Q2 2023

Glaston Corporation
Half-year financial report
January – June 2023

Glaston's half-year financial report January–June 2023: Second-quarter order intake and profitability holding up

APRIL–JUNE 2023 IN BRIEF

- Orders received totaled EUR 53.6 (56.2) million
- Net sales totaled EUR 55.2 (53.5) million
- Comparable EBITA was EUR 3.4 (3.5) million, i.e. 6.2 (6.6)% of net sales
- The operating result (EBIT) was EUR 1.9 (1.8) million
- Comparable earnings per share were EUR 0.020 (0.016)

JANUARY–JUNE 2023 IN BRIEF

- Orders received totaled 110.5 (115.2) million
- Net sales totaled EUR 106.5 (105.8) million
- Comparable EBITA was EUR 6.4 (7.0) million, i.e. 6.0 (6.6)% of net sales
- The operating result (EBIT) was EUR 3.8 (4.0) million
- Comparable earnings per share were EUR 0.039 (0.037)

GLASTON SPECIFIES OUTLOOK FOR 2023

In the first half of 2023, signs of increasing market uncertainty and more cautious customer behavior were visible. Due to the slowdown in the architectural market, the demand environment is expected to be softer in Europe and China during the rest of the year, while demand prospects are better in the Americas. Despite the softening of the markets, demand continues to be supported by the strong megatrends driving interest in energy-efficient glass solutions.

In 2023, Glaston has continued to focus 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.

Glaston's net sales and profitability development in 2023 continue to be supported by a healthy order backlog.
Despite the prevailing uncertainties, Glaston Corporation estimates that its net sales will increase in 2023 from the levels reported for 2022 and specifies its outlook for comparable EBITA, which is estimated to 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: Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2023 from the levels reported for 2022.)

President & CEO Anders Dahlblom:

"During the past three months, we have seen a slowdown in market activity in the architectural glass segment. Given the current market environment, our second quarter performance can be characterized as reasonably good.

Despite the softening of the architectural market, especially in Europe, second-quarter market activity was largely in line with our expectations and our order intake totaled EUR 53.6 million down 5% from the previous year. Second-quarter net sales were up 3% and totaled EUR 55.2 million. As in the previous quarter, profitability was fairly good with comparable EBITA at EUR 3.4 million, corresponding to an EBITA margin of 6.2%. The production ramp-up of automotive pre-processing lines in China continued to burden profitability, but to a lesser extent than in the previous quarter. In addition, the modest second-quarter performance in the Services business affected profitability development.

The weakening market sentiment affected the Services business in EMEA and China, in particular. For upgrades, markets were globally low, especially in the Americas. The order intake for the Services business decreased by 9% year-on-year. Despite improvements in delivery times, supply shortages continued to have some effect on the fast-moving Services business. Services' second-quarter net sales were down by 3%.

We have consistently made progress on our journey toward reaching the 2025 strategic targets. To accelerate the strategy implementation, we announced in June a plan to reorganize the company structure to better serve our customers in the architectural, automotive, display and solar glass processing markets. The reorganization will allow us to tap into our efficiency potential, which is expected to accelerate profitability improvement towards the 10% comparable EBITA margin target by 2025. With the new structure, we plan to have two Business Areas that are formed according to customers' end-use segments: Architecture and Mobility, Display & Solar. With a focus on improving the scalability and efficiency of our business processes as well as speeding up the time-to-market of development projects, we plan to create two new global Business functions: Automation & Innovation and Sourcing & Supply Chain Management (SCM). The plan is for the new organization to be up and running on October 1, 2023.

Our progress in sustainability continued. One of Glaston's material sustainability topics is 'Responsible member of society' and we are actively and diversely involved in developing our industry. Organized by Glaston, the Glass Performance Days (GPD) conference serves as a perfect example of this, as the conference brings together the global glass industry to discuss and share knowledge on innovations and new trends. After a four-year break, GPD met in June in Tampere, Finland with sustainability as a prominent conference theme. It was clearly noticeable that there is a commitment and effort from the industry toward a sustainable future. Introduced by Glaston at GPD in 2017, Step Change has established itself as an integral pillar of the conference. To further accelerate sustainable innovation in the glass industry, the Step Change program once again brought together startup and scaleup companies and industry professionals.

Our work to improve safety at work is progressing and in April, the second group-wide Safety Week was organized with various initiatives to further develop safety at work. Safety awareness has increased even though our lost-time accidents, unfortunately, increased during the first half of the year. Our efforts to further develop the safety culture will continue.

In the review period, we calculated our indirect Scope 3 emissions for 2022. Due to the emissions of the high-volume solar glass tempering lines, that were launched to the market in 2022, our emissions increased significantly compared to the previous year. However, these emissions contribute to global emissions reduction as fossil energy is replaced by solar energy.

In the January−June period, the market environment weakened, especially in Europe. For the second half of the year, our key target is to secure our order intake in a more challenging market environment and to implement the new organizational structure. Supported by the order backlog, our net sales outlook for 2023 remains unchanged: it is estimated to increase from the levels reported for 2022. For comparable EBITA, the specified outlook is an increase to EUR 13.7−15.7 million."

GLASTON GROUP'S KEY FIGURES

MEUR	4–6/2023	4–6/2022	Change%	1–6/2023	1–6/2022	Change%	1-12/2022
Orders received	53.6	56.2	-4.6%	110.5	115.2	-4.1%	253.0
of which service operations	17.5	19.2	-8.9%	35.9	38.0	-5.4%	72.5
of which service operations, %	32.6%	34.1%		32.5%	33.0%		28.6%
Order book at end of period[3)]	115.2	106.0	8.7%	115.2	106.0	8.7%	138.3
Net sales	55.2	53.5	3.3%	106.5	105.8	0.7%	213.5
of which service operations	17.2	17.7	-3.1%	35.1	36.1	-2.5%	76.4
of which service operations, %	31.1%	33.1%		33.0%	34.1%		35.8%
EBITDA	3.8	3.7	3.4%	7.5	8.0	-6.0%	15.3
Items affecting comparability[1)]	0.7	0.8	-19.8%	1.0	1.0	0.7%	2.3
Comparable EBITDA	4.5	4.5	-1.0%	8.5	9.0	-5.2%	17.6
Comparable EBITDA, %	8.1%	8.4%		8.0%	8.5%		8.2%
Comparable EBITA	3.4	3.5	-2.5%	6.4	7.0	-8.1%	13.6
Comparable EBITA, %	6.2%	6.6%		6.0%	6.6%		6.4%
Operating result (EBIT)	1.9	1.8	6.8%	3.8	4.0	-4.7%	7.6
Profit/loss for the period	0.9	0.4	135.5%	2.0	1.6	23.2%	3.1
Comparable earnings per share, EUR[2)]	0.020	0.016	25.0%	0.039	0.037	5.4%	0.074
Cash flow from operating activities	0.3	4.4	-93.2%	-0.1	-2.3	95.7%	10.2
Return on capital employed (ROCE), %, (annualized)				7.5%	7.1%		6.9%
Comparable return on capital employed (ROCE), %, (annualized)				9.9%	9.7%		10.5%
Equity ratio, %				44.8%	43.3%		44.0%
Net gearing, %				32.2%	34.6%		19.5%
Number of employees at end of period				817	781	4.6%	783

1) + cost, - income
2) change in comparable EPS formula, net of tax added
3) The June 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 second quarter, a softening of overall market activity was visible mainly due to the slowdown in residential markets especially in Europe. The high inflationary environment combined with higher interest rates increased cautiousness in investment decisions among customers and their customers. In addition, a decline in customers' machinery utilization was noted in several regions.

Despite the market headwinds, a fair number of new orders were received. For Heat Treatment equipment the importance of features such as energy efficiency and automation was highlighted even further, which drove demand for flat tempering and laminating lines in particular. For Insulating Glass equipment, demand for Thermo Plastic Spacer (TPS®) technology remained good due to its major advantages in flexible, high-quality insulating glass manufacturing. Additionally, the glass arrissing machine MULTI'ARRISSER continued to be a door opener for new integrated insulating glass lines.

Operating environment in the regions

In the **EMEA** region, the markets for Insulating Glass and Heat Treatment equipment slowed down. As a result of economic uncertainty due to higher interest rates and limited investments, the overall market sentiment weakened in Europe. In addition, demand in Europe was also affected by customers' lower machinery utilization. In the Services markets, field services saw a slow quarter, whereas, for upgrades, the order intake started to pick up after a long quiet period.

In the second quarter, the **Americas** continued to be an active market for Heat Treatment, driven by the architectural business. Despite the slight improvements in the commercial and residential markets, activity in the Insulating Glass market continued at a lower level with a shift in orders to later quarters of the year. For Services, the good market activity for spare parts and field services continued, while demand for upgrades slowed down significantly.

Due to the continuous downturn in **China**'s real estate market, the demand for architectural glass continued to be soft. The China Glass exhibition in May triggered some activity, and demand in the quarter improved from the very low level at the beginning of the year. For Services markets, 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 disruptions to the supply chain continued but were less of an issue as signs of relief were seen and the sourcing teams continue to manage the situation well.

Automotive glass

The general market sentiment that was already more positive at the beginning of the year continued from the first quarter into the second. In the second quarter, automotive production continued to increase due to the improvement in the supply situation. Due to the smaller size of orders received, the order intake was below the level of the previous quarter. While the traditional display market was not very active, the automotive display market once again showed increased activity. However, display orders 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.

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

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 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. The cautious signs of market recovery in **South America** continued, but the increased activity was not yet 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 order intake in the second quarter.

FINANCIAL DEVELOPMENT OF THE GROUP

Orders received and order book

Glaston Group's **April–June 2023** orders received were EUR 53.6 (56.2) million, down close to 5% compared to the corresponding period in the previous year. Total Services business order intake decreased by 9% in the second quarter.

The **January–June 2023** orders received totaled EUR 110.5 (115.2) million, and were down by 4% compared to the corresponding period in the previous year. Order intake performance for Heat Treatment equipment was down 7% and totaled EUR 42.8 (45.9) million. For Insulating Glass equipment, order intake was down 14% totaling EUR 45.3 (52.3) million. For Automotive & Display, the half-year order intake saw an increase of 30% amounting to EUR 21.8 (16.7) million. Total Services business order intake decreased by 5% in the period.

Orders received, EUR million	4–6/2023	4–6/2022	Change%	1–6/2023	1–6/2022	Change%	1–12/2022
Heat Treatment	23.7	23.5	0.9%	42.8	45.9	-6.7%	95.1
Insulating Glass	21.8	26.7	-18.4%	45.3	52.3	-13.5%	126.6
Automotive & Display	7.8	5.9	31.8%	21.8	16.7	30.2%	30.4
Segments, total	**53.3**	**56.1**	**-5.2%**	**109.9**	**114.9**	**-4.4%**	**252.1**
Unallocated and eliminations	0.4	0.1	286.8%	0.7	0.4	64.0%	0.9
Glaston Group, total	**53.6**	**56.2**	**-4.6 %**	**110.5**	**115.2**	**-4.1%**	**253.0**

The **order book** stood at EUR 115.2 (106.0) million at the end of the second quarter and was 9% higher than in the corresponding period in 2022. The June order backlog for Insulating Glass Technologies was adjusted for the partial cancellation of orders with one customer totaling EUR 19.4 million.

The Heat Treatment order book totaled EUR 52.0 (45.6) million, representing 45% of the Group's order book. The Insulating Glass order book stood at EUR 54.4 (49.3) million, representing 47% of the Group's order book, and the corresponding numbers for Automotive & Display were EUR 8.8 (11.1) million and 8% of the Group's order book.

Order book, EUR million	30.6.2023	30.6.2022	Change%	31.12.2022
Heat Treatment	52.0	45.6	14.0%	54.1
Insulating Glass*)	54.4	49.3	10.3%	78.7
Automotive & Display	8.8	11.1	-20.7%	5.5
Segments, total	**115.2**	**106.0**	8.7%	**138.3**
Unallocated and eliminations	-	-	-	-
Glaston Group, total	**115.2**	**106.0**	8.7%	**138.3**

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

Net sales

The **April–June 2023** net sales were EUR 55.2 (53.5) million, up 3% from the corresponding period of the previous year. The Heat Treatment segment's net sales declined by 11%, while Insulating Glass' net sales were up by 17%. The Automotive & Display segment's net sales increased by 4%. Total Services business' net sales declined by 3% in the April−June period.

Of total net sales, the Heat Treatment segment accounted for 37%, the Insulating Glass segment for 45%, and the Automotive & Display segment for 18%. Geographically, the EMEA area continued as the biggest area and accounted for 52% of net sales, while the Americas accounted for 35%, and Asia and Pacific (APAC) for around 12%.

The **January–June 2023** net sales were on the same level as in the corresponding period in the previous year: EUR 106.5 (105.8) million. The Heat Treatment segment's net sales were down 5%. The Insulating Glass segment's net sales increased by 9%, while the Automotive & Display segment's net sales were down by 6%. Total Services' net sales were down 2%.

Net sales, EUR million	4–6/2023	4–6/2022	Change%	1–6/2023	1–6/2022	Change%	1–12/2022
Heat Treatment	20.3	22.9	-11.0%	42.9	45.3	-5.4%	85.0
Insulating Glass	24.7	21.1	17.0%	46.6	42.6	9.4%	90.1
Automotive & Display	9.8	9.4	4.4%	16.4	17.5	-6.4%	37.5
Segments, total	**54.8**	**53.3**	2.8%	**105.9**	**105.4**	0.4%	**212.6**
Unallocated and eliminations	0.4	0.1	187.6%	0.7	0.4	81.9%	0.9
Glaston Group, total	**55.2**	**53.5**	**3.3%**	**106.5**	**105.8**	**0.7%**	**213.5**

Operating result and profitability

Second-quarter comparable EBITA was EUR 3.4 (3.5) million, i.e. 6.2 (6.6)% of net sales. Heat Treatment's and Automotive & Display's profit declined whereas Insulating Glass' EBITA increased. Volume and margin increase almost compensated for the negative impact from higher fixed costs and lower other operating income. The lower share of services impacted profitability negatively.

Glaston Group's comparable operating result was EUR 2.6 (2.6) million, i.e. 4.7 (4.9)% of net sales. The second-quarter operating result was EUR 1.9 (1.8) million. Items affecting comparability amounting to EUR -0.7 (-0.8) million were recognized in the second quarter. These were mainly related to the transfer of the production of Automotive standard pre-processing products to China and other restructuring. Financial income and expenses were EUR 0.0 (-1.2) million supported by foreign exchange gains. The result before taxes was EUR 1.8 (0.5) million. The result for the second quarter was EUR 0.9 (0.4) million and earnings per share were EUR 0.011 (0.005). The comparable earnings per share were EUR 0.020 (0.016).

The **January−June 2023** comparable EBITA amounted to EUR 6.4 (7.0) million, i.e. 6.0 (6.6)% of net sales. The profit decline is mainly explained by the Automotive & Display segment turning from profit to loss in the period. This has been driven by the transfer of the production of Automotive standard pre-processing products to China.

The comparable operating result was EUR 4.8 (5.0) million, i.e. 4.5 (4.7)% of net sales. The Group's operating result was EUR 3.8 (4.0) million. Items affecting comparability totaled EUR -1.0 (-1.0) and were mainly related to the transfer of the production of Automotive standard pre-processing products to China and other restructuring projects. Financial income and expenses amounted to EUR -0.3 (-1.6) million. The result before taxes was EUR 3.3 (2.1) million. The January−June result was EUR 2.0 (1.6) million. Earnings per share were EUR 0.023 (0.019) and comparable earnings per share were EUR 0.039 (0.037).

Comparable operating result (EBIT) and EBITA

EUR million	4–6/2023	4–6/2022	Change%	1–6/2023	1–6/2022	Change%	1–12/2022
Operating result	1.9	1.8	6.8%	3.8	4.0	-4.7%	7.6
Items affecting comparability[1)]	0.7	0.8	-19.8%	1.0	1.0	0.7%	2.3
Comparable EBIT	**2.6**	**2.6**	**1.7%**	**4.8**	**5.0**	**-3.6%**	**9.9**
Operating result	**1.9**	**1.8**	6.8%	**3.8**	**4.0**	**4.7%**	**7.6**
Amortization and purchase price allocation[1)]	0.8	0.9	-5.0%	1.6	2.0	-19.2%	3.7
EBITA	**2.7**	**2.7**	3.0%	**5.4**	**6.0**	-9.6%	**11.3**
Items affecting comparability[1)]	0.7	0.8	-19.8%	1.0	1.0	0.7%	2.3
Comparable EBITA	**3.4**	**3.5**	**-2.5%**	**6.4**	**7.0**	-8.1%	**13.6**
% of net sales	6.2%	6.6%		6.0%	6.6%		6.4%

1) + cost, -income

FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

Heat Treatment reporting segment

Heat Treatment segment's second quarter in brief:

- Good order intake despite market activity slowing down, Americas continued positively
- Healthy order backlog with main factories' capacity utilization at a fairly good level
- Net sales and profitability below the comparison period

Heat Treatment KEY RATIOS EUR million	4–6/2023	4–6/2022	Change%	1–6/2023	1–6/2022	Change%	1–12/2022
Orders received	23.7	23.5	0.9%	42.8	45.9	-6.7 %	95.1
of which service operations	6.4	8.3	-23.0%	13.3	16.5	-19.1%	29.0
of which service operations%	26.8%	35.1 %		31.1%	35.9 %		30.5%
Order book at end of period	52.0	45.6	14.0%	52.0	45.6	14.0%	54.1
Net sales	20.3	22.9	-11.0%	42.9	45.3	-5.4%	85.0
of which service operations	5.7	6.8	-16.1%	12.3	14.6	-15.8%	31.0
of which service operations%	28.2%	29.9%		28.7%	32.3%		36.5%
Comparable EBITA	1.3	1.8	-26.1%	3.1	3.3	-7.0%	5.1
Comparable EBITA, %	6.6%	7.9%		7.2%	7.4%		6.1%
Operating result (EBIT)	0.7	0.7	1.9%	1.9	1.8	6.8%	2.3
Operating result (EBIT), %	3.6%	3.2%		4.5%	4.0%		2.7%

Orders received and order book

Despite increasing market uncertainty, the Heat Treatment segment's **second-quarter** order intake was at good level and slightly above the level of the corresponding period in the previous year and totaled EUR 23.7 (23.5) million. Machines order intake increased 14%, whereas Services' declined 23%.

In the review period, the main orders came from the segment's strategic customers. Order intake from the Americas continued on a high level with orders for several flat tempering lines. In the EMEA region, RC tempering lines were ordered, for example from Romania. In the second quarter, several iControl and Roller Heat Control (RHC) upgrades for improved tempering were sold to Europe and the Americas, however, due to increased investment hesitation upgrade orders were below the previous year's level.

January–June 2023 received orders decreased by 7% compared to the corresponding period in the previous year and totaled EUR 42.8 (45.9) million. Services' orders fell 19%.

The Heat Treatment segment's order book was good at EUR 52.0 (45.6) million at the end of the second quarter.

Financial development

The Heat Treatment segment's **April—June 2023** net sales decreased by 11% to EUR 20.3 (22.9) million. Services' net sales decreased by 16%. April−June comparable EBITA was EUR 1.3 (1.8) million, i.e. 6.6 (7.9)% of net sales.

The decrease in machines' net sales is mainly driven by the different seasonality within the summer quarters compared to the previous year. In Services, the low order intake in upgrades in earlier quarters reduced net sales. Profitability remained at a good level as the positive development in gross margins, especially within machines softened the negative impact of volume decline and higher fixed costs.

January–June 2023 net sales were down 5% and totaled EUR 42.9 (45.3) million. Comparable EBITA was EUR 3.1 (3.3) million, i.e. 7.2 (7.4)% of net sales. The decline in net sales in the first half was driven by low upgrade revenue within Services due to weak order intake in earlier quarters. Profitability stayed close to the previous year's level as clearly higher gross margin in machines supported profitability and compensated for the volume decline, higher fixed costs and lower share of Services.

Insulating Glass reporting segment

Insulating Glass segment's second quarter in brief:

- Order intake below previous year's level mainly due to declining market activity in Europe
- Order book affected by partial cancellation of an order
- Good net sales growth and profitability, 2023 capacity fully booked at the Neuhausen factory

Insulating Glass KEY RATIOS EUR million	4−6/2023	4−6/2022	Change%	1−6/2023	1−6/2022	Change%	1−12/2022
Orders received	21.8	26.7	-18.4%	45.3	52.3	-13.5%	126.6
of which service operations	7.3	6.8	8.5%	14.4	13.9	4.1%	27.3
of which service operations%	33.7%	25.3 %		31.9%	26.5 %		21.6%
Order book at end of period*)	54.4	49.3	10.3%	54.4	49.3	10.3%	78.7
Net sales	24.7	21.1	17.0%	46.6	42.6	9.4%	90.1
of which service operations	7.6	6.7	13.6%	14.9	13.7	8.7%	28.2
of which service operations%	30.7%	31.6%		31.9%	32.1%		31.3%
Comparable EBITA	1.9	1.4	38.3%	3.5	3.3	5.9%	6.8
Comparable EBITA, %	7.8%	6.6%		7.5%	7.7%		7.5%
Operating result (EBIT)	1.5	1.0	58.2%	2.9	2.3	27.0%	4.9
Operating result (EBIT), %	6.2%	4.6%		6.1%	5.3%		5.4%

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

Orders received

Due to higher interest rates and increasing market uncertainty, a softening of the insulating glass market was noted in the **second quarter**, especially in Europe. This was reflected in the segment's April−June 2023 order intake, which declined by 18% and was EUR 21.8 (26.7) million. Services' order intake increased by 8% during the quarter.

The second quarter saw a weaker order entry from the EMEA region. However, major orders were received from Germany, Spain and France. In China, one order for the TPS® line was received. Order intake for the mid-range machines continued to be modest but improved from the previous quarter. In the rest of the APAC region, the markets were subdued. Order entry from the Americas was below expectations, with a shift of projects to later quarters of the year.

January–June 2023 orders received decreased by 14% compared to the corresponding period in the previous year and totaled EUR 45.3 (52.3) million. Services' orders grew 4%.

The Insulating Glass segment's order book stood at EUR 54.4 (49.3) million at the end of the period as the June order backlog was adjusted for the partial cancellation of orders from one customer totaling EUR 19.4 milion.

Financial development

The Insulating Glass segment's **second-quarter 2023** net sales were up 17% and totaled EUR 24.7 (21.1) million. Services' net sales were up 14%. Comparable EBITA was EUR 1.9 (1.4) million, i.e. 7.8 (6.6)% of net sales.

Net sales grew strongly in both machines and services. This was supported by a strong order backlog and progress in field services. Volume and margin improvement impacted profitability positively whereas Services' reduced share and lower other operating income had a negative effect.

January–June 2023 net sales were up 9% and totaled EUR 46.6 (42.6) million. Comparable EBITA was EUR 3.5 (3.3) million, i.e. 7.5 (7.7)% of net sales.

Automotive & Display reporting segment

Automotive & Display segment's second quarter in brief:

- Order intake up 32%, general market sentiment positive
- Net sales grew slightly
- Weak profitability development due to production transfer to China, however, clear progress from the first quarter

Automotive & Display KEY RATIOS EUR million	4−6/2023	4−6/2022	Change%	1−6/2023	1−6/2022	Change%	1−12/2022
Orders received	7.8	5.9	31.8%	21.8	16.7	30.2%	30.4
of which service operations	3.8	4.1	-9.0%	8.2	7.7	6.9%	16.1
of which service operations%	48.7%	70.5 %		37.6%	45.9 %		53.0%
Order book at end of period	8.8	11.1	-20.6%	8.8	11.1	-20.6%	5.5
Net sales	9.8	9.4	4.4%	16.4	17.5	-6.4%	37.5
of which service operations	3.9	4.2	-8.4%	8.0	7.8	2.7%	17.1
of which service operations%	39.3%	44.8%		48.6%	44.3%		45.6%
Comparable EBITA	0.0	0.3	-86.4%	-0.3	0.4	-175.5%	1.5
Comparable EBITA, %	0.5%	3.7%		-2.0%	2.5%		4.1%
Operating result (EBIT)	-0.5	0.2	-392.9%	-1.2	-0.0	-8000.7%	0.3
Operating result (EBIT), %	-4.6%	1.6%		-7.2%	-0.1%		0.8%

Orders received

In the **second quarter** of the year, the Automotive & Display segment's orders received totaled EUR 7.8 (5.9) million, up 32%, with China and North America leading the way. Order intake included a significant follow-up order from a US-based customer of glazing solutions for heavy and special vehicles. Order intake from China was supported by Glaston's ability to serve this market with locally manufactured products. Display orders continued to be in low figures.

The segment's customers showed increasing interest in upgrading their existing lines. Automotive Services' order intake, however, fell by 9% compared to the corresponding period in the previous year due to lower spare parts volume.

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January–June 2023 orders received increased by 30% compared to the corresponding period in the previous year and totaled EUR 21.8 (16.7) million. Services' orders increased by 7% compared to the corresponding period in the previous year. The improved supply situation supported upgrade order intake due to improved lead times.

The Automotive & Display segment's order book stood at EUR 8.8 (11.1) million at the end of the period.

Financial development

The Automotive & Display segment's **second-quarter** net sales increased by 4% and were EUR 9.8 (9.4) million. Automotive Services net sales were down 8%. With improving order intake the net sales within machines grew strongly. The decline in Services was driven by lower spareparts demand mainly in Europe and China.

The segment's second-quarter comparable EBITA was EUR 0.0 (0.3) million. The transition to a local supply chain network in China affected the profitability development, but to a clearly lesser extent than in the first quarter of the year. Higher volume and better margin product mix in Automotive machines almost offset the negative impact of the lower performance in services and fixed costs increase.

January–June 2023 net sales were down 6% and totaled EUR 16.4 (17.5) million. Comparable EBITA was EUR -0.3 (0.4) million, i.e. -2.0 (2.5)% of net sales. Machines' net sales declined due to very low volume in the first quarter. Services grew by 3% driven by spareparts. The main reason for the loss in the first half was the low margin of the first machines built in China after the production transfer from Switzerland. Services' share and margin supported profitability. Fixed costs increased.

Financial position, cash flow and financing

At the end of June, Glaston Group's balance sheet total was EUR 196.5 (193.9) million. Intangible assets amounted to EUR 76.7 (76.0) million, of which goodwill was EUR 58.2 (59.2) million. At the end of the period, property, plant and equipment amounted to EUR 23.0 (22.4) million and inventories to EUR 37.4 (32.1) million.

The comparable return on capital employed (ROCE) was 9.9 (9.7)%.

At the end of June, the company's net gearing was 32.2 (34.6)% and the equity ratio was 44.8 (43.3)%. Net interest-bearing debt totaled EUR 21.5 (23.4) million.

Second-quarter cash flow from operating activities, before the change in working capital, was EUR 2.9 (3.2) million. Cash flow from the change in working capital was negative at EUR -2.6 (1.3) million, which was mainly due to increasing inventories. Advance payments increased as well, but not as much as inventories. Cash flow from operating activities was EUR 0.3 (4.4) million. Cash flow from investing activities was EUR -2.2 (-0.9) million and cash flow from financing activities was EUR -5.4 (-9.6) million. A total of EUR 2 million of debt repayment was made during the second quarter. A return of capital of EUR 3.4 million was paid in April.

Capital expenditure and product development

Glaston Group's April–June gross capital expenditure totaled EUR 4.1 (2.0) million and was primarily related to product and ICT development. Depreciation and amortization of property, plant and equipment, and intangible assets totaled EUR 1.3 (1.3) million.

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

In the second quarter, further development of automation and quality scanning were focus areas in Architectural product development. To meet new customer requirements, the focus in Automotive & Display was on broadening the application field of the products.

To support the automation and quality scanning for heat treated glass, a new AI-based online measurement device was launched to the market. In order to match future market needs, a strong focus was on further development of the new self-learning Autopilot for tempering and lamination lines. To better match customers' demand for double-glazing units, the sealing robot family offering in Insulating Glass technologies was extended by launching the COMFORT'SEALER to the market. For Insulating Glass upgrades, the extension of the offering continued with functional improvements such as sealing robot materials dosing systems and water systems.

In Automotive, the first next-generation pre-processing CHAMP EVO lines were installed and operational at the customer's site. Enabling the customers to use their existing equipment for the next decade, the new CNC96 upgrade for the conversion of cell generations from 1996–2010 to the latest state-of-the-art control generation was introduced to the market.

In January−June, research and product development expenditure, excluding depreciation, totaled EUR 4.1 (4.3) million, of which EUR 1.9 (1.1) million was capitalized. Research and product development expenditure amounted to 3.9 (4.0)% of net sales.

Organization and Personnel

Expert personnel are the foundation of Glaston's success. During the spring, a global sales training program started with the region as well as sub-regional heads. The program will continue with the regional core sales teams until the end of the year. During the period, Glaston's internal eSkills online learning platform, where training is flexibly available online, was developed with new content and an enriched eLearning offering. Throughout the year, the safety and well-being of the personnel have been prominent themes. In April, the group-wide Safety Week, organized by the Safety Team was reflected in various initiatives to further develop safety at work at all Glaston sites.

Glaston Group had a total of 817 (781) employees on June 30, 2023. The Heat Treatment segment employed 329 (308) people, the Insulating Glass segment 369 (366) people, and the Automotive & Display segment 118 (105) people. Of the Group's personnel, 34% (277 employees) worked in Germany, 27% (223 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 801 (767).

Changes to the Executive Management Group

On May 26, 2023, the appointment of Riikka Laitasalo as SVP People and Culture and a member of the Executive Management Group was announced. She will take up her position on August 1, 2023 and reports to President & CEO Anders Dahlblom.

In connection to the planned organizational changes, the following appointments to the Executive Management Group were disclosed on June 6, 2023, Miika Äppelqvist, currently SVP Heat Treatment Technologies, was appointed SVP Architecture while Robert Prange, currently SVP Automotive & Display Technologies, was appointed SVP Automation & SCM. Dietmar Walz, currently SVP Insulating Glass Technologies, will leave the Group to seek new opportunities outside Glaston as of October 1, 2023.

On June 26, 2023, the appointment of José Yepes as SVP Mobility, Display & Solar and a member of the Executive Management Group was announced. José Yepes is currently Vice President Sales at Glaston’s Automotive & Display Business.

As of October 1, 2023, Glaston’s Executive Management Group 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 implementation of the strategy for the period 2021−2025, Glaston disclosed in June the plan to reorganize the company’s current structure to better serve its customers in the architectural, automotive, display and solar glass processing markets.

In the new structure, Glaston plans to have two Business Areas (BA): Architecture and Mobility, Display & Solar. The Architecture BA consists of current Heat Treatment Flat Laminating and Flat Tempering technologies and Insulating Glass technologies as three Business Lines. The Mobility, Display & Solar BA consists of the current Automotive & Display pre-processing technologies and Heat Treatment technologies for the automotive, display and solar glass markets as two Business Lines.

In addition, there are plans to create new global Business functions Automation & Innovation, and Sourcing & Supply Chain Management (SCM). The new Business functions will focus on improving the scalability and efficiency of Glaston’s business processes as well as speeding up the time-to-market of development projects. The ongoing execution of the strategic must-wins continues, with greater focus on the Cornerstone initiatives contributing to Glaston-wide operational excellence.

The planned changes are not expected to include headcount reductions. The new organization is planned to come into effect on October 1, 2023. The Business Areas including the respective Services business will form the company’s reporting segments. Glaston’s financial reporting will be adjusted to reflect the new organizational structure from the fourth quarter of 2023.

Ramping up the capabilities for the production of Automotive pre-processing equipment in Tianjin continued as planned. Due to China’s COVID-related restrictions, which were in force for most of 2022, there has been a delay in creating the local automotive supply chain network. However, in the second quarter, the transition to local sourcing improved from the previous quarter with only a limited number of components being shipped from Switzerland. Going forward, the positive development is expected to continue.

The deliveries of the new flat tempering CHF Solar lines that were scheduled for the first half of 2023 have been postponed to later in 2023 due to the customer’s readiness to receive the machines. The lines are manufactured at the factory in Tianjin.

SUSTAINABILITY

As the innovative frontrunner in its industry, Glaston’s ambition is to remain at the forefront of moving the industry towards a more sustainable future. During the review period, Glaston conducted a Double Materiality Assessment as introduced as part of the EU’s Corporate Sustainability Reporting Directive (CSRD) effective from 2024. Through the Double Materiality Assessment, Glaston identified material sustainability topics by evaluating sustainability-related impacts as well as risks and opportunities and their potential financial effects. The assessment will be approved by Glaston’s Board of Directors in the third quarter. Based on the assessment, Glaston will prepare its future sustainability reporting requirements.

For the first half of the year, the Lost-Time-Injury-Frequency Rate, was 10.1 (3.9 in full-year 2022) as the number of accidents increased by 4 to a total of 8.

In the review period, Glaston calculated its Scope 3 emissions (the value chain emissions) for 2022. Around 99.8% of all emissions related to Glaston's activities are generated in the company's value chain and the most significant sources of emissions are the electricity consumption of machines manufactured by Glaston (91%) and purchased goods and services (8%). In 2022, the Scope 3 emissions totaled 684,150 (287,348) tCO_2e. In total, Glaston’s emissions for 2022 were 685,641 tCO2e, whereas in 2021 they were 287,348 tCO2e. The increase is mainly due to the emissions of the high-volume solar glass tempering lines for continuous production, that were launched to the market in 2022. These lines have approximately five times higher electricity consumption during their lifetime compared to a tempering line that is used for processing architectural glass. In addition, COVID-19-related limitations impacted the comparison year.

As part of Glaston’s commitment to sustainable and responsible business practices, the company joined the United Nations Global Compact initiative in March. In April, Glaston delivered its commitment letter to the international Science Based Targets initiative (SBTi) and continues working on near-term company-wide emissions reduction targets in line with the SBTi’s criteria, supporting the goal of the Paris Agreement to limit global warming to 1.5 °C.

With these activities, Glaston is not only striving to promote its own sustainable future but also help its customers - and the whole value chain to achieve their global sustainable development goals.

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

			No. of shares and votes	Share turnover, EUR million
GLA1V			84,289,911	3.6
	Highest	Lowest	Closing	Average price *)
Share price	1.09	0.90	0.96	0.98
			30.6.2023	30.6.2022
Market value			81.3	69.1
Number of shareholders			7,842	7,300
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%.

Share-based incentive plan

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

Performance Period 2022−2024
The potential reward for the performance period 2022−2024 is based on the Glaston Group's cumulative comparable EBITA and cumulative services net sales during the period of January 1, 2022−December 31, 2024.

In total 16 key persons, including the CEO and President and the members of the Executive Management Group, belong to the target group of the plan in the performance period 2022–2024.

Performance Period 2023−2025
The potential reward for the performance period 2023−2025 is based on Glaston Group's cumulative comparable EBITA, cumulative services net sales and cumulative earnings per share during the period of January 1, 2023− December 31, 2025.

In total 18 key persons, including the CEO and President and the members of the Executive Management Group, belong to the target group of the plan in the performance period 2023–2025.

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

Annual General Meeting

The Annual General Meeting of Glaston Corporation was held on April 4, 2023 in Helsinki. The General Meeting adopted the financial statements and consolidated financial statements for the financial period from January 1 to December 31, 2022 and discharged the members of the Board of Directors and the CEO from liability for the financial year 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 December 31, 2022. The return of capital was paid on April 20, 2023.

In accordance with the proposal of the Board of Directors, the General Meeting decided to adopt the Remuneration Report for the governing bodies. The General Meeting approved the proposals concerning the selection and remuneration of the Board of Directors and auditor as well as the number of members of the Board of Directors. The General Meeting re-elected as members of the Board of Directors the 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 a repurchase of the company's own shares and the issuance of shares.

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

The Board of Directors resolved upon the composition of the Board committees as follows:
Audit Committee: Arja Talma (Chair), Sarlotta Narjus and Tero Telaranta.

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

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

SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

Currently, the increasing uncertainty in the global business environment with its impact on the Architectural market continues to constitute the main short-term risk for Glaston. Internationally, businesses 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 or operating cost savings. Due to increasing market uncertainty, customers may also wish to postpone or cancel their orders. 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.

The supply chain disruptions are expected to continue, although with a steadily diminishing impact. Even though supply availability continued to improve in the second quarter, except for some electrical and control components, Glaston continues to actively mitigate the 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.

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 SPECIFIES OUTLOOK FOR 2023

In the first half of 2023, signs of increasing market uncertainty and more cautious customer behavior were visible. Due to the slowdown in the architectural market, the demand environment is expected to be softer in Europe and China during the rest of the year, while demand prospects are better in the Americas. Despite the softening of the markets, demand continues to be supported by the strong megatrends driving interest in energy-efficient glass solutions.

In 2023, Glaston has continued to focus 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.

Glaston’s net sales and profitability development in 2023 continue to be supported by a healthy order backlog.
Despite the prevailing uncertainties, Glaston Corporation estimates that its net sales will increase in 2023 from the levels reported for 2022 and specifies its outlook for comparable EBITA, which is estimated to 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: Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2023 from the levels reported for 2022.)

GLASTON CORPORATION

HALF-YEAR FINANCIAL REPORT 1 JANUARY – 30 JUNE 2023

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	4-6/2023	4-6/2022	Change %	1-6/2023	1-6/2022	Change %	1-12/2022
Net sales	**55.2**	**53.5**	3.3%	**106.5**	**105.8**	0.7%	**213.5**
Other operating income	0.7	1.4		1.4	1.8		3.6
Expenses	-52.2	-51.2		-100.5	-99.7		-201.8
Depreciation, amortization and impairment	-1.3	-1.3		-2.5	-2.8		-5.4
Depreciation of right-of-use assets	-0.6	-0.6		-1.2	-1.1		-2.3
Operating result	**1.9**	**1.8**	6.8%	**3.8**	**4.0**	-4.7%	**7.6**
Financial items, net	0.0	-1.2		-0.3	-1.6		-2.5
Interest expenses on lease liabilities	-0.1	-0.1		-0.2	-0.2		-0.4
Result before income taxes	**1.8**	**0.5**	294.9%	**3.3**	**2.1**	53.2%	**4.7**
Income taxes	-0.9	-0.1		-1.3	-0.5		-1.6
Profit / loss for the period	**0.9**	**0.4**	135.5%	**2.0**	**1.6**	23.2%	**3.1**
Earnings per share, EUR	0.011	0.005		0.023	0.019		0.037

STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Profit / loss for the period	0.9	**0.4**	2.0	**1.6**	**3.1**
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	-0.2	1.3	-0.6	1.5	0.5
Cash flow hedges	0.2	-1.1	0.6	-1.2	0.7
Income tax on other comprehensive income	-0.1	0.0	-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	-	-	-	-	-2.1
Taxes on actuarial gains and losses arising from defined benefit plans	-	-	-	-	0.4
Other comprehensive income for the reporting period	**-0.1**	**0.2**	**-0.2**	**0.3**	**-0.5**
Total comprehensive income for the reporting period	**0.8**	**0.6**	**1.7**	**1.9**	**2.6**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	30.6.2023	30.6.2022	31.12.2022
Assets			
Non-current assets			
Goodwill	58.2	59.2	58.7
Other intangible assets	18.5	16.8	17.5
Property, plant and equipment	23.0	22.4	22.6
Right-of-use assets	6.4	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	**108.9**	**111.0**	**107.8**
Current assets			
Inventories	37.4	32.1	32.0
Trade and other receivables	22.4	22.4	24.0
Contract assets	15.8	13.3	9.0
Assets for current tax	-	0.0	-
Total receivables	38.2	35.7	33.0
Cash equivalents	12.0	15.1	22.2
Total current assets	**87.6**	**82.9**	**87.1**
Total assets	**196.5**	**193.9**	**194.9**

EUR million	30.6.2023	30.6.2022	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
Other unrestricted equity reserves	0.7	-1.5	0.4
Retained earnings and exchange differences	-48.9	-49.1	-50.3
Total equity	**66.8**	**67.7**	**68.4**
Non-current liabilities			
Non-current interest-bearing liabilities	21.7	25.9	23.9
Non-current lease liabilities	5.8	6.6	5.9
Non-current interest-free liabilities and provisions	0.3	0.4	0.4
Deferred tax liabilities	9.3	9.1	9.1
Total non-current liabilities	**37.2**	**42.1**	**39.3**
Current liabilities			
Current interest-bearing liabilities	4.0	4.2	4.0
Current lease liabilities	1.9	1.8	1.7
Current provisions	4.0	3.5	3.2
Trade and other current interest-free payables	79.8	72.6	73.1
Contract liabilities	1.1	1.3	3.9
Liabilities for current tax	1.7	0.8	1.1
Total current liabilities	**92.5**	**84.1**	**87.1**
Total liabilities	**129.7**	**126.2**	**126.5**
Total equity and liabilities	**196.5**	**193.9**	**194.9**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Cash flows from operating activities					
Cash flow before change in net working capital	2.9	3.2	5.5	6.3	10.5
Change in net working capital	-2.6	1.3	-5.6	-8.6	-0.3
Net cash flow from operating activities	**0.3**	**4.4**	**-0.1**	**-2.3**	**10.2**
Cash flow from investing activities					
Purchases of non-current assets	-2.3	-1.2	-4.1	-2.0	-5.8
Proceeds from sale of business	-	-	-	-	-
Proceeds from sale of other non-current assets	0.1	0.4	0.1	0.4	0.4
Net cash flow from investing activities	**-2.2**	**-0.9**	**-4.0**	**-1.7**	**-5.5**
Cash flow before financing	**-1.9**	**3.6**	**-4.1**	**-4.0**	**4.7**
Cash flow from financing activities					
Increase in non-current liabilities	-	26.0	-	26.0	24.0
Decrease in non-current liabilities	-	-31.0	-	-31.0	-31.0
Changes in loan receivables (increase - / decrease +)	-	0.2	-	0.3	0.3
Increase in short-term liabilities	-	4.0	-	4.3	6.3
Decrease in short-term liabilities	-2.0	-6.2	-2.0	-6.2	-8.2
Return of capital	-3.4	-2.5	-3.4	-2.5	-2.5
Net cash flow from financing activities	**-5.4**	**-9.6**	**-5.4**	**-9.2**	**-11.2**
Effect of exchange rate changes	-0.6	0.9	-0.8	1.4	1.9
Net change in cash and cash equivalents	**-7.9**	**-5.1**	**-10.2**	**-11.8**	**-4.6**
Cash and cash equivalents at the beginning of period	19.9	20.2	22.2	26.9	26.9
Cash and cash equivalents at the end of period	12.0	15.1	12.0	15.1	22.2
Net change in cash and cash equivalents	**-7.9**	**-5.1**	**-10.2**	**-11.8**	**-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	-	-	-1.2	1.7	1.4	1.9
Share-based plan	-	-	-	0.1	-	0.1
Share-based plan, tax effect	-	-	-	-	-	-
Return of capital	-	-2.5	-	-	-	-2.5
Other changes	-	-	-	-	0.2	0.2
Equity at 30 June 2022	**12.7**	**105.3**	**-1.4**	**-55.5**	**6.6**	**67.7**

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	-	-	0.4	2.0	-0.6	1.7
Share-based plan	-	-	-	0.1	-	0.1
Share-based plan, tax effect	-	-	-	-0.0	-	-0.0
Return of capital	-	-3,4	-	-	-	-3.4
Other changes	-	-	-	-0.1	-	-0.1
Equity at 30 June 2023	**12.7**	**102.0**	**0.8**	**-53.6**	**4.9**	**66.8**

KEY RATIOS	**30.6.2023**	**30.6.2022**	**31.12.2022**
EBITDA, as % of net sales	7.0%	7.5%	7.2%
Comparable EBITDA, as % of net sales	8.0%	8.5%	8.2%
Operating profit (EBIT), as % of net sales	3.6%	3.8%	3.6%
Comparable EBITA, as % of net sales	6.0%	6.6%	6.4%
Profit / loss for the period, as % of net sales	1.8%	1.5%	1.4%
Gross capital expenditure, EUR million	4.1	2.0	5.8
Gross capital expenditure, as % of net sales	3.8%	1.9%	2.7%
Equity ratio, %	44.8%	43,3%	44.0%
Gearing, %	50.1%	56.8%	51.9%
Net gearing, %	32.2%	34.6%	19.5%
Net interest-bearing debt, EUR million	21.5	23.4	13.3
Capital employed, end of period, EUR million	100.3	106.2	104.0
Return on equity, %	5.8%	4.7%	4.5%
Return on capital employed, %	7.5%	7.1%	6.9%
Comparable return on capital employed, %	9.9%	9.7%	10.5%
Number of personnel, average	801	767	775
Number of personnel, end of period	817	781	783

PER SHARE DATA	**30.6.2023**	**30.6.2022**	**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	0.023	0.019	0.037
Comparable EPS, total, basic and diluted, EUR	0.039	0.037	0.074
Equity attributable to owners of the parent per share, EUR	0.79	0.80	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	41.4	43.4	24.6
Price per equity attributable to owners of the parent per share	1.22	1.02	1.11
Market capitalization of registered shares, EUR million	81.3	69.1	76.0
Share turnover, % (number of shares traded, % of the average registered number of shares)	4.4%	4.7%	9.7%
Number of shares traded, (1.000)	3 718	3 956	8 153
Closing price of the share, EUR	0.96	0.82	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	0.98	0.99	0.95

The reconciliation of other alternative performance measures

Items affecting comparability

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Re-structuring	-0.5	-0.8	-0.8	-0.9	-1.6
Other	-0,2	-0.0	-0.2	-0.1	-0.6
Items affecting comparability	**-0.7**	**-0.8**	**-1.0**	**-1.0**	**-2.3**

Comparable operating result (EBIT) and EBITA

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Operating result	1.9	1.8	3.8	4.0	7.6
Items affecting comparability(1	0.7	0.8	1.0	1.0	2.3
Comparable EBIT	**2.6**	**2.6**	**4.8**	**5.0**	**9.9**
Operating result	**1.9**	**1.8**	**3.8**	**4.0**	**7.6**
Amortization and purchase price allocation(1	0.8	0.9	1.6	2.0	3.7
EBITA	2.7	**2.7**	5.4	**6.0**	**11.3**
Items affecting comparability(1	0.7	0.8	1.0	1.0	2.3
Comparable EBITA	**3.4**	**3.5**	**6.4**	**7.0**	**13.6**
% of net sales	6.2%	6.6%	6.0%	6.6%	6.4%

(1 + cost, - income

Comparable ROCE% and EPS

EUR million	1-6/2023	1-6/2022	1-12/2022
Profit/loss for the period before taxes	3.3	2.1	4.7
Financial expenses	0.6	1.7	2.7
Amortization of purchase price allocation(1	0.7	0.9	1.6
Total	4.5	4.8	9.1
Total annualized	9.1	9.7	9.1
Items affecting comparability(1	1.0	1.0	2.3
Total	10.1	10.7	11.4
Equity	66.8	67.7	68.4
Interest bearing liabilities	33.5	38.5	35.5
Avg (1.1.and end of period)	102.1	109.7	108.6
Comparable ROCE% annualized	**9.9%**	**9.7%**	**10.5%**
Profit/loss for the period	1.9	1.6	3.1
Amortization of purchase price allocation(1	0.7	0.9	1.6
Items affecting comparability(1	1.0	1.0	2.3
-tax	-0.3	-0.4	-0.8
Total	3.3	3.2	6.2
Number of shares, average	84.3	84.3	84.3
Comparable earnings per share, EUR	**0.039**	**0.037**	**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

	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Heat Treatment	23.7	23.5	42.8	45.9	95.1
Insulating Glass	21.8	26.7	45.3	52.3	126.6
Automotive & Display	7.8	5.9	21.8	16.7	30.4
Total segments	**53.3**	**56.1**	**109.9**	**114.9**	**252.1**
Unallocated and eliminations	0.4	0.1	0.7	0.4	0.9
Total Glaston Group	**53.6**	**56.2**	**110.5**	**115.2**	**253.0**

Net sales

EUR million

	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Heat Treatment	20.3	22.9	42.9	45.3	85.0
Insulating Glass	24.7	21.1	46.6	42.6	90.1
Automotive & Display	9.8	9.4	16.4	17.5	37.5
Total segments	**54.8**	**53.3**	**105.9**	**105.4**	**212.6**
Unallocated and eliminations	0.4	0.1	0.7	0.4	0.9
Total Glaston Group	**55.2**	**53.5**	**106.5**	**105.8**	**213.5**

Comparable EBITA

EUR million

	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Heat Treatment	1.3	1.8	3.1	3.3	5.1
Insulating Glass	1.9	1.4	3.5	3.3	6.8
Automotive & Display	0.0	0.3	-0.3	0.4	1.5
Total segments	**3.3**	**3.6**	**6.3**	**7.1**	**13.5**
Unallocated and eliminations	0.1	- 0.1	0.2	-0.1	0.1
Total Glaston Group	**3.4**	**3.5**	**6.4**	**7.0**	**13.6**
Comparable EBITA %	6.2%	6.6%	6.0%	6.6%	6.4%

Comparable EBITA %

EUR million

	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Heat Treatment	6.6%	7.9%	7.2%	7.4%	6.1%
Insulating Glass	7.8%	6.6%	7.5%	7.7%	7.5%
Automotive & Display	0.5%	3.7%	-2.0%	2.5%	4.1%
Total segments	**6.0%**	**6.7%**	**5.9%**	**6.7%**	**6.3%**
Unallocated and eliminations	26.7%	-37.3%	25.2%	-19.9%	16.3%
Total Glaston Group	**6.2%**	**6.6%**	**6.0%**	**6.6%**	**6.4%**

Operating result (EBIT)

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Heat Treatment	0.7	0.7	1.9	1.8	2.3
Insulating Glass	1.5	1.0	2.9	2.3	4.9
Automotive & Display	-0.5	0.2	-1.2	-0.0	0.3
Total segments	**1.8**	**1.8**	**3.6**	**4.0**	**7.5**
Unallocated and eliminations	0.1	0.1	0.2	0.1	0.1
Total Glaston Group	**1.9**	**1.8**	**3.8**	**4.0**	**7.6**
Operating result %	3.5%	3.4%	3.6%	3.8%	3.6%

Segment assets

EUR million	1-6/2023	1-6/2022	1-12/2022
Heat Treatment	74.0	68.5	65.8
Insulating Glass	72.5	72.0	72.5
Automotive & Display	34.9	35.2	31.3
Total segment assets	**181.4**	**175.7**	**169.6**
Other assets	15.1	18.2	25.3
Total assets	**196.5**	**193.9**	**194.9**

Segment liabilities

EUR million	1-6/2023	1-6/2022	1-12/2022
Heat Treatment	42.6	37.8	42.3
Insulating Glass	30.4	28.4	31.0
Automotive & Display	12.1	11.4	7.2
Total segment liabilities	**85.1**	**77.5**	**80.6**
Other liabilities	44.6	48.6	45.9
Total liabilities	**129.7**	**126.2**	**126.5**

Personnel at the end of the period

	1-6/2023	1-6/2022	1-12/2022
Heat Treatment	329	308	292
Insulating Glass	369	366	370
Automotive & Display	118	105	119
Others	1	2	2
Total personnel at the end of the period	**817**	**781**	**783**

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

Orders received

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

Order book

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

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

Net sales

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

Comparable EBITA

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

Comparable EBITA %

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

Operating result (EBIT)

EUR million	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Heat Treatment	0.7	1.2	0.2	0.3	0.7	1.1
Insulating Glass	1.5	1.3	2.1	0.5	1.0	1.3
Automotive & Display	-0.5	-0.7	-0.1	0.4	0.2	-0.2
Total segments	**1.8**	**1.8**	**2.3**	**1.1**	**1.8**	**2.2**
Unallocated and eliminations	0.1	0.1	0.2	0.1	-0.1	-0.0
Total Glaston Group	**1.9**	**1.9**	**2.5**	**1.2**	**1.8**	**2.2**
Operating result %	3.5%	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	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1–12/2022
Heat Treatment Technologies	17.4	15.3	29.5	29.4	66.0
Insulating Glass Technologies	14.4	20.0	30.8	38.4	99.3
Automotive & Display Technologies	4.0	1.7	13.6	9.0	14.3
Services	17.5	19.2	35.9	38.0	72.5
Unallocated and eliminations	0.4	0.1	0.7	0.4	0.9
Glaston Group, total	**53.6**	**56.2**	**110.5**	**115.2**	**253.0**

Order book by product area

EUR million	30.6.2023	30.6.2022	31.12.2022
Heat Treatment Technologies	46.1	36.7	48.8
Insulating Glass Technologies [1)]	53.1	48.1	77.9
Automotive & Display Technologies	8.4	10.7	5.2
Services	7.6	10.5	6.4
Unallocated and eliminations	-	-	-
Glaston Group, total	**115.2**	**106.0**	**138.3**

Net sales by product area

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Heat Treatment Technologies	14.6	16.6	30.8	31.7	55.7
Insulating Glass Technologies	17.5	14.7	32.3	29.6	63.1
Automotive & Display Technologies	5.9	5.2	8.3	9.8	21.1
Services	17.2	17.7	35.1	36.1	76.4
Unallocated and eliminations	0.1	-0.8	0.0	-1.4	-2.8
Glaston Group, total	**55.2**	**53.5**	**106.5**	**105.8**	**213.5**

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

NET SALES BY REGION

Geographical distribution of net sales

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1–12/2022
Americas	19.5	15.9	38.0	28.6	60.9
EMEA	28.9	27.4	54.3	55.8	112.2
APAC	6.8	10.3	14.3	21.5	40.4
Glaston Group, total	**55.2**	**53.5**	**106.5**	**105.8**	**213.5**

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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 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 30.6.2023	2.0	23.0	25.0
Committed credit facilities 31.12.2022	2.0	23.0	25.0

Net interest bearing debt

EUR million	30.6.2023	30.6.2022	31.12.2022
Loans from financial institutions	25.7	30.1	28.0
Lease liabilities	7.8	8.4	7.6
Cash	12.0	15.1	22.2
Total	**21.5**	**23.4**	**13.3**
Net gearing, %	**32.2**	**34.6**	**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 June 2023, 2.3 (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
30.6.2023	14.5	10.4	1.5	2.4	0.1	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	1-6/2023	1-6/2022	1-12/2022
Carrying amount at beginning of the period	22.6	22.9	22.9
Additions	1.6	0.7	2.1
Disposals	-0.1	-0.4	-0.4
Depreciation and amortization	-1.0	-0.9	-1.9
Reclassification and other changes	-	0.0	-0.2
Exchange differences	-0.2	0.2	0.0
Carrying amount at end of the period	23.0	22.4	22.6

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

Changes in intangible assets

EUR million	1-6/2023	1-6/2022	1-12/2022
Carrying amount at beginning of the period	76.1	75.8	75.8
Additions	2.5	1.4	3.7
Disposals	-	0.0	-0.0
Depreciation and amortization	-1.5	-1.9	-3.5
Reclassification and other changes	0.0	0.0	0.0
Exchange differences	-0.5	0.7	0.1
Carrying amount at end of the period	76.7	76.0	76.1

4. LEASES

LEASES IN THE BALANCE SHEET

Right-of-use assets

EUR million	1-6/2023	1-6/2022	1-12/2022
Carrying amount at beginning of the period	6.2	7.3	7.3
Additions	1.4	0.9	1.3
Depreciation expense	-1.2	-1.2	-2.3
Carrying amount at end of the period	6.5	7.1	6.2

Lease liabilities

EUR million	1-6/2023	1-6/2022	1-12/2022
Carrying amount at beginning of the period	7.6	8.6	8.6
Additions	1.4	1.0	1.3
Interest expense	0.2	0.2	0.4
Rental payment	-1.4	-1.4	-2.7
Carrying amount at end of the period	7.8	8.4	7.6

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	1-6/2023	1-6/2022	1-12/2022
Depreciation of right-of-use assets	-1.2	-1.2	-2.3
Interest expense on lease liabilities	-0.2	-0.2	-0.4
Short-term lease expense	-0.3	-0.2	-0.4
Total amounts recognised in profit or loss	**-1.7**	**-1.5**	**-3.2**

5. CONTINGENT LIABILITIES

EUR million	30.6.2023	30.6.2022	31.12.2022
Mortgages and pledges			
On own behalf	314.1	314.1	314.1
Guarantees			
On own behalf	13.0	8.6	15.3
On behalf of others	0.2	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	30.6.2023		30.6.2022		31.12.2022	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forwards						
Currency forward contracts	19.3	0.2	24.9	-1.0	18.7	0.1
Interest rate derivatives						
Interest rate derivatives	12.0	0.6	12.0	0.1	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	30.6.2023				30.6.2022				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	-	0.2	-	**0.2**	-	0.5	-	**0.5**	-	0.5	-	**0.5**
Interest rate derivatives	-	0.7	-	**0.7**	-	0.1	-	**0.1**	-	0.6	-	**0.6**
Total	**-0.0**	**0.9**	**0.0**	**0.9**	**-0.0**	**0.6**	**0.0**	**0.6**	**-0.0**	**1.1**	**0.0**	**1.1**
Liabilities												
Currency forward contracts	-	-0.1	-	**-0.1**	-	-1.5	-	**-1.5**	-	-0.4	-	**-0.4**
Interest rate derivatives	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Total	**-**	**-0.1**	**-**	**-0.1**	**-**	**-1.5**	**-**	**-1.5**	**-**	**-0.4**	**-**	**-0.4**