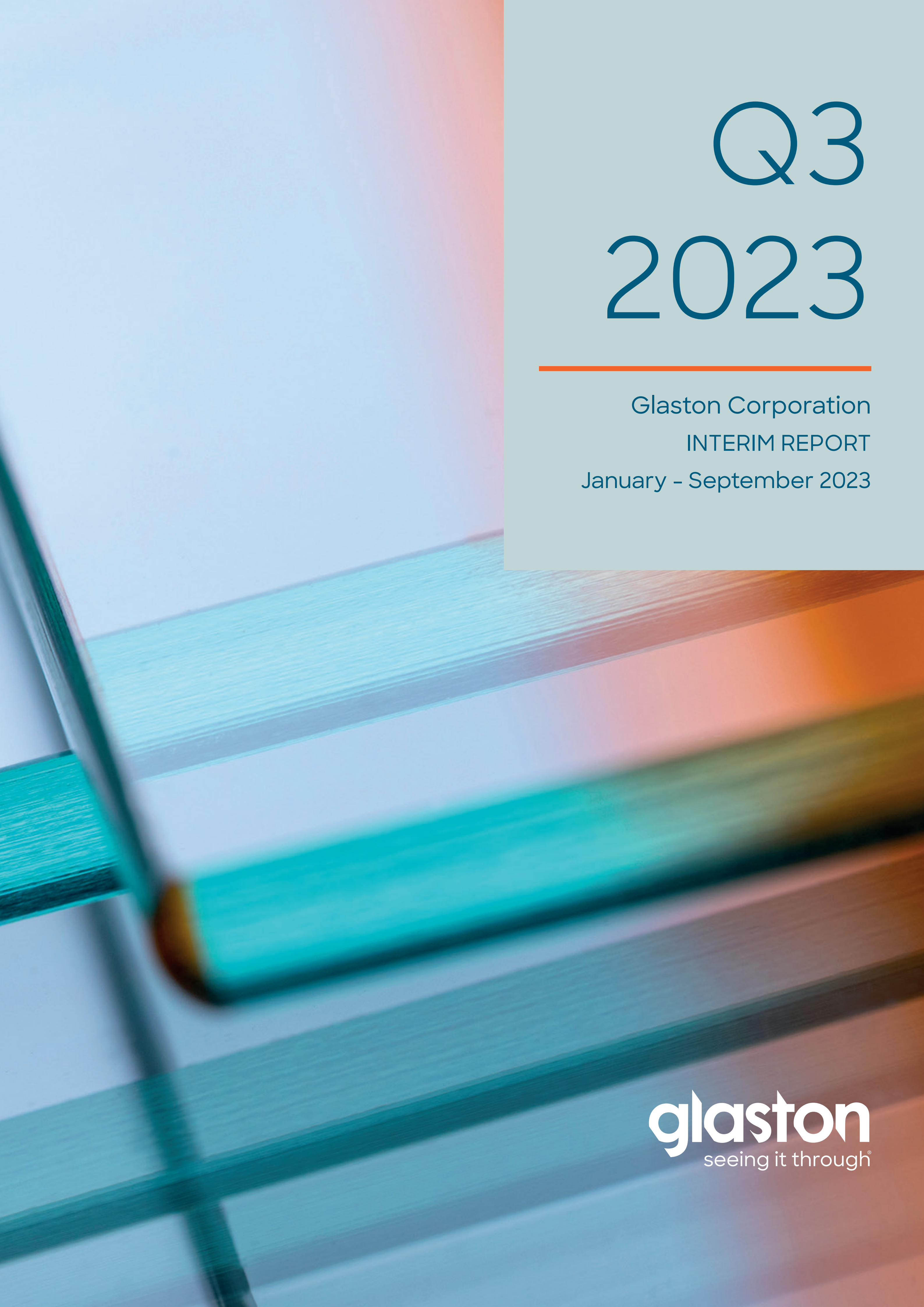

Q3 2023

Glaston Corporation

INTERIM REPORT

January – September 2023

glaston
seeing it through®

Glaston’s interim report January−September 2023: Net sales growth led to strong profitability in the third quarter

JULY–SEPTEMBER 2023 IN BRIEF

- Orders received totaled EUR 52.2 (86.2) million
- Net sales totaled EUR 53.5 (47.9) million
- Comparable EBITA was EUR 3.9 (2.5) million, i.e. 7.3 (5.1)% of net sales
- The operating result (EBIT) was EUR 1.7 (1.2) million
- Comparable earnings per share were EUR 0.026 (0.009)

JANUARY–SEPTEMBER 2023 IN BRIEF

- Orders received totaled 162.7(201.4) million
- Net sales totaled EUR 160.0 (153.7) million
- Comparable EBITA was EUR 10.3 (9.4) million, i.e. 6.4 (6.1)% of net sales
- The operating result (EBIT) was EUR 5.5 (5.2) million
- Comparable earnings per share were EUR 0.065 (0.047)

GLASTON’S OUTLOOK FOR 2023:
Net sales estimate specified, comparable EBITA estimate unchanged

In the third quarter of 2023, the increasing market uncertainty and more cautious customer behavior continued. The activity in the architectural market further decreased, and the environment of softer demand is expected to continue in Europe and China also in the final quarter of the year. In the Americas, the demand prospects are better. Despite the softening of the markets, demand continues to be supported by the need to modernize existing equipment and the strong megatrends driving interest in energy-efficient glass solutions.

Throughout 2023, Glaston has focused on the execution of its strategy, which will incur costs and capital expenditure ahead of the effect on revenue growth. With ongoing geopolitical tensions and increasing uncertainty in the global business environment, a higher-than-normal level of unpredictability is related to customers’ investment decisions.

Due to the prevailing uncertainties, Glaston Corporation specifies its net sales estimate and expects net sales in 2023 to grow marginally or to be on the same level as reported for 2022. Glaston continues to estimate that comparable EBITA will increase to EUR 13.7−15.7 million. In 2022, the Group’s full-year net sales totaled EUR 213.5 million and comparable EBITA was EUR 13.6 million.

(Previous outlook: Despite the prevailing uncertainties, Glaston estimates that its net sales will increase in 2023 from the levels reported for 2022 and estimates comparable EBITA to increase to EUR 13.7−15.7 million.)

President & CEO Anders Dahlblom:

Despite the softer market environment, our overall third-quarter performance was solid. In the review period, market activity in the architectural glass segment further decreased, mainly in the EMEA region. This affected the demand for Heat Treatment equipment in particular, while demand for Insulating Glass equipment picked up from the previous quarter.

Due to the exceptionally high year-on-year comparison for the Insulating Glass equipment business and the softness in the Heat Treatment equipment business, our received orders came in lower year-on-year, totaling EUR 52.2 million. Considering the prevailing market situation and the typical third-quarter slowness, our order intake performance was good.

Third-quarter net sales were up 12% and totaled EUR 53.5 million with good development both in Heat Treatment and Insulating Glass. The EBITA margin was strong at 7.3%. Profitability improved year-on-year and also compared to the previous quarter. This was mainly due to strong volume development throughout our architectural business.

The Services business continued to be affected by the slowdown in market activity. Investment hesitation was noted for bigger investments and order intake for upgrades was modest. Supported by the improved order backlog, Services grew its net sales by 8%.

In the review period, we initiated actions to respond to the prevailing market situation and protect our future profitability. Due to the weakening market conditions in both the Architectural and Automotive markets and the unsatisfactory profitability development in the Automotive segment, we adjusted our operations in Finland and Switzerland mainly by terminating some employment contracts, reducing the use of external services and general cost control measures.

To speed up our strategy execution, our new organization was implemented as of October 1. Key reasons for the change is to enhance the customer experience with lifecycle solutions and to be closer to the customer interface. With the reorganization, we also want to further increase our internal collaboration and harmonize our ways of working. We are also reviewing our strategy to reflect the changes in the new organization. Modifying the new organization in a relatively short time has required a lot of work and I want to thank the Glaston team for their good work and commitment during the reorganization phase.

Safety continued to be high on our agenda. The systematic work to further develop the safety culture has continued, including e.g. safety training in all our locations, and reporting on near-miss observations has increased during the third quarter. In the January−September period, we had 9 lost-time accidents and LTIFR was 7.5.

We remain confident about the competitiveness of our offering and ability to close deals in the final quarter. At the same time, we expect market volatility and uncertainty to continue for the remainder of 2023. Therefore, we specify our net sales estimate and expect that our net sales in 2023 will grow marginally or be on the same level as in 2022. For comparable EBITA, our estimate remains unchanged, and estimate comparable EBITA to increase to EUR 13.7−15.7 million.

GLASTON GROUP'S KEY FIGURES

EUR million	7–9/2023	7–9/2022	Change%	1–9/2023	1–9/2022	Change%	1–12/2022
Orders received	52.2	86.2	-39.4%	162.7	201.4	-19.2%	253.0
of which service operations	18.2	16.0	13.7%	54.2	54.0	0.3%	72.5
of which service operations, %	35.0%	18.6%		33.3%	26.8%		28.6%
Order book at end of period[3)]	112.3	142.3	-21.1%	112.3	142.3	-21.1%	138.3
Net sales	53.5	47.9	11.6%	160.0	153.7	4.1%	213.5
of which service operations	20.9	19.2	8.4%	56.0	55.3	1.3%	76.4
of which service operations, %	39.0%	40.2%		35.0%	36.0%		35.8%
EBITDA	3.6	3.0	17.2%	11.0	11.0	0.5%	15.3
Items affecting comparability[1)]	1.4	0.4	228.3%	2.4	1.4	67.9%	2.3
Comparable EBITDA	4.9	3.5	42.7%	13.4	12.4	8.2%	17.6
Comparable EBITDA, %	9.3%	7.2%		8.4%	8.1%		8.2%
Comparable EBITA	3.9	2.5	58.3%	10.3	9.4	9.2%	13.6
Comparable EBITA, %	7.3%	5.1%		6.4%	6.1%		6.4%
Operating result (EBIT)	1.7	1.2	42.9%	5.5	5.2	6.1%	7.6
Profit/loss for the period	0.8	0.2	381.5%	2.8	1.8	57.5%	3.1
Comparable earnings per share, EUR[2)]	0.026	0.009	188.9%	0.065	0.047	38.3%	0.074
Cash flow from operating activities	0.8	3.8	-78.9%	0.7	1.4	-50.0%	10.2
Return on capital employed (ROCE), %, (annualized)				7.2%	6.1%		6.9%
Comparable return on capital employed (ROCE), %, (annualized)				10.9%	8.9%		10.5%
Equity ratio, %				43.8 %	44.8 %		44.0%
Net gearing, %				32.3%	27.0%		19.5%
Number of employees at end of period				803	780	2.9%	783

1) + cost, - income
2) change in comparable EPS formula, net of tax added
3) The June 2023 order backlog for Insulating Glass Technologies was adjusted for the partial cancellation of orders with one customer, totaling EUR 19.4 million

OPERATING ENVIRONMENT

Architectural glass

In the third quarter, the Architectural market activity further decreased mainly due to the slowdown in the residential markets especially in the EMEA region. The prevailing market uncertainty combined with the high inflationary environment and higher interest rates increased cautiousness in investment decisions among customers and their customers.

Due to the customers' lower machinery utilization and investment activity, the markets for Heat Treatment equipment slowed down. The need for capacity-driven investments was significantly reduced, affecting demand for both tempering and laminating lines. The importance of features such as energy efficiency and automation was highlighted even further, which drove the demand for tempering and laminating lines, however at a lower level. Investments for laminating lines continued to be driven by energy-saving and capability drivers.

For Insulating Glass equipment, the markets picked up from the previous quarter as customers are investing in new equipment to meet the demand for more energy-efficient glass solutions. While the EMEA region somewhat softened, the Americas and the high-end Chinese market showed strong performance. Demand for the Thermo Plastic Spacer (TPS®) technology remained good due to its major advantages in flexible, high-quality insulating glass manufacturing.

Operating environment in the regions
In the **EMEA** region, the overall market sentiment remained rather pessimistic and the markets for Insulating Glass and Heat Treatment equipment continued to slow down. In Europe, the residential market significantly decreased year-on-year due to economic uncertainty, higher interest rates and limited investments. In addition, demand in Europe was also affected by customers' lower machinery utilization. In the Services markets, upgrades saw a slow quarter, whereas demand for spare parts was strong.

The **Americas** performed well in the third quarter. Driven by the architectural business, the Americas continued to be the most active market for Heat Treatment. For Insulating Glass equipment, the Americas showed a turnaround after a weaker first half of the year. For Services, demand for spare parts and field services was modest, and demand for upgrades was low.

Due to the continuous downturn in **China**'s real estate market, the architectural glass markets continued to be soft with low demand for Heat Treatment equipment. Despite the difficult market conditions, demand for high-end Insulating Glass equipment, like the TPS® IG line, was good. Demand for the locally manufactured mid-segment insulating glass lines COMPACT and COMFORT remained modest. In the Services markets, the slow demand continued. 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 situation continued to improve, although there were still shortages of some electrical components.

Automotive glass

In the third quarter, signs of uneven market development were visible. Some indicators pointed to a slowdown, such as lower production and sales volumes in some markets, whereas at the same time, new entrants to the market were seen and customers also replaced old equipment. With the increasing share of electric vehicles, shifts in production between the major regions, especially towards China, could be seen.

While the traditional display market was not very active, the automotive display market once again showed increased activity, especially for new designs. Display orders however were still modest. The Services business remained at a reasonable level showing growth compared to the corresponding period in the previous year. Good demand for upgrade products was noted and the trend is expected to continue as customers want to extend the lifetime of their machines as well as increase their productivity.

The supply chain situation improved further. Despite some shortages, supply availability was back to pre-COVID-19 pandemic levels.

Operating environment in the regions
In **Europe**, no major changes in the markets were observed and the market continued to be slow as the automotive glass industry consolidated.

In **North America,** the market continued strong outside of the traditional automotive market, i.e. for special products such as recreational vehicles (RVs) and heavy vehicles. The cautious signs of market recovery in **South America** continued, but the increased activity was not reflected in the order intake.

In **China**, the markets continued at a good level. Glaston's ability to serve the market with locally manufactured products supported the third-quarter order intake.

FINANCIAL DEVELOPMENT OF THE GROUP

Orders received and order book

Glaston Group's **July−September 2023** orders received were EUR 52.2 (86.2) million, down 39% due to the dip in order intake for Heat Treatment equipment as well as the comparison period including a EUR 31 million order for multiple Insulating Glass lines (EUR 19.4 million of this order was canceled in June 2023). Order intake for Insulating Glass equipment was strong at EUR 30.2 million, however decreasing by 45% year-on-year due to the exceptionally high comparison period. Order intake for Heat Treatment equipment decreased by 44% to EUR 13.4 (23.8) million. The Automotive & Display equipment order intake increased by 19% and was EUR 8.5 (7.2) million. Total Services business order intake was up 14% year-on-year.

The **January–September 2023** orders received totaled EUR 162.7 (201.4) million, down 19% compared to the corresponding period in the previous year. Order intake performance for Heat Treatment equipment was down 19% and totaled EUR 56.2 (69.7) million. The Insulating Glass equipment order intake was down 30% totaling EUR 75.4 (107.2) million. For Automotive & Display equipment, the order intake saw an increase of 27%, and totaled EUR 30.3 (23.8) million. Total Services business order intake was at the same level as in the corresponding period in 2022.

Orders received EUR million	7–9/2023	7–9/2022	Change%	1–9/2023	1–9/2022	Change%	1–12/2022
Heat Treatment	13.4	23.8	-43.7 %	56.2	69.7	-19.3 %	95.1
Insulating Glass	30.2	55.0	-45.1 %	75.4	107.2	-29.7 %	126.6
Automotive & Display	8.5	7.2	18.6 %	30.3	23.8	26.9 %	30.4
Segments, total	**52.1**	**86.0**	**-39.5 %**	**161.9**	**200.7**	**-19.3 %**	**252.1**
Unallocated and eliminations	0.1	0.2	-43.9 %	0.8	0.6	33.5 %	0.9
Glaston Group, total	**52.2**	**86.2**	**-39.4 %**	**162.7**	**201.4**	**-19.2 %**	**253.0**

The **order book** stood at EUR 112.3 (142.3) million at the end of the third quarter and was 21% lower than in the corresponding period in 2022. The Heat Treatment order book totaled EUR 42.9 (52.0) million, representing 38% of the Group's order book and Insulating Glass EUR 59.8 (81.1) million or 53% of the order book. The June order backlog for Insulating Glass Technologies was reduced for the partial cancellation of orders with one customer totaling EUR 19.4 million. If adjusted for this cancellation, the end of September Group order backlog was 8% lower than in the previous year. For Automotive & Display, the order book totaled EUR 9.6 (9.2) million or 9% of the Group total.

Order book EUR million	30.9.2023	30.9.2022	Change%	31.12.2022
Heat Treatment	42.9	52.0	-17.6%	54.1
Insulating Glass[1)]	59.8	81.1	-26.2%	78.7
Automotive & Display	9.6	9.2	4.3%	5.5
Segments, total	**112.3**	**142.3**	-21.1%	**138.3**
Unallocated and eliminations	-	-	-	-
Glaston Group, total	**112.3**	**142.3**	-21.1%	**138.3**

1) The June 2023 order backlog for Insulating Glass Technologies was adjusted for the partial cancellation of orders with one customer, totaling EUR 19.4 million

Net sales

The **July−September 2023** net sales were up 12% from the corresponding period of the previous year and totaled EUR 53.5 (47.9) million. Net sales growth was strong both in Heat Treatment and Insulating Glass segments, whereas Automotive & Display net sales declined.

The Heat Treatment segment's net sales were EUR 21.6 (17.9) million, up 20% compared to the corresponding period in the previous year while the Insulating Glass segment's net sales improved by 12% and were EUR 24.6 (21.8) million. Automotive & Display segment's net sales declined by 9% and were EUR 7.2 (7.9) million. In the July−September period, the Services business grew its net sales by 8%.

Of total net sales, the Heat Treatment segment accounted for 40%, the Insulating Glass segment for 46%, and the Automotive & Display segment for 13%. Geographically, the EMEA area continued to be the biggest area and accounted for 54% of net sales, while the Americas accounted for 32%, and Asia and Pacific (APAC) for 14%.

The **January–September 2023** net sales grew 4% and totaled EUR 160.0 (153.7) million. The Heat Treatment segment's net sales totaled EUR 64.5 (63.2) million, up 2%. The Insulating Glass segment's net sales increased by 10% to EUR 71.2 (64.4) million. The Automotive & Display segment's net sales were down by 7% and totaled EUR 23.6 (25.4) million. Total Services net sales were on the same level as in the comparison period.

Net sales, EUR million	7–9/2023	7–9/2022	Change%	1–9/2023	1–9/2022	Change%	1–12/2022
Heat Treatment	21.6	17.9	20.5%	64.5	63.2	1.9%	85.0
Insulating Glass	24.6	21.8	12.5%	71.2	64.4	10.5%	90.1
Automotive & Display	7.2	7.9	-9.3%	23.6	25.4	-7.3%	37.5
Segments, total	**53.4**	**47.7**	11.9%	**159.2**	**153.1**	4.0%	**212.6**
Unallocated and eliminations	0.1	0.2	-43.9%	0.8	0.6	33.5%	0.9
Glaston Group, total	**53.5**	**47.9**	11.6%	**160.0**	**153.7**	4.1%	**213.5**

Operating result and profitability

July−September 2023 comparable EBITA was EUR 3.9 (2.5) million, i.e. 7.3 (5.1)% of net sales. The main driver for profitability improvement was higher volume. The growth in fixed costs moderated from the previous quarters and higher services margin compensated for the negative impact from the lower share of net sales coming from the high-margin services business.

Glaston Group's comparable operating result was EUR 3.1 (1.6) million, i.e. 5.7 (3.3)% of net sales. The third quarter operating result was EUR 1.7 (1.2) million. Items affecting comparability amounting to EUR -1.4 (-0.4) million were recognized in the third quarter. These were mainly related to the transfer of production of Automotive standard pre-processing products to China and other restructuring including the re-organization. Financial income and expenses were EUR -0.5 (-0.5) million. The result before taxes was EUR 1.1 (0.6) million. The result for the third quarter was EUR 0.8 (0.2) million. Earnings per share increased to EUR 0.010 (0.002). The comparable earnings per share were EUR 0.026 (0.009), mainly due to the higher operating result.

The **January−September 2023** comparable EBITA amounted to EUR 10.3 (9.4) million, i.e. 6.4 (6.1)% of net sales. Improved gross margins, especially in the machines business, as well as volume increase contributed to profitability positively, whereas higher fixed costs and lower other operating income had a negative effect.

The comparable operating result was EUR 7.9 (6.6) million, i.e. 4.9 (4.3)% of net sales. The Group's operating result improved and was EUR 5.5 (5.2) million. Items affecting comparability totaled EUR -2.4 (-1.4) million and were mainly related to the transfer of the production of Automotive standard pre-processing products to China and other restructuring costs. Financial income and expenses were EUR 0.7 (2.1) million. The result before taxes was EUR 4.4 (2.7) million. The result for the January−September period was EUR 2.8 (1.8) million.

Earnings per share increased to EUR 0.033 (0.021) and comparable earnings per share were EUR 0.065 (0.047).

Comparable operating result (EBIT) and EBITA EUR million	7–9/2023	7–9/2022	Change%	1–9/2023	1–9/2022	Change%	1–12/2022
Operating result	1.7	1.2	42.9%	5.5	5.2	6.1%	7.6
Items affecting comparability[1)]	1.4	0.4	228.3%	2.4	1.4	67.9%	2.3
Comparable EBIT	**3.1**	**1.6**	91.6%	**7.9**	**6.6**	19.5%	**9.9**
Operating result	**1.7**	**1.2**	42.9%	**5.5**	**5.2**	6.1%	**7.6**
Amortization and purchase price allocation[1)]	0.8	0.9	-2.9%	2.5	2.9	-14.3%	3.7
EBITA	**2.5**	**2.0**	23.4%	**7.9**	**8.0**	-1.2%	**11.3**
Items affecting comparability[1)]	1.4	0.4	228.3%	2.4	1.4	67.9%	2.3
Comparable EBITA	**3.9**	**2.5**	58.3%	**10.3**	**9.4**	9.2%	**13.6**
% of net sales	7.3 %	5.1%		6.4 %	6.1%		6.4%

1) + cost, -income

FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

Heat Treatment reporting segment

Heat Treatment segment's third quarter in brief:

- The slowdown in market activity continued – order intake modest
- Strong net sales and profitability development
- Actions initiated to adapt operations to the prevailing market situation

Heat Treatment KEY RATIOS EUR million	7−9/2023	7−9/2022	Change%	1−9/2023	1−9/2022	Change%	1−12/2022
Orders received	13.4	23.8	-43.7%	56.2	69.7	-19.3%	95.1
of which service operations	6.2	5.4	15.6%	19.6	21.8	-10.2%	29.0
of which service operations, %	46.6%	22.7%		34.8%	31.3%		30.5%
Order book at end of period	42.9	52.0	-17.6%	42.9	52.0	-17.6%	54.1
Net sales	21.6	17.9	20.5%	64.5	63.2	1.9%	85.0
of which service operations	8.6	7.8	10.1%	20.9	22.4	-6.8%	31.0
of which service operations, %	39.9%	43.6%		32.5%	35.5%		36.5%
Comparable EBITA	1.5	0.8	103.7%	4.6	4.1	13.5%	5.1
Comparable EBITA, %	7.1%	4.2 %		7.2%	6.5%		6.1%
Operating result (EBIT)	1.2	0.3	358.2%	3.2	2.1	52.1%	2.3
Operating result (EBIT), %	5.7%	1.5%		4.9%	3.3%		2.7%

Orders received and order book

The prevailing uncertainty in the global markets was reflected in the segment's **third-quarter** order intake, which was down 44% compared to the corresponding period in the previous year and totaled EUR 13.4 (23.8) million. The Americas continued to be the most active market with some orders for RC Series tempering lines. In the EMEA region, laminating, as well as tempering lines, were ordered, for example from Poland and France. In China, a follow-up order for a CHF Solar line for solar panel tempering was received. Demand for upgrades, such as iControL and iLooK, and the Roller Heat Control (RHC) modernization was good, and Heat Treatment Services order intake increased 16% from a weak comparison period.

January–September 2023 orders declined by 19% compared to the corresponding period in the previous year and totaled EUR 56.2 (69.7) million. Services orders declined by 10%.

The Heat Treatment segment's order book stood at EUR 42.9 (52.0) million at the end of the third quarter.

Financial development

July−September 2023 net sales were EUR 21.6 (17.9) million, up 20% compared to the corresponding period in the previous year. Machines net sales were high and grew 29%. In 2022, the third quarter machines net sales were low after a very strong second quarter. Upgrade net sales and especially spare parts sales contributed to the 10% growth in Services net sales totaling EUR 8.6 (7.8) million. Third quarter comparable EBITA was EUR 1.5 (0.8) million, i.e. 7.1 (4.2)% of net sales mainly driven by the volume increase both in the machines and services businesses. Services' share was lower but that impact was compensated by the improved services gross margin.

January–September 2023 net sales were up 2% and totaled EUR 64.5 (63.2) million. Comparable EBITA was EUR 4.6 (4.1) million, i.e. 7.2 (6.5)% of net sales. Gross margin in the machines business improved significantly, which together with higher volume more than compensated for the negative impact from lower services share and higher fixed costs.

Adjustment measures

In September, Glaston informed about the plan to adjust the Heat Treatment segment's operations to reflect the softening market situation, and the company initiated change negotiations in Finland. The planned reorganization of operations concerned possible terminations of employment contracts, and temporary lay-offs if the development of the market situation so requires. As an outcome, the amount of external resources will be reduced and a total of three employment contracts were terminated. The adjustment measures also included retirement arrangements as well as a non-renewal of fixed-term contracts unless there is a change in the demand situation.

Insulating Glass reporting segment

Insulating Glass segment's third quarter in brief:

- Order intake recovering after a weaker second quarter
- Net sales up 12%, very good profitability development
- 2023 capacity fully booked at the Neuhausen factory

Insulating Glass KEY RATIOS EUR million	7−9/2023	7−9/2022	Change%	1−9/2023	1−9/2022	Change%	1−12/2022
Orders received	30.2	55.0	-45.1%	75.4	107.2	-29.7%	126.6
of which service operations	7.3	6.4	13.9%	21.7	20.3	7.0%	27.3
of which service operations, %	24.2%	11.6%		28.8 %	18.9%		21.6%
Order book at end of period	59.8	81.1	-26.2%	59.8[1)]	81.1	-26.2%	78.7
Net sales	24.6	21.8	12.5%	71.2	64.4	10.5%	90.1
of which service operations	7.8	7.0	11.0%	22.6	20.7	9.5%	28.2
of which service operations, %	31.6%	32.0%		31.8%	32.1%		31.3%
Comparable EBITA	2.4	0.9	156.0%	5.8	4.2	38.8%	6.8
Comparable EBITA, %	9.6%	4.2%		8.2 %	6.5%		7.5%
Operating result (EBIT)	1.3	0.5	166.2%	4.1	2.7	51.3%	4.9
Operating result (EBIT), %	5.2%	2.2%		5.8%	4.2%		5.4%

1)The June 2023 order backlog for Insulating Glass Technologies was adjusted for the partial cancellation of orders with one customer, totaling EUR 19.4 million.

Orders received

In the third quarter, the markets for Insulating Glass equipment picked up from the previous quarter. While the EMEA region was slow, the Americas and China showed strong performance. The Insulating Glass segment's July−September 2023 order intake was stable at EUR 30.2 (55.0) million, down 45%, as the comparison period order intake included one exceptionally large order of EUR 31 million. Services order intake grew by 14% during the quarter.

New orders were received from all regions, resulting in well-balanced numbers between the respective geographical areas. The segment's efforts to address the residential market in the Americas paid off as orders were received also from residential market customers. The VARIO TPS® line continued to be in high demand with orders from the US, Canada and China. Other significant orders were received from, among others, Japan and Germany. In Services, demand for upgrades continued.

January–September 2023 orders received decreased by 30% compared to the corresponding period in the previous year and totaled EUR 75.4 (107.2) million. Services' orders grew by 7%.

The Insulating Glass segment's order book stood at EUR 59.8 (81.1) million at the end of the period. The June order backlog was adjusted for the partial cancellation of orders from one customer totaling EUR 19.4 million, which is fully included in the comparison period order book.

Financial development

The Insulating Glass segment's **third-quarter** net sales were up 12% and totaled EUR 24.6 (21.8) million. Machines' net sales grew 13% due to healthy order book. Services net sales grew by 11%, supported by strong growth in spare parts sales.

In July−September, comparable EBITA developed strongly and was EUR 2.4 (0.9) million, i.e. 9.6 (4.2)% of net sales. Volume growth contributed to the profitability. Margin progression both in machines and services compensated for the lower services share.

January–September 2023 net sales were up 10% and totaled EUR 71.2 (64.4) million. Machines net sales increased by 11% whereas services' growth was 9%. Comparable EBITA was EUR 5.8 (4.2) million, i.e. 8.2 (6.5)% of net sales. Profitability improvement was mainly driven by volume growth, which more than compensated for the slightly higher fixed costs and lower other operating income.

Automotive & Display reporting segment

Automotive & Display segment's third quarter in brief:

- New orders up 19% - improving order intake for the factory in China
- Net sales down 9%, unsatisfactory profitability
- Actions initiated to adjust operations to the current market situation and to regain profitability

Automotive & Display KEY RATIOS EUR million	7–9/2023	7–9/2022	Change%	1–9/2023	1–9/2022	Change%	1–12/2022
Orders received	8.5	7.2	18.6%	30.3	23.8	26.9%	30.4
of which service operations	4.7	4.3	10.0%	12.9	11.9	8.0%	16.1
of which service operations, %	55.4%	59.7%		42.6%	50.0%		53.0%
Order book at end of period	9.6	9.2	4.3%	9.6	9.2	4.3%	5.5
Net sales	7.2	7.9	-9.3%	23.6	25.4	-7.3%	37.5
of which service operations	4.5	4.4	1.4%	12.5	12.2	2.2%	17.1
of which service operations, %	62.4%	55.8%		52.8%	47.9%		45.6%
Comparable EBITA	0.0	0.7	-105.4%	-0.4	1.2	-131.7%	1.5
Comparable EBITA, %	-0.5%	9.1%		-1.6%	4.6%		4.1%
Operating result (EBIT)	-0.9	0.4	-331.2%	-2.0	0.4	-672.4%	0.3
Operating result (EBIT), %	-11.8%	4.6%		-8.6%	1.4%		0.8%

Orders received

In the third quarter, the Automotive & Display segment's order intake continued as modest but was up by 19% compared to the corresponding period in the previous year, totaling EUR 8.5 (7.2) million. A significant order from a customer in the recreational vehicles industry was received in the US, whereas supplying the customers locally from the factory in Tianjin supported the order intake from China. Display orders continued to be at a low level. The customers' interest in extending the lifetime of their machinery and improving productivity continued. Shorter delivery times thanks to the improved supply situation further supported upgrade order intake. In the period under review, Services' orders increased by 10%.

January–September 2023 orders received increased by 27% compared to the corresponding period in the previous year and totaled EUR 30.3 (23.8) million. Services' orders were up by 8%.

The Automotive & Display segment's order book stood at EUR 9.6 (9.2) million at the end of the period.

Financial development

The Automotive & Display segment's **third-quarter** net sales decreased by 9% and were EUR 7.2 (7.9) million. Machines net sales declined by 23%, reflecting the low order book. Services net sales growth was modest at 1% as service work and upgrades net sales increased slightly but spare parts sales declined.

The segment's comparable EBITA was EUR 0.0 (0.7) million. Lower machines volume and higher fixed costs burdened profitability. Total gross margin improved as low machines net sales boosted services' share. Machines' gross margin weakened clearly as the start-up of production in China continues to burden margins and the comparison period had a favorable regional mix.

January–September 2023 net sales were down 7% and totaled EUR 23.6 (25.4) million. Machines' net sales declined by 16% whereas services' grew by 2%. Comparable EBITA was EUR -0.4 (1.2) million, i.e. -1.6 (4.6)% of net sales. Volume decline in machines and higher fixed costs contributed to profit decline. Machines' margins were lower but this was more than compensated for by services increasing its share and margin.

Adjustment measures

Due to the Automotive market slowing down after the first quarter and delayed customer orders as well as profitability challenges, some adjustments were made in the operations in Switzerland to reflect the current business situation, and the local workforce was reduced by five full-time employees.

Financial position, cash flow and financing

At the end of September, Glaston Group's balance sheet total was EUR 197.9 (195.3) million. Intangible assets amounted to EUR 76.9 (76.3) million, of which goodwill was EUR 58.4 (59.4) million. At the end of the period, property, plant, and equipment amounted to EUR 23.1 (22.5) million and inventories to EUR 37.3 (33.7) million.

The comparable return on capital employed (ROCE) was 10.9 (8.9)%.

At the end of September, the company's net gearing was 32.3 (27.0)% and the equity ratio was 43.8 (44.8)%. Net interest-bearing debt totaled EUR 21.8 (18.7) million.

The third-quarter cash flow from operating activities, before the change in working capital, was EUR 3.3 (1.1) million. Cash flow from the change in working capital was EUR -2.5 (2.7) million, which was mainly due to an increase in trade receivables. Cash flow from operating activities was EUR 0.8 (3.8) million. Cash flow from investing activities was EUR -1.3 (-1.5) million. Net cash flow from financing activities was EUR -0.2 million (0.0).

Capital expenditure and product development

Glaston Group's January−September gross capital expenditure totaled EUR 5.4 (3.6) million and was primarily related to product development. Depreciation and amortization of property, plant, and equipment, and intangible assets totaled EUR 3.7 (4.1) million.

Automation and digitalization continued to be the leading themes in product development. The focus was on projects and innovations related to the automation of the core products and further development of robotic and operator-free machine operations.

In Architectural product development, the focus was on further development of automation and quality scanning. To meet the growing demand for high quality and automation in the mid-market segment, the new FC Series EVO flat tempering was launched to the market in the review period. In Automotive & Display product development, special attention was paid to broadening the application field of the products.

In January−September, research and product development expenditure, excluding depreciation, totaled EUR 6.4 (6.3) million, of which EUR 2.6 (1.8) million was capitalized. Research and product development expenditure amounted to 4.0 (4.1)% of net sales.

Organization and personnel

Due to the weakening market sentiment, actions were taken in the Heat Treatment and Automotive businesses to adapt the organizations to the prevailing market environment. Adjustment measures were taken in Finland and Switzerland, and included, among other actions, terminations of employment contracts. Furthermore, a total of five temporary employment contracts were not renewed in China. As a result of the above-mentioned measures, the number of Glaston employees at the end of the period under review had decreased by 14 compared with the end of the previous quarter.

Glaston Group had a total of 803 (780) employees on September 30, 2023. The Heat Treatment segment employed 315 (294) people, the Insulating Glass segment 369 (376) people, and the Automotive & Display segment 118 (108) people. Of the Group's personnel, 34% (277 employees) worked in Germany, 27% (213 employees) worked in Finland, 13% worked elsewhere in the EMEA area, 20% worked in Asia, and 6% worked in the Americas. The average number of employees was 803 (771).

Changes to the Executive Leadership Team

In connection to the organizational changes, the following appointments were made in June to the Executive Leadership Team: Miika Äppelqvist was appointed SVP Architecture, moving from the position as SVP Heat Treatment Technologies, Robert Prange was appointed SVP Automation & SCM, moving from the position as SVP Automotive & Display Technologies, and José Yepes was appointed SVP Mobility, Display & Solar, moving from the position as VP Sales, Automotive & Display Business. SVP Insulating Glass Technologies, Dietmar Walz left the Group to seek new opportunities outside Glaston on October 1, 2023.

On August 1, 2023, Riikka Laitasalo took up her position as SVP People and Culture and a member of the Executive Leadership Team.

As of October 1, 2023, Glaston's Executive Leadership Team includes Anders Dahlblom, President & CEO; Sasu Koivumäki, Chief Sales Officer and Deputy to CEO; Miika Äppelqvist, SVP Architecture; José Yepes, SVP Mobility, Display & Solar; Robert Prange, SVP Automation & SCM; Artturi Mäki, SVP Services; Päivi Lindqvist, Chief Financial Officer; Kaisa Latva, General Counsel, and Riikka Laitasalo, SVP People and Culture.

STRATEGY

In order to accelerate the execution of the strategy for the period 2021−2025, Glaston disclosed in June the plan to reorganize the company's structure. The intention of the organizational change is also to enhance the customer experience with lifecycle solutions and improve operational excellence and efficiency.

In the new structure that came into effect on October 1, 2023, Glaston has two Business Areas (BA): Architecture and Mobility, Display & Solar. The Architecture BA consists of Heat Treatment Laminating and Heat Treatment Tempering technologies and Insulating Glass technologies as three Business Lines. The Mobility, Display & Solar BA consists of the Automotive & Display pre-processing technologies and Heat Treatment technologies for the mobility, display and solar glass markets as two Business Lines. In addition, two new global Business Functions − Automation & Innovation, and Sourcing & Supply Chain Management (SCM) − have been created.

In the third quarter, ramping up the capabilities for the production of Automotive pre-processing equipment in Tianjin continued as planned. Creating the local automotive supply chain network has taken longer than initially estimated. However, the transition to local sourcing continued to improve in the third quarter and the positive development is expected to continue.

In 2022, Glaston entered the market of tempering technologies for solar panel production in China with the CHF Solar line. The first deal was closed in September 2022 for five solar panel tempering lines with Chinese Kibing Glass, and a follow-up order for one additional line was received in September 2023. In the review period, the first two CHF Solar lines were shipped from the the factory in Tianjin. Of the remaining four lines, three will be shipped by the end of this year and the last one in early 2024. Originally, the deliveries were scheduled for the first half of 2023 but due to the customer's readiness to receive the machines, the deliveries were postponed and their installation will be further delayed.

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 September 30, 2023, was EUR 12.7 (12.7) million.

			No. of shares	Share turnover, EUR million
GLA1V			84,289,911	5.0
	Highest	Lowest	Closing	Average price *)
Share price	1.09	0.78	0.78	0.95
			30.9.2023	30.9.2022
Market value			65.6	74.8
Number of shareholders			7,668	7,432
Foreign ownership, %			27.4	27.4

*) 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%.

Annual General Meeting

Glaston Corporation's Annual General Meeting (AGM) was held on April 4, 2023, in Helsinki. The AGM adopted the financial statements and discharged the members of the Board of Directors and the President & CEO from liability for the financial year 2022 and adopted the company's remuneration report for governing bodies. 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 December 31, 2022. The return of capital was paid on April 20, 2023.

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 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.

In addition, the General Meeting authorized the Board of Directors to decide on the repurchase of the company's own shares and the issuance of shares.

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

SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

The ongoing uncertainty in the global business environment with its impact on the Architectural market continues to constitute the main short-term risk for Glaston. The demand for Glaston's products in the Architecture Business Area is impacted by the cycles and level of activity within the construction industry. The construction market is expected to develop unevenly and the demand environment is predicted to be softer in Europe and China during the rest of the year, while demand prospects are better in the Americas. Glaston closely follows the development of the construction market in China.

Internationally, businesses are being impacted by the increased inflationary pressure. 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 or operating cost savings. Due to increasing market uncertainty and higher financing costs, customers may also wish to postpone or cancel their orders. Furthermore, the softening market conditions could adversely affect the customers' payment capabilities. In addition, geopolitical tensions could lead to polarization and unexpected trade restrictions thereby representing a risk to Glaston's business.

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 in the machines businesses with a delay of six to nine months. Any material slowdown in the demand for services would have a faster impact. Tighter availability and the higher cost of financing may also increase customer-related credit risks.

To accelerate the strategy execution, Glaston's new organization came into effect on October 1, 2023. Despite close follow-up and monitoring, there could be a risk of not being able to harness the planned financial and strategy execution benefits. Leadership and change management are key in mitigating the risk.

The impact of the supply chain disruptions is steadily diminishing. However, for some components, the delivery times are still long, which can also impact the service business. 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.

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: Net sales estimate specified, comparable EBITA estimate unchanged

In the third quarter of 2023, the increasing market uncertainty and more cautious customer behavior continued. The activity in the architectural market further decreased, and the environment of softer demand is expected to continue in Europe and China also in the final quarter of the year. In the Americas, the demand prospects are better. Despite the softening of the markets, demand continues to be supported by the need to modernize existing equipment and the strong megatrends driving interest in energy-efficient glass solutions.

Throughout 2023, Glaston has focused on the execution of its strategy, which will incur costs and capital expenditure ahead of the effect on revenue growth. With ongoing geopolitical tensions and increasing uncertainty in the global business environment, a higher-than-normal level of unpredictability is related to customers' investment decisions.

Due to the prevailing uncertainties, Glaston Corporation specifies its net sales estimate and expects net sales in 2023 to grow marginally or to be on the same level as reported for 2022. Glaston continues to estimate that comparable EBITA will increase to EUR 13.7−15.7 million. In 2022, the Group's full-year net sales totaled EUR 213.5 million and comparable EBITA was EUR 13.6 million.

(Previous outlook: Despite the prevailing uncertainties, Glaston estimates that its net sales will increase in 2023 from the levels reported for 2022 and estimates comparable EBITA to increase to EUR 13.7−15.7 million.)

GLASTON CORPORATION

INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2023

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	7-9/2023	7-9/2022	Change %	1-9/2023	1-9/2022	Change %	1-12/2022
Net sales	**53.5**	**47.9**	11.6%	**160.0**	**153.7**	4.1%	**213.5**
Other operating income	0.4	0.9		1.8	2.7		3.6
Expenses	-50.3	-45.7		-150.8	-145.4		-201.8
Depreciation, amortization and impairment	-1.3	-1.3		-3.7	-4.1		-5.4
Depreciation of right-of-use assets	-0.6	-0.6		-1.8	-1.7		-2.3
Operating result	**1.7**	**1.2**	42.9%	**5.5**	**5.2**	6.1%	**7.6**
Financial items, net	-0.5	-0.5		-0.7	-2.1		-2.5
Interest expenses on lease liabilities	-0.1	-0.1		-0.3	-0.3		-0.4
Result before income taxes	**1.1**	**0.6**	97.2%	**4.4**	**2.7**	62.4%	**4.7**
Income taxes	-0.3	-0.4		-1.6	-0.9		-1.6
Profit / loss for the period	**0.8**	**0.2**	381.5%	**2.8**	**1.8**	57.5%	**3.1**
Earnings per share, EUR	0.010	0.002		0.033	0.021		0.037

STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Profit / loss for the period	**0.8**	**0.2**	**2.8**	**1.8**	**3.1**
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	0.5	1.0	-0.1	2.5	0.5
Cash flow hedges	-0.5	0.3	0.1	-0.9	0.7
Income tax on other comprehensive income	0.1	-0.0	-0.1	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	-	-0.1	-	-0.1	-2.1
Taxes on actuarial gains and losses arising from defined benefit plans	-	-	-	-	0.4
Other comprehensive income for the reporting period	**0.1**	**1.2**	**-0.1**	**1.5**	**-0.5**
Total comprehensive income for the reporting period	**1.0**	**1.4**	**2.7**	**3.3**	**2.6**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	30.9.2023	30.9.2022	31.12.2022
Assets			
Non-current assets			
Goodwill	58.4	59.4	58.7
Other intangible assets	18.5	16.9	17.5
Property, plant and equipment	23.1	22.5	22.6
Right-of-use assets	6.0	6.6	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	2.2	2.8	2.1
Total non-current assets	**108.8**	**111.0**	**107.8**
Current assets			
Inventories	37.3	33.7	32.0
Trade and other receivables	23.3	20.8	24.0
Contract assets	17.2	10.1	9.0
Assets for current tax	-	0.0	-
Total receivables	40.5	30.9	33.0
Cash equivalents	11.3	19.7	22.2
Total current assets	**89.1**	**84.3**	**87.1**
Total assets	**197.9**	**195.3**	**194.9**

EUR million	30.9.2023	30.9.2022	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	102.0	105.3	105.3
Treasury shares	-0.2	-	-
Other unrestricted equity reserves	0.3	-1.2	0.4
Retained earnings and exchange differences	-47.6	-48.0	-50.3
Total equity	**67.5**	**69.1**	**68.4**
Non-current liabilities			
Non-current interest-bearing liabilities	21.8	26.1	23.9
Non-current lease liabilities	5.5	6.3	5.9
Non-current interest-free liabilities and provisions	0.4	0.6	0.4
Deferred tax liabilities	9.9	9.6	9.1
Total non-current liabilities	**37.5**	**42.5**	**39.3**
Current liabilities			
Current interest-bearing liabilities	4.0	4.2	4.0
Current lease liabilities	1.9	1.7	1.7
Current provisions	4.4	2.9	3.2
Trade and other current interest-free payables	80.6	72.8	73.1
Contract liabilities	0.8	1.6	3.9
Liabilities for current tax	1.2	0.4	1.1
Total current liabilities	92.9	**83.6**	**87.1**
Total liabilities	**130.4**	**126.2**	**126.5**
Total equity and liabilities	**197.9**	**195.3**	**194.9**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Cash flows from operating activities					
Cash flow before change in net working capital	3.3	1.1	8.8	7.4	10.5
Change in net working capital	-2.5	2.7	-8.1	-5.9	-0.3
Net cash flow from operating activities	**0.8**	**3.8**	**0.7**	**1.4**	**10.2**
Cash flow from investing activities					
Purchases of non-current assets	-1.3	-1.5	-5.4	-3.6	-5.8
Proceeds from sale of other non-current assets	0.0	-0.0	0.1	0.4	0.4
Net cash flow from investing activities	**-1.3**	**-1.5**	**-5.3**	**-3.2**	**-5.5**
Cash flow before financing	**-0.5**	**2.3**	**-4.6**	**-1.8**	**4.7**
Cash flow from financing activities					
Aquisition of own shares	-0.2	-	-0.2	-	-
Increase in non-current liabilities	-	-	-	26.0	24.0
Decrease in non-current liabilities	-	-	-	-31.0	-31.0
Changes in loan receivables (increase - / decrease +)	-	-	-	0.3	0.3
Increase in short-term liabilities	-	-	-	4.3	6.3
Decrease in short-term liabilities	-	-	-2.0	-6.2	-8.2
Return of capital	-	-	-3.4	-2.5	-2.5
Net cash flow from financing activities	**-0.2**	**-**	**-5.6**	**-9.2**	**-11.2**
Effect of exchange rate changes	0.1	2.3	-0.7	3.7	1.9
Net change in cash and cash equivalents	**-0.7**	**4.6**	**-10.9**	**-7.2**	**-4.6**
Cash and cash equivalents at the beginning of period	12.0	15.1	22.2	26.9	26.9
Cash and cash equivalents at the end of period	11.3	19.7	11.3	19.7	22.2
Net change in cash and cash equivalents	**-0.7**	**4.6**	**-10.9**	**-7.2**	**-4.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2022	**12.7**	**107.9**	**-**	**-0.2**	**-57.2**	**4.9**	**68.0**
Total compr. income for the period	-	-	-	-0.9	1.7	2.5	**3.3**
Share-based plan	-	-	-	-	0.2	-	0.2
Share-based plan, tax effect	-	-	-	-	-	-	-
Return of capital	-	-2.5	-	-	-	-	-2.5
Other changes	-	-	-	-	0.2	-	0.2
Equity at 30 September 2022	**12.7**	**105.3**	**-**	**-1.2**	**-55.1**	**7.4**	**69.1**

glaston seeing it through

EUR million	Share capital	Reserve for inv. unrestr. equity	Treasury shares*	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	-	-	-	-	2.8	-0.1	2.7
Acquisition of treasury shares	-	-	-0.2	-	-	-	-0.2
Share-based plan	-	-	-	-	0.0	-	0.0
Share-based plan, tax effect	-	-	-	-	-0.0	-	-0.0
Return of capital	-	-3.4	-	-	-	-	-3.4
Other changes	-	-	-0.2	-	-0.1	-	-0.1
Equity at 30 September 2023	**12.7**	**102.0**	**-0.2**	**0.5**	**-52.9**	**5.4**	**67.5**

*Treasury shares acquired for the share-based incentive plan

KEY RATIOS	30.9.2023	30.9.2022	31.12.2022
EBITDA, as % of net sales	6.9%	7.2%	7.2%
Comparable EBITDA, as % of net sales	8.4%	8.1%	8.2%
Operating profit (EBIT), as % of net sales	3.4%	3.4%	3.6%
Comparable EBITA, as % of net sales	6.4%	6.1%	6.4%
Profit / loss for the period, as % of net sales	1.7%	1.1%	1.4%
Gross capital expenditure, EUR million	5.4	3.6	5.8
Gross capital expenditure, as % of net sales	3.4%	2.3%	2.7%
Equity ratio, %	43.8%	44.8%	44.0%
Gearing, %	49.1%	55.4%	51.9%
Net gearing, %	32.3%	27.0%	19.5%
Net interest-bearing debt, EUR million	21.8	18.7	13.3
Capital employed, end of period, EUR million	100.6	107.4	104.0
Return on equity, %	5.4%	3.4%	4.5%
Return on capital employed, %	7.2%	6.1%	6.9%
Comparable return on capital employed, %	10.9%	8.9%	10.5%
Number of personnel, average	803	771	775
Number of personnel, end of period	803	780	783

PER SHARE DATA	30.9.2023	30.9.2022	31.12.2022
Number of registered shares, end of period (1.000)	84 290	84 290	84 290
Number of registered shares excl. treasury shares, end of period (1.000)	84 040	84 290	84 290
Number of registered shares excl. treasury shares, average (1.000)	84 278	84 290	84 290
EPS, total, basic and diluted, EUR	0.033	0.021	0.037
Comparable EPS, total, basic and diluted, EUR	0.065	0.047	0.074
Equity attributable to owners of the parent per share, EUR	0.80	0.82	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	23.7	42.5	24.6
Price per equity attributable to owners of the parent per share	0.97	1.08	1.11
Market capitalization of registered shares excl. treasury shares, EUR million	65.6	74.8	76.0
Share turnover, % (number of shares traded, % of the average number of registered shares excl. treasury shares)	6.3%	7.0%	9.7%
Number of shares traded, (1.000)	5 333	5 866	8 153
Closing price of the share, EUR	0.78	0.89	0.90
Highest quoted price, EUR	1.09	1.19	1.19
Lowest quoted price, EUR	0.78	0.71	0.71
Volume-weighted average quoted price, EUR	0.95	0.97	0.95

The reconciliation of other alternative performance measures

Items affecting comparability

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Re-structuring	-1.2	-0.4	-2.0	-1.3	-1.6
Other	-0,2	-0.1	-0.4	-0.2	-0.6
Items affecting comparability	**-1.4**	**-0.4**	**-2.4**	**-1.4**	**-2.3**

Comparable operating result (EBIT) and EBITA

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Operating result	1.7	1.2	5.5	5.2	7.6
Items affecting comparability(1	1.4	0.4	2.4	1.4	2.3
Comparable EBIT	**3.1**	**1.6**	**7.9**	**6.6**	**9.9**
Operating result	**1.7**	**1,2**	**5.5**	**5.2**	**7.6**
Amortization and purchase price allocation(1	0.8	0,9	2.5	2.9	3.7
EBITA	2.5	**2,0**	7.9	**8.0**	**11.3**
Items affecting comparability(1	1.4	0,4	2.4	1.4	2.3
Comparable EBITA	**3.9**	**2,5**	**10.3**	**9.4**	**13.6**
% of net sales	7.3%	5,1%	6.4%	6.1%	6.4%

(1 + cost, - income

Comparable ROCE% and EPS

EUR million	1-9/2023	1-9/2022	1-12/2022
Profit/loss for the period before taxes	4.4	2.7	4.7
Financial expenses	1.1	2.3	2.7
Amortization of purchase price allocation[1	1.0	1.3	1.6
Total	6.6	6.3	9.1
Total annualized	8.8	8.4	9.1
Items affecting comparability[1	2.4	1.4	2.3
Total	11.2	9.8	11.4
Equity	67.5	69.1	68.4
Interest bearing liabilities	33.1	38.3	35.5
Avg (1.1.and end of period)	102.3	110.3	108.6
Comparable ROCE% annualized	**10.9%**	**8.9%**	**10.5%**
Profit/loss for the period	2.8	1.8	3.1
Amortization of purchase price allocation[1	1.0	1.3	1.6
Items affecting comparability[1	2.4	1.4	2.3
-tax	-0.7	-0.5	-0.8
Total	5.5	3.9	6.2
Number of registered shares excl. treasury shares, average	84.3	84.3	84.3
Comparable earnings per share, EUR	**0.065**	**0.047**	**0.074**

[1 + cost, - income

DEFINITIONS OF KEY RATIOS
Per share data

Earnings per share (EPS):
Net result attributable to owners of the parent / Number of registered shares excl. treasury shares, average

Dividend per share*:
Dividends paid / Number of registered shares excl. treasury shares, end of 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 registered shares excl. treasury shares, end of 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 registered shares excl. treasury shares

Market capitalization:
Number of registered shares excl. treasury shares, end of period x share price at end of the period

*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 / Number of registered shares excl. treasury shares, average

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	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Heat Treatment	13.4	23.8	56.2	69.7	95.1
Insulating Glass	30.2	55.0	75.4	107.2	126.6
Automotive & Display	8.5	7.2	30.3	23.8	30.4
Total segments	**52.1**	**86.0**	**161.9**	**200.7**	**252.1**
Unallocated and eliminations	0.1	0.2	0.8	0.6	0.9
Total Glaston Group	**52.2**	**86.2**	**162.7**	**201.4**	**253.0**

Net sales

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Heat Treatment	21.6	17.9	64.5	63.2	85.0
Insulating Glass	24.6	21.8	71.2	64.4	90.1
Automotive & Display	7.2	7.9	23.6	25.4	37.5
Total segments	**53.4**	**47.7**	**159.2**	**153.1**	**212.6**
Unallocated and eliminations	0.1	0.2	0.8	0.6	0.9
Total Glaston Group	**53.5**	**47.9**	**160.0**	**153.7**	**213.5**

Comparable EBITA

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Heat Treatment	1.5	0.8	4.6	4.1	5.1
Insulating Glass	2.4	0.9	5.8	4.2	6.8
Automotive & Display	-0.0	0.7	-0.4	1.2	1.5
Total segments	**3.9**	**2.4**	**10.1**	**9.5**	**13.5**
Unallocated and eliminations	0.0	0.1	0.2	-0.0	0.1
Total Glaston Group	**3.9**	**2.5**	**10.3**	**9.4**	**13.6**
Comparable EBITA %	7.3%	5.1%	6.4%	6.1%	6.4%

Comparable EBITA %

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Heat Treatment	7.1%	4.2%	7.2%	6.5%	6.1%
Insulating Glass	9.6%	4.2%	8.2%	6.5%	7.5%
Automotive & Display	-0.5%	9.1%	-1.6%	4.6%	4.1%
Total segments	**7.2%**	**5.0%**	**6.4%**	**6.2%**	**6.3%**
Unallocated and eliminations	29.8%	28.6%	26.0%	-1.2%	16.3%
Total Glaston Group	**7.3%**	**5.1%**	**6.4%**	**6.1%**	**6.4%**

Operating result (EBIT)
EUR million

	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Heat Treatment	1.2	0.3	3.2	2.1	2.3
Insulating Glass	1.3	0.5	4.1	2.7	4.9
Automotive & Display	-0.9	0.4	-2.0	0.4	0.3
Total segments	**1.6**	**1.1**	**5.3**	**5.2**	**7.5**
Unallocated and eliminations	0.0	0.1	0.2	-0.0	0.1
Total Glaston Group	**1.7**	**1.2**	**5.5**	**5.2**	**7.6**
Operating result %	3.1%	2.5%	3.4%	3.4%	3.6%

Segment assets
EUR million

	1-9/2023	1-9/2022	1-12/2022
Heat Treatment	72.4	63.7	65.8
Insulating Glass	70.5	72.1	72.5
Automotive & Display	40.5	36.1	31.3
Total segment assets	**183.3**	**171.9**	**169.6**
Other assets	14.6	23.4	25.3
Total assets	**197.9**	**195.3**	**194.9**

Segment liabilities
EUR million

	1-9/2023	1-9/2022	1-12/2022
Heat Treatment	34.6	36.6	42.3
Insulating Glass	34.5	29.6	31.0
Automotive & Display	16.4	11.4	7.2
Total segment liabilities	**85.5**	**77.6**	**80.6**
Other liabilities	44.9	48.5	45.9
Total liabilities	**130.4**	**126.2**	**126.5**

Personnel at the end of the period

	1-9/2023	1-9/2022	1-12/2022
Heat Treatment	315	294	292
Insulating Glass	369	376	370
Automotive & Display	118	108	119
Others	1	2	2
Total personnel at the end of the period	**803**	**780**	**783**

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

Orders received
EUR million

	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	13.4	23.7	19.1	25.4	23.8	23.5	22.4
Insulating Glass	30.2	21.8	23.5	19.4	55.0	26.7	25.5
Automotive & Display	8.5	7.8	14.0	6.6	7.2	5.9	10.8
Total segments	**52.1**	**53.3**	**56.6**	**51.3**	**86.0**	**56.1**	**58.7**
Unallocated and eliminations	0.1	0.4	0.3	0.3	0.2	0.1	0.2
Total Glaston Group	**52.2**	**53.6**	**56.9**	**51.7**	**86.2**	**56.2**	**59.0**

Order book

EUR million	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022
Heat Treatment	42.9	52.0	51.1	54.1	52.0	45.6	44.1
Insulating Glass [1)]	59.8	54.4	76.4	78.7	81.1	49.3	40.6
Automotive & Display	9.6	8.8	11.5	5.5	9.2	11.1	13.3
Total segments	**112.3**	**115.2**	**139.0**	**138.3**	**142.3**	**106.0**	**98.1**
Unallocated and eliminations	-	-	-	-	-	-	-
Total Glaston Group	**112.3**	**115.2**	**139.0**	**138.3**	**142.3**	**106.0**	**98.1**

1) The June 2023 order backlog was adjusted for the partial cancellation of orders with one customer, totaling EUR 19.4 million

Net sales

EUR million	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	21.6	20.3	22.6	21.8	17.9	22.9	22.5
Insulating Glass	24.6	24.7	21.9	25.7	21.8	21.1	21.5
Automotive & Display	7.2	9.8	6.6	12.0	7.9	9.4	8.1
Total segments	**53.4**	**54.8**	**51.0**	**59.5**	**47.7**	**53.3**	**52.1**
Unallocated and eliminations	0.1	0.4	0.3	0.3	0.2	0.1	0.2
Total Glaston Group	**53.5**	**55.2**	**51.3**	**59.8**	**47.9**	**53.5**	**52.3**

Comparable EBITA

EUR million	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	1.5	1.3	1.8	1.1	0.8	1.8	1.5
Insulating Glass	2.4	1.9	1.5	2.6	0.9	1.4	1.9
Automotive & Display	-0.0	0.0	-0.4	0.4	0.7	0.3	0.1
Total segments	**3.9**	**3.3**	**2.9**	**4.0**	**2.4**	**3.6**	**3.5**
Unallocated and eliminations	0.0	0.1	0.1	0.2	0.1	-0.1	-0.0
Total Glaston Group	**3.9**	**3.4**	**3.0**	**4.2**	**2.5**	**3.5**	**3.5**
Comparable EBITA %	7.3%	6.2%	5.8%	7.0%	5.1%	6.6%	6.6%

Comparable EBITA %

EUR million	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	7.1%	6.6%	7.8%	4.8%	4.2%	7.9%	6.8%
Insulating Glass	9.6%	7.8%	7.1%	10.1%	4.2%	6.6%	8.8%
Automotive & Display	-0.5%	0.5%	-5.7%	3.1%	9.1%	3.7%	1.1%
Total segments	**7.2%**	**6.0%**	**5.8%**	**6.8%**	**5.0%**	**6.7%**	**6.7%**
Unallocated and eliminations	29.8%	26.7%	23.1%	47.6%	28.6%	-37.3%	-9.6%
Total Glaston Group	**7.3%**	**6.2%**	**5.8%**	**7.0%**	**5.1%**	**6.6%**	**6.6%**

Operating result (EBIT)

EUR million	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	1.2	0.7	1.2	0.2	0.3	0.7	1.1
Insulating Glass	1.3	1.5	1.3	2.1	0.5	1.0	1.3
Automotive & Display	-0.9	-0.5	-0.7	-0.1	0.4	0.2	-0.2
Total segments	**1.6**	**1.8**	**1.8**	**2.3**	**1.1**	**1.8**	**2.2**
Unallocated and eliminations	0.0	0.1	0.1	0.2	0.1	-0.1	-0.0
Total Glaston Group	**1.7**	**1.9**	**1.9**	**2.5**	**1.2**	**1.8**	**2.2**
Operating result %	3.1%	2.5%	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	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1–12/2022
Heat Treatment Technologies	7.1	18.4	36.7	47.9	66.0
Insulating Glass Technologies	22.9	48.6	53.7	87.0	99.3
Automotive & Display Technologies	3.8	2.9	17.4	11.9	14.3
Services	18.2	16.0	54.2	54.0	72.5
Unallocated and eliminations	0.1	0.2	0.8	0.6	0.9
Glaston Group, total	**52.2**	**86.2**	**162.7**	**201.4**	**253.0**

Order book by product area

EUR million	30.9.2023	30.9.2022	31.12.2022
Heat Treatment Technologies	39.4	45.0	48.8
Insulating Glass Technologies [1)]	58.6	80.1	77.9
Automotive & Display Technologies	8.8	8.8	5.2
Services	5.4	8.4	6.4
Unallocated and eliminations	-	-	-
Glaston Group, total	**112.3**	**142.3**	**138.3**

1)The June 2023 order backlog was adjusted for the partial cancellation of orders with one customer, totaling EUR 19.4 million

Net sales by product area

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Heat Treatment Technologies	13.3	10.3	44.1	42.1	55.7
Insulating Glass Technologies	17.3	15.1	49.5	44.7	63.1
Automotive & Display Technologies	2.8	3.6	11.1	13.4	21.1
Services	20.9	19.2	56.0	55.3	76.4
Unallocated and eliminations	-0.7	-0.3	-0.8	-1.8	-2.8
Glaston Group, total	**53.5**	**47.9**	**160.0**	**153.7**	**213.5**

NET SALES BY REGION

Geographical distribution of net sales EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1–12/2022
Americas	17.0	12.0	55.0	40.6	60.9
EMEA	28.9	27.6	83.2	83.4	112.2
APAC	7.5	8.3	21.8	29.8	40.4
Glaston Group, total	**53.5**	**47.9**	**160.0**	**153.7**	**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 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 the loan period for the EUR 18 million long-term loan and for revolving credit facility was extended until March 2026.

EUR million	In use	Unused	Total
Committed credit facilities 30.9.2023	3.0	22.0	25.0
Committed credit facilities 31.12.2022	2.0	23.0	25.0

Net interest bearing debt

EUR million	30.9.2023	30.9.2022	31.12.2022
Loans from financial institutions	25.8	30.3	28.0
Lease liabilities	7.4	8.0	7.6
Cash	11.3	19.7	22.2
Total	**21.8**	**18.7**	**13.3**
Net gearing, %	**32.3**	**27.0**	**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 the 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 September 2023, 11.9 (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
30.9.2023	16.1	11.9	1.7	1.4	1.1	0.0
31.12.2022	17.8	12.3	4.0	1.3	0.1	0.0

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Changes in property, plant and equipment

EUR million	1-9/2023	1-9/2022	1-12/2022
Carrying amount at beginning of the period	22.6	22.9	22.9
Additions	2.1	1.3	2.1
Disposals	-0.1	-0.4	-0.4
Depreciation and amortization	-1.4	-1.4	-1.9
Reclassification and other changes	-	-0.2	-0.2
Exchange differences	-0.1	0.3	0.0
Carrying amount at end of the period	23.1	22.5	22.6

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

Changes in intangible assets

EUR million	1-9/2023	1-9/2022	1-12/2022
Carrying amount at beginning of the period	76.1	75.8	75.8
Additions	3.3	2.3	3.7
Disposals	-	-0.0	-0.0
Depreciation and amortization	-2.3	-2.7	-3.5
Reclassification and other changes	-	0.0	0.0
Exchange differences	-0.3	1.0	0.1
Carrying amount at end of the period	76.8	76.3	76.1

4. LEASES

LEASES IN THE BALANCE SHEET

Right-of-use assets

EUR million	1-9/2023	1-9/2022	1-12/2022
Carrying amount at beginning of the period	6.2	7.3	7.3
Additions	1.7	1.1	1.3
Depreciation expense	-1.8	-1.8	-2.3
Carrying amount at end of the period	6.1	6.6	6.2

Lease liabilities

EUR million	1-9/2023	1-9/2022	1-12/2022
Carrying amount at beginning of the period	7.6	8.6	8.6
Additions	1.7	1.2	1.3
Interest expense	0.3	0.3	0.4
Rental payment	-2.2	-2.1	-2.7
Carrying amount at end of the period	7.4	8.0	7.6

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	1-9/2023	1-9/2022	1-12/2022
Depreciation of right-of-use assets	-1.8	-1.7	-2.3
Interest expense on lease liabilities	-0.3	-0.3	-0.4
Short-term lease expense	-0.4	-0.3	-0.4
Total amounts recognised in profit or loss	**-2.6**	**-2.4**	**-3.2**

5. CONTINGENT LIABILITIES

EUR million	30.9.2023	30.9.2022	31.12.2022
Mortgages and pledges			
On own behalf	314.1	314.1	314.1
Guarantees			
On own behalf	10.8	13.5	15.3
On behalf of others	0.2	0.3	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	30.9.2023		30.9.2022		31.12.2022	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forwards						
Currency forward contracts	22.8	-0.4	22.8	-1.8	18.7	0.1
Interest rate derivatives						
Interest rate derivatives	12.0	0.7	12.0	0.5	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 2). All Glaston's derivatives are publicly traded.

Financial assets measured at fair value through other comprehensive income include listed investments that 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	30.9.2023				30.9.2022				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												
Other shares	-	-	0.0	**0.0**	-	-	0.0	**0.0**	-	-	0.0	**0.0**
Currency forward contracts	-	0.1	-	**0.1**	-	0.4	-	**0.4**	-	0.5	-	**0.5**
Interest rate derivatives	-	0.8	-	**0.8**	-	0.5	-	**0.5**	-	0.6	-	**0.6**
Total	**-**	**0.9**	**0.0**	**0.9**	**-**	**0.9**	**0.0**	**0.9**	**-**	**1.1**	**0.0**	**1.1**
Liabilities												
Currency forward contracts	-	-0.6	-	**-0.6**	-	-2.1	-	**-2.1**	-	-0.4	-	**-0.4**
Interest rate derivatives	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Total	**-**	**-0.6**	**-**	**-0.6**	**-**	**-2.1**	**-**	**-2.1**	**-**	**-0.4**	**-**	**-0.4**