whereas in China, the prospects of the architectural market are uncertain.

In 2023, Glaston continues to focus on the execution of its strategy, which will incur costs and capital expenditure ahead of the effect on revenue growth. As supply chain disturbances and geopolitical tensions continue, a higher-than-normal uncertainty is related to the development of economic activity and customers' investments.

Glaston entered 2023 with an order backlog 46% higher than in the previous year. This provides a strong starting point for 2023 and supports the company's net sales and profitability development. Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2023 from the levels reported for 2022. As is typical, Glaston expects the first quarter of 2023 to be the weakest of the year, additionally impacted by low upgrade net sales and a higher share of new products. In 2022, Group full-year net sales totaled EUR 213.5 million and comparable EBITA was EUR 13.6 million.

PRESIDENT & CEO ANDERS DAHLBLOM:

"For Glaston, last year was successful. Despite the increasing uncertainty in the business environment, demand for our products and services was strong with customer activity at a high level. Our net sales and profitability improved and we continued our good progress with strategy implementation. However, during the year the geopolitical and macroeconomic concerns increased, which had some impact on customers' decision-making in the fourth quarter, especially in Europe.

Fourth-quarter orders received were down by 12% compared to the same period in 2021 and totaled EUR 51.7 million. With growing numbers in all segments, full-year orders received were up 17% from the previous year, totaling EUR 253.0 million.

Fourth-quarter net sales, as well as full-year net sales, increased. Net sales in the fourth quarter grew by 14% and totaled EUR 59.8 million. For the full year, net sales growth of 17% was recorded with all segments contributing to the outcome. The sales growth had a positive impact on the Group's profitability. Comparable EBITA for the fourth quarter was EUR 4.2 million, up 20% compared to the corresponding period of the previous year and EBITA margin reached 7%. Full-year comparable EBITA increased by 23% compared to the previous year.

For Services, the fourth quarter ended on a positive note with strong growth in spare parts and field services in all regions. Also, upgrades order intake improved from the low third quarter. Services net sales in the fourth quarter increased by 20%. However, the weak upgrade order intake in the latter part of the year will affect services' net sales in the first half of 2023. Services' profitability saw a strong and solid development.

We continued to work hard to mitigate the impact of the global supply chain challenges. The availability issues continued, especially for electrical components, which had an impact on delivery times. Additionally, delivery times for certain spare parts are still long. As we have learned new ways of working, our ability to manage the situation has further improved.

We made good progress in sustainability in 2022. We are committed to reducing our direct and indirect greenhouse gas emissions (Scope 1 + 2) in relation to net sales by 50% by 2025 from the baseline year 2020. In 2022, our greenhouse gas emissions in relation to net sales decreased by 57% compared to the baseline and we already met our strategic target. Therefore, we are already working on setting a new emissions target covering our upstream and downstream value chain.

Safety was high on our agenda throughout the year and our Group-wide safety target is zero accidents by 2025. Safety awareness has increased, even though our lost-time accidents increased by one to a total of six and LTIFR was 3.9. In 2023, our systematic work to further develop the safety culture will continue. We also started the measurement of the strategic group-wide customer satisfaction target, Net Promoter Score (NPS), which was at 53 and exceeding our target of 40. We have every reason to be proud of this good benchmark result. In 2023, measurement and scope will be further developed.

I want to thank everyone at Glaston for their contribution throughout the year and our customers and partners for their continued trust in us.

At the moment, there is market uncertainty and both positive and negative drivers impacting our customers' decision-making. The year has started well and as far as we can see, the market activity seems to continue at a good level in 2023."



GLASTON GROUP'S KEY FIGURES

EUR million	10-12/2022	10-12/2021	Change%	1-12/2022	1-12/2021	Change%
Orders received	51.7	59.1	-12.5%	253.0	216.2	17.0%
of which service operations	18.5	17.4	5.8%	72.5	68.0	6.7%
of which service operations, %	35.7%	29.5%		28.6%	31.4%	
Order book at end of period	138.3	94.8	45.8%	138.3	94.8	45.8%
Net sales	59.8	52.6	13.8%	213.5	182.7	16.9%
of which service operations	21.1	17.6	20.2%	76.4	66.8	14.4%
of which service operations, %	35.3%	33.4%		35.8%	36.5%	
EBITDA	4.3	3.2	34.2%	15.3	13.0	17.6%
Items affecting comparability ¹⁾	0.9	1.2	-26.1%	2.3	1.5	55.6%
Comparable EBITDA	5.2	4.4	18.2%	17.6	14.5	21.4%
Comparable EBITDA, %	8.7%	8.3%		8.2%	7.9%	
Comparable EBITA	4.2	3.5	20.6%	13.6	11.1	22.8%
Comparable EBITA, %	7.0%	6.6%		6.4%	6.1%	
Operating result (EBIT)	2.5	1.2	114.6%	7.6	5.1	49.7%
Profit/loss for the period	1.3	0.1	1200.0%	3.1	1.1	178.2%
Earnings per share						
Comparable earnings per share, EUR ²⁾	0.027	0.019	42.1%	0.074	0.051	45.1%
Cash flow from operating activities	8.7	5.5	-58.2%	10.2	19.3	-47.2%
Return on investment (ROI), %, (annualized)				6.9%	2.8%	
Comparable return on capital employed (ROCE), %, (annualized)				10.5%	6.1%	
Equity ratio, %				44.0%	42.3%	
Net gearing, %				19.5%	26.9%	
Number of employees at end of period				783	750	4.4%

1) + cost, - income

2) change in comparable EPS formula, net of tax added

OPERATING ENVIRONMENT

Architectural glass

Despite inflationary pressures and supply chain disturbances, overall market activity remained at a good level in the fourth quarter. Stricter access to financing for new projects and the inflationary situation resulted in some investment hesitation, in Europe in particular, where the glass processors are challenged by high electricity prices and logistics costs as well as rising float glass prices. Amid the shortage of skilled labor, customers' investments continued to be for increased automation and the capability to increase production efficiency.

The market for Insulating Glass equipment was good. Supported by the general pick-up in demand for warm edge spacer technologies, demand for the Thermo Plastic Spacer (TPS®) remained high. Gaining additional market share, the MULTI'ARRISSER continued to be a door opener for new integrated insulating glass lines. The good development in the architectural business was the strongest driver for Heat Treatment. In addition to automation, the importance of energy-efficient solutions was highlighted. Flat tempering and flat laminating lines, in particular, were in strong demand.

The market for the Services business remained positive. Daily flow services continued strong in all regions. As customers' machines were up and running and maintained, demand for spare parts was solid. Demand for upgrades picked up slightly from the very slow previous quarter. In Heat Treatment, several upgrade investments were driven by energy efficiency. The good development for Insulating Glass upgrades continued with several larger orders. Supply chain disruptions continued, causing some delays in installations and spare part deliveries.

Operating environment in the regions

EMEA, with Europe as the core market, remained the strongest market for Insulating Glass equipment. The high demand for the Thermo Plastic Spacer (TPS®) technology continued, as well as for special lines, e.g. for fire-resistant glass and glass arripping. For Heat Treatment equipment, demand in the EMEA region continued at a good level. Overall signs of increasing uncertainty in the architectural market could be seen in the quarter. For Services markets, demand for daily services was strong, whereas upgrade demand was weaker but picked up from the previous quarter.

In the **Americas**, the good demand environment for Heat Treatment equipment continued, driven by the architectural business. Despite the highly competitive environment, demand for Insulating Glass equipment picked up, resulting in strong order entry. For Services, demand for daily services was strong, while demand for upgrades was low, however picking up compared to the previous quarter.

In **China**, the slowdown in the architectural market continued. Given the challenging market environment, demand for high-end Insulating Glass machines continued despite somewhat slowing down as jumbo-size glass and automation increased in popularity. Demand for the mid-range, locally manufactured lines COMPACT and COMFORT, was modest. For Heat Treatment, the market continued to be soft. Elsewhere in the APAC region, the markets for new machines remained subdued. In Services, demand for upgrades was low, whereas daily flow service activity was at a very high level.

Automotive glass

The slightly improved market activity, perceptible already in the previous quarter, continued into the fourth quarter. Due to supply chain shortages, especially for control components, and regional factors, such as Russia's invasion of Ukraine and the coronavirus-related restrictions in China, automotive production continued to face challenges. This was reflected in higher-than-usual market uncertainty. Increased caution over new investments was visible, causing delays and a few postponements regarding some new machinery projects. However, the general market sentiment remained positive.

Automotive service activity improved steadily throughout the quarter. Increasing demand for spare parts was noted, as the customers needed regular maintenance at their premises again. This demand could not be fully met, as delivery times for some spare parts have increased considerably. In the quarter, customer interest in Automotive upgrades continued. However, a majority of the orders were delayed due to the long delivery times for control system components.

No major changes were observed in the display market. Automotive displays once again showed increasing activity, but orders continued to be at a low level.

Operating environment in the regions

In **Europe**, the market was still very slow as the automotive glass industry consolidates, however, some signs of slightly improving markets were visible.

In **North America**, the market continued to be good outside of the traditional automotive market, i.e. for special products such as recreational vehicles (RVs) and heavy vehicles. Typically, orders from North American customers are for highly customized solutions, taking advantage of Glaston's flexibility and ability to respond to the customers' special requirements. The cautious signs of market recovery in **South America** continued in the fourth quarter.

In **China**, where the market is more driven by the classic automotive and display industries, market activity continued at a good level and was clearly supported by the company's decision to establish the production of standard pre-processing automotive lines in the country.

FINANCIAL DEVELOPMENT OF THE GROUP

As of Q1/2022, the product area information for Heat Treatment Technologies, Insulating Glass Technologies, and Automotive & Display Technologies (net sales, order intake, and order book) are available in the Tables section. This information has previously been reported separately as additional information.

Orders received and order book

Amid increased caution for new investments, Glaston Group's **October–December 2022** orders received decreased by 12% and were EUR 51.7 (59.1) million. Order intake for Heat Treatment equipment increased by 8% to EUR 25.4 (23.5) million with flat tempering and flat lamination technology in the lead. For Insulating Glass equipment, order intake was down 23% to EUR 19.4 (25.1) million. Demand for the TPS® technology remained on a good level with an excellent pick-up in order intake in the Americas. For Automotive & Display equipment, the fourth quarter order intake decreased by 34% mainly due to delayed investment decisions and was EUR 6.6 (10.0) million. A majority of the Automotive orders were received from China. Total Services business order intake increased by 6% compared to the corresponding period in 2021.

Orders received from **January–December 2022** amounted to EUR 253.0 (216.2) million, up 17% compared to the corresponding period in 2021. Order intake for Heat Treatment equipment and services was up 7% and totaled EUR 95.1 (89.0) million with good demand for flat tempering and flat lamination technology throughout the year. The Insulating Glass equipment and services order intake was up 33% totaling EUR 126.6 (95.0) million with the EUR 31 million deal for multiple insulating glass lines, recorded in Q3, significantly contributing to the outcome. For Automotive & Display equipment and services, the order intake was on the same level as in the previous year and totaled EUR 30.4 (31.2) million, with America and China as the most active markets. Total Services business order intake increased by 7% in the period.

Orders received EUR million	10–12/2022	10–12/2021	Change%	1–12/2022	1–12/2021	Change%
Heat Treatment	25.4	23.5	8.0%	95.1	89.0	6.9%
Insulating Glass	19.4	25.1	-22.9%	126.6	95.0	33.3%
Automotive & Display	6.6	10.0	-34.2%	30.4	31.2	-2.4%
Segments, total	51.3	58.6	-12.5%	252.1	215.1	17.2%
Unallocated and eliminations	0.3	0.4	-23.7%	0.9	1.1	-13.5%
Glaston Group, total	51.7	59.1	-12.5%	253.0	216.2	17.0%

The order book stood at EUR 138.3 (94.8) million at the end of the year. The Heat Treatment order book totaled EUR 54.1 (45.6) million, representing 39% of the order book, Insulating Glass EUR 78.7 (38.5) million, or 57%, and Automotive & Display EUR 5.5 (10.7) million, or 4% of the order book.

Order book EUR million	31.12.2022	31.12.2021	Change%
Heat Treatment	54.1	45.6	18.5%
Insulating Glass	78.7	38.5	104.4%
Automotive & Display	5.5	10.7	-48.5%
Segments, total	138.3	94.8	45.8%
Glaston Group, total	138.3	94.8	45.8%

Net sales

The **October–December 2022** net sales were up 14% from the corresponding period of the previous year and totaled EUR 59.8 (52.6) million. Net sales development was favorably supported by the good order intake in the previous quarters and strong growth in the services business.

The Heat Treatment segment's net sales were on the same level as in the corresponding period in 2021 and totaled EUR 21.8 (22.1) million. Net sales in the Insulating Glass segment increased by 11% to EUR 25.7 (23.1) million. Net sales in the Automotive & Display segment totaled EUR 12.0 (7.3) million, up 66%, reflecting the higher order intake in the previous quarters. In the fourth quarter, the Services business grew its net sales by 20%.

Of total net sales, the Heat Treatment segment accounted for 36%, the Insulating Glass segment for 43% and the Automotive & Display segment for 20%. Geographically, the EMEA region accounted for 48%, the Americas for 34% and Asia and the Pacific (APAC) for around 18% of the company's total fourth-quarter net sales.

January–December 2022 net sales totaled EUR 213.5 (182.7) million. Net sales grew by 17% and all segments contributed to the outcome. In 2022, the Services business grew its net sales by 14%.

Net sales, EUR million	10–12/2022	10–12/2021	Change%	1–12/2022	1–12/2021	Change%
Heat Treatment	21.8	22.1	-1.6%	85.0	74.7	13.9%
Insulating Glass	25.7	23.1	11.3%	90.1	81.6	10.4%
Automotive & Display	12.0	7.3	65.5%	37.5	25.6	46.4%
Segments, total	59.5	52.5	13.3%	212.6	181.9	16.9%
Unallocated and eliminations	0.3	0.1	250.2%	0.9	0.8	13.7%
Glaston Group, total	59.8	52.6	13.8%	213.5	182.7	16.9%

Operating result and profitability

October–December 2022 comparable EBITA was EUR 4.2 (3.5) million, or 7.0 (6.6)% of net sales. Profitability was favorably impacted by the positive development in net sales as well as higher share and improved margin of the services business. The comparable operating result was EUR 3.3 (2.3) million, or 5.6 (4.4)% of net sales. The fourth-quarter operating result was EUR 2.5 (1.2) million. Items affecting comparability amounted to EUR -0.9 (-1.2) million and were mainly related to the Automotive standard products production transfer to China and expensed cloud-computing investments. Financial income and expenses amounted to EUR -0.4 (-2.1) million. Fourth quarter 2021 financial expenses included an impairment of loan receivables of EUR 1.6 million. The result before taxes was EUR 2.0 (-1.0) million. The result for the fourth quarter was EUR 1.3 (0.1) million and earnings per share were EUR 0.016 (0.002). The comparable earnings per share were EUR 0.027 (0.019).

January–December 2022 comparable EBITA amounted to EUR 13.6 (11.1) million, i.e. 6.4 (6.1)% of net sales. In the full year, EBITA improved mainly due to volume increase and improved margin in the services business. Also, higher other operating income contributed to the outcome. The comparable operating result was EUR 9.9 (6.6) million, i.e. 4.6 (3.6)% of net sales. The Group's operating result was EUR 7.6 (5.1) million. Items affecting comparability totaled EUR -2.3 (-1.5) million and were mainly related to the termination of operations in Russia, the Automotive standard products production transfer to China and expensed cloud-computing investments. Financial income and expenses amounted to EUR -2.5 (-3.5) million. The result before taxes was EUR 4.7 (1.2) million. The result for the financial year was EUR 3.1 (1.1) million. Earnings per share were EUR 0.037 (0.013) and comparable earnings per share were EUR 0.074 (0.051).

Comparable operating result (EBIT) and EBITA

EUR million	10–12/2022	10–12/2021	Change%	1–12/2022	1–12/2021	Change%
Operating result	2.5	1.2	114.6%	7.6	5.1	49.7%
Items affecting comparability ¹⁾	0.9	1.2	-26.1%	2.3	1.5	55.6%
Comparable EBIT	3.3	2.3	44.2%	9.9	6.6	51.0%
Operating result	2.5	1.2	114.6%	7.6	5.1	49.7%
Amortization and purchase price allocation ¹⁾	0.8	1.1	-27.2%	3.7	4.5	-18.2%
EBITA	3.3	2.3	44.1%	11.3	9.6	17.8%
Items affecting comparability ¹⁾	0.9	1.2	-26.1%	2.3	1.5	55.6%
Comparable EBITA	4.2	3.5	20.6%	13.6	11.1	22.8%
% of net sales	7.0%	6.6%		6.4%	6.1%	

⁽¹⁾ + cost, - income

FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

Heat Treatment reporting segment

Heat Treatment segment's fourth quarter in brief:

- Market activity continued at a good level, especially in North America
- Order intake up by 8%
- Good profitability development

Heat Treatment KEY RATIOS EUR million	10-12/2022	10-12/2021	Change%	1-12/2022	1-12/2021	Change%
Orders received	25.4	23.5	8.0%	95.1	89.0	6.9%
of which service operations	7.2	7.4	-3.5%	29.0	28.8	0.8%
of which service operations, %	28.3%	31.7%		30.5%	32.4%	
Order book at end of period	54.1	45.6	18.5%	54.1	45.6	18.5%
Net sales	21.8	22.1	-1.6%	85.0	74.7	13.9%
of which service operations	8.6	8.0	7.1%	31.0	27.7	12.2%
of which service operations, %	39.5%	36.2%		36.5%	37.1%	
Comparable EBITA	1.1	0.7	48.8%	5.1	3.4	52.4%
Comparable EBITA, %	4.8%	3.2%		6.1%	4.5%	
Operating result (EBIT)	0.2	- 0.3	180.4%	2.3	0.6	288.3%
Operating result (EBIT), %	1.1%	-1.4%		2.7%	0.8%	

Orders received and order book

In the **fourth quarter**, the Heat Treatment segment's market continued to be active. The glasstec 2022 exhibition in late September contributed to demand, and order intake grew by 8% compared to the corresponding period of the previous year. Fourth-quarter order intake totaled EUR 25.4 (23.5) million. Services order intake decreased by 4% during the quarter as upgrade demand was still modest.

In the final quarter, new orders were received from all over the globe with a main emphasis on EMEA and North America. The segment's most significant orders were received for flat tempering and flat laminating lines for the architectural segment. Also, Heat Treatment Automotive showed good order intake performance with orders for the HTBS automotive bending and tempering line as well as for the MATRIX EVO furnace.

Supported by the healthy demand environment and good investment activity throughout the year, orders received for **January–December 2022** increased by 7% to EUR 95.1 (89.0) million.

The Heat Treatment segment's order book stood at EUR 54.1 (45.6) million at the end of the year.

Financial development

October–December 2022 net sales of EUR 21.8 (22.1) million were close to the level of the previous year and recovered from the third quarter's lower outcome. Some supply chain issues continued to impact revenue recognition in the quarter. Services net sales grew 7%. Profitability improvement was mainly driven by the services business, which increased its share of the segment's net sales and improved its margin. The fourth-quarter comparable EBITA was up 49% and totaled EUR 1.1 (0.7) million, or 4.8 (3.2)% of net sales.

January–December 2022 net sales were up 14% and totaled EUR 85.0 (74.7) million, mainly due to the good order intake and services growth. Comparable EBITA amounted to EUR 5.1 (3.4) million, corresponding to 6.1 (4.5)% of net sales. Profit improved due to higher volume and increased margin both in machines and services.

Insulating Glass reporting segment

Insulating Glass segment's fourth quarter in brief:

- Due to weaker order entry in EMEA, order intake was down 23%
- Order book up 104% compared to Q4/2021
- Factory workload on an excellent level

Insulating Glass KEY RATIOS						
EUR million	10-12/2022	10-12/2021	Change%	1-12/2022	1-12/2021	Change%
Orders received	19.4	25.1	-22.9%	126.6	95.0	33.3%
of which service operations	7.1	7.2	-2.1%	27.3	24.5	11.6%
of which service operations, %	36.5%	28.8%		21.6%	25.8%	
Order book at end of period	78.7	38.5	104.4%	78.7	38.5	104.4%
Net sales	25.7	23.1	11.3%	90.1	81.6	10.4%
of which service operations	7.6	6.1	25.1%	28.2	24.7	14.5%
of which service operations, %	29.5%	26.3%		31.3%	30.2%	
Comparable EBITA	2.6	2.4	6.6%	6.8	6.5	4.3%
Comparable EBITA, %	10.1%	10.5%		7.5%	8.0%	
Operating result (EBIT)	2.1	1.7	24.8%	4.9	4.6	6.3%
Operating result (EBIT), %	8.4%	7.5%		5.4%	5.6%	

Orders received

In the **fourth quarter**, the Insulating Glass segment's market remained strong in general despite significant supply chain problems and high inflation. Mainly due to the weaker order entry from EMEA, fourth-quarter orders received were down 23% compared to the corresponding period in the previous year and totaled EUR 19.4 (25.1) million. Services order intake decreased by 2% during the quarter, mainly due to lower upgrades order intake.

Despite the lower order intake in EMEA, Europe remained the Insulating Glass segment's core market. In North America, an excellent order-entry pick-up was observed and several significant orders for the TPS® technology were received. Despite the challenging market environment in China, an order for the high-end TPS® IG line was received. Order intake for the locally manufactured mid-ranged machines COMPACT and COMFORT was modest. Elsewhere in the APAC region, markets continued to be subdued, however, orders for the VARIO TPS® line were received from Taiwan and Japan.

Orders received from **January–December 2022** increased strongly by 33% compared to the corresponding period in the previous year and totaled EUR 126.6 (95.0) million. The EUR 31 million deal for multiple insulating glass lines, recorded in the third quarter, contributed to the strong performance. Services orders grew 12%.

At year-end, the Insulating Glass segment's order book was strong at EUR 78.7 (38.5) million, due to already gained and further secured projects.

Financial development

Fourth quarter net sales in the Insulating Glass segment improved compared to the corresponding period in 2021 and totaled EUR 25.7 (23.1) million, up 11%, mainly due to the improved order intake in earlier quarters as well as high growth in services net sales. The comparable EBITA was slightly higher than the previous year at EUR 2.6 (2.4) million, i.e. 10.1 (10.5)% of net sales. The positive impact of the volume increase was mainly offset by the negative impact from higher fixed costs.

January–December 2022 net sales grew 10% and totaled EUR 90.1 (81.6) million. Services net sales growth was 15%. Comparable EBITA amounted to EUR 6.8 (6.5) million, corresponding to 7.5 (8.0)% of net sales. Volume and other operating income impacted positively whereas fixed cost increase had a negative impact.

Automotive & Display reporting segment

Automotive & Display segment's fourth quarter in brief:

- Investment hesitation affected order intake
- Net sales up 66%
- Weaker product mix impacted profitability

Automotive & Display KEY RATIOS						
EUR million	10–12/2022	10–12/2021	Change%	1–12/2022	1–12/2021	Change%
Orders received	6.6	10.0	-34.2%	30.4	31.2	-2.4%
of which service operations	4.2	2.8	51.8%	16.1	14.6	10.5%
of which service operations%	63.8%	27.6%		53.0%	46.8%	
Order book at end of period	5.5	10.7	-48.5%	5.5	10.7	-48.5%
Net sales	12.0	7.3	65.5%	37.5	25.6	46.4%
of which service operations	4.9	3.8	29.6%	17.1	14.4	18.7%
of which service operations%	40.8%	52.1%		45.6%	56.2%	
Comparable EBITA	0.4	0.4	1.9%	1.5	1.2	28.0%
Comparable EBITA, %	3.1%	5.2%		4.1%	4.7%	
Operating result (EBIT)	-0.1	-0.2	66.7%	0.3	-0.1	420.7%
Operating result (EBIT), %	-0.5%	-2.7%		0.8%	-0.4%	

Orders received

As new investments were made even more carefully than before, **fourth-quarter** orders received declined 34% and were EUR 6.6 (10.0) million. A majority of the received orders were from China, which clearly supports the company's decision to set up local production in China for standard automotive pre-processing machines. For Automotive service, the strong growth continued. There was interest in Automotive upgrades, but most orders were delayed due to the long delivery times of control system components.

The Automotive & Display segment's orders received from **January–December 2022** totaled EUR 30.4 (31.2) million and the order book stood at EUR 5.5 (10.7) million at the end of the year.

Financial development

October–December 2022 net sales improved by 66% mainly due to higher machine order intake in the previous quarters and totaled EUR 12.0 (7.3) million. Services sales were steady throughout the quarter and clearly above the level of the previous year. Comparable EBITA was on the same level as in the comparison period in the previous year and was EUR 0.4 (0.4) million corresponding to 3.1 (5.2)% of net sales. EBITA margin declined as the share of services was clearly lower and machines margin was impacted by less favorable product mix.

January–December 2022 net sales totaled EUR 37.5 (25.6) million. Comparable EBITA was EUR 1.5 (1.2) million, corresponding to 4.1 (4.7)% of net sales. Volume growth did not materialize as profit improvement as services share and machines margin declined and fixed costs increased.

Financial position, cash flow and financing

At the end of December, Glaston Group's balance sheet total was EUR 194.9 (197.3) million. Intangible assets amounted to EUR 76.1 (75.8) million, of which goodwill was EUR 58.7 (58.6) million. At the end of the period, property, plant and equipment amounted to EUR 22.6 (22.9) million and inventories to EUR 32.0 (27.3) million. In order to ensure the best possible customer service in times of unpredictable delivery times for components, inventories have been increased.

The comparable return on capital employed (ROCE) was 10.5 (6.1)%.

At the end of December, the company's net gearing was 19.5 (26.9)%. The equity ratio was 44.0 (42.3)%. Net interest-bearing debt totaled EUR 13.3 (18.3) million.

The fourth-quarter cash flow from operating activities, before the change in net working capital, was EUR 3.1 (1.4) million. Cash flow from the change in working capital was EUR 5.6 (4.1) million which was mainly due to a decrease in inventory. Cash flow from operating activities was EUR 8.7 (5.5) million. Net cash flow from investing activities was EUR -2.3 (-2.6) million and cash flow from financing activities was EUR -2.0 (-2.0) million.

In January–December, Glaston's cash flow from operating activities was EUR 10.2 (19.3) million. Working capital was stable whereas in the previous period, it clearly contracted. Cash flow from investing activities was EUR -5.5 (-3.1) million and cash flow from financing activities was EUR -11.2 (-13.8) million.

Capital expenditure and product development

Glaston Group's January–December gross capital expenditure totaled EUR 5.8 (5.2) million and was primarily related to product development. Depreciation and amortization of property plant, and equipment, and of intangible assets, totaled EUR -7.7 (-7.9) million.

In the final quarter, Glaston continued to strongly focus on the development towards fully automated lines in insulating glass and heat treatment technologies as well as automotive and display technologies. Projects and innovations related to automation, ease of use and self-learning remained key areas of product development.

In Heat Treatment, the focus was to further develop the new self-learning Autopilot for tempering and lamination lines. To support the automatization of heat treatment processes, new development steps were taken in automation by developing new AI-based online measurement devices.

To better match customers' demand for double-glazing units, in Insulating Glass technologies, the development of an enhanced offering to the sealing robot family with mid-segment sealing machines was initiated.

In Automotive, the next-generation pre-processing CHAMP EVO line and MATRIX EVO bending furnace were introduced in the latter part of the year. The CHAMP EVO has enhanced its modularity for customer-specific requirements and increased its dynamic performance. In the final quarter, the manufacturing of a MATRIX EVO bending furnace for R&D testing and prototyping purposes started at Glaston's plant in Tampere, Finland, with first deliveries already scheduled.

January–December 2022 research and product development expenditure, excluding depreciation, totaled EUR 9.2 (7.0) million, of which EUR 3.0 (1.8) million was capitalized. Research and product development expenditure amounted to 4.3 (3.8)% of net sales.

Organization and Personnel

On 31 December 2022, Glaston Group had a total of 783 (750) employees. At the end of December, the Heat Treatment segment employed 292 (283) people, the Insulating Glass segment 370 (359) people and the Automotive & Display segment 119 (103) people. Of the Group's personnel, 35%, i.e. 272 employees, worked in Germany, 25%, i.e. 195, worked in Finland, 13% worked elsewhere in the EMEA area, 21% worked in Asia and 6% worked in the Americas. In the full year 2022, the Group had an average of 775 (731) employees.

In the fourth quarter, the first group-wide One Glaston 2022 survey, measuring the strategic employee engagement rate, was conducted. In total, 71% of the employees across the organization answered the survey. The engagement rate was 70. The non-financial strategic target is an engagement rate of over 75 out of 100 by 2025.

Changes in the Executive Management Group

On 20 December 2022, the appointment of Kaisa Latva as General Counsel and a member of the Executive Management Group was announced. She will take up her position on 1 April 2023 and reports to President & CEO Anders Dahlblom.

STRATEGY

Glaston's revised strategy and financial targets for 2021–2025 were announced in August 2021. In the final quarter of 2022, the strategy execution proceeded according to plans. In line with Glaston's strategic focus to grow its business in China and improve operational efficiency, the plan to establish production for Automotive pre-processing equipment in Tianjin was disclosed in June. In the quarter, the project implementation continued to be on schedule. The activities for ramping up the local automotive supply chain network and enhancing product-specific production skills proceeded in line with the plans.

Manufacturing of the new flat tempering CHF Solar line proceeded according to plan at the factory in Tianjin, China. A total of five solar lines will be delivered in the first half of 2023.

Financial and non-financial target development

For the financial strategic targets, net sales increased by 17% compared to the previous year and were well on track with the set target. EBITA margin developed positively to 6.4%. The return on capital employed (ROCE) increased to 10.5% (6.1%).

Financial targets by 2025	2022	2021
Net sales – annual average clearly exceeding the addressable equipment market growth	+17%	+7%
EBITA –10%	6.4%	6.1%
ROCE – 16%	10.5%	6.1%
Non-financial targets by 2025	2022	2021
Net promoter Score (NPS) over 40	53	-
Lost time injury frequency rate (LTFIR) zero	3.9	3.3
Employee engagement over 75 out of 100	70	-
Reduction of scope 1&2 CO ₂ emissions in relation to net sales by 50% from the 2020 level	-57%	-13%

For the non-financial strategic targets, the lost time injury frequency rate was 3.9 (3.3) as the number of accidents increased by one to a total of six compared to five in 2021. Glaston's CO₂ emissions (scope 1+2) were 1,491 (2,608) tons of CO₂ and CO₂ intensity (tons of CO₂ per millions of euros in net sales) was 7.0 (14.3), mainly due to the switch to renewable electricity in Finland and Germany. Measurement of the strategic employee engagement target started in the latter part of the year and the engagement rate was 70. In 2022, the measurement of the group-wide customer satisfaction target, Net Promoter Score (NPS), started. In 2022, NPS was 53. In 2023, measurement and scope of customer satisfaction surveys will be further developed.

SUSTAINABILITY

As the innovative frontrunner in its industry, Glaston's ambition is to continue being at the forefront of developing the industry towards a more sustainable future.

In 2022, Glaston has been focusing on reducing the carbon footprint of its own operations by investing in energy efficiency in manufacturing operations and increasing the share of renewable electricity used in its manufacturing operations. In Glaston's Swiss production unit, renewable electricity has been the main source of energy already for years. To further reduce their CO₂ emissions, the heat distribution system was renewed in the latter part of the year. This will notably reduce the consumption of gas. Additionally, close to 400 solar panels with a total capacity of over 150 kWp were installed on the roof of the production unit. The solar panels have been producing energy for the factory's own use since November and from the beginning of December electricity was also fed into the grid.

In 2022, Glaston has calculated the climate impact the company creates in its downstream and upstream value chains (scope 3). The calculation based on 2021 data showed that the majority, around 99%, of all emissions related to Glaston's activities are generated in the company's value chain. The most significant sources of emissions are the use of sold products (84%) and purchased goods and services (15%). Constituting the starting point for future work, the results enable us to better identify the measures that will support our efforts to strengthen our sustainable business.

In addition to the strategic non-financial targets, Glaston has set other sustainability targets. More information on the topics and progress will be available in Glaston's sustainability report 2022.

The EU taxonomy

Glaston has activities that qualify as environmentally sustainable according to the EU Taxonomy Regulation. Glaston's Insulating Glass technologies and related services, as well as glass processing equipment and services for processing glass for photovoltaic modules, are activities that enable substantial contributions to climate change mitigation.

In 2022, 43% of the Group's turnover was taxonomy eligible. Of the total investments, 28% were taxonomy eligible and 28% of the operating expenditure. Glaston's taxonomy-eligible activities comply with all Do No Significant Harm (DNSH) criteria as set out in the regulation. Compliance with Minimum Social Safeguards has been assessed at the company level. Based on this assessment, Glaston meets the criteria for alignment with Minimum Safeguards. Therefore, in 2022, 43% of the Group's turnover was also taxonomy aligned. Of total investments, 28% were taxonomy aligned as well as 28% of the operating expenditure.

More detailed information on Taxonomy eligibility and alignment and the calculation method will be available in Glaston's Annual Review 2022.

SHARES AND SHAREHOLDERS

Glaston Corporation's shares are listed on the Nasdaq Helsinki Small Cap list. The trading code is GLA1V and the ISIN code is FI4000369657. Each share entitles its holder to one vote and voting right. Glaston Corporation's share capital on 31 December 2022 was EUR 12.7 (12.7) million.

1.1.-31.12.2022		No. of shares and votes	Share turnover, EUR million
GLA1V		84,289,911	7.8
	Highest Lowest	Closing	Average price *)
Share price	1.19 0.71	0.90	0.95
		31.12.2022	31.12.2021
Market value		76.0	96.1
Number of shareholders		7,593	7,427
Foreign ownership, %		26.8	27.3

*) trade-weighted average

At the end of 2022, Glaston Corporation's largest shareholders were Ahlstrom Capital 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 6.0%.

Share-based incentive plan

On 27 January 2022, Glaston disclosed a share-based incentive plan for 2022–2026 for key employees. The Performance Share Plan comprises three performance periods, calendar years 2022–2024, 2023–2025 and 2024–2026. The Board of Directors resolves on the plan's performance criteria and on the performance levels at the beginning of each performance period.

Performance Period 2022–2024

The potential reward of the performance period 2022–2024 will be based on the Glaston Group's comparable EBITA and Service Net Sales during the period of 1 January 2022–31 December 2024.

In total 18 key persons, including the CEO and President and the members of the Executive Management Group, belong to the target group of the plan in the performance period 2022–2024.

Additional information, including essential terms and conditions of the plan, is available in the stock exchange release dated 27 January 2022.

GOVERNANCE

Annual General Meeting

Glaston Corporation's Annual General Meeting was held on 12 April 2022 in Helsinki. The General Meeting adopted the financial statements and consolidated financial statements for the financial period from 1 January to 31 December 2021 and discharged the members of the Board of Directors and the CEO from liability for the financial year from 1 January to 31 December 2021. In accordance with the proposal of the Board of Directors, the General Meeting resolved that a return of capital of EUR 0.03 per share be distributed for the financial year ended on 31 December 2021. The return of capital was paid on 26 April 2022.

In accordance with the proposal of the Board of Directors, the General Meeting decided to adopt the Remuneration Report for the governing bodies. The General Meeting approved the proposals concerning the selection and remuneration of the Board of Directors and auditor as well as the number of members of the Board of Directors. The General Meeting re-elected as members of the Board of Directors the members of the Board of Directors, Mr. Veli-Matti Reinikkala, Mr. Sebastian Bondestam, Mr. Antti Kaunonen, Ms. Sarlotta Narjus, Ms. Arja Talma, Mr. Tero Telaranta and Mr. Michael Willome. In addition, the General Meeting authorized the Board of Directors to decide on a repurchase of the company's own shares and the issuance of shares.

In its organization meeting held after the Annual General Meeting, the Board of Directors re-elected Veli-Matti Reinikkala as the Chair of the Board and Sebastian Bondestam as the Deputy Chair of the Board.

The Board of Directors resolved upon the composition of the Board committees as follows:

Audit Committee: Arja Talma (Chair), Veli-Matti Reinikkala and Tero Telaranta were elected as members of the Audit Committee of the Board of Directors.

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

The resolutions of the Annual General Meeting are available in the stock exchange release dated 12 April 2022.

Changes in Glaston Board of Directors Committees

On 15 December 2022, the Board of Directors decided on changes in the composition of the Board of Directors' Audit Committee and People and Remuneration Committee. Veli-Matti Reinikkala, a member of the Audit Committee, was elected as the Chair of the People and Remuneration Committee, while Sarlotta Narjus, a member of the People and Remuneration Committee, was elected as a member of the Audit Committee. The changes entered into force on 1 January 2023.

As of 1 January 2023, the composition of the Committees is as follows:

Audit Committee: Arja Talma (Chair), Sarlotta Narjus and Tero Telaranta.

People and Remuneration Committee: Veli-Matti Reinikkala (Chair), Sebastian Bondestam, Antti Kaunonen and Michael Willome.

Shareholders' Nomination Board

On 9 September 2022, Glaston announced the composition of the Shareholders Nomination Board.

The Shareholders' Nomination Board comprises one member appointed by each of the four largest shareholders of Glaston Corporation. The shareholders entitled to appoint a member are determined on the basis of the shareholders' register of the Company maintained by Euroclear Finland Ltd. on the first working day in September.

Based on the ownership on 1 September 2022, the following persons were nominated as members of the Nomination Board: Lasse Heinonen (Ahlstrom Capital BV), Jaakko Kurikka (Hymy Lahtinen Oy), Pekka Pajamo (Varma Mutual Pension Insurance Company) and Esko Torsti (Ilmarinen Mutual Pension Insurance Company). Veli-Matti Reinikkala, Chairman of the Company's Board of Directors, has served as an advisory member of the Nomination Board.

In its organizing meeting on 9 September 2022, the Nomination Board elected Lasse Heinonen amongst its members as the Chairman.

On 14 December 2022, the Shareholders' Nomination Board disclosed its proposal concerning the Board composition and remuneration to the AGM 2023. According to the proposal, the Nomination Board proposed that the number of members of the Board of Directors would be seven and that Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Veli-Matti Reinikkala, Arja Talma, Tero Telaranta and Michael Willome be re-elected as Members of the Board of Directors. The Nomination Board proposed that the remuneration of the Members of the Board of Directors remains unchanged.

SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

For Glaston's business operations, supply chain disruptions are the main short-term risk, and these are expected to continue well into 2023. Glaston continues to actively mitigate the higher-than-normal risks related to raw materials and component prices and availability. Major supply chain disruptions may impact the company's performance as component scarcity may cause revenue recognition delays, whereas heavily increasing prices of raw materials may add to short-term profitability pressure. Additionally, inflationary pressures combined with tighter monetary control could have a negative impact on customers' investment decisions. Amid increasing market uncertainty, customers may also want to postpone or cancel their orders.

Increasing uncertainty in the global markets has impacted on economic growth and could lead to a recession. This would affect Glaston's business environment, with short-term risks mainly linked to the development of global investment demand. Glaston continuously monitors the development outlook of the global economy and its impact on the progress of its markets. If the demand environment deteriorates substantially, this will mainly affect Glaston's net sales and earnings with a delay of six to nine months.

In Europe, the glass industry, as an energy-intensive industry, is severely impacted by the ongoing energy crisis. In previous months, the sector has already seen glass manufacturers closing down or reducing their production in Europe. Soaring energy prices and availability concerns in Europe in particular may impact the willingness of Glaston's customers to invest in new machinery. Furthermore, the significant price increase of float glass has impacted customers' short-term profitability. For the energy-intensive float glass industry, an uninterrupted supply of energy is crucial. The industry is dependent on fossil fuels, mainly gas, which in Europe partly came from Russia. Significant rationing of natural gas could lead to serious or even permanent damage to float glass producing equipment. In the longer term, the energy-related risks could lead to general energy consumption awareness and drive demand for investments in energy-saving technologies and renewable energy solutions.

Even though the impact of the COVID-19 pandemic has further decreased, there is still a risk of new virus variants spreading, causing severe business challenges like those experienced in previous years. In the event of new lockdowns and travel restrictions, service work and the spare parts business as well as machine installations would be affected. Due to the above mentioned circumstances, there is higher than normal uncertainty related to customers' investment behavior in regions potentially affected by the pandemic.

Labor shortages and rising employee turnover are growing concerns in the market. Glaston's ability to maintain a high level of job satisfaction among its employees and also to attract new employees is further emphasized.

Glaston's long-term strategic and operational risks and uncertainties are described in detail in the Annual Review 2022 in the Report of the Board of Directors.

GLASTON'S OUTLOOK FOR 2023

In 2023, Glaston expects the overall market activity to remain at a good level despite some regional differences. Although the megatrends support the use of energy-efficient windows, demand in Europe could be affected by the slowdown in the architectural market. In the Americas, Glaston expects the demand to continue strong, whereas in China, the prospects of the architectural market are uncertain.

In 2023, Glaston continues to focus on the execution of its strategy, which will incur costs and capital expenditure ahead of the effect on revenue growth. As supply chain disturbances and geopolitical tensions continue, a higher-than-normal uncertainty is related to the development of economic activity and customers' investments.

Glaston entered 2023 with an order backlog 46% higher than in the previous year. This provides a strong starting point for 2023 and supports the company's net sales and profitability development. Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2023 from the levels reported for 2022. As is typical, Glaston expects the first quarter of 2023 to be the weakest of the year, additionally impacted by low upgrade net sales and a higher share of new products. In 2022, Group full-year net sales totaled EUR 213.5 million and comparable EBITA was EUR 13.6 million.

BOARD OF DIRECTORS' PROPOSAL ON THE DISTRIBUTION OF PROFITS

The distributable funds of Glaston Corporation, are EUR 61,114,846 of which EUR 1,775,240 represents the loss for the financial year. The company has no funds available for dividend distribution.

The Board of Directors proposes to the Annual General Meeting that based on the balance sheet to be adopted for the financial period 2022, a return of capital of a total of EUR 3,371,596 be distributed., i.e. EUR 0.04 per share.

The return of capital will be paid from the reserve for invested unrestricted equity to shareholders who are registered in the company's register of shareholders, maintained by Euroclear Finland Ltd, on the record date for payment, 6 April 2023. The Board of Directors proposes to the Annual General Meeting that the return of capital be paid on 20 April 2023.

The Annual Review 2022, including the financial statements and the Board of Directors' review, will be available on the company website www.glaston.net on 14 March 2023, at the latest.

Helsinki, 8 February 2023
Glaston Corporation
Board of Directors

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 31 DECEMBER 2022

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Net sales	59.8	52.6	13.8%	213.5	182.7	16.9 %
Other operating income	0.9	0.5		3.6	4.3	
Expenses	-56.4	-49.9		-201.8	-173.9	
Depreciation, amortization and impairment	-1.3	-1.5		-5.4	-6.0	
Depreciation of right-of-use assets	-0.6	-0.5		-2.3	-1.9	
Operating result	2.5	1.2	114.6%	7.6	5.1	49.7 %
Financial items, net	-0.4	-2.1		-2.5	-3.5	
Interest expenses on lease liabilities	-0.1	-0.1		-0.4	-0.5	
Result before income taxes	2.0	-1.0	298.8%	4.7	1.2	308.7 %
Income taxes	-0.7	1.2		-1.6	-0.0	
Profit / loss for the period	1.3	0.1	792.5%	3.1	1.1	178.2 %

STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR million	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Profit / loss for the period	1.3	0.1	3.1	1.1
Other comprehensive income that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	-2.0	0.9	0.5	1.4
Cash flow hedges, net of tax	1.6	0.2	0.7	-0.1
Other comprehensive income that will not be reclassified subsequently to profit or loss:				
Fair value changes of financial assets measured at fair value through profit or loss	0.0	-2.8	0.0	-2.8
Actuarial gains and losses arising from defined benefit plans, net of tax	-1.6	1.2	-1.6	1.2
Other comprehensive income for the reporting period	-2.0	-0.5	-0.5	-0.3
Total comprehensive income for the reporting period	-0.7	-0.3	2.6	0.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	31.12.2022	31.12.2021
Assets		
Non-current assets		
Goodwill	58.7	58.6
Other intangible assets	17.5	17.2
Property, plant and equipment	22.6	22.9
Right-of-use assets	6.2	7.3
Financial assets measured at fair value through other comprehensive income	0.0	0.0
Loan and other non-current receivables	0.6	2.9
Deferred tax assets	2.1	2.6
Total non-current assets	107.8	111.6
Current assets		
Inventories	32.0	27.3
Receivables		
Trade and other receivables	24.0	17.1
Contract assets	9.0	14.3
Assets for current tax	-	0.1
Total receivables	33.0	31.6
Cash equivalents	22.2	26.9
Total current assets	87.1	85.7
Total assets	194.9	197.3

EUR million	31.12.2022	31.12.2021
Equity and liabilities		
Equity		
Share capital	12.7	12.7
Other restricted equity reserves	0.3	0.3
Reserve for invested unrestricted equity	105.3	107.9
Other unrestricted equity reserves	0.4	-0.3
Retained earnings	-50.3	-52.5
Total equity	68.4	68.0
Non-current liabilities		
Non-current interest-bearing liabilities	23.9	30.4
Non-current lease liabilities	5.9	6.9
Non-current interest-free liabilities and provisions	0.4	0.3
Deferred tax liabilities	9.1	9.3
Total non-current liabilities	39.3	46.9
Current liabilities		
Current interest-bearing liabilities	4.0	6.2
Current lease liabilities	1.7	1.7
Current provisions	3.2	2.5
Trade and other current interest-free payables	73.1	69.3
Contract liabilities	3.9	2.1
Liabilities for current tax	1.1	0.8
Total current liabilities	87.1	82.4
Total liabilities	126.5	129.3
Total equity and liabilities	194.9	197.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Cash flows from operating activities				
Cash flow before change in net working capital	3.1	1.4	10.5	7.1
Change in net working capital	5.6	4.1	-0.3	12.2
Net cash flow from operating activities	8.7	5.5	10.2	19.3
Cash flow from investing activities				
Purchases of non-current assets	-2.3	-3.0	-5.8	-5.2
Proceeds from sale of business	-	0.4	-	0.4
Proceeds from sale of other non-current assets	0.0	-0.0	0.4	1.6
Net cash flow from investing activities	-2.3	-2.6	-5.5	-3.1
Cash flow before financing	6.4	2.9	4.7	16.2
Cash flow from financing activities				
Increase in non-current liabilities	-2.0	-	24.0	-
Decrease in non-current liabilities	-	-	-31.0	-
Changes in loan receivables (increase - / decrease +)	-	0.0	0.3	0.0
Increase in short-term liabilities	2.0	-	6.3	-
Decrease in short-term liabilities	-2.0	-2.0	-8.2	-12.1
Return of capital	-	-	-2.5	-1.7
Net cash flow from financing activities	-2.0	-2.0	-11.2	-13.8
Effect of exchange rate changes	-1.9	1.3	1.9	1.2
Net change in cash and cash equivalents	2.6	2.3	-4.6	3.6
Cash and cash equivalents at the beginning of period	19.7	24.6	26.9	23.3
Cash and cash equivalents at the end of period	22.2	26.9	22.2	26.9
Net change in cash and cash equivalents	2.6	2.3	-4.6	3.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Reserve for inv. unrestr. equity	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2021	12.7	109.5	-0.2	-56.8	3.6	68.9
Total compr. income for the period	-	-	-	-0.5	1.3	0.8
Share-based plan, net of tax	-	-	-	-	0.1	0.1
Return of capital	-	-1.7	-	-	-	-1.7
Other changes	-	-	-	-	-0.1	-0.1
Equity at 31 December 2021	12.7	107.9	-0.2	-57.4	5.0	68.0

EUR million	Share capital	Reserve for inv. unrestr. equity	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2022	12.7	107.9	-0.2	-57.4	5.0	68.0
Total compr. income for the period	-	-	0.7	1.5	0.5	2.6
Share-based plan, net of tax	-	-	-	0.1	-	0.1
Return of capital	-	-2.5	-	-	-	-2.5
Other changes	-	-	-	0.2	-	0.2
Equity at 31 December 2022	12.7	105.3	0.5	-55.6	5.5	68.4

KEY RATIOS

	31.12.2022	31.12.2021
EBITDA, as % of net sales	7.2%	7.1%
Comparable EBITDA, as % of net sales	8.2%	7.9%
Operating profit (EBIT), as % of net sales	3.6%	2.8%
Comparable EBITA, as % of net sales	6.4%	6.1%
Profit / loss for the period, as % of net sales	1.4%	0.6%
Gross capital expenditure, EUR million	5.8	5.2
Gross capital expenditure, as % of net sales	2.7%	2.8%
Equity ratio, %	44.0%	42.3%
Gearing, %	51.9%	66.3%
Net gearing, %	19.5%	26.9%
Net interest-bearing debt, EUR million	13.3	18.3
Capital employed, end of period, EUR million	104.0	113.2
Return on equity, %	4.5%	1.6%
Return on capital employed, %	6.9%	2.8%
Comparable Return on capital employed, %	10.5%	6.1%
Number of personnel, average	775	731
Number of personnel, end of period	783	750

PER SHARE DATA	31.12.2022	31.12.2021
Number of registered shares, end of period (1.000)	84 290	84 290
Number of shares, average (1.000)	84 290	84 290
EPS, total, basic and diluted, EUR	0.037	0.013
Comparable EPS, total, basic and diluted, EUR ¹⁾	0.074	0.051
Equity attributable to owners of the parent per share, EUR	0.81	0.81
Return of capital per share, EUR ²⁾	0.04	0.03
Return of capital yield / share, % ²⁾	4.4%	2.6%
Price per earnings per share (P/E) ratio	24.6	86.5
Price per equity attributable to owners of the parent per share	1.11	1.41
Market capitalization of registered shares, EUR million	76.0	96.1
Share turnover, %, number of shares traded, % of the average registered number of shares	9.7%	24.4%
Number of shares traded, (1.000)	8 153	20 577
Closing price of the share, EUR	0.90	1.14
Highest quoted price, EUR	1.19	1.40
Lowest quoted price, EUR	0.71	0.72
Volume-weighted average quoted price, EUR	0.95	0.98

1) Change in Comparable EPS formula, net of tax added

2) The Board of Directors' proposal to the 2023 Annual General Meeting.

The reconciliation of alternative performance measures

Items affecting comparability

EUR million	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Re-structuring	-0.4	-0.3	-1.6	-1.7
Other	-0.5	-0.9	-0.6	0.3
Items affecting comparability	-0.9	-1.2	-2.3	-1.5

Comparable operating result (EBIT) and EBITA

EUR million	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Operating result	2.5	1.2	7.6	5.1
Items affecting comparability ¹⁾	0.9	1.2	2.3	1.5
Comparable EBIT	3.3	2.3	9.9	6.6
Operating result	2.5	1.2	7.6	5.1
Amortization and purchase price allocation ¹⁾	0.8	1.1	3.7	4.5
EBITA	3.3	2.3	11.3	9.6
Items affecting comparability ¹⁾	0.9	1.2	2.3	1.5
Comparable EBITA	4.2	3.5	13.6	11.1
% of net sales	7.0%	6.6%	6.4%	6.1%

¹⁾ + cost, - income

Comparable ROCE% and EPS

EUR million

	1-12/2022	1-12/2021
Profit/loss for the period before taxes	4.7	1.2
Financial expenses	2.7	2.2
Purchase price allocation ¹⁾	1.6	2.5
Total	9.1	5.8
Total annualized	9.1	5.8
Items affecting comparability ¹⁾	2.3	1.5
Total	11.4	7.3
Equity	68.4	68.0
Interest bearing liabilities	35.5	45.1
Avg (1.1.and end of period)	108.6	119.0
Comparable ROCE%	10.5%	6.1%
Profit/loss for the period	3.1	1.1
Purchase price allocation ¹⁾	1.6	2.5
Items affecting comparability ¹⁾	2.3	1.5
-tax	-0,8	-0,8
Total	6.2	4.3
Number of shares, average	84.3	84.3
Comparable earnings per share, EUR	0.074	0.051

¹⁾ + cost, - income**Per share data**

Earnings per share (EPS):

Net result attributable to owners of the parent / Average number of shares

Dividend per share*:

Dividends paid / Number of issued shares at end of the period

Dividend payout ratio*:

(Dividend per share x 100) / Earnings per share

Dividend yield per share*:

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

Equity attributable to owners of the parent per share:

Equity attributable to owners of the parent at end of the period / 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

Other alternative performance measures**Comparable EBIT:**

Operating result after depreciation, amortization, and impairment, +/- items affecting comparability+ large, expensed cloud-computing investments

Comparable EBITDA:

Operating result before depreciation, amortization, and impairment, +/- items affecting comparability+ large, expensed cloud-computing investments

Comparable EBITA:

Operating result before amortization, impairment of intangible assets and purchase price allocation +/- items affecting comparability+ large, expensed cloud-computing investments

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+ amortization of purchase price allocations) net of tax / Average number of shares

Items affecting comparability:

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

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

NOTES

Basis of preparation

This consolidated financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (SIC and IFRIC). The Notes to the Financial Statements are also in accordance with the Finnish Accounting Act and Ordinance and the Finnish Companies' Act.

Glaston's Financial Statements are audited. Auditor's report has been given on 8 February 2023. Quarterly information and interim reports are not audited.

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

1. SEGMENT INFORMATION

Orders received

EUR million

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Heat Treatment	25.4	23.5	95.1	89.0
Insulating Glass	19.4	25.1	126.6	95.0
Automotive & Display	6.6	10.0	30.4	31.2
Total segments	51.3	58.6	252.1	215.1
Unallocated and eliminations	0.3	0.4	0.9	1.1
Total Glaston Group	51.7	59.1	253.0	216.2

Net sales

EUR million

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Heat Treatment	21.8	22.1	85.0	74.7
Insulating Glass	25.7	23.1	90.1	81.6
Automotive & Display	12.0	7.3	37.5	25.6
Total segments	59.5	52.5	212.6	181.9
Unallocated and eliminations	0.3	0.1	0.9	0.8
Total Glaston Group	59.8	52.6	213.5	182.7

Comparable EBITA

EUR million

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Heat Treatment	1.1	0.7	5.1	3.4
Insulating Glass	2.6	2.4	6.8	6.5
Automotive & Display	0.4	0.4	1.5	1.2
Total segments	4.0	3.5	13.5	11.1
Unallocated and eliminations	0.2	-0.1	0.1	0.0
Total Glaston Group	4.2	3.5	13.6	11.1
Comparable EBITA %	7.0%	6.6%	6.4%	6.1%

Comparable EBITA %

EUR million

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Heat Treatment	4.8%	3.2%	6.1%	4.5%
Insulating Glass	10.1%	10.5%	7.5%	8.0%
Automotive & Display	3.1%	5.2%	4.1%	4.7%
Total segments	6.8%	6.7%	6.3%	6.1%
Unallocated and eliminations	47.6%	-61.2%	16.3%	0.9%
Total Glaston Group	7.0%	6.6%	6.4%	6.1%

Operating result (EBIT)

EUR million

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Heat Treatment	0.2	-0.3	2.3	0.6
Insulating Glass	2.1	1.7	4.9	4.6
Automotive & Display	-0.1	-0.2	0.3	-0.1
Total segments	2.3	1.2	7.5	5.1
Unallocated and eliminations	0.2	-0.1	0.1	0.0
Total Glaston Group	2.5	1.2	7.6	5.1
Operating result %	4.2%	2.2%	3.6%	2.8%

Segment assets

EUR million

	1-12/2022	1-12/2021
Heat Treatment	65.8	67.2
Insulating Glass	72.5	67.8
Automotive & Display	31.3	32.2
Total segment assets	169.6	167.2
Other assets	25.3	30.1
Total assets	194.9	197.3

Segment liabilities

EUR million

	1-12/2022	1-12/2021
Heat Treatment	42.3	37.7
Insulating Glass	31.0	30.3
Automotive & Display	7.2	5.7
Total segment liabilities	80.6	73.7
Other liabilities	45.9	54.3
Total liabilities	126.5	128.0

Personnel at the end of the period

	1-12/2022	1-12/2021
Heat Treatment	292	283
Insulating Glass	370	359
Automotive & Display	119	103
Others	2	5
Total personnel at the end of the period	783	750

ORDERS RECEIVED, ORDER BOOK, NET SALES AND OPERATING RESULT BY QUARTERS**Orders received**

EUR million	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	25.4	23.8	23.5	22.4	23.5	18.3	24.4	22.8
Insulating Glass	19.4	55.0	26.7	25.5	25.1	19.3	30.9	19.5
Automotive & Display	6.6	7.2	5.9	10.8	10.0	7.5	8.9	4.8
Total segments	51.3	86.0	56.1	58.7	58.6	45.1	64.3	47.1
Unallocated and eliminations	0.3	0.2	0.1	0.2	0.4	0.3	0.3	0.1
Total Glaston Group	51.7	86.2	56.2	59.0	59.1	45.4	64.5	47.2

Order book

EUR million	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021	30.9.2021	30.6.2021	31.3.2021
Heat Treatment	54.1	52.0	45.6	44.1	45.6	41.5	46.1	39.4
Insulating Glass	78.7	81.1	49.3	40.6	38.5	37.4	35.7	23.8
Automotive & Display	5.5	9.2	11.1	13.3	10.7	7.2	6.0	4.8
Total segments	138.3	142.3	106.0	98.1	94.8	86.1	87.8	68.0
Unallocated and eliminations	-	-	-	-	-	-	-	-
Total Glaston Group	138.3	142.3	106.0	98.1	94.8	86.1	87.8	68.0

Net sales

EUR million	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	21.8	17.9	22.9	22.5	22.1	21.0	17.6	13.8
Insulating Glass	25.7	21.8	21.1	21.5	23.1	19.1	18.2	21.3
Automotive & Display	12.0	7.9	9.4	8.1	7.3	6.0	7.2	5.2
Total segments	59.5	47.7	53.3	52.1	52.5	46.1	42.9	40.3
Unallocated and eliminations	0.3	0.2	0.1	0.2	0.1	0.3	0.3	0.1
Total Glaston Group	59.8	47.9	53.5	52.3	52.6	46.4	43.3	40.4

Comparable EBITA

EUR million	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	1.1	0.8	1.8	1.5	0.7	1.8	0.6	0.3
Insulating Glass	2.6	0.9	1.4	1.9	2.4	1.4	0.9	1.8
Automotive & Display	0.4	0.7	0.3	0.1	0.4	-0.0	0.8	0.0
Total segments	4.0	2.4	3.6	3.5	3.5	3.2	2.3	2.1
Unallocated and eliminations	0.2	0.1	-0.1	-0.0	-0.1	0.0	0.1	-0.0
Total Glaston Group	4.2	2.5	3.5	3.5	3.5	3.2	2.4	2.1
Comparable EBITA %	7.0%	5.1%	6.6%	6.6%	6.6%	6.9%	5.5%	5.1%

Comparable EBITA %

EUR million

	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	4.8%	4.2%	7.9%	6.8%	3.2%	8.4%	3.3%	2.3%
Insulating Glass	10.1%	4.2%	6.6%	8.8%	10.5%	7.4%	5.0%	8.3%
Automotive & Display	3.1%	9.1%	3.7%	1.1%	5.2%	-0.3%	11.3%	0.5%
Total segments	6.8%	5.0%	6.7%	6.7%	6.7%	6.8%	5.4%	5.2%
Unallocated and eliminations	47.6%	28.6%	-37.3%	-9.6%	-61.2%	18.2%	15.8 %	-36.4%
Total Glaston Group	7.0%	5.1%	6.6%	6.6%	6.6%	6.9%	5.5%	5.1%

Operating result (EBIT)

EUR million

	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Heat Treatment	0.2	0.3	0.7	1.1	-0.3	0.9	0.6	-0.5
Insulating Glass	2.1	0.5	1.0	1.3	1.7	1.6	0.3	0.9
Automotive & Display	-0.1	0.4	0.2	-0.2	-0.2	-0.2	0.6	-0.3
Total segments	2.3	1.1	1.8	2.2	1.2	2.2	1.5	0.1
Unallocated and eliminations	0.2	0.1	-0.1	-0.0	-0.1	0.0	0.1	-0.0
Total Glaston Group	2.5	1.2	1.8	2.2	1.2	2.3	1.6	0.1
Operating result %	4.2%	2.5%	3.4%	4.2%	2.2%	4.9%	3.6%	0.3%

ORDERS RECEIVED, ORDER BOOK AND NET SALES BY PRODUCT AREAS**Orders received by product area**

EUR million

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Heat Treatment Technologies	18.2	16,0	66.0	60.1
Insulating Glass Technologies	12.3	17,9	99.3	70.5
Automotive & Display Technologies	2.4	7,2	14.3	16.5
Services	18.5	17,4	72.5	68.0
Unallocated and eliminations	0.3	0,4	0.9	1.1
Glaston Group, total	51.7	59,1	253.0	216.2

Order book by product area

EUR million

	31.12.2022	31.12.2021
Heat Treatment Technologies	48.8	39.3
Insulating Glass Technologies	77.9	38.0
Automotive & Display Technologies	5.2	10.2
Services	6.4	7.3
Unallocated and eliminations	-	-
Glaston Group, total	138.3	94.8

Net sales by product area

EUR million

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Heat Treatment Technologies	13.6	14.9	55.7	48.0
Insulating Glass Technologies	18.4	16.7	63.1	58.1
Automotive & Display Technologies	7.7	4.1	21.1	11.5
Services	21.1	17.6	76.4	66.8
Unallocated and eliminations	-1.0	-0.7	-2.8	-1.7
Glaston Group, total	59.8	52.6	213.5	182.7

NET SALES BY REGION**Geographical distribution of net sales**

EUR million

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Americas	20.3	15.9	60.9	55.4
EMEA	28.8	28.7	112.2	95.7
APAC	10.6	7.9	40.4	31.5
Glaston Group, total	59.8	52.6	213.5	182.7

2. FINANCIAL RISK MANAGEMENT**Liquidity risk**

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

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

Glaston Corporation has signed a new long-term financing agreement in March 2022. The financing agreement consists of a EUR 30 million long-term loans as well as a EUR 25 million revolving credit facility. The agreement is for three years and includes two one-year options for extension of the loan period. The re-financing was executed on April 1, 2022.

EUR million	In use	Unused	Total
Committed credit facilities 31.12.2022	2.0	23.0	25.0
Committed credit facilities 31.12.2021	8.1	26.9	35.0

Net interest bearing debt

EUR million	31.12.2022	31.12.2021
Loans from financial institutions	28.0	36.6
Lease liabilities	7.6	8.6
Cash	22.2	26.9
Total	13.3	18.3
Net gearing, %	19.5	26.9

Credit risk

The Group becomes exposed to credit and counterparty risks when it grants payment time to the customers. The credit worthiness of these counterparties may decrease and affect Group's result. Credit risk management is conducted in accordance with the Group's Credit Management Policy.

The estimate made for doubtful receivables is based on a review of all trade receivables outstanding on the reporting date as well as on an assessment of the impairment of financial assets based on expected credit losses.

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

At the end of December 2022, 5.0 (19.6 on 31.12.2021) per cent of the Group's trade receivables were secured by LCs and incoming bank guarantees.

Ageing analysis of trade receivables			Past due			
EUR million						
	Carrying amount of trade receivables after recognizing allowance account	Not past due	< 30 days	31-180 days	181 - 360 days	> 360 days
31.12.2022	17.8	12.3	4.0	1.3	0.1	0.0
31.12.2021	12.5	9.4	1.7	0.7	0.2	0.5

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Changes in property, plant and equipment

EUR million	1-12/2022	1-12/2021
Carrying amount at beginning of the period	22.9	23.1
Additions	2.1	2.0
Disposals	-0.4	-0.8
Depreciation and amortization	-1.9	-1.8
Reclassification and other changes	-0.2	-0.0
Exchange differences	0.0	0.4
Carrying amount at end of the period	22.6	22.9

At the end of December 2022, Glaston had not contractual commitments for the acquisition of property, plant and equipment.

EUR million

Changes in intangible assets	1-12/2022	1-12/2021
Carrying amount at beginning of the period	75.8	76.9
Additions	3.7	3.2
Disposals	-0.0	-0.4
Depreciation and amortization	-3.5	-4.2
Reclassification and other changes	0.0	-0.1
Exchange differences	0.1	0.3
Carrying amount at end of the period	76.1	75.8

4. LEASES

LEASES IN THE BALANCE SHEET

EUR million

Right-of-use assets	1-12/2022	1-12/2021
Carrying amount at beginning of the period	7.3	6.9
Additions	1.3	2.3
Depreciation expense	-2.3	-1.9
Carrying amount at end of the period	6.2	7.3

EUR million

Lease liabilities	1-12/2022	1-12/2021
Carrying amount at beginning of the period	8.6	8.2
Additions	1.3	2.2
Interest expense	0.4	0.5
Rental payment	-2.7	-2.3
Carrying amount at end of the period	7.6	8.6

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	1-12/2022	1-12/2021
Depreciation of right-of-use assets	-2.3	-1.9
Interest expense on lease liabilities	-0.4	-0.5
Short-term lease expense	-0.4	-0.4
Total amounts recognised in profit or loss	-3.2	-2.7

5. CONTINGENT LIABILITIES

EUR million	31.12.2022	31.12.2021
Mortgages and pledges		
On own behalf	314.1	513.5
Guarantees		
On own behalf	15.3	8.5
On behalf of others	0.3	0.2

Mortgages and pledges include EUR 21.6 million shares in group companies.

Glaston Group 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.

6. DERIVATIVE INSTRUMENTS

EUR million	31.12.2022		31.12.2021	
	Nominal value	Fair value	Nominal value	Fair value
Currency forwards				
Currency forward contracts	18.7	0.1	19.2	-0.3
Interest rate derivatives				
Interest rate derivatives	12.0	0.6	-	-

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.

In April 2022, Glaston entered into a 3-year interest rate swap with a nominal value of EUR 12 million to hedge a variable rate loan, which is subject to hedge accounting.

Derivative instruments are used only for currency and interest rate 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.

7. 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

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

	31.12.2022	31.12.2021
1.1.	0.0	2.8
Additions	-	-
Disposals	-	-
Impairment losses	-	-2.8
Reclassification	-	-
31.12.	0.0	0.0

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	31.12.2022				31.12.2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Listed shares	-	-	0.0	0.0	-	-	-	-
Other long-term investments	-0.0	-	0.0	0.0	-0.0	-	0.0	0.0
Currency forward contracts	-	0.5	-	0.5	-	0.2	-	0.2
Interest rate derivatives	-	0.6	-	0.6	-	-	-	-
Total	-0.0	1.1	0.0	1.1	-0.0	0.2	0.0	0.2
Liabilities								
Currency forward contracts	-	-0.4	-	-0.4	-	-0.7	-	-0.7
Interest rate derivatives	-	-	-	-	-	-	-	-
Total	-	-0.4	-	-0.4	-	-0.7	-	-0.7