Glaston's Financial Statements Bulletin 1 January – 31 December 2017:

2017 comparable operating profit nearly doubled to EUR 5.4 million

October–December 2017

- Orders received totalled EUR 28.8 (33.6) million.
- Net sales fell by 6% to EUR 33.1 (35.1) million.
- Comparable EBITDA was EUR 3.3 (3.4) million.
- The operating profit was EUR 2.4 (2.4) million, i.e. 7.2 (6.8)% of net sales.
- The comparable operating profit remained at the previous year's level and was EUR 2.6 (2.7) million, i.e. 7.8 (7.8)% of net sales.

January–December 2017

- Orders received totalled EUR 103.7 (112.9) million.
- The order book on 31 December 2017 was EUR 35.2 (45.6) million
- Net sales grew by 3% to EUR 110.4 (107.1) million.
- Comparable EBITDA was EUR 8.3 (5.4) million, i.e. 7.6 (5.1)% of net sales.
- The operating profit was EUR 5.0 (2.3) million, i.e. 4.5 (2.1)% of net sales.
- The comparable operating profit grew by 94% to EUR 5.4 (2.8) million, i.e. 4.8 (2.6)% of net sales.
- Return on capital employed (ROCE) was 9.8 (4.6)%.
- Earnings per share were EUR 0.015 (0.005)
- Net interest-bearing debt amounted to EUR 0.9 (-0.6) million.
- Research and development expenditure, excluding depreciation, totalled EUR 4.0 (3.0) million, i.e. 3.6 (2.8)% of net sales.
- The Board of Directors proposes that a return of capital of EUR 0.01 per share be distributed for 2017.

Glaston's outlook for 2018

Although the order book at the end of 2017 was lower than the previous year, the good order intake of the second half of the year and positive market development create good conditions for profitable growth in 2018. We expect the full-year comparable operating profit to improve from 2017. (Full-year 2017 comparable operating profit was EUR 5.4 million.)

President & CEO Arto Metsänen:

"After a quiet first quarter, Glaston's markets continued to pick up. The positive note was maintained throughout the year and order intake grew steadily. Despite the good market activity, customers' decision-making remained slow in certain areas and some deals were also delayed.

Full-year net sales rose by 3% compared with 2016 and totalled EUR 110.4 (107.1) million. A particular bright spot was the strongly increased operating profit. Compared with the previous year, the comparable operating profit nearly doubled to EUR 5.4 million.

In accordance with our strategy, we have invested heavily during the year in both digitalisation and emerging technologies. In addition to flat tempering, lamination technology has been taken forward utilising customer experience. Development projects in bending-tempering and in bent glass technology have continued. To accelerate development in our industry, in the summer we organised a startup event, aimed at bringing together the sector's innovators, investors and operators.

In the field of digitalisation, we launched a number of development projects related, for example, to cloud services, utilisation of analytics, raising the degree of automation, and preventative maintenance. Within the framework of Glaston's Emerging Technologies unit, we held active discussions with a number of companies on the development of new glass technologies, and development cooperation offers were made to several partners. We were able to respond to even highly challenging development requests, which strengthened our position as technology leader in our industry. The Heliotrope nanotechnology project progressed according to plan, and a prototype line was approved on a preliminary basis in December 2017. In addition, planning of a pilot line advanced to the decision stage.

Our starting position for 2018 is good. The company is stronger and we expect the good market situation to continue. We look to the future with confidence and, in line with our strategy, we will continue on the path of profitable growth. We are confident that certain Emerging Technologies' development projects will be realised as new machine orders during 2018–2019."

Operating environment

In 2017, the glass processing market made a slow start, and the first quarter was quiet. In the second quarter, the market picked up and gradually improved throughout the rest of the year. The EMEA area strengthened its position as Glaston's biggest market area. In North America, the market situation remained reasonably good. The South American market remained subdued. In the Asian market area, activity varied from region to region. In Southeast Asia and the Pacific area development was favourable. The Chinese market remained quiet, but the first signs of a pick-up in construction were perceptible.

Machines

October–December

In the final quarter of the year, the Machines business market was active. In the EMEA area, market activity increased. In Central Europe demand strengthened, and tempering machines were sold to Germany, Austria and the Netherlands, for example. In Portugal, demand continued to be strong, supported by a state support programme. In the UK, the market weakened further. In the Eastern European market, EU-supported projects advanced, but support decisions are taking longer and the criteria for support have tightened. In Russia, there was a significant pick-up in the market.

In North America, steady development continued. In the final quarter, Glaston made a number of important openings in laminating machines, and in flat tempering further orders were received from several key customers. The South American market remained subdued and the focus was on smaller machines. In the Asian market, activity increased in the Southeast Asia and Pacific areas.

January–December

In the Machines business, there was a slow start to the year. Activity in the market increased, however, as the year progressed. In the EMEA area, market activity was on a good level throughout the year, and machine orders were received at a steady rate. The EMEA area strengthened its position as the biggest market area for Glaston's Machines business. Despite the high activity, customers' decision-making was slow in many countries and some deals were postponed to later date. In Central Europe, demand strengthened, and orders were received from, among other countries, France, Belgium, Austria and Germany. In the UK, the market weakened markedly during the year. In Eastern Europe, investment decisions continued to be impacted by the slow advance of decision-making on investments supported by the EU. After a quieter period, there were signs of a pick-up in Russia. In Southern Europe, Glaston's strongest markets were in Portugal and Spain. The Middle East market was active in the first half of the year, after which activity declined to some extent. For the full year, the order level in the EMEA area was highest in Saudi Arabia.

In the North American market, demand remained at a relatively good level throughout the year. In addition to the FC™ product series, customers were interested in laminating lines as, due to tightening building regulations, the market for laminated glass is expected to grow in the USA. Competition in the market continued to be intense. The South American market remained quiet, and customers' interest was directed mainly at smaller machines.

In the Asian market area, development varied from region to region. The tempering machine markets in Australia and New Zealand remained active, and Glaston maintained its strong position. In Southeast Asia, the machine market developed positively in Thailand, the Philippines and Indonesia. High end-product quality and low emissivity (Low-E) glass were of particular interest to customers. The first signs of a recovery in construction were evident in China, and demand for glass processing machines picked up slightly. Activity of solar energy projects grew steadily during the year. In September, Glaston closed a deal for the delivery to China of a GlastonAir™ tempering line, which is particularly suited to manufacturing of glass for thin solar panels.

Flat tempering machines were still the Machines business area's most significant product group. The trend towards significantly larger furnaces continued. The first deliveries for the renewed FC™ product series were made in the middle of the year. The main focus of upgrades was on raising the degree of automation as well as further improving the optical quality of glass. With the deliveries, Glaston managed to extend further its technological lead over its competitors. The renewed ProL™ laminating line was well received in the market, and deals for laminating machines were closed in both the EMEA area and North America.

Emerging Technologies

A frontrunner in its field, Glaston established in January 2017 the Glaston Emerging Technologies unit, which offers consulting and engineering services for smart glass and energy glass window production as well as solar energy applications. The unit also sells and delivers the required production lines. Around 25 experts from Glaston participated in the unit's projects during the year. The unit directly employed four people. Glaston's investment in the Californian nanotechnology company Heliotrope Technologies at the end of 2015 is part of the Emerging Technologies unit's activities.

Heliotrope Technologies is developing for the market a new electrochromic smart glass technology, which gives end-users the opportunity of regulating, for example, the heat and light transmittance of glass in a building or vehicle, precisely and quickly. A further advantage over solutions already on the market is significantly lower production costs. During 2017, the nanotechnology project focused on testing a prototype line and larger glass sizes, and on developing the electrochromic material. In August, Glaston delivered to Heliotrope Technologies for installation into the prototype line a device enabling the processing of larger glass sizes. In the latter part of the year, good test results were achieved with the prototype line in terms of flexibility and glass size, and the line was approved on a preliminary basis in December 2017.

In December, a number of customer presentations were held at Heliotrope. The functionality of the prototype line, in particular, attracted the praise of potential customers. The engineering of a pilot line for delivery to Europe proceeded towards the decision stage, and the factory layout and machine configuration of the line were specified.

In addition to the Heliotrope project, Glaston held active discussions with a number of companies on developing new glass technologies and their practical application. Glaston's role in possible future projects may include, for example, advanced glass coatings for automotive and aviation industry products or the development and assembly of production lines for glass-related solar energy applications. Offers relating to equipment and development cooperation have been made to a number of partners. Due to its strong technological expertise, Glaston is able to respond to even the most challenging development requests.

Services

October–December

The slight pick-up in the services market continued in the fourth quarter of the year. Demand for upgrade products grew further. In the USA, Glaston received new orders from the area's key customers, and the company also sold a laminating line modernisation package to Mexico. Tempering line modernisation products were sold to Australia and Argentina. In the EMEA area and South America, the sale of several larger spare parts packages was agreed. Demand for maintenance services fell short of the level of the corresponding period of the previous year. Sales of tools was at the previous year's level.

January–December

In 2017, cautiously positive development was perceptible in the Services business market. Glaston's position in the market continued to be strong. After a quiet first quarter, the market for modernisation products picked up, and good development continued throughout the year. During the year, we sold our largest ever individual modernisation package to a customer operating in the EMEA area. Spare parts and maintenance work developed positively. The development of the tools product group was good, and sales of tools began to grow cautiously.

The EMEA area and North America were still the strongest areas for the Services business. In these areas, orders received for maintenance services grew strongly. In the EMEA area, growth was 13% and in North America 19% compared with the previous year. A promising pick-up was seen in Russian business. In the UK, economic uncertainty cooled willingness to invest.

In the Asian market area, development varied. In China, demand for maintenance services continued to be good, but otherwise the market was relatively quiet. In Australia, Glaston strengthened its services organisation and in the latter part of the year an agreement on a modernisation delivery was closed with an Australian customer.

In February, Glaston initiated negotiations on the sale of pre-processing business operations in the USA and Canada, and the negotiations were finalised in May. This contributed to a permanent reduction in the company's net sales from July 2017 onwards, and it impacts comparisons with previous years. In 2016, net sales of the pre-processing machine business in the USA and Canada were approximately EUR 4.9 million.

Glaston continues to be a reseller of Bavelloni pre-processing machines in Mexico, Brazil and Singapore. In the future, this business will decline further in significance.

Orders received and order book

Glaston's final-quarter order intake totalled EUR 28.8 (33.6) million, which is 14% down on the corresponding period of the previous year. The comparison period's figure, for the final quarter of 2016, was on a very good level due to the Glasstec trade fair, which is held every other year. Order intake grew during the year in every quarter compared with the previous quarter, and the fourth quarter grew 8% compared to the third quarter. Despite the good market activity, customers' decision-making remained slow in certain areas and some deals were also postponed to a later date.

The order intake of the Machines business in October–December was EUR 19.6 (22.4) million. The largest orders were received from China, Austria, Switzerland and the Pacific region. The order intake of the Services business in October–December was EUR 9.2 (11.2) million. When the USA and Canada pre-processing machine business, sold in spring 2017, is eliminated from the comparison data, the order intake of the Services business declined by 7%.

Glaston's orders received declined in January-December, particularly due to the weak first quarter, by 8% (-5% taking the sale of the pre-processing machine business into account) compared with the previous year and totalled EUR 103.7 (112.9) million.

Glaston's order book at the end of 2017 stood at EUR 35.2 (45.6) million, i.e. 23% below the previous year's level. When the sold pre-processing machine business is eliminated from the comparison data, the decline was 21%. The Machines business order book fell by 21% to EUR 31.5 (39.9) million. The Services business order book fell by 36% to EUR 3.7 (5.7) million.

Order book, EUR million	31.12.2017	31.12.2016
Machines	31.5	39.9
Services	3.7	5.7
Total	**35.2**	**45.6**

Net sales

Due to a lower number of deliveries, Glaston's fourth-quarter net sales declined by 6% compared with the corresponding period of the previous year and were EUR 33.1 (35.1) million. Net sales declined by 3%, when the sold pre-processing machine business is eliminated.

The net sales of the Machines business in October–December declined by 7% and were EUR 22.3 (24.1) million. The net sales of the Services business were at the previous year's level, EUR 11.5 (11.6) million. Growth was 8%, when the sold pre-processing machine business is eliminated.

Full-year net sales rose by 3% compared with 2016 and totalled EUR 110.4 (107.1) million. Net sales grew by 5%, when the sold pre-processing machine business is eliminated from the comparison data. The net sales of the Machines business grew by 3% to EUR 69.3 (67.4) million. The net sales of the Services business grew by 3% to EUR 43.1 (41.8) million. Growth was 9%, when the sold pre-processing machine business is eliminated from the comparison data.

The good development of the EMEA area continued in the final quarter of the year, and at year-end the EMEA area was the largest of the sales areas. The net sales of the EMEA area grew 22% compared with 2016 and totalled EUR 51.8 (42.4) million. In the Asian market area, the number of machine deliveries was still on a downward trend. Net sales fell by 18% compared with the previous year and totalled EUR 17.3 (21.0) million. In the Americas area, net sales were at nearly the previous year's level: EUR 41.3 (43.7) million, and if the sale of the pre-processing machines business is taken into account the decline was 1%.

Net sales, EUR million	10–12/2017	10–12/2016	2017	2016
Machines	22.3	24.1	69.3	67.4
Services	11.5	11.6	43.1	41.8
Other and internal sales	-0.6	-0.5	-2.0	-2.0
Total	**33.1**	**35.1**	**110.4**	**107.1**

Operating result and profitability

Despite the lower net sales, Glaston's comparable operating profit in October–December was nearly at the previous year's level, EUR 2.6 (2.7) million, i.e. 7.8 (7.8)% of net sales. In the final quarter, items affecting comparability totalling EUR -0.2 (-0.3) million were recognised for the restructuring of operations in Brazil.

The operating profit in October–December was EUR 2.4 (2.4) million. The result before taxes was EUR 2.2 (2.2) million. The fourth-quarter result was EUR 1.8 (2.1) million. Earnings per share in October–December were EUR 0.009 (0.011).

Comparable operating profit, EUR million	10–12/2017	10–12/2016	2017	2016
EBIT	**2.4**	**2.4**	**5.0**	**2.3**
Items affecting comparability	0.2	0.3	0.4	0.5
Comparable operating profit	**2.6**	**2.7**	**5.4**	**2.8**

The full-year comparable operating profit was EUR 5.4 (2.8) million, i.e. 4.8 (2.6)% of net sales. In addition to increased net sales, the good development of the operating profit was impacted by better gross margin and slightly lower fixed costs. Items affecting comparability totalling EUR 0.4 (0.5) million were recognised during the year. These related to the sale of the pre-processing machine business in the USA and Canada, real estate divestment and to the restructuring of operations in Brazil.

Glaston's operating profit in January–December was EUR 5.0 (2.3) million. Financial income and expenses were EUR -0.9 (-0.7) million. The result before taxes was EUR 4.1 (1.6) million. The result for the review period was EUR 2.9 (1.0) million. January–December earnings per share were EUR 0.015 (0.005).

Financial position, cash flow and financing

Glaston's cash flow from operating activities, before the change in working capital, was EUR 8.4 (5.3) million in January–December and EUR 3.3 (4.4) million in October–December. The negative cash flow in the first third quarter's turned to positive in the final quarter due to a good result and a decline in working capital. The change in working capital for the full year was EUR -8.2 (8.2) million. Cash flow from investments was EUR -2.1 (-3.8) million and cash flow from financing activities was EUR -2.8 (1.4) million.

During the final quarter, Glaston's cash and cash equivalents grew by EUR 4.8 million and totalled EUR 12.4 (17.4) million. Debt was reduced in the final quarter by EUR 3.1 million. Net interest-bearing debt totalled EUR 0.9 (-0.6) million and net gearing was 2.3 (-1.7)%.

At the end of the financial year, the consolidated asset total was EUR 95.6 (101.1) million. The equity attributable to the owners of the parent was EUR 37.8 (35.6) million. Equity per share was EUR 0.20 (0.18). The return on equity in the reporting period was 7.9 (2.8)% and return on capital employed was 9.8 (4.6)%.

Financing agreement

In June, Glaston agreed on the extension of its long-term financing agreement by three years. The financing agreement consists of a EUR 10.0 million long-term loan as well as a EUR 25.0 million revolving credit facility, which can be used for short-term financing and guarantees. In connection with the extension of the financing agreement, a long-term loan of EUR 3.9 million was drawn and short-term financing amounting to EUR 5.5 million was repaid.

In September, Glaston raised a EUR 2.0 million research and development loan granted by Tekes, the Finnish Funding Agency for Innovation. The loan will be directed at the smart glass project of Glaston and Heliotrope Technologies Inc. The loan period is 8 years. The project is part of Tekes' Smart City programme.

Investments in product development, digitalisation and emerging technologies

In line with its growth strategy, Glaston is increasing its investment in product development and emerging technologies. The investments are aimed at increasing differentiation from competitors, creating new earnings models and expanding into new product areas. At the heart of product development is digitalisation, which facilitates the shift towards automatic glass processing. The glass industry's emerging technologies are focused on reducing or completely removing buildings' energy consumption and on enabling disruptive technologies related to mobility and transport. Overall, these investments amounted to EUR 4.4 (3.5) million in 2017.

In 2017 research and product development expenditure, excluding depreciation, totalled EUR 4.0 (3.0) million, of which EUR 1.4 (1.4) million was capitalised. Research and product development expenditure amounted to 3.6 (2.8)% of net sales.

Digitalisation, automation and industrial internet utilisation were at the heart of Glaston's product development. To accelerate the development of digital solutions, Glaston recruited new expertise and established a dedicated digitalisation team. During the year, major steps forward were made in digitalisation and industrial internet projects, and dozens of customers' machines were connected to Glaston's cloud services.

The energy saving and energy consumption of tempering machines have been important drivers of Glaston's product development. This work has yielded results, as a comprehensive analysis made in the autumn showed, for example, that in the low-emissivity glass tempering process, energy consumption has decreased by an average of 30% over the past 10 years.

Development in the field of energy efficiency also continued in 2017. In the further development of the GlastonAir™ technology, the main emphasis was on the more energy-efficient tempering of larger, 2 mm-thick glass. In oscillating tempering machines, the focus was on optimising the highly demanding tempering process of large and thin low-emissivity glass.

To minimise the anisotropy phenomenon, efforts to productise a new online measurement system continued. The ProL™ flat-laminating line was further developed to ensure the product's breakthrough in the growing lamination product segment. The furnace convection heating solution for the ProL™ laminating line enables accurate and optimised heat transfer, creating a high-quality end-product and increasing the line's performance capacity by up to 100% compared with traditional infrared heating.

Glaston's product development with the Californian nanotechnology company Heliotrope Technologies continued. In 2017, a project team of around four people from Finland participated in the project. The nanotechnology project proceeded according to plan during the year: a prototype line was approved on a preliminary basis at the end of the year, and engineering of a pilot line advanced towards the decision stage. The Emerging Technologies unit had a negative impact of EUR 0.4 (0.5) million on the Group's result in 2017.

Environment

For Glaston, environmental responsibility means developing and providing energy-efficient solutions for its customers and minimising the environmental impacts of its own activities. The environmental impact of Glaston's own production operations is very limited. The most significant environmental effects arise from the life-cycle energy consumption of the machines manufactured by the company. Energy efficiency and its development have a key role in product development, in terms of both glass processing machines and end products. Glaston works actively to promote opportunities to use glass in energy-efficient construction and in utilisation of solar energy.

The glass processing machines manufactured by Glaston are long-lasting. The machines are designed and built to withstand constant use at high production capacities. With proactive and regular maintenance, the service lives of machines can be extended. The upgrade products offered by Glaston also contribute to extending the service lives of machines and reducing energy consumption in glass processing. Particular attention is also paid to the recyclability of machine materials, especially with respect to components that are susceptible to wear and often changed.

The ISO 9001 international quality management system is certified at both the Tampere and Tianjin production plants and serves as a reference framework for Glaston's responsible operations. The operating environment, stakeholders and risk management, for example, are accordingly taken into account in all activities. The Tampere production plant's certified ISO 14001 environmental management system forms the foundation for the management of Glaston's environmental issues.

Capital expenditure, depreciation and amortisation

Glaston's gross capital expenditure totalled EUR 2.3 (3.9) million. The most significant investments in 2017 related to product development.

During 2017, depreciation and amortisation on property, plant and equipment, and intangible assets totalled EUR 3.0 (2.7) million.

Changes in the company's management

Juha Liettyä, Senior Vice President, Americas and Member of the Executive Management Group, was appointed Senior Vice President, Glaston Emerging Technologies as of 2 January 2017.

Organisation and employees

In 2017, the most significant development project of Glaston's human resources organisation related to the introduction of an information system covering all personnel and all key human resources processes. In addition, a dedicated eSkills online learning environment was constructed, providing training on Glaston's products, technology and processes. In connection with system reforms, Glaston also revised its leadership model, the objective of which is to create concrete ways or working to support the work of line managers.

During the year, Glaston's performance appraisal model, the Performance Dialogue process, was developed, and subareas focusing on team interaction and motivation added to it.

Personnel training was arranged mostly internally and the areas of focus were sales and field service process expertise as well as negotiating and problem-solving skills. The eSkills online training environment provided training on Glaston's products and processes.

Negotiations initiated in February on the sale of the pre-processing machines business in the USA and Canada to the Italian company Bavelloni SpA were completed in May. The sale had no impact on sales and maintenance of heat treatment machines in the USA. Glaston continues to be a reseller of Bavelloni pre-processing machines in Mexico, Brazil and Singapore.

Glaston had a total of 402 (415) employees on 31 December 2017. Of the Group's employees, 42% worked in Finland and 16% elsewhere in the EMEA area, 29% in Asia and 13% in the Americas. The average number of employees was 409 (437).

Share-based incentive plans

On 18 January 2017, Glaston's Board of Directors decided on a new period in the share-based incentive plan for the Group's key personnel that began in 2014. The incentive plan is part of the long-term incentive and commitment scheme for the senior management of the Group and its subsidiaries, and it is linked to the development of Glaston's share price.

The new period covers 2017–2019, and any rewards from the plan will be paid in spring 2020. The incentive plan launched in 2017 covers 18 key Glaston personnel.

In January 2016, Glaston's Board of Directors decided on a period for the same plan covering 2016–2018. The plan covers 16 key personnel, and any rewards from the plan will be paid in spring 2019.

Rewards for the incentive scheme period 2015–2017 will be paid in spring 2018. The plan covered 29 people. The rewards payable from the plan total EUR 0.1 million.

The first period of the incentive plan covered 2014–2016. No rewards have been paid from the plan.

Decisions of the Annual General Meeting

The Annual General Meeting of Glaston Corporation was held in Helsinki on 4 April 2017.

Financial statements

The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial year 1 January – 31 December 2016 and discharged the Members of the Board of Directors and the President & CEO from liability for the financial year 1 January – 31 December 2016.

Board of Directors

The number of the Members of the Board of Directors was resolved to be seven. At the Annual General Meeting, current Members of the Board Andreas Tallberg, Teuvo Salminen, Claus von Bonsdorff, Anu Hämäläinen, Sarlotta Narjus and Pekka Vauramo were re-elected for a term of office ending at the closing of the next Annual General Meeting. In addition, it was resolved that Kai Mäenpää M.Sc.(Eng.) be elected as a new Member of the Board of Directors for the same term of office.

The Annual General Meeting resolved that the annual remuneration payable to Members of the Board of Directors would remain as follows: the Chairman of the Board will be paid EUR 40,000, the Deputy Chairman EUR 30,000 and the other Members of the Board EUR 20,000.

After the Annual General Meeting, the Board of Directors held an organising meeting, at which it elected Andreas Tallberg as Chairman of the Board and Teuvo Salminen as Deputy Chairman of the Board.

Auditor

The Annual General Meeting elected Authorised Public Accounting firm Ernst & Young Oy as the company's auditor, with Authorised Public Accountant Kristina Sandin as the main responsible auditor.

Board authorisations

The Annual General Meeting authorised the Board of Directors to decide on the issuance of shares as well as the issuance of options and other rights granting entitlement to shares. The authorisation covers a maximum of 20,000,000 shares. The authorisation does not exclude the Board of Directors' right to decide on a directed issue. It was proposed that the authorisation be used for executing or financing arrangements important from the company's point of view, such as business arrangements or investments, or for other such purposes determined by the Board of Directors in which a weighty financial reason would exist for issuing shares, options or other rights granting entitlement to shares and possibly directing a share issue.

The Board of Directors is authorised 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.

The authorisation is valid until 30 June 2018 and it invalidates earlier authorisations.
The Board of Directors did not exercise its authorisation in 2017.

Decisions of the Extraordinary Meeting of Shareholders

An Extraordinary General Meeting of Glaston Corporation was held in Helsinki on 21 September 2017. The Extraordinary General Meeting resolved the number of Members of the Board of Directors to be eight. Furthermore, the meeting resolved that Tero Telaranta be elected as a new Member of the Board of Directors until the closing of the Annual General Meeting 2018.

Nomination Board

Glaston Corporation's Nomination Board consists of the representatives of the four largest shareholders entered in the company's register on the first working day of September. In addition, the Chairman of the Glaston Corporation's Board of Directors serves as an advisory member of the Nomination Board.

Based on the ownership situation on 1 September 2017, the following were selected as members of Glaston's Nomination Board: Thomas Ahlström (AC Invest Eight B.V.), Jaakko Kurikka (Hymy Lahtinen Oy), Kalle Saariaho (OP-Finland Small Firms) and Stefan Björkman (Etera Mutual Pension Insurance Company). In its organising meeting held on 16 October 2017, the Nomination Board elected Thomas Ahlström from among its members to be Chairman.

Shares and share prices

Glaston Corporation's share capital on 31 December 2017 was EUR 12.7 million and the number of issued shares totalled 193,708,336. The company has one series of share. At the end of the year, the company held 788,582 of the company's own shares (treasury shares), corresponding to 0.41% of the total number of issued and registered shares and votes. The counter book value of the treasury shares is EUR 51,685.

Every share that the company does not hold itself entitles its owner to one vote at a General Meeting of Shareholders. The share has no nominal value. The counter book value of each registered share is EUR 0.07.

During 2017, approximately 60.8 (31.9) million of Glaston's shares were traded on NASDAQ Helsinki Ltd, i.e. approximately 32 (17)% of the average number of registered shares. In the review period, the lowest price paid for a share was EUR 0.39 (0.33) and the highest price EUR 0.56 (0.51). The volume-weighted average price of shares traded in January-December was EUR 0.42 (0.38). The closing price on 30 December 2017 was EUR 0.47 (0.40).

On 31 December 2017, Glaston's market value, excluding treasury shares, was EUR 90.3 (77.2) million. The equity per share attributable to the owners of the parent was EUR 2.39 (2.17).

Shareholders

At the end of the financial year, Glaston had 5,568 shareholders (31.12.2016: 5,748). At the end of the review period, 19.5% of Glaston's shares were in foreign ownership. Glaston Corporation's largest shareholders on 31 December 2017, the distribution of share ownership by number of shares, and the distribution of ownership by shareholder group are presented in Note 4 of the consolidated financial statements.

Glaston's largest shareholders changed on 21 June 2017, when Oy G.W.Sohlberg sold its entire shareholding, a total of 17.17%. On the same day, the company's largest shareholder became Ahlström Capital Oy, with a 17.52% shareholding.

Glaston Corporation is unaware of any shareholder agreements or arrangements relating to share ownership or the exercise of votes.

Flagging notifications

During 2017, Glaston was informed of the following changes in ownership:

15 June 2017: Etera Mutual Pension Insurance Company's holding of all shares and votes in Glaston Corporation has fallen below 10%.
16 June 2017: OP-Rahastoyhtiö Oy's notification that OP-Suomi Pienyhtiöt Fund's holding of shares and votes in Glaston Corporation has exceeded 5%.
21 June 2017: Oy G.W.Sohlberg Ab's holding of all shares and votes in Glaston Corporation has fallen to 0%.

21 June 2017: Ahlström Capital Oy's notification that AC Invest Eight B.V.'s holding of shares and votes in Glaston Corporation has exceeded 15%.

Risks and risk management

Glaston operates globally, and changes in the development of the world economy directly affect the Group's operations and risks. Glaston's order intake is highly dependent on global investment demand, which is affected by the growth outlook for the global economy and geopolitical developments. The general increase in uncertainty may reduce willingness to invest and thereby negatively impact Glaston's order intake, net sales and earnings.

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 in the projects of Glaston Emerging Technologies unit, which focuses on new technologies. The unit invests in new, early-stage technologies whose viability on a commercial scale is uncertain.

Competitive positions may also be changed by expansion into new areas by machine manufacturers of a lower segment in terms of price and technology. This risk is greatest in the price-conscious Asian and South American markets. For the Group's long-term growth, its position in the Asian market is particularly significant. A long-term strengthening of the euro against other key currencies, particularly the US dollar, may weaken Glaston's position relative to competitors outside the euro area. Intensified competition may lead to a deterioration of order intake, project-specific margins or payment terms and thus affect the Group's earnings and cash flow.

Glaston's most significant operational risks include management and possible quality problems related to large 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. Following a number of efficiency programmes, the Group's resources are in full use, and the successful growth of operations requires successful management and controlled growth of these resources. In addition, digitalisation 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 emphasised.

The Glaston Group includes a number of units whose financial development has been unsatisfactory in recent years. Failure or delay in turning around these units may have a negative impact on the Group's earnings and cash flow.

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 recognise 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.

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

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

Events after the closing date

On 2 January 2018, Glaston received a flagging notification, according to which Ilmarinen Mutual Pension Insurance Company owns 7.15% of all of the shares and votes of Glaston Corporation.

Following a decline in local demand, Glaston made a decision in January to discontinue the production operations of its Chinese joint venture Glaston Tools (Sanhe) Co., Ltd. The factory's operations will end during the first quarter of 2018. Glaston owns 70% of the joint venture, and its net sales were EUR 0.7 million in 2017.

On 31 January 2018, Glaston's Nomination Board made its proposal to the Annual General Meeting on the composition and remuneration of the Board of Directors. The Nomination Board proposes that the number of Members of the Board of Directors be seven, and that Antti Kaunonen and Sebastian Bondestam be elected as new members. As, according to the Company's Articles of Association, the Board of Directors elects from among its members a Chairman and Deputy Chairman, the Nomination Board recommends that the Board of Directors elect from among its members Teuvo Salminen as Chairman and Sebastian Bondestam as Deputy Chairman.The Nomination Board proposes that the annual remuneration of the Members of the Board of Directors be increased by 15% and that accordingly the Chairman be paid EUR 46,000, the Deputy Chairman EUR 34,500 and the other Members of the Board EUR 23,000.

Uncertainties and risks in the near future

Glaston operates in a global market in which both political and economic instability arise. The company's uncertainties in the near future are to a large extent linked to the development of global investment demand and, in some geographical areas, also to customers' access to financing.

Glaston has taken into account in its forecasts for the near future the development outlook for the global economy and its impact on the development of the sector. If the demand situation of the sector deteriorates substantially, this will affect Glaston's net sales and earnings with a 3–6 month delay.

The Group's net sales are affected most by the level and timing of order intake as well as the geographical and product mix of orders. In terms of earnings, there is also uncertainty in meeting the planned delivery times and costs of customer projects. For Glaston, North America is a significant market, as a result of which a significant weakening of the US dollar would have an impact on the company's net sales, profit and, depending on the market willingness to invest, possibly also on future order intake.

Outlook

The development of the glass processing market gradually improved during 2017, and Glaston expects the positive development to continue in the current year. The strong growth expectations for the world economy support this view. Customers continue to take time over their investment decisions, which may cause delays in orders and fluctuations in quarterly order intake.

Although the order book at the end of 2017 was lower than the previous year, the good order intake of the second half of the year and positive market development create good conditions for profitable growth in 2018. We expect the full-year comparable operating profit to improve from 2017. (Full-year 2017 comparable operating profit was EUR 5.4 million.)

Board of Directors' proposal on the distribution of profits

The distributable funds of Glaston Corporation are EUR 16,247,313, of which EUR 6,150 represents the profit 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 10 April 2018, that the profit for the financial year 2017 be added to retained earnings and that no dividend be distributed.

The Board of Directors proposes to the Annual General Meeting that, based on the balance sheet adopted for 2017, a return of capital of EUR 0.01 per share be paid. Capital will be repaid from the reserve for invested unrestricted equity. Capital will be repaid to shareholders who are registered in the company's register of shareholders, maintained by Euroclear Finland Ltd, on the record date for payment, 12 April 2018. The Board of Directors proposes to the Annual General Meeting that the return of capital be paid on 26 April 2018.

On the day that the proposal for the distribution of assets was made, the number of shares entitling to a return of capital was 192,919,754, which means that the total amount of the return of capital would be EUR 1,929,198.

Helsinki, 8 February 2018
Glaston Corporation
Board of Directors

For further information, please contact:
President & CEO Arto Metsänen, tel. +358 10 500 500
Chief Financial Officer Päivi Lindqvist, tel. +358 10 500 500

GLASTON CORPORATION
Agneta Selroos
Communications Director

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

Distribution: NASDAQ OMX Helsinki, key media, www.glaston.net

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GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 31 DECEMBER 2017

The 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.

These condensed financial statements are audited. Auditor's report has been given on 8 February, 2018. 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	31.12.2017	31.12.2016
Assets		
Non-current assets		
Goodwill	30.6	30.6
Other intangible assets	6.5	6.9
Property, plant and equipment	8.4	9.2
Available-for-sale assets	3.0	3.2
Loan receivables	0.5	0.9
Deferred tax assets	1.0	2.2
Total non-current assets	**50.0**	**52.9**
Current assets		
Inventories	9.9	11.9
Receivables		
Trade and other receivables	23.2	18.7
Assets for current tax	0.1	0.2
Total receivables	23.3	18.9
Cash equivalents	12.4	17.4
Total current assets	**45.6**	**48.1**
Total assets	**95.6**	**101.1**

	31.12.2017	31.12.2016
Equity and liabilities		
Equity		
Share capital	12.7	12.7
Share premium account	25.3	25.3
Other restricted equity reserves	0.1	0.1
Reserve for invested unrestricted equity	41.6	41.6
Treasury shares	-3.3	-3.3
Fair value reserve	0.1	0.1
Other unrestricted equity reserves	0.1	0.1
Retained earnings and exchange differences	-41.6	-41.9
Net result attributable to owners of the parent	2.9	1.0
Equity attributable to owners of the parent	**37.8**	**35.6**
Non-controlling interest	**0.2**	**0.3**
Total equity	**38.0**	**35.9**
Non-current liabilities		

Non-current interest-bearing liabilities	10.6	6.9
Non-current interest-free liabilities and provisions	2.1	1.9
Deferred tax liabilities	0.3	0.4
Total non-current liabilities	**13.0**	**9.1**
Current liabilities		
Current interest-bearing liabilities	2.6	9.9
Current provisions	2.4	2.7
Trade and other payables	39.3	43.5
Liabilities for current tax	0.2	0.1
Total current liabilities	**44.6**	**56.1**
Total liabilities	**57.6**	**65.2**
Total equity and liabilities	**95.6**	**101.1**

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Net sales	**33.1**	**35.1**	**110.4**	**107.1**
Other operating income	0.3	0.4	1.7	1.1
Expenses	-30.3	-32.4	-104.1	-103.3
Depreciation, amortization and impairment	-0.7	-0.7	-3.0	-2.7
Operating profit	**2.4**	**2.4**	**5.0**	**2.3**
Financial items, net	-0.1	-0.2	-0.9	-0.7
Result before income taxes	**2.2**	**2.2**	**4.1**	**1.6**
Income taxes	-0.5	-0.1	-1.2	-0.6
Profit / loss for the period	**1.8**	**2.1**	**2.9**	**1.0**
Attributable to:				
Owners of the parent	1.8	2.1	2.9	1.0
Non-controlling interest	-0.0	-0.0	-0.0	-0.0
Total	**1.8**	**2.1**	**2.9**	**1.0**
Earnings per share, EUR	0.009	0.011	0.015	0.005
Earnings per share, EUR, basic and diluted	**0.009**	**0.011**	**0.015**	**0.005**
Operating profit, as % of net sales	7.2	6.8	4.5	2.1
Profit / loss for the period, as % of net sales	5.3	6.0	2.6	0.9
Items affecting comparability	-0.2	-0.3	-0.4	-0.5
Comparable operating profit	2.6	2.7	5.4	2.8
Comparable operating profit, as % of net sales	7.8	7.8	4.8	2.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Profit / loss for the period	**1.8**	**2.1**	**2.9**	**1.0**
Other comprehensive income that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	-0,0	0,3	-0,8	0.0
Fair value changes of available-for-sale assets	-0,0	-0,0	0,0	-0.0
Cash flow hedges	-0,0	-	0,0	-
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	-0.0	-0.0	-0.0	-0.0
Other comprehensive income for the reporting period. net of tax	**-0.1**	**0.3**	**-0.8**	**0.0**
Total comprehensive income for the reporting period	**1.6**	**2.4**	**2.1**	**1.0**
Attributable to:				
Owners of the parent	1.7	2.4	2.2	1.0
Non-controlling interest	-0.0	0.0	-0.1	-0.0
Total comprehensive income for the reporting period	**1.6**	**2.4**	**2.1**	**1.0**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-12/2017	1-12/2016
Cash flows from operating activities		
Cash flow before change in net working capital	8.4	5.3
Change in net working capital	-8.2	8.2
Net cash flow from operating activities	**0.1**	**13.4**
Cash flow from investing activities		
Other purchases of non-current assets	-2.3	-3.9
Proceeds from sale of business		-
Proceeds from sale of other non-current assets	0.2	0.1
Net cash flow from investing activities	**-2.1**	**-3.8**
Cash flow before financing	**-1.9**	**9.6**
Cash flow from financing activities		
Increase in non-current liabilities	6.0	3.2
Decrease in non-current liabilities	-0.7	-0.0
Changes in loan receivables (increase - / decrease +)	0.4	0.3
Increase in short-term liabilities	2.0	2.3
Decrease in short-term liabilities	-10.5	-2.5
Return of capital	-	-1.9

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Net cash flow from financing activities	**-2.8**	**1.4**
Effect of exchange rate changes	**-0.2**	**0.3**
Net change in cash and cash equivalents	**-5.0**	**11.3**
Cash and cash equivalents at the beginning of period	17.4	6.1
Cash and cash equivalents at the end of period	12.4	17.4
Net change in cash and cash equivalents	**-5.0**	**11.3**

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. earn-ings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2016	**12.7**	**25.3**	**43.5**	**-3.3**	**0.2**	**-47.1**	**5.2**	**36.5**	**0.3**	**36.8**
Total compr. income for the period	-	-	-	-	-0.0	1.0	0.1	**1.0**	-0.0	**1.0**
Change in non-controlling interest	-	-	-	-	-	-	-	**-**	-	**-**
Return of capital	-	-	-1.9	-	-	-	-	**-1.9**	-	**-1.9**
Equity at 31 December, 2016	**12.7**	**25.3**	**41.6**	**-3.3**	**0.2**	**-46.1**	**5.2**	**35.6**	**0.3**	**35.9**

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earn-ings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2017	**12.7**	**25.3**	**41.6**	**-3.3**	**0.2**	**-46.1**	**5.2**	**35.6**	**0.3**	**35.9**
Total compr. income for the period	-	-	-	-	0.0	2.9	-0.8	**2.2**	-0.1	**2.1**
Change in non-controlling interest	-	-	-	-	-	-	-	**-**	-	**-**
Return of capital	-	-	-	-	-	-	-	**-**	-	**-**
Equity at 31 December, 2017	**12.7**	**25.3**	**41.6**	**-3.3**	**0.3**	**-43.2**	**4.5**	**37.8**	**0.2**	**38.0**

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KEY RATIOS

	31.12.2017	31.12.2016
EBITDA, as % of net sales [1]	7.2	4.6
Operating profit (EBIT), as % of net sales	4.5	2.1
Profit / loss for the period, as % of net sales	2.6	0.9
Gross capital expenditure, EUR million	2.3	3.9
Gross capital expenditure, as % of net sales	2.1	3.6
Equity ratio, %	45.2	43.2
Gearing, %	34.9	46.7
Net gearing, %	2.3	-1.7
Net interest-bearing debt, EUR million	0.9	-0.6
Capital employed, end of period, EUR million	51.3	52.6
Return on equity, %, annualized	7.9	2.8
Return on capital employed, %, annualized	9.8	4.6
Number of personnel, average	409	437
Number of personnel, end of period	402	415

PER SHARE DATA	31.12.2017	31.12.2016
Number of registered shares, end of period, treasury shares excluded (1.000)	192 920	192 920
Number of shares, average, adjusted with share issue, treasury shares excluded (1.000)	192 920	192 920
EPS, total, basic and diluted, adjusted with share issue, EUR	0.015	0.005
Adjusted equity attributable to owners of the parent per share, EUR	0.20	0.18
Return of capital per share, EUR*	0.01	-
Return of capital ratio, %*	65.7	-
Return of capital yield*	2.1	-
Price per adjusted earnings per share (P/E) ratio	30.7	75.3
Price per adjusted equity attributable to owners of the parent per share	2.39	2.17
Market capitalization of registered shares, EUR million	90.3	77.2
Share turnover, % (number of shares traded, % of the average registered number of shares)	31.5	16.5
Number of shares traded, (1.000)	60 779	31 898
Closing price of the share, EUR	0.47	0.40
Highest quoted price, EUR	0.56	0.51
Lowest quoted price, EUR	0.39	0.33
Volume-weighted average quoted price, EUR	0.42	0.38

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

SEGMENT INFORMATION

The reportable segment consists 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. The remaining business consists of the manufacture and sale of heat treatment glass machines as well as the service operations for these machines. There is a high level of integration between safety glass machines and maintenance. Product development as well as sales and distribution are shared functions, serving both business areas. Their customers are the same, as is their market development, which is linked to the general development of the global market. Also the methods to distribute products or to provide services are similar. In the long term, also sales development and gross profit of the operating segments are similar.

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.

NET SALES

EUR million	10-12/2017	10-12/2016	1-12/2016	1-12/2016
Machines	22.3	24.1	69.3	67.4
Services	11.5	11.6	43.1	41.8
Other and intersegment sales	-0.6	-0.5	-2.0	-2.0
Net sales Glaston Group total	**33.1**	**35.1**	**110.4**	**107.1**
Comparable EBIT	**2.6**	**2.7**	**5.4**	**2.8**
Comparable EBIT-%	7.8	7.8	4.8	2.6
Items affecting comparability	-0.2	-0.3	-0.4	-0.5
EBIT	**2.4**	**2.4**	**5.0**	**2.3**
EBIT-%	7.2	6.8	4.5	2.1

Order intake

EUR million	1-12/2017	1-12/2016
Machines	63.8	72.3
Services	39.9	40.6
Total Glaston Group	**103.7**	**112.9**

Net sales by geographical areas

EUR million	1-12/2017	1-12/2016
EMEA	51.8	42.4
Asia	17.3	21.0
America	41.3	43.7
Total	**110.4**	**107.1**

QUARTERLY NET SALES, OPERATING PROFIT, ORDER INTAKE AND ORDER BOOK

Net sales

EUR million	10-12/2017	7-9/2017	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Machines	22.3	16.2	18.2	12.5	24.1	11.3	13.0	19.0
Services	11.5	9.5	11.2	10.9	11.6	9.6	9.9	10.6
Other and intersegment sales	-0.6	-0.5	-0.3	-0.6	-0.5	-0.5	-0.8	-0.2
Net sales Glaston Group total	**33.1**	**25.3**	**29.1**	**22.8**	**35.1**	**20.5**	**22.1**	**29.4**
Comparable EBIT	**2.6**	**1.3**	**1.4**	**0.0**	**2.7**	**-0.3**	**-0.4**	**0.7**
Comparable EBIT-%	7.8	5.1	5.0	0.1	7.8	-1.3	-1.9	2.4
Items affecting comparability	-0.2	-0.0	-0.2	-	-0.3	0.0	-0.2	-
EBIT	**2.4**	**1.3**	**1.3**	**0.0**	**2.4**	**-0.3**	**-0.6**	**0.7**
EBIT-%	7.2	5.1	4.4	0.1	6.8	-1.3	-2.7	2.4

Order book

	31.12.2017	30.9.2017	30.6.2017	31.3.2017	31.12.2016	30.9.2016	30.6.2016	31.3.2016
Machines	31.5	36.2	36.3	40.4	39.9	41.4	36.4	31.5
Services	3.7	5.5	4.9	4.8	5.7	4.6	4.5	3.0
Total Glaston Group	**35.2**	**41.8**	**41.2**	**45.1**	**45.6**	**46.0**	**40.9**	**34.5**

Order intake

EUR million	10-12/2017	7-9/2017	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Machines	19.6	17.2	15.1	12.0	22.4	16.6	17.9	15.3
Services	9.2	9.6	11.5	9.6	11.2	9.0	10.7	9.7
Total Glaston Group	**28.8**	**26.8**	**26.6**	**21.6**	**33.6**	**25.6**	**28.6**	**25.0**

COMPARABLE OPERATING PROFIT

Items affecting comparability

EUR million	**10-12/2017**	**10-12/2016**	**1-12/2017**	**1-12/2016**
Restucturings and disposals of property, plant and equipment	-0.2	-0.3	-0.4	-0.5
Items affecting comparability	**-0.2**	**-0.3**	**-0.4**	**-0.5**

Comparable EBITDA	**10-12/2017**	**10-12/2016**	**1-12/2017**	**1-12/2016**
Operating profit	2.4	2.4	5.0	2.3
Depreciation and amortization	0.7	0.7	3.0	2.7
Adjustment: Items affecting comparability	0.2	0.3	0.4	0.5
Comparable EBITDA	**3.3**	**3.4**	**8.3**	**5.4**
% of net sales	10.0	9.7	7.6	5.1

Comparable EBIT	**10-12/2017**	**10-12/2016**	**1-12/2017**	**1-12/2016**
Operating profit	2.4	2.4	5.0	2.3
Adjustment: Items affecting comparability	0.2	0.3	0.4	0.5
Comparable EBIT	**2.6**	**2.7**	**5.4**	**2.8**
% of net sales	7.8	7.8	4.8	2.6

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	**1-12/2017**	**1-12/2016**
Carrying amount at beginning of the period	9.2	8.8
Additions	0.7	1.7
Disposals	-0.0	-0.0
Depreciation and amortization	-1.1	-1.1
Reclassification and other changes	-	-0.0
Exchange differences	-0.3	-0.1
Carrying amount at end of the period	8.4	9.2

At the end of December 2017 and 2016 Glaston had not contractual commitments for the acquisition of property, plant and equipment.

INTANGIBLE ASSETS

EUR million **Changes in property, plant and equipment**	**1-12/2017**	**1-12/2016**
Carrying amount at beginning of the period	37.4	36.9
Additions	1.6	2.2
Disposals	-0.1	-0.0
Depreciation and amortization	-1.8	-1.5
Reclassification and other changes	-	-0.0
Exchange differences	-0.0	-0.0
Carrying amount at end of the period	37.1	37.4

CONTINGENT LIABILITIES

EUR million	**31.12.2017**	**31.12.2016**
Mortgages and pledges		
On own behalf	166.9	166.9
Guarantees		
On own behalf	10.0	11.2
On behalf of others	0.3	0.3
Lease obligations	12.8	14.7
Repurchase obligations	-	0.3

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	**31.12.2017** Nominal value	Fair value	**31.12.2016** Nominal value	Fair value
Commodity derivatives				
Electricity forwards	-	-	0.4	-0.0
Currency forwards				
Currency forward contracts	4.9	0.0	-	-

Since 2017, Glaston has hedged 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 IAS 39 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.

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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. Also available-for-sale financial assets are measured at fair value.

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.

Listed investments are measured at the market price at the end of the reporting period (fair value hierarchy level 2). Investments, for which fair values cannot be measured reliably, such as unlisted equities, are reported at cost or at cost less impairment (fair value hierarchy level 3).

Fair value measurement hierarchy:

Level 1 = quoted prices in active markets

Level 2 = other than quoted prices included within Level 1 that are observable either directly or indirectly

Level 3 = not based on observable market data. 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

EUR million	**2017**	**2016**
1 January	3.1	3.1
Additions	-	-
Disposals	-0.2	-
Impairment losses	-	-
Reclassification	-	-
31 December	2.8	3.1

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

	31.12.2017				31.12.2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Available-for-sale shares	0.2	-	0.0	**0.2**	0.1	-	0.2	**0.4**
Other long-term investments	-	-	2.8	**2.8**	-	-	2.8	**2.8**
Commodity derivatives	-	-	-	**-**	-	-	-	**-**
Currency forward contracts	-	0.0	-	**0.0**	-	-	-	**-**
Total	**0.2**	**0.0**	**2.8**	**3.0**	**0.1**	**-**	**3.1**	**3.2**
Liabilities								
Financial debt	-	-12.8	-	**-12.8**	-	-16.3	-	**-16.3**
Commodity derivatives	-	-	-	**-**	-	-0.0	-	**-0.0**
Currency forward contracts	-	-	-	**-**	-	-	-	**-**
Total	**-**	**-12.8**	**-**	**-12.8**	**-**	**-16.3**	**-**	**-16.3**

RELATED PARTY TRANSACTIONS

Glaston Group's related parties include the parent and subsidiaries. Related parties also include the members of the Board of Directors and the Group's Executive Management Group, the CEO and their family members. Also the shareholders which have significant influence in Glaston through shareholdings are considered to be related parties as well as the companies controlled by these shareholders
Glaston follows the same commercial terms in transactions with related parties as with third parties.

During the review period there were no related party transactions whose terms would differ from the terms in transactions with third parties.

Management remuneration (accrual based)

Remuneration of the Board of Directors, accrual based

EUR	2017 annual fee	meeting fee	2016 annual fee	meeting fee
Andreas Tallberg, Chairman of the Board of Directors	40.000	7.200	40.000	7.300
Teuvo Salminen, Deputy Chairman of the Board of Directors	30.000	4.500	30.000	4.600
Claus von Bonsdorff	20.000	4.500	20.000	4.600
Pekka Vauramo	20.000	4.500	20.000	3.600
Anu Hämäläinen	20.000	4.500	20.000	4.600
Kalle Reponen(1	5.000	1.000	20.000	4.600
Sarlotta Narjus	20.000	4.500	15.000	3.100
Kai Mäenpää(2	15.000	3.000	-	-
Tero Telaranta(3	5.000	1.500	-	-
Total	**175.000**	**35.200**	**165.000**	**32.400**

(1 Member of the Board of Directors until 4 April, 2017

(2 Member of the Board of Directors from 4 April, 2017

(3 Member of the Board of Directors from 21

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September, 2017

CEO Arto Metsänen	**2017**	**2016**
Salaries	407.367	328.607
Bonuses	-	-5.000
Share based benefit	23.040	-41.000
Total	430.407	282.607
Fringe benefits	1.114	1.252
Total	**431.521**	**283.859**
Statutory pension payments (Finnish TyEL or similar plan)	69.203	71.634
Voluntary pension payments	45.975	54.475

Remuneration of the Executive Management Group, accrual based		
Salaries	1.210.808	1.088.080
Compensations for termination of employment	-	-
Bonuses (*	51.381	30.059
Share based benefit (*	48.000	-95.000
Total	1.310.189	1.023.139
Fringe benefits	139.721	30.969
Total	**1.449.910**	**1.054.107**

***** Negative amount in 2016 is due to the bonus and the share based incentive plan allowances estimated too high in the previous year.

Statutory pension payments (Finnish TyEL or similar plan)	193.648	173.053
Voluntary pension payments	20.966	20.160

The remuneration includes salaries only for the period they have been members of the Executive Management Group.

Share-based incentive plan

Share-based incentive plan 2017

On 18 January 2017, Glaston's Board of Directors approved a new period for the long-term incentive and commitment plan for the Group's key personnel including senior management of the Group and its subsidiaries.

The incentive plan is based on the development of Glaston's share price. The plan covers the years 2017–2019 and the possible rewards will be paid in spring 2020. The incentive plan for 2017 covers 18 key persons of Glaston.

Share-based incentive plan 2016

On 19 January 2016, Glaston's Board of Directors approved a new period for the long-term incentive and commitment plan for the Group's key personnel including senior management of the Group and its subsidiaries.

The incentive plan is based on the development of Glaston's share price. The plan covers the years 2016–2018 and the possible rewards will be paid in spring 2019. The incentive plan for 2016 covers 16 key persons of Glaston.

Share-based incentive plan 2015

On 27 January 2015, Glaston's Board of Directors approved a new period for the long-term incentive and commitment plan for the Group's key personnel including senior management of the Group and its subsidiaries.

The incentive plan was based on the development of Glaston's share price.The period covered the years 2015–2017. Rewards EUR 0.1 million will be paid in spring 2018. The incentive plan for 2015 covered 29 key persons of Glaston.

Share-based incentive plan 2014

On 21 January 2014, Glaston's Board of Directors approved a new long-term incentive and commitment plan for the Group's key personnel including senior management of the Group and its subsidiaries.

The incentive plan was based on the development of Glaston's share price. The plan covered the years 2014–2016 and ended 31 December 2016. 30 key persons of Glaston were part of the incentive plan. No rewards were paid under the plan during its period of validity.

SHAREHOLDER INFORMATION

20 largerst shareholders 31 December, 2017

	Shareholder	Number of shares	% of shares and votes
1	Ac Invest Eight B.V.	33.931.442	17.52 %
2	Hymy Lahtinen Oy	23.400.000	12.08 %
3	Etera Mutual Pension Insurance Company	13.843.878	7.15 %
4	OP-Finland Small Firms Fund	13.828.503	7.14 %
5	Varma Mutual Pension Insurance Company	12.786.643	6.60 %
6	Evli Finnish Small Cap Fund	9.467.361	4.89 %
7	Hulkko Juha Olavi	4.000.000	2.06 %
8	Päivikki and Sakari Sohlberg Foundation	3.965.600	2.05 %
9	Oy Investsum Ab	3.358.000	1.73 %
10	Kirkon Eläkerahasto	3.142.600	1.62 %
11	Danske Invest Finnish Small Cap Fund	2.500.000	1.29 %
12	Sijoitusrahasto Taaleritehdas Mikro Markka	2.375.600	1.23 %
13	Säästöpankki Pienyhtiöt	2.307.860	1.19 %
14	Sumelius-Fogelholm Birgitta	1.944.734	1.00 %
15	Sumelius Bjarne Henning	1.801.504	0.93 %
16	Metsänen Arto Juhani	1.750.000	0.90 %
17	Von Christierson Charlie	1.600.000	0.83 %
18	Oy Nissala Ab	1.500.000	0.77 %
19	Sumelius Christer	1.255.076	0.65 %
20	Sumelius-Koljonen Barbro	1.235.988	0.64 %
	20 largest shareholders total	139.994.789	72.27 %
	Nominee registered shareholders	1.592.347	0.82 %
	Other shares	52.121.200	26.91 %
	Total	193.708.336	100.00%

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DEFINITIONS OF KEY RATIOS

Per share data

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

Diluted earnings per share:
Net result attributable to owners of the parent adjusted with the result effect of the convertible bond / Adjusted average number of shares. dilution effect of the convertible bond taken into account

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*:
(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 of continuing operations before depreciation, amortization and impairment, share of associates' results included

Operating profit (EBIT):
Profit / loss of continuing operations after depreciation. amortization and impairment, share of associates' results included

Cash and cash equivalents:
Cash + other financial assets (includes cash and cash equivalents classified as held for sale)

Net interest-bearing debt:

Interest-bearing liabilities (includes interest-bearing liabilities classified as held for sale) - cash and cash equivalents

Financial expenses:
Interest expenses of financial liabilities + fees of financing arrangements + foreign currency differences of financial liabilities (total of continuing and discontinued operations)

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:
Profit / loss of continuing operations after depreciation, amortization and impairment. share of associates' results included – items affecting comparability

Comparable EBITDA:
Profit / loss of continuing operations before depreciation, amortization and impairment. share of associates' results included – items affecting comparability

Items affecting comparability:

Items affecting comparability are related to restructuring and for events or activities, which are not part of the normal business operations, They can include expenses arising from personnel reduction, product portfolio rationalization, changes in production structure and from reduction of offices. Impairment loss of goodwill, exceptionally large gains or losses from disposals of property, plant and equipment and intangible assets as well as capital gains or losses arising from group restructuring.