

**Glaston Corporation: Application of IFRS 16 Leases in Glaston Group**

**The new IFRS 16 Leases, which became effective on 1 January 2019, covers the definition, recognition and measurement of leases as well as other financial statements information disclosed on leases. According to the standard, the lessee recognizes in the statement of financial position an asset based on right of use as well as a financial liability. Glaston applies IFRS 16 Leases fully retrospectively from 1 January 2019. This release provides information on the impact of the application of the standard on the company's statement of profit and loss and statement of financial position for 2018, and restated quarterly comparative information for 2018.**

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

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

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

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

In the statement of financial position restated according to IFRS 16, the Group's right-of-use assets amounted to EUR 8.0 million and the corresponding interest-bearing liabilities to EUR 9.0 million. The Group's comparable

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

The restated information for 2018 is attached to this release.

For further information, please contact:

Päivi Lindqvist, CFO, tel. +358 10 500 500

Joséphine Mickwitz, VP, IR, Communications and marketing, tel. +358 10 500 5070

#### **Glaston Corporation in brief**

Glaston is a frontrunner in glass processing technologies and services. We respond globally to the most demanding glass processing needs of the architectural, solar, appliance and automotive industries. Additionally, we utilize emerging technologies that integrate intelligence and sustainability to glass. We are committed to providing our clients with both the best know-how and the latest technologies in glass processing. Glaston's shares (GLA1V) are listed on NASDAQ Helsinki Ltd. Further information is available at [www.glaston.net](http://www.glaston.net)

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## Glaston Group's restated comparative information for 2018 according to IFRS 16 Leases

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	restated <u>31.12.2018</u>	reported <u>31.12.2018</u>	restated <u>30.9.2018</u>	reported <u>30.9.2018</u>	restated <u>30.6.2018</u>	reported <u>30.6.2018</u>	restated <u>31.3.2018</u>	reported <u>31.3.2018</u>	restated <u>1.1.2018</u>	reported <u>1.1.2018</u>
<b>Assets</b>										
<b>Non-current assets</b>										
Goodwill	30.6	30.6	30.6	30.6	30.6	30.6	30.6	30.6	30.6	30.6
Other intangible assets	5.8	5.8	5.8	5.8	6.1	6.1	6.2	6.2	6.5	6.5
Property, plant and equipment	15.7	7.7	16.3	7.8	17.1	8.2	17.4	8.3	17.7	8.4
Financial assets valued at fair value through other comprehensive income	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Loan receivables and other non-current receivables	3.2	3.2	2.1	2.1	1.3	1.3	1.6	1.6	1.6	1.6
Deferred tax assets	0.6	0.6	0.7	0.7	0.9	0.9	1.0	1.0	1.0	1.0
<b>Total non-current assets</b>	<b>58.8</b>	<b>50.8</b>	<b>58.4</b>	<b>50.0</b>	<b>59.0</b>	<b>50.1</b>	<b>59.8</b>	<b>50.7</b>	<b>60.4</b>	<b>51.1</b>
<b>Current assets</b>										
Inventories	5.8	5.8	7.3	7.3	8.6	8.6	8.5	8.5	11.0	11.0
Receivables										
Trade and other receivables	15.7	15.7	15.9	15.9	18.7	18.7	20.8	20.8	22.1	22.1
Contract assets	10.3	10.3	11.7	11.7	10.9	10.9	8.2	8.2	-	-
Assets for current tax	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total receivables	26.4	26.4	27.8	27.8	29.7	29.7	29.1	29.1	22.2	22.2
Cash and cash equivalents	7.9	7.9	4.9	4.9	5.8	5.8	5.3	5.3	12.4	12.4
<b>Total current assets</b>	<b>40.0</b>	<b>40.0</b>	<b>39.9</b>	<b>39.9</b>	<b>44.0</b>	<b>44.0</b>	<b>42.9</b>	<b>42.9</b>	<b>45.6</b>	<b>45.6</b>
<b>Total assets</b>	<b>98.9</b>	<b>90.9</b>	<b>98.3</b>	<b>89.9</b>	<b>103.0</b>	<b>94.1</b>	<b>102.6</b>	<b>93.5</b>	<b>106.0</b>	<b>96.7</b>

EUR million	restated <u>31.12.2018</u>	reported <u>31.12.2018</u>	restated <u>30.9.2018</u>	reported <u>30.9.2018</u>	restated <u>30.6.2018</u>	reported <u>30.6.2018</u>	restated <u>31.3.2018</u>	reported <u>31.3.2018</u>	restated <u>1.1.2018</u>	reported <u>1.1.2018</u>
<b>Equity and liabilities</b>										
<b>Equity</b>										
Share capital	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7
Share premium account	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3
Other restricted equity reserves	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Reserve for invested unrestricted equity	39.6	39.6	39.6	39.6	39.6	39.6	41.6	41.6	41.6	41.6
Treasury shares	-3.3	-3.3	-3.3	-3.3	-3.3	-3.3	-3.3	-3.3	-3.3	-3.3
Fair value reserve	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other unrestricted equity reserves	0.0	0.0	-0.1	-0.1	-0.1	-0.1	0.1	0.1	0.1	0.1
Retained earnings and exchange differences	-40.2	-39.5	-40.3	-39.6	-40.2	-39.5	-40.4	-39.7	-42.9	-42.2
Net result attributable to owners of the parent	2.1	2.2	1.2	1.3	0.8	0.9	0.4	0.4	2.5	2.6
<b>Equity attributable to owners of the parent</b>	<b>36.3</b>	<b>37.1</b>	<b>35.3</b>	<b>36.1</b>	<b>35.0</b>	<b>35.8</b>	<b>36.4</b>	<b>37.1</b>	<b>36.2</b>	<b>36.9</b>
<b>Non-controlling interest</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Total equity</b>	<b>36.4</b>	<b>37.2</b>	<b>35.4</b>	<b>36.2</b>	<b>35.2</b>	<b>35.9</b>	<b>36.6</b>	<b>37.3</b>	<b>36.4</b>	<b>37.1</b>
<b>Non-current liabilities</b>										
Non-current interest-bearing liabilities	15.6	8.1	16.8	9.1	17.3	9.4	18.3	10.3	18.8	10.6
Non-current non-interest-bearing liabilities and provisions	0.7	0.7	1.0	1.0	1.0	1.0	1.5	1.5	2.1	2.1
Deferred tax liabilities	0.2	0.4	0.1	0.3	0.3	0.5	0.3	0.5	0.1	0.3
<b>Total non-current liabilities</b>	<b>16.5</b>	<b>9.2</b>	<b>17.9</b>	<b>10.4</b>	<b>18.7</b>	<b>10.9</b>	<b>20.1</b>	<b>12.2</b>	<b>20.9</b>	<b>12.9</b>

**Current liabilities**

Current interest-bearing liabilities	6.1	4.6	7.3	5.6	6.5	4.6	4.6	2.6	4.7	2.6
Current provisions	1.7	1.7	1.8	1.8	1.9	1.9	2.2	2.2	2.4	2.4
Trade payables and other current non-interest-bearing liabilities	37.3	37.3	19.4	19.4	24.0	24.0	22.8	22.8	39.4	39.4
Contract liabilities	0.7	0.7	16.3	16.3	16.5	16.5	16.2	16.2	2.0	2.0
Liabilities for current tax	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>Total current liabilities</b>	<b>46.0</b>	<b>44.5</b>	<b>45.0</b>	<b>43.3</b>	<b>49.2</b>	<b>47.3</b>	<b>46.0</b>	<b>44.0</b>	<b>48.7</b>	<b>46.6</b>
<b>Total liabilities</b>	<b>62.5</b>	<b>53.7</b>	<b>62.9</b>	<b>53.7</b>	<b>67.8</b>	<b>58.2</b>	<b>66.1</b>	<b>56.2</b>	<b>69.6</b>	<b>59.6</b>
<b>Total equity and liabilities</b>	<b>98.9</b>	<b>90.9</b>	<b>98.3</b>	<b>89.9</b>	<b>103.0</b>	<b>94.1</b>	<b>102.6</b>	<b>93.5</b>	<b>106.0</b>	<b>96.7</b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

	restated <u>1-12/2018</u>	reported <u>1-12/2018</u>	restated <u>1-9/2018</u>	reported <u>1-9/2018</u>	restated <u>1-6/2018</u>	reported <u>1-6/2018</u>	restated <u>1-3/2018</u>	reported <u>1-3/2018</u>
EUR million								
<b>Net sales</b>	<b>101.1</b>	<b>101.1</b>	<b>73.3</b>	<b>73.3</b>	<b>50.3</b>	<b>50.3</b>	<b>24.8</b>	<b>24.8</b>
Other operating income	2.2	2.2	1.6	1.6	1.2	1.2	0.3	0.3
Expenses	-94.7	-97.0	-68.6	-70.4	-47.3	-48.4	-22.9	-23.5
Depreciation, amortization and impairment charges	-4.9	-3.0	-3.7	-2.3	-2.4	-1.5	-1.2	-0.8
<b>Operating profit</b>	<b>3.8</b>	<b>3.4</b>	<b>2.6</b>	<b>2.3</b>	<b>1.8</b>	<b>1.6</b>	<b>0.9</b>	<b>0.8</b>
Financial income and expenses	-1.2	-0.7	-0.9	-0.5	-0.7	-0.4	-0.4	-0.3
<b>Profit before taxes</b>	<b>2.6</b>	<b>2.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.2</b>	<b>1.2</b>	<b>0.5</b>	<b>0.5</b>
Income tax expense	-0.7	-0.7	-0.6	-0.6	-0.4	-0.5	-0.2	-0.2
<b>Profit / loss for the period</b>	<b>1.9</b>	<b>2.0</b>	<b>1.0</b>	<b>1.1</b>	<b>0.7</b>	<b>0.8</b>	<b>0.3</b>	<b>0.3</b>

**Attributable to**

Owners of the parent	2.1	2.2	1.2	1.3	0.8	0.9	0.4	0.4
Non-controlling interest	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
<b>Total</b>	<b>1.9</b>	<b>2.0</b>	<b>1.0</b>	<b>1.1</b>	<b>0.7</b>	<b>0.8</b>	<b>0.3</b>	<b>0.3</b>
Operating profit, % of net sales	3.8	3.4	3.5	3.1	3.7	3.2	3.8	3.3
Profit / loss for the period, % of net sales	1.9	2.0	1.4	1.5	1.5	1.6	1.1	1.2
Items affecting comparability	-1.8	-1.8	-0.5	-0.5	-0.2	-0.2	-0.2	-0.2
Comparable operating profit	5.7	5.2	3.1	2.8	2.0	1.8	1.1	1.0
Comparable operating profit, % net sales	5.6	5.2	4.2	3.8	4.0	3.6	4.4	4.0

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	restated <u>10-12/2018</u>	reported <u>10-12/2018</u>	restated <u>7-9/2018</u>	reported <u>7-9/2018</u>	restated <u>4-6/2018</u>	reported <u>4-6/2018</u>	restated <u>1-3/2018</u>	reported <u>1-3/2018</u>
EUR million								
<b>Net sales</b>	<b>27.8</b>	<b>27.8</b>	<b>23.0</b>	<b>23.0</b>	<b>25.6</b>	<b>25.6</b>	<b>24.8</b>	<b>24.8</b>
Other operating income	0.7	0.7	0.4	0.4	0.9	0.9	0.3	0.3
Expenses	-26.0	-26.6	-21.4	-21.9	-24.4	-24.9	-22.9	-23.5
Depreciation, amortization and impairment charges	-1.2	-0.7	-1.2	-0.8	-1.2	-0.8	-1.2	-0.8
<b>Operating profit</b>	<b>1.2</b>	<b>1.1</b>	<b>0.7</b>	<b>0.6</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>
Financial income and expenses	-0.3	-0.2	-0.3	-0.1	-0.2	-0.1	-0.4	-0.3
<b>Profit before taxes</b>	<b>0.9</b>	<b>1.0</b>	<b>0.5</b>	<b>0.5</b>	<b>0.7</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>
Income tax expense	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
<b>Profit / loss for the period</b>	<b>0.9</b>	<b>0.9</b>	<b>0.3</b>	<b>0.3</b>	<b>0.5</b>	<b>0.5</b>	<b>0.3</b>	<b>0.3</b>
<b>Attributable to</b>								
Owners of the parent	0.9	0.9	0.4	0.4	0.5	0.5	0.4	0.4
Non-controlling interest	-0.0	-0.0	-0.1	-0.1	-0.0	-0.0	-0.1	-0.1
<b>Total</b>	<b>0.9</b>	<b>0.9</b>	<b>0.3</b>	<b>0.3</b>	<b>0.5</b>	<b>0.5</b>	<b>0.3</b>	<b>0.3</b>
Operating profit, % of net sales	4.5	4.1	3.2	2.8	3.6	3.1	3.8	3.3
Profit / loss for the period, % of net sales	3.1	3.2	1.3	1.4	1.8	1.9	1.1	1.2
Items affecting comparability	-1.3	-1.3	-0.3	-0.3	-0.0	-0.0	-0.2	-0.2
Comparable operating profit	2.6	2.5	1.1	1.0	0.9	0.8	1.1	1.0
Comparable operating profit, % net sales	9.2	8.8	4.7	4.2	3.6	3.1	4.4	4.0

## KEY RATIOS

	restated <u>31.12.2018</u>	reported <u>31.12.2018</u>	restated <u>30.9.2018</u>	reported <u>30.9.2018</u>	restated <u>30.6.2018</u>	reported <u>30.6.2018</u>	restated <u>31.3.2018</u>	reported <u>31.3.2018</u>
EUR million								
EBITDA, % of net sales <sup>(1)</sup>	8.6	6.3	8.5	6.2	8.5	6.2	8.7	6.4
Operating profit (EBIT), % of net sales	3.8	3.4	3.5	3.1	3.7	3.2	3.8	3.3
Profit / loss for the period, % of net sales	1.9	2.0	1.4	1.5	1.5	1.6	1.1	1.2
Equity ratio, %	44.4	50.3	43.9	50.1	41.0	46.8	42.9	49.0
Gearing, %	59.8	34.2	68.2	40.6	67.9	39.0	62.9	34.7
Net gearing, %	38.2	13.1	54.5	27.2	51.5	22.9	48.5	20.6
Net interest-bearing debt, EUR million	13.9	4.9	19.3	9.8	18.1	8.2	17.7	7.7
Capital employed, end of period, EUR million	58.2	49.9	59.5	50.9	59.0	49.9	59.5	50.3
Return on equity, %, annualized	5.3	5.4	3.9	4.0	4.2	4.3	3.1	3.3
Return on capital employed, %, annualized	6.5	6.8	5.8	6.0	6.3	6.5	6.3	6.7
Earnings per share, total, basic and diluted, EUR	0.011	0.011	0.006	0.007	0.004	0.004	0.002	0.002