Q1 2023

Glaston Corporation
Interim Report
1 January – 31 March 2023

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Glaston's interim report January─March 2023: Solid performance in the Architectural business continued

January─March 2023 in brief

- Orders received totaled EUR 56.9 (59.0) million.
- Net sales totaled EUR 51.3 (52.3) million.
- Comparable EBITA was EUR 3.0 (3.5) million, i.e. 5.8 (6.6)% of net sales.
- The operating result (EBIT) was EUR 1.9 (2.2) million.
- The comparable earnings per share were EUR 0.019 (0.022).

GLASTON'S OUTLOOK FOR 2023 REMAINS UNCHANGED

In 2023, Glaston expects the markets to remain active despite some regional differences. The strong megatrends driving the demand for energy-efficient glass solutions continue to support Glaston's markets. Europe could however be particularly 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 remain 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. Amid geopolitical tensions and increasing uncertainty in the global business environment, the higher-than-normal level of unpredictability is related to customers' investment decisions.

Glaston entered 2023 with an order backlog 46 % higher than in the previous year, which supports the company's net sales and profitability development. The Automotive production ramp-up in China continues to have a negative impact on profitability in the second quarter of 2023. Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2023 from the levels reported for 2022. In 2022, Group full-year net sales totaled EUR 213.5 million and comparable EBITA was EUR 13.6 million.

President & CEO Anders Dahlblom:

"In the first quarter of 2023, market activity continued at a good level. Despite growing market uncertainty and a longer decision-making period for new investments due to economic uncertainty and rapidly increasing financing costs, our order intake totaled EUR 56.9 million, which was 4% below the level of the corresponding period in 2022 but 10% above our Q4 order intake. First-quarter net sales were down by 2% to EUR 51.3 million, primarily due to low machine volume in the Automotive business. Profitability was reasonable with comparable EBITA at EUR 3.0 million, corresponding to an EBITA margin of 5.8%. Profitability was impacted by the loss in the Automotive & Display business, which was a result of low volume and production ramp-up in China.

The Services business saw a slow start to the year. Order intake was 2% below the level of the corresponding period in the previous year, mainly due to the lower upgrade order intake than in 2022. The weak upgrade order intake in the latter part of 2022 affected Services' first-quarter net sales. Daily Services and spare part business grew 9% and 6% respectively.

Ramping up the capabilities for the production of Automotive pre-processing equipment in Tianjin, China continued in line with our plans. The first delivery projects from Tianjin have low profitability as we are still building up the local supply chain. This impacted our first-quarter profitability and this will continue for the second quarter. In addition, we are manufacturing the first flat tempering CHF Solar lines in Tianjin, mainly during the first half of this year.

Growing our business in China is one of our strategic focus areas. Compared to the solar and automotive markets, the development of the architectural market in China has been characterized by uncertainty. Taking place in early May, the China Glass exhibition will be the first post-COVID meeting point for the industry, giving us valuable market insight and offering a great opportunity to meet face-to-face with our customers, with the goal of gaining new business.

Our good progress in sustainability continued. In 2022, we made major progress in reducing our own carbon footprint and we are now ready for the next step: we are committed to setting near-term company-wide emission reduction targets in line with climate science with the Science Based Targets initiative (SBTi). Our commitment to the SBTi challenges us to work together with our suppliers and customers to reduce emissions across the whole glass processing value chain.

In the review period, signs of increasing market uncertainty and more cautious customer behavior have been perceptible. However, the underlying growth drivers for our products and services remain solid and our high order backlog supports our performance in the coming quarters."

GLASTON GROUP'S KEY FIGURES

MEUR	1–3/2023	1–3/2022	Change%	1–12/2022
Orders received	56.9	59.0	-3.6%	253.0
of which service operations	18.5	18.8	-1.9%	72.5
of which service operations, %	32.5%	31.9%		28.6%
Order book at end of period	139.0	98.1	41.7%	138.3
Net sales	51.3	52.3	-1.9%	213.5
of which service operations	18.0	18.3	-2.0%	76.4
of which service operations, %	35.0%	35.1%		35.8%
EBITDA	3.7	4.3	-13.9%	15.3
Items affecting comparability[1)]	0.3	0.2	108.9%	2.3
Comparable EBITDA	4.0	4.4	-9.5%	17.6
Comparable EBITDA, %	7.8%	8.5%		8.2%
Comparable EBITA	3.0	3.5	-13.8%	13.6
Comparable EBITA, %	5.8%	6.6%		6.4%
Operating result (EBIT)	1,9	2.2	-14.2%	7.6
Profit/loss for the period	1.1	1.2	-8.3%	3.1
Comparable earnings per share, EUR[2)]	0.019	0.022	-13.6%	0.074
Cash flow from operating activities	-0.5	-6.8	92.6%	10.2
Return on investment (ROI), %, (annualized)	7.3%	7.5%		6.9%
Comparable return on capital employed (ROCE), %, (annualized)	8.9%	9.8%		10.5%
Equity ratio, %	45.6%	43.0%		44.0%
Net gearing, %	23.2%	36.4%		19.5%
Number of employees at end of period	800	761	5.1%	783

1) + cost, - income
2) change in comparable EPS formula, net of tax added

OPERATING ENVIRONMENT

Architectural glass

The architectural market saw a positive start to the year with overall market activity at a good level. Driven by the architectural business, stable market activity for Heat Treatment equipment continued. Increased demand for automation and energy-efficient solutions was further highlighted, which drove demand for flat tempering and laminating lines in particular.

For Insulating Glass equipment, the markets remained healthy. Demand for the Thermoplastic Spacer (TPS®) technology was at a high level due to its major advantages in flexible, high-quality insulating glass manufacturing. The new drum pump system, launched in the autumn of 2022, strengthened the image of this technology even further. Additionally, the glass arrissing machine MULTI’ARRISSER continued to facilitate new integrated insulating glass lines and Glaston was able to gain additional market share.

However, some signs of increasing uncertainty were noted as the high inflationary environment combined with higher interest rates increased cautiousness in making investment decisions among customers in Europe in particular, where the residential market was down year-on-year.

Operating environment in the regions

In the **EMEA** region, the markets for Insulating Glass equipment remained solid, supported by the residential and commercial glass markets. Automated IG manufacturing solutions and special IG lines, for example for safety glass and fire-resistant glass manufacturing, continued to be in high demand. For Heat Treatment equipment, demand in the EMEA region remained at a good level. In the Services markets, spare parts and field services saw a slow quarter, whereas for upgrades good individual deals were closed.

In the first quarter, the **Americas** continued to be an active market for Heat Treatment, driven by the architectural business. For Insulating Glass equipment, the quarter was somewhat slower but the general trend towards warm spacer technologies, such as the TPS® technology, continued. In addition, the MULTI’ARRISSER attracted customers' interest. For Services, the market activity for upgrade products continued to recover and the good market for spare parts and field services continued.

In **China**, the challenging market situation continued with a further slowdown in the architectural market. In anticipation of new industry innovations and products, the China Glass exhibition in early May also had some impact on market activity. For Insulating Glass, a slow start to the year was noted and for Heat Treatment, the market continued to be soft. For Services markets in China, demand for spare parts and field services was slow. Elsewhere in the APAC region, the markets for new machines remained subdued while demand for spare parts and field services was strong.

The supply chain disruptions continued but were less of an issue as some first signs of relief could be seen and the sourcing teams’ management of the situation has improved.

Automotive glass

In the first quarter, automotive production increased due to improvement in the supply situation and China lifting the COVID-related restrictions. The general market sentiment that was already positive at the end of 2022 continued into the first quarter. Increased investment activity for new machinery was noted, which was reflected in a good order intake for automotive machinery. While the traditional display market was not very active, the automotive display market showed increased activity. Display orders were still modest, however. The service business remained at a good level showing growth compared to the corresponding period in the previous year.

In the first quarter, the supply situation improved, although there were still challenges, especially regarding control components.

Operating environment in the regions

In **Europe**, the market continued to be slow as the automotive glass industry consolidates.

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. Positive development was also noted in the traditional automotive market with orders for automotive glass production. The cautious signs of market recovery in **South America** continued. However, the increased activity was not yet reflected in the order intake.

In **China**, markets continued at a good level. Glaston’s decision to start production of standard pre-processing automotive products at the factory in Tianjin supported first-quarter order intake.

FINANCIAL DEVELOPMENT OF THE GROUP

Orders received and order book

Glaston Group's January–March 2023 orders received totaled EUR 56.9 (59.0) million, down 4% compared to the corresponding period in 2022. The order intake for Heat Treatment and Insulating Glass fell from the levels of the comparison period, while order intake for Automotive & Display was up 29%, mainly due to the strategically important deal valued at above EUR 8 million. Total Services business' order intake decreased by 2% in the first quarter as upgrade orders continued to be lower than in the corresponding period in the previous year, but are further recovering compared to the second half of 2022.

Orders received, EUR million	1–3/2023	1–3/2022	Change%	1–12/2022
Heat Treatment	19.1	22.4	-14.6%	95.1
Insulating Glass	23.5	25.5	-8.1%	126.6
Automotive & Display	14.0	10.8	29.4%	30.4
Segments, total	**56.6**	**58.7**	**-3.7%**	**252.1**
Unallocated and eliminations	0.3	0.2	19.0%	0.9
Glaston Group, total	**56.9**	**59.0**	**-3.6%**	**253.0**

The order book at the end of the first quarter was 42% higher than in the corresponding period in 2022 and stood at EUR 139.0 (98.1) million. The Heat Treatment order book totaled EUR 51.1 (44.1) million, representing 37% of the Group's order book, Insulating Glass EUR 76.4 (40.6) million, or 55%, and Automotive & Display EUR 11.5 (13.3) million, or 8% of the Group's order book.

Order book, EUR million	31.3.2023	31.3.2022	Change%	31.12.2022
Heat Treatment	51.1	44.1	15,8%	54.1
Insulating Glass	76.4	40.6	88,3%	78.7
Automotive & Display	11.5	13.3	-13.5%	5.5
Segments, total	**139.0**	**98.1**	**41.7%**	**138.3**
Unallocated and eliminations	-	-	-	-
Glaston Group, total	**139.0**	**98.1**	**41.7%**	**138.3**

Net sales

January–March 2023 net sales were down 2% from the corresponding period of the previous year and totaled EUR 51.3 (52.3) million.

The Heat Treatment segment's net sales were stable, while Insulating Glass' net sales were slightly up by 2%. The Automotive & Display segment's net sales declined strongly by 19%. Total Services business' net sales declined by 2% in the quarter.

Of total net sales, the Heat Treatment segment accounted for 44%, the Insulating Glass segment for 43%, and the Automotive & Display segment for 13%. Geographically, of the company's total first-quarter net sales, the EMEA area accounted for 49%, the Americas for 36%, and Asia and Pacific (APAC) for around 15%.

Net sales, EUR million	1–3/2023	1–3/2022	Change%	1–12/2022
Heat Treatment	22.6	22.5	0.3%	85.0
Insulating Glass	21.9	21.5	2.0%	90.1
Automotive & Display	6.6	8.1	-18.9%	37.5
Segments, total	**51.0**	**52.1**	**-2.0%**	**212.6**
Unallocated and eliminations	0.3	0.2	19.0%	0.9
Glaston Group, total	**51.3**	**52.3**	**-1.9%**	**213.5**

Operating result and profitability

First-quarter 2023 comparable EBITA was EUR 3.0 (3.5) million, i.e. 5.8 (6.6)% of net sales. Profitability improved in the Heat Treatment segment and declined slightly in the Insulating Glass segment. The Automotive & Display segment recorded a loss for the quarter.

Glaston Group's comparable operating result was EUR 2.2 (2.3) million, i.e. 4.3 (4.5)% of net sales. The first-quarter operating result was EUR 1.9 (2.2) million. Items affecting comparability amounting to EUR -0.3 (-0.2) million were recognized in the first quarter and were mainly related mainly to the transfer of the production of Automotive standard pre-processing products to China.

Financial income and expenses were EUR -0.3 (-0.4) million. The result before taxes was EUR 1.4 (1.7) million. The result for the first quarter was EUR 1.1 (1.2) million and earnings per share were EUR 0.013 (0.014). The comparable earnings per share were EUR 0.019 (0.022).

Comparable operating result (EBIT) and EBITA

EUR million	1—3/2023	1—3/2022	Change%	1—12/2022
Operating result	1.9	2.2	-14.2%	7.6
Items affecting comparability[1)]	0.3	0.2	108.9%	2.3
Comparable EBIT	**2.2**	**2.3**	**-5.9%**	**9.9**
Operating result	**1.9**	**2.2**	**-14.2%**	**7.6**
Amortization and purchase price allocation[1)]	0.8	1.1	-30.2%	3.7
EBITA	**2.7**	**3.3**	**-19.7%**	**11.3**
Items affecting comparability[1)]	0.3	0.2	108.9%	2.3
Comparable EBITA	**3.0**	**3.5**	**-13.8%**	**13.6**
% of net sales	5.8%	6.6%	-12.1%	6.4%

1) + cost, -income

FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

Heat Treatment reporting segment

Heat Treatment segment's first quarter in brief:

- Healthy market activity despite increasing uncertainty
- Good profitability development continued
- Main factories' capacity utilization at a good level with a healthy backlog for 2023

Heat Treatment KEY RATIOS EUR million	1–3/2023	1–3/2022	Change%	1–12/2022
Orders received	19.1	22.4	-14.6%	95.1
of which service operations	7.0	8.2	-15.3%	29.0
of which service operations%	36.5%	36.7%		30.5%
Order book at end of period	51.1	44.1	15.8 %	54.1
Net sales	22.6	22.5	0.3%	85.0
of which service operations	6.6	7.8	-15.5%	31.0
of which service operations%	29.2%	34.7%		36.5%
Comparable EBITA	1.8	1.5	15,9%	5.1
Comparable EBITA, %	7.8%	6.8%		6.1%
Operating result (EBIT)	1.2	1.1	10.1%	2.3
Operating result (EBIT), %	5.3%	4.8%		2.7%

Orders received and order book

In the first quarter, market activity continued at a good level. However, the high inflationary environment as well as increased interest rates pushed back some investments, and the Heat Treatment segment's first quarter order intake was down 15% compared to the corresponding period in the previous year, totaling EUR 19.1 (22.4) million.

The review period saw healthy order intake for both flat tempering and flat lamination lines. The FC tempering line was in high demand with orders from, for example, Poland, the United Kingdom, Austria and the US. Demand for HT upgrades was below the previous year but continued to recover from the low levels in the second half of 2022 with several iControL upgrades as well as ProL zone upgrades for lamination lines.

The Heat Treatment segment's order book stood at EUR 51.1 (44.1) million at the end of the first quarter.

Financial development

The Heat Treatment segment's January—March 2023 net sales were on the same level as in the corresponding period in 2022: EUR 22.6 (22.5) million. Machines net sales grew, but services net sales declined due to the low order intake in the second half of 2022. January—March comparable EBITA was EUR 1.8 (1,5) million, i.e. 7.8 (6.8)% of net sales. Strong progress in the machine margins was the main contributor to the profitability improvement.

Insulating Glass reporting segment

Insulating Glass segment's first quarter in brief:

- Solid start to the year despite global challenges
- Net sales slightly improving, EBITA margin lower
- Production at full capacity

Insulating Glass KEY RATIOS EUR million	1−3/2023	1−3/2022	Change%	1−12/2022
Orders received	23.5	25.5	-8.1%	126.6
of which service operations	7.1	7.1	0.0%	27.3
of which service operations%	30.2%	27.8%		21.6%
Order book at end of period	76.4	40.6	88.3 %	78.7
Net sales	21.9	21.5	2.0%	90.1
of which service operations	7.3	7.0	4.0%	28.2
of which service operations%	33.2%	32.5%		31.3%
Comparable EBITA	1.5	1.9	-18.0%	6.8
Comparable EBITA, %	7.1%	8.8%		7.5%
Operating result (EBIT)	1.3	1.3	3.8%	4.9
Operating result (EBIT), %	6,1%	6.0%		5.4%

Orders received

Despite supply chain challenges and high inflation rates, the insulating glass market remained active in the first quarter of 2023. Reflecting the longer decision times for new projects, the January−March 2023 order intake was EUR 23.5 (25.5) million, down 8% compared to the corresponding period in the previous year. For Services, the year started slowly and order intake was stable at EUR 7.1 million.

Based on solid demand in the residential and commercial markets, EMEA had a strong order entry with major orders from several European countries, such as Austria, Finland, France, Romania and the United Kingdom. The trend for automated insulating glass manufacturing solutions and special lines continued and several significant orders for the TPS® technology and the VARIO BOX line were received. The general trend towards warm edge spacer technologies such as the TPS® solution continued in the Americas and order entry was in line with expectations. In China, order intake for the mid-range machines was modest. In the rest of the APAC region, the markets continued to be subdued.

The Insulating Glass segment's order book stood at EUR 76.4 (40.6) million at the end of the period.

Financial development

The Insulating Glass segment's first-quarter 2023 net sales increased slightly (+2%) and were EUR 21.9 (21.5) million. Machines net sales were flat whereas services grew 4% due to the upgrades business scaling-up. Comparable EBITA was EUR 1.5 million, down 18% compared to the corresponding period in the previous year, mainly due to somewhat lower margins both in machines and services businesses. EBITA margin fell to 7.1% (8.8%).

Automotive & Display reporting segment

Automotive & Display segment's first quarter in brief:

- Good order intake for new machinery projects
- Services growing strongly
- Weak net sales and profitability development due to low order backlog at the end of 2022 and production transfer to China

Automotive & Display KEY RATIOS EUR million	1−3/2023	1−3/2022	Change%	1−12/2022
Orders received	14.0	10.8	29.4%	30.4
of which service operations	4.4	3.5	25.6%	16.1
of which service operations%	31.5%	32.4%		53.0%
Order book at end of period	11.5	13.3	-13.5%	5.5
Net sales	6.6	8.1	-18.9%	37.5
of which service operations	4.1	3.5	16.0%	17.1
of which service operations%	62.5%	43.7%		45.6%
Comparable EBITA	-0.4	0.1	-529.5%	1.5
Comparable EBITA, %	-5.7%	1.1%		4.1%
Operating result (EBIT)	- 0.7	-0.2	-328.8%	0.3
Operating result (EBIT), %	-11,0 %	-2.1%		0.8%

Orders received

The first quarter saw good investment activity for new automotive glass machines, and orders received in January−March 2023 totaled EUR 14.0 (10.8) million. The order intake included a significant order valued at above EUR 8 million from a global automotive industry glass processor for multiple CHAMP EVO automotive glass pre-processing lines. In addition, smaller orders were received, in particular from China, demonstrating the viability of the strategy to assemble standard Automotive pre-processing products in China.

Automotive Services business remained on a good level, showing strong year-on-year growth. Customers showed increasing interest in upgrading their existing lines, and a larger amount of upgrade orders were received in the quarter. As delivery times shortened, the improved supply situation further supported upgrade order intake. Display orders continued to be at low figures.

The Automotive & Display segment's order book stood at EUR 11.5 (13.3) million at the end of the period.

Financial development

The Automotive & Display segment's net sales decreased by 19% and were EUR 6.6 (8.1) million, mainly due to a low order backlog at the end of 2022.

The segment's comparable EBITA declined and was EUR -0.4 (0.1) million. Low machine net sales, low margin on the first deliveries from the Tianjin factory as well as higher fixed costs affected the segment's profitability development. The local supply chain in China is still in the development phase and the transition will continue to impact the profitability in the second quarter of 2023.

Financial position, cash flow and financing

At the end of March, Glaston Group's balance sheet total was EUR 193.4 (191.5) million. Intangible assets amounted to EUR 76.3 (75.5) million, of which goodwill was EUR 58.5 (58.7) million. At the end of the period, property, plant and equipment amounted to EUR 22.8 (22.7) million and inventories to EUR 36.4 (29.1) million.

The comparable return on capital employed (ROCE) was 8.9 (9.8)%.

At the end of March, the company's net gearing was 23.2 (36.4)% and the equity ratio was 45.6 (43.0)%. Net interest-bearing debt totaled EUR 16.1 (25.3) million.

The first-quarter cash flow from operating activities, before the change in working capital, was EUR 2.6 (3.1) million. As is usual to the first quarter, cash flow from the change in working capital was negative at EUR -3.0 (-9.9) million which was mainly due to increasing inventories as well as lower non-interest-bearing short-term liabilities. Cash flow from operating activities was EUR -0.5 (-6.8) million. Cash flow from investing activities was EUR -1.7 (-0.8) million. In the quarter, no cash flow from financing activities was recorded (Q1/2022: EUR 0.4 million).

Capital expenditure and product development

Glaston Group's January─March gross capital expenditure totaled EUR 1.7 (0.8) million and was primarily related to product development. Depreciation and amortization of property, plant and equipment, and intangible assets totaled EUR -1.2 (-1.5) million.

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 January─March, research and product development expenditure, excluding depreciation, totaled EUR 2.5 (2.0) million, of which EUR 0.9 (0.5) million was capitalized. Research and product development expenditure amounted to 4.9 (3.8)% of net sales.

Personnel

Glaston Group had a total of 800 (761) employees on 31 March 2023. The Heat Treatment segment employed 317 (295) people, the Insulating Glass segment 366 (362) people, and the Automotive & Display segment 115 (102) people. Of the Group's personnel, 34% (276 employees) worked in Germany, 26% (209 employees), worked in Finland, 13% worked elsewhere in the EMEA area, 21% worked in Asia and 6% worked in the Americas. The average number of employees was 791 (760).

STRATEGY

Glaston's revised strategy and updated financial targets for 2021–2025 were announced in August 2021. In the review period, management reviewed the strategy actions in order to ensure progress towards the strategic targets given the changed market environment. No major changes for the must-win projects and cornerstone initiatives were identified, whereas some new potential opportunities were mapped into the strategy frame.

Ramping up the capabilities for the production of Automotive pre-processing equipment in Tianjin continued as planned while China's COVID-related restrictions, which were in force for most of 2022, led to a slight delay in creating the local automotive supply chain network.

Manufacturing of the new flat tempering CHF Solar line proceeded according to plan at the factory in Tianjin. However, the deliveries scheduled for the first half of 2023 have been postponed to later in 2023 due to the customer's readiness to receive the machines.

GOVERNANCE

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 March 2023 was EUR 12.7 (12.7) million.

			No. of shares and votes	Share turnover, EUR million
GLA1V			84,289,911	2.3
	Highest	Lowest	Closing	Average price *)
Share price	1.09	0.90	1.01	0.99
			31.3.2023	31.3.2022
Market value			85.1	80.1
Number of shareholders			7,822	7,342
Foreign ownership, %			26.8	26.9

*) trading-weighted average

At the end of the review period, 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%.

SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

Currently, the increasing uncertainty in the global business environment constitutes the main short-term risk for Glaston. Businesses across the globe are being impacted by the increased inflationary pressure, and the tightening of monetary policy by central banks to tackle inflation has led to higher financing costs for investments, thereby leading to increased consideration for new investments. Glaston continuously monitors the development outlook of the global economy and its impact on the progress of its markets, with short-term risks mainly linked to the development of global investment demand. If the demand environment deteriorates substantially, this would mainly affect Glaston's net sales and earnings with a delay of six to nine months.

The supply chain disruptions are expected to continue well into 2023. Even though supply availability improved somewhat in the first quarter, except for some electrical and control components, 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. Amid increasing market uncertainty, customers may also wish to postpone or cancel their orders.

In Europe, the glass industry, as an energy-intensive industry, continues to be impacted by the energy crisis. Energy market volatility and availability concerns in Europe in particular may impact the willingness of Glaston's customers to invest in new machinery. In the longer term, the energy-related risks could lead to an accelerated green energy transition driving demand for investments in energy-saving technologies and renewable energy solutions.

Even though the impact of the COVID-19 pandemic has further decreased, there could be a risk of new virus variants spreading, causing severe business challenges like those experienced in previous years.

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.

EVENTS AFTER THE REPORTING PERIOD

Resolutions taken by the Annual General Meeting

The Annual General Meeting of Glaston Corporation was held on 4 April 2023 in Helsinki. The General Meeting adopted the financial statements and consolidated financial statements for the financial period from 1 January to 31 December 2022 and discharged the members of the Board of Directors and the CEO from liability for the financial year from 1 January to 31 December 2022. In accordance with the proposal of the Board of Directors, the General Meeting resolved that a return of capital of EUR 0.04 per share be distributed for the financial year ended on 31 December 2022.

The General Meeting re-elected as members of the Board of Directors the current 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.

The resolutions of the Annual General Meeting are available in the stock exchange release dated 4 April 2023.

GLASTON'S OUTLOOK FOR 2023

In 2023, Glaston expects the markets to remain active despite some regional differences. The strong megatrends driving the demand for energy-efficient glass solutions continue to support Glaston's markets. Europe could however be particularly 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 remain 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. Amid geopolitical tensions and increasing uncertainty in the global business environment, the higher-than-normal level of unpredictability is related to customers' investment decisions.

Glaston entered 2023 with an order backlog 46 % higher than in the previous year, which supports the company's net sales and profitability development. The Automotive production ramp-up in China continues to have a negative impact on profitability in the second quarter of 2023. Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2023 from the levels reported for 2022. In 2022, Group full-year net sales totaled EUR 213.5 million and comparable EBITA was EUR 13.6 million.

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	1-3/2023	1-3/2022	Change %	1-12/2022
Net sales	**51.3**	**52.3**	-1.9%	**213.5**
Other operating income	0.7	0.4		3.6
Expenses	-48.3	-48.5		-201.8
Depreciation, amortization and impairment	-1.2	-1.5		-5.4
Depreciation of right-of-use assets	-0.6	-0.6		-2.3
Operating result	**1.9**	**2.2**	-14.2%	**7.6**
Financial items, net	-0.3	-0.4		-2.5
Interest expenses on lease liabilities	-0.1	-0.1		-0.4
Result before income taxes	**1.4**	**1.7**	-14.5%	**4.7**
Income taxes	-0.4	-0.5		-1.6
Profit / loss for the period	**1.1**	**1.2**	-12.2%	**3.1**
Earnings per share, EUR	0.013	0.014		0.037

STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR million	1-3/2023	1-3/2022	1-12/2022
Profit / loss for the period	**1.1**	**1.2**	**3.1**
Other comprehensive income that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	-0.4	0.2	0.5
Cash flow hedges	0.4	-0.1	0.7
Income tax on other comprehensive income	-0.2	0.0	-0.1
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Actuarial gains and losses arising from defined benefit plans	0.0	0.0	-2.1
Taxes on actuarial gains and losses arising from defined benefit plans	-	-	0.4
Other comprehensive income for the reporting period	**-0.2**	**0.0**	**-0.5**
Total comprehensive income for the reporting period	**0.9**	**1.3**	**2.6**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	31.3.2023	31.3.2022	31.12.2022
Assets			
Non-current assets			
Goodwill	58.5	58.7	58.7
Other intangible assets	17.8	16.8	17.5
Property, plant and equipment	22.8	22.7	22.6
Right-of-use assets	6.5	7.1	6.2
Financial assets measured at fair value through other comprehensive income	0.0	0.0	0.0
Loan and other non-current receivables	0.6	2.8	0.6
Deferred tax assets	2.1	2.7	2.1
Total non-current assets	**108.3**	**110.8**	**107.8**
Current assets			
Inventories	36.4	29.1	32.0
Trade and other receivables	22.8	20.7	24.0
Contract assets	6.1	10.6	9.0
Assets for current tax	-	0.1	-
Total receivables	28.9	31.4	33.0
Cash equivalents	19.9	20.2	22.2
Total current assets	**85.1**	**80.7**	**87.1**
Total assets	**193.4**	**191.5**	**194.9**

EUR million	31.3.2023	31.3.2022	31.12.2022
Equity and liabilities			
Equity			
Share capital	12.7	12.7	12.7
Other restricted equity reserves	0.3	0.3	0.3
Reserve for invested unrestricted equity	105.3	107.9	105.3
Other unrestricted equity reserves	0.6	-0.4	0.4
Retained earnings and exchange differences	-49.6	-50.8	-50.3
Total equity	**69.3**	**69.6**	**68.4**
Non-current liabilities			
Non-current interest-bearing liabilities	24.0	30.7	23.9
Non-current lease liabilities	6.1	6.8	5.9
Non-current interest-free liabilities and provisions	0.4	0.4	0.4
Deferred tax liabilities	9.1	9.3	9.1
Total non-current liabilities	**39.6**	**47.1**	**39.3**
Current liabilities			
Current interest-bearing liabilities	4.0	6.4	4.0
Current lease liabilities	1.8	1.6	1.7
Current provisions	3.6	2.7	3.2
Trade and other current interest-free payables	72.5	61.1	73.1
Contract liabilities	1.3	2.1	3.9
Liabilities for current tax	1.3	0.8	1.1
Total current liabilities	**84.5**	**74.8**	**87.1**
Total liabilities	**124.1**	**121.9**	**126.5**
Total equity and liabilities	**193.4**	**191.5**	**194.9**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-3/2023	1-3/2022	1-12/2022
Cash flows from operating activities			
Cash flow before change in net working capital	2.6	3.1	10.5
Change in net working capital	-3.0	-9.9	-0.3
Net cash flow from operating activities	**-0.5**	**-6.8**	**10.2**
Cash flow from investing activities			
Purchases of non-current assets	-1.7	-0.8	-5.8
Proceeds from sale of business		-	
Proceeds from sale of other non-current assets	0.0	-	0.4
Net cash flow from investing activities	**-1.7**	**-0.8**	**-5.5**
Cash flow before financing	**-2.2**	**-7.6**	**4.7**
Cash flow from financing activities			
Increase in non-current liabilities	-	-	24.0
Decrease in non-current liabilities	-	-	-31.0
Changes in loan receivables (increase - / decrease +)	-	0.1	0.3
Increase in short-term liabilities	-	0.3	6.3
Decrease in short-term liabilities	-	-	-8.2
Return of capital	-	-	-2.5
Net cash flow from financing activities	**-**	**0.4**	**-11.2**
Effect of exchange rate changes	-0.2	0.5	1.9
Net change in cash and cash equivalents	**-2.4**	**-6.7**	**-4.6**
Cash and cash equivalents at the beginning of period	22.2	26.9	26.9
Cash and cash equivalents at the end of period	19.9	20.2	22.2
Net change in cash and cash equivalents	**-2.4**	**-6.7**	**-4.6**

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, 2022	**12.7**	**107.9**	**-0.2**	**-57.4**	**5.0**	**68.0**
Total compr. income for the period	-	-	-	1.1	0.2	1.3
Share-based plan	-	-	-	-	0.1	0.1
Share-based plan, tax effect	-	-	-	-	-0.0	-0.0
Other changes	-	-	-	-	0.2	0.2
Equity at 31 March 2022	**12.7**	**107.9**	**-0.2**	**-56.3**	**5.5**	**69.6**

EUR million	Share capital	Reserve for inv. unrestr. equity	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2023	**12.7**	**105.3**	**0.5**	**-55.6**	**5.5**	**68.4**
Total compr. income for the period	-	-	0.3	1.1	-0.4	0.9
Share-based plan	-	-	-	0.1	-	0.1
Share-based plan, tax effect	-	-	-	-0.0	-	-0.0
Other changes	-	-	-	-0.1	-	-0.1
Equity at 31 March 2023	**12.7**	**105.3**	**0.7**	**-54.5**	**5.1**	**69.3**

KEY RATIOS	**31.3.2023**	**31.3.2022**	**31.12.2022**
EBITDA, as % of net sales	7.2%	8.2%	7.2%
Comparable EBITDA, as % of net sales	7.8%	8.5%	8.2%
Operating profit (EBIT), as % of net sales	3.7%	4.2%	3.6%
Comparable EBITA, as % of net sales	5.8%	6.6%	6.4%
Profit / loss for the period, as % of net sales	2.1%	2.3%	1.4%
Gross capital expenditure, EUR million	1.7	0.8	5.8
Gross capital expenditure, as % of net sales	3.4%	1.5%	2.7%
Equity ratio, %	45.6%	43.0%	44.0%
Gearing, %	51.8%	65.4%	51.9%
Net gearing, %	23.2%	36.4%	19.5%
Net interest-bearing debt, EUR million	16.1	25.3	13.3
Capital employed, end of period, EUR million	105.2	115.1	104.0
Return on equity, %	6.2%	7.0%	4.5%
Return on capital employed, %	7.3%	7.5%	6.9%
Comparable return on capital employed, %	8.9%	9.8%	10.5%
Number of personnel, average	791	760	775
Number of personnel, end of period	800	761	783

PER SHARE DATA	**31.3.2023**	**31.3.2022**	**31.12.2022**
Number of registered shares, end of period (1.000)	84 290	84 290	84 290
Number of shares, average (1.000)	84 290	84 290	84 290
EPS, total, basic and diluted, EUR	0.013	0.014	0.037
Comparable EPS, total, basic and diluted, EUR	0.019	0.022	0.074
Equity attributable to owners of the parent per share, EUR	0.82	0.83	0.81
Return of capital per share, EUR	-	-	0.04
Return of capital yield / share, %	-	-	4.4 %
Price per earnings per share (P/E) ratio	80.0	66.1	24.6
Price per equity attributable to owners of the parent per share	1.23	1.15	1.11
Market capitalization of registered shares, EUR million	85.1	80.1	76.0
Share turnover, % (number of shares traded, % of the average registered number of shares)	2.7%	3.7%	9.7%
Number of shares traded, (1.000)	2 286	3 077	8 153
Closing price of the share, EUR	1.01	0.95	0.90
Highest quoted price, EUR	1.09	1.19	1.19
Lowest quoted price, EUR	0.90	0.71	0.71
Volume-weighted average quoted price, EUR	0.99	1.01	0.95

glaston seeing it through

The reconciliation of other alternative performance measures

Items affecting comparability

EUR million	1-3/2023	1-3/2022	1-12/2022
Re-structuring	-0.3	-0.1	-1.6
Other	0.0	-0.1	-0.6
Items affecting comparability	**-0.3**	**-0.2**	**-2.3**

Comparable operating result (EBIT) and EBITA

EUR million	1-3/2023	1-3/2022	1-12/2022
Operating result	1.9	2.2	7.6
Items affecting comparability[1]	0.3	0.2	2.3
Comparable EBIT	**2.2**	**2.3**	**9.9**
Operating result	**1.9**	**2.2**	**7.6**
Amortization and purchase price allocation[1]	0.8	1.1	3.7
EBITA	2.7	3.3	**11.3**
Items affecting comparability[1]	0.3	0.2	2.3
Comparable EBITA	**3.0**	**3.5**	**13.6**
% of net sales	5.8%	6.6%	6.4%

[1] + cost, - income

Comparable ROCE% and EPS

EUR million	1-3/2023	1-3/2022	1-12/2022
Profit/loss for the period before taxes	1.4	1.7	4.7
Financial expenses	0.5	0.5	2.7
Amortization of purchase price allocation[1]	0.3	0.6	1.6
Total	2.2	2.7	9.1
Total annualized	9.0	11.0	9.1
Items affecting comparability[1]	0.3	0.2	2.3
Total	9.3	11.1	11.4
Equity	69.3	69.6	68.4
Interest bearing liabilities	35.9	45.5	35.5
Avg (1.1.and end of period)	104.6	114.1	108.6
Comparable ROCE% annualized	**8.9%**	**9.8%**	**10.5%**
Profit/loss for the period	1.1	1.2	3.1
Amortization of purchase price allocation[1]	0.3	0.6	1.6
Items affecting comparability[1]	0.3	0.2	2.3
-tax	-0.1	-0,2	-0.8
Total	1.6	1.8	6.2
Number of shares, average	84.3	84.3	84.3
Comparable earnings per share, EUR	**0.019**	**0.022**	**0.074**

[1] + cost, - income

DEFINITIONS OF KEY RATIOS
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 interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34. The interim report has followed the same IFRS accounting principles as in the previous consolidated financial statements 2022**.** 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	1-3/2023	1-3/2022	1-12/2022
Heat Treatment	19.1	22.4	95.1
Insulating Glass	23.5	25.5	126.6
Automotive & Display	14.0	10.8	30.4
Total segments	**56.6**	**58.7**	**252.1**
Unallocated and eliminations	0.3	0.2	0.9
Total Glaston Group	**56.9**	**59.0**	**253.0**

Net sales

EUR million	1-3/2023	1-3/2022	1-12/2022
Heat Treatment	22.6	22.5	85.0
Insulating Glass	21.9	21.5	90.1
Automotive & Display	6.6	8.1	37.5
Total segments	**51.0**	**52.1**	**212.6**
Unallocated and eliminations	0.3	0.2	0.9
Total Glaston Group	**51.3**	**52.3**	**213.5**

Comparable EBITA

EUR million	1-3/2023	1-3/2022	1-12/2022
Heat Treatment	1.8	1.5	5.1
Insulating Glass	1.5	1.9	6.8
Automotive & Display	-0.4	0.1	1.5
Total segments	**2.9**	**3.5**	**13.5**
Unallocated and eliminations	0.1	-0.0	0.1
Total Glaston Group	**3.0**	**3.5**	**13.6**
Comparable EBITA %	5.8%	6.6%	6.4%

Comparable EBITA %

EUR million	1-3/2023	1-3/2022	1-12/2022
Heat Treatment	7.8%	6.8%	6.1%
Insulating Glass	7.1%	8.8%	7.5%
Automotive & Display	-5.7%	1.1%	4.1%
Total segments	**5.8%**	**6.7%**	**6.3%**
Unallocated and eliminations	23.1%	-9.6%	16.3%
Total Glaston Group	**5.8%**	**6.6%**	**6.4%**

Operating result (EBIT)

EUR million	1-3/2023	1-3/2022	1-12/2022
Heat Treatment	1.2	1.1	2.3
Insulating Glass	1.3	1.3	4.9
Automotive & Display	-0.7	-0.2	0.3
Total segments	**1.8**	**2.2**	**7.5**
Unallocated and eliminations	0.1	-0.0	0.1
Total Glaston Group	**1.9**	**2.2**	**7.6**
Operating result %	3.7%	4.2%	3.6%

Segment assets

EUR million	1-3/2023	1-3/2022	1-12/2022
Heat Treatment	66.5	75.0	65.8
Insulating Glass	71.6	86.7	72.5
Automotive & Display	32.5	40.2	31.3
Total segment assets	**170.6**	**202.0**	**169.6**
Other assets	22.8	-10.4	25.3
Total assets	**193.4**	**191.5**	**194.9**

Segment liabilities

EUR million	1-3/2023	1-3/2022	1-12/2022
Heat Treatment	37.4	41.7	42.3
Insulating Glass	31.9	43.8	31.0
Automotive & Display	8.4	13.0	7.2
Total segment liabilities	**77.6**	**98.4**	**80.6**
Other liabilities	46.5	23.5	45.9
Total liabilities	**124.1**	**121.9**	**126.5**

Personnel at the end of the period

	1-3/2023	1-3/2022	1-12/2022
Heat Treatment	317	295	292
Insulating Glass	366	362	370
Automotive & Display	115	102	119
Others	2	2	2
Total personnel at the end of the period	**800**	**761**	**783**

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

Orders received

EUR million	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	19.1	25.4	23.8	23.5	22.4
Insulating Glass	23.5	19.4	55.0	26.7	25.5
Automotive & Display	14.0	6.6	7.2	5.9	10.8
Total segments	**56.6**	**51.3**	**86.0**	**56.1**	**58.7**
Unallocated and eliminations	0.3	0.3	0.2	0.1	0.2
Total Glaston Group	**56.9**	**51.7**	**86.2**	**56.2**	**59.0**

Order book

EUR million	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022
Heat Treatment	51.1	54.1	52.0	45.6	44.1
Insulating Glass	76.4	78.7	81.1	49.3	40.6
Automotive & Display	11.5	5.5	9.2	11.1	13.3
Total segments	**139.0**	**138.3**	**142.3**	**106.0**	**98.1**
Unallocated and eliminations	-	-	-	-	-
Total Glaston Group	**139.0**	**138.3**	**142.3**	**106.0**	**98.1**

Net sales

EUR million	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	22.6	21.8	17.9	22.9	22.5
Insulating Glass	21.9	25.7	21.8	21.1	21.5
Automotive & Display	6.6	12.0	7.9	9.4	8.1
Total segments	**51.0**	**59.5**	**47.7**	**53.3**	**52.1**
Unallocated and eliminations	0.3	0.3	0.2	0.1	0.2
Total Glaston Group	**51.3**	**59.8**	**47.9**	**53.5**	**52.3**

Comparable EBITA

EUR million	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	1.8	1.1	0.8	1.8	1.5
Insulating Glass	1.5	2.6	0.9	1.4	1.9
Automotive & Display	-0.4	0.4	0.7	0.3	0.1
Total segments	**2.9**	**4.0**	**2.4**	**3.6**	**3.5**
Unallocated and eliminations	0.1	0.2	0.1	-0.1	-0.0
Total Glaston Group	**3.0**	**4.2**	**2.5**	**3.5**	**3.5**
Comparable EBITA %	5.8%	7.0%	5.1%	6.6%	6.6%

Comparable EBITA %

EUR million	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	7.8%	4.8%	4.2%	7.9%	6.8%
Insulating Glass	7.1%	10.1%	4.2%	6.6%	8.8%
Automotive & Display	-5.7%	3.1%	9.1%	3.7%	1.1%
Total segments	**5.8%**	**6.8%**	**5.0%**	**6.7%**	**6.7%**
Unallocated and eliminations	23.1%	47.6%	28.6%	-37.3%	-9.6%
Total Glaston Group	**5.8%**	**7.0%**	**5.1%**	**6.6%**	**6.6%**

Operating result (EBIT)

EUR million	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	1.2	0.2	0.3	0.7	1.1
Insulating Glass	1.3	2.1	0.5	1.0	1.3
Automotive & Display	-0.7	-0.1	0.4	0.2	-0.2
Total segments	**1.8**	**2.3**	**1.1**	**1.8**	**2.2**
Unallocated and eliminations	0.1	0.2	0.1	-0.1	-0.0
Total Glaston Group	**1.9**	**2.5**	**1.2**	**1.8**	**2.2**
Operating result %	3.7%	4.2%	2.5%	3.4%	4.2%

ORDERS RECEIVED, ORDER BOOK AND NET SALES BY PRODUCT AREAS

Orders received by product area

EUR million	1–3/2023	1–3/2022	1–12/2022
Heat Treatment Technologies	12.1	14.2	66.0
Insulating Glass Technologies	16.4	18.4	99.3
Automotive & Display Technologies	9.6	7.3	14.3
Services	18.5	18.8	72.5
Unallocated and eliminations	0.3	0.2	0.9
Glaston Group, total	**56.9**	**59.0**	**253.0**

Order book by product area

EUR million	31.3.2023	31.3.2022	31.12.2022
Heat Treatment Technologies	45.3	36.5	48.8
Insulating Glass Technologies	75.7	39.7	77.9
Automotive & Display Technologies	11.1	12.9	5.2
Services	6.9	9.1	6.4
Unallocated and eliminations	-	-	-
Glaston Group, total	**139.0**	**98.1**	**138.3**

Net sales by product area

EUR million	1–3/2023	1–3/2022	1–12/2022
Heat Treatment Technologies	16.2	15.1	55.7
Insulating Glass Technologies	14.8	14.9	63.1
Automotive & Display Technologies	2.5	4.6	21.1
Services	18.0	18.3	76.4
Unallocated and eliminations	-0.1	-0.7	-2.8
Glaston Group, total	**51.3**	**52.3**	**213.5**

NET SALES BY REGION

Geographical distribution of net sales

EUR million	1–3/2023	1–3/2022	1–12/2022
Americas	18.5	12.7	60.9
EMEA	25.4	28.4	112.2
APAC	7.5	11.2	40.4
Glaston Group, total	**51.3**	**52.3**	**213.5**

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 a financing agreement that consists of EUR 30 million long-term loans as well as a EUR 25 million revolving credit facility. The loan margin of the financing agreement is adjusted by the achievement of Glaston's sustainability objectives annually.

In February 2023, the first of the two one-year options of the financing agreement was utilized and loan period for EUR 18 milion long-term loan and for revolving credit facility was extended until March 2026.

EUR million	In use	Unused	Total
Committed credit facilities 31.3.2023	2.0	23.0	25.0
Committed credit facilities 31.12.2022	2.0	23.0	25.0

Net interest bearing debt

EUR million	31.3.2023	31.3.2022	31.12.2022
Loans from financial institutions	28.1	37.1	28.0
Lease liabilities	7.9	8.4	7.6
Cash	19.9	20.2	22.2
Total	**16.1**	**25.3**	**13.3**
Net gearing, %	**23.2**	**36.4**	**19.5**

Credit risk

The Group becomes exposed to credit and counterparty risks when it grants payment time to the customers. The creditworthiness 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 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 March 2023, 1.3 (5.0 on 31.12.2022) percent of the Group's trade receivables were secured by LCs.

Ageing analysis of trade receivables EUR million			**Past due**			
	Carrying amount of trade receivables after recognizing allowance account	Not past due	< 30 days	31-180 days	181-360 days	> 360 days
31.3.2023	16.0	12.5	1.8	1.5	0.1	0.1
31.12.2022	17.8	12.3	4.0	1.3	0.1	0.0

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3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Changes in property, plant and equipment

EUR million	1-3/2023	1-3/2022	1-12/2022
Carrying amount at beginning of the period	22.6	22.9	22.9
Additions	0.7	0.2	2.1
Disposals	-0.0	-0.0	-0.4
Depreciation and amortization	-0.5	-0.5	-1.9
Reclassification and other changes	0.0	0.0	-0.2
Exchange differences	-0.1	0.1	0.0
Carrying amount at end of the period	22.8	22.7	22.6

At the end of March 2023, Glaston had no contractual commitments for the acquisition of property, plant and equipment.

Changes in intangible assets

EUR million	1-3/2023	1-3/2022	1-12/2022
Carrying amount at beginning of the period	76.1	75.8	75.8
Additions	1.1	0.6	3.7
Disposals	0.0	0.0	-0.0
Depreciation and amortization	-0.7	-1.1	-3.5
Reclassification and other changes	0.0	-0.0	0.0
Exchange differences	-0.2	0.2	0.1
Carrying amount at end of the period	76.3	75.5	76.1

4. LEASES

LEASES IN THE BALANCE SHEET

Right-of-use assets

EUR million	1-3/2023	1-3/2022	1-12/2022
Carrying amount at beginning of the period	6.2	7.3	7.3
Additions	0.9	0.4	1.3
Depreciation expense	-0.6	-0.6	-2.3
Carrying amount at end of the period	6.5	7.1	6.2

Lease liabilities

EUR million	1-3/2023	1-3/2022	1-12/2022
Carrying amount at beginning of the period	7.6	8.6	8.6
Additions	0.9	0.4	1.3
Interest expense	0.1	0.1	0.4
Rental payment	-0.7	-0.7	-2.7
Carrying amount at end of the period	7.9	8.4	7.6

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	1-3/2023	1-3/2022	1-12/2022
Depreciation of right-of-use assets	-0.6	-0.6	-2.3
Interest expense on lease liabilities	-0.1	-0.1	-0.4
Short-term lease expense	-0.1	-0.1	-0.4
Total amounts recognised in profit or loss	**-0.8**	**-0.8**	**-3.2**

5. CONTINGENT LIABILITIES

EUR million	31.3.2023	31.3.2022	31.12.2022
Mortgages and pledges			
On own behalf	314.1	513.5	314.1
Guarantees			
On own behalf	13.5	4.5	15.3
On behalf of others	0.3	0.2	0.3

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	31.3.2023		31.3.2022		31.12.2022	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forwards						
Currency forward contracts	22.2	0.4	25.9	-0.5	18.7	0.1
Interest rate derivatives						
Interest rate derivatives	12.0	0.6			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.

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	31.3.2023				31.3.2022				31.12.2022			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Assets												
Listed shares	-	-	0.0	**0.0**	-	-	0.0	**0.0**	-	-	0.0	**0.0**
Other long-term investments	-0.0	-	0.0	**0.0**	-0.0	-	0.0	**0.0**	-0.0	-	0.0	**0.0**
Currency forward contracts	-	0.4	-	**0.4**	-	0.3	-	**0.3**	-	0.5	-	**0.5**
Interest rate derivatives	-	0.6	-	**0.6**	-	-	-	-	-	0.6	-	**0.6**
Total	**-0.0**	**1.0**	**0.0**	**1.0**	**-0.0**	**0.3**	**0.0**	**0.3**	**-0.0**	**1.1**	**0.0**	**1.1**
Liabilities												
Currency forward contracts	-	-0.2	-	**-0.2**	-	-0.8	-	**-0.8**	-	-0.4	-	**-0.4**
Interest rate derivatives	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Total	**-**	**-0.2**	**-**	**-0.2**	**-**	**-0.8**	**-**	**-0.8**	**-**	**-0.4**	**-**	**-0.4**