Q4

Glaston Corporation
Financial Statements bulletin
1.1.-31.12.2019

January-December 2019: Good profitability development in fourth quarter ends historic year

Glaston Corporation's acquisition of Bystronic glass was completed on 1 April 2019. As a result of the acquisition, Bystronic glass's consolidated income statement has been combined with Glaston Corporation's consolidated income statement and its consolidated balance sheet with Glaston Corporation's consolidated balance sheet as of 1 April 2019. The reported figures of these financial statements for the period 1 January – 31 March 2019 and the comparison data for the period 1 January – 31 December 2018 do not include figures for Bystronic glass. Glaston Corporation has prepared unaudited pro forma financial information to illustrate the impact of the Bystronic glass acquisition on the Group's operational result and financial position and to improve the comparability of financial information. The unaudited pro forma financial information for 2018 presented in these financial statements is presented as if the acquisition would have already been completed on 1 January 2018. Pro forma financial information has been titled Pro forma information in the places in the financial statements where the information is presented.

October–December 2019 in brief

- Orders received totaled EUR 49.2 (34.0) million.
- Net sales totaled EUR 47.3 (27.8) million.
- Comparable EBITA was EUR 2.5 (3.0) million, i.e. 5.2 (10.9)% of net sales.
- The comparable operating result (EBIT) was EUR 1.3 (2.6) million, i.e. 2.8 (9.2)% of net sales.
- Items affecting comparability totaled EUR -2.3 (-1.3) million.
- The operating result (EBIT) was EUR -0.9 (1.2) million.
- The comparable earnings per share were EUR -0.003 (0.043).
- Cash flow from operating activities was EUR 8.8 (4.6) million.

Review period January–December 2019 in brief

- Orders received totaled EUR 162.2 (107.6) million.
- The order book on 31 December 2019 was EUR 79.5 (38.2) million.
- Net sales totaled EUR 181.0 (101.1) million.
- Comparable EBITA was EUR 9.7 (7.6) million, i.e. 5.4 (7.5)% of net sales.
- The comparable operating result (EBIT) was EUR 5.9 (5.7) million, i.e. 3.3 (5.6)% of net sales.
- Items affecting comparability totaled EUR -7.2 (-1.8) million.
- The operating result (EBIT) was EUR -1.3 (3.8) million.
- The comparable earnings per share were EUR 0.011 (0.076).
- Cash flow from operating activities was EUR 10.8 (0.0) million.
- Net interest-bearing debt totaled EUR 33.0 (13.9) million.
- The Board of Directors proposes a capital repayment of EUR 0.02 (0.014 share-adjusted) per share

October–December 2019 in brief (comparables in brackets pro forma)

- Orders received totaled EUR 49.2 (63,4) million.
- Net sales totaled EUR 47.3 (44.9) million.
- Comparable EBITA was EUR 2.5 (0.1) million, i.e. 5.2 (0.2)% of net sales.
- The comparable operating result (EBIT) was EUR 1.3 (-1.1) million, i.e. 2.8 (-2.4)% of net sales.
- Items affecting comparability totaled EUR -2.3 (-1.8) million.
- The operating result (EBIT) was EUR -0.9 (-2.9) million.

Pro forma January–December 2019 in brief

- Orders received totaled EUR 184.6 (216.7) million.
- The order book on 31 December 2019 was EUR 79.5 (99.9) million.
- Net sales totaled EUR 204.6 (201.8) million.
- Comparable EBITA was EUR 12.1 (11.5) million, i.e. 5.9 (5.7)% of net sales.
- The comparable operating result (EBIT) was EUR 7.5 (6.7) million, i.e. 3.6 (3.3)% of net sales.
- Items affecting comparability totaled EUR -7.2 (-2.3) million.
- The operating result (EBIT) was EUR 0.3 (4.4) million.

GLASTON'S OUTLOOK FOR 2020

Glaston Corporation expects that 2020 comparable pro forma EBITA will improve from the 2019 level (2019 comparable pro forma EBITA EUR 12.1 million).

President & CEO Arto Metsänen Q4 2019:

The need for energy-efficient solutions drives demand for insulating glass machines

“Climate change is one of the megatrends affecting Glaston and improving energy efficiency is strongly supporting demand for insulating glass equipment both in the USA and Europe. We have a strong market position and demand, particularly for Bystronic glass's TPS^{R} (Thermo Plastic Spacer) technology, has been strong throughout the year. The technology, among other things, enhances the insulating glass production process and improves window quality and energy efficiency. In contrast, challenges in heat treatment have continued and at the beginning of the fourth quarter we initiated measures to improve operational profitability. It now appears that the bottom has been reached in the EMEA area, with demand picking up in the final quarter after the previous quiet quarters. Orders received in the quarter for heat treatment machines were significantly below the busy Glasstec fourth quarter of 2018. The downturn in the automotive glass market also continued.

The Emerging Technologies unit received a significant order in the last quarter of the year. The project began as a development and engineering project for a US customer operating in the transportation and aviation industry. The engineering project was completed in the third quarter and it led to an equipment order in the fourth quarter. The order concerned a bending and tempering line for the production of complex shapes. The project was made possible by the unit’s ability to meet the customer’s demands for high end-product quality and production efficiency. The product development of the Heliotrope project continues, and it is approaching a product that can be industrialized. Negotiations regarding the company’s near-term financing, in which Glaston didn’t participate, were concluded during the fourth quarter.

2019 was a significant year for Glaston through the acquisition of Bystronic glass and the integration of the company, and I would like to thank all of our employees for their contribution throughout the year. Despite market and other challenges, our pro forma net sales remained at the previous year’s level, while comparable (pro forma) EBITA improved in line with expectations.

I want to thank our customers for their trust in Glaston in 2019. The Bystronic glass acquisition was well received by our customers and we have had success in the cross selling of our products. The integration of Bystronic glass with Glaston has continued well and we have succeeded in combining our operations faster than expected. The planned integrations of operational functions have been completed, a new organization has been published and overlapping functions have been removed. The measures already taken will result in annual cost savings of more than EUR 4 million. At the time of the acquisition, we estimated that we will achieve this level of savings by 2021. The merging of various IT and customer management systems, the integration of the Bystronic glass brand with Glaston, and the development of a common digital product platform, are the next steps in concluding the integration.

I would also like to thank our shareholders for your trust in 2019. The current year is equally significant for the company, as we celebrate our 150th anniversary. We will also continue to develop our business for the benefit of our customers by investing heavily in innovation and sustainability while enhancing our operating earnings performance.”

glaston seeing it through

Changes in the company's reporting

Glaston Corporation's acquisition of Bystronic glass was completed on 1 April 2019. As a result of the acquisition, Bystronic glass's consolidated income statement has been combined with Glaston Corporation's consolidated income statement and its consolidated balance sheet with Glaston Corporation's consolidated balance sheet as of 1 April 2019. The figures of these financial statements for the period 1 January – 31 March 2019 and the comparison data for period 1 January – 31 December 2018 do not include figures for Bystronic glass.

As of the second quarter of 2019, Glaston Group's financial reporting has been changed to reflect the new organizational structure in which Glaston and Bystronic glass form the company's two reporting segments. In addition, as of the period 1 April 2019–31 December 2019, the company will report net sales, order intake and order book for the following product areas: Heat Treatment Technologies, Bystronic glass Technologies, Emerging Technologies (comprising the Glaston segment's Emerging Technologies and the Bystronic glass segment's Display business), Services (comprising the Glaston segment's service sales for heat treatment machines and the Bystronic glass segment's Services & Spare Parts business) and Other (comprising the Glaston segment's remaining tools and pre-processing business). Glaston Corporation announced on 13 January 2020 that it had made changes to the Group structure and that as of 1 January 2020 the company has three reporting segments: Glaston Heat Treatment Technologies (comprising heat treatment technologies business and related services), Glaston Insulating Glass Technologies (comprising insulating glass technologies business and related services) and Glaston Automotive & Emerging Technologies (comprising automotive glass and emerging technologies, display glass technologies and related services). Sales, order intake and order book for machines and services will also be reported separately as additional information. Glaston will publish comparative figures for the new segments before the publication of the interim report for the first quarter of 2020.

Glaston Corporation has prepared unaudited pro forma financial information to illustrate the impact of the Bystronic glass acquisition, completed on 1 April 2019, on the Group's operational result and financial position and to improve the comparability of financial information. The unaudited pro forma financial information for 2018 presented in these financial statements is presented as if the acquisition would have already been completed on 1 January 2018. Pro forma financial information has been titled Pro forma information in the places in the financial statements where the information is presented.

The figures in brackets refer to the comparison period, i.e. the same period in the previous year, unless otherwise stated. Glaston Group applies the IFRS 16 Leases standard fully retrospectively from 1 January 2019, and has prepared a restated income statement and balance sheet for 2018. The new accounting principles are described in more detail in the accounting principles section of these financial statements. The comparison period figures in the text have been restated owing to the application of the IFRS 16 standard fully retrospectively on 1 January 2019.

"Glaston Corporation", "Glaston Group" or "company" refer to the Group and "Glaston segment" to the reporting segment.

GLASTON GROUP'S KEY FIGURES

EUR million	10–12/19	10–12/18	1–12/19	1–12/18
Orders received	49.2	34.0	162.2	107.6
of which service operations	15.8	5.2	58.4	25.2
Order book at end of period	79.5	38.2	79.5	38.2
Net sales	47.3	27.8	181.0	101.1
of which service operations	16.9	11.0	57.1	27.6
EBITDA	1.3	2.4	6.9	8.7
Items affecting comparability	-2.3	-1.3	-7.2	-1.8
Comparable EBITDA	3.5	3.8	14.1	10.5
Comparable EBITDA, %	7.4%	13.5%	7.8%	10.4%
Comparable EBITA	2.5	3.0	9.7	7.6
Comparable EBITA, %	5.2%	10.9%	5.4%	7.5%
Operating result (EBIT)	-0.9	1.2	-1.3	3.8
Comparable operating result (EBIT)	1.3	2.6	5.9	5.7
Comparable operating result (EBIT), %	2.8%	9.2%	3.3%	5.6%
Profit/loss before taxes	-1.8	0.9	-4.4	2.6
Profit/loss for the period	-2.4	0.9	-6.4	1.9
Comparable earnings per share (rights offering adjusted), EUR	-0.003	0.043	0.011	0.076
Number of registered shares at end of period (1,000)	84 290	38 727	84 290	38 727
Cash flow from operating activities	8.8	4.6	10.8	0.0
Net interest-bearing debt at end of period			33.0	13.9
Return on investment (ROI), %, (annualized)			-1.3%	6.5%
Comparable return on capital employed (ROCE), %, (annualized)			8.7%	9.6%
Equity ratio, %			41.6%	44.4%
Net gearing, %			45.0%	38.2%
Number of employees at end of period			790	357

GLASTON GROUP’S PRO FORMA KEY FIGURES

EUR million	Actual 10–12/19	Pro forma 10–12/18	Pro forma 1–12/19	Pro forma 1–12/18
Orders received	49.2	63.4	184.6	216.7
of which service operations	15.8	15.2	68.3	64.2
of which service operations, %	32%	24%	37%	30%
Order book at end of period	79.5	99.9	79.5	99.9
Net sales	47.3	44.9	204.6	201.8
of which service operations	16.9	17.9	66.6	63.8
of which service operations, %	36%	40%	33%	32%
EBITDA	1.3	-0.5	9.5	13.6
Items affecting comparability	-2.3	-1.8	-7.2	-2.3
Comparable EBITDA	3.5	1.3	16.7	15.9
Comparable EBITDA, %	7.4%	2.9%	8.2%	7.9%
Comparable EBITA	2.5	0.1	12.1	11.5
Comparable EBITA, %	5.2%	0.2%	5.9%	5.7%
Operating result (EBIT)	-0.9	-2.9	0.3	4.4
Comparable operating result (EBIT)	1.3	-1.1	7.5	6.7
Comparable operating result (EBIT), %	2.8%	-2.4%	3.6%	3.3%
Profit/loss before taxes	-1.8	-3.8	-3.0	1.1
Profit/loss for the period	-2.4	-3.0	-5.6	0.9

KEY FIGURES OF REPORTING SEGMENTS

Orders received, EUR million	10–12/19	10–12/18	1–12/19	1–12/18
Glaston	26.0	34.0	85.7	107.6
Bystronic glass	23.2	-	76.4	-
Glaston Group	**49.2**	**34.0**	**162.2**	**107.6**

Order book, EUR million	31.12.2019	Adjusted 31.12.2018
Glaston	37.6	38.2
Bystronic glass	41.8	-
Glaston Group	**79.5**	**38.2**

Net sales, EUR million	10–12/19	10–12/18	1–12/19	1–12/18
Glaston	21.3	27.8	88.6	101.1
Bystronic glass	26.0	-	92.4	-
Glaston Group	**47.3**	**27.8**	**181.0**	**101.1**

Comparable EBITA, EUR million	10–12/19	10–12/18	1–12/19	1–12/18
Glaston	-0.1	3.0	1.6	7.6
Bystronic glass	2.5	-	8.2	-
Comparable EBITA, total	**2.5**	**3.0**	**9.7**	**7.6**
Comparable EBITA, %	5.2%	10.9%	5.4%	7.5%

Comparable operating result and operating result (EBIT), EUR million	10–12/19	10–12/18	1–12/19	1–12/18
Glaston	-0.4	2.6	0.1	5.7
Bystronic glass	1.8	-	5.8	-
Comparable operating result (EBIT), total	**1.3**	**2.6**	**5.9**	**5.7**
Comparable EBIT, %	2.8%	9.2%	3.3%	5.6%
Items affecting comparability	2.3	1.3	7.2	1.8
Operating result	**-0.9**	**1.2**	**-1.3**	**3.8**
Operating result, %	-1.9%	4.5%	-0.7%	3.8%

PRO FORMA KEY FIGURES OF REPORTING SEGMENTS

Pro forma Orders received, EUR million	Actual 10–12/19	Pro forma 10–12/18	Pro forma 1–12/19	Pro forma 1–12/18
Glaston	26.0	34.0	85.7	107.6
Bystronic glass	23.2	29.5	98.9	109.1
Glaston Group	**49.2**	**63.4**	**184.6**	**216.7**

Pro forma Order book, EUR million	31.12.2019	31.12.2018
Glaston	37.6	38.2
Bystronic glass	41.8	61.7
Glaston Group	**79.5**	**99.9**

Pro forma Net sales, EUR million	Actual 10–12/19	Pro forma 10–12/18	Pro forma 1–12/19	Pro forma 1–12/18
Glaston	21.3	27.8	88.6	101.1
Bystronic glass	26.0	17.1	116.0	100.7
Glaston Group	**47.3**	**44.9**	**204.6**	**201.8**

Pro forma Comparable EBITA, EUR million	Actual 10–12/19	Pro forma 10–12/18	Pro forma 1–12/19	Pro forma 1–12/18
Glaston	-0.1	3.0	1.6	7.6
Bystronic glass	2.5	-2.9	10.5	3.9
Total	**2.5**	**0.1**	**12.1**	**11.5**
Share of net sales, %	5.2%	0.2%	5.9%	5.7%

Pro forma Comparable operating profit and operating profit (EBIT), EUR million	Actual 10–12/19	Pro forma 10–12/18	Pro forma 1–12/19	Pro forma 1–12/18
Glaston	-0.4	2.6	0.0	5.7
Bystronic glass	1.8	-3.7	7.4	1.1
Comparable operating result (EBIT)	**1.3**	-1.1	**7.5**	**6.7**
Comparable EBIT, %	2.8%	-2.4%	3.6%	3.3%
Items affecting comparability	2.3	1.8	7.2	2.3
Operating result	**-0.9**	**-2.9**	**0.3**	**4.4**
Operating result, %	-1.9%	-6.6%	0.1%	2.2%

OPERATING ENVIRONMENT

Glaston Corporation is a glass industry technologies and services frontrunner. Glass processed with Glaston's processing machines is supplied to the architectural glass, automotive glass, solar energy and appliance industries. Most of the glass produced with the company's technology is supplied to the construction industry (measured by volume). Glaston operates in a global market, and the company's business is to a large extent linked to trends in global investment demand and therefore to demand for glass and glass processors' capacity utilization rates, which in turn impact investment needs and demand for services and spare parts. At the same time, however, increasing environmental awareness and investments in improving energy performance support the growth of insulating and smart glass and other energy-efficient glass solutions, reducing the company's dependence on business cycles.

Glaston Group's market areas are EMEA (Europe, Middle East and Africa), the Americas (North, Central and South America) and Asia-Pacific (China and the rest of the Asia and Pacific area).

Architectural glass

Glaston Group's architectural glass machines market consists of many different market areas and countries, whose stage of development and political situation may vary significantly. Moreover, demand for product solutions between the company's different business operations may vary from one period to another, due to differences in drivers of product demand.

The economic uncertainty in the EMEA area, and particularly in Europe, continued throughout the year and this was also reflected in the investment willingness of European glass processing customers. Market activity in the EMEA area for heat treatment machines continued to be subdued throughout the year, although in some European countries such as Germany, Austria and France, the bottom appears to have already been reached and a pick-up in demand was evident in the fourth quarter. Energy efficiency and the need to improve the energy performance of buildings is supporting demand for insulating glass, while demand for machinery, related services and spare also continued to be good in the fourth quarter. Demand for heat treatment machine services was also good in the final quarter of 2019.

The overall market situation in North America has remained good, and the heat treatment machine, insulating glass machine and services markets were buoyant in the fourth quarter. In the USA, stricter building regulations and higher quality requirements for glass supported demand throughout the year. Central and South American markets remained volatile due to political unrest in a number of countries.

Political and economic uncertainty negatively impacted on Asia-Pacific customers' willingness to invest during the fourth quarter. The trade disputes between the USA and China affected demand, for example in Australia and New Zealand. In China, competition continued to be intense in the heat treatment machines market, but demand for mid-range segment insulating glass machines was good.

Automotive glass

The market downturn that began in mid-2018, trade policy tensions between the USA and China, and anticipation of new emission regulations that will come into force in 2020 are negatively impacting automotive glass market activity, particularly in China. At the same time, however, automotive glass requirements are increasing and presenting new challenges for glass processing, bringing new players to the market and creating new opportunities for glass processing technology suppliers.

FINANCIAL DEVELOPMENT OF THE GROUP

Orders received and order book (reported)

Orders received and order book, EUR million	10–12/19	10–12/18	1–12/19	1–12/18
Orders received	49.2	34.0	162.2	107.6
Orders received, excluding divested Tools business*	49.2	33.0	162.2	103.6
Order book at end of period	79.5	38.2	79.5	38.2

* In December 2018, Glaston sold its pre-processing and Tools business in the USA and in November 2019, in Mexico..

Glaston Group's October–December 2019 orders received totaled EUR 49.2 (34.0, excluding divested business operations 33.0) million. In the review period January–December, orders received totaled EUR 162.2 (107.6, excluding divested business operations 103.6) million. Glaston Group's order book stood at EUR 79.5 (38.2) million at the end of the review period.

Orders received and order book by product area (pro forma)

Pro forma Orders received by product area, EUR million	Actual 10–12/19	Pro forma 10–12/18	Pro forma 1–12/19	Pro forma 1–12/18
Heat Treatment Technologies	16.3	26.6	48.3	73.6
Bystronic glass Technologies	14.2	19.4	57.9	70.1
Emerging Technologies	2.4	-	3.7	-
Services	15.8	15.2	68.3	64.2
Other	0.5	2.2	6.3	8.8
Total	**49.2**	**63.4**	**184.6**	**216.7**

Pro forma Order book by product area, EUR million	Actual 31.12.2019	Pro forma 31.12.2018
Heat Treatment Technologies	31.2	35.2
Bystronic glass Technologies	41.8	57.0
Emerging Technologies	1.8	5.1
Services	3.9	2.6
Other	0.7	0.1
Total	**79.5**	**99.9**

Glaston Group's orders received in October–December 2019 decreased by 22% to EUR 49.2 (63.4 pro forma) million. The decrease was due to fewer machines business orders than in the comparison period. The comparison period coincided with the Glasstec Fair, which resulted in a high level of orders. Demand in the Heat Treatment Technologies product area recovered significantly from the low levels of the previous quarters, with orders totaling EUR 16.3 (26.6 pro forma) million. Orders received in the Bystronic glass Technologies product area decreased to EUR 14.2 (19.4 pro forma) million. Demand for insulating glass machines was good in all geographical areas, although below the previous year's level. Demand for automotive glass machines remained modest.

Emerging glass technologies and value-adding glass products, such as smart glass, are making a strong entry into the market. Glaston's Emerging Technologies (ET) unit is continually seeking new business opportunities and it provides engineering and consulting services in the field of emerging glass technologies. In the third quarter, the Emerging Technologies product area completed a strategically significant engineering project, which resulted in an equipment order during the fourth quarter. The order related to a tempering and bending line for complex shapes, and it was received from a US customer operating in the transportation and aviation industry. Orders received in the ET product area totaled EUR 2.4 (0.0) million in the fourth quarter.

Finding new innovations alongside the Heliotrope project is one of ET's most important areas of focus, in order to balance the unit's innovation portfolio. The product development of the Heliotrope project continued throughout the year, and is approaching a product that can be industrialized. Development has taken longer than Glaston expected, mainly due to the complexity of the product's technical features but also partly due to the financing of the project. In the fourth quarter, negotiations on the near-future financing of the company were completed. Glaston did not participate in the financing of the company.

Orders received in the Services product area grew by 4% to EUR 15.8 (15.2 pro forma) million. Demand for the Services product area's day-to-day services and spare parts was good. Demand for both heat treatment and insulating glass machine services grew well, while demand for automotive glass machine services was impacted by the difficult situation in the industry. Demand for modernization products was also good but was slightly lower than in the previous quarters. The Services product area accounts for 32 (24)% of the Glaston Group's orders.

Orders received in January–December 2019 totaled EUR 184.6 (216.7 pro forma) million. Of the orders, 26% were received for the Heat Treatment Technologies product area, 31% for the Bystronic glass Technologies product area and 37% for the Services product area, 2% for the Emerging Technologies product area and 3% for the Other product area.

Net sales (reported)

Net sales, EUR million	10-12/2019	10-12/2018	1–12/2019	1–12/2018
Glaston	21.3	27.8	88.6	101.1
Bystronic glass	26.0	-	92.4	-
Glaston Group	**47.3**	27.8	**181.0**	**101.1**

Geographical distribution of net sales, EUR million	10–12/19	10–12/18	1–12/19	1–12/18
Americas	16.1	9.6	66.5	27.7
EMEA	19.1	14.1	76.5	54.3
APAC	12.0	4.1	38.0	19.2
Total	47.3	27.8	181.0	101.1

Glaston Group's October–December net sales totaled EUR 47.3 (27.8) million. The Glaston segment's net sales were EUR 21.3 (27.8, taking into account divested business operations 26.9) million and the Bystronic glass segment's net sales were EUR 26.0 million. Of total net sales, Glaston accounted for 45% and Bystronic glass for 55%. Geographically, of the company's total fourth-quarter net sales, the EMEA area accounted for 40%, the Americas for 34%, and Asia and Pacific (APAC) for around 25%. Net sales in January–December totaled EUR 181.0 (101.1) million.

Net sales by product area (pro forma)

Pro forma Net sales by product area, EUR million	Actual 10–12/19	Pro forma 10–12/18	Pro forma 1–12/19	Pro forma 1–12/18
Heat Treatment Technologies	13.4	17.3	56.0	64.9
Bystronic glass Technologies	14.7	7.2	72.0	62.2
Emerging Technologies	2.3	0.0	6.0	0.7
Services	16.9	17.9	66.6	63.8
Other	-0.0	2.5	3.9	10.2
Total	**47.3**	**44.9**	**204.6**	**201.8**

In the fourth quarter, net sales grew by 5% from the comparison period and totaled EUR 47.3 (44.9 pro form) million. The net sales of the Heat Treatment Technologies product area declined by 23% from the previous year's level due to lower machines business volume and totaled EUR 13.4 (17.3 pro forma) million. In the Bystronic glass Technologies product area, revenue recognition brought forward into the fourth quarter for a number of projects increased the product area's net sales, which more than doubled to EUR 14.7 (7.2 pro forma) million. Net sales were low in the comparison period. Due to display project revenue recognition, the net sales of the Emerging Technologies product area totaled EUR 2.3 (0.0) million. Net sales of heat treatment machine modernization products fell short of the previous year's high level, and net sales of automotive industry spare parts were adversely impacted by the difficult situation in the industry. As a result, the net sales of the Services product area decreased by 6% from the corresponding period of the previous year and totaled EUR 16.9 (17.9 pro forma) million. The Services product area accounted for 36 (40)% of Glaston's net sales. Net sales of the Other product area totaled EUR -0.0 (2.5) million. In December 2018, Glaston sold its Tools business in Italy and, at the beginning of the fourth quarter of 2019, its company in Mexico that focused on pre-processing and tools business.

January–December pro forma net sales grew by 1% to EUR 204.6 (201.8 pro forma) million. Services business accounted for 33 (32)% of Glaston Group's net sales.

Operating result and profitability (reported)

Comparable EBITA, EUR million	10–12/19	10–12/18	1–12/19	1–12/18
Operating result (EBIT)	-0.9	1.2	-1.3	3.8
Items affecting comparability	2.3	1.3	7.2	1.8
Comparable operating result (EBIT)	1.3	2.6	5.9	5.7
Depreciation of intangible assets and PPA	1.1	0.5	3.8	1.9
Comparable EBITA	**2.5**	**3.0**	**9.7**	**7.6**
% of net sales	5.2%	10.9%	5.4%	7.5%

Fourth-quarter 2019 comparable EBITA was EUR 2.5 (3.0) million, i.e. 5.2 (10.9)%. The purchase price allocation (PPA) depreciation for the acquisition was EUR 0.7 (0.0) million in the fourth quarter. Glaston Group's comparable operating result for October–December 2019 was EUR 1.3 (2.6) million, i.e. 2.8 (9.2)% of net sales. The fourth-quarter operating result was EUR -0.9 (1.2) million. Items affecting comparability totaled EUR -2.3 (-1.3) million in the fourth quarter, of which EUR -1.7 million was integration expenses, EUR -0.1 million transaction expenses related to the acquisition and EUR -0.5 million other expenses affecting comparability, for example related to legal proceedings. Financial expenses amounted to EUR -0.5 (-0.2) million. The result before taxes was EUR -1.8 (0.9) million. The result for the fourth quarter was EUR -2.4 (0.9) million and earnings per share were EUR -0.034 (0.017). The comparable earnings per share were EUR -0.003 (0.043).

In January–December 2019, comparable EBITA was EUR 9.7 (7.6) million, i.e. 5.4 (7.5)% of net sales. In January–December 2019, the comparable operating result was EUR 5.9 (5.7) million, i.e. 3.3 (5.6)% of net sales. The Group's operating result was EUR -1.3 (3.8) million. Items affecting comparability totaled EUR -7.2 (-1.8) million in January–December, of which EUR -4.3 million was integration expenses, EUR -1.9 million transaction costs affecting the result, EUR -1.0 million other expenses affecting comparability, for example related to legal proceedings. Financial income and expenses amounted to EUR -2.6 (-0.7) million, of which EUR -0.9 million was non-recurring expenses for financial arrangements related to the acquisition. The result before taxes was EUR -4.4 (2.6) million. The result for the review period was EUR -6.4 (1.9) million. Income statement taxes were high, despite the loss-making result, mainly due to the fact that no deferred tax assets have been recognized for company-specific losses for the reporting period.

January–December earnings per share were EUR -0.089 (0.041) and comparable earnings per share EUR 0.011 (0.076), excluding items affecting comparability of the operating result, but including financing arrangement expenses.

Operating result and profitability (pro forma)

Pro forma Comparable EBITA, EUR million	Actual 10–12/19	Pro forma 10–12/18	Pro forma 1–12/19	Pro forma 1–12/18
Operating result (EBIT)	-0.9	-2.9	0.3	4.4
Items affecting comparability	2.3	1.8	7.2	2.3
Comparable operating result (EBIT)	1.3	-1.1	7.5	6.7
Depreciation of intangible assets and PPA	1.1	1.2	4.5	4.8
Comparable EBITA	**2.5**	**0.1**	**12.1**	**11.5**
% of net sales	5.2%	0.2%	5.9%	5.7%

Fourth-quarter 2019 comparable EBITA was EUR 2.5 (0.1 pro forma) million, i.e. 5.2 (0.2)% of net sales. The purchase price allocation (PPA) depreciation was EUR 0.7 (0.7 pro forma) million in the fourth quarter. Glaston Group's comparable operating result for October–December 2019 was EUR 1.3 (-1.1 pro forma) million. The fourth-quarter operating result was EUR -0.9 (-2.9 pro forma) million. Financial income and expenses were EUR -0.5 (-0.7 pro forma) million. The fourth-quarter result before taxes was EUR -1.8 (-3.8 pro forma) million. The fourth-quarter result was EUR -2.4 (3.0 pro forma) million. Comparable rights issue adjusted earnings per share were EUR -0.001 (-0.023).

In January–December 2019, comparable pro forma EBITA was EUR 12.1 (11.5) million, i.e. 5.9 (5.7)% of net sales. The January–December purchase price allocation depreciation was EUR 2.8 (2.8 pro forma) million. In January–December 2019, Glaston Group's comparable pro forma operating result was EUR 7.5 (6.7 pro forma) million, i.e. 3.6 (3.3)% of net sales. The Glaston segment's comparable operating result was EUR 0.0 (5.7) million and the Bystronic glass segment's comparable operating result was EUR 7.4 (1.1) million. In January-December, the Group's pro forma operating profit was EUR 0.3 (4.4) million. Financial income and expenses were EUR -2.7 (-2.7) million. The result before taxes was EUR -3.0 (1.1) million. The result for the review period was EUR -5.6 (0.9) million. The comparable earnings per share for January–December were EUR 0.021 (0.064).

FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

Glaston reporting segment

Glaston's business includes a wide and technologically advanced range of heat treatment machines, maintenance, upgrade and modernization services, and spare parts for glass flat tempering, bending, bending tempering and laminating. Glaston also offers digital services, such as glass processing machine remote monitoring and fault analysis services, and consulting and engineering services for new areas of glass technology. The Glaston segment includes the Heat Treatment Technologies product area and related heat treatment machine services as well as the Glaston Emerging Technologies and Other product areas.

Glaston segment's fourth quarter in brief:

- Demand for heat treatment machines picked up in the EMEA area, although uncertainty in these markets continued and delayed decision-making. In North America, the market continued on a good level for sales of both equipment and services. In the APAC area, uncertainty adversely affected willingness to invest in machines, but demand for services was good.
- Orders received increased significantly compared with the previous quarters of 2019, although order intake was clearly lower compared with the high level of the previous year. The industry's largest event, the Glasstec Fair, which is held every other year, took place in the comparison year.
- The decline in net sales was due, in particular, to the low number of heat treatment machine projects recognized as revenue as well as the divestment of tools and pre-processing operations in 2018 and in late-2019.
- At the beginning of October, adjustment measures were launched in the Glaston segment's units in Finland due to weaker demand for heat treatment machines.

KEY FIGURES GLASTON, EUR million	10–12/19	10–12/18	1–12/19	1–12/18
Orders received	26.0	34.0	85.7	107.6
Order book at end of period	37.6	38.2	37.6	38.2
Net sales	21.3	27.8	88.6	101.1
Net sales (comparison figure excludes divested Tools business)	21.3	26.9	88.6	97.0
Comparable EBITA	-0.1	3.0	1.6	7.6
PPA depreciation	-	-	-	-
Comparable operating result (EBIT)	-0.4	2.6	0.1	5.7
Operating result (EBIT)	-1.6	1.2	-4.6	3.8
Net working capital			-12.0	-7.1
Employees at end of period			382	357

Orders received

The Glaston segment's fourth-quarter 2019 orders received declined from the busy Glasstec quarter of the previous year and totaled EUR 26.0 (34.0, taking into account divested business operations 33.0) million. Orders received increased significantly compared with previous quarters of 2019. Order activity picked up slightly in the EMEA area during the quarter, and the company received heat treatment machine orders from a number of significant customers. Demand for services remained good. In North America, economic indicators and confidence continued to develop positively. Demand for both heat treatment machines and modernization products remained at a good level in North America, and Glaston received several major modernization orders from the area. The Emerging Technologies product area also received a significant order in the fourth quarter. The order related to a tempering and bending line for complex shapes, and it was received from a US customer operating in the transportation and aviation industry. In the APAC area, demand for heat treatment machines was weakened by global trade policy uncertainties, and in China competition continued to be intense, but demand for services developed positively throughout the area. Demand for heat treatment machine services was on a good level in all geographical areas. Demand for heat treatment machines services was better than the previous year, but lower than the previous quarters of 2019.

Net sales and profitability

The Glaston segment's October–December 2019 net sales totaled EUR 21.3 (27.8, taking into account divested business operations 26.9) million. The decline in net sales was due, in particular, to the low number of heat treatment machine projects recognized as revenue as well as the divestment of tools and pre-processing operations in 2018 and in late-2019. Revenue recognitions for heat treatment machine projects were carried over into the current year, mainly in China. Net sales of heat treatment machine services also declined slightly due to a strong comparison period.

October–December comparable EBITA decreased and was EUR -0.1 (3.0) million. The decrease in EBITA is due to a decline net sales in all product areas and lower sales margins. A higher than normal amount of unexpected costs related to projects and customer receivables were recognized during the period. Exceptionally, in the comparison period, the result of non-core pre-processing and tools business operations was significantly positive.

Due to synergies and cost-saving measures, the segment's fixed costs decreased in the fourth quarter. At the beginning of October, Glaston announced that it would initiate cooperation discussions concerning measures to adjust the Glaston segment's operations to lower-than-expected demand for heat treatment machines. As a result of the discussions, the number of personnel in the Finnish units decreased by a total of 12 people, of whom 8 were made redundant. In combination with other actions to improve profitability, the company aims through these measures to achieve savings of approximately EUR 2 million. Of these, around EUR 1 million represent permanent annual savings. January–December 2019 net sales totaled EUR 88.6 (101.1, taking into account sold business operations 97.0) million. Comparable EBITA for the review period was EUR 1.6 (7.6) million. The decrease was primarily due to lower business volumes, higher fixed costs and the impact on profitability of operations sold in the comparison period.

Bystronic glass reporting segment

Bystronic glass provides services, machines, systems and software for cutting, grinding, drilling, processing and insulating flat glass globally for the architectural, automotive, appliance and display glass markets. The Bystronic glass segment consists of Bystronic glass's Machines business, Service and Spare Parts business, and Display business.

Bystronic glass segment's fourth quarter in brief:

- Good activity in the insulating glass machines market continued in the fourth quarter, while the automotive glass machines market remained quiet.
- A higher-than-expected number of project revenue recognitions increased fourth-quarter net sales and also affected the profitability of the segment.

KEY FIGURES BYSTRONIC GLASS, EUR million	10–12/19	Pro forma 10–12/18	Pro forma 1–12/19	Pro forma 1–12/18
Orders received	23.2	29.5	98.9	109.1
Order book at end of period	41.8	61.7	41.8	61.7
Net sales	26.0	17.1	116.0	100.7
Comparable EBITA	2.5	-2.9	10.5	3.9
Comparable EBITA, %	9.7%	-17.2%	9.1%	3.9%
PPA	0.7	0.7	2.8	2.8
Comparable operating result (EBIT)	1.8	-3.7	7.4	1.1
Comparable operating result (EBIT), %	6.8%	-21.5%	6.4%	1.1%
Operating result (EBIT)	0.6	-4.2	5.0	0.6
Operating result (EBIT), %	2.5%	-24.6%	4.3%	0.6%
Net working capital			8.0	-
Employees at end of period			408	-

Orders received

The insulating glass machines market continued to develop well in all geographical areas in the fourth quarter of 2019, although orders received did not reach the level of the busy Glasstec quarter of the previous year. Climate change is one of the megatrends affecting Glaston, and improving energy efficiency is strongly supporting demand for insulating glass machines. In contrast, demand for automotive glass machines continued to be modest, and demand for related services declined. The Bystronic glass segment's orders received decreased by 21% and totaled EUR 23.2 (29.5 pro forma) million. Demand for the Bystronic glass segment's TPS^{R} (Thermo Plastic Spacer) technology, in particular, continued to be strong in the final quarter of the year. TPS^{R} technology enhances the insulating glass production process and improves window quality and energy efficiency. Bystronic glass has a very strong position in this technology in North America and Europe. In the EMEA region, too, the company received several significant orders, including an insulating glass TPS machine order from Velux, the world's largest manufacturer of roof windows.

In the Asia and Pacific (APAC) area, demand for insulating glass machines was at the previous year's good level. In China, demand for Bystronic glass's mid-range segment insulating glass lines continued to be good. Challenges in the automotive glass market continued and the company only received a few smallish orders in the fourth quarter. Demand for Bystronic glass's insulating glass machine services and spare parts was good in all geographical areas in the fourth quarter.

Net sales and profitability

The Bystronic glass reporting segment's fourth-quarter 2019 net sales totaled EUR 26.0 (17.1 pro forma) million, impacted by a higher-than-expected number of project revenue recognitions. Fourth-quarter comparable EBITA was EUR 2.5 (-2.9 pro forma) million, i.e. 9.7 (-17.2)% of net sales. Just under 40% of fourth-quarter net sales came from insulating glass machines, with the remainder coming from the services and spare parts business as well as the automotive and display business. The average margin for fourth-quarter projects recognized as revenue was higher than the exceptionally low level of the previous year. Bystronic glass's adoption of Glaston's accounting policies had a slightly positive impact on the segment's profitability. Fixed costs decreased due to synergies and other cost-saving measures. The segment's PPA depreciation was EUR 0.7 (0.7 pro forma) million.

Bystronic glass's January–December pro forma net sales totaled EUR 116.0 (100.7 pro forma) million. Comparable pro forma EBITA was EUR 10.5 (3.9 pro forma) million, i.e. 9.1 (3.9)% of net sales. The segment's pro forma PPA depreciation was EUR 2.8 (2.8 pro forma) million.

Financial position, cash flow and financing

At the end of December, Glaston Group's balance sheet total was EUR 216.7 (98.9, at end-September 224.8) million. Intangible assets amounted to EUR 78.1 million, of which EUR 58.3 (30.6) million was goodwill. At the end of the period, property, plant and equipment amounted to EUR 25.0 (7.7) million and inventories to EUR 42.6 (5.8, at end-September 47.5) million.

The comparable return on capital employed (ROCE) was 8.7 (9.6, end-September 6.1)%. The decline from the comparison period of the previous year is due to lower 12-month annualized earnings as well as the Bystronic glass acquisition and related financing, which increases the company's equity and debt. Glaston Group's target is to achieve a comparable return on capital employed of 14% by the end of the strategy period, i.e. the end of 2021. Return on equity was -11.6 (5.3)%. The company's equity ratio was 41.6% (44.4%).

Cash flow from operating activities was EUR 8.8 (4.6) million in the final quarter of 2019. Working capital developed positively. Cash flow from investing activities was EUR -1.6 (-0.6) million and cash flow from financing activities was EUR -0.5 (-2.0) million.

Glaston's cash flow from operating activities was EUR 10.8 (0.0) million in January–December. Cash flow from investing activities was EUR -72.5 (-1.5) million and cash flow from financing activities was EUR 75.1 (-3.0) million. The exceptionally high levels are explained by the Bystronic glass acquisition and its financing.

At the end of March, in connection with the Bystronic acquisition, Glaston signed a new long-term financing agreement, which was used for financing the acquisition, refinancing Glaston's existing loan facilities as well as general working capital and guarantee needs. The package consists of borrowings by Glaston under senior secured credit facilities in an aggregate amount of EUR 75 million, comprising a term loan amounting to EUR 40 million and a revolving credit facility amounting to EUR 35 million, each with 3-year maturity from the closing of the acquisition. The financial covenants used in the financing agreement are gearing (net debt/equity) and leverage (net debt/EBITDA).

In addition to the long-term financing agreement, Glaston raised EUR 32 million in bridge financing for equity financing to be raised through a rights offering. In June, Glaston arranged a rights offering, which was fully subscribed. In the offering, the company received a gross amount of approximately EUR 34 million (a net amount of EUR 30.8 million, taking into account the costs of the rights offering accumulated up to the end of December) and paid back the bridge financing at the beginning of July.

At the end of the reporting period, the Group's cash and cash equivalents totaled EUR 19.9 (7.9) million. Interest-bearing net debt totaled EUR 33.0 (13.9, at end-September 41.0) million and net gearing was 45.0 (38.2, at end-September 53.0)%.

Capital expenditure, depreciation and amortization

Glaston Group's January–December gross capital expenditure totaled EUR 63.1 million, of which EUR 56.7 million related to the acquisition of Bystronic glass and the remainder mainly to product development. Depreciation and amortization of property, plant and equipment, and of intangible assets totaled EUR 5.6 (3.0) million.

Personnel

In 2019, the company's employee numbers more than doubled, due to the acquisition of Bystronic glass. Glaston Group had a total of 790 (357, 792 at end of previous quarter) employees on 31 December 2019.

In the review period, many personnel measures related to the integration of Bystronic glass. Cross-sales and technology training for sales and services personnel was arranged throughout the year. In addition, overlapping activities were discontinued and offices were merged, for example in China, Singapore, Russia and the UK. In the autumn, a new product development unit was established in Neuhausen, Germany, while efforts were also made to strengthen the Bystronic glass segment's product management and resourcing of modernization products.

In the spring, new values were created for the merged company: "Committed to our customers", "We share the passion for glass", "We learn from each other" and "Together we build the future". The values were introduced in connection with the rollout of the updated strategy, for example in the first joint senior management strategy workshop, held in May.

Capacities for common HR principles, policies and processes were created during autumn 2019.

In the fourth quarter, Glaston Corporation announced that it would initiate cooperation discussions concerning measures to adjust the Glaston segment's operations to lower-than-expected demand for heat treatment machines. As a result of the discussions, the number of personnel in the company's Finnish units were reduced by a total of 12 people, of whom 8 were made redundant. In addition, operations in Finland will be adjusted to the decrease in the order book for heat treatment machines and the resulting production and financial situation. Temporary layoffs affecting all Finnish personnel will be implemented in two stages from December 2019, mainly utilizing a shorter working week, but so that deliveries in the order bank and customer work are not jeopardized. The amount of work purchased externally will also be minimized. As a result of the aforementioned measures, the company will achieve savings of approximately EUR 2 million, of which approximately EUR 1 million will be permanent annual savings. Most of the cost savings will be realized in 2020.

The Glaston segment had 382 employees at the end of 2019. The Bystronic glass segment had 408 employees and the company had operations in 11 countries. Glaston Group had production plants in five localities in four countries: assembly of tempering and laminating machines in Tampere, Finland, and in Tianjin, China; manufacturing of insulating glass machines in Neuhausen, Germany, and in Shanghai, China; and manufacturing of insulating glass machines and display glass machines in Bützberg, Switzerland. Of the Group's personnel, 29%, i.e. 228 employees, worked in Germany and 22%, i.e. 177, worked in Finland, while 16% worked elsewhere in the EMEA area, 25% worked in Asia and 8% in the Americas. In January-December, the average number of employees was 689 (379).

STRATEGIC DEVELOPMENT

Strategy

Glaston reviewed its strategy and updated its financial targets for the strategy period 2018–2021 as a result of its acquisition of Bystronic glass.

The company will continue to seek growth in its core business and services through digitalization. Combining the strengths of Bystronic glass and Glaston as well as leveraging the expertise brought by Bystronic glass creates for the company unique opportunities to build a strong machinery and services offering as well as the ability to capture new growth opportunities. Implementing a joint operating model will support the companies in reaching the strategic goals and in realizing the full synergy potential of combining Glaston and Bystronic glass.

Updated financial targets

In connection with the strategy update, the company also revised its financial targets. The updated targets for 2018–2021 are:

- Annual growth of net sales exceeding market growth* (CAGR).
  Comparable operating margin before depreciation of intangible assets and excluding purchase price allocation (EBITA) above 8% at the end of the strategy period.
- Comparable return on capital employed (ROCE) of more than 14% at the end of the period.

* Flat glass market growth over the cycle.

Synergy benefits of Bystronic glass acquisition, cost savings and integration costs

The combination of Glaston and Bystronic glass is expected to result in significant benefits for stakeholders of the combined company, Significant added value for shareholders will be created through synergies in services sales and cross-selling new equipment as well as estimated annual cost synergies of approximately EUR 4 million by 2021. The cost synergies will come mainly from acquisition costs of goods sold, sales & marketing, and administration. The transaction also provides additional synergy potential related to product development, procurement, fixed cost leverage and best practice sharing. Costs and capital expenditure affecting comparability related to the achievement of synergies are estimated at approximately EUR 7 million over the same period. Most of the one-time costs are expected to occur during the first year of integration.

Integration in the fourth quarter

In the fourth quarter of 2019, measures to integrate Bystronic glass into the Glaston Group continued. During the quarter, the company continued to merge overlapping operations, which resulted in personnel reductions in, for example, China, and in various operations of the company, such as sales and ICT. In addition, for competitive reasons the company ended the cooperation agreement between Bystronic glass and HEGLA. The cooperation agreement has had limited commercial value. The Vitrum Fair, held in Italy in the final quarter and the first joint trade fair of Bystronic glass and Glaston, was a success. Cost synergies realized in the fourth quarter were EUR 0.7 million and in 2019 totaled EUR 1.1 million. Annual cost savings from the measures undertaken will amount to EUR 4.2 million. Fourth-quarter accumulated integration costs totaled EUR 1.7 million. In the review period January-December, accumulated integration costs totaled EUR 4.3 million. The integration of ICT, CRM tools and digital services as well as the integration of the Bystronic glass brand with Glaston, with the aim of discontinuing its use by the end of 2020, are the following steps in concluding the integration.

INVESTMENTS IN PRODUCT DEVELOPMENT, DIGITALIZATION AND INNOVATION

Glaston Group's research and development activity significantly improves the company's competitiveness. The company invests in continuous customer-driven product development, emerging glass technologies and new business opportunities brought by digitalization and aims to consistently bring to the market more advanced technology to meet customers' changing needs, in line with the company's strategy. The Group carries out product development in close cooperation with its customers and partners, such as research institutes, universities of technology and other higher education establishments.

In the review period, Glaston continued investing in product development and emerging glass technologies in line with the company's growth strategy. New digital and IoT-based products that facilitate the transition to fully automated glass processing continue to be at the forefront of product development.

By the end of the year, more than 150 tempering machines had been connected to the Insight services, and more than 2.5 million glass processing loads had been registered. In addition, the first laminating machines have been connected to the Insight ecosystem and the first insulating glass machine test connections have been made to the company's cloud service. During the period under review, several artificial intelligence applications to improve the quality and control of the tempering process were implemented within the scope of the Midas project, led by Dimecc.

Glaston has already for a longer period focused on improving the energy efficiency of its heat treatment machines, and the energy consumption of the most relevant products in its heat treatment portfolio has significantly decreased. For instance the energy consumprion in the heat treatment process of Low-e glass has decreased by approximately 30% over a 10 year period.

To boost innovation and create new business opportunities offered by digitalization, Glaston organized in summer 2019 the glass industry's start-up event Step Change in conjunction with the Glass Performance Days (GPD) conference. Step Change aims to promote the development of the industry and meetings between new innovators, potential partners, customers and investors. GPD is a forum dedicated to the development of the global glass industry.

At the 2019 GPD, Glaston launched the new, unique Siru application, which enhances the quality control of tempering processes with an AI-based glass fragment counter.

In the Glaston segment, many product development projects entered the productization phase in 2019, and the company delivered, for example, the first FC VP and Edge Control products to its customers. The company also delivered a machine to China for the manufacture of fireproof glass, and the first GlastonAir™ line for the production of thin solar panels was commissioned in China.

Product development investments in the Bystronic glass segment were strengthened during 2019, and investments on the insulating glass side focused on the development of the new multi'arrisser sharp-edge arrissing machine intended for high quality grinding of straight glass edges. The machine utilizes technology that individually adapts to rectangular and shaped glass edges. Premium low-E glass can be treated entirely without touching the coated surface. The machine can be used as a stand-alone solution or integrated with an insulating glass line, while offering a wide range of applications for tempering, laminating or insulating glass processing. In the review period, development of the B-Compare software also continued. The software supports the customer in identifying and optimizing the correct production process.

Product development in 2019 of automotive glass pre-processing machines related to improving productivity of pre-processing machines and integrating equipment into the customer environment.

In January–December, research and product development expenditure, excluding depreciation, totaled EUR 8.2 (5.1) million, of which EUR 1.8 (1.0) million was capitalized. Research and product development expenditure amounted to 4.5 (3.8)% of net sales.

RESPONSIBILITY IN GLASTON

Glaston's purpose is to build a better tomorrow through safer, smarter, and more energy-efficient glass solutions. As environmental awareness increases, demand for more energy-efficient and environmentally sustainable glass solutions is growing. As a frontrunner in our industry, Glaston has taken this into account in our product development and will continue to focus on this in the future.

Coated low-emissivity glass processed with Glaston's technology as well as energy-efficient double- or triple-glazed insulating units meet the energy-saving needs of buildings. Greater attention is being paid to the safety of buildings, and for glazing solutions this means increasing use of tempered and laminated glass. Tempering and laminating processes are Glaston's core expertise, and in these the company offers the most advanced technology.

The debate on climate change is also strongly reflected in the glass industry. This has led to rapid development in smart glass, ultra-thin glass and glass used in solar energy solutions. As our industry's innovative technology leader, Glaston is strongly involved in this development, and the company is continually launching more advanced technology to meet the changing needs of the market.

In 2019, Glaston reviewed the most essential aspects of its responsibility in collaboration with the company's main external stakeholders and its own personnel. Based on this, the key issues of responsibility were identified, with the most essential themes being: responsible own activities (personnel, environment, responsible business), responsible purchases, responsible partner and responsible member of society. The company's Executive Management Group approved Glaston's responsibility agenda in December 2019. These themes and the company's responsibility will be described in more detail in the Annual Review, which will be published in week 11, 2020.

GOVERNANCE

Shares and shareholders

Glaston Corporation's share is listed on the Nasdaq Helsinki Small Cap list. The trading code for the share is GLA1V and the ISIN code is FI4000369657. Each share entitles its holder to one vote and voting right. Glaston Corporation's share capital on 31 December 2019 was EUR 12.7 (12.7) million.

Shares on Nasdaq Helsinki

			No. of shares and votes	Share turnover, EUR million
GLA1V			84 289 911	10.9
	Highest	Lowest	Closing	Average price *)
Share price	1.82	1.05	1.26	1.25
			31.12.2019	31.12.2018
Market value			105.8	73.7
Number of shareholders			7 112	5 876
Foreign ownership, %			27.2	19.2

*) trading-weighted average

At the end of the review period, Glaston Corporation's largest shareholders were AC Invest Eight 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 6.1%.

Governance

General Meetings of Shareholders

Extraordinary General Meeting

An Extraordinary General Meeting of Glaston Corporation was held in Helsinki on 26 February 2019. The Extraordinary General Meeting resolved, as proposed by the Board of Directors, to authorize the Board of Directors to resolve on the issuance of shares for the implementation of a directed share issue and rights offering. The Extraordinary General Meeting also resolved to combine the shares and to redeem the shares related to this, as proposed by the Board of Directors.

Annual General Meeting

The Annual General Meeting of Glaston Corporation was held in Helsinki on 4 April 2019. The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial year 1 January – 31 December 2018 and discharged the Members of the Board of Directors and the President & CEO from liability for the financial year 1 January – 31 December 2018.

In accordance with the proposal of the Board of Directors, Annual General Meeting resolved that, based on the balance sheet adopted for financial year 2018, a return of capital totaling approximately EUR 1,157,067, i.e. EUR 0.03 per share, be distributed. The return of capital was paid from the reserve for invested unrestricted equity to shareholders who were registered in the company's register of shareholders, maintained by Euroclear Finland Ltd, on the record date for payment, 8 April 2019. The return of capital was paid on 25 April 2019.

Composition of the Board of Directors

In accordance with the proposal of the Shareholders' Nomination Board, the number of the members of the Board of Directors was resolved to be six. The Annual General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Board, to re-elect the current members of the Board of Directors, Teuvo Salminen, Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Kai Mäenpää and Tero Telaranta for a term of office ending at the close of the next Annual General Meeting. More information on the members of the Board of Directors is available on Glaston Corporation's website at www.glaston.net.

Remuneration of the Board of Directors

The Annual General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Board, that that the annual fees of the members of the Board of Directors be increased so that the Chairman of the Board of Directors will be paid an annual fee of EUR 60,000, the Deputy Chairman an annual fee of EUR 40,000 and the other members of the Board of Directors an annual fee of EUR 30,000. In addition, in accordance with the proposal of the Shareholders' Nomination Board, the Annual General Meeting resolved that the Members of the Audit and Remuneration Committees to be established be paid a meeting fee of EUR 500 for each meeting that the members have attended. In addition to the meeting fee, the Chairman of the Audit Committee will be paid an annual fee of EUR 10,000 and the Chairman of the Remuneration Committee will be paid an annual fee of EUR 7,500.

Auditor

In accordance with the proposal of the Board of Directors, the Annual General Meeting re-elected the authorized public accounting firm Ernst & Young Oy as the company's auditor, with Authorized Public Accountant Kristina Sandin as the main responsible auditor.

Authorization to the Board of Directors

In accordance with the proposal of the Board of Directors, the Annual General Meeting authorized the Board of Directors to decide on one or more issuances of shares, including the right to issue new shares or dispose of the shares in the possession of the company and to issue options or other rights entitling to shares pursuant to Chapter 10 of the Finnish Companies Act. The authorization consists of a total of up to 4,000,000 shares, representing approximately 10 per cent of the current total number of shares in the company. The authorization does not exclude the Board of Directors' right to decide on a directed share issue. The authorization may be used for material arrangements from the company's point of view, such as financing or implementing business arrangements or investments or for other such purposes determined by the Board of Directors in which case a weighty financial reason for issuing shares, options or other rights and possibly directing a share issue would exist.

The Board of Directors is authorized to resolve on all other terms and conditions of the issuance of shares, options and other rights entitling to shares as referred to in Chapter 10 of the Companies Act, including the payment period, grounds for the determination of the subscription price and the subscription price or allocation of shares, options or other rights without payment or that the subscription price may be paid besides in cash also with other assets either partially or entirely (contribution in kind).

The authorization is effective until 30 June 2020 and it revokes earlier corresponding authorizations. In contrast, the authorization does not revoke the authorizations given by the Extraordinary General Meeting of the company on 26 February 2019 to the Board of Directors for share issues of 7,600,000 shares and 46,000,000 shares as set out in more detail in the resolution of the aforementioned General Meeting.

Reduction of the share premium account

In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved that the share premium account, as stated on the parent company's balance sheet on 31 December 2018, that belongs to restricted equity, will be reduced by transferring all funds in the account, EUR 25,269,825, to the company's reserve for invested unrestricted equity. A significant amount of funds has accumulated in the company's share premium account based on entries made until 2004 in accordance with the so-called old Limited Liability Companies Act (734/1978), and particularly due to a share issue related to the listing of the company in 1997, when the part of the subscription price of the new shares exceeding the nominal value of the share of that time was entered in the company's share premium account. The entry into force of the reduction of the share premium account is subject to the completion of the creditor protection procedure set out in Chapter 14 of the Limited Liability Companies Act.

Composition of the Nomination Board

Based on the ownership situation on 2 September 2019, the following were selected as members of Glaston's Nomination Board: Lasse Heinonen (AC Invest Eight B.V.), Jaakko Kurikka (Hymy Lahtinen Oy), Pekka Pajamo (Varma Mutual Pension Insurance Company) and Esko Torsti (Ilmarinen Mutual Pension Insurance Company). In its organizing meeting held on 10 September 2019, the Nomination Board elected Lasse Heinonen from among its members to be Chairman. Teuvo Salminen, Chairman of the Glaston Corporation's Board of Directors, serves as an advisory member of the Nomination Board.

Flagging notifications

9 April 2019: Glaston Corporation received a notification, pursuant to Chapter 9 Section 5 of the Finnish Securities Market Act, that AC Invest Eight B.V.'s holding of shares and votes in Glaston Corporation had exceeded 25%.

Changes in the Executive Management Group

In connection with the completion of the Bystronic glass acquisition, Glaston made the following changes to its Executive Management Group. As of 1 April 2019, the Executive Management Group consists of CEO Arto Metsänen, COO and integration lead Sasu Koivumäki, CFO Päivi Lindqvist, as of 27 May 2019 Dietmar Walz, who is responsible for the operations of Bystronic glass, and as of 1 May 2019 Juha Liettyä, who is responsible for operations of Glaston Technologies. On 13 January 2020, the company announced changes to its Group structure as well as changes to the Executive Management Group made in connection with it. The following appointments were made to the Group's Executive Management Group on 1 January 2020: Artturi Mäki (SVP, Services), Robert Prange (SVP, Glaston Automotive and Emerging Technologies) and Taina Tirkkonen (General Counsel and SVP, Human Resources).
As of 1 January 2020 the Executive Management Group consists of CEO Arto Metsänen, COO, Sales & Integration Sasu Koivumäki, CFO Päivi Lindqvist, SVP Glaston Heat Treatment Technologies Juha Liettyä, SVP Glaston Insulating Glass Technologies Dietmar Walz, SVP Glaston Automotive and Emerging Technologies Robert Prange, SVP Services Artturi Mäki and General Counsel and SVP, Human Resources Taina Tirkkonen.

BUSINESS RISKS

Strategic risks

A survey of strategic risks is part of the Group's strategic planning process. A risk is defined as strategic where, if realized, it may have long-term effects on business.

Business environment risks

The company operates worldwide and changes in the global economy and business cycles have a direct impact on the company's operating conditions. The company's business is to a large extent linked to trends in global investment demand. Demand for the company's products is influenced by global, regional and national macroeconomic conditions, which affect the end users of its products. As a result, Glaston is exposed to business cycles in its customers' industries, such as the construction, solar energy, automotive and appliance industries. In recent years, general economic and financial market conditions in Europe and elsewhere in the world have fluctuated significantly, and the general increase in uncertainty has reduced willingness to invest and therefore had a negative impact on Glaston's order intake, net sales and earnings in certain product areas.

With the acquisition of Bystronic glass, completed in spring 2019, the company's dependence on the business cycles of any one industry has decreased slightly during the review period. Bystronic glass's business consists primarily of the production, sales and services of insulating glass technologies. Demand for insulating glass machines is currently driven by the widespread global need to improve the energy performance of buildings and is therefore less dependent on the global economic cycle. This brings stability to the company alongside the more cyclical heat treatment and automotive glass businesses.

Due to rising costs caused by increasing global environmental requirements and environmental pollution, vehicle manufacturers need to invest in more low-emission and energy-efficient technologies and products. Changing consumer behavior, stricter requirements and tighter regulation have led to a shift in the investments of automotive industry customers. Longer-term disruption could impact demand for the Group's automotive glass machines more negatively. Increasing automotive glass requirements present new challenges for glass processing, bringing new players to the market and creating new opportunities for glass processing technology suppliers. From a technical standpoint, environmental requirements will be met by, among other things, lighter structures for vehicles, on which thin glass, in particular, will have a positive impact.

Heat treatment and automotive glass machines accounted for 37% of the company's 2019 pro forma net sales in 2019.

In addition to sales of new machines, the company is investing heavily in its services, with the aim of partially balancing its cyclically sensitive business and improving its profitability. The Emerging Technologies business, which operates partly in different cycles, will contribute to the stability of the company's operations in the future.

Competitive situation and price risks

Competition in the glass processing machines and services market is intense, and Glaston is in competition with several multinational companies and regional manufacturers and service providers, and indirectly also with its customers' operations. An intensification of competition may lead to a deterioration of order intake, project margins or terms of payment, and therefore adversely impact Glaston's business. Existing or new competitors may expand into one or more of the company's key markets, or may seek to increase their market share through aggressive pricing strategies or other means. For example in China, which is the largest market for the glass processing industry in the Asia and Pacific area, purchasing behavior is more cost-conscious than in other market areas. As a result, price competition is intense and local players have a significant competitive advantage in the market. The company's position in the Chinese market as well as its success in launching and increasing the sales of new products developed for the market are important factors in the company's long-term growth.

Combining the strengths of Bystronic glass and Glaston and leveraging the expertise brought by Bystronic glass will create opportunities for the company to develop its markets and cost competitiveness as well as to seek growth by developing its product range to better meet the needs of mid-range segment customers in the glass processing market, particularly in Asia's architectural market.

Technology risks

One of Glaston's most significant strategic risks is technology risk, namely the entry into the market of a competing machine and glass processing technology, which would result in a reduction of Glaston's currently high market shares and require the company to make considerable product development investments. There is also a technology risk, associated with the entry into the market of competing technologies, for the projects of the Glaston Emerging Technologies unit, which focuses on Glaston's new technologies. The unit invests in new, early-stage technologies whose viability on a commercial scale is uncertain. Glaston mitigates these risks by making larger product development investments than other players in the market and by striving to be at the forefront of technology development. The product portfolio of the Emerging Technologies unit will be expanded into many new technologies, which will contribute to reducing the impact of the risk associated with any single technology.

Integration risk

Achieving the expected benefits of the Bystronic glass acquisition depends to a large extent on the timely and effective integration into the company of the business, processes and practices of the acquired units, which in turn depends on the time and resources of the acquired companies' management. The integration of Bystronic glass into Glaston's existing business involves risks and uncertainties, and one cannot be sure that Glaston will achieve all of the benefits expected from the Bystronic glass acquisition.

The integration of Bystronic glass with Glaston has progressed well during 2019, and the company has succeeded in integrating functions faster than expected. All mergers of operational functions have already been completed and overlapping activities have been removed. In addition, longer-term projects, such as the merging of various IT and customer management systems, the integration of the Bystronic glass brand with Glaston, and the development of a common digital product platform, have begun but will take time to complete. The annual cost savings of measures undertaken by the end of 2019 will be more than EUR 4 million. In connection with the acquisition, the company expects to achieve these savings by 2021.

Responsibility and climate change risks

Glaston has assessed its responsibility risks, including risks related to climate change, in both its strategic and operational risk assessments. The risks were not found to be significant, however. The potential risks associated with responsibility, climate change and Glaston's products include regulatory changes, environmental protection and rising operating costs due to environmental taxation.

Glaston's position as a frontrunner in technology development reduces the company's responsibility risks and supports the exploitation of the opportunities provided by tightening environmental requirements, for example through the insulating glass and smart glass solutions offered by the company. In addition, a key focus of Glaston's product development work is the energy-efficiency of products, and as a result customers can process their glass more energy-efficiently than before.

Changes in the climate

As a result of climate change, changes in annual rainfall and extreme weather conditions are becoming more common. Floods or unusual snow and ice conditions, for example, could jeopardize the continuity of Glaston's operations. None of Glaston's production facilities are located in such a way that there is a significant risk that flooding would jeopardize their activities. Glaston manages these risks at the Group level and takes the necessary preventive measures for its production facilities and their machinery and equipment.

Compliance and corruption risk

Glaston recognizes the risk of becoming the target of fraud by third parties and that the risk of corruption and fraud is possible in some of the company's operating areas. With the acquisition of Bystronic glass, the company's employee numbers have almost doubled and it is possible that not all of the new employees have yet become familiar with the company's ethical operating principles. Glaston's operations are guided by our Code of Conduct, which is approved by the company's Board of Directors. The company always adheres to high ethical operating principles and requires strict compliance with its strict anti-corruption procedures. The Code of Conduct describes the company's requirements and expectations regarding responsible and ethical conduct. In addition, the Code of Conduct guides Glaston's employees in their daily work with colleagues and with customers, suppliers and other stakeholders. The topics covered include workplace conduct and responsible business practices as well as the environment and sustainable development. The Code of Conduct will be updated in 2020 to take better into account human rights, corruption and bribery issues. All personnel will be trained in the updated Code of Conduct during 2020. The Code of Conduct is complemented by other Group-level operating guidelines approved by the Board of Directors. Local guidelines, on occupation health and safety, for example, supplement the Group-level guidelines.

Glaston has a whistleblowing system, which allows personnel to report anonymously any violations of the Code of Conduct and other guidelines. Group-level guidelines are available on the company's intranet. Local guidelines are available on either operating locations' intranet sites or shared networks.

Operational risks

Operational risk management is part of the daily work of business areas. Opportunities and risks are identified, assessed and managed on a daily basis; they are reported and assigned to the appropriate level of management. The status of opportunities and threats is regularly assessed, and appropriate measures are taken if necessary.

Glaston's most significant operational risks include management and possible quality problems related to demanding customer projects, availability of components, management of the contractual partner and subcontractor network, product development, succeeding in the protection and efficient production of intellectual property rights as well as the availability and permanence of expert personnel. In some cases, the possible failure of a single project may have significant financial implications if its size or contractual terms and conditions are exceptional.

The successful growth of the Group's operations requires successful management and controlled growth of resources. In addition, digitalization and emerging technologies are bringing requirements for technological and business management expertise. The Group's ability to attract new types of expertise and maintain a high level of job satisfaction among its employees is further emphasized.

Glaston's balance sheet contains a substantial amount of goodwill. A prolonged period of low demand may lead to a situation in which Glaston's recoverable amounts are insufficient to cover the carrying amounts of asset items, particularly goodwill. If this happens, it will be necessary to recognize an impairment loss, which, when implemented, will weaken the result and equity.

Glaston continually develops its information systems and, despite careful planning, temporary disruptions to operations might be associated with the introduction stages. Due to the industrial internet, the significance of information security risks has increased, and the management of such risks is a subject of particular attention.

Financial risks

The Group's most significant financial risks are foreign exchange, credit and refinancing risks. Financial risks and their management are described in the section Management of Financial Risks of the Annual Review.

The Group's risk management processes are described in the Corporation Governance Statement.

LEGAL PROCEEDINGS AND ARBITRATION

In August, Glaston announced that a dispute between Glaston and a customer regarding a heat treatment machine acquired by the customer from the company was proceeding to arbitration. The parties have reached a mutually satisfactory agreement and the arbitration procedure was suspended in January 2020.

EVENTS AFTER THE CLOSING DATE

On 13 January 2020, Glaston Corporation announced that it had made changes to its Group structure to better reflect its business dynamics and market drivers. As of 1 January 2020, the company has three business areas: Glaston Heat Treatment Technologies, Glaston Insulating Glass Technologies and Glaston Automotive & Emerging Technologies. The business areas also form the company's three reporting segments, in which Services business is included. Machine and services sales, order intake and order book will also be reported separately as additional information. Glaston will publish comparative figures for the new segments before the publication of the interim report for the first quarter of 2020. In connection with the organizational change, the following appointments have been made to the Executive Management Group: Artturi Mäki (SVP, Services), Robert Prange (SVP, Glaston Automotive and Emerging Technologies) and Taina Tirkkonen (General Counsel and SVP, Human Resources). As of 1 January 2020 the Executive Management Group consists of CEO Arto Metsänen, COO, Sales & Integration Sasu Koivumäki, CFO Päivi Lindqvist, SVP Glaston Heat Treatment Technologies Juha Liettyä, SVP Glaston Insulating Glass Technologies Dietmar Walz, SVP Glaston Automotive and Emerging Technologies Robert Prange, SVP Services Artturi Mäki and General Counsel and SVP, Human Resources Taina Tirkkonen.

UNCERTAINTIES AND FACTORS AFFECTING NEAR FUTURE DEVELOPMENT

In the fourth quarter of 2019 uncertainty continued, particularly in the European heat treatment machines market, but a slight recovery in demand was apparent. Demand for insulating glass machines has continued to be good in all market areas and this is also expected to continue into 2020. Challenges remain in the automotive glass market and the same trend is expected to continue, at least in the short term.

The coronavirus epidemic that began in China at the end of 2019 is causing uncertainty for the market outlook and, if prolonged and extended, it might affect the company's development.

Due to the project nature of the company's business, the number of orders might fluctuate significantly from one quarter to the next, impacting the company's net sales and earnings with a delay of approximately 3–6 months. The company's after-sales services, which account for over 30% of the company's net sales, are less cyclical and provide stability to the business.

GLASTON'S OUTLOOK FOR 2020

Glaston Corporation expects that 2020 comparable EBITA will improve from the 2019 level (2019 comparable pro forma EBITA EUR 12.1 million).

BOARD OF DIRECTORS' PROPOSAL ON THE DISTRIBUTION OF PROFITS

The distributable funds of Glaston Corporation amount to EUR 75,298,315, of which EUR 12,208,041 represents the loss for the financial year. The company has no funds available for dividend distribution. The Board of Directors proposes to the Annual General Meeting, to be held on 2 April 2020, that the loss for the financial year 2019 be added to retained earnings and that no dividend be paid. The Board of Directors proposes that, based on the balance sheet adopted for 2019, a return of capital of EUR 1,685,798 be distributed, which is EUR 0.02 per share. The return of capital will be paid from the reserve for invested unrestricted equity to shareholders who are registered in the company's register of shareholders, maintained by Euroclear Finland Ltd, on the record date for payment, 6 April 2020. The Board of Directors proposes to the Annual General Meeting that the return of capital be paid on 23 April 2020. On the day that the proposal for the return of capital was made, the number of shares entitling to a return of capital was 84,289,911, which means that the total amount of the return of capital would be EUR 1,685,798. EUR 73,612,517 will be left in distributable funds. No substantial changes in the company's financial position have taken place after the end of the financial year. In the view of the Board of Directors, the proposed distribution of profits does not jeopardize the company's solvency.

Helsinki, 11 February 2020
Glaston Corporation
Board of Directors

glaston seeing it through®

GLASTON CORPORATION
CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 31 DECEMBER 2019

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

Glaston is applying the new leasing standard 'IFRS 16 leases' fully retrospectively from 1 January 2019 and has restated the comparable figures accordingly for 2018.

These condensed financial statements are audited. Auditor's report has been given on 11 February 2020. 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.

CONDENSED STATEMENT OF PROFIT OR LOSS		restated*		restated*
EUR million	**10-12/2019**	**10-12/2018**	**1-12/2019**	**1-12/2018**
Net sales	**47.3**	**27.8**	**181.0**	**101.1**
Other operating income	0.6	0.7	1.8	2.2
Expenses	-46.7	-26.0	-176.0	-94.7
Depreciation, amortization and impairment	-1.7	-0.7	-5.6	-3.0
Depreciation of right-of-use assets	-0.5	-0.4	-2.6	-1.8
Operating result	**-0.9**	**1.2**	**-1.3**	**3.8**
Financial items, net	-0.5	-0.2	-2.6	-0.7
Interest expenses on lease liabilities	-0.3	-0.1	-0.5	-0.5
Result before income taxes	**-1.8**	**0.9**	**-4.4**	**2.6**
Income taxes	-0.7	-0.1	-2.0	-0.7
Profit / loss for the period	**-2.4**	**0.9**	**-6.4**	**1.9**
Attributable to:				
Owners of the parent	-2.4	0.9	-6.4	2.1
Non-controlling interest	0.0	-0.0	-0.0	-0.2
Total	**-2.4**	**0.9**	**-6.4**	**1.9**
Earnings per share, EUR [1	-0.034	0.017	-0.089	0.041
Earnings per share, EUR, basic and diluted	**-0.034**	**0.017**	**-0.089**	**0.041**
Operating result, as % of net sales	-1.9	4.5	-0.7	3.8
Profit / loss for the period, as % of net sales	-5.1	3.1	-3.5	1.9
Items affecting comparability	-2.3	-1.3	-7.2	-1.8
Comparable operating result	1.3	2.6	5.9	5.7
Comparable operating result, as % of net sales	2.8	9.2	3.3	5.6

[1 A Reverse share split was implemented on 1 March 2019. A Rights issue was implemented during the second quarter in 2019. The number of shares and the share price and key ratios based on these for the comparative period have been restated accordingly.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		restated*		restated*
EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Profit / loss for the period	**-2.4**	**1.2**	**-6.4**	**1.9**
Other comprehensive income that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	-0.6	0.0	-0.4	0.1
Fair value changes of financial assets measured at fair value through profit or loss	0.0	0.0	0.1	0.0
Cash flow hedges	0.3	0.1	0.0	-0.1
Income tax on other comprehensive income	0.0	0.0	0.0	0.0
Other comprehensive income that will not be reclassified subsequently to profit or loss:				
Exchange differences on actuarial gains and losses arising from defined benefit plans	0.0	0.0	0.0	0.0
Actuarial gains and losses arising from defined benefit plans	-1.1	0.0	-1.2	0.0
Taxes on actuarial gains and losses arising from defined benefit plans	0.3	0.0	0.3	0.0
Other comprehensive income for the reporting period	**-1.0**	**0.1**	**-1.2**	**0.0**
Total comprehensive income for the reporting period	**-3.5**	**1.2**	**-7.6**	**1.9**
Attributable to:				
Owners of the parent	-3.5	1.3	-7.6	2.1
Non-controlling interest	0.0	-0.1	0.0	-0.2
Total comprehensive income for the reporting period	**-3.5**	**1.2**	**-7.6**	**1.9**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		restated*
EUR million	31.12.2019	31.12.2018
Assets		
Non-current assets		
Goodwill	58.3	30.6
Other intangible assets	19.7	5.8
Property, plant and equipment	25.0	7.7
Right-of-use assets	8.4	8.0
Financial assets measured at fair value through other comprehensive income	3.1	3.0
Loan receivables	2.5	3.2
Deferred tax assets	1.3	0.6
Total non-current assets	**118.4**	**58.8**
Current assets		
Inventories	42.6	5.8
Receivables		
Trade and other receivables	23.0	15.7
Contract assets	12.6	10.3
Assets for current tax	0.2	0.4
Total receivables	35.8	26.4
Cash equivalents	19.9	7.9
Total current assets	**98.3**	**40.0**
Total assets	**216.7**	**98.9**

EUR million	31.12.2019	restated* 31.12.2018
Equity and liabilities		
Equity		
Share capital	12.7	12.7
Share premium account	-	25.3
Other restricted equity reserves	0.0	0.1
Reserve for invested unrestricted equity	109.5	39.6
Treasury shares	-	-3.3
Fair value reserve	0.2	0.1
Other unrestricted equity reserves	0.0	0.0
Retained earnings and exchange differences	-42.7	-40.2
Net result attributable to owners of the parent	-6.4	2.1
Equity attributable to owners of the parent	**73.4**	**36.3**
Non-controlling interest	**-0.0**	**0.1**
Total equity	**73.4**	**36.4**
Non-current liabilities		
Non-current interest-bearing liabilities	39.3	8.1
Non-current lease liabilities	8.2	7.6
Non-current interest-free liabilities and provisions	2.4	0.7
Deferred tax liabilities	6.7	0.2
Total non-current liabilities	**56.6**	**16.5**
Current liabilities		
Current interest-bearing liabilities	3.6	4.6
Current lease liabilities	1.7	1.5
Current provisions	3.9	1.7
Trade and other current interest-free payables	72.2	37.3
Contract liabilities	4.8	0.7
Liabilities for current tax	0.4	0.2
Total current liabilities	**86.6**	**46.0**
Total liabilities	**143.2**	**62.5**
Total equity and liabilities	**216.7**	**98.9**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	10-12/2019	restated* 10-12/2018	1-12/2019	restated* 1-12/2018
Cash flows from operating activities				
Cash flow before change in net working capital	2.0	3.6	2.3	5.0
Change in net working capital	6.8	1.0	8.6	-5.1
Net cash flow from operating activities	**8.8**	**4.6**	**10.8**	**-0.0**
Cash flow from investing activities				
Acquisition of subsidiaries less cash at the date of acquisition	-0.5	0.0	-51.7	-
Purchase of loan receivables of subsidiaries acquired	0.0	0.0	-16.9	-
Other purchases of non-current assets	-1.6	-1.0	-4.6	-1.8
Proceeds from sale of business	0.4	0.1	0.6	0.1
Proceeds from sale of other non-current assets	0.1	0.2	0.1	0.2
Net cash flow from investing activities	**-1.6**	**-0.6**	**-72.5**	**-1.5**
Cash flow before financing	**7.2**	**4.0**	**-61.6**	**-1.5**
Cash flow from financing activities				
Share issue, net	-0.5	0.0	45.8	-

Increase in non-current liabilities	0.0	0.0	40.1	0.0
Decrease in non-current liabilities	0.0	0.0	-5.0	-
Changes in loan receivables (increase - / decrease +)	0.0	-0.6	-	-0.5
Increase in short-term liabilities	0.0	5.0	33.0	9.0
Decrease in short-term liabilities	0.0	-6.3	-37.6	-9.6
Return of capital	0.0	0.0	-1.2	-1.9
Net cash flow from financing activities	**-0.5**	**-2.0**	**75.1**	**-3.0**
Effect of exchange rate changes	**-0.7**	**0.1**	**-1.5**	**0.0**
Net change in cash and cash equivalents	**5.9**	**2.1**	**12.0**	**-4.5**
Cash and cash equivalents at the beginning of period	13.9	5.8	7.9	12.4
Cash and cash equivalents at the end of period	19.9	7.9	19.9	7.9
Net change in cash and cash equivalents	**5.9**	**2.1**	**12.0**	**-4.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2018	**12.7**	**25.3**	**41.6**	**-3.3**	**0.3**	**-44.1**	**4.5**	**36.9**	**0.2**	**37.1**
Restate: IFRS 16	-	-	-	-	-	-0.7	-	**-0.7**	-	**-0.7**
Restated equity at 1 January, 2018	**12.7**	**25.3**	**41.6**	**-3.3**	**0.3**	**-44.8**	**4.5**	**36.2**	**0.2**	**36.4**
Total compr. income for the period	-	-	-	-	-0.1	2.1	0.1	**2.1**	-0.2	**1.9**
Return of capital	-	-	-1.9	-	-	-	-	**-1.9**	-	**-1.9**
Equity at 31 December, 2018	**12.7**	**25.3**	**39.6**	**-3.3**	**0.2**	**-42.7**	**4.5**	**36.3**	**0.1**	**36.4**

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2019	**12.7**	**25.3**	**39.6**	**-3.3**	**0.2**	**-42.7**	**4.5**	**36.3**	**0.1**	**36.4**
Total compr. income for the period	-	-	-	-	0.1	-7.4	-0.4	**-7.6**	-0.0	**-7.6**
Changes in non-controlling interest	-	-	-	-	-	-	-	**-**	-0.1	**-0.1**
Change in treasury shares	-	-	-	3.3	-	-3.3	-	**-**	-	**-**
Share-based plan	-	-	-	-	-	-	0.0	**0.0**	-	**0.0**
Share-based plan, tax effect	-	-	-	-	-	-	-0.0	**-0.0**	-	**-0.0**
Return of capital	-	-	-1.2	-	-	-	-	**-1.2**	-	**-1.2**
Share issue	-	-	45.8	-	-	-	-	**45.8**	-	**45.8**
Dissolution of share premium account	-	-25.3	25.3	-	-	-	-	**-**	-	**-**
Other changes	-	-	-	-	-	0.1	-	**0.1**	-	**0.1**
Equity at 31 December, 2019	**12.7**	**0.0**	**109.5**	**-**	**0.3**	**-53.3**	**4.2**	**73.4**	**0.0**	**73.4**

KEY RATIOS	31.12.2019	restated* 31.12.2018
EBITDA, as % of net sales	3.8	8.6
Comparable EBITDA, as % of net sales	7.8	10.4
Operating profit (EBIT), as % of net sales	-0.7	3.8
Comparable operating profit (EBIT), as % of net sales	3.3	5.6
Comparable EBITA, as % of net sales	5.4	7.5
Profit / loss for the period, as % of net sales	-3.5	1.9
Gross capital expenditure, EUR million	63.1	2.0
Gross capital expenditure, as % of net sales	34.8	2.0
Equity ratio, %	41.6	44.4
Gearing, %	72.0	59.8
Net gearing, %	45.0	38.2
Net interest-bearing debt, EUR million	33.0	13.9
Capital employed, end of period, EUR million	126.3	58.2
Return on equity, %, annualized	-11.6	5.3
Return on capital employed, %, annualized	-1.3	6.5
Number of personnel, average	689	379
Number of personnel, end of period	790	357

PER SHARE DATA	31.12.2019	restated* 31.12.2018
Number of registered shares, end of period, adjusted with share issue (1.000) (1	84 290	38 727
Number of shares, average, adjusted with share issue, treasury shares excluded (1.000) (1	72 072	51 302
EPS, total, basic and diluted, adjusted with share issue, EUR (1	-0.089	0.041
Adjusted equity attributable to owners of the parent per share, EUR (1	0.87	0.94
Return of capital per share, EUR *	0.02	0.03
Return of capital ratio, % *	-22.5	73,9
Return of capital yield / share *	1.6	2,1
Price per earnings per share (P/E) ratio (1	-14.1	35.4
Price per equity attributable to owners of the parent per share (1	1.44	1.53
Market capitalization of registered shares, excl. treasury shares, EUR million (1	105.8	55.4
Share turnover, % (number of shares traded, % of the average registered number of shares) (1	15.1	8.4
Number of shares traded, (1.000) (1	10 878	4 307
Closing price of the share, EUR (1	1.26	1.44
Highest quoted price, EUR (1	1.82	1.89
Lowest quoted price, EUR (1	1.05	1.38
Volume-weighted average quoted price, EUR (1	1.25	1.65

(1 A Reverse share split was implemented on 1 March 2019. A Rights issue was implemented during the second quarter in 2019. The number of shares and the share price and key ratios based on these for the comparative period have been restated accordingly.

*The Board of Directors' proposal to the Annual General Meeting

SEGMENT INFORMATION

Glaston's reportable segments as of April 1, 2019 are Glaston and Bystronic glass. The reportable segments comply with the group's accounting and valuation principles. In inter-segment transactions, Glaston complies with the same commercial terms and conditions as in its third party transactions.

The reportable segments consist of operating segments, which have been aggregated in accordance with the criteria of IFRS 8.12. Operating segments have been aggregated, when the nature of the products and services is similar, the nature of the production process is similar as well as the type or class of customers. Glaston Group's business consists of the manufacture and sale of glass processing machines as well as the service operations for these machines. There is a high level of integration between glass machines and maintenance. Their customers are the same, as is their market development, which is linked to the general development of the global market.

Glaston's highest operative decision maker (CODM, Chief Operating Decision Maker) is Glaston Corporation's President & CEO, supported by the Executive Management Group. The President & CEO assesses the Group's financial position and its overall development.

Order intake

EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Glaston	26.0	34.0	85.7	107.6
Bystronic glass	23.2	-	76.4	-
Total Glaston Group	**49.2**	**34.0**	**162.2**	**107.6**

Net sales

EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Glaston	21.3	27.8	88.6	101.1
Bystronic glass	26.0	-	92.4	-
Total Glaston Group	**47.3**	**27.8**	**181.0**	**101.1**

Operating result (EBIT)

EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Glaston	-1.6	1.2	-4.6	3.8
Bystronic glass	0.6	-	3.4	-
Total Glaston Group	**-0.9**	**1.2**	**-1.3**	**3.8**
Operating result %	-1.9%	4.5%	-0.7%	3.8%

Comparable EBIT

EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Glaston	-0.4	2.6	0.1	5.7
Bystronic glass	1.8	-	5.8	-
Total Glaston Group	**1.3**	**2.6**	**5.9**	**5.7**
Comparable EBIT %	2.8%	9.2%	3.3%	5.6%

Comparable EBITA

EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Glaston	-0.1	3.0	1.6	7.6
Bystronic glass	2.5	-	8.2	-
Total Glaston Group	**2.5**	**3.0**	**9.7**	**7.6**
Comparable EBITA %	5.2%	10.9%	5.4%	7.5%

Segment assets

EUR milion	1-12/2019	1-12/2018
Glaston	83.4	85.3
Bystronic glass	107.0	-
Total segment assets	**190.3**	**85.3**
Other assets	26.3	13.6
Total assets	**216.7**	**98.9**

Segment liabilities

EUR million	1-12/2019	1-12/2018
Glaston	42.2	40.3
Bystronic glass	41.1	-
Total segment liabilities	**83.3**	**40.3**
Other liabilities	59.9	22.2
Total liabilities	**143.2**	**62.5**

Personnel at the end of the period

EUR million	1-12/2019	1-12/2018
Glaston	382	357
Bystronic glass	408	-
Total personnel at the end of the period	**790**	357

ORDER INTAKE, ORDER BOOK, NET SALES AND OPERATING RESULT BY QUARTERS

Order intake

EUR million	10-12/2019	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	26.0	18.7	18.1	22.9	34.0	21.7	25.4	26.5
Bystronic glass	23.2	26.9	26.4	-	-	-	-	-
Total Glaston Group	**49.2**	**45.6**	**44.5**	**22.9**	**34.0**	**21.7**	**25.4**	**26.5**

Order book

EUR million	31.12.2019	30.9.2019	30.6.2019	31.3.2019	31.12.2018	30.9.2018	30.6.2018	31.3.2018
Glaston	37.6	35.7	31.1	42.8	38.2	36.3	37.3	36.0
Bystronic glass	41.8	43.5	47.7	-	-	-	-	-
Total Glaston Group	**79.5**	**79.1**	**78.9**	**42.8**	**38.2**	**36.3**	**37.3**	**36.0**

Net sales

EUR million	10-12/2019	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	21.3	22.7	23.8	20.8	27.8	23.0	25.6	24.8
Bystronic glass	26.0	31.9	34.6	-	-	-	-	-
Total Glaston Group	**47.3**	**54.5**	**58.4**	**20.8**	**27.8**	**23.0**	**25.6**	**24.8**

Operating result (EBIT)

EUR million	10-12/2019	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	-1.6	-0.6	-1.7	-0.8	1.2	0.7	0.9	0.9
Bystronic glass	0.6	0.6	2.2	-	-	-	-	-
Total Glaston Group	**-0.9**	**-0.0**	**0.4**	**-0.8**	**1.2**	**0.7**	**0.9**	**0.9**
Operating result %	-1.9%	-0.1%	0.7%	-3.6%	4.5%	3.2%	3.6%	3.8%

Comparable EBIT

EUR million	10-12/2019	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	-0.4	0.8	-0.4	0.1	2.6	1.1	0.9	1.1
Bystronic glass	1.8	1.2	2.9	-	-	-	-	-
Total Glaston Group	**1.3**	**2.0**	**2.5**	**0.1**	**2.6**	**1.1**	**0.9**	**1.1**
Comparable EBIT %	2.8%	3.7%	4.3%	0.4%	9.2%	4.7%	3.6%	4.4%

Comparable EBITA

EUR million	10-12/2019	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Glaston	-0.1	1.1	-0.1	0.6	3.0	1.6	1.4	1.6
Bystronic glass	2.5	2.0	3.7	-	-	-	-	-
Total Glaston Group	**2.5**	**3.1**	**3.6**	**0.6**	**3.0**	**1.6**	**1.4**	**1.6**
Comparable EBITA %	5.2%	5.7%	6.2%	2.7%	10.9%	6.8%	5.4%	6.3%

COMPARABLE EBIT AND EBITA

Items affecting comparability

EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Re-structuring	-1.7	-1.3	-6.2	-1.8
Others	-0.5	-	-1.0	-
Items affecting comparability	**-2.3**	**-1.3**	**-7.2**	**-1.8**

Comparable operating result (EBIT) and EBITA

		restated*		restated*
EUR million	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Operating result	-0.9	1.2	-1.3	3.8
Items affecting comparability	2.3	1.3	7.2	1.8
Comparable EBIT	**1.3**	**2.6**	**5.9**	**5.7**
Operating result	**-0.9**	**1.2**	**-1.3**	**3.8**
Amortization and purchase price allocation	1.1	0.5	3.8	1.9
EBITA	**0.2**	**1.7**	**2.5**	**5.7**
Items affecting comparability	2.3	1.3	7.2	1.8
Comparable EBITA	**2.5**	**3.0**	**9.7**	**7.6**
% of net sales	**5.2%**	**10.9%**	**5.4%**	**7.5%**

COMPARISON BETWEEN RESTATED AND INITIALLY REPORTED FIGURES (IFRS16)

	restated	reported
EUR million	**1-12/2018**	**1-12/2018**
Net sales Glaston Group total	101.1	101.1
Comparable EBIT	**5.7**	**5.2**
Comparable EBIT-%	5.6	5.2
Items affecting comparability	-1.8	-1.8
EBIT	**3.8**	**3.4**
EBIT-%	3.8	3.4

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	**1-12/2019**	**1-12/2018**
Carrying amount at beginning of the period	7.7	8.4
Additions	2.1	0.9
Additions, business acquisitions	40.1	-
Disposals	0.1	-0.4
Depreciation and amortization	-2.2	-1.1
Depreciation and amortization, business acquisitions	-22.6	-
Impairment and reversals of impairment	-0.1	-
Reclassification and other changes	-0.1	0.0
Transfers to available-for-sale assets	-0.2	
Exchange differences	0.0	-0.0
Carrying amount at end of the period	25.0	7.7

At the end of September 2019 and year-end 2018 Glaston had not contractual commitments for the acquisition of property, plant and equipment.

EUR million

Changes in intangible assets	**1-12/2019**	**1-12/2018**
Carrying amount at beginning of the period	36.3	37.1
Additions	2.3	1.1
Additions, business acquisitions	47.9	-
Disposals	-0.0	-
Depreciation and amortization	-3.4	-1.9
Depreciation and amortization, business acquisitions	-5.2	-
Reclassification and other changes	0.1	0.0
Exchange differences	0.0	-0.0
Carrying amount at end of the period	78.1	36.3

LEASES IN THE BALANCE SHEET

EUR million

Right-of-use assets	1-12/2019	1-12/2018
Carrying amount at beginning of the period	8.0	9.3
Additions	4.0	0.5
Deprication expense	-3.6	-1.8
Carrying amount at end of the period	8.4	8.0

EUR million

Lease liabilities	1-12/2019	1-12/2018
Carrying amount at beginning of the period	9.0	10.2
Additions	3.1	0.5
Interest expense	0.5	0.5
Rental payment	-2.7	-2.3
Carrying amount at end of the period	9.9	9.0

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	1-12/2019	1-12/2018
Depreciation of right-of-use assets	-2.6	-1.8
Interest expense on lease liabilities	-0.5	-0.5
Short-term lease expense	-0.2	-0.2
Total amounts recognised in profit or loss	**-3.3**	**-2.6**

CONTINGENT LIABILITIES

EUR million	31.12.2019	31.12.2018
Mortgages and pledges		
On own behalf	511.4	166.9
Guarantees		
On own behalf	12.4	6.2
On behalf of others	0.1	0.1

Mortgages and pledges include EUR 23.9 million shares in group companies.

Glaston Group has international operations and 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.

DERIVATIVE INSTRUMENTS

EUR million	31.12.2019		31.12.2018	
	Nominal value	Fair value	Nominal value	Fair value
Currency forwards				
Currency forward contracts	12.0	0.0	11.9	-0.1

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.

Derivative instruments are used only for 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.

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 relibly, 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. Fair value equals cost or cost less impairment

During the reporting period there were no transfers between levels 1 and 2 of the fair value hierarchy. During the reporting period there were no changes in the valuation techniques of levels 2 or 3 of the fair value hierarchy.

Fair value measurement hierarchy, Level 3. changes during the reporting period

	2019	2018
1.1.	2.8	2.8
Additions	-	-
Disposals	-	-
Impairment losses	-	-
Reclassification	-	-
31.12.	2.8	2.8

Financial instruments measured at fair value and included in level 3 of fair value hierarchy, had no effect on the profit or loss of the reporting period or on other comprehensive income. These financial instruments are not measured at fair value on recurring basis.

Fair value hierarchy, fair values

EUR million	31.12.2019				31.12.2018			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Assets								
Listed shares	0.2	-	0.0	**0.2**	0.2	-	0.0	**0.2**
Other long-term investments	-	-	2.8	**2.8**	-	-	2.8	**2.8**
Currency forward contracts	-	0.0	-	**0.0**	-	-	-	**-**
Total	**0.2**	**0.0**	**2.8**	**3.1**	**0.2**	**-**	**2.8**	**3.0**
Liabilities								
Currency forward contracts	-	-	-	**-**	-	-0.1	-	**-0.1**
Total	**-**	**-**	**-**	**-**	**-**	**-0.1**	**-**	**-0.1**

BUSINESS COMBINATIONS

Bystronic glass acquisition on 1 April 2019

On 1 April 2019, Glaston Corporation completed the acquisition of the Swiss-German company Bystronic glass for an enterprise value of EUR 68 million.

Glaston Services Ltd Oy aquired 100% of the shares of Bystronic Maschinen AG and Bystronic Lenhardt GmbH and their subsidiaries. The purchase price of shares acquired was EUR 56.7 million.

Bystronic glass provides globally high-end machinery, systems and services for glass processing. The acquisition is in line with Glaston's strategy and supports Glaston's objective of further strengthening its position in the glass processing value chain, expanding Glaston's offering in terms of insulation glass for the architectural market and in pre-processing for the automotive and display industry markets. Through the acquisition, Glaston has a unique and value-adding offering benefitting its customers. The acquisition provides excellent opportunities for cross-selling of new equipment, for providing services directly from one supplier and for the joint development of integrated production lines. In addition, Bystronic glass will support the company's growth targets in emerging glass technologies. As a result of the acquisition, Glaston Corporation will grow substantially, and this will also offer a platform for growth and consolidation in the future.

BYSTRONIC GLASS PURCHASE PRICE ALLOCATION

EUR million	Acquired assets and liabilities fair value
Non-current assets	
Intangible assets	14.9
Tangible assets	17.4
Right-of-use assets	1.3
Deferred tax assets	1.8
Total non-current assets	**35.5**
Current assets	
Inventory	30.3
Trade and other receivables	15.4
Cash and cash equivalents	5.1
Total current assets	**50.8**
Total assets	**86.3**
Non-current liabilities	
Non-current lease liabilities	1.2
Non-current interest-free liabilities and provisions	0.1
Deferred tax liabilities	6.6
Defined benefit pensions and other long-term employee benefits liabilities	0.2
Total non-current liabilities	**8.1**
Current liabilities	
Current interest-bearing liabilities	16.9
Current lease liabilities	0.3
Current provisions	3.5
Trade and other payables	25.0
Contract liabilities	3.2
Liabilities for current tax	0.3
Total current liabilities	**49.2**
Total liabilities	**57.3**
Total net assets acquired	**29.0**
Goodwill	**27.7**
Consideration paid	**56.7**

FAIR VALUE ADJUSTMENTS

	Fair value adjustments EUR million	Estimated useful life (years)	Depreciation/ amortization /year EUR million
Buildings	4.8	20	0.2
Land	5.4	N/A	-
Trademark	3.1	3	1.0
Customer relationships	11.4	10	1.1
Inventory	0.7	2	0.4
Total	**25.4**		**2.8**
Related deferred tax liablity	5.9		

FINANCING OF THE BYSTRONIC GLASS ACQUISITION

The purchase price was paid in full on 1 April 2019. The Board of Directors of Glaston Corporation decided on a directed share issue of approximately EUR 15 million, based on the authorization granted by Glaston's Extraordinary General Meeting held on 26 February 2019. The proceeds of the directed share issue were used to finance part of the acquisition of Bystronic glass. In the directed share issue, the Board of Directors resolved to issue a total of 7.407.405 new shares to AC Invest Eight B.V., Hymy Lahtinen Oy, Ilmarinen Mutual Pension Insurance Company and Varma Mutual Pension Insurance Company in deviation from the pre-emptive subscription right of the shareholders. The number of shares represented approximately 19.1% of all the shares in Glaston immediately before the completion of the directed share issue.

The subscription price was approximately EUR 2.025 per share and was based on the volume-weighted average closing price of the Glaston share on Nasdaq Helsinki Ltd in the five trading days immediately preceding the announcement of the acquisition on 25 January 2019, adjusted with the reverse share split registered on 1 March 2019. The subscription price for the new shares were recorded in the reserve for invested unrestricted equity.

In connection with the Bystronic acquisition, Glaston signed a new long-term financing agreement, which will be used for financing the transaction, refinancing Glaston's existing loan facilities as well as general working capital and guarantee needs. The package consists of borrowings by Glaston under senior secured credit facilities in an aggregate amount of EUR 75 million, comprising (i) a term loan amounting to EUR 40 million and (ii) a revolving credit facility amounting to EUR 35 million, each with 3-year maturity from the closing of the acquisition. The financial covenants used in the financing agreement are gearing (net debt/equity) and leverage (net debt/EBITDA).

Per 31 December 2019, transaction costs arising from the acquisition were recognized as items affecting comparability totaling EUR 1.9 million.

On the basis of the authorization given by the Extraordinary General Meeting on 26 February 2019, Glaston's Board of Directors decided on a rights issue of EUR 34 million with pre-emptive subscription rights to existing shareholders of the Company. The purpose of the share issue was to repay the remaining bridge loan.

In Glaston's subscription rights issue ending on 19 June 2019, subscribtions with subscription rights using 37.236.320 shares where made, which corresponds to approximately 97.19 percent of the new shares offered. The remaining shares offered were subscribed in the secondary issue. The subscription price was EUR 0.89 per offer share. Glaston received approximately EUR 34 million from the offering before taking into account the transaction costs associated with the offering.

As a result of the share issue, the number of Company's shares increased by 38.313.595 shares from 45.976.316 shares to a total of 84.289.911 shares. The new shares have been registered in the trade register on 27 June 2019.

DEFINITIONS OF KEY RATIOS
Per share data

Earnings per share (EPS):
Net result attributable to owners of the parent / Adjusted average number of shares

Dividend per share*:
Dividends paid / Adjusted 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 / Adjusted 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

Alternative performance measures

Comparable EBIT:
Operating result after depreciation, amortization and impairment, +/- items affecting comparability

Comparable EBITDA:
Operating result before amortization and impairment, +/- items affecting comparability

Comparable EBITA:
Operating result before amortization, impairment of intangible assets and purchase price allocation +/- items affecting comparability

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 / Adjusted 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.

Accounting principles

The consolidated interim financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as approved by the European Union. They do not include all of the information required for full annual financial statements. The accounting principles applied in these interim financial statements are the same as those applied by Glaston in its consolidated financial statements, with the exception the following new or revised or amended standards and interpretations have been applied from 1 January 2019.

IFRS 16 Leases

Glaston is applying the new leases standard 'IFRS 16 leases' fully retrospectively from 1 January 2019 and has prepared a restated income statement and balance sheet 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 significantly 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 31 Dec. 2018, 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).

NOTE 1

GLASTON AND BYSTRONIC GLASS PRO FORMA 2018 COMPARATIVE FIGURES

The following unaudited pro forma -financial information has been presented to illustrate how the Bystronic glass acquisition and related financing arrangements would have had a hypothetical impact on the company's result if it had materialized on 1 January 2018. Pro forma information is presented separately for the group level and segments.

Pro forma financial information has been prepared in accordance with the IFRS standards introduced in the EU and with the accounting principles used by Glaston in the consolidated financial statements.

Further information on the basis for the presentation of unaudited pro forma information is available in the Glaston's Rights Issue Prospectus dated 29 May 2019. The brochure is available on Glaston's website.

In Glaston's Rights Issue Prospectus, the preliminary costs from purchase price allocation was EUR 3.9 million /year. Fair values have been revised and updated costs from purchase price allocation is EUR 2.8 million /year.

CONDENSED PRO FORMA STATEMENT OF PROFIT OR LOSS

EUR million	Actual 10-12/2019	Pro forma 10-12/2018	Pro forma 1-12/2019	Pro forma 1-12/2018
Net sales	**47.3**	**44.9**	**204.6**	201.8
Other operating income	0.6	0.4	2.1	2.2
Expenses	-46.7	-45.8	-197.1	-190.4
Depreciation, amortization and impairment	-1.7	-1.8	-6.5	-6.6
Depreciation of right-of-use assets	-0.5	-0.6	-2.8	-2.6
Operating result	**-0.9**	**-2.9**	**0.3**	**4.4**
Financial items, net	-0.5	-0.7	-2.7	-2.7
Interest expenses on lease liabilities	-0.3	-0.1	-0.5	-0.6
Result before income taxes	**-1.8**	**-3.8**	**-3.0**	**1.1**
Income taxes	-0.7	0.7	-2.7	-0.2
Profit / loss for the period	**-2.4**	**-3.0**	**-5.6**	0.9
Average number of shares, issues adjusted (1000)	72 072	51 302	72 072	51 302
Earnings per share	**-0.033**	**-0.059**	**-0.078**	**0.018**

Net sales

EUR million	Actual 10-12/2019	Pro forma 10-12/2018	Pro forma 1-12/2019	Pro forma 1-12/2018
Glaston	21.3	27.8	88.6	101.1
Bystronic glass	26.0	17.1	116.0	100.7
Total Glaston Group	**47.3**	**44.9**	**204.6**	**201.8**

Operating result (EBIT)

EUR million	Actual 10-12/2019	Pro forma 10-12/2018	Pro forma 1-12/2019	Pro forma 1-12/2018
Glaston	-1.6	1.2	-4.7	3.8
Bystronic glass	0.6	-4.2	5.0	0.6
Total Glaston Group	**-0.9**	**-2.9**	**0.3**	**4.4**

Comparable EBIT

EUR million	Actual 10-12/2019	Pro forma 10-12/2018	Pro forma 1-12/2019	Pro forma 1-12/2018
Glaston	-0.4	2.6	0.0	5.7
Bystronic glass	1.8	-3.7	7.4	1.1
Total Glaston Group	**1.3**	**-1.1**	**7.5**	**6.7**

Comparable EBITA

EUR million	Actual 10-12/2019	Pro forma 10-12/2018	Pro forma 1-12/2019	Pro forma 1-12/2018
Glaston	-0.1	3.0	1.6	7.6
Bystronic glass	2.5	-2.9	10.5	3.9
Total Glaston Group	**2.5**	**0.1**	**12.1**	**11.5**

Order intake

EUR million	Actual 10-12/2019	Pro forma 10-12/2018	Pro forma 1-12/2019	Pro forma 1-12/2018
Glaston	26.0	34.0	85.7	107.6
Bystronic glass	23.2	29.5	98.9	109.1
Total Glaston Group	**49.2**	**63.4**	**184.6**	**216.7**

PRO FORMA NET SALES, OPERATING RESULT AND ORDER INTAKE BY QUARTERS

Net sales

EUR million	Actual 10-12/2019	Actual 7-9/2019	Actual 4-6/2019	Pro forma 1-3/2019	Pro forma 10-12/2018	Pro forma 7-9/2018	Pro forma 4-6/2018	Pro forma 1-3/2018
Glaston	21.3	22.7	23.8	20.8	27.8	23.0	25.6	24.8
Bystronic Glass	26.0	31.9	34.6	23.6	17.1	24.4	29.8	29.4
Total Glaston Group	**47.3**	**54.5**	**58.4**	**44.3**	**44.9**	**47.3**	**55.4**	**54.2**

Operating result (EBIT)

EUR million	Actual 10-12/2019	Actual 7-9/2019	Actual 4-6/2019	Pro forma 1-3/2019	Pro forma 10-12/2018	Pro forma 7-9/2018	Pro forma 4-6/2018	Pro forma 1-3/2018
Glaston	-1.6	-0.6	-1.7	-0.8	1.2	0.7	0.9	0.9
Bystronic glass	0.6	0.6	2.2	1.6	-4.2	1.3	1.9	1.6
Total Glaston Group	**-0.9**	**0.0**	**0.4**	**0.8**	**-2.9**	**2.0**	**2.8**	**2.5**
Operating result %	-1.9%	-0.1%	0.7%	1.8%	-6.6%	4.3%	5.1%	4.6%

Comparable EBIT

EUR million	Actual 10-12/2019	Actual 7-9/2019	Actual 4-6/2019	Pro forma 1-3/2019	Pro forma 10-12/2018	Pro forma 7-9/2018	Pro forma 4-6/2018	Pro forma 1-3/2018
Glaston	-0.4	0.8	-0.4	0.0	2.6	1.1	0.9	1.1
Bystronic glass	1.8	1.2	2.9	1.6	-3.7	1.3	1.9	1.6
Total Glaston Group	**1.3**	**2.0**	**2.5**	**1.6**	**-1.1**	**2.4**	**2.8**	**2.7**
Comparable EBIT %	2.8%	3.7%	4.3%	3.6%	-2.4%	5.0%	5.1%	4.9%

Comparable EBITA

EUR million	Actual 10-12/2019	Actual 7-9/2019	Actual 4-6/2019	Pro forma 1-3/2019	Pro forma 10-12/2018	Pro forma 7-9/2018	Pro forma 4-6/2018	Pro forma 1-3/2018
Glaston	-0.1	1.1	-0.1	0.5	3.0	1.6	1.4	1.6
Bystronic glass	2.5	2.0	3.7	2.3	-2.9	2.0	2.6	2.3
Total Glaston Group	**2.5**	**3.1**	**3.6**	**2.8**	**0.1**	**3.5**	**4.0**	**3.9**
Comparable EBITA %	5.2%	5.7%	6.2%	6.4%	0.2%	7.5%	7.2%	7.1%

Order intake

EUR million	Actual 10-12/2019	Actual 7-9/2019	Actual 4-6/2019	Pro forma 1-3/2019	Pro forma 10-12/2018	Pro forma 7-9/2018	Pro forma 4-6/2018	Pro forma 1-3/2018
Glaston	26.0	18.7	18.1	22.9	34.0	21.7	25.4	26.5
Bystronic glass	23.2	26.9	26.4	22.4	29.5	22.6	27.4	29.7
Total Glaston Group	**49.2**	**45.6**	**44.5**	**45.3**	**63.4**	**44.2**	**52.8**	**56.2**

Order book

EUR million	Actual 31.12.2019	Actual 30.9.2019	Actual 30.6.2019	Pro forma 31.3.2019	Pro forma 31.12.2018	Pro forma 30.9.2018	Pro forma 30.6.2018	Pro forma 31.3.2018
Glaston	37.6	35.7	31.1	42.8	38.2	36.3	37.3	36.0
Bystronic glass	41.8	43.5	47.7	61.4	61.7	48.1	49.7	52.7
Total Glaston Group	**79.5**	**79.1**	**78.9**	**104.2**	**99.9**	**84.5**	**87.0**	**88.8**

PRO FORMA COMPARABLE OPERATING RESULT (EBIT) AND EBITA

Items affecting comparability

EUR million	Actual 10-12/2019	Pro forma 10-12/2018	Pro forma 1-12/2019	Pro forma 1-12/2018
Re-structuring	-1.7	-1.8	-6.2	-2.3
Others	-0.5	-	-1.0	-
Items affecting comparability	**-2.3**	**-1.8**	**-7.2**	**-2.3**

EUR million	Actual 10-12/2019	Pro forma 10-12/2018	Pro forma 1-12/2019	Pro forma 1-12/2018
Operating result	-0.9	-2.9	0.3	4.4
Items affecting comparability	2.3	1.8	7.2	2.3
Comparable EBIT	**1.3**	**-1.1**	**7.5**	**6.7**
Amortization and purchase price allocation	1.1	1.2	4.5	4.8
Comparable EBITA	**2.5**	**0.1**	**12.1**	**11.5**
% of net sales	5.2%	0.2%	5.9%	5.7%