
Annual Review 2021

glaston
seeing it through®





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Glaston's updated strategy for 2021–2025

Glaston's revised strategy with key objectives for 2021–2025 was launched in August 2021. The key objectives are clearly improved organic growth and profitability, based on Glaston's own strategic initiatives and the expected market growth. The roadmap for 2021–2025 builds on Glaston's business area specific strategic initiatives. The successful execution of the strategy is supported by strong leadership and Group-wide cornerstone projects.

Glaston's addressable glass processing equipment market is expected to grow by more than 5% annually, on average, during the strategy period, and Glaston's ambition is to clearly exceed this market growth. Strategic must-win development initiatives securing net sales growth and improved profitability have been identified in all Glaston's business areas and the services business. These initiatives are supported by Group-wide cornerstone initiatives that target improved commercial and operational excellence.

Glaston's core technologies and lifecycle solutions continue to be at the center of its strategy and Glaston aims to take market share in all its business areas. As the frontrunner in its industry, Glaston plans to increase its investments in innovation and development. Glaston is also continuing its commitment to leading the industry's digital transformation. Profitability improvement is supported by net sales growth, an optimal product offering, as well as productivity improvements.

Financial targets

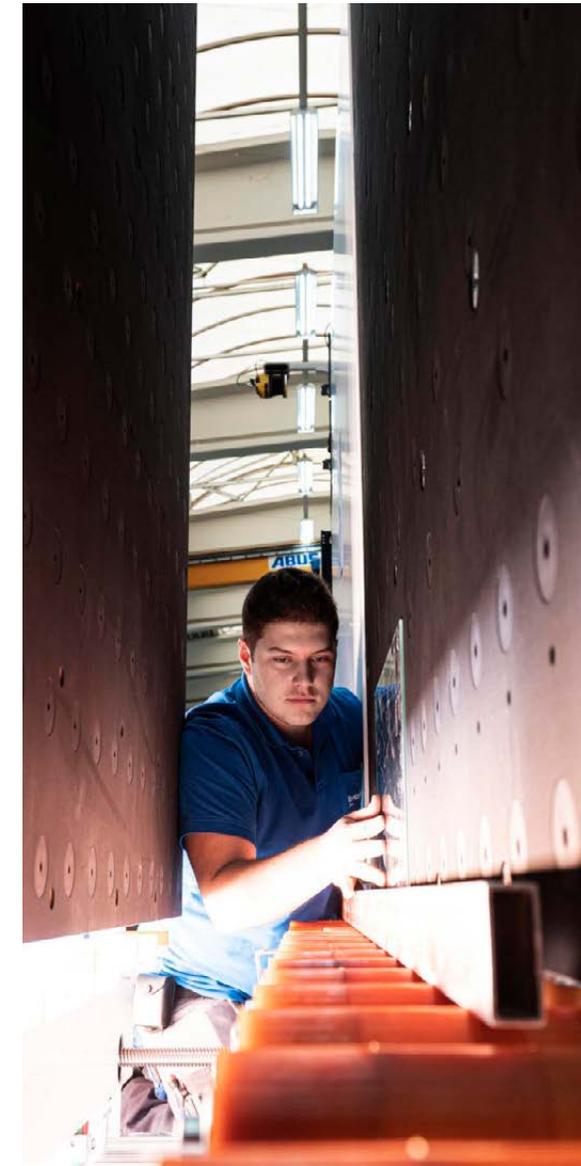
Glaston's new financial targets for the strategy period 2021–2025 are:

- Annual average net sales growth (CAGR) clearly exceeding the addressable equipment market growth of more than 5%
- Comparable operating margin (EBITA) of 10% at the end of the strategy period
- Comparable return on capital employed (ROCE) of 16% at the end of the strategy period

New non-financial targets:

Addressing the company's focus on sustainability, in addition to its financial targets, Glaston has set new non-financial strategic targets:

- Customer satisfaction score (Net Promoter Score, NPS) above 40
- Group-wide safety target measured as zero lost time accidents (LTA)
- Employee Engagement target above 75 (out of 100)
- Glaston's CO₂ emissions (Scope 1 + 2) in relation to net sales down by 50% from the 2020 level. In 2020, greenhouse gas emissions were 2,777 tons of CO₂ with net sales of EUR 170.1 million



Our vision is to lead the global glass processing industry forward with innovative technologies and lifecycle solutions

**MEGATRENDS
ACCELERATING
OUR BUSINESS**

- Climate change & resource scarcity
- Urbanization
- Changing economical & political landscape
- Embedded technology
- Social sustainability

GLASTON'S PURPOSE

Building a better tomorrow through safer, smarter, and more energy-efficient glass solutions

CORE TECHNOLOGIES FOR

- Heat Treatment
- Insulating Glass
- Automotive & Display

CORNERSTONES

- Innovate with customers
- Lead digital transformation
- Empower Glastonians
- Sustainability & continuous improvement
- Global sourcing & manufacturing



We are committed to our customers

We learn from each other

VALUES

We share the passion for glass

Together we build the future



President & CEO's Review

A year of positive development and strategy clarification

Year 2021 marked a beginning of a new journey both for Glaston, as we launched a revised strategy and financial targets for 2021-2025 and for myself, as a new CEO & President of Glaston Corporation.

Throughout 2021, Glaston's business showed improvement. Our markets recovered well and orders received for the full year increased by 41% compared with the previous year, totaling EUR 216.2 million, with all segments contributing to the outcome. Net sales improved by 7% and amounted to

EUR 182.7 million. For Services, growth of 15% was recorded. Despite the challenges caused by supply chain disruptions and the still ongoing pandemic, we can be satisfied with the improvement in profitability. Comparable EBITA for the full year was EUR 11.1 million, up 43% compared with the previous year.

Revised strategy launched

A substantial initiative in 2021 was to renew Glaston's strategy. The key objectives of the revised strategy are reaching clearly improved organic

“

The key objectives of the revised strategy are reaching clearly improved organic growth and profitability”

growth and profitability. Currently, the implementation of several strategic initiatives is well underway and we are already noting good progress.

One of the strategic initiatives is focusing on common leadership principles, which have a key role in implementing the strategy and embedding it into everyday working life. Another focus area is safety, and our group-wide safety target is zero lost-time accidents by 2025. We made excellent progress immediately in the first year as only five lost-time accidents occurred, compared with 14 in the previous year.

We are also committed to reducing our direct and indirect greenhouse gas emissions in relation to net sales by 50% by 2025 from the 2020 level. In 2021, our CO₂ emissions in relation to net sales were down 13% compared

with the previous year. As of January 2022, our production facilities in Finland and Germany have switched to renewable electricity, thereby significantly reducing emissions.

Differentiating us from the competition, our wide product portfolio and comprehensive services add value to our customers, who can benefit from unifying their technology solutions. During the year, the strategic and commercial importance of cross-selling was clearly demonstrated as we saw good development in cross-selling heat treatment and insulating glass technologies, in particular.

Sustainability as an opportunity

Glaston's purpose is to build a better tomorrow through safer, smarter, and more energy-efficient glass solutions.

As societies take actions towards

carbon neutrality, there is an increased focus on the energy performance of buildings. 40% of total energy consumption relates to buildings, and windows have an important role to play when aiming to reduce CO₂ emissions and increase the energy efficiency of buildings.

Glaston's technologies are at the core of promoting sustainability, as our products provide key technologies for improved energy efficiency and safety in buildings. Energy-efficient modern double- or triple-glazed insulating glass units and coated, low-emissivity safety glass processed with Glaston's technologies are key enablers for meeting the sustainability requirements of buildings.

For Glaston, 2021 ended on a positive note. I'm proud of what we accomplished together and I would

like to thank the Glaston team for their contribution throughout the year. I would also like to thank our customers and other stakeholders for your continuous support.

Anders Dahlblom
CEO & President

A photograph of a modern building with a glass facade. The building's glass reflects the surrounding greenery and sky. In the foreground, there is a lush, green bush. To the left, an outdoor seating area with tables and chairs is visible, where a few people are sitting. The overall scene is bright and green, suggesting a sustainable and nature-integrated environment.

Sustainability

The frontrunner in glass processing

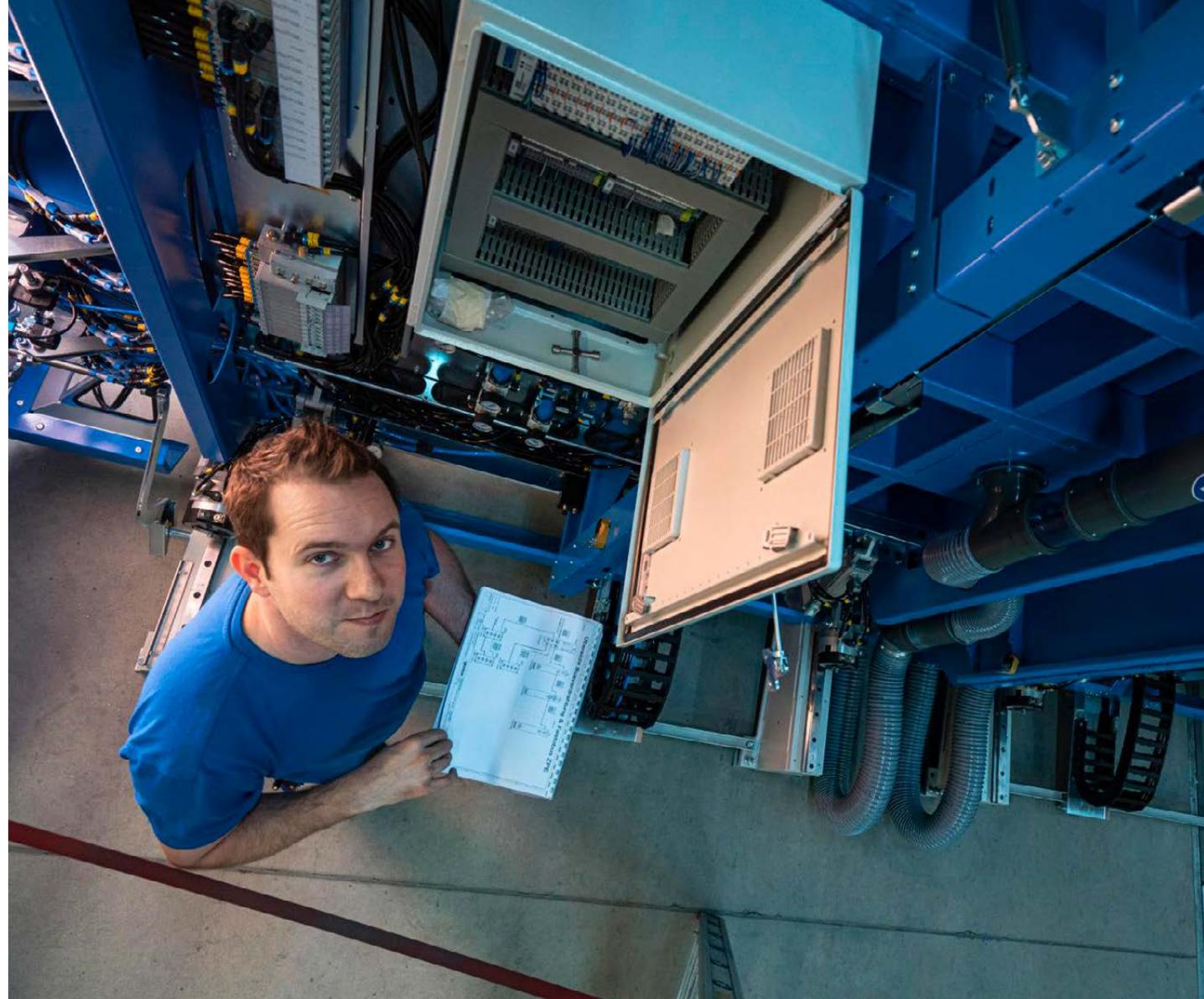
Glaston's purpose is to build a better tomorrow through safer and more energy-efficient glass solutions.

Glaston is the frontrunner in glass processing industry technologies and services. Glass processed using Glaston's machines is supplied to the architectural glass, automotive glass, solar energy and display industries. Most of the glass produced with the company's technology is supplied to the construction industry.

In line with its new vision, Glaston seeks to lead the global glass processing industry forward with innovative technologies and lifecycle solutions.

Greater attention is being paid to the safety of buildings, and for glazing solutions this means increasing use of tempered and laminated glass. Tempering, laminating and insulating glass processes are Glaston's core expertise, and in these the company offers the most advanced technology.

As environmental awareness increases, demand for more energy-efficient and environmentally



sustainable glass solutions is continually growing. Energy-efficient double- or triple-glazed insulating glass units and in these used coated, low-emissivity glass processed with Glaston's technology meet the energy-saving needs of buildings.

The debate on climate change is also strongly reflected in the glass industry. This has led to rapid development in smart glass, thin glass and glass used in solar energy solutions. As our industry's innovative technology leader, Glaston is strongly involved



Glaston's segments focus on different sectors

Glaston Insulating Glass

segment provides high technology machines for the manufacture of insulating glass, maintenance, upgrade and modernization services, as well as spare parts. The Insulating Glass segment comprises the Insulating Glass Technologies product area and maintenance services for insulating glass machines. Most of the segment's personnel are located in Germany.

Glaston Heat Treatment

segment encompasses 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. The Heat Treatment segment comprises the Heat Treatment Technologies product area and maintenance services for heat treatment machines. Most of the segment's personnel are located in Finland.

Glaston Automotive & Display

segment provides glass processing machines and maintenance, upgrade and modernization services as well as spare parts for the automotive and display industries. The Automotive & Display segment comprises the Automotive & Display Technologies product area and related services. Most of the segment's personnel are located in Switzerland.

in this development, and is continually launching more advanced technology to meet the changing needs of the market.

In 2019, the scope of Glaston's operations grew significantly when the company acquired the German-Swiss company Bystronic glass. The acquisition expanded Glaston's offering to insulating glass technologies in the architectural market and to pre-processing in the automotive and display markets.

Glaston has production in Germany, Finland, China and Switzerland. Glaston's factories in Finland, Switzerland and China assemble machines, while

in Germany machines are manufactured. In addition, the company has sales and service points in 10 countries. From these locations, Glaston serves its customers, who operate in over 100 countries. The company is domiciled in Helsinki, Finland.

Glaston's group structure comprises three segments:

- Glaston Insulating Glass
- Glaston Heat Treatment and
- Glaston Automotive & Display

In addition, Glaston offers digital services, such as glass processing machine remote monitoring and fault

analysis services, and consulting and engineering services. Personnel also work in sales of machinery and services and in Group functions.

Glaston's ownership structure

Glaston Corporation's share (GLA1V) is listed on the main list of Nasdaq Helsinki Ltd. At the end of 2021, Glaston had 7,427 shareholders. At the end of the year, the company's largest shareholders were Ahlstrom Capital B.V. (26.39%), Hymy Lahtinen Oy (12.22%), Varma Mutual Pension Insurance Company (7.50%), Ilmarinen Mutual Pension Insurance Company (7.31%) and OP-Finland Small Firms Mutual Fund (6.04%).

New strategy shows direction

Glaston's new strategy for 2021–2025 was announced in August 2021, with the objective of clearly improved organic growth and profitability. The successful implementation of the strategy is supported by Group-wide cornerstone initiatives.

In Glaston's updated strategy, sustainability is one of the priorities, and a strategic cornerstone initiative has been established to develop it. The majority of the company's business is targeted at the architectural segment, in which Glaston's products provide key technologies to improve the energy efficiency and safety of buildings.

Glaston's cornerstone initiatives

Implementation of the strategy will be supported by Group-wide cornerstone initiatives.

1. Innovate with customers to win: strengthening Glaston's technology leadership by seamless integration of customer understanding with faster innovation and development work.
2. Leading digital change: building the tools and infrastructure across all Glaston operations to lead the industry's digital transformation.
3. Empowering Glastonians to thrive: is essential to building the desired corporate culture. Leadership development and the leveraging of common leadership principles will play a key role in implementing the strategy and embedding it into everyday working life.
4. Elevate sustainability and continuous improvement: will enable long-term success by building a stronger culture of continuous improvement and systematically progressing the sustainability agenda.
5. Master global sourcing and manufacturing: will enable operational efficiency and growth through more harmonized sourcing and manufacturing processes.

In connection with the strategy work, new non-financial strategic targets promoting sustainability were set:

- Customer satisfaction score (Net Promoter Score, NPS) over 40
- Group-wide safety target of zero lost time accidents (LTA, progress measured as accident frequency, LTIFR)
- Employee engagement rate above 75 (out of 100)
- Glaston's CO₂ emissions (Scope 1+2) in relation to net sales down by 50% from the 2020 level.

Sustainability as the cornerstone of the strategy

In 2021, through Glaston's updated strategy, our sustainability work took a big leap forward as part of our strategy and systematic management.

We have, of course, been working for years to promote sustainable development. The strategy process and its various analyzes helped us to see more clearly how we can contribute to climate change mitigation, the energy efficiency of buildings and the development of safety directly through our business operations, while at the same time creating new opportunities.

In our updated strategy, *Elevate sustainability and continuous improvement* is an area of focus, and a strategic cornerstone initiative has been established to develop it. We also set the first Glaston-wide non-financial targets for 2025, and established a Sustainability Working Group for more detailed planning and implementation of the goals of the strategic cornerstone initiative.

I am delighted with our new working group, which comprises experts from the different parts of our organization. The sustainability themes to be managed and developed are broad, our expertise covers different fields – and



we are constantly learning more together. Through clear responsibilities and an updated materiality assessment, we will also become more structured and systematic in what we do. During 2022, as the work progresses, we will prepare plans for the coming years that will take sustainability forward.

There is still a lot of work to be done, and we will continue to work confidently with Glaston employees and our stakeholders during 2022!

Päivi Lindqvist,

CFO & sponsor of the cornerstone initiative Elevate sustainability and continuous improvement

Impact of coronavirus on Glaston

The COVID-19 pandemic has continued to impact Glaston. Due to preventive measures introduced at an early stage, such as a recommendation to work remotely and strict safety guidelines, Glaston has been able to maintain its production operations, and there were few cases of coronavirus infection among personnel.

The importance of a safe and healthy life and working environment has grown in recent years, and for Glaston safety is also a strong priority internally. During the pandemic, many Glaston employees have worked remotely in order to protect their own health and that of production personnel.

Different countries' changing travel restrictions and restrictions on customers' factory visits have continued to adversely affect maintenance and service operations. Installation work has been adapted to current conditions, however, with new installation methods, such as precise travel planning and digital support tools. In Germany, Glaston trained first-aid medical staff to carry out rapid COVID tests. All of the company's production facilities were fully operational and Glaston's business developed positively during 2021.

Continuous dialogue and development work

Glaston's goal is to be a reliable and responsible partner for its stakeholders.

The most significant stakeholders are current and potential customers and employees, shareholders and investors, suppliers and subcontractors, the media, public authorities and local communities as well as research institutes and higher education institutions. Glaston engages in continuous dialogue with its stakeholders on topics of current interest and to fulfill stakeholders' expectations.

One of Glaston's strategic cornerstone initiatives is *Innovate with customers to win*, which focuses on strengthening the company's technology leadership by seamless integration of customer understanding with faster innovation and development work.

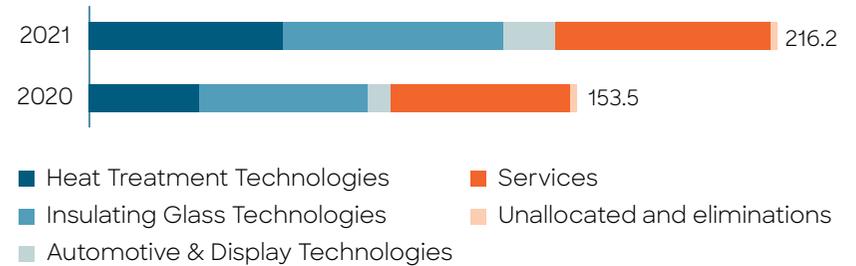
To remain at the forefront of the development of glass processing products and services, Glaston invests significantly in the continuous development of its core business technology portfolio and its research and development activities.

Scope of the report

This sustainability report describes Glaston Group's operations in 2021. The content of the report and the themes covered are based on Glaston's updated strategy as well as a materiality assessment updated in autumn 2021. The report covers the entire Group.

Key figures 2021

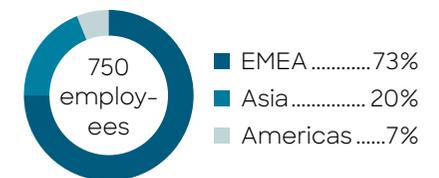
Orders received per product area, M€



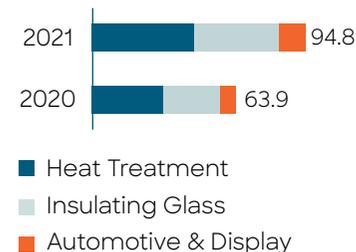
Net sales per region, %



Personnel per region at end of year, %



Order book, EUR million



Comparable EBITA, EUR million



Megatrends supporting Glaston's business

Glaston's business and product development are particularly affected by the megatrends of urbanization and growing environmental awareness. With the growing use of glass, expectations for its energy efficiency, safety and versatility have increased.

Urbanization and megacities

Urbanization is one of the world's most powerful forces of change. The UN has estimated that by 2050 nearly 70% of the world's population will live in cities and, particularly in developing countries, megacities of over 10 million inhabitants will arise. Through urbanization, the need for new construction will grow, and the existing building stock, too, will be developed, which will increase demand for glass. Glaston contributes to the construction of a more energy-efficient society by offering its customers a wide range of products and services that enable them to manufacture more energy-efficient windows and insulating glass units.

Climate change and resource efficiency

The use of glass in buildings has increased significantly; well-designed use of glass can reduce the energy consumption of buildings, improve their sound insulation and at the same time increase interior brightness. People's preferences are also increasing the use of glass as a building material. This development will drive growing demand for energy-saving glass, smart insulating glass units and solar energy solutions.

As environmental awareness increases and construction laws and regulations become stricter, the energy-saving requirements for buildings will tighten. Insulating and energy-efficient glass will be increasingly used to achieve these goals. Utilization of solar energy in buildings is also on the increase, resulting in growing demand for the glass needed in solar cells.

Safety

Greater attention is being paid to the safety of buildings. Due to tightening safety regulations, more and more safety glass is being used, which has meant a growing demand for tem-

pered and laminated glass, which help protect people from injury as they are significantly stronger than regular glass and do not pose a risk in the event of breakage.

Social responsibility

For a company to succeed in attracting skilled and motivated employees, it must also assume its social responsibility and set itself ambitious goals for sustainable development. Diversity and equality are important themes in the societal debate and in ensuring the well-being of employees. In its own operations, Glaston is committed to providing a safe and good workplace for its personnel.

Transparency of operations and traceability of supply chains are also increasingly important not only in terms of risk management, but also in the assessments of financiers and investors.



Glaston's sustainability and its management

Glaston is committed to providing a safe and good workplace for its employees, being a responsible partner to its customers, utilizing resources efficiently, and reducing the environmental impact of its production processes. Glaston's most significant environmental impacts arise via the use of its products, and the company's product range meets the growing demand for more energy-efficient and environmentally sustainable glass solutions.

At the end of 2021, Glaston updated its material topics of sustainability to reflect the new strategy and changes in the operating environment. The assessment also took into account the views of external stakeholders and the company's own personnel.

Responsible own activities



Human resources

- Health & safety and risk prevention
- Competencies and skills, development and trainings
- Diversity & Inclusion
 - Equality, anti-discrimination, anti-harassment
- Good leadership



Environment

- Climate impact oversight and scenarios
- Risks and possibilities relating to tightening emissions regulation



Responsible business

- Financial responsibility ensuring competitiveness and profitability
- Anti-corruption and fair competition practices
- Responsible sales

Responsible partner



Customer

- User experience and customer satisfaction



Products & Services

- Machine quality, reliability and longevity, life-cycle management
- Machine safety and advising customers in operating the machines
- Digitalization and Automation
- Data safety and security
- Energy and material efficiency targeting circular economy
- End product quality, safety and recyclability

Responsible sourcing



Suppliers

- Supplier requirements, assessments and audit
- Human rights and workplace safety within the supply chain
- Anti-corruption in supply chain and sourcing
- Environmental matters in the supply chain

Responsible member of society



Sustainable tomorrow

- Indirect impacts on energy efficient cities and societies
 - Indirect energy and emissions reductions
 - Indirect material reductions
- Sustainable end-product applications
- Development of the industry, research co-operation
- Contributing to the decarbonization of societies



The update revised the content of previously identified material topics. Glaston's material topics are:

- responsible own activities (personnel, environment, responsible business)
- responsible sourcing
- responsible partner and
- responsible member of society.

In connection with the materiality review, the most significant climate and biodiversity risks related to and arising from Glaston's operations were also identified. Climate risks were mainly assessed as being medium or low. Glaston's climate risk management is reported in more detail in the financial statements, in connection with the Report of the Board of Directors.

Sustainability Working Group coordinates work

One of the focus areas of Glaston's new strategy is sustainability. The company has established a management structure and clear responsibilities for implementing Glaston's sustainability practices. Glaston's day-to-day choices are guided by the Code of Conduct.

In order to systematically develop the sustainability agenda, Glaston established in autumn 2021 a Sustainability Working Group, which includes experts from various functions. The working group's mandate is to coordinate sustainability development in Glaston, to create uniform processes and tools for sustainability work throughout the company, and to be responsible for the monitoring and reporting of

the work. The working group will also develop sustainability further to capture business opportunities and to meet growing regulatory requirements and stakeholder expectations. The group reports to the Executive Management Group and the Board of Directors.

Sustainability targets

In connection with strategy work, new Group-wide non-financial strategic targets promoting sustainability were set for 2025:

- Safety target measured of zero lost time accidents (LTA, measured as accident frequency, LTIFR)
- Employee engagement rate over 75 (out of 100)

- Glaston's CO₂ emissions (Scope 1+2) in relation to net sales down by 50% from the 2020 level
- Customer satisfaction score (Net Promoter Score, NPS) over 40

In addition to these key targets, Glaston's other sustainability targets were promoted and revised during 2021. New, revised targets were set for, among other things, the calculation of value-chain greenhouse gases and suppliers' commitment to Glaston's Code of Conduct.

Key sustainability objectives

Topic	Indicator	Target	Outcome	Timetable
Responsible business	Training of personnel in the Code of Conduct	Training coverage 100%	Training began in 2021; coverage was 97% at the end of the year. Training will become part of the induction of new employees.	Continuous
Safe workplace	Accident frequency (LTIFR), number of accidents per million hours worked	Accident frequency zero	LTIFR in 2021 = 3.3	2025
	Reports of workplace harassment	No reports	In 2021, no cases of workplace harassment were reported.	Continuous
	Employee engagement rate	Employee engagement rate over 75 (out of 100)	Baseline will be measured during 2022	2025
Impacts on the environment	CO ₂ emissions in own operations	CO ₂ emissions (Scope 1+2) in relation to net sales down by 50% from the 2020 level (16.3 tCO ₂ /€ million).	Outcome (14.3 tCO ₂ /€ million) -13% compared with 2020 level	2025
	Emissions in value chain	Scope 3 emissions to be calculated during 2022	-	2022
	Energy and material efficiency	Target to be specified during 2022	-	2022
Responsible sourcing	Commitment of suppliers to Glaston's Code of Conduct (new and current suppliers)	Commitment coverage 100%	Commitment to be included in contracts during 2022	2025
Responsible partner	Industry's best customer experience	Customer satisfaction score (NPS) more than 40	NPS measurement throughout Glaston during 2022	2025

Code of Conduct guides daily choices

Glaston's Code of Conduct provides all Glaston personnel with guidelines on acting ethically and responsibly in the workplace, in interaction with various partners, customers and suppliers and as a responsible actor in society. The Code of Conduct includes,

among other things, a commitment to respect human rights, and strictly prohibits any form of harassment.

In its everyday activities, Glaston is committed to combating bribery and corruption. Glaston has its own operating locations in ten countries, and from these we serve our customers

in over 100 countries. The company's own operations are complemented by a global agent network. Glaston recognizes that there is a risk of corruption and fraud in some of the company's operating regions and countries.

Glaston's separate Anti-bribery and anti-corruption policy clearly sets out

our practices and raises our employees' awareness of the risk of corrupt payments, unequivocally prohibits the payment and receipt of bribes, and ensures that the company conducts business honestly in accordance with ethical standards and in compliance with anti-corruption laws, rules and regulations.

Training in the Code of Conduct is arranged for all personnel. The objective of the training is not only to familiarize Glaston's personnel with the updated guidelines, but also to support and strengthen Glaston's common ethical approach and to identify and address any problem areas. Training is also provided in the content of the anti-bribery and anti-corruption policy to those whose working tasks are closely related to the issue.

Training in ethical principles is an integral part of the induction of new employees, and the goal is that all Glaston personnel will attend such training every two years. The Code of Conduct is published in Finnish, English, German, Chinese and Russian so that as many employees as possible can read it in their own language.

Glaston also published a separate code of conduct for its suppliers (Glaston Supplier Code of Conduct),

to which it requires suppliers to commit. The Glaston Supplier Code of Conduct is published in Finnish, English, German and Chinese.

The Code of Conduct is complemented by other Group-level policies approved by the Board of Directors, such as the anti-bribery and anti-corruption policy, and the disclosure, information security and risk management policies. Safety at work is also one of the non-financial targets of Glaston's strategy.

Glaston continually develops the quality, reliability and energy-efficiency of its products. At Glaston's assembly and production units, the company operates in accordance with the ISO 9001 quality management system. In Finland, Glaston manages environmental issues in accordance with the ISO 14001 environmental management system.



UN Sustainable Development Goals

Glaston supports the United Nations Sustainable Development Goals (SDGs), which will guide the sustainable development actions of member states, companies and other organizations up to 2030. We have identified seven goals that also emerge from our own strategy and are most material to us. These provide a broader frame of reference for our work and support the achievement of these goals in our own activities.

Glaston's responsibility theme

UN Sustainable Development Goals

Implementation in Glaston

Responsible operations	UN Sustainable Development Goals	Implementation in Glaston
Responsible member of society	 <p>Goal 3: Ensure healthy lives and promote well-being for all at all ages</p> <p>Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> occupational health care in all operating countries according to local needs and requirements minimizing health risks: e.g. in Finland, enhanced health checks for over 50-year-olds, hobby sessions and exercise benefits, strict safety rules and remote-work recommendations in order to prevent spread of coronavirus eSkills online learning system for all personnel summer work, diploma work and trainee positions for young people Ahlström Collective Impact cooperation with UNICEF Finland
Responsible partner	 <p>Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable</p> <p>Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>Goal 12: Ensure sustainable consumption and production patterns</p> <p>Goal 17: Revitalize the Global Partnership for Sustainable Development</p>	<ul style="list-style-type: none"> reducing the harmful environmental impact of cities with new glass technologies providing engineering and consulting services for the production of energy glass windows as well as for solar energy applications enabling the introduction of resource-efficient, clean and environmental friendly production processes increasing urban safety through the use of safety glass participating in the development of society by paying taxes, wages and dividends efficient use of energy and materials and minimizing material and other waste ISO 9001 quality management system and ISO 14001 environmental management system glass processing machine energy-efficiency at heart of product development, long life cycle, high utilization rate and real-time quality control iLook proactive and regular maintenance by utilizing cloud services and opportunities offered by IoT Ahlström Collective Impact cooperation with UNICEF Finland

NET IMPACT CALCULATED

Largest impacts under examination

In order to better understand the effects caused and induced by Glaston's business on the environment, people and society, we studied the company's net impacts in 2020–2021 in collaboration with the Finnish Upright Project.

Net impacts are a matter of measuring the most significant positive and negative effects of a company's core business and linking them together: what resources the company uses and what it achieves with them. The essential aspect of the study is the net sum of impacts, i.e. how much value the company creates relative to the costs and drawbacks it causes.

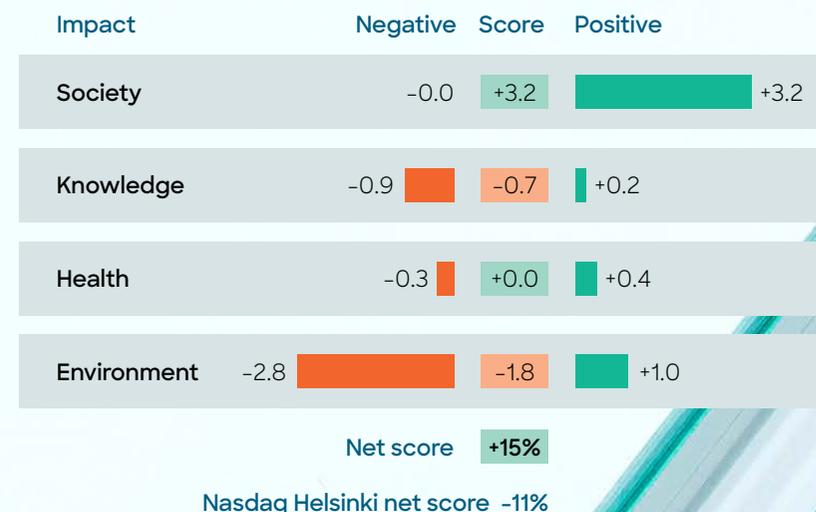
The model developed by the Upright Project is based on artificial intelligence modeling that utilizes machine learning, in which information from millions of scientific articles is combined into a commensurate calculation of the company's operations, products and services.

The results show that Glaston's main impact is its positive social impact through jobs and the payment

of taxes. In addition, the company's excellence in glass processing technologies also facilitates socially beneficial product development.

Achieving these positive results gives rise, however, to greenhouse gas emissions and glass waste throughout the glass processing value chain. In the study, Glaston's carbon footprint was estimated to be 34,400 tonnes of CO₂e, of which the company's own operations account for approximately 8%.

On the other hand, Glaston exceptionally also has a positive impact on reducing greenhouse gas emissions through the insulating glass manufactured by its customers using Glaston's technology. Tempered and laminated glass produced with Glaston's technology is also safe for users, as it does not cause injury in the event of breakage.



Responsible own activities



Human resources

- Health & safety and risk prevention
- Competencies and skills, development and trainings
- Diversity & Inclusion
 - Equality, anti-discrimination, anti-harassment
- Good leadership



Environment

- Climate impact oversight and scenarios
- Risks and possibilities relating to tightening emissions regulation



Responsible business

- Financial responsibility ensuring competitiveness and profitability
- Anti-corruption and fair competition practices
- Responsible sales



We empower our employees to thrive

Professional, committed and healthy personnel are the foundation of Glaston's success. Glaston attends to the continuous development of the skills of its personnel by providing its employees with an inspiring work environment that facilitates utilization of existing skills and the further deepening of expertise. We respect and promote the equality and diversity of personnel.

Glaston's personnel

In 2021, the number of Glaston personnel rose by 4%, and there were 750 (723) Glaston employees at the end of the year.

As a result of orders received, the previously agreed temporary layoffs in Finland were canceled at the beginning of February 2021. Short-time work introduced in Switzerland in autumn 2019 ended at the beginning of February. However, Swiss production personnel temporarily returned to reduced

working hours in May and June due to a lower workload. Operations in Glaston's Brazilian subsidiary were discontinued in early 2021. The Brazilian operations had employed nine people.

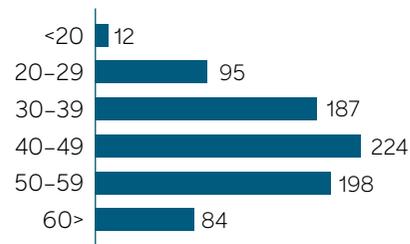
At the end of 2021, Glaston had operations in 10 countries, of which the three largest, by employee numbers, were Germany, Finland and China. In Glaston, employee turnover in 2021 was 8.5% in Germany, in Finland 17.2% and in Switzerland 7%. Most employment relationships are permanent. The average age of personnel is 44.7 years.

Of Glaston's personnel, 83% are men and 17% are women. At the end of 2021, there were five men and two women on Glaston's Board of Directors, and three of the nine members of the company's Executive Management Group were women.

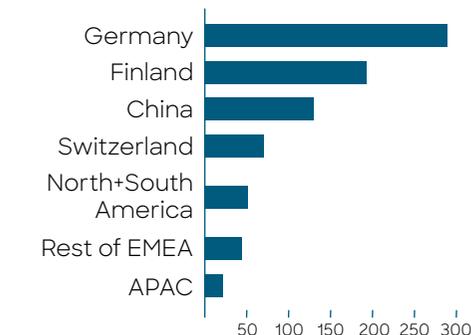
Target: Employee Engagement

>75

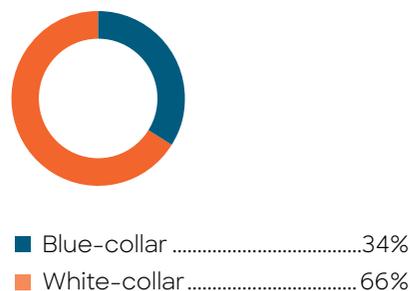
Employee age distribution



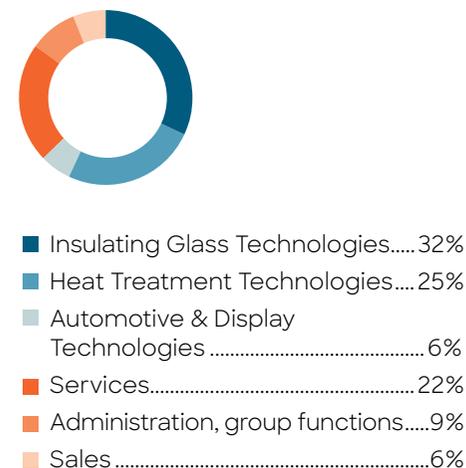
Employees by country or region (FTE)



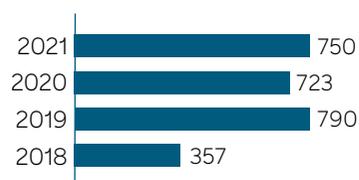
Employees by type of employment



Personnel per function



Employees at end of year



Good leadership and employee engagement

Empowering Glaston people to thrive is one of the cornerstone initiatives of our new strategy. An important role in achieving these goals is played by developing leadership as well as common leadership principles and work culture, mapping the competencies and talents of Glaston personnel, supporting various work paths within Glaston, and flexibly coordinating work and leisure.

With the major acquisition of Bystronic glass, Glaston's employee numbers more than doubled in 2019. Work to find a common operating approach and merge operating locations began immediately at that time, and the expected synergies were achieved and even exceeded in many places.

Work to develop a common operating approach and organizational culture continued in 2021 in the second phase of integration, focusing on realizing the full potential and a common growth strategy. Working as a united team and organization with clear goals and priorities will increasingly benefit the company and its customers.

Leadership development and the leveraging of common leadership principles will play a key role in imple-

menting the strategy and embedding it into everyday working life. In 2021, we launched the supporting pillars of Glaston's leadership, which articulate our vision for high-quality, empowering leadership. At the end of the year, we organized coaching for all our supervisors in which we harnessed partner sparring methods to deepen our knowledge of the supporting pillars of leadership and share our experiences of leadership.

Engaged employees play an important role in achieving strategic goals. One of the Group's non-financial targets is to raise the employee engagement rate to more than 75, on a scale of 1-100, by 2025. The current state of employee engagement will be measured with the aid of an employer image survey, which will be launched in early 2022.

Employees' satisfaction with their work at Glaston was surveyed at the end of 2021 with a revised One Glaston Survey. The survey covered, among other things, Glaston as an employer, the company's strategy and goals, and employees' own work. The results showed that staff satisfaction is at a good level and they are happy to recommend the company as a workplace. Internal communication and cooperation between organizations were identified as areas for development.

Equal treatment and prohibition of harassment

All Glaston employees are treated fairly and equally, and discrimination is strictly prohibited. The diversity and equality of personnel are important for Glaston's success, and we are continuously developing our approaches and processes to better address potential unconscious biases in respect of them.

The above-mentioned Glaston Code of Conduct prohibits any form of harassment. All cases reported are investigated and, if deemed appropriate, the necessary action is taken. The parties concerned are informed of the outcome of the process. In 2021, no cases of workplace harassment were reported.

Continuous skills development

Expert personnel are the foundation of Glaston's success. Glaston attends to the continuous development of the skills of its personnel by providing its employees with an inspiring work environment that facilitates utilization of existing skills and the further deepening of expertise.

In Glaston, personnel training is mainly organized according to local needs. In addition to supervisor leadership development, the focus

of the training has been product and process training for sales and service personnel, as well as technical training for those engaged in engineering and assembly work. Furthermore, product and safety training is provided to sales, service and production personnel.

Thanks to Glaston's internal eSkills online learning platform, training is flexibly available online, offering personnel the opportunity to develop their skills independently. The eSkills platform provides training related to products, processes and operating practices. Training on ethical practices is also provided through the platform.

Each year, performance appraisals are conducted within Glaston and all employees are covered by the appraisal process. In the performance appraisals, targets are jointly agreed for the coming year and an evaluation is made of performance during the previous year and of the achievement of targets set for the previous year. Particular attention is paid to the planning of each person's own skills development.

Rewarding good work

As a rule, all of Glaston's personnel are covered by an annual bonus scheme, and bonuses are determined on the basis of Glaston's financial perfor-

Glaston's remuneration report wins award

In 2021, the European Union's Shareholder Rights Directive required, for the first time, that listed companies publish a remuneration report for governing bodies under the new regulations and submit the report to the annual general meeting for approval.

In March 2021, Glaston published its first remuneration report, which presents information on the remuneration of the Board of Directors, the President & CEO and the Deputy CEO for the financial year 2020 and a description of the development of remuneration. Finland's best remuneration reports of listed companies were selected in October 2021. The award for the Small Cap Series was won by Glaston, whose remuneration report was described as being clear, comprehensible and sufficiently concise. The report received a special mention for its effective introduction, which created a good overall picture of remuneration.

mance. In addition, the reward scheme includes the Glaston Way awards, which are based on good work performance supporting the achievement of strategic goals in line with the company's values.

Safeguarding employee safety and well-being

Glaston attends to the health, working capacity and safety of its personnel in many ways, and actively monitors occupational safety.

Occupational safety is high on our agenda and we have set a Group-wide occupational safety target of zero lost time accidents. In order to develop and manage safety, Glaston established a steering group consisting of representatives from different functions and countries. At its regular meetings, the steering group monitors the development of indicators measuring occupational safety and prepares plans for the further development of a safe working culture. An important measure in developing a safety culture is to promote and harmonize the reporting of accidents and near misses, as well as safety standards and general safety awareness throughout the Group.

The day-to-day management and development of occupational safety



Target: Lost Time Accidents

0

is the responsibility of the company's various units, and occupational safety issues are discussed in local occupational safety committees. On average, occupational safety reviews are conducted every three months and, based on them, development measures are agreed upon. Occupational safety training is regularly arranged in all of Glaston's assembly and production units.

Our target is zero accidents at work. We did not yet achieve this target; in 2021, there was a total of 5 lost time accidents at work or on a business trip leading to lost time, and the accident frequency was 3.3. Positive development was significant compared to the previous year, however, when the accident frequency was 10.8. The most typical accidents are hand injuries, such as cuts and various sprains.

We support the well-being of our employees and encourage them to exercise. In Finland, Glaston offers joint activity opportunities and exercise benefits. In Germany and in Finland, personnel have the option of using a company bicycle. With the shift to teleworking, we sought to ensure our employees' coping in work and physical condition.

Due to preventive measures introduced at an early stage of the coronavirus pandemic, such as a recommendation to work remotely and strict safety guidelines, Glaston has been able to maintain all of its production operations, and there have been few cases of coronavirus infection among personnel. Operational and safety instructions for personnel were revised according to the prevailing situation and recommendations.

Energy efficiency as an opportunity

Glaston views the promotion of sustainable development as a business opportunity and, as the frontrunner in its field, the company is involved in creating industry standards and practices in relation to sustainability, such as for energy efficiency and safety.

In glass industry sustainability issues, there is an emphasis on the energy efficiency of glass manufacturing and further processing. Glass production processes are energy-intensive and the industry's key goal is to further reduce its energy consumption as one means of reducing the industry's carbon dioxide emissions.

In this, the energy efficiency of buildings plays a key role in transitioning to a clean and carbon-neutral economy. For example, 75% of the EU's building stock is energy inefficient*), and heating and cooling of buildings account for half of final energy consumption in the EU. Therefore, improving the insulation of buildings is of great importance.

Glaston's largest customer segment is the architectural and construction industry. New standards, measures promoting carbon neutrality in Europe, and stricter legislation are supporting the use and development of more environmentally aware and energy-efficient solutions. At the same time, development of local control of construction with regard to safety and quality regulations is evident in many of Glaston's market areas.

Glass will play a key role in achieving the energy efficiency targets for buildings in both new and renovation construction. The technologies developed by Glaston enable the production of more energy-efficient glass structures.

Glaston continuously strives to reduce the environmental impacts arising from its activities, use of machines on customers' premises, and its end products.

Energy-efficient technology

The most significant environmental impacts of Glaston's operations are mainly associated with the use of the machines sold. Particularly in heat treatment machines, electricity con-

sumption is linked to the customer's production. Automation and various options are used to optimize the energy consumption of the machines to better match the customer's production, while achieving significant improvements in the energy consumption of processes.

Glaston's product development has long focused on improving the energy efficiency of its machines, and the company has managed to reduce significantly the energy consumption of its products. For example, in the tempering process of coated energy-saving glass, energy consumption has been reduced by around 30% over the last decade.

Electricity consumption in the equipment used in the manufacturing of glass pre-processing machines and insulating glass units is low and, as a result of product development, consumption has been reduced even further.

A more specific target for energy and material efficiency will be set during 2022. As part of setting the target, the most significant opportunities for reducing energy consumption and emissions will be identified and an



Energy efficiency of buildings in Europe

The goal of the Renovation Wave Strategy, published by the European Commission in 2020, is to at least double the number of renovations over the next decade and to ensure that they lead to better energy and resource efficiency. The goal applies to around 35 million buildings. The project will be a significant driver of growth for Glaston's business, as coated double and triple insulating energy-saving glass produced with Glaston's technologies are key solutions in energy saving for windows and glass façades.

The glass processing industry has actively developed types of glass that can be used effectively to reduce the need for heating and cooling and thereby change the energy consumption of buildings.

*) Source: Directive of the European Parliament and of the Council on energy efficiency, 2021.

implementation plan prepared.

In product development, Glaston utilizes new technology and the opportunities created by digitalization through, among other things, utilizing data received from machines. With the aid of cloud services and the industrial internet, the company helps its customers to use their machines as efficiently as possible. A real-time quality measurement system detects deviations in the quality of processed glass immediately, thereby minimizing material waste.

Positive climate impacts

The architectural and construction industry is Glaston's largest customer segment. The positive climate impact of the glass installed in buildings is therefore highly important for Glaston.

Loss through windows accounts for 25–30% of the energy used for heating and cooling buildings. The energy-saving potential is enormous, because in the EU area, for example, most of the glazing of buildings is less energy-efficient.

If, for example, the glazing of buildings in Europe were replaced by energy-efficient alternatives,

the energy consumption and carbon dioxide emissions of buildings would be approximately 30% lower by 2030*.

Solar energy is also growing in popularity, and the glass used in solar cells and panels is subject to exacting quality requirements, for example with respect to glass thickness and curved surfaces. Glaston provides engineering and consulting services for the production of energy glass windows as well as for solar energy applications.

Glaston's impacts on the environment

In its own activities, Glaston's most significant environmental impacts arise from energy consumption and related emissions, waste and transportation. In the use of machines, the main environmental aspect is the energy consumption of the machines.

At Glaston's assembly and production units, the company operates in accordance with the ISO 9001 quality management system. In Finland, Glaston manages and controls environmental issues linked to production in accordance with the certified ISO 14001 environmental management system.

On its premises, Glaston conducts regular energy audits, and is constantly improving the energy-efficiency of its properties. For example, oil consumption and resultant emissions were significantly reduced when heat pumps were installed, replacing oil as a heating source.

The commissioning of photovoltaic systems is being evaluated at all of the

Group's factories, and in Neuhausen, Germany electric cars will begin to be offered as company cars, and electric car charging points installed.

Transport of machines to customers is handled by forwarding companies using the shortest routes by land or sea. Transport of smaller and urgent spare parts is also handled by air freight.

Energy consumption (MWh)

	2019	2020	2021
Fuel oil, diesel and natural gas	3,460	3,179	3,349
Purchased electricity and heat	7,891	7,949	6,746
Total	11,351	11,128	10,095

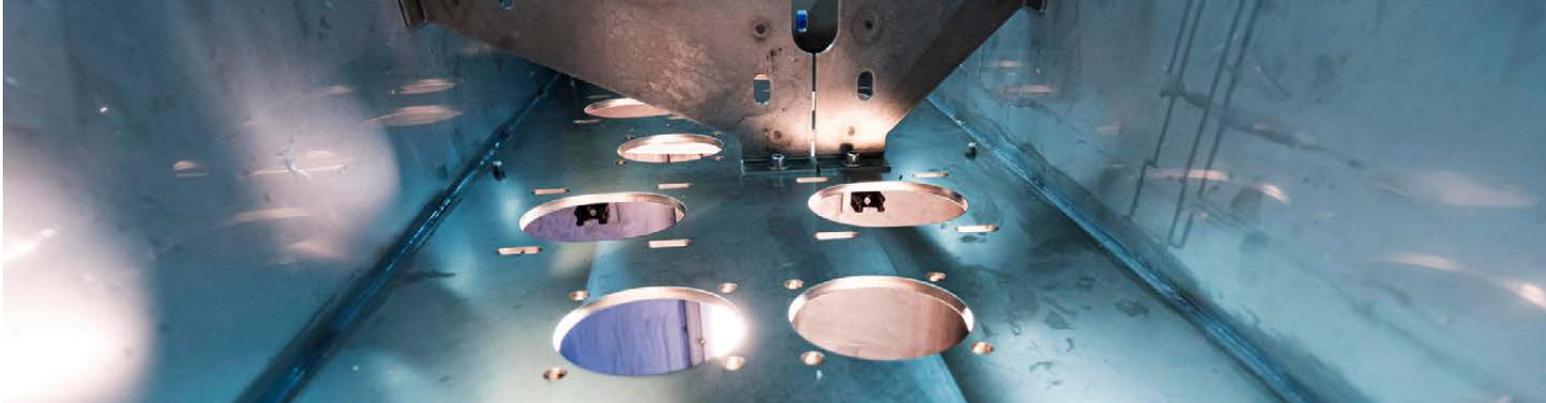
Greenhouse gas emissions (tCO₂)

	2019	2020	2021
Scope 1 (Fuel oil, diesel and natural gas)	732	678	708
Scope 2 (Purchased electricity, heat and cooling)*	2,098	2,099	1,900
Total	2,830	2,777	2,608

*Calculation mainly based on actual energy consumption; consumption of individual premises is based on an estimate

The 2021 calculation includes an estimate of Russia LLC Glaston emissions

* Source: Glass for Europe



Target: CO₂ emissions
-50%

Committed to reducing emissions

Emissions from Glaston's own operations totaled 2,608 tCO₂ in 2021 (2,777 tCO₂ in 2020), of which fuels and natural gas (Scope 1) account for around 27% and electricity and district heat (Scope 2) for about 73%. Scope 2 emissions will decline significantly when, from the beginning of 2022, the Tampere, Finland and Neuhausen, Germany factories switch to using electricity produced exclusively from renewable energy.

One of the Glaston Group's four non-financial targets is to halve the intensity of CO₂ emissions from the company's own operations by 2025. A brisk start was made along the path towards the target. Relative to net sales, Glaston's Scope 1 and 2 emissions (14.3 tCO₂/EUR million) decreased by 13% compared to the baseline in 2020 (16.3 tCO₂/EUR million).

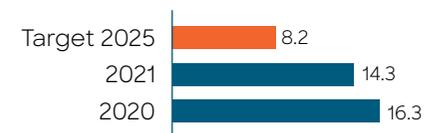
At the end of 2021, a study was conducted in collaboration with the Upright Project to assess the net

effects on the environment, people and society caused and induced by Glaston's business activities. The study estimated Glaston's total carbon footprint to be 34,400 tonnes of CO₂, most of which, about 92%, arises in the company's value chain (Scope 3). The company intends to review the calculation of Scope 3 emissions during 2022.

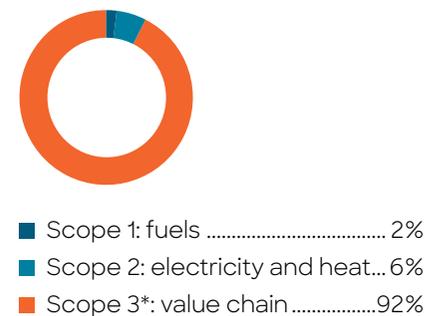
Recycling of packaging materials and waste

The primary aim is to prevent the generation of waste. The goal is to minimize the amount of waste in general, and particularly the amount that ends up other than in final disposal. Glaston's operations give rise to a lot of packaging materials, and they are sorted and either recycled or used as energy waste. In 2021, the total amount of waste increased by around 13%, but at the same time a larger proportion was directed to recycling or for energy.

Greenhouse gas emissions to net sales (tCO₂)/EUR million)



Estimated breakdown of Glaston's greenhouse gas emissions 2021

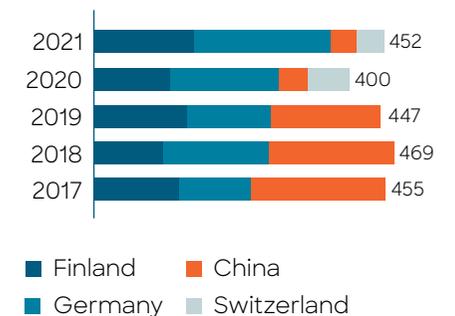


*estimate: The Upright Project

Waste disposal 2021



Waste by country, tonnes



Responsible business

Financial responsibility is reflected in Glaston's responsible, long-term and sound financial management. Glaston applies a risk management policy approved by the company's Board of Directors.

Glaston is committed to complying with local tax laws and regulations as well as the OECD Transfer Pricing Guidelines. Glaston is committed to pay taxes and other tax-like charges based on current laws and to report and disclose its tax information in accordance with applicable legislation. Glaston maintains accounting systems and controls that support tax compliance. The company operates transparently and appropriately with all tax authorities.

Generating economic value added

Sustainable value creation requires motivated employees, competitive products and solutions, and satisfied customers. Sustainable operations facilitate Glaston's ability to fulfill its obligations towards its key stakeholders. Personnel salaries, payments to goods and service providers, social taxes, and potential dividends and returns of capital to shareholders are Glaston's most

important obligations, as are the means to create economic value added.

In 2021, Glaston Group's net sales totaled EUR 182.7 (170.1) million, of which service operations accounted for 36.5%. Comparable EBITA was EUR 11.1 million.

In financial year 2021, Glaston acquired materials, products and services totaling EUR 116.1 million and paid income taxes of EUR 1.0 million. Salaries and bonuses paid to personnel totaled EUR 48.6 million and pension expenses EUR 3.6 million. Glaston

had an average of 731 employees in 2021. The company's investments in tangible and intangible assets totaled EUR 5.2 million.

Value added generated and distributed (EUR million)

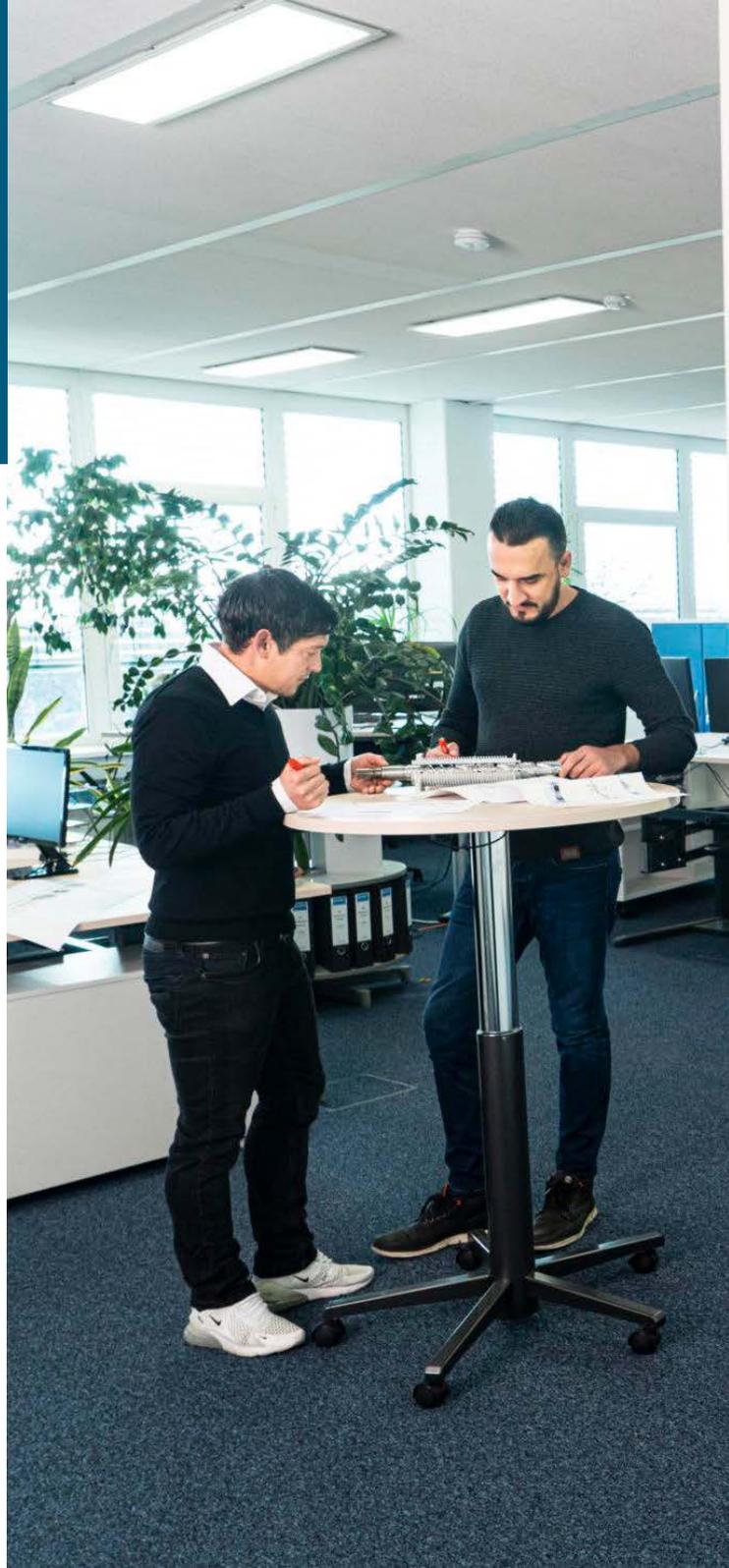
		2021	2020	2019
Value added generated				
Customers	Net sales	182.7	170.1	181.0
Value added distributed				
Suppliers	Purchased goods, materials and services	116.1	94.8	130.9
Employees	Salaries, bonuses and social expenses	58.3	53.6	51.4
Financiers	Financial expenses	2.0	2.0	2.7
Owners	Dividend/return of capital	2.5	1.7	0.0
Public sector	Taxes	0.8	1.4	0.9
Business development	R&D, investments	6.5	5.8	6.4

Responsible sourcing



Suppliers

- Supplier requirements, assessments and audit
- Human rights and workplace safety within the supply chain
- Anti-corruption in supply chain and sourcing
- Environmental matters in the supply chain



Fair and honest business

Responsible sourcing

Suppliers of goods and services play an important role in Glaston's value chain. Most of Glaston's approximately 2,300 active subcontractors operate in Europe, where the company's largest assembly and production units are located. Glaston's factories in Finland, Switzerland and China assemble machines, while its factory in Germany manufactures machines.

Of Glaston's purchases, approximately 85% come from the EMEA area, with the remainder coming from, among other places, Asia and the USA. The most significant materials purchased for machine manufacturing include steel structures, electrical and automation components, power centers and process blowers.

One of Glaston's strategic cornerstone initiatives is *Master global sourcing and manufacturing*, the objective of which is to improve operational efficiency through more harmonized sourcing and manufacturing processes. In this work, an important element is responsible sourcing, which includes, among other things, supplier requirements and audits as well

as implementation of human rights and occupational safety. In addition, anti-corruption in the supply chain and sourcing is systematically developed.

Glaston is committed to responsible procurement practices and to combating bribery and corruption. In its Code of Conduct, Glaston undertakes to promote fair competition, act fairly towards its suppliers, service providers and subcontractors, and respect human rights in all of its activities.

Glaston has, in addition, a separate code of conduct for its suppliers (Glaston Supplier Code of Conduct), to which suppliers will be required to commit in the future. The Glaston Supplier Code of Conduct is published in Finnish, English, German and Chinese. The company's goal is for all present and new suppliers to commit to Glaston's Code of Conduct, and the fulfillment of this goal will be reported as of 2022.

Glaston selects its suppliers carefully, and seeks long-term, good relationships with its most important suppliers. In this way, the company ensures that its partners understand and comply

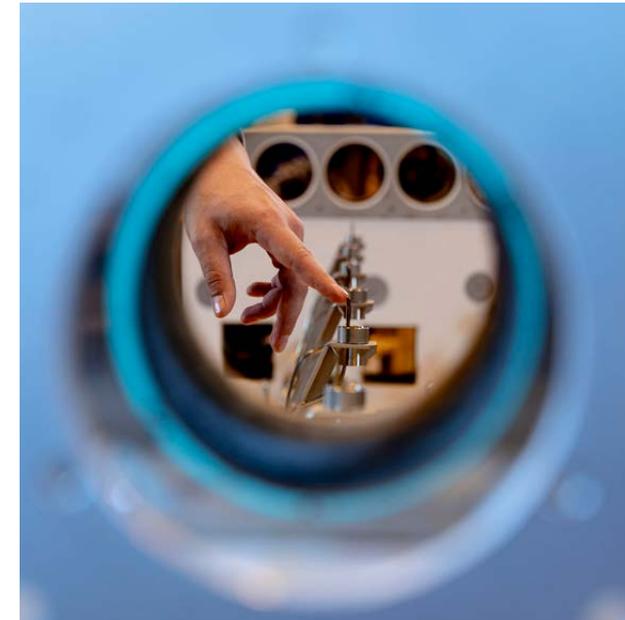
with its requirements, in relation to both processes and products.

In Europe, Glaston accepts as its suppliers only companies that are not subject to sanctions of any kind and have not committed any regulatory offences. Glaston's quality and purchasing organizations audit the most significant suppliers regularly in order to monitor the safety and quality of supplied parts and products. In 2021, 21 suppliers were audited (54 in 2020). All new suppliers go through an audit process before being approved. In addition, visits are made to suppliers, if necessary. Due to the coronavirus situation, physical audits could not be carried out as planned.

Fair business

The Group's *Anti-bribery and anti-corruption* policy unequivocally prohibits the payment and receipt of bribes. The policy aims to ensure that the company's business is conducted honestly, in accordance with ethical standards and in compliance with anti-corruption laws, rules and regulations.

No direct or indirect payments can be made, nor can the company's



funds be conveyed directly or indirectly to any party to gain an improper advantage. In addition, the company's personnel are instructed to avoid conflicts of interest and to refuse all improper payments and benefits.

Glaston regularly arranges training for its personnel on its Code of Conduct and fair business issues. In addition, the training materials are always available on the company's intranet.

Responsible partner



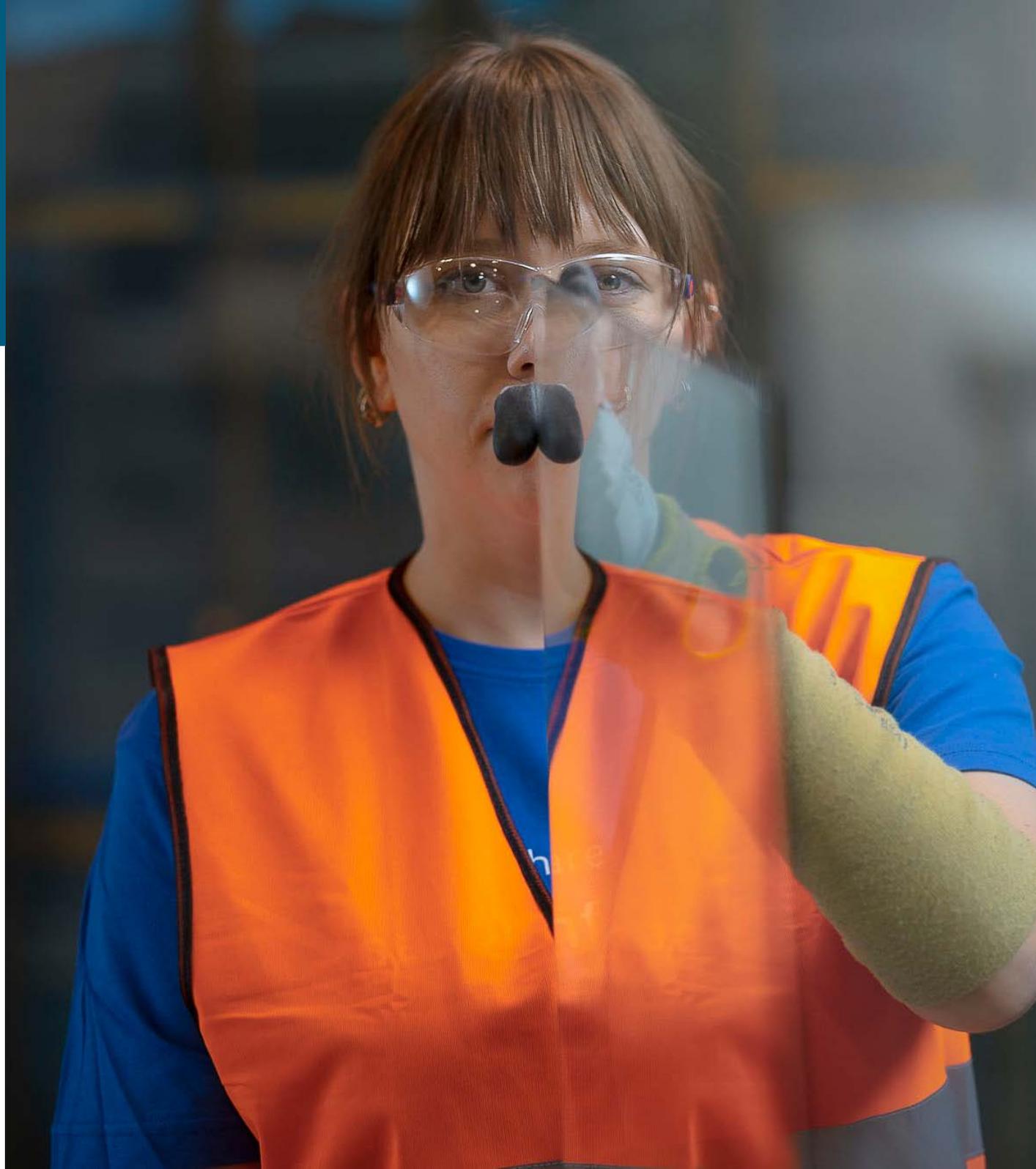
Customer

- User experience and customer satisfaction



Products & Services

- Machine quality, reliability and longevity, life-cycle management
- Machine safety and advising customers in operation of machines
- Digitalization and Automation
- Data safety and security
- Energy and material efficiency targeting circular economy
- End product quality, safety and recyclability



Market's best customer experience

At the heart of Glaston's strategy and values is success with its customers. By creating more customer-oriented operating practices, the company adds customer value and continually improves the customer experience.

One of Glaston's strategic cornerstone initiatives is *Innovate with customers to win*, which focuses on seamless integration of customer understanding with joint and faster innovation and development work.

As the operating environment changes, customers' requirements and expectations of Glaston increase. Higher quality and more versatile features are continually required from customers' end products. Glass processing machines must be able to produce larger, more uniform and thinner glass surfaces. Production must also be able to adapt flexibly to making different types of glass.

Glaston develops technologies and solutions that meet these changing customer needs, and product development is often done in partnership with customers.

One of Glaston's non-financial targets is related to customer satisfaction. The target is that customers'

recommendation rate (Net Promoter Score, NPS) is above 40 by 2025. NPS is already being measured in part of the Group, and during 2022 the measurement of customers' recommendation rate will be expanded to a joint survey of Glaston as a whole.

Safe use and customer support throughout the life cycle

Glass processing machines are long-term investments for their owners as, depending on the machine, they have fairly long operating lives. The machines are designed to withstand constant use at high utilization rates.

Glaston's production and assembly processes and installation methods are designed to promote product reliability as well as the safety of installers and customers. All Glaston machines manufactured in Europe comply with the EU Machinery Directive. The Directive requires manufacturers to carry out, among other things, a risk analysis of the machine, describing possible risks to personnel during the various stages of use of the machine.

Glaston has a total of approximately 4,000 installed and operating machine lines. In accordance with its life cycle

Target: Net Promoter Score

>40



model, Glaston has been actively developing its maintenance services, as regular service intervals increase product life and safety. Glaston has over 100 different upgrade products for different machine models. Modernizing a machine with new technology extends its operating life, improves end product quality and production process efficiency, and reduces energy consumption in glass processing.

Preventive maintenance extends the useful life of machines, while planned service intervals ensure production quality and efficiency. Connecting machines to the Glaston Insight cloud service enables the customer to monitor and report on production in real time, and provides customer support in the event of disruptions with no delays.

As a result of the increased role of various cloud services and IoT, the importance of information security and protection for companies has grown significantly. The impact on business of potential data breaches has been recognized and Glaston pays special attention to managing

information security risks, with regard to both the company's own and its customers' data. Information security practices and responsibilities are guided by Glaston's information security policy, which will be updated during 2022. Information security is regularly monitored and audited, and the company has a SOC (Security Operations Center) service, which enables continuous network monitoring. In 2021, no significant information security incidents were reported. Glaston's partners and subcontractors are also required to adhere to the company's information security guidelines.

Developer of demanding products

Glaston is the frontrunner in its field, and is known in the glass industry for its high quality. The company's position is particularly strong in developing technologically demanding products. The company carries out product development in close cooperation with its customers and partners, such as research institutes, universities and other higher education institutions.

In 2021, Glaston continued to invest in product development in close cooperation with its customers. At the forefront of product development are projects and innovations related to increasing automation that facilitate the transition towards fully automated glass processing. In addition to efficiency and reliability, consumption of energy and materials will be optimized and wastage reduced.

Responsible member of society



Sustainable tomorrow

- Indirect impacts on energy efficient cities and societies
- Indirect energy and emissions reductions
- Indirect material reductions
- Sustainable end-product applications
- Development of the industry, research co-operation
- Contributing to the decarbonization of societies



Technology leader, developing the glass industry

Glaston is actively and diversely involved in developing its industry. We promote the development of both the industry and its technologies in our operations and with our partners. One of Glaston's five strategic cornerstone initiatives is *Lead digital transformation*, which includes building digital tools and infrastructure across all Glaston operations to lead the industry's digital transformation.

Glaston participates in the activities of the following international glass industry organizations:

- International Commission of Glass (ICG)
- NGA/GANA in the USA
- China Glass Association in China
- Verband Deutscher Maschinen- und Anlagenbau glass technology forum in Germany
- Flat glass associations in Germany and Finland, and other local flat glass associations

In addition, Glaston is an active member, authorized by the Finnish national working group, in glass industry committees of CEN (European Committee for Standardization) and ISO's (Inter-

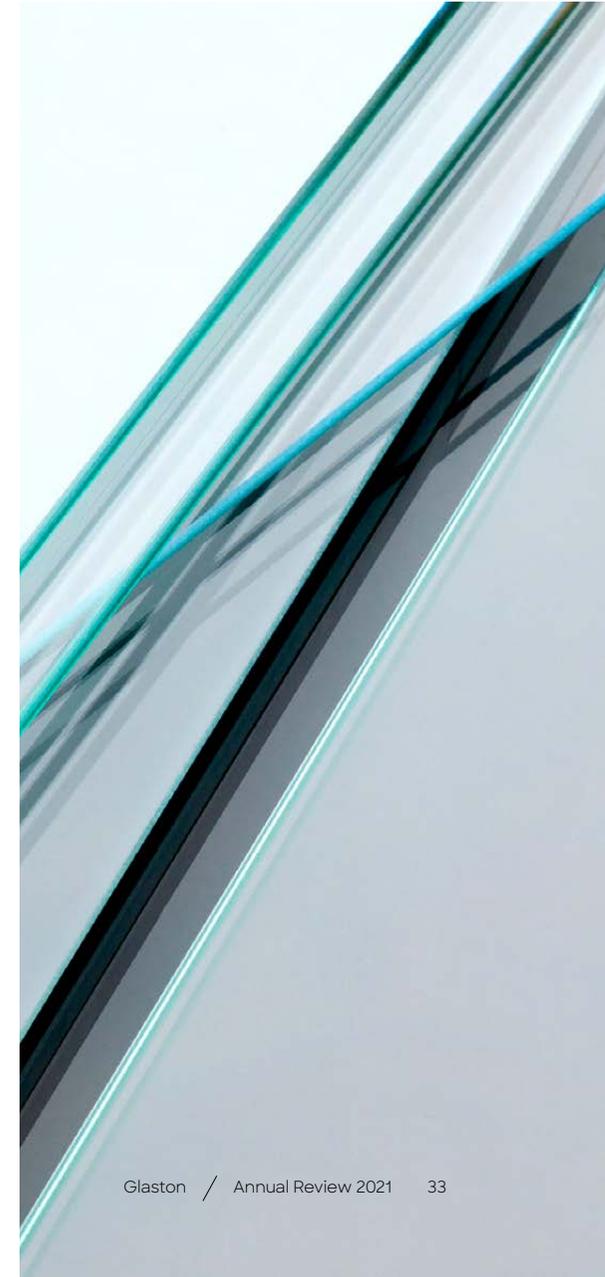
national Organization for Standardization) working groups preparing safety glass (tempered and laminated glass) standards. Via these, we are able to influence the creation of industry standards and communicate through their practical experience the needs and requirements that the standards should cover.

Glaston works closely with various research institutes and higher education institutions. Key partners include VTT Technical Research Center of Finland, the University of Tampere, Business Finland, the Fraunhofer Institutes in Germany, and universities in Switzerland. The company also actively offers summer, graduate thesis and trainee job positions to talent of the future. In Germany, the company has an apprenticeship program.

Glaston conducts development and engineering projects in new glass technologies. Companies operating in this area are typically frontrunners in their field, which means that requirements for new glass technology and its development and application in practice are very high.

The Glass Performance Days (GPD) conferences, organized by Glaston, bring together all of the various stakeholders in the glass processing chain, and they are among the glass industry's most prestigious events. The conferences aim to disseminate the latest information among industry actors and to promote the development of new areas of application and technological features. The GPD conferences have been organized since 1992 at two-year intervals, and over the years they have attracted more than 16,000 glass industry professionals.

In 2017, Glaston introduced the Step Change concept, which is part of the GPD conferences held in Finland. This event has quickly become a meeting place for startup companies and the flat glass industry. The goal of the Step Change program is to introduce and bring together new technologies, research teams and startups to develop the entire glass industry. The event has succeeded in showcasing new innovative ideas that can be widely utilized throughout the glass value chain.



AHLSTRÖM COLLECTIVE IMPACT

Together we build the future

Glaston has joined Ahlström Collective Impact (ACI), a joint responsibility initiative designed for investments in selected UN sustainable development projects.

Ahlström Collective Impact involves collaboration between Ahlström network companies and UNICEF Finland, enabling network companies to join forces to improve the lives of children worldwide.

The purpose of the joint initiative is to facilitate investments that support the realization of the United Nations' Sustainable Development Goals (SDGs). For 2021, the goals selected as priorities were: 4. Quality education, 5. Gender equality and 17. Partnerships.

To support the quality education goal, the ACI network of companies made a EUR 600,000 investment in



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UNICEF's Global Education Program. Disruptions caused by the coronavirus pandemic have exacerbated the learning crisis and reduced access to quality education for children. To safeguard the future of children, we need to secure their education.

For Glaston, the ACI initiative and collaboration is an innovative way to contribute to a better tomorrow for future generations. By joining forces with the Ahlström network companies, we can really make a difference.

In addition to Glaston, the ACI network consists of Ahlström-Munksjö, Ahlström Capital, Antti Ahlström Perilliset, Eva Ahlström Foundation, Walter Ahlström Foundation, Enics, Suominen and Destia.



Governance

Corporate Governance Statement 2021

Glaston Corporation's administration and management are based on the Company's Articles of Association, the Finnish Companies Act and Securities Markets Act, and the rules and guidelines of Nasdaq Helsinki Ltd. In addition, Glaston complies with the Finnish Corporate Governance Code 2020 (also the "Corporate Governance Code"), which is publicly available at: www.cgfinland.fi.

This statement has been approved by the Company's Board of Directors (also the "Board"). The Corporate Governance Statement is issued as a separate report and is published

together with the financial statements, the Report of the Board of Directors and the Remuneration Report on the Company's website at: <https://glaston.net/governance/>. The information is also included in the Annual Review 2021.

Duties and Responsibilities of Governing Bodies

The General Meeting of Shareholders, the Board of Directors and the President & CEO, whose duties are determined mainly in accordance with the Finnish Companies Act, are responsible for the management of

Glaston Group. The General Meeting of Shareholders elects the Board of Directors and the Auditors. The Board of Directors appoints the President & CEO, who is responsible for the Company's daily operational management. The President & CEO is supported by the Executive Management Group.

Board of Directors

The Board of Directors is responsible for the appropriate arrangement of the Company's administration and operations. The Board of Directors consists of a minimum of five and a maximum of nine members elected by a General Meeting of Shareholders. The term of office of Members of the Board of Directors expires at the end of the next Annual General Meeting that follows their election.

Under Recommendation 10 of the Corporate Governance Code, a majority of Members of the Board of Directors shall be independent of the Company, and at least two Members who are independent of the Company shall also be independent of the Company's significant shareholders. The Nomination Board prepares proposals on the nomination and remuneration of Members of the Board of Directors

to be dealt with by a General Meeting of Shareholders. In the selection of members, attention shall be paid to the diversity of the Board of Directors, which means, among other things, that the members' experience and competence in the Company's field of business and development stage are mutually complementary. In addition, education, age and gender shall be taken into account. Both genders must be represented on Glaston's Board of Directors.

The notice to attend an Annual General Meeting shall include a proposal on the composition of the Board of Directors. The personal information of the candidates shall be published on Glaston's website in connection with the notice to attend an Annual General Meeting.

The Board of Directors shall elect from among its members a Chairman and a Deputy Chairman to serve for one year at a time. The Board of Directors has a quorum if more than half of its members are present at the meeting.

The Board of Directors' tasks and responsibilities are determined by the Company's Articles of Association, the Finnish Companies Act and other

Governance Model 31 December 2021



legislation and regulations. It is the responsibility of the Board of Directors to further the interests of the Company and all of its shareholders.

The main duties and operating principles of the Board of Directors are defined in the board charter approved by the Board. It is the Board's duty to prepare the matters to be dealt with by a General Meeting and to ensure that the decisions made by a General Meeting are appropriately implemented. It is also the Board's task to ensure the appropriate arrangement of the control of the Company's accounts and finances. In addition, the Board directs and supervises the Company's executive management, appoints and dismisses the President & CEO and decides on the President & CEO's employment and other benefits. In addition, the Chairman of the Board approves the salary and other benefits of the Executive Management Group. The Board approves the Executive Management Group's charter.

The Board of Directors also decides on far-reaching and fundamentally important issues affecting the Group. Such issues are the Group's strategy, approving the Group's action plans and monitoring their implementation, monitoring the Group's financial development, acquisitions and the Group's operating structure, significant capital expenditures, internal control systems and risk manage-

ment, key organizational issues and incentive schemes.

The Board of Directors is also responsible for monitoring the reporting process of the financial statements, the financial reporting process and the efficiency of the Company's internal control, internal auditing, if applicable, and risk management systems pertaining to the financial reporting process, monitoring the statutory audit of the financial statements and consolidated financial statements, evaluating the independence of the statutory auditor or audit firm, particularly with respect to the provision of services unrelated to the audit, and preparing a proposal for resolution on the election of the auditor. The Board of Directors also regularly evaluates its own actions and working practices.

Meetings of the Board of Directors are held as a rule in Helsinki. The Board of Directors also endeavors each year to visit the Group's other operating locations and hold meetings there. The Board of Directors may also, if necessary, hold video and telephone conferences. The Board of Directors meets according to a timetable agreed in advance, generally 7-10 times per year and additionally, if necessary. The Company's President & CEO and Chief Financial Officer generally attend the meetings of the Board. The Company's General Coun-

sel acts as Secretary to the Board. If necessary, such as in connection with the handling of strategy or the annual plan, other Members of the Executive Management Group may also attend meetings of the Board. The Auditor attends at least two meetings (either meeting of the Board of Directors or Audit Committee) per year.

Board of Directors in 2021

At the Annual General Meeting, held on 13 April 2021, the Members of the Board of Directors Veli-Matti Reinikkala, Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Michael Willome and Tero Telaranta were re-elected, and Arja Talma was elected as a new member of the Board of Directors. The Board of Directors was elected for a term of office ending at the closing of the next Annual General Meeting.

In 2021, Veli-Matti Reinikkala has served as Chairman of the Board, and Sebastian Bondestam as Deputy Chairman.

In 2021, the Board evaluated its performance and procedures through a self-evaluation questionnaire. In the self-evaluation, the members considered, among other things diversity of the Board, quality of the Board and committee work and information sharing between the Board and the management. The results of the evaluation were discussed and analyzed by

the Board and improvement proposals were agreed based on these discussions.

In 2021, key themes on the Board's agenda were supporting the new CEO & President upon his start in the company, the company's revised strategy for 2021-2025 as well as planning and follow-up of the strategic initiatives. In addition, mitigating the impacts of the Covid-19 pandemic continued to be on the agenda.

Independence of Members of the Board

According to an independence assessment performed by the Company's Board of Directors, all of the Members of the Board are independent of the Company. Member of the Board Tero Telaranta is dependent on a significant shareholder of the Company, Ahlstrom Capital B.V., whose ownership was 26.39% at 31 December 2021. The Members of the Board have no conflicts of interest between the duties they have in the Company and their private interests.

As the General Counsel Taina Tirkkonen was on family leave, Iina-Mari Supperi, Group Legal Counsel (seconded) served as the secretary to the Board of Directors.

The CV details of the members of the Board are available on the company website. The remuneration of the Board is described in the Remuneration Report 2021.

Members of the Board of Directors 31 Dec 2021

Member of the Board	Member since	Independence	Year of birth	Share ownership on 31 December 2021	Education	Main occupation
Veli-Matti Reinikkala	2020, Chairman of the Board	Independent of the company and significant shareholders	1957	500,000 shares	eMBA, Non-executive Director	Board Professional
Sebastian Bondestam	2018, Deputy Chairman	Independent of the company and significant shareholders	1962	35,137 shares	M.Sc.(Eng.)	Uponor Infra Oy, President; Uponor Corporation, Deputy to the CEO
Antti Kaunonen	2018	Independent of the company and significant shareholders	1959	86,349 shares	D.Sc. (Tech), MBA	Cargotec Corporation, President, Kalmar Automation Solutions
Sarlotta Narjus	2016	Independent of the company and of significant shareholders	1966	no shares	M.Sc. Architecture SAFA	SARC Architects Ltd, CEO
Tero Telaranta	2017	Independent of the company, dependent on a significant shareholder	1971	10,720 shares	M.Sc.(Eng.), M.Sc. (Econ.)	Ahlström Capital, Director, Industrial Investments
Michael Willome	2020	Independent of the company and of significant shareholders	1966	no shares	lic. oec HSG, M.A.	Synthomer Plc, Group Chief Executive Officer
Arja Talma ¹⁾	2021	Independent of the company and of significant shareholders	1962	10,344 shares	Master of Science (Econ.), eMBA	Board Professional
Kai Mäenpää ²⁾	2017	Independent of the company and of significant shareholders	1960	15,000 ³⁾	M.Sc.(Eng.)	Valmet Technologies Oy, Vice President, Energy Sales and Services Operations, EMEA
Teuvo Salminen ²⁾	2010	Independent of the company and of significant shareholders	1954	306,057 ³⁾	M.Sc. (Econ.), APA	Board Professional

¹⁾ Member as of 13 April 2021

²⁾ Member until 13 April 2021

³⁾ on 31 December 2020

Board and committee members meeting attendance in 2021

	Board meetings	Audit Committee	Compensation Committee
Veli-Matti Reinikkala	10/10	4/4	
Sebastian Bondestam	10/10		6/6
Antti Kaunonen	10/10		6/6
Sarlotta Narjus	10/10		6/6
Arja Talma ^{*)}	8/8	4/4	
Tero Telaranta	10/10	5/5	
Michael Willome	10/10		4/4
Kai Mäenpää ^{**)}	2/2		
Teuvo Salminen ^{**)}	2/2	1/1	

^{*)} member as of 13 April 2021

^{**)} member until 13 April 2021

Meeting attendance of Members of the Board 2021

In 2021, Glaston's Board of Directors convened ten times. The attendance in the meetings is reported in the table above.

Committees of the Board of Directors

Glaston's Board of Directors has two committees: Audit Committee and Compensation Committee. The Board of Directors appoints the members and chairs of the committees, taking into account the expertise and experience required for the duties of the committees. The members of the committees are appointed for the term of office of

the Board of Directors. The committees are preparatory bodies of the Board of Directors and do not have their own decision-making power.

Audit Committee

The Audit Committee assists the Board of Directors by preparing matters within the competence of the Board of Directors. The Committee reports to the Board of Directors on matters discussed and measures taken at least four times a year and makes proposals to the Board for decision-making, if necessary.

The Board of Directors specifies the duties of the Audit Committee in

a charter confirmed by the Board of Directors. The Audit Committee oversees the financial reporting process and monitors the effectiveness of internal control, internal audit and risk management systems. In addition, the Committee reviews the description of the main features of the internal control and risk management systems associated with the financial reporting process, monitors the statutory audit of the financial statements and the consolidated financial statements, evaluates the independence of the statutory audit firm and prepares a proposal for the election and remuneration of the auditor. Other duties include evaluating compliance with laws, regulations and corporate practices, overseeing significant litigation concerning Group companies, and performing any other duties assigned to the Committee by the Board of Directors.

The Audit Committee carries out self-evaluation of its work annually, and the Chairman of the Committee reports the results to the Board of Directors.

Audit Committee in 2021

Until the Annual General Meeting on 13 April, Teuvo Salminen served as Chairman, and Tero Telaranta as a member of the Audit Committee. The

members of the Audit Committee were independent of the Company. Tero Telaranta is dependent on a significant shareholder of the Company. As of 13 April 2021, Arja Talma served as Chairman, and Veli-Matti Reinikkala and Tero Telaranta as members of the Audit Committee. The members of the Audit Committee are independent of the Company while Tero Telaranta is dependent on a significant shareholder of the Company.

In 2021, the Audit Committee met five times. The meeting attendance is reported in the table to the left.

In 2021, the committee focused especially on the Group's legal structure simplification and financing of Chinese operations related thereto besides its regular reviews of financial reporting, audit and risk management.

Compensation Committee

The Compensation Committee assists the Board of Directors by preparing matters within the competence of the Board of Directors. The Committee is not an independent decision-making body; the Board of Directors makes decisions collectively within its competence. The Board of Directors is responsible for the duties it assigns to the Committee.

The Board of Directors specifies the duties of the Compensation Committee in a charter confirmed by the Board of Directors. Key duties of the Committee include preparing the remuneration and other benefits of Glaston's President & CEO and other members of the Executive Management Group, preparing the appointment of the President & CEO and other members of the Executive Management Group and their successors, and preparing proposals for Glaston's short- and long-term incentive schemes. In addition, the Committee's duties include carrying out all other duties assigned to the Committee by the Board of Directors.

The Compensation Committee convenes at the invitation of the Chairman, as necessary and at least twice a year. The Members of the Board of Directors and the President & CEO have the right to attend the meetings of the Committee.

The Compensation Committee regularly carries out self-evaluation of its work, and the Chairman of the Committee reports the results to the Board of Directors.

Compensation Committee in 2021

Until the Annual General Meeting on 13 April, Sebastian Bondestam served as Chairman, and Sarlotta Narjus and Antti

Kaunonen as members of the Compensation Committee. After the Annual General Meeting, Sebastian Bondestam continued as Chairman, with Antti Kaunonen, Sarlotta Narjus, and Michael Willome as members of the committee.

In 2021, the Compensation Committee met six times. The meeting attendance is reported in the table on page 39. On the committee's agenda were the incentive program for top management and the outcome of the same, top management review and remuneration as well as a talent review follow-up. In addition, the committee prepared the remuneration report for the governing bodies.

Shareholders' Nomination Board

The Nomination Board's task is to prepare and present annually for the Annual General Meeting and, if necessary, for an Extraordinary General Meeting, a proposal concerning the number of Members of the Board of Directors, a proposal on the identities of the Members of the Board, and a proposal on the remuneration of the Members of the Board. An additional task of the Nomination Board is to seek candidates as potential Members of the Board of Directors.

In its activities, the Nomination Board complies with current legisla-

tion, stock exchange rules applicable to the Company, and the Corporate Governance Code.

The Nomination Board consists of four (4) members, all of whom are appointed by the Company's four largest shareholders, who appoint one member each. The Chairman of the Company's Board of Directors serves as an advisory member of the Nomination Board.

The Company's largest shareholders entitled to appoint members to the Nomination Board is determined annually on the basis of the registered holdings in the company's shareholder register held by Euroclear Finland Ltd on the first working day in September of the year in question. The Nomination Board elects a Chairman from among its members.

The Nomination Board is established to serve until a General Meeting of Shareholders decides otherwise. The members of the Nomination Board are appointed annually and the term of office of the members expires when new members are appointed to the Board.

The members of the Nomination Board shall be independent of the company, and no person belonging to the Company's executive management shall be a member of the Nomination Board.

The Nomination Board shall submit its proposals to the Company's Board of Directors annually by the end of the January preceding the Annual General Meeting. Proposals for an Extraordinary General Meeting shall be submitted to the Company's Board of Directors so that they can be included in the notice to attend the meeting.

A decision of the Nomination Board shall be the opinion of a majority of the members of Nomination Board. If the votes are tied, then the Chairman's vote shall be decisive. If the votes are tied in the election of the Chairman, the member candidate for Chairman nominated by the shareholder who had the largest number of shares when the Nomination Board was established shall be elected as Chairman.

A report on the activities of the Nomination Board shall be presented at the Annual General Meeting and published on the Company's website.

Shareholders' Nomination Board 2021

Until 31 August 2021, the Shareholders' Nomination Board comprised of Lasse Heinonen (Chairman), as the representative nominated by Ahlstrom Capital B.V., Jaakko Kurikka, as the representative nominated by Hymy Lahtinen Oy, Pekka Pajamo, as the representative nominated by Varma

Mutual Pension Insurance Company, and Esko Torsti, as the representative nominated by Imarinen Mutual Pension Insurance Company.

In accordance with its charter, the Nomination Board prepared its proposal concerning the Board composition and remuneration to the AGM 2021. The Nomination Board proposed that the number of members of the Board of Directors would be seven and that Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Veli-Matti Reinikkala, Tero Telaranta and Michael Willome be re-elected as Members of the Board of Directors and Arja Talma elected as a new member. The Nomination Board proposed that the remuneration of the Members of the Board of Directors remain unchanged.

Based on ownership on 1 September 2021, the Shareholders' Nomination Board remained unchanged and comprised of Lasse Heinonen, as the representative nominated by Ahlstrom Capital B.V., Jaakko Kurikka, as the representative nominated by Hymy Lahtinen Oy, Pekka Pajamo, as the representative nominated by Varma Mutual Pension Insurance Company, and Esko Torsti, as the representative nominated by Imarinen Mutual Pension Insurance Company. Veli-Matti Reinikkala, Chairman of the Glaston Corpo-

ration's Board of Directors, served as an advisory member of the Nomination Board.

In its organizing meeting on 22 September 2021, the Nomination Board elected Lasse Heinonen amongst its members as the Chairman. The Board met four times during 2021 and the average attendance of members was 100%. No fees were paid to the members of the Nomination Board.

In accordance with its charter, the Nomination Board prepared its proposal concerning the Board composition and remuneration also to the AGM 2022. The proposal was disclosed on 15 December 2021 and according to the proposal, the Nomination Board proposed that the number of members of the Board of Directors would be seven and that Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Veli-Matti Reinikkala, Arja Talma, Tero Telaranta and Michael Willome be re-elected as Members of the Board of Directors. The Nomination Board proposed that the annual remuneration of the Members of the Board of Directors would be increased to be as follows: Chairman EUR 70,000 (60,000), Vice Chairman EUR 43,000 (40,000) and Members EUR 33,000 (30,000).

President & CEO

The President & CEO handles the operational management of the Company in accordance with instructions issued by the Board of Directors. He is responsible to the Board of Directors for fulfilling the targets, plans and goals that the Board sets. The President & CEO is responsible for ensuring that the Company's accounting is in compliance with the law and that financial management has been arranged in a reliable manner. The President & CEO is supported by the Executive Management Group.

Anders Dahlblom has served as President & CEO as of 1 January 2021.

Deputy to the CEO

Sasu Koivumäki, CSO (Chief Sales Officer), has served as Deputy to the CEO since 1 January 2015. The Deputy to the CEO carries out the duties of the CEO after the termination of his/her service or when he/she is temporarily prevented from performing his/her duties.

Executive Management Group

The Chairman of the Company's Board of Directors appoints, on the proposal of the President & CEO, the Members of the Executive Management Group and confirms their remuneration and

other contractual terms. The Company's President & CEO acts as the Chairman of the Executive Management Group. The Executive Management Group handles the Group's and business areas' strategy issues, capital expenditure, financial development, product policy, Group structure and control systems, and supervises the Company's operations.

The Members of the Executive Management Group report to the President & CEO and assist him in implementing the Company's strategy, operational planning and management, and in reporting the development of business operations. The Executive Management Group meets under the direction of the President & CEO.

In 2021, the composition of the Executive Management Group was the following: President and CEO Anders Dahlblom, CSO and Deputy CEO Sasu Koivumäki, CFO Päivi Lindqvist, SVP Glaston Heat Treatment Technologies Miika Äppelqvist, SVP Glaston Insulating Glass Technologies Dietmar Walz, SVP Glaston Automotive and Display Technologies Robert Prange, SVP Services Artturi Mäki, SVP People & Culture Hannele Anonen (as of 1 August 2021) and General Counsel Taina Tirkkonen (on family leave).

The Executive Management Group convened 15 times in 2021.

Executive Management Group 31 December 2021

	Area of responsibility	Member since	Year of birth	Education	Share ownership on 31.12.2021 ^{*)}
Anders Dahlblom	President & CEO	Employed by the company since 1 January 2021	1974	M.Sc. (Econ.)	420,000 shares
Muu johtoryhmä					
Sasu Koivumäki	CSO Deputy to CEO since 2015	Employed by the Company since 2002, Member of the Executive Management Group since 2012	1974	M.Sc.(Econ.)	89,979 shares
Päivi Lindqvist	Chief Financial Officer	Employed by the company and Member of the Executive Management Group since 2016	1970	M.Sc.(Econ), MBA	38,680 shares
Miika Äppelqvist	SVP Glaston Heat Treatment Technologies	Employed by the company since 2013, Member of the Executive Management Group since December 2020	1981	MSc, Industrial engineering and management	6,815 shares
Dietmar Walz	SVP Glaston Insulating Glass Technologies	Employed by Glaston since April 2019 and Member of the Executive Management Group since May 2019. Employed by Bystronic Lenhardt GmbH since 2014	1960	M.Sc.(B.Admin)	No shares
Robert Prange	SVP, Glaston Automotive and Display Technologies	Member of the Executive Management Group since 2020. Joined Bystronic glass in 2011	1970	Dr. Ing.	30,000 shares
Taina Tirkkonen	General Counsel	Employed by the company since 2011 and Member of the Executive Management Group since 2013	1975	LL.M, M.Sc. (Admin), MBA	27,500 shares
Artturi Mäki	SVP, Services	Employed by the company and Member of the Executive Management Group since 2016	1969	M.Sc.(Eng.)	4,731 shares
Hannele Anonen	SVP, People & Culture	Employed by the company and Member of the Executive Management Group since 1 August 2021	1972	eMBA	No shares

^{*)} Share ownership includes also the ownership of Glaston Corporation shares in entities controlled by the person in question.

Remuneration of the CEO & President and the Executive Management Group is described in the Remuneration Report 2021 and on the company's website.

At the end of 2021, the Steering Executive Management Group comprised, in addition to the above-mentioned members of the Executive Management Group, of Kimmo Kuusela (VP Strategic Accounts & Innovation, Architectural Business), Marcus Schrod (VP Operations, Neuhausen), Gramm He (General Manager, China), Marco Stehr (SVP Sales and service, EMEA), Pia Posio (VP Marketing, Communications and IR), Jens Mayr (SVP Business Control), Iina-Mari Supperi (Group Legal Counsel, secondee), Joe Butler (SVP Sales & Service, Americas), José Yepes, (VP, Strategic accounts & Innovation, Automotive and Display Business) and Janne Puhakka (Director, ICT). The Executive Steering Management Group met six times in 2021.

Main Features of Internal Control and Risk Management Pertaining to the Financial Reporting Process

Internal control is an essential part of the Company's administration and management. Its aim is to ensure that the Group's operations are efficient,

productive and reliable and that legislation and other regulations are complied with. The Group has specified for the main areas of its operations Group-wide principles that form the basis for internal control.

The Group's internal control systems serve to provide reasonable assurance that the financial reports published by the Group give reasonably correct information about the Group's financial position. The Board of Directors and the President & CEO are responsible for arranging internal control. A report covering the Group's financial situation is supplied monthly to the Board of Directors. The Group's internal control is decentralized to different Group functions, which supervise compliance with instructions approved by the Board of Directors within their areas of responsibility. The Group's financial management and operational control are supported and coordinated by the Group's financial management and controller network.

The Group's financial reporting process complies with the Group's operating guidelines and standards relating to financial reporting. The interpretation and application of financial reporting standards has been concentrated in the Group's Financial Management organization,

which maintains operating guidelines and standards relating to financial reporting and is responsible for internal communication relating to them. The Group's Financial Management organization also supervises compliance with these guidelines and standards. The Company has no separate internal auditing organization. The Group's Financial Management organization regularly monitors the reporting of the Group's units and addresses deviations perceived in reporting and, if necessary, performs either its own separate internal control auditing or commissions the internal control auditing from external experts. Control of reporting and forecasting processes is based on the Group's reporting principles, which are determined and centrally maintained by the Group's Financial Management organization. The principles are applied consistently throughout the Group and a consistent Group reporting system is in place.

Risk Management

Risk management is an essential part of Glaston's management and control system. The purpose of risk management is to ensure the identification, management and monitoring of risks relating to business targets and oper-

ations. Risk management principles and operating practices have been specified in a risk management policy approved by the Company's Board of Directors.

The principle guiding Glaston's risk management is the continuous, systematic and appropriate development and implementation of the risk management process, with the objective being the comprehensive recognition and appropriate management of risks. Glaston's risk management focuses on the management of risks relating to business opportunities and of risks that threaten the achievement of Group objectives in a changing operating environment. From the perspective of risk management, the Company has divided risks into four different groups: strategic risks, operational risks, financial risks and hazard risks. Risks relating to property, business interruption as well as liability arising from the Group's operations have been covered by appropriate insurances. Management of financial risks is the responsibility of the Group Treasury in the Group's parent company.

Glaston's risk management policy includes guidelines relating to the Group's risk management. Risk management policy also specifies the risk

management processes and responsibilities. Glaston's risk management consists of the following stages: risk recognition, risk assessment, risk treatment, risk reporting and communication, and control of risk management activities and processes. As part of the risk management process, the most significant risks and their possible impacts are reported to the Company's management and the Board of Directors regularly, based on which management and the Board can make decisions on the level of risk that the Company's business functions are possibly ready to accept in each situation or at a certain time.

It is the duty of Glaston's Board of Directors to supervise the implementation of risk management and to assess the adequacy and appropriateness of the risk management process and of risk management activities. In practice, risk management consists of appropriately specified tasks, operating practices and tools, which have been adapted to Glaston's business functions and Group-level management systems. Risk management is the responsibility of the SVP of each segment and the head of Group-level function. Risk recognition is in practice the responsibility of every Glaston employee.

The Group Legal function is responsible for guidelines, support, control and monitoring of risk management measures. In addition, the function consolidates segment and Group-level risks. The Group Legal function reports on risk management issues to the President & CEO and the Executive Management Group and assesses in collaboration with them any changes in the probabilities or the impacts of identified risks and in the level of their management. The Group Legal function also reports the results of risk management processes to the Board of Directors.

Segment and Group-level risk management is included in the annual Group-wide risk management process. The process can also always be initiated when required if substantial strategic changes requiring the initiation of the risk management process take place in a certain segment.

The management group of each segment and function identifies and assesses its operational risks and specifies risk management measures by which an acceptable level of risk can be achieved.

With the aid of the risk management process, risks are systematically identified and assessed in each segment and at Group level. In addition, at each level measures are

specified which, when implemented, will achieve an acceptable level of risk. Risks are consolidated at Group level. Action plans are prepared at each level of operations to ensure risks remain at an acceptable level.

The Group's risks are covered in more detail in the Report of the Board of Directors on page 72. The management and organization of the Group's financial risks are presented in more detail in Note 3 of the consolidated financial statements on page 99.

Information and Communications

An effective internal control system requires sufficient, timely and reliable information to enable management to assess the achievement of the company's goals. There is a need for both financial and other information on the Company's internal and external events and activities. Employees have the opportunity to report, also through a whistleblowing channel, any questionable activity they observe. All external communications are handled in accordance with the Group's Disclosure policy.

Auditing

The Company has one Auditor, which must be an auditing firm authorized by the Finnish Patent and Registration

Office. The Annual General Meeting elects the Auditor to audit the accounts for the financial year, and the Auditor's duties cease at the close of the subsequent Annual General Meeting. It is the Auditor's duty to audit the consolidated and parent company financial statements and accounting as well as the parent company's governance, and to give reasonable assurance that the financial statements as a whole are free from material misstatement. The Company's Auditor presents the audit report required by law to the Company's shareholders in connection with the annual financial statements and reports regularly to the Board of Directors. The Auditor, in addition to fulfilling general competency requirements, must also comply with certain legal independence requirements guaranteeing the execution of an independent and reliable audit.

Audit 2021

At the 2021 Annual General Meeting, the accounting firm KPMG Oy Ab was re-elected as the Company's Auditor.

The auditor with principal responsibility was Lotta Nurminen APA. Auditing units representing KPMG have served as the auditors of the Company's subsidiaries in most operating countries. In 2021, the Group's

auditing costs totaled EUR 338 thousand, of which KPMG received EUR 321 thousand. KPMG Oy Ab's auditing expenses for the audit for financial year 2021 totaled EUR 321 thousand. In addition, auditing units belonging to KPMG have provided other advice to Group companies to a total value of EUR 149 thousand.

Principles for Related Party Transactions

Glaston complies with legislation concerning related party transactions and, in accordance with legislation and the Corporate Governance Code, ensures that requirements related to monitoring, assessing, decision-making and disclosure of related party transactions are complied with. Glaston's Board of Directors monitors and assesses the transactions of the Company and its related parties.

Glaston has defined the parties that are related to the Company, and Glaston's Communications Department maintains a list of individuals and legal persons who are considered to be related parties. Glaston maintains up-to-date guidelines on related party regulation and the monitoring thereof. Requirements regarding related party transactions have also been taken into account in Glaston's Code of Conduct.

Glaston may enter into transactions with its related parties as long as the transactions are part of Glaston's ordinary business operations and made on ordinary commercial terms and conditions. In such situations, Glaston's internal guidelines and decision-making processes are complied with. Related party transactions that deviate from Glaston's normal business operations or are not made on ordinary commercial terms are decided on by Glaston's Board of Directors, respecting provisions on disqualification.

Related party transactions are regularly monitored in Glaston's business and support units. Management personnel belonging to Glaston's related parties are obliged to notify Glaston's Related Party Administration without undue delay about related party transactions or planned related party transactions that they become aware of. Potential conflicts of interest are monitored through internal audits. Results of the monitoring of related party transactions are reported regularly to the Audit Committee of the Board of Directors.

Glaston reports on related party transactions regularly in its financial statements. Related party transactions which are material to sharehold-

ers, and which deviate from normal business or are not made according to ordinary commercial terms and conditions are published in accordance with the Securities Market Act and the rules of Nasdaq Helsinki Ltd.

Insider Administration

In addition to the statutory insider regulations, Glaston complies with the insider guidelines of Nasdaq Helsinki Ltd as well as the internal guidelines adopted by Glaston at any given time.

In accordance with the EU's Market Abuse Regulation, Glaston prepares and maintains a list of persons discharging managerial responsibilities as well as persons and entities closely associated with them. In Glaston Corporation, the persons discharging managerial responsibilities are the Members of the Board of Directors, the President & CEO, the Deputy CEO, and the Chief Financial Officer. At least once a year, Glaston checks the information of persons discharging managerial responsibilities that have a duty to declare as well as persons and entities closely associated with them. Glaston reports the securities transactions of persons discharging managerial responsibilities and their related parties in accordance with the Market Abuse Regulation.

Glaston does not maintain an insider list relating to permanent insiders. During the preparation of significant projects and events, the Company maintains project- and event-specific lists of insiders. Insiders are given a written statement of their inclusion in an insider register as well as guidelines on insider obligations.

The Company's persons discharging managerial responsibilities, persons serving in certain key positions and persons participating in the preparation of financial reports must not trade in the Company's financial instruments during the 30-day period before the publication of interim reports and financial statement releases. With respect to project-specific insiders, trading in the Company's financial instruments is prohibited until the cancellation or publication of the project.

The Company's insider administration, its implementation and supervision are the responsibility of Group Legal function and the Communications Department. Glaston's General Counsel is responsible for the Company's insider issues. The Company's Communications Department is responsible for maintaining the list of insiders and for overseeing the restriction on trading and duty to declare.

Remuneration report 2021

Introduction

This Remuneration Report for the financial year 2021 (the “Remuneration Report”) describes the remuneration for Governing Bodies of Glaston Corporation (“Glaston” or the “Company”) as required by the Finnish Securities Market Act, the Finnish Companies Act and the Finnish Corporate Governance Code 2020 (the “CG Code”) issued by the Securities Markets Association. In addition to aforementioned, Glaston complies with other legal provisions concerning listed companies, Glaston’s Articles of Association and the rules and guidelines issued by Nasdaq Helsinki Ltd.

The Remuneration Report presents information on the remuneration of the Board of Directors, the President and CEO and the Deputy CEO for the financial year 2021 and has been approved by the Board of Directors (also the “Board”) of Glaston.

The principles, decision-making processes, and practises for the remuneration of the Board of Directors, the President and CEO and the Deputy CEO are set forth in the Remuneration

Policy of Glaston (the “Remuneration Policy”). The Remuneration Policy was approved at the Annual General Meeting on 28 May 2020 without any advisory votes. The Remuneration Policy shall be applied until the Annual General Meeting to be held in 2024 unless the Board determines that a revised policy should be presented for the general meeting at an earlier date.

The remuneration principles in Glaston are designed to attract and retain to the Company’s management persons that possess relevant skills, industry knowledge and experience to oversee the Company’s achievement of its performance and strategy goals with emphasis on long-term shareholder value creation. The structure of the total remuneration is to be aligned with the long-term value of Glaston, the business strategy, financial results as well as to the employee’s contribution. Remuneration is based on predetermined and measurable performance and result criteria. The remuneration principles support the strategy of Glaston.

The remuneration of the Board, the

President and CEO and the Deputy CEO follows the Remuneration Policy framework and principles. No temporarily deviations from the policy have taken place during the financial year 2021. Further, no clawbacks of the remuneration have taken place during the said financial year 2021.

Development of remuneration in relation to financial development of the Company

This section presents the trend of remuneration of the President and CEO, the Deputy CEO and the Board, the average employee remuneration and company performance for the financial years 2017-2021.

The Remuneration Policy and further information about remuneration is available at Glaston website: www.glaston.net/investors.

In accordance with the Remuneration Policy, part of the remuneration payable to the President and CEO and the Deputy CEO may consist of short-term and long-term incentives. Criteria of such incentive plans are linked to the Company’s performance (pay-for

performance) and thus incentive plans of Glaston ensure that the remuneration drives the best interest of the Company.

Glaston is a global company and the remuneration levels vary significantly in markets where Glaston operates. Nevertheless, it is considered most transparent to compare the remuneration of the governing bodies with the remuneration of employees globally on group level. Thus, the figures on average employee remuneration are based on data for all Glaston employees globally. Further, Glaston acquired Bystronic glass in 2019. Bystronic glass was consolidated to Glaston as of 1 April 2019 and as a result of such transaction the total number of Glaston’s employees grew by 121% and totalled 790 on 31 December 2019 (31 December 2018: 357) while net sales in January-December 2019 totalled EUR 181.0 million (2018: EUR 101.1 million).

As reported in the remuneration report for the financial year 2020, due to the COVID-19 pandemic, Glaston took several proactive actions in 2020. Actions affecting employee remuner-

ation included temporarily reducing labour costs by initiating temporary layoffs and reducing working hours. The fixed salaries of the executive management group, of which the President and CEO and the Deputy

CEO are members, were temporarily cut by 10 % during Q2/2020.

Some of these actions continued to have effect also in 2021 but were cancelled in early 2021 as a result of the improved market situation. These

actions did not concern the President and CEO and the Deputy CEO.

Due to the nature of the Board duties and responsibilities, the remuneration of the Board includes fixed remuneration only. The effect of

Bystronic glass transaction on Glaston and its operations has also been reflected in the remuneration level of the Board of Directors.

Remuneration development

EUR	2017	2018	2019	2020	2021
Annual remuneration of the Board	210,200	237,425	283,550	331,300	353,700
Annual remuneration of the President and CEO	412,719	446,601	467,466	163,598 ¹	330,622 ²
Annual remuneration of the Deputy CEO	199,611	198,958	305,777 ³	108,645 ⁴	337,574 ⁵
Annual remuneration of the Acting President and CEO	-	-	-	254,558 ⁶	-
Average salary development ⁷	47,100	49,600	61,500	60,400	66,500

¹Remuneration for Arto Metsänen from the period 1 January to 31 May 2020. (Former President and CEO since 1 June 2020.)

²Remuneration for Anders Dahlblom.

³Excluding reimbursement of costs and expenses paid directly to third parties based on the expatriate agreement.

⁴Remuneration from the period 1 January to 31 May 2020. Deputy CEO appointed as an Acting President and CEO for the rest of the year 2020. Excluding reimbursement of costs and expenses paid directly to third parties based on the expatriate agreement.

⁵Excluding reimbursement of costs and expenses paid directly to third parties based on the expatriate agreement.

⁶Remuneration from the period 1 June to 31 December 2020. Excluding reimbursement of costs and expenses paid directly to third parties based on the expatriate agreement.

⁷Average salary development at Glaston is calculated by dividing salaries and rewards by the average number of employees during the financial year. Employees of former Bystronic companies are included as of April 1, 2019 onwards. Amounts do not include employer's social security costs.

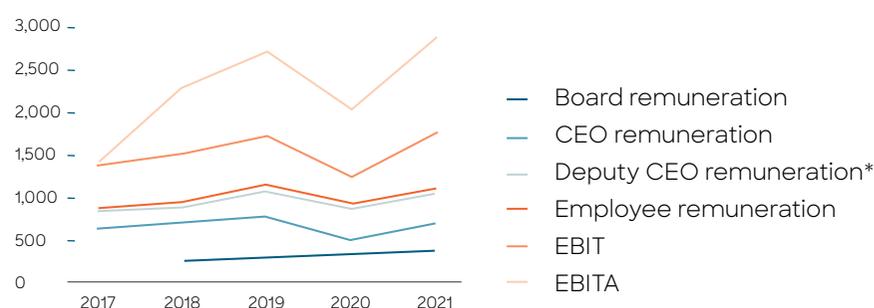
Key financial metrics

EUR 1,000	2017	2018	2019 ⁸	2020	2021
Net sales	109,665	101,139	181,018	170,067	182,662
Comparable operating result (EBIT)	4,994	5,663	5,941	3,225	6,569
Comparable EBITA ⁹	-	7,556	9,746	7,742	11,098

⁸Bystronic glass consolidated as of 1 April 2019.

⁹Glaston has reported comparable EBITA as of 1 January 2018.

Remuneration and financial development



* Deputy CEO remuneration for 2019 includes also remuneration paid to Sasu Koivumäki as Acting CEO and President

Remuneration of the Board of Directors

The 2021 Annual General Meeting resolved that an annual fee of EUR 60,000 shall be paid to the Chairman of the Board, EUR 40,000 to the Deputy Chairman and EUR 30,000 to other Members of the Board.

Further, the 2021 Annual General Meeting resolved that a member of the Board may, at his/her discretion, choose to receive the annual fixed remuneration partly in company shares and partly in cash so that approximately 40% of the annual fixed remuneration is paid in Glaston Corporation's shares. The number of shares forming the above remuneration portion, which would be payable in shares, will be determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki Ltd, calculated as the trade volume weighted average quotation of the share during the one-month period immediately following the date on which the interim report of January-March 2021 of the Company is published.

A meeting fee of EUR 800 shall be paid to the Chairman for meetings in Chairman's home country and EUR 1,500 for meetings elsewhere, and EUR 500 shall be paid to the other Members of the Board for meetings held in their

home country and EUR 1,000 for meetings held elsewhere. Half of the normal fee shall be paid for a board meeting held per capsulam. In addition, it was decided that Board members shall be paid travel and accommodation expenses and other direct expenses arising from board work pursuant to the Company's normal practice.

Furthermore, the members of the Audit and Compensation Committees shall 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 shall be paid an annual fee of EUR 10,000 and the Chairman of the Compensation Committee shall be paid an annual fee of EUR 7,500.

The members of the Board do not participate in any incentive plans.

All the payments to the members of the Board during the financial year 2021 were in compliance with the Remuneration Policy.

In the financial year 2021, the following fees were paid to the members of the Board: an annual fee and meeting fees including both Board and committee related remuneration. As set out on page 49, four members of the Board chose to receive the annual fixed remuneration partly in company shares.

Remuneration of the President and CEO and the Deputy CEO

The remuneration of the President and CEO and the Deputy CEO comprises of a base salary, benefits and performance-based incentive plans.

Anders Dahlblom served as the President and CEO, and Chief Sales Officer Sasu Koivumäki as the Deputy CEO during the financial year 2021.

Sasu Koivumäki was already in 2019 relocated to Germany pursuant to the separate expatriate agreement, and he worked as an expatriate in Germany until 31 July 2021. Sasu Koivumäki was further relocated in Singapore pursuant to the subsequent expatriate arrangement and has worked as an expatriate in Singapore as of November 2021.

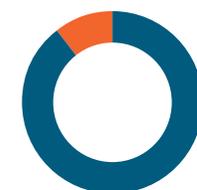
In 2021, the President and CEO Anders Dahlblom was paid the total remuneration of EUR 330,622. The relative proportion of the fixed pay was 100 % and variable pay 0%. The different components are described in more detail in the chart to the right.

In 2021, Deputy CEO Sasu Koivumäki was paid the total remuneration of EUR 337 574. The relative proportion of the fixed pay was 91,1 % and variable pay 8,9 %. The different components are described in more detail in the chart to the right.

Further, total remuneration paid to Sasu Koivumäki in 2021 is excluding reimbursement of costs and expenses in the amount of EUR 60,000 paid directly to third parties based on the expatriate agreement(s).

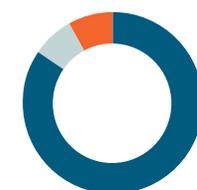
Actualised remuneration of the President & CEO, and Deputy CEO for 2021

CEO & President Anders Dahlblom



■ Fixed pay	89,5%
■ Pension	10,5%

Deputy CEO Sasu Koivumäki



■ Fixed pay	84,7%
■ Benefits	7,5%
■ Pension	7,8%

Board	Audit Committee	Compensation Committee	Annual fee (EUR)	Meeting fees (EUR)	Remuneration in total (EUR)
Veli-Matti Reinikkala, Chairman of the Board	Member		60,000	15,400	75,400
Sebastian Bondestam, Deputy Chairman of the Board		Chairman	47,500 Of which EUR 16,000 paid in Glaston shares	8,000	55,500
Antti Kaunonen		Member	30,000 Of which EUR 12,000 paid in Glaston shares	8,000	38,000
Kai Mäenpää ¹⁰			15,000	1,000	16,000
Sarlotta Narjus		Member	30,000	8,000	38,000
Teuvo Salminen ¹¹	Chairman ¹²		17,500	1,800	19,300
Arja Talma ¹³	Chairman ¹⁴		30,000 Of which EUR 12,000 paid in Glaston shares	6,000	36,000
Tero Telaaranta	Member		30,000 Of which EUR 12,000 paid in Glaston shares	7,500	37,500
Michael Willome		Member	30,000	8,000	38,000
Total			290,000	63,700	353,700

¹⁰ Member of the Board until 13 April 2021.

¹¹ Member of the Board until 13 April 2021.

¹² Until 13 April 2021.

¹³ Member of the Board since 13 April 2021.

¹⁴ Since 13 April 2021.

Performance Actualisation 2021 (STI and LTI)

President and CEO and Deputy CEO participated in the short-term incentive plan in 2021.

The **short term incentive (STI)** opportunity of the President and CEO was in 2021 tied to the following metrics:

KPI	Weight	Achievement
Glaston EBITA	70%	Above target
Glaston Order Intake	20%	Above target (max)
Group Net Working Capital	10%	Above target (max)

The **short-term incentive (STI)** opportunity of the Deputy CEO was in 2021 tied to the following metrics:

KPI	Weight	Achievement
Glaston EBITA	40%	Above target
Glaston Order Intake	60%	Above target (max)

Remuneration paid or due to be paid under the STI is specified in more detail at the end of this section.

Glaston has long-term incentive (LTI) plans to i.a. retain the key personnel and to offer them with a competitive reward plan based on the earning and accumulating the Company's shares.

The President and CEO and the Deputy CEO participate(d) in the Performance Share Plan 2019-2023 which comprises of three (3) performance periods: calendar years

2019-2021, calendar years 2020-2022 and calendar years 2021-2023. However, as the President and CEO Anders Dahlblom joined the Company first in 2021, he did not participate in the two first performance periods of the said plan. The participants shall hold 50% of the net number of shares received under the plan until the number of the Company's shares held by the participant corresponds to the value of his gross annual base salary. Such number of shares shall be held during the

term of the employment or service of the participant. As a rule, no reward will be paid in case the employment or service terminates before the reward payment is made.

For the two first performance periods under the plan objectives were set regarding Group Cumulative EBITA and Average Net Gearing as follows:

KPI	Weight
Group Cumulative EBITA	80%
Average Net Gearing	20%
Total	100%

The maximum opportunity for the two first performance periods was 40,000 shares for the Deputy CEO. The achievement (%) for the performance period LTI 2019-2021 is approximately 11,8%.

For the third performance period under the plan (LTI2021-2023) objectives were set regarding Group as follows:

KPI	Weight
Group Cumulative EBITA	80%
Service Net Sales	20%
Total	100%

The maximum opportunity for the third performance period is 128,000 shares for the President and CEO, and 56,000 shares for the Deputy CEO.

In addition to the Performance Share Plan 2019-2023, the former long-term incentive plan linked to the development of share price of the Company was still valid with respect to the last period (LTI 2018-2020). For the period 2018-2020 (LTI 2018-2020) minimum share price level for payout was EUR 1.91 and maximum EUR 3.56, and any rewards would have been payable in 2021. Minimum target share prices were not achieved for LTI 2018-2020, and therefore no payments were made based on the former long-term incentive plan in the financial year 2021.

Summary of remuneration to the President and CEO and Deputy CEO

Element	Remuneration Description	
	President and CEO	Deputy CEO
FIXED Base salary and benefits	EUR 330,622 Including taxable fringe benefits: mobile phone, company car, lunch benefit	EUR 337,574 Including taxable fringe benefits: company car (Germany and Finland) / travel allowance (Singapore), mobile phone
VARIABLE Short-term incentive (STI)	Performance year 2020 (paid in 2021): N/A. President and CEO joined the Company on 1 January 2021 and thus did not participate in STI 2020. Performance year 2021 (paid in 2022): EUR 233,280. The maximum amount of the President & CEO's annual bonus is 80% of annual salary.	Performance year 2020 (paid in 2021): did not participate in STI 2020. Performance year 2021 (paid in 2022): EUR 99,691. The maximum amount of the Deputy CEO's annual bonus is 40% of annual salary.
VARIABLE Other performance bonus	-	Performance year 2020 (paid in 2021): EUR 30,000 The maximum opportunity was EUR 50,000 payable in 2021 for H2 achievements in 2020 (sales and organisational targets as the Acting CEO for H2/2020).

Element	Remuneration Description	
	President and CEO	Deputy CEO
VARIABLE Long-term incentive (LTI) plan 2017-2019	Finalized plans: N/A President and CEO joined the Company on 1 January 2021 and thus did not participate in LTI 2017-2019	Finalized plans: LTI 2018-2020 (paid in 2021): 0
VARIABLE Long-term incentive (LTI) 2019-2023 For additional information on long-term incentive plans, please see Glaston's website.	Finalized plans: N/A President and CEO joined the Company 1 January 2021 and thus did not participate in LTI 2019-2021. Ongoing plans: LTI 2020-2022: N/A President and CEO joined the Company 1 January 2021 and thus did not participate in LTI 2019-2021. The maximum reward for the ongoing LTI 2021-2023 is 128,000 shares, including also the portion to be paid in cash.	Finalized plans: The maximum reward for the LTI 2019-2021 is 40,000 shares, including also the portion to be paid in cash. Ongoing plans: The maximum reward for the ongoing LTI 2020-2022 is 40,000 shares, including also the portion to be paid in cash. The maximum reward for the ongoing LTI 2021-2023 is 56,000 shares, including also the portion to be paid in cash.
OTHER Pensions	The President and CEO participates in a non-statutory defined contribution supplementary pension scheme. The cost is 12% of annual fixed earnings amounting to EUR 38,880 in 2021. The President and CEO may retire in accordance with the stipulations of the applicable law.	The Deputy CEO participates in a non-statutory defined contribution supplementary pension scheme. The cost is 12% of annual earnings amounting to EUR 30,960 in 2021. The Deputy CEO may retire in accordance with the stipulations of the applicable law.
OTHER Bonus in Company shares (Signing bonus)	The President and CEO is entitled to receive 110,000 shares in the Company on 1 January 2022. The President and CEO shall hold the shares for the period of two years and shall return the shares should notice of termination be given during the said two years' period. The Board may however resolve upon the President and CEO's right to keep the shares.	-

A close-up photograph of a mechanical gear assembly. The image shows a series of interlocking metal gears mounted on a shaft. A person's hands, wearing black nitrile gloves, are visible in the foreground, using a silver wrench to adjust one of the gears. The background is slightly blurred, showing more of the machinery. The overall lighting is cool and industrial.

Financial Review

The Board of Directors' Review 2021

As of 1 January 2021, the company has three reporting segments: Glaston Heat Treatment, Glaston Insulating Glass and Glaston Automotive & Display. The services business is included in the reporting segments. Machine and Services sales, order intake and order book are also reported separately as additional product area information. On 18 March 2021, the company published comparative information according to the new structure. The figures in brackets refer to the comparison period, i.e. the corresponding period in the previous year, unless otherwise stated.

Review period in brief

In 2021, Glaston's market saw a strong recovery and customer business activity improved in most regions and markets. The strength of the company's product offering, particularly in the architectural segment, was clearly visible, and Glaston entered into several customer agreements during the year, including for both heat treatment and insulating glass

equipment. Cross-selling is strategically and commercially important and will further strengthen the company's market position in the future.

Glaston's Board of Directors approved an updated strategy for 2021–2025 in August 2021. The key objectives of the updated strategy are significantly improving organic growth and profitability, based on Glaston's own strategic initiatives and anticipated market growth. Glaston's core technologies and lifecycle solutions remain at the heart of the strategy. The updated strategy defines sustainable business as a strategic priority.

In 2021, supply chain disruptions were a growing concern, leading to longer delivery times for several components as well as increased raw material prices, freight costs, and logistics availability issues. In order to avoid significant delivery delays, the company took proactive measures to ensure the availability of key components.

The COVID-19 pandemic remained a concern, although its impact was smaller than in 2020. Thanks to pre-

ventive measures introduced at an early stage of the pandemic, such as strict safety guidelines and a recommendation for remote working, Glaston was able to maintain its production operations. Changing travel restrictions in different countries and restrictions on customers' factory visits continued to adversely affect maintenance and service operations.

In August 2020, Anders Dahlblom was appointed as the company's new President & CEO, and he assumed his position on 1 January 2021.

Operating environment

Glaston Corporation is a glass processing industry technologies and services frontrunner. Glass processed using Glaston's processing machines is supplied to the architectural glass, automotive glass, solar energy, and display industries. Most of the glass produced using 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 largely

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 the demand for services and spare parts.

Architectural glass

In 2021, good progress was noted for the architectural market. Demand for Heat Treatment equipment was high, which particularly drove demand for flat tempering lines, as well as laminating lines. Very strong market recovery was also observed for Heat Treatment upgrades in all regions. For Insulating Glass equipment, high demand for the Thermoplastic Spacer (TPS®) line continued, as well as for special lines, e.g. fire-resistant glass and glass arrissing. For the services business overall, the market was good. However, the supply chain disturbances created challenges for the spare parts business and pandemic-related travel restrictions affected field service and spare parts operations.

In Glaston's main market area, the EMEA region, increasing market activity was noted throughout the year. The positive development in the architectural market boosted demand for advanced Heat Treatment and Insulating Glass technologies equipment. Demand was further supported by subsidy programs that were launched in a number of European countries.

Driven by the residential glass sector, market recovery in North America continued at a good level throughout the year. The increasing market activity boosted demand, especially for the Thermoplastic Spacer (TPS®) technology, as well as for the flat tempering and laminating lines. After a strong first half of the year, the Services market slowed down in the third quarter, continuing into the fourth quarter.

In China, strong market recovery was observed and customers showed increasing interest in large-sized lines and automation. The TPS® technology, as well as other high-end Insulating Glass lines, were in high

demand. Elsewhere in the APAC region, activity remained at a lower level mainly due to coronavirus-related restrictions, although signs of increased activity were noted in the fourth quarter.

Automotive glass

After a slow first quarter of 2021, the rest of the year showed a positive development with increasing investment activity in the market for new machinery.

During the year, Automotive production faced difficulties due to supply chain shortages, particularly for computer chips. This resulted in lower activities for Glaston's customers, who are Tier 1 suppliers to automotive OEMs. The general market sentiment is still positive as development in the automotive end market has a better outlook with high end-customer demand, which automotive production is currently unable to fulfill.

Following the overall positive market sentiment, increased invest-

ment activity in the market for new machinery was noted as customers recognized the need to invest in order to fulfill future requirements. However, Services activity was affected by the supply chain shortages. In the display market, automotive displays showed increasing activity, similar to the automotive market itself.

As of the second quarter, market activity in China developed well and good recovery was also noted for the North American market. China is more driven by the classic automotive industry and display industry, while North America is mainly driven by special products such as recreational vehicles (RV) and heavy vehicles. Typically, orders from North American customers are for highly customized solutions, taking advantage of Glaston's flexibility and ability to respond to the customers' special requirements. In other regions, investment activity remained subdued.

Financial development of the group

Orders received and order book

Orders received in January–December 2021 amounted to EUR 216.2 (153.5) million, up 41% compared to the corresponding period in 2020. Comparison figures for the second and third quarters in the previous year were on a low level due to COVID-19-related market uncertainty.

Orders received ^{*)} , EUR million	1-12/2021	1-12/2020
Heat Treatment	89.0	56.1
Insulating Glass	95.0	75.7
Automotive & Display	31.2	20.2
Segments, total	215.1	152.1
Unallocated and eliminations	1.1	1.4
Glaston Group, total	216.2	153.5

^{*)} 6–9/2021 order intake for the Automotive and Display Technologies has been corrected downwards by EUR 1.4 million, also impacting segment and Group order intake and respective cumulative figures for the Jan–June 2021 and Jan–Sep 2021 periods.

The order book stood at EUR 94.8 (63.9) million at the end of the year. The Heat Treatment order book totaled EUR 45.6 (31.4) million, representing 48% of the order book, Insulating Glass EUR 38.5 (26.1) million, or 41%, and Automotive & Display EUR 10.7 (6.5) million, or 11% of the order book

Order book, EUR million	31.12.2021	31.12.2020
Heat Treatment	45.6	31.4
Insulating Glass	38.5	26.1
Automotive & Display	10.7	6.5
Segments total	94.8	63.9
Unallocated and eliminations	0.0	0.0
Glaston Group, total	94.8	63.9

Orders received and order book by product area

Orders received in January–December 2021 totaled EUR 216.2 (153.5) million. Of the orders 28% were received for the Heat Treatment Technologies product area, 33% for the Insulating Glass Technologies product area, 8% for the Automotive & Display product area and 31% for the Services product area.

Orders received by product area^{*)},

EUR million	1-12/2021	1-12/2020
Heat Treatment Technologies	60.1	34.1
Insulating Glass Technologies	70.5	53.6
Automotive & Display Technologies	16.5	7.3
Services	68.0	57.1
Unallocated and eliminations	1.1	1.4
Glaston Group, total	216.2	153.5

^{*)} 6–9/2021 order intake for the Automotive and Display Technologies has been corrected downwards by EUR 1.4 million, also impacting segment and Group order intake and respective cumulative figures for the Jan–June 2021 and Jan–Sep 2021 periods.

Order book by product area, EUR million	31.12.2021	31.12.2020
Heat Treatment Technologies	39.3	26.6
Insulating Glass Technologies	38.0	26.1
Automotive & Display Technologies	10.2	6.5
Services	7.3	4.7
Unallocated and eliminations	0.0	0.0
Glaston Group, total	94.8	63.9

Net sales

January–December 2021 net sales totaled EUR 182.7 (170.1) million. Net sales in the Heat Treatment segment increased by 21% and totaled EUR 74.7 (61.6) million. Net sales in the Insulating Glass segment were on the same level as in the previous year: EUR 81.6 (81.9) million. A slight increase, +4%, was noted in the Automotive & Display segment and net sales totaled EUR 25.6 (24.6) million.

Net sales, EUR million	1-12/2021	1-12/2020
Heat Treatment	74.7	61.6
Insulating Glass	81.6	81.9
Automotive & Display	25.6	24.6
Segments total	181.9	168.2
Unallocated and eliminations	0.8	1.9
Glaston Group total	182.7	170.1

Geographical distribution of net sales, EUR million	1-12/2021	1-12/2020
The Americas	55.4	44.7
EMEA	95.7	94.4
APAC	31.5	30.9
Glaston Group, total	182.7	170.1

Net sales by product area

January–December 2021 net sales in the Heat Treatment Technologies product area increased by 20% and totaled EUR 48.0 (40.2) million. Net sales in the Insulating Glass Technologies product area decreased by 4% and totaled EUR 58.1 (60.3) million. Net sales in the Automotive & Display Technologies product area decreased by 8% and was EUR 11.5 (12.5) million. Net sales in the Services product area increased 15% and was EUR 66.8 (58.1) million.

Net sales by product area, EUR million	1-12/2021	1-12/2020
Heat Treatment Technologies	48.0	40.2
Insulating Glass Technologies	58.1	60.3
Automotive & Display Technologies	11.5	12.5
Services	66.8	58.1
Unallocated and eliminations	-1.7	-0.9
Glaston Group, total	182.7	170.1

Operating result and profitability

January–December 2021 comparable EBITA amounted to EUR 11.1 (7.7) million, i.e. 6.1 (4.6)% of net sales. In the full year, EBITA improved strongly in the Heat Treatment segment and the Automotive & Display segment turned from loss to profit. EBITA in the Insulating Glass segment declined. The comparable operating result was EUR 6.6 (3.2) million, i.e. 3.6 (1.9)% of net sales. The Group's operating result was EUR 5.1 (-0.5) million. Items affecting comparability totaled EUR -1.5 (-3.8) million. Financial income and expenses amounted to EUR -3.5 (-2.3) million. The result before taxes was EUR 1.2 (-3.3) million. The result for the review period was EUR 1.1 (-5.5) million.

Earnings per share were EUR 0.013 (-0.065) and comparable earnings per share were EUR 0.060 (0.013). The impairment of the balance sheet items related to the Heliotrope cooperation contributed to EBIT-included items affecting comparability by EUR -0.8 million, and financial items by EUR -1.6 million. The impairment also negatively impacted the result before taxes, the result for the review period, and both earnings per share and comparable earnings per share.

EUR million	1-12/2021	1-12/2020
Operating result	5.1	-0.5
Items affecting comparability ⁽¹⁾	1.5	3.8
Comparable EBIT	6.6	3.2
Operating result	5.1	-0.5
Amortization and purchase price allocation	4.5	4.5
EBITA	9.6	4.0
Items affecting comparability ⁽¹⁾	1.5	3.8
Comparable EBITA	11.1	7.7
% of net sales	6.1%	4.6%

⁽¹⁾ + cost, - income

Financial development of the reporting segments

Heat Treatment reporting segment

Glaston's Heat Treatment segment includes a wide and technologically advanced range of heat treatment machines, maintenance, upgrade and modernization services, as well as 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 Heat Treatment segment includes the Heat Treatment Technologies product area and heat treatment machine services.

Heat Treatment segment's year in brief:

- Market recovery continued throughout the year with growing demand for Heat Treatment equipment and Heat Treatment upgrades
- Orders received up 59% and healthy order backlog at EUR 45.6 million
- Net sales up 21% supported by stable order intake

Heat treatment segment key figures

MEUR	1-12/2021	1-12/2020
Orders received	89.0	56.1
Order book at end of period	45.6	31.4
Net sales	74.7	61.6
Comparable EBITA	3.4	2.0
Comparable EBITA, %	4.5%	3.2%
Comparable operating result (EBIT)	1.6	0.4
Comparable operating result (EBIT),%	2.1%	0.6%
Operating result (EBIT)	0.6	-1.2
Operating result (EBIT), %	0.8%	-2.0%
Net working capital	-19.0	-13.0
Employees at end of period	283	293

Insulating Glass reporting segment

Glaston's Insulating Glass segment provides high technology machines for the manufacture of insulating glass, maintenance, upgrade and modernization services, as well as spare parts. The Insulating Glass segment includes the Insulating Glass Technologies product area and insulating glass machine services.

Insulating Glass segment's year in brief:

- Strong market activity resulting in very good order intake
- The launch of the new glass arising machine, MULTI'ARRISSER, raised much attention and demand
- Good order backlog at EUR 38.5 million

Insulating glass segment key figures

EUR million	1-12/2021	1-12/2020
Orders received	95.0	75.7
Order book at end of period	38.5	26.1
Net sales	81.6	81.9
Comparable EBITA	6.5	7.3
Comparable EBITA, %	8.0%	8.9%
Comparable operating result (EBIT)	4.6	5.2
Comparable operating result (EBIT), %	5.6%	6.4%
Operating result (EBIT)	4.6	3.6
Operating result (EBIT), %	5.6%	4.4%
Net working capital	-4.6	2.1
Employees at end of period	359	330

Automotive & Display reporting segment

Glaston's Automotive & Display segment provides glass processing machines and related services to the automotive industry as well as the display industry. The Automotive & Display segment includes the Automotive & Display Technologies product area and related machine services.

Automotive & Display segment's year in brief:

- After a slow start to the year, demand in the Automotive market picked up in the second quarter and the positive development culminated in the fourth quarter
- Increasing investment activity for new machines with order intake up 54%
- Significant profitability turnaround

Key figures, EUR million	1-12/2021	1-12/2020
Orders received	31.2	20.2
Order book at end of period	10.7	6.5
Net sales	25.6	24.6
Comparable EBITA	1.2	-1.6
Comparable EBITA, %	4.7%	-6.6%
Comparable operating result (EBIT)	0.4	-2.5
Comparable operating result (EBIT), %	1.6%	-10.1%
Operating result (EBIT)	-0.1	-3.0
Operating result (EBIT), %	-0.4%	-12.0%
Net working capital	7.9	8.4
Employees at end of period	103	94

Financial position, cash flow and financing

At the end of December, Glaston Group's balance sheet total was EUR 197.3 (207.3) million. Intangible assets amounted to EUR 75.8 (76.9) million, of which goodwill was EUR 58.6 (58.3) million. At the end of the period, property, plant and equipment amounted to EUR 22.9 (23.1) million and inventories to EUR 27.3 (25.1) million. At the end of the year the contract assets of customer projects accrued at the pace of revenue recognition were netted against advance payments received for the projects. This resulted in around a EUR 25.7 million reduction in current assets and liabilities in the closing balance sheet for 2021.

The comparable return on capital employed (ROCE) was 6.1 (4.7)%.

At the end of December, the company's net gearing was 26.9 (48.8)%. The equity ratio was 42.3 (41.2)%. Net interest-bearing debt totaled EUR 18.3 (33.6) million. The average maturity of Glaston's long-term debt was 1.3 years at the end of the year. From January–December, Glaston's cash flow from operating activities was EUR 19.3 (0.7) million. Cash flow from investing activities was EUR -3.1 (-2.2) million and cash flow from financing activities was EUR -13.8 (5.9) million.

Capital expenditure, depreciation and amortization

Glaston Group's January–December gross capital expenditure totaled EUR 5.2 (3.4) million and was primarily related to product development, real estate, and intellectual property rights. Depreciation and amortization of property, plant, and equipment, and of intangible assets, totaled EUR -7.9 (-8.1) million.

Investments in product development, digitalization and innovation

In 2021, Glaston ramped up its research and product development efforts and aligned them with the updated strategy's cornerstone initiative *Innovate with customers to win*. The initiative focuses on strengthening Glaston's role as a technology leader through the seamless integration of customer understanding, joint and more rapid innovation and development work. In the last quarter of 2021, the focus was on establishing processes for integrating customer needs with Glaston's R&D and product management.

In 2021, projects and innovations related to automation, ease of use and self-learning were at the forefront of product development. Glaston continued to strongly focus on the develop-

ment towards fully automated lines in insulating glass and heat treatment technologies, as well as automotive and display technologies. Significant steps towards developing a fully automated tempering line were taken during the early part of the year when the company completed the first part of the strategically significant FC series tempering machine order. The development of the new tempering process autopilot, which learns how to achieve the most optimal way of running the line, progressed.

In Insulating Glass Technologies, the development and field testing of the MULTI'ARRISSER arripping machine were successfully completed. With the new MULTI'ARRISSER, Glaston has introduced a fast and user-friendly solution for high-quality arripping of straight glass edges with proven cup wheel technology. The product was well received by customers and Glaston was able to secure several orders for the new machine in 2021. In addition, the CORNER'REFINER for sealed IG units was launched on the market. In Automotive & Display product development, the focus was on developing an adaptive and self-learning manufacturing process for high-end automotive and display glass, transforming the Swiss unit from

machine supplier into a technology leader.

From January–December 2021, research and product development expenditure, excluding depreciation, totaled EUR 7.0 (6.4) million, of which EUR 1.8 (1.7) million was capitalized. Research and product development expenditure amounted to 3.8 (3.8)% of net sales.

Personnel

On 31 December 2021, Glaston Group had a total of 750 (723) employees. At the end of December, the Heat Treatment segment employed 283 (293) people, the Insulating Glass segment 359 (330) people and the Automotive & Display segment 103 (94) people. Of the Group's personnel, 35%, i.e. 260 employees, worked in Germany, 26%, i.e. 195, worked in Finland, 12% worked elsewhere in the EMEA area, 20% worked in Asia and 7% worked in the Americas.

Due to the pick-up in the Heat Treatment business that was noted at the end of 2020, the previously agreed temporary lay-offs in Finland were canceled as of February 2021. Reflecting the higher workload, short-time work in Glaston's Automotive business in Switzerland, introduced in autumn 2019, ceased from February onwards.

However, Swiss production personnel temporarily returned to reduced working hours in May and June due to a lower workload.

As the COVID-19 pandemic was still ongoing, Glaston continued adopting the strict coronavirus safety guidelines in 2021. Many of Glaston's employees continued to work remotely in order to safeguard their own health and the health of production personnel. During the summer, employees gradually started returning to the offices, with strict rules to prevent the spread of the virus. As the COVID-19 situation took a turn for the worse in many countries during the latter part of the year, a hybrid work model incorporating both remote and on-site work was introduced.

Strategy

Glaston's revised strategy and updated financial targets for 2021–2025 were approved in August 2021. The key objectives of the revised strategy are improved organic growth and profitability, based on Glaston's own strategic initiatives and the expected market growth. The roadmap for 2021–2025 builds on Glaston's business area-specific strategic initiatives, while the successful implementation of the strategy is supported

by strong leadership and Group-wide cornerstone initiatives.

In the review period, the implementation of the five cornerstone initiatives continued. In the 'Innovate with customers to win' cornerstone initiative, a steering group was formed and the harmonization of sales tools and processes progressed. The 'Lead digital transformation' cornerstone initiative worked on Glaston's digital vision and targets and the shared business architecture for platform solutions and user interface standards. In the 'Empower Glastonians to thrive' cornerstone, the new leadership principles were launched and progress was made with the global competence mapping and talent review. In the 'Elevate sustainability & continuous improvement' cornerstone initiative, the Group-wide safety organization was formally nominated and the Group-wide reporting processes were established. In addition, the sustainability work and reporting were further developed and the Group's materiality assessment was updated. The 'Global sourcing and manufacturing' cornerstone initiative focused on a development roadmap of the sourcing function.

For the strategy period 2021–2025, the following financial targets have

been set: i) Annual average net sales growth (CAGR) clearly exceeding the addressable equipment market growth of more than 5% ii) Comparable operating margin (EBITA) of 10% at the end of the strategy period and iii) Comparable return on capital employed (ROCE) of 16% at the end of the strategy period.

In 2021, net sales growth was 7.4%, still partially impacted by the low order intake at the start of the pandemic. For comparable EBITA, the performance improved to 6.1% (4.6% in 2020). Comparable ROCE also improved to 6.1 (4.7% in 2020) and, excluding the exceptional write-off of loan receivables, comparable ROCE would have been 7.4%.

For the non-financial strategic targets, progress in the Group-wide safety target of zero lost time accidents (LTA) is measured using the Lost-Time-Injury-Frequency Rate, which improved to 3.3 from 10.8 in 2020. Glaston's CO₂ emissions (scope 1+2) were 2,608 tons of CO₂ and CO₂

intensity (tons of CO₂ per millions of euros in net sales) was 14.3 compared to 16.3 in 2020. The target is a reduction of CO₂ emissions (scope 1+2) in relation to net sales by 50% from the 2020 level. Measurement of Net Promoter Score (customer satisfaction) and employee engagement will start in 2022.

Sustainability

As the innovative frontrunner in its industry, Glaston's ambition is to continue being at the forefront of developing the industry towards a more sustainable future. In order to systematically develop Glaston's sustainability agenda, a Sustainability Working Group was established in September 2021 with the mandate to coordinate sustainability development in Glaston, as well as implement sustainability-related practices. The working group will also develop sustainability further to capture business opportunities and to meet increased regulatory requirements and stakeholder expectations.

In the review period, the Sustainability Working Group reviewed the materiality assessment and the Executive Management Group approved the revised assessment in December. Most of the material topics remained the same: responsible own activities (personnel, environment, responsible business), responsible sourcing, responsible partner and responsible member of society. The indicators, objectives and outcomes were aligned with the strategy's non-financial targets. Climate-related risks and biodiversity were assessed by utilizing the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

Regarding Glaston's greenhouse gas emissions, over 80% occur in Finland, Germany and China. In December 2021, Glaston made the decision to switch to renewable electricity at its production facilities in Finland and Germany as of January 2022, thereby significantly reducing its CO₂ emissions.

Shares and shareholders

Glaston Corporation's shares are listed on the Nasdaq Helsinki Small Cap list. The trading code is GLA1V and the ISIN code is FI4000369657. Each share entitles its holder to one vote and voting right. Glaston Corporation's share capital on 31 December 2021 was EUR 12.7 (12.7) million.

1.1.-31.12.2021			No. of shares and votes	Share turnover, EUR million
GLA1V			84,289,911	20.6
	Highest	Lowest	Closing	Average price *)
Share price	1.40	0.72	1.14	0.98
			31.12.2021	31.12.2020
Market value			96.1	75.0
Number of shareholders			7,427	7,352
Foreign ownership, %			27.3	27.3

*) trade-weighted average

At the end of the review period, Glaston Corporation's largest shareholders were Ahlstrom Capital B.V. 26.4%, Hymy Lahtinen Oy 12.2%, Varma Mutual Pension Insurance Company 7.5%, Ilmarinen Mutual Pension Insurance Company 7.3% and OP-Finland Small Firms Mutual Fund 6.0%.

10 largest shareholders 31 December, 2021

Shareholder	Number of shares	% of shares and votes
1 Ahlstrom Capital Bv	22,245,716	26.4%
2 Hymy Lahtinen Oy	10,300,161	12.2%
3 Varma Mutual Pension Insurance Company	6,318,061	7.5%
4 Ilmarinen Mutual Pension Insurance Company	6,162,502	7.3%
5 OP-Finland Small Firms Fund	5,092,416	6.0%
6 Nordea Nordic Small Cap Fund	3,194,237	3.8%
7 Päivikki and Sakari Sohlberg Foundation	1,454,055	1.7%
8 Säästöpankki Pienyhtiöt	969,012	1.1%
9 Mininvest Oy	949,682	1.1%
10 Sijoitusrahasto Aktia Capital	900,000	1.1%
10 largest shareholders total	57,585,842	68.3%
Nominee registered shareholders	1,343,437	1.6%
Other shares	25,360,632	30.1%
Total	84,289,911	100.0%

Ownership distribution 31 December, 2021

	Shares total	% of shares and votes
Households	20,063,150	23.8%
Public sector institutions	12,920,563	15.3%
Financial and insurance institutions	9,638,193	11.4%
Corporations	16,148,620	19.2%
Non-profit institutions	1,494,514	1.8%
Foreign countries	22,681,434	26.9%
Total	82,946,474	98.4%
Nominee registered	1,343,437	1.6%
Total	84,289,911	100.0%
Yhteensä	84,289,911	100.0%

Shareholders by share ownership 31 December, 2021

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1-100	1,718	23.13%	84,994	0.10%
101-1,000	3,281	44.18%	1,461,796	1.73%
1,001-10,000	2,056	27.68%	6,437,225	7.64%
10,001-100,000	324	4.36%	8,755,563	10.39%
100,001-99,999,999	48	0.65%	67,550,333	80.14%
Total	7,427	100.00%	84,289,911	100.00%
Number of shares issued			84,289,911	100.00%

The share ownership of the Board of Directors and the Executive Management Group is presented in Note 29 of the consolidated financial statements.

Governance

Annual General Meeting 2021

The Annual General Meeting of Glaston Corporation was held on 13 April 2021 in Helsinki. The General Meeting adopted the financial statements and consolidated financial statements for the financial period from 1 January to 31 December 2020 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year from 1 January to 31 December 2020.

In accordance with the proposal of the Board of Directors, the General Meeting resolved that a return of capital of EUR 0.02 per share be distributed for the financial year ended 31 December 2020. The return of capital was paid to shareholders who are registered in the Company's register of shareholders, maintained by Euroclear Finland Ltd, on the record date for payment, 15 April 2021. The return of capital was paid on 23 April 2021.

Adoption of the Remuneration Report for governing bodies

In accordance with the proposal of the Board of Directors, the General Meeting resolved to adopt the Remuneration Report for the governing bodies. The resolution on the adoption of the Remuneration Report is advisory.

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 seven. The General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Board, to re-elect as members of the Board of Directors the current members of the Board of Directors, Mr. Veli-Matti Reinikkala, Mr. Sebastian Bondes-tam, Mr. Antti Kaunonen, Ms. Sarlotta Narjus, Mr. Michael Willome and Mr. Tero Telaranta, and to elect Ms. Arja Talma as a new member of the Board of Directors. The Board of Directors was elected for a term continuing until the close of the next Annual General Meeting. Further information on the members of the Board of Directors is available on Glaston Corporation's website at www.glaston.net.

Remuneration of the members of the Board of Directors

In accordance with the proposal of the Shareholders' Nomination Board, the General Meeting resolved that the annual and meeting fees of the members of the Board of Directors, as well as fees paid for Committee work remain unchanged. The Chairman of the Board of Directors is 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 accordance with the proposal by the Nomination Board, the General Meeting resolved that a member of the Board of Directors may, at his/her discretion, choose to receive the annual fixed remuneration partly in company shares and partly in cash so that approximately 40% of the annual fixed remuneration is paid in Glaston Corporation's shares. The number of shares forming the above remuneration portion, which would be payable in shares, will be determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki Ltd, calculated as the trade volume weighted average quotation of the share during the one-month period immediately following the date on which the interim report of January-March 2021 of the company is published.

In addition, the General Meeting resolved that in accordance with the proposal of the Shareholders' Nomination Board, meeting fees shall be paid for each meeting of the Board of Directors that a Member of the Board has attended, so that the Chairman of the Board is paid EUR 800 for meetings held in the Chairman's home

country and EUR 1,500 for meetings held elsewhere and the other Members of the Board are paid EUR 500 for meetings held in their home country and EUR 1,000 for meetings held elsewhere. For per capsulam Board Meetings, half of the normal meeting fee will be paid. Furthermore, it was resolved that each Member of the Board will be compensated for travel and accommodation costs and direct expenses arising from their work for the Board of Directors in line with the Company's normal practice.

In addition, the General Meeting resolved in accordance with the proposal of the Shareholders' Nomination Board that the meeting fee for the Compensation and Audit Committees remain unchanged and that all members of the Audit and Compensation Committees will be paid a meeting fee of EUR 500 for each meeting 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 Compensation Committee will be paid an annual fee of EUR 7,500.

Auditor

In accordance with the proposal of the Board of Directors, the General Meeting elected the authorized public account-

ing firm KPMG Oy Ab as the Company's auditor. The auditing firm has announced that the auditor in charge of the audit is Authorised Public Accountant Lotta Nurminen. In accordance with the proposal of the Board of Directors, the General Meeting decided that the remuneration of the auditor shall be paid based on a reasonable invoice approved by the Company.

Authorization to the Board of Directors to decide on the repurchase as well as on the acceptance as pledge of the company's own shares

In accordance with the proposal of the Board of Directors, the General Meeting authorized the Board of Directors to decide on the repurchase as well as on the acceptance as pledge of the Company's own shares in one or several tranches as follows.

The number of own shares to be repurchased or accepted as pledge shall not exceed 8,000,000 shares, which corresponds to approximately 10% of all registered shares in the Company, subject to the provisions of the Finnish Companies' Act on the maximum amount of shares owned by or pledged to the company or its subsidiaries. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or at a price otherwise formed on the market.

The Board of Directors decides how own shares will be repurchased or accepted as pledge. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The authorization is effective until 30 June 2022 and it revokes corresponding earlier authorizations.

Authorization to the Board of Directors to decide on the issuance of shares, as well as the issuance of options and other rights entitling to shares

In accordance with the proposal of the Board of Directors, the General Meeting authorized the Board of Directors to resolve one or more issuances of shares which contain 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 up to 8,000,000 shares in the aggregate representing approximately 10% of the current number of shares in the Company.

The authorization does not exclude the Board of Directors' right to decide on a directed issue of shares. The authorization can 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 was authorized to resolve on all 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 subscription price or allocation of shares, option or other rights free of charge, or that the subscription price may be paid besides in cash also by other assets either partially or entirely (contribution in kind).

The authorization is effective until 30 June 2022 and it revokes corresponding earlier authorizations.

Organization of the Board of Directors

Convening after the Annual General Meeting, the Board of Directors

re-elected Veli-Matti Reinikkala as the Chairman of the Board and Sebastian Bondestam as Deputy Chairman of the Board. In addition, the composition of the Board committees was resolved to be as follows:

Audit Committee:

Arja Talma (Chairman), Veli-Matti Reinikkala, Tero Telaranta

Compensation Committee:

Sebastian Bondestam (Chairman), Antti Kaunonen, Sarlotta Narjus, Michael Willome

Shareholders' Nomination Board

On 22 September 2021, Glaston announced the composition of the Shareholders Nomination Board. The Shareholders' Nomination Board comprises one member appointed by each of the four largest shareholders of Glaston Corporation. The shareholders entitled to appoint a member are determined on the basis of the shareholders' register of the Company maintained by Euroclear Finland Ltd. on the first working day in September.

Based on the ownership on 1 September 2021, the following persons have been nominated as members of the Nomination Board: Lasse Heinonen (Ahlstrom Capital BV),

Jaakko Kurikka (Hymy Lahtinen Oy), Pekka Pajamo (Varma Mutual Pension Insurance Company) and Esko Torsti (Ilmarinen Mutual Pension Insurance Company). Veli-Matti Reinikkala, Chairman of the Company's Board of Directors, has served as an advisory member of the Nomination Board.

In its organizing meeting on 22 September 2021, the Nomination Board elected Lasse Heinonen amongst its members as the Chairman.

On 15 December 2021, the Shareholders' Nomination Board disclosed its proposal concerning the Board composition and remuneration to the AGM 2022. According to the proposal, the Nomination Board proposed that the number of members of the Board of Directors would be seven and that Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Veli-Matti Reinikkala, Arja Talma, Tero Telaranta and Michael Willome be re-elected as Members of the Board of Directors. The Nomination Board proposed that the annual remuneration of the Members of the Board of Directors would be increased to be as follows: Chairman EUR 70,000 (60,000), Vice Chairman 43,000 (40,000) and Members EUR 33,000 (30,000).

Organizational and Executive Management changes

As of 1 January 2021, Glaston made changes to the Group structure as the Emerging Technologies operations, previously part of the Automotive & Emerging Technologies business area, were restructured and became part of the regional sales structure. As of the same date, Glaston's business areas are Glaston Heat Treatment Technologies, Glaston Insulating Glass Technologies and Glaston Automotive & Display Technologies.

On 1 February 2021, operations in Glaston's Brazilian subsidiary were discontinued. Going forward, customer support and sales have been conducted together with external parties.

On 12 March 2021, the appointment of Hannele Anonen as SVP People and Culture and a member of the Executive Management Group was announced. She took up her position on 1 August 2021 and reports to President & CEO Anders Dahlblom. In this connection, Taina Tirkkonen, General Counsel, and SVP Human Resources, continued as the company's General Counsel and member of the Executive Management Group.

In order to boost internal efficiency, on 30 September 2021, Glaston divested its glass handling business to Cimec Oy. In this connection, the companies signed a distribution agreement for handling devices and Glaston will continue to offer handling devices under the Glaston brand to its customers. The divestment will enable increased capacity for the insulating glass business at the Neuhausen-Hamberg facility. The divestment did not have any impact on personnel.

Report on non-financial information 2021

In Glaston's revised strategy, published in August 2021, sustainability has been identified as a key focus area. Addressing the company's focus on sustainability, in addition to its financial targets, Glaston has set new non-financial strategic targets, highlighting the sustainable nature of the company's business and the strategic importance of the company's environmental, social and governance (ESG) commitment. Glaston's material topics are related to safe working environment, product quality and safety, responsible business operations and behavior, responsible procurement and the company's climate impacts.

Glaston's business model and value creation

Glaston provides glass processing machines and related services to the architectural glass, automotive glass, solar energy glass and display industries. Glaston's offering comprises heat treatment and insulating glass technologies for the architectural market and pre-processing technologies for the automotive and display industries as well as related services. Glaston's

offering is the broadest in the industry.

As the innovative frontrunner in its industry, Glaston's ambition is to continue being the leader in developing the industry towards a more sustainable future. The majority of Glaston's business is targeted at the architectural customer segment in which the company's products provide key technologies for improving energy efficiency and the safety of buildings.

Glaston has sales and services offices in 10 countries around the world. At the end of 2021, the company had four production plants: in Tampere, Finland; in Neuhausen, Germany; in Bützberg, Switzerland; and in Tianjin, China. At the end of 2021, Glaston had 750 employees.

Glaston wants to make a positive contribution to the societies in which it operates. In particular, the company creates value for its customers through its energy-efficient, reliable products and services. As a buyer of products and services and as an employer, the company creates wealth and jobs locally. The company also creates economic value as a taxpayer in the countries where it

operates. Glaston works closely with various research institutes and universities, creating social value through product development and innovation. In 2021, Glaston paid a capital return to shareholders of EUR 1.7 million. Glaston paid EUR 1.0 million in taxes.

Responsibility in Glaston

In line with the strategy, 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. Glaston continuously develops its product and services offering to meet the customers' growing need to reduce material and energy consumption and emissions in their production.

In Glaston's revised strategy, addressing the company's focus on sustainability, in addition to its financial targets, Glaston has set new non-financial strategic targets. The non-financial targets for 2021-2025 are:

- Customer satisfaction score (Net Promoter Score, NPS) above 40

- Group-wide safety target measured as zero lost time accidents (LTA, progress measured as accident frequency, LTIFR)
- Employee Engagement target above 75 (out of 100)
- Glaston's CO₂ emissions (scope 1+2) in relation to net sales down by 50% from the 2020 level. In 2020, greenhouse gas emissions were 2,777 tons of CO₂ with net sales of EUR 170.1 million.

In late 2021, Glaston updated the materiality assessment, taking into account in particular the non-financial objectives of the updated strategy. The main material topics remained unchanged: responsible own activities (personnel, environment, responsible business), responsible purchasing, responsible partner and responsible member of society. The indicators and targets related to the key themes were specified towards the end of the year. The updated material topics were approved by the company's Executive Management Group in December 2021.

Key responsibility objectives and indicators:

Topic	Indicator	Objective	Outcome 2021	Timetable
Responsible business	Training of personnel in Code of Conduct	Training coverage 100%	Training started in 2021, at year-end training coverage 97%	Continuous
			Training to be included in induction training	
Safe workplace	Accident frequency (LTIFR), number of accidents per million hours worked	LTIFR = 0	LTIFR= 3,3	2025
	Reports on workplace harassment	No harassment cases	No reports in 2021	Continuous
	Employee engagement	Employee Engagement target above 75 (out of 100)	Baseline to be calculated in 2022	2025
Impacts on the environment	CO ₂ emissions in own operations	CO ₂ emissions (Scope 1+2) in relation to net sales down by 50% from the 2020 level	Outcome (14.3 tCO ₂ /€M) -13% compared to 2020 level	2025
	Emissions in value chain	Scope 3 emissions to be calculated in 2022		2022
	Energy and material efficiency	Target to be specified in 2022		2022
Responsible sourcing	Supplier Code of Conduct coverage of new and existing suppliers	Commitment coverage 100%	Commitment to be incorporated into contracts during 2022	2025
Responsible partner	Industry's best customer experience	Customer satisfaction score (NPS) over 40	Reporting to start in 2022	2025

Policies and due diligence

At Glaston, responsibility is part of our everyday activities. The company is committed to complying in full with national and international laws, regulations, and generally accepted operating practices in all of its operations.

To go beyond the minimum level set by regulations, and to clearly state Glaston's ethical standards, all our operations are guided by the Code of Conduct, which is approved by the company's Board of Directors. 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. In 2021, more than 97% of the employees completed the training of the updated Code of Conduct.

The Code of Conduct also includes a commitment to respect human rights, and harassment of any kind is strictly prohibited. In our everyday activities, Glaston is committed to combating bribery and corruption. In addition, a separate Supplier Code of

Conduct has been issued that will be part of the purchasing agreement.

The Code of Conduct is complemented by the following Group-level policies, approved by the Board of Directors: Anti-bribery and anti-corruption policy, CAPEX policy, Credit Management policy, Disclosure policy, Group Treasury policy, IT Security policy and Risk Management policy. Local policies on occupational health and safety, for example, complement the Group-level guidelines. Occupational safety is managed and developed locally at the company's various units in line with local legislation.

Data security has become increasingly important, and the development of data security is a particular focus in relation to both Glaston's own data and that of its customers. Glaston's IT Security policy describes the objectives and principles and defines responsibilities. In 2022, the IT Security Policy will be updated. IT security is monitored and audited and a SOC (Security Operations Center) service is in place to monitor security events on a 24/7 basis. No significant security incidents were reported in 2021.

At Glaston's assembly and production units, the company operates in accordance with the ISO 9001 quality management system. In Finland,

Glaston manages environmental issues in accordance with the ISO 14001 environmental management system. In 2022, preparations will be made to adopt the ISO 27001 information security standard.

Glaston has a whistleblowing system, which allows personnel to report anonymously any violations of the Code of Conduct and other guidelines. Group-level guidelines and policies are available on the company's intranet. Local guidelines are available on operating locations' intranet sites and shared networks. If necessary, guidelines are issued to personnel in printed form (personnel manual).

Sustainability management

Sustainable business, environmental and social responsibility and good governance are included in the strategy adopted by the Board of Directors. Sustainable business practices are promoted through a Group-wide cornerstone initiative. The Sustainability Working Group is responsible for the systematic development of the sustainability agenda and for coordinating the development of sustainable business in Glaston and implementing related practices. The group reports on the development to the Executive Management Group and the Board of Directors.

Personnel and social responsibility

At the end of the financial year, Glaston had 750 employees (31.12.2020: 723), of whom 184 (169) worked in Finland. In 2021, the average number of employees was 731 (744). Personnel expenses in January–December totaled EUR 58.4 (53.8) million.

Glaston's strength is professional, committed and healthy employees. Glaston is committed to continuously developing the skills of employees and providing them with a safe and inspiring work environment where people have the opportunity to learn and develop.

At Glaston people are treated with dignity, decency and respect. That environment is characterized by mutual trust and the absence of any type of harassment, discrimination, intimidation, oppression and exploitation. Offensive or inappropriate behavior is not tolerated. The above is particularly applicable to sexual harassment by any parties, including superiors, fellow employees, customers or suppliers – it will not be tolerated under any circumstances.

The company's objective is no reports on workplace harassment. All reported cases are investigated and, where appropriate, appropriate action is taken. The parties concerned

will be informed of the outcome of the process. In 2021, no suspicions on breaches of Glaston's Code of Conduct regarding social and employee issues were reported in the company.

In Glaston's updated strategy for 2021-2025, occupational safety is one of the focus areas, and the company has set a Group-wide occupational safety target: zero lost time accidents. To achieve this, safety will be integrated into operational practices. A safety working group, composed of representatives from different functions, has been set up to manage and develop safety. In 2021, the LTIFR was 3.3 (10.8).

Human rights

Glaston respects human rights as set forth in the United Nations Universal Declaration of Human Rights and basic labor rights as defined by the International Labour Organization. Glaston does not accept any use of child or forced labor in its own or suppliers or subcontractors' operations.

Glaston operates globally and therefore in a multicultural environment. Glaston's Code of Conduct includes a commitment to respect human rights. Employees and job applicants must be treated and evaluated in accordance with their

work-related abilities, and no one should be treated less favorably than others due to race, color, nationality, ethnicity, religion, gender, sexual orientation, disability, trade union membership, or political affiliation.

In accordance with its Code of Conduct, Glaston acts fairly towards its suppliers, service providers and subcontractors. Glaston, in turn, expects all partners to follow all applicable laws and regulation and comply with the separately established Glaston Supplier Code of Conduct. In 2021, no suspicions on breaches of human rights were reported in the company.

Actions against bribery and corruption

In Glaston's Code of Conduct, the company undertakes to promote fair competition and to comply with the law in all of its activities. The Code of Conduct states that business relationships must be based on objective criteria. No direct or indirect payments can be made, nor can the company's funds be conveyed directly or indirectly to any party to gain an inappropriate advantage. The Code of Conduct requires personnel to avoid conflicts of interest and to refuse all inappropriate payments and benefits.

The purpose of Glaston's Anti-bribery and anti-corruption policy is to raise employees' awareness of the risk of corrupt payments, to prohibit their payment as bribes as stated in Glaston's Code of Conduct, and to ensure that we conduct our business with integrity, the highest ethical standards, and in compliance with anti-corruption laws, rules and regulations.

In 2021, no suspicions of bribery or corruption arose in the company.

Environmental responsibility

The vast majority of Glaston's environmental impact arises when customers use Glaston's technologies throughout their life cycle.

Glaston develops and designs its machines to withstand use at high utilisation rates. Predictive and regular maintenance and a wide range of upgrade products improve production efficiency and extend the life of the machines. The long service life of Glaston glass processing machines, up to 20 years, supports the environmental objectives of sustainable development.

Safety in the use of Glaston's machines is based on the EU Machinery Directive and the EN standards mentioned therein. The Directive requires manufacturers to carry out,

among other things, a risk analysis of the machine, listing possible risks to personnel without protection during the various stages of using the machine, and measures to reduce risks as well as information on any residual risk, which must be mentioned in operating instructions and in which the user must be trained. The company is also responsible for ensuring that the machine is constructed of items and components according to a parts list, for which specific requirements are set. An EU certificate of conformity is signed for every machine. Once the machine has been installed, tested, the users trained, and it is in all respects ready for production, a CE-plate is affixed to the machine. All Glaston's machines manufactured in Europe comply with the EU directive.

Improving the environmental performance of products is largely achieved through product development and continuous product improvement. Product development focuses on the energy efficiency of products, and as a result, customers can process their glass more energy-efficiently. The company also focuses on digital and IoT-based solutions and services in its product development. These will enable the

optimization of machine performance and real-time customer support without the need for environmentally damaging travel.

No serious environmental accidents or leakages were reported in 2021.

Glaston's main environmental impacts from its own operations come from the energy consumption of its properties and from transport.

Glaston is committed to a reduction of its CO₂ emissions (scope 1+2) in relation to net sales by 50% by 2025 from the 2020 level. In 2020, greenhouse gas emissions (scope 1+2) calculated in line with GHG Protocol were 2,777 tonnes of CO₂. In 2021, greenhouse gas emissions were 2,608 tonnes of CO₂ with net sales of EUR 182.7 million. In relation to net sales emission decreased by 13% compared to 2020.

The EU taxonomy

The European Union has set an ambitious long-term goal to be climate neutral by 2050. The European Union's Sustainable Finance Classification System (EU taxonomy) was published in 2020 and contributes to the achievement of the EU environmental goals by channeling investments for the transition to a climate-neutral and environmentally sustainable economy.

The taxonomy is not intended to classify companies as either sustainable or not. Rather, it is a system to determine whether products and services qualify as environmentally sustainable.

The taxonomy includes six environmental objectives and related technical screening criteria. The environmental objectives are: 1) climate change mitigation, 2) climate change adaptation, 3) the sustainable use and protection of water and marine resources, 4) the transition to a circular economy, 5) pollution prevention and control and 6) the protection and restoration of biodiversity and ecosystems. A taxonomy aligned activity must benefit at least one of the objectives without harming any of the others. Additionally, the activity has to meet the Minimum Social Safeguards.

The taxonomy currently covers measures related to climate change adaptation and mitigation and covers three types of activities: 1) activities that in and of themselves contribute substantially to one of the six environmental objectives; 2) transition activities for which there are no technologically and economically feasible low-carbon alternatives, but that support the transition to a climate-neutral economy in a manner that is consistent with a pathway

to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels and 3) enabling activities: activities that enable other activities to make a substantial contribution to one or more of the objectives.

The technical screening criteria form the basis for taxonomy reporting as these determine the conditions for making a substantial contribution to the environmental objective. For the first two objectives (climate change mitigation and climate change adaptation), the criteria were published in spring 2021. For the other four objectives, the criteria will be published in 2022.

Glaston has conducted an analysis of its operations and concluded that the Insulating Glass technologies and related services, as well as all equipment and services to solar energy technology providers, are enabling activities that substantially contribute to climate change mitigation.

Technical screening criteria are criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

The manufacture of energy efficiency equipment for buildings, Section 3.5 of Annex 1*), identifies the manufacturing of high-performance windows and their key components as an economic activity that significantly contributes to climate change mitigation. Insulated Glass Units (IGU) represent between 70 to 80% of the surface area of a window and are a key component affecting its energy efficiency, which has been demonstrated in studies of CO₂ savings**). In manufacturing energy-efficient windows on an industrial scale, the technical screening criteria for thermal conductivity (U value) of less than 1.0 W/m²K cannot be met without utilizing insulating glass units (IGU). Thus, insulating glass manufacturing technologies for IGU production are essential for achieving the set threshold.

(*) *) COMMISSION DELEGATED REGULATION (EU) .../... supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. C/2021/2800 final

***) Potential impact of high-performance glazing on energy and CO₂ saving in Europe, TNO, 2019.

The economic activities of manufacturing energy-efficient windows and doors are covered in Section 3.5 by NACE codes C16.23 and C25.12, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006. Glaston's insulating glass technologies and related services are enabling activities in accordance with Article 10 of Regulation (EU) 2020/852, and we have identified 44% of taxonomy eligible turnover. Capital expenditure to improve insulating glass equipment's capabilities, efficiency and suitability for different production environments is regarded as taxonomy eligible. In total, we have identified 12% of taxonomy eligible investments in 2021.

Similarly, Glaston's development of heat treatment equipment for processing glass for photovoltaic modules is regarded as an enabling activity as it is a key component for manufacturing renewable energy technologies (NACE C28.99). Further, the company's consultations regarding the production technologies and processes for photovoltaic glass are regarded as a development of the processes and technologies dedicated to reducing GHG emissions (NACE M71.1.2).

Taxonomy-eligible /non-eligible economic activities

Turnover	
Taxonomy-eligible activities, %	44%
Taxonomy-non eligible activities, %	56%
CapEx	
Taxonomy-eligible activities, %	12%
Taxonomy-non eligible activities, %	88%
OpEx	
Taxonomy-eligible activities, %	0%
Taxonomy-non eligible activities, %	100%

Going forward, Glaston's conclusions on the taxonomy may change as the assessment criteria become more precise and further guidance is available.

Business risks

Strategic risks

A review 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 directly impact the company's operating conditions. The company's business is largely 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, automotive, display and solar energy 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 could reduce the willingness to invest and therefore negatively impact Glaston's order intake, net sales, and earnings. Given the strategic importance of China

market, any afore described impact in China could have adverse effects in strategy implementation.

The COVID pandemic has affected many aspects of life in cities worldwide as well as commercial building industry development. The future role of office buildings might change as remote work becomes more commonplace as a result of the COVID pandemic. In the mid-to-long term, this could have an impact on commercial building development, which is an important driver especially for flat tempering and flat laminating in the heat treatment business. 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. Long-term disruption and structural changes in the market could impact demand for the Group's automotive glass machines. 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 perspective, environmental requirements will be met, among other things, through the use of lighter vehicle structures, on which thin glass, in particular, will have a positive impact.

Heat treatment and automotive glass machines accounted for 33% of the company's net sales in 2021. In addition to sales of new machines, the company is focusing on increasing its services business, with the aim of partially balancing its cyclically sensitive business and improving its profitability.

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, as well as indirectly with its customers' operations. The intensification of competition may

lead to a deterioration of order intake, project margins, or terms of payment, thereby adversely impacting 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 globally and also plays an important role in Glaston's renewed strategy, purchasing behavior is more cost-conscious than in other market areas. Consequently, price competition is intense and local players have a certain competitive advantage in the market. The company's position in the Chinese market and 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.

Glaston's renewed strategy identifies opportunities for the company to strengthen its market position and cost competitiveness as well as 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 and even more specifically in China architectural market.

Technology and IPR risks

One of Glaston's most significant strategic risks is technology risk, i.e. entry into the market by a competing machine or glass processing technology, which would result in a reduction of Glaston's currently high market shares and require the company to make considerable investments in product development. This risk could also realise in case Glaston's technology would infringe third party rights. Further, Glaston invests in new, early-stage technologies whose commercial viability is uncertain.

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. However, the risks were not found to be significant. The potential risks associated with responsibility, climate change and Glaston's products include regulatory changes, environmental protection and climate-related disruptions in the supply chain.

Glaston's position as a frontrunner in technology development reduces the company's responsibility risks and supports the exploitation of the opportunities provided by more stringent environmental requirements, for

example through the insulating glass and new glass technologies offered by the company. In addition, a key focus of Glaston's product development work is the energy efficiency of products, and consequently, customers can process their glass more energy-efficiently than before.

Glaston has assessed its climate-related risks and biodiversity by utilizing the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Changes in the climate

As a result of climate change, changes in annual rainfall and extreme weather conditions are becoming more common.

Glaston's production facilities are located in such a way that there is a low risk that flooding would jeopardize their activities. On the other hand, the increased severity of extreme weather events might lead to additional disruptions in the supply chain, thereby adversely affecting Glaston's operations. Glaston manages these risks at 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 third-party fraud and that the risk of corruption and fraud is possible in the company's operating areas. Glaston's operations are guided by its Code of Conduct approved by the company's Board of Directors. The company always adheres to high ethical operating principles and requires strict compliance with its 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, customers, suppliers and other stakeholders. The topics covered include workplace conduct and responsible business practices as well as the environment and sustainable development. All personnel are trained in the Code of Conduct. The Code of Conduct is complemented by other Group-level operating guidelines approved by the Board of Directors such as, for example, the Supplier Code of Conduct and the Anti-bribery and Anti-corruption policy. Local guidelines supplement the Group-level guidelines.

Glaston has a whistleblowing system that allows personnel to anonymously report 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 the intranet sites or shared networks of operating locations.

Pandemic risk

In 2021, the direct impact of the COVID-19 pandemic decreased. Nevertheless, there is still significant uncertainty related to the pandemic with several potential development scenarios. The situation is changing quickly. The new variants of the virus, which might be significantly more transmissible, coupled with a slow rollout of vaccinations in a number of countries and vaccines not working effectively against new and rapidly spreading variants of the virus further complicates the situation. New waves of infections could become more severe than the earlier ones and last much longer than estimated, requiring more stringent and longer-lasting containment measures than estimated.

Mitigation of the COVID-19 pandemic-related effects on business has been a priority throughout the year and Glaston has taken prompt action to safeguard the health and safety of its employees. Because of the preventive measures that were already introduced at an early stage, Glaston has been able to maintain all production operations

throughout the pandemic. Glaston is continuing to monitor the situation closely.

If the COVID-19 pandemic continues for a longer period and the expected rebound does not take place, the willingness of Glaston's customers to invest in new equipment could decrease. If the operating conditions of the services business deteriorate again, the company's performance could suffer.

Operational risks

Operational risk management forms part of the daily work of business areas. Opportunities and risks are identified, assessed, and managed on a daily basis.

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.

Disruptions in supply chains

Of the above mentioned, the supply chain disruptions currently constitute the main risk for Glaston's business operations. These disruptions are expected to continue in 2022 and Glaston is actively mitigating the higher than customary risks related to raw material and component prices and availability, as well as logistics cost increases and freight availability. Major supply chain disruptions may impact the company's performance.

Data and Cyber Security Risks

Glaston continually develops its information systems and, despite careful planning, temporary disruptions to operations might be associated with the introduction stages of new systems. Because of the industrial internet and general development in the field of information systems, the significance of cyber security risks has increased, and the management of such risks is subject of particular attention. Severe cyber security attacks may impact the company's ability to conduct its business operations without interruptions. The IT Security Policy of the company lists the targets and principles and defines the responsibilities with respect to the IT security. IT Security Policy is reviewed and audited regularly.

Other operational risks

The successful growth of the Group's operations requires successful management and the controlled growth of resources. In addition, digitalization and developing technologies are bringing requirements for technological and business management expertise. The Group's ability to attract 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.

Financial risks

The Group's most significant financial risks are foreign exchange, credit, liquidity 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 Corporate Governance Statement.

Short-term risks and business uncertainties

The supply chain disruptions constitute the main short-term risk for Glaston's business operations. These disruptions are expected to continue into 2022 and Glaston is actively mitigating the higher than normal risks related to raw materials, component prices and availability, as well as logistics cost increases and freight availability. Major supply chain disruptions may impact the company's performance.

Even though the impact of the COVID-19 pandemic has decreased, there is still significant uncertainty related to the pandemic in terms of its duration and new virus variants, which might be significantly more transmissible, such as the current Omicron variant, coupled with the potentially slow rollout of vaccinations and vaccines not working effectively against new and rapidly spreading variants of the virus, further complicating the situation. New lockdowns and more stringent travel restrictions are particularly affecting service work and the spare parts business, as well as machine installations. Under the prevailing circumstances, there is also a higher than normal uncertainty related to customers' investment behavior.

Labor shortages and rising employee turnover are a growing concern, especially in the USA. Glaston's ability to maintain a high level of job satisfaction among its employees, as well as attracting new employees, is further emphasized.

Events after the Review Period

On 27 January 2022 Glaston disclosed the share-based incentive plan 2022-2026 for the Group key employees in accordance with the terms and conditions materially corresponding to the terms and conditions of the share-based incentive plan 2019-2023. The Performance Share Plan comprises three performance periods, calendar years 2022-2024, 2023-2025, and 2024-2026. The Board of Directors resolves on the plan's performance criteria and on the performance levels at the beginning of each performance period. The key employees will receive the company's shares as a reward, if the performance levels of the performance criteria, set by the Board of Directors, are achieved.

Performance Period 2022-2024

The potential reward of the performance period 2022-2024 will be based on the Glaston Group's comparable EBITA*) and Service Net Sales

during the period of 1 January 2022-31 December 2024. If the performance levels of the performance criteria for the performance period 2022-2024 are achieved in full, the payable rewards correspond to a maximum total of 700,000 Glaston Corporation shares, including also the proportion to be paid in cash.

The potential reward from the performance period 2022-2024 will be paid in 2025 in a manner resolved by the Board of Directors, either partly in the company's shares and partly in cash, in which case the cash proportion is intended to cover taxes and tax-related costs arising from the reward to the key employee, or fully in cash.

The reward to be paid on the basis of the plan may be reduced if the reward cap set by the Board of Directors is reached.

In total 18 key persons, including the CEO and President and the members of the Executive Management Group, belong to the target group of the plan in the performance period 2022-2024.

Glaston's outlook for 2022

In 2021, Glaston's markets saw a continued recovery and strong growth. We expect positive development to continue in 2022 with good progress for both machines and services business. At the start of 2022, our order backlog was 48% higher than the previous year providing a strong starting point for 2022 and supporting Glaston's net sales and profitability development. In 2022, Glaston will focus on the execution of its strategy which will incur costs and capital expenditure ahead of the effect on revenue growth. As the COVID-19 pandemic continues and supply chain disturbances have become a longer-term challenge, a higher than normal uncertainty is related to the development of economic activity and customers' investments.

Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2022 from the levels reported for 2021. In 2021, Group net sales totaled EUR 182.7 million and comparable EBITA was EUR 11.1 million.

Board of Directors' proposal on the distribution of profits

The distributable funds of Glaston Corporation, are EUR 65,418,781 of which EUR 5,042,127 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 12 April 2022 that the loss for the financial year 2021 be placed in retained earnings and no dividend be paid.

The Board of Directors proposes to the Annual General Meeting that based on the balance sheet to be adopted for financial period 2021, a return of capital of a total of EUR 2,528,697 be distributed., i.e. EUR 0.03 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, 14 April 2022. The

Board of Directors proposes to the Annual General Meeting that the return of capital be paid on 26 April 2022.

The number of shares entitled to a return of capital on the date of the proposal on the distribution of profits is 84,289,911, corresponding to a total return of capital of EUR 2,528,697.

EUR 62,890,083 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 14 February 2022
GLASTON CORPORATION
Board of Directors

*) Comparable EBITA: operating result before amortization, impairment of intangible assets and purchase price allocation excluding items affecting comparability

Per Share Data

	2021	2020	2019 ⁽¹⁾		2021	2020	2019 ⁽¹⁾
Earnings per share, EUR	0.013	-0.065	-0.089	Share price and turnover			
Comparable earnings per share	0.060	0.013	0.040	Share price, year high, EUR	1.40	1.27	1.82
Return of capital per share, EUR ⁽¹⁾	0.03	0.02	-	Share price, year low, EUR	0.72	0.58	1.05
Return of capital ratio, % ⁽¹⁾	227.6%	-	-	Share price, volume-weighted year average, EUR	0.98	0.78	1.25
Return of capital yield ⁽¹⁾	2.6%	2.2%	-	Share price, end of year, EUR	1.14	0.89	1.26
Return of capital, EUR million ⁽¹⁾	2.5	1.7	-				
Adjusted equity attributable to owners of the parent per share, EUR	0.81	0.82	0.87	Number of shares traded (1,000)	20,577	24,638	10,878
Price per earnings per share (P/E) ratio	86.5	-13.7	-14.1	% of average number of registered shares	24.4%	29.2%	15.1%
Price per equity attributable to owners of the parent per share	1.41	1.09	1.44	Market capitalization of registered shares, end of year, treasury shares excluded, EUR million	96.1	75.0	105.8
Number of shares at the end of the year	84,289,911	84,289,911	84,289,911				
Number of shares, average	84,289,911	84,289,911	72,071,521				

(1 Board of Directors' proposal to Annual General Meeting

(* A Reverse share split was implemented on 1 March 2019. A Rights issue was implemented during the second quarter in 2019. Per share key ratios have been calculated based on the number of shares adjusted with share issue.

Financial Ratios

EUR thousand	2021	2020	2019	EUR thousand	2021	2020	2019
Income statement and profitability				Statement of financial position and solvency			
Net sales	182,662	170,067	181,018	Property, plant and equipment and intangible assets	47,392	48,605	53,216
Operating result	5,105	-541	-1,270	Goodwill	58,605	58,327	58,327
% of net sales	2.8%	-0.3%	-0.7%	Non-current assets total	111,581	113,494	118,418
Comparable operating result (EBIT)	6,569	3,225	5,937	Equity attributable to owners of the parent	68,030	68,881	73,429
% of net sales	3.6%	1.9%	3.3%	Liabilities	129,253	138,399	143,244
Comparable EBITA	11,098	7,742	9,746	Total assets	197,283	207,281	216,671
% of net sales	6.1%	4.6%	5.4%	Capital employed	113,152	125,764	126,322
Financial income and expenses (net)	-3,945	-2,761	-3,084	Net interest-bearing debt	18,269	33,623	33,032
% of net sales	-2.2%	-1.6%	-1.7%	Equity ratio, %	42.3%	41.2%	41.6%
Result before income taxes and non-controlling interests	1,160	-3,302	-4,354	Gearing, %	66.3%	82.6%	72.0%
% of net sales	0.6%	-1.9%	-2.4%	Net gearing, %	26.9%	48.8%	45.0%
Income taxes	-49	-2,161	-2,042	Personnel			
Net profit / loss attributable to owners of the parent	1,111	-5,463	-6,393	Personnel, average	731	744	689
% of net sales	0.6%	-3.2%	-3.5%	Personnel, at the end of the period	750	723	790
Return on capital employed (ROCE), %	2.8%	-0.4%	-1.3%				
Comparable return on capital employed (Comparable ROCE), %	6.1%	4.7%	8.7%				
Return on equity, %	1.6%	-7.7%	-11.6%				
Research and development expenses	6,450	5,823	6,437				
% of net sales	3.5%	3.4%	3.6%				
Gross capital expenditure	5,168	3,368	63,081				
% of net sales	2.8%	2.0%	34.8%				
Order book, EUR million	94.8	63.9	79.5				

The reconciliation of alternative performance measures

EUR thousand	2021	2020	2019
Comparable operating result (EBIT) and EBITA			
Operating result	5,105	-541	-1,270
Items affecting comparability	1,464	3,766	7,206
Comparable EBIT	6,569	3,225	5,937
Operating result	5,105	-541	-1,270
Amortization and purchase price allocation	4,530	4,517	3,810
EBITA	9,635	3,976	2,540
Items affecting comparability	1,464	3,766	7,206
Comparable EBITA	11,098	7,742	9,746
% of net sales	6.1%	4.6%	5.4%

EUR thousand	2021	2020	2019
Comparable ROCE% and EPS			
Profit/loss for the period before taxes	1,160	-3,302	-4,354
Financial expenses	2,184	2,740	3,125
Purchase price allocation	2,503	2,771	2,078
Items affecting comparability	1,464	3,766	7,206
Total	7,311	5,974	8,056
Equity	68,030	68,881	73,429
Interest bearing liabilities	45,121	56,882	52,893
Avg (1.1.and end of period)	119,007	126,043	92,237
Comparable ROCE% annualized	6.1%	4.7%	8.7%
Profit/loss for the period	1,111	-5,463	-6,393
Purchase price allocation	2,503	2,771	2,078
Items affecting comparability	1,464	3,766	7,206
Total	5,078	1,074	2,891
Number of shares , average	84,290	84,290	72,072
Comparable earnings per share	0.060	0.013	0.040

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*

$(\text{Dividend per share} \times 100)$
Earnings per share

Dividend yield per share*

$(\text{Dividend per share} \times 100)$
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, %
$$\frac{\text{Equity (Equity attributable to owners of the parent + non-controlling interest)} \times 100}{\text{Total assets - advance payments received}}$$
Gearing, %
$$\frac{(\text{Interest-bearing liabilities} \times 100)}{\text{Equity (Equity attributable to owners of the parent + non-controlling interest)}}$$
Net gearing, %
$$\frac{(\text{Net interest-bearing debt} \times 100)}{\text{Equity (Equity attributable to owners of the parent + non-controlling interest)}}$$
Return on capital employed, % (ROCE)
$$\frac{(\text{Profit / loss before taxes} + \text{financial expenses} \times 100)}{\text{Equity + interest-bearing liabilities, average of 1 January and end of the reporting period}}$$
Return on equity, % (ROE)
$$\frac{\text{Profit / loss for the reporting period} \times 100}{\text{Equity (Equity attributable to owners of the parent + non-controlling interest), average of 1 January and end of the reporting period}}$$
Alternative performance measures**Comparable EBIT**

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

Comparable EBITDA

Operating result before depreciation, 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 + amortization of purchase price allocations / 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.



Consolidated Financial Statements

Consolidated Statement of Financial Position

EUR thousand	at 31 December		
	Note	2021	2020
Assets			
Non-current assets			
Goodwill	12,13	58,605	58,327
Other intangible assets	13	17,209	18,567
Property, plant and equipment	14	22,874	23,125
Right-of-use assets	21	7,310	6,913
Financial assets measured at fair value through other comprehensive income	15	8	2,842
Loan and other non-current receivables	17,19	2,933	2,095
Deferred tax assets	11	2,643	1,625
Total non-current assets		111,581	113,494
Current assets			
Inventories	16	27,277	25,109
Receivables			
Trade and other receivables	17	17,115	17,721
Contract assets	6	14,322	27,347
Assets for current tax	11	137	351
Cash equivalents		26,852	23,259
Total current assets		85,702	93,787
Total assets		197,283	207,281

EUR thousand	at 31 December		
	Note	2021	2020
Equity and liabilities			
Equity			
Share capital	18	12,696	12,696
Other restricted equity reserves	18	286	74
Reserve for invested unrestricted equity	18	107,863	109,549
Other unrestricted equity reserves	18	-288	-233
Retained earnings and exchange differences	18	-52,527	-53,204
Total equity		68,030	68,881
Non-current liabilities			
Non-current interest-bearing liabilities	20	30,405	44,028
Non-current lease liabilities	21	6,882	6,620
Non-current non interest bearing liabilities	19	6	537
Non-current provisions	22	297	263
Deferred tax liabilities	11	9,263	7,764
Total non-current liabilities		46,853	59,212
Current liabilities			
Current interest-bearing liabilities	20	6,159	4,644
Current lease liabilities	21	1,675	1,590
Current provisions	22	2,482	3,531
Trade and other current interest-free payables	23	69,259	67,153
Contract liabilities	6	2,063	1,383
Liabilities for current tax	11	763	886
Total current liabilities		82,400	79,187
Total liabilities		129,253	138,399
Total equity and liabilities		197,283	207,281

The main calculations presented by the Group must be read together with the relevant notes

Consolidated Statement of Profit or Loss

EUR thousand	1 January - 31 December		
	Note	2021	2020
Net sales	6	182,662	170,067
Other operating income	7	4,284	2,329
Changes in inventories of finished goods and work in progress	16	1,003	-15,914
Own work capitalized		5	241
Materials	8	-82,964	-65,155
Personnel expenses	9	-58,371	-53,815
Other operating expenses	8	-33,590	-30,188
Depreciation, amortization and impairment	12	-7,924	-8,107
Operating result		5,105	-541
Financial income	10	334	194
Financial expenses	10	-4,279	-2,955
Financial items, net		-3,945	-2,761
Result before income taxes		1,160	-3,302
Income taxes	11	-49	-2,161
Profit / loss for the period		1,111	-5,463
Attributable to:			
Owners of the parent		1,111	-5,463
Earnings per share, EUR		0.013	-0.065
Earnings per share, EUR, basic and diluted		0.013	-0.065

The main calculations presented by the Group must be read together with the relevant notes

Consolidated Statement of Comprehensive Income

EUR thousand	1 January - 31 December	
	2021	2020
Profit / loss for the period	1,111	-5,463
Other comprehensive income that will be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	1,352	-629
Cash flow hedges	-55	-277
Income tax on other comprehensive income	-	-1
Other comprehensive income that will not be reclassified subsequently to profit or loss:		
Fair value changes of financial assets measured at fair value through other comprehensive income	-2,834	-120
Actuarial gains and losses arising from defined benefit plans	1,788	1,559
Taxes on actuarial gains and losses arising from defined benefit plans	-567	276
Other comprehensive income for the reporting period	-316	809
Total comprehensive income for the reporting period	795	-4,654
Attributable to:		
Owners of the parent	795	-4,654

The main calculations presented by the Group must be read together with the relevant notes

Consolidated Statement of Changes in Equity

EUR thousand 2020	Note	Share capital	Reserve for invested unrestricted equity	Fair value and other reserves	Retained earnings	Cumulative exchange difference	Total equity
Equity 1 January		12,696	109,549	287	-53,270	4,167	73,429
Total comprehensive income for the period	18	-	-	-452	-3,575	-627	-4,654
Share-based incentive plan		-	-	-	-	45	45
Share-based incentive plan, tax effect		-	-	-	-	-9	-9
Return of capital		-	-	-	-	-	-
Total transactions with owners of the Company		-	-	-	-	36	36
Other changes		-	-	-	-	70	70
Equity 31 December		12,696	109,549	-165	-56,844	3,646	68,881

EUR thousand 2021	Note	Share capital	Reserve for invested unrestricted equity	Fair value and other reserves	Retained earnings	Cumulative exchange difference	Total equity
Equity 1 January		12,696	109,549	-165	-56,844	3,646	68,881
Total comprehensive income for the period	18	-	-	-	-549	1,344	795
Share-based incentive plan		-	-	-	-	170	170
Share-based incentive plan, tax effect		-	-	-	-	-34	-34
Return of capital		-	-1,686	-	-	-	-1,686
Total transactions with owners of the Company		-	-1,686	-	-	136	-1,550
Other changes		-	-	-	-	-96	-96
Equity 31 December		12,696	107,863	-165	-57,393	5,030	68,030

The main calculations presented by the Group must be read together with the relevant notes

Consolidated Statement of Cash Flows

EUR thousand	1 January - 31 December	
	2021	2020
Cash flows from operating activities		
Net result attributable to owners of the parent	1,111	-5,463
Adjustments to net result attributable to owners of the parent	8,481	11,548
Interest received	214	134
Interest paid	-1,411	-1,349
Dividends received	-	9
Other financing items	-239	-997
Income taxes paid	-1,026	-901
Cash flows from operating activities before change in net working capital	7,131	2,981
Change in net working capital		
Change in inventories	-3,363	16,663
Change in current receivables	10,766	-12,227
Change in interest-free current liabilities	4,794	-6,696
Change in net working capital, total	12,197	-2,260
Cash flows from operating activities	19,328	720
Cash flows from investing activities		
Other purchases of non-current assets	-5,168	-3,369
Proceeds from sale of business	400	564
Proceeds from sale of other non-current assets	1,621	586
Cash flows from investing activities	-3,147	-2,220
Cash flow before financing	16,180	-1,499

EUR thousand	1 January - 31 December	
	2021	2020
Cash flows from financing activities		
Draw-down of non-current loans	-	7,500
Repayments of non-current loans	-	-
Change in loan receivables (decrease +, increase -)	48	88
Draw-down of current loans	-	-
Repayments of current loans	-12,144	-1,644
Return of capital	-1,686	-
Cash flows from financing activities	-13,782	5,945
Effect of exchange rate fluctuations	1,194	-1,047
Net increase (- decrease) in cash and cash equivalents	3,593	3,398
Cash and cash equivalents at beginning of period	23,259	19,861
Cash and cash equivalents at end of period	26,852	23,259
Net increase (- decrease) in cash and cash equivalents	3,593	3,398

The above figures cannot be directly derived from the statements of financial position.

Supplemental Information for Statement of Cash Flows

EUR thousand	1 January - 31 December	
	2021	2020
Cash and bank	26,852	23,125
Other securities	-	135
Total cash and cash equivalents	26,852	23,259
Cash flows from operating activities		
Adjustments to net result attributable to owners of the parent		
Depreciation, amortization and impairments	7,924	8,107
Changes of provision	-1,015	-639
Financing items	3,945	2,761
Taxes	49	2,161
Others	-2,421	-842
Adjustments to net result attributable to owners of the parent, total	8,481	11,548
Cash flows from investing activities		
Proceeds from sale of business*	400	350
Net cash flow	400	350
Total cash outflow on lease liabilities	-3,184	-3,021

* On 30 September 2021, Glaston divested its glass handling business to Cimec Oy

Summary of significant accounting policies – consolidated financial statements

Basic Information

Glaston Corporation is a public limited liability company organized under the laws of the Republic of Finland and domiciled in Helsinki, Finland. Glaston's shares are publicly traded in Nasdaq Helsinki Ltd. Small Cap in Helsinki, Finland. Glaston Corporation is the parent of Glaston Group and its registered office is at Lönnrotinkatu 11, 00120 Helsinki, Finland.

Glaston Group is an international glass technology company. Glaston is one of the leading manufacturers of glass processing machines globally. Its product range and service network are the most extensive in the industry. The operations of Glaston Group are organized in three reportable segments which consists of operating segments.

The Board of Directors of Glaston Corporation has in its meeting on 14 February 2022 approved these financial statements to be published. According to the Finnish Companies' Act, the shareholders have a possibility to approve or reject or make a decision on altering the financial statements in a General Meeting to be held after the publication of the financial statements.

Basis of Presentation

The financial statements have been prepared on a going concern basis.

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). International Financial Reporting Standards are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The Notes to the Financial Statements are also in accordance with the Finnish Accounting Act and Ordinance and the Finnish Companies' Act.

The consolidated financial statements include the financial statements of Glaston Corporation and its subsidiaries. The functional and reporting currency of the parent is euro, which is also the reporting currency of the consolidated financial statements. Functional currencies of

subsidiaries are determined by the primary economic environment in which they operate.

The financial year of Glaston Group as well as of the parent and subsidiaries is the calendar year ending 31 December.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The figures in Glaston's consolidated financial statements are mainly presented in EUR thousands. Due to rounding differences the figures presented in tables do not necessarily add up to the totals of the tables.

Applied New and Amended Standards and Interpretations

At the beginning of the financial year, no new standards or amendments to standards have entered into force that would have had a material effect on the Glaston Group's financial statements. In April 2021, the IFRS Interpretations Committee issued a final agenda decision on the accounting for the costs of configuring and customizing cloud services (IAS 38 Intangible

Assets). In the agenda decision, the Interpretation Committee considered whether, in applying IAS 38, the customer recognizes an intangible asset for the configuration and customization of the application and, if the intangible asset is not recognized, how the customer recognizes those configuration and customization costs. Glaston Group has taken into account the effects of the agenda decision on the handling of cloud services and has determined that the decision has not had a significant effect on the Group's result, financial position or presentation of the financial statements.

In addition to the standards and interpretations presented in the financial statements for 2021, the Group will adopt IFRS standards, IFRIC interpretations and changes to existing standards and interpretations that enter into effect in 2022. Management estimates that these will have no material effect on Glaston's consolidated financial statements.

Consolidation Principles

The consolidated financial statements include the parent and its subsidiaries. Subsidiaries are companies in which the parent has, based on its holding, more than half of the voting rights directly or via its subsidiaries or over which it otherwise has control. Divested subsidiaries are included in the consolidated financial statements until the control is lost, and companies acquired during the reporting period are included from the date when the control has been transferred to Glaston. Acquisitions of subsidiaries are accounted for under the purchase method.

Other shares, i.e. shares in companies in which Glaston owns less than 20 percent of voting rights, are classified as assets recognized at fair value through other comprehensive income, or if the fair value cannot be measured reliably, at acquisition cost, and dividends received from them are recognized in profit or loss.

All inter-company transactions are eliminated as part of the consolidation process. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the similar way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign Subsidiaries

In the consolidated financial statements, statements of profit or loss, statements of comprehensive income and statements of cash flows of foreign subsidiaries have been translated into euros using the average exchange rates of the reporting period and the statements of financial positions have been translated using the closing exchange rates at the end of the reporting period.

The exchange difference arising from translating the statements of profit or loss, statements of comprehensive income and statements of financial position using the different exchange rates is recognized as other comprehensive income and included in retained earnings in equity. Exchange differences arising from the translation of the net investments in foreign subsidiaries and associates in non-euro-area are also recognized in other comprehensive income and included in equity as cumulative exchange difference.

On the disposal of all or part of a foreign subsidiary or an associate, the cumulative amount or proportionate share of the exchange difference is reclassified from equity to profit or loss as a reclassification item in the same period in which the gain or loss on disposal is recognized.

Transactions in Foreign Currency

In their own day-to-day accounting the Group companies translate transactions in foreign currencies into their own reporting or functional currency at the exchange rates prevailing on the dates of the transactions. At the end of the reporting period, the unsettled balances of foreign currency transactions are measured at the exchange rates prevailing at the end of the reporting period. Foreign exchange gains and losses arising from trade receivables are entered as adjustments of net sales and foreign exchange gains and losses related to trade payables are recorded as adjustments of purchases. Foreign exchange gains and losses arising from financial items are recorded as financial income and expenses.

Financial Assets and Liabilities

Glaston's financial assets have been classified into three categories: as assets recognized at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification depends on the business model under which the financial assets are managed as well as the characteristics of the instrument's cash flows. A financial asset item is derecognized

from the statement of financial position when Glaston's contractual right to the cash flows from the financial asset item expire or the financial asset item is transferred to an external party and the transfer fulfills the asset derecognition requirements of IFRS 9.

Financial liabilities are classified at amortized cost using the effective interest method, or at fair value through profit or loss. A financial liability or part of a financial liability is derecognized from the statement of financial position when the liability has ceased to exist, i.e. when the obligation specified in the contract has been discharged or canceled or has expired.

Derivative Contracts Recognized at Fair Value through Profit or Loss, And Hedge Accounting

Derivative contracts are entered in the statement of financial position at the time of acquisition at fair value and remeasured at fair value in the financial statements using the market prices at the end of the reporting period. Entries of the changes of derivatives are influenced by whether a derivative contract falls within the scope of hedge accounting. Derivatives that do not meet the hedge accounting conditions are financial assets and liabilities acquired for trad-

ing and entered at fair value through profit or loss, and whose changes of value are recognized immediately through profit or loss.

When a hedging arrangement is entered into, the relationship between the item being hedged and the hedging instrument, as well as the objectives of the Group's risk management are documented. The IFRS 9 standard requires an economic relationship between the hedged item and the hedging instrument as well as the same hedge ratio that management actually uses in risk management.

If the hedging accounting conditions are met, cash flow hedge accounting under IAS 9 is applied with respect to foreign exchange derivatives. If the hedge accounting conditions are not met, the result of hedging instruments, when hedging a commercial foreign exchange risk, are recognized in profit or loss within other operating income or expenses.

Derivative instruments are included in the statement of financial position in current assets and liabilities. Trade date accounting is used in recognizing sales and purchases of derivatives.

In reporting periods 2021 and 2020, hedge accounting was used in hedging the trade receivables of projects. At the end of reporting periods 2021

and 2020, Glaston had open foreign exchange forward contracts.

Other Assets Recognized at Fair Value through Profit or Loss

Other assets recognized at fair value through profit or loss may include current investments that are acquired and held for trading, i.e. acquired or incurred for the main purpose of selling them in the short term. Other assets recognized at fair value through profit or loss are included in current assets in the statement of financial position.

Fair values of other financial assets recognized at fair value through profit or loss are estimated to correspond to their carrying amounts because of their short maturities. Trade date accounting is used in recognizing purchases and sales of other assets recognized at fair value through profit or loss.

Loans and Other Receivables

Loans and other receivables are assets which are not included in derivative assets. Loans and other receivables arise when money, goods or services are delivered to a debtor. They are not quoted in an active market and payments related to them are either fixed or determinable. Loans

and receivables granted by the Group are measured at amortized cost.

Loan receivables, trade receivables and other receivables have been classified as loans and other receivables. They are included in current or non-current financial assets in accordance with their maturity. Loan and trade receivables falling due after 12 months are discounted, if no interest is charged separately, and the increase in the receivable which reflects the passage of time is recognized as interest income in financial income and expenses.

Trade receivables are carried at the original invoice amount less the share of the discounted interest and an estimate made for doubtful receivables. The estimate made for doubtful receivables is based on a review of all trade receivables outstanding on the reporting date as well as on an assessment of the impairment of financial assets based on expected credit losses. Impairment losses of trade receivables are recorded in a separate allowance account within trade receivables, and the impairment losses are recognized in profit or loss as other operating expenses. If the impairment loss is final, the trade receivable is derecognized from the allowance account. If a payment is later

received from the impaired receivable, the received amount is recognized in profit or loss as a deduction of other operating expenses. If no impairment loss has been recognized in allowance account and the impairment loss of the trade receivable is found to be final, impairment loss is recognized directly as deduction of trade receivables.

Loan receivables are carried at the original amount less an estimate made for doubtful receivables. The estimate made for doubtful receivables is based on a separate review of all loan receivables outstanding on the reporting date as well as on an assessment of the impairment of financial assets based on expected credit losses. For example, payment defaults or late payments are considered as indications of impairment of the receivable. Impairment losses of loan receivables are recognized in profit or loss as financial expenses. If a payment is later received from the impaired receivable, the received amount is recognized in profit or loss in financial items.

Financial Assets Valued at Fair Value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are financial assets not included in derivative assets, assets or liabilities

recognized at fair value through profit or loss, or other receivables.

Listed investments included in financial assets measured at fair value through other comprehensive income are valued at the market price at the end of the reporting period. The value of investments whose fair value is not based on verifiable market data, such as unlisted shares and other investments, is based on information obtained from the company or on the fair value of substantially similar instruments.

Unrealized changes in the fair value of financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income less tax effects and are included in the fair value reserve in equity.

Financial assets at fair value through other comprehensive income are included in non-current assets in the statement of financial position.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and other financial assets. Other financial assets are highly liquid investments with remaining maturities at the date of acquisition of three months or less. Bank overdrafts are included in current interest-bearing liabilities.

Financial Liabilities Measured at Amortized Cost

On initial recognition financial liabilities are measured at their fair values that are based on the consideration received. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Transaction costs are included in the acquisition cost.

Financial liabilities measured at amortized cost include pension loans, loans from financial institutions, finance lease liabilities, trade payables and advances received. They are included in current or non-current liabilities in accordance with their maturity.

Interest expenses are accrued for and mainly recognized in profit or loss for each period. If an asset is a qualifying asset as defined in IAS 23 Borrowing Costs, the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized to the acquisition cost of the asset. The capitalization applies mainly to property, plant and equipment and intangible assets.

Revenue Recognition

Net sales include the total invoicing value of products sold and services provided less discounted interest and sales tax, cash discounts and rebates. Foreign exchange differences arising

from trade receivables are recognized as sales adjustments.

Revenue from the sale of goods is recognized at a specific date or within a certain period, according to when the buyer receives the goods or gains control. Normally, this takes place at the date of the delivery in accordance with the terms of delivery. Revenue from services rendered and repair work is recognized when the service has been rendered or the work has been completed. Revenue is recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods delivered or services rendered.

In satisfying the terms of IFRS 15, Glaston recognizes the revenue from tailor-made glass processing machine deliveries over time. As a revenue recognition practice, Glaston applies the cost-to-cost method, i.e. the share of accumulated project costs compared to total estimated costs is used as the degree of completion. Revenue recognition takes place over time, according to when costs accumulate and are recognized for the project.

Pensions and Other Long-term Employee Benefits

The Group has various pension plans in accordance with the local practices in the countries where it operates. The

pension plans are classified as defined contribution plans or defined benefit plans. The payments to the schemes are determined by actuarial calculations.

The contributions to defined contribution plans are charged to profit or loss in the period to which the contributions relate.

The obligations for defined benefit plans have been calculated separately for each plan. Defined benefit liabilities or assets, which have arisen from the difference between the present value of the obligations and the fair value of plan assets, have been entered in the statement of financial position.

The defined benefit obligation is measured as the present value of the estimated future cash flows using interest rates of government securities that have maturity terms approximating the terms of related liabilities or similar long-term interests.

For the defined benefit plans, costs are assessed using the projected unit credit method. Under this method the cost is charged to profit or loss so as to spread over the service lives of employees.

According to the standard, Glaston records actuarial gains and losses in other comprehensive income. Only current and past service costs as well as net interest on net defined benefit liability can be recorded in profit or

loss. Other changes in net defined benefit liability are recognized in other comprehensive income with no subsequent recycling to profit or loss.

Share-based Payments

Glaston Corporation has share-based incentive plans for the Group's key personnel. Depending on the plan, the reward is settled in shares, cash, or a combination thereof, provided that the key employee's employment or service with the Group is in force and the criteria for the performance is fulfilled. If a key employee's employment or service with the Group ends before the payment of a reward, the main principle is that no reward will be paid.

The granted amount of the incentive plans settled in shares is measured at fair value at the grant date, and the cash-settled part of the plans is measured at fair value at the reporting or payment date.

The expenses arising from the incentive plans are recognized in profit or loss during the vesting periods. The cash-settled portion of the incentive plans is recorded as a liability in the statement of financial position, if it has not been paid, and the portion settled in shares is recorded in retained earnings in equity net of tax. Glaston records the personnel costs arising from the share-based incentive plans

to the extent it is liable to pay them. The share-based incentive plans are described in Note 28 to the consolidated financial statements.

Current and Deferred Taxes

The consolidated financial statements include current taxes, which are based on the taxable results of the group companies for the reporting period together with tax adjustments for previous reporting periods, calculated in accordance with the local tax rules, and the change in the deferred tax liabilities and assets.

Income taxes which relate to items recognized in other comprehensive income are also recognized in other comprehensive income.

The Group's deferred tax liabilities and assets have been calculated for temporary differences, which have been obtained by comparing the carrying amount of each asset or liability item with their tax bases. Deferred tax assets are recognized for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available, against which tax credits and deductible temporary differences can be utilized. In calculating deferred tax liabilities and assets, the tax rate used is the tax rate in force at the time of preparing the financial statements or which has been

enacted by end of the reporting period.

Principal temporary differences arise from depreciation and amortization of property, plant and equipment and intangible assets, defined benefit plans, recognition of net assets of acquired companies at fair value, through other comprehensive income and derivative instruments at fair value, inter-company inventory profits, share-based payments and confirmed tax losses.

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.

Intangible Assets

Intangible asset is recognized in the statement of financial position if its cost can be measured reliably and it is probable that the expected future economic benefits attributable to the asset will flow to the Group. Intangible assets are stated at cost and amortized on a straight line basis over their estimated useful lives. Intangible assets with indefinite useful life are not amortized, but tested annually for impairment.

The accounting for cloud computing arrangements depends on whether the cloud-based software classifies as a software intangible asset or a service contract. Those arrangements where the Company does not have control over the underlying software are accounted for as service contracts providing the Company with the right to access the cloud provider's application software over the contract period. The ongoing fees to obtain access to the application software, together with related configuration or customisation costs incurred, are recognised under Other operating expenses, for example when the services are received. Prepayments paid to the cloud vendor for customizing services which are not distinct, are recognized over the contract period.

Acquired intangible assets recognized as assets separately from goodwill are recorded at fair value at the time of the acquisition of the subsidiary.

The estimated useful lives for intangible assets are as follows:

Computer software, patents, licenses, trademarks, product rights	3-10 years
Capitalized development expenditure	5-7 years
Other intangible assets.....	5-10 years

Research costs are expensed as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products, is capitalized if the product is technically and commercially feasible and the Group has sufficient resources to complete development and to use or sell the intangible asset. Amortization of the capitalized expenditure starts when the asset is available for use. The intangible assets not yet available for use are tested annually for impairment. Research expenditure and development expenditure recognized in profit or loss are recognized in operating expenses.

Borrowing costs are capitalized as part of the acquisition cost of intangi-

ble assets if the intangible assets are qualifying assets as defined in IAS 23 Borrowing Costs. In 2021 or 2020 Glaston did not have any qualifying assets.

Goodwill

Goodwill represents the excess of the acquisition cost over fair value of the assets less liabilities of the acquired entity. Goodwill arising from the acquisition of foreign entities of acquisitions is treated as an asset of the foreign entity and translated at the closing exchange rates at the end of the reporting period.

Acquisitions have been recognized in accordance with IFRS 3. Purchase consideration has been allocated to intangible assets, if they have met the recognition criteria stated in IAS 38 (Intangible Assets).

In accordance with IFRS 3 Business Combinations, goodwill is not amortized. The carrying amount of goodwill is tested annually for impairment. The testing is made more frequently if there are indications of impairment of the goodwill. Any possible impairment loss is recognized immediately in profit or loss.

Glaston's goodwill has been allocated to the cash generating units of the group.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads. When an asset consists of major components with different useful lives, they are accounted for as separate items. Assets from acquisition of a subsidiary are stated at their fair values at the date of the acquisition.

Depreciation is recorded on a straight-line basis over expected useful lives. Land is not depreciated since it is deemed to have indefinite useful life.

The most common estimated useful lives are as follows:

Buildings and structures.....	25-40 years
Heavy machinery	10-15 years
Other machinery and equipment.....	3-5 years
IT equipment.....	3-10 years
Other tangible assets	5-10 years

The buildings include the investment property which is part of the plant situated in Tianjin, China. This is reported as investment property and has been leased since 2016 under a 10-year agreement.

Gain on the sale of property, plant and equipment is included in other operating income and loss in operating expenses.

The costs of major inspections or the overhaul of property, plant and equipment items, that occur at regular intervals and are identified as separate components, are capitalized and depreciated over their useful lives. Ordinary maintenance and repair charges are expensed as incurred.

Borrowing costs are capitalized as part of the acquisition cost of tangible assets if the tangible assets are qualifying assets as defined in IAS 23 Borrowing Costs. In 2021 or 2020 Glaston did not have any qualifying assets.

Impairment of Assets

Annual impairment tests for goodwill are performed during the fourth quarter of the year. If there is, however, an indication of impairment of goodwill, the impairment tests for goodwill are performed earlier during the financial year. Tangible and intangible assets of the Group are evaluated at the end of each reporting period or at any other time, if events or circumstances indicate that the value of an asset has been impaired. If there are indications of impairment, the asset's recoverable

amount is estimated, based on the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. If subsequently recording the impairment loss a positive change has occurred in the estimates of the recoverable amount, the impairment loss made in prior years is reversed no more than up to the value which would have been determined for the asset, net of amortization or depreciation, had not impairment loss been recognized in prior years. For goodwill, a recognized impairment loss is not reversed.

Cash flow projections have been calculated on the basis of reasonable and supportable assumptions. They are based on the most recent financial plans and forecasts that have been approved by management. Estimated cash flows are used for a maximum of five years. Cash flow projections beyond the period covered by the most recent plans and forecasts are estimated by extrapolating the projections. The discount rate is the weighted average cost of capital. It is a pre-tax rate and reflects current market assessments of the time value of money at the time of review and the risks related to the assets.

As a result of the Bystronic glass acquisition in 2019, the Group's reporting has been changed to reflect the new organizational structure, and from the beginning of 2021, segment reporting was changed to conform to the new strategy and structure. Due to the changes in segment reporting and re-organization the cash-generating units Heat Treatment Service and Heat Treatment Machines were combined into a single cash-generating unit, Heat Treatment Technologies, on 1 January 2021. CGUs are combined as the cash flow they generate is not independent of each other. The units use common resources and have a common customer base. The cash flows generated by new combined Heat Treatment Technologies CGU are largely independent of the cash flows generated by other assets or groups of assets.

Impairment of assets is described in more detail in Note 12 to the consolidated financial statements.

Inventories

Inventories are reported at the lower of cost and net realizable value. Cost is determined on a first in first out (FIFO) basis, or alternatively, weighted average cost. Net realizable value is the amount which can be realized from the sale of the asset in the normal

course of business, after allowing for the estimated costs of completion and the costs necessary to make the sale.

The cost of finished goods and work in process includes materials, direct labor, other direct costs and a systematically allocated appropriate share of variable and fixed production overheads. As Glaston's machine projects are usually not considered to be qualifying assets as defined in IAS 23, borrowing costs are not included in the cost of inventory in normal machine projects.

Used machines included in the inventory are measured individually so that the carrying amount of a used machine does not exceed the amount that is expected to be received from the sale of the machine. In this measurement the costs arising from converting the used machine back to saleable condition are taken into account.

Prototypes of new machines included in inventory are measured at the lower of cost and net realizable value.

Government Grants

Government or other grants are recognized in profit or loss in the same periods in which the corresponding expenses are incurred. Government grants received to acquire property,

plant and equipment are reduced from the acquisition cost of the assets in question.

Accounting for Leases

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. IFRS 16 Leases contains exemptions for leases of 12 months or less and for assets of low value. Glaston adopts the exemptions permitted by IFRS 16 for leases of 12 months or less and for assets of low value and continues to treat them as other leases, and their costs are recognized as an expense on a straight-line basis.

Under IFRS 16 Leases, the amount of the right-of-use asset and the liability is calculated by discounting future minimum lease payments. At the inception of the lease agreement, a lease liability is recognized, which is determined as the present value of the rental payables. 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 cur-

rency-specific reference rate, the interest margin and any country or currency risk premium. For leases valid until further notice, an estimate is made of the length of the lease.

Glaston has leased machinery and equipment for production use, which have been treated as finance leases and for which a finance lease receivable has been recognized in the Group. The present value of the rental income from the leased machine, discounted at the market interest rate at the time of sale, is recorded as sales revenue. The lessor's leases are subdivided into finance leases and other leases.

Provisions

A provision is recognized when as a consequence of some previous event there has arisen a legal or constructive obligation, and it is probable that this will cause future expenses and the amount of the obligation can be evaluated reliably.

A restructuring provision is booked only when a detailed and fully compliant plan has been prepared for it and implementation of the plan has been started or notification of it has been made known to those whom the arrangement concerns. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the

end of the reporting period. If the time value of money is material, provisions are discounted.

A provision for warranties is recognized when the underlying products are sold. The provision is estimated on the basis of historical warranty expense data. Warranty provision is presented as non-current or current provision depending on the length of the warranty period.

The amount and probability of provision requires management to make estimates and assumptions. Actual results may differ from these estimates.

Segment Information

Glaston's reportable segments are Glaston Heat Treatment, Glaston Insulating Glass and Glaston Automotive & Display.

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.

The reportable segment is disclosed in more detail in the Note 5 to the consolidated financial statements.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the recognized amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

In addition, management uses judgment in applying the accounting principles and in choosing the applicable accounting policies, if IFRS allow alternative methods.

The following items include critical accounting estimates: impairment

testing of assets; estimated fair values of property, plant and equipment and intangible assets acquired in an acquisition and their estimated useful lives; useful lives of other intangible assets and property, plant and equipment; future economic benefits arising from capitalized development cost; measurement of inventories and trade and loan receivables; recognition and measurement of deferred taxes; estimates of the amount and probability of provisions and actuarial assumptions used in defined benefit plans.

The critical accounting estimates and judgments are described in more detail in Note 2 to the consolidated financial statements.

Dividends and Return of Capital

Dividends or return of capital proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

Earnings per Share

Basic earnings per share are calculated by dividing the net result attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding shares acquired by the Group and held as treasury shares.

Critical accounting estimates and judgments

The most significant management estimates relate to impairment tests, which require use of estimates in the calculations. In impairment testing, management estimates recoverable amount of an asset or a cash generating unit. Recoverable amount is the higher of fair value less costs to sell and value in use. When calculating value in use, management estimates the future cash flows as well as the discount rates used in discounting the cash flows. Discount rates reflect current market assessments of the time value of money at the time of impairment testing and the risks related to the tested assets. Estimated cash flows include assumptions of, among other things, future prices, production levels, costs and development of the markets. Impairment loss is recorded if the carrying amount exceeds recoverable amount. The sensitivity analyses related to the impairment tests performed are described in Note 12 to the consolidated financial statements.

Useful lives of intangible assets and property, plant and equipment are based on management's best

estimate of the period the asset is expected to be available for use by Glaston.

Customer relationships, trademarks, product development assets and other intangible assets acquired in a business combination are measured at fair value at the acquisition date and subsequently amortized over their estimated useful lives.

The actual useful life can, however, differ from the expected useful life resulting in adjustment of annual depreciation or amortization of the asset or in recording of impairment loss.

Glaston capitalizes development costs of new products. In addition to other capitalization criteria, management has to estimate the future economic benefits arising from the development cost. If management estimates that there will not be future economic benefits, the development cost is recognized in profit or loss. Whether a development cost is capitalized or recognized immediately in profit or loss this can have an effect on the result of the reporting period.

At the end of the reporting period of 2021, Glaston had EUR 6.0 (5.7) million of capitalized development expenditure on its statement of financial position.

Measurement of inventories and trade and loan receivables includes some management estimates. Inventories are measured at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is used in testing the recoverable amount of inventories in order to avoid the inventories being carried in excess of amount expected to be realized from their sale or use. If management estimates that the carrying amount of a trade or loan receivable exceeds its fair value, an impairment loss is recognized. For example, payment defaults or late payments are considered as indications of impairment of the receivable. The carrying amount of inventory at the end of the report-

ing period was EUR 27.3 (25.1) million, the carrying amount of trade receivables was EUR 12.5 (14.6) million and the carrying amount of loan receivables was EUR 0.2 (1.6) million.

Recognition and measurement of deferred tax liabilities and assets include management estimates, especially deferred tax assets arising from confirmed tax losses of group companies or from other temporary differences. Deferred tax assets are recognized for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available against which tax credits and deductible temporary differences can be utilized. All tax liabilities and assets are reviewed at the end of the reporting period and changes are recognized in profit or loss. At the end of the reporting period, Glaston's had deferred tax assets totaling EUR 2.6 (1.6) million and deferred tax liabilities totaling EUR 9.3 (7.8) million.

If Glaston's management has assessed that as a result of a past event Glaston has a legal or con-

structive obligation, and that it is probable, that an outflow of resources will be required to settle the obligation, the management has estimated the amount of provision recognized from the obligation. The amount of the provision is the management's best estimate of the amount required to settle the obligation at the end of the reporting period. Glaston's most significant provision at the end of the reporting period was the warranty provision of totaling EUR 2.3 (2.7) million. The management's estimate of the warranty provision is based on previous experience. The estimate of the restructuring provision is based on the restructuring plan in which the locations and personnel concerned have been identified. If possible, external experts have been used in estimating the amount of the provision. If the management has estimated that it is unlikely, that Glaston has an obligation, a contingent liability is presented in the notes to the consolidated financial statements.

Calculation of defined benefit pensions and other defined long-term employee benefits requires choosing certain assumptions which actuaries use in calculation of the

obligations arising from defined benefit plans. These assumptions include, among other things, discount rates used in the measurement of plan assets and liabilities as well as other actuarial assumptions such as future salary increases and mortality rate.

In satisfying the terms of IFRS 15, Glaston recognizes the revenue from tailor-made glass processing machine deliveries over time. As a revenue recognition practice, Glaston applies the cost-to-cost method, i.e. the share of accumulated project costs compared to total estimated costs is used as the degree of completion. Revenue recognition takes place over time according to when costs accumulate and are recognized for the project. Costs attributable to a project for which revenue is not yet recognized are included in inventories as construction contracts. Estimates are monitored and updated monthly and changes in revenue recognition are recognized in the same month as a forecast is changed. Forecasts are related to material and wage costs and to project overheads, which may result in a risk of a greater increase in a project's overall costs than forecast.

Other risks related to the project and its profitability are unforeseen technical problems with supplied and installed equipment, which may give rise to repair costs. If project costs exceed the revenue of a project subject to over time revenue recognition, the loss is recognized for the period in which it is identified.

Management of Financial Risks

Financial Risk Management

The main objectives for financial risk management within Glaston are to secure operational continuity, support the achievement of operational objectives and to implement treasury functions cost-effectively utilizing the Group's economies of scale.

The Group's treasury functions have been centralised to the parent which is responsible for relations with financial institutions, long-term financing arrangements and the investment of liquid assets as well as the Group's internal funding allocations according to the liquidity needs of different group companies. Group Treasury cooperates with the group companies to identify the risks and provides financial services for the group companies in order to manage these identified risks.

The management of financial risks in Glaston Group is conducted in accordance with the Glaston Group's Treasury Policy approved by the Board of Directors of Glaston Corporation. It is the responsibility of the CFO and Group Treasury to propose amendments to this policy as conditions within the Group and on

the financial markets change. Group Treasury is responsible for monitoring compliance with the Treasury Policy as well as for presenting the need for changes to Treasury Policy to the parent's Board of Directors. The Group's financial risks consist of foreign exchange, interest rate, credit, counterparty and liquidity risks. Due to its international operations the Group is exposed to risks arising from foreign exchange rate fluctuations. The effects of interest rate changes on the Group's annual result create an interest rate risk. Credit and counterparty risk primarily consists of risk related to credit granted to customers. Liquidity risk is defined as the risk that the Group's funds and borrowing facilities become insufficient to meet the needs of the business or that extra costs are incurred in order to arrange the financing needed. Also investment of liquid funds is managed in accordance with the Treasury Policy. Liquid assets are invested in low risk instruments and only counterparties that possess good credit-worthiness are accepted. COVID-19 pandemic might have an impact on company's financial risk. Glaston is closely monitoring

and managing its liquidity and financial position. Efforts have been taken to strengthen receivables collection throughout the year, and credit risk and realized credit losses have not increased. Credit risks are mitigated through stringent customer payment terms with significant customer advances. Orders are only registered in the order book upon receipt of a customer advance. No orders in the order book have been cancelled. Glaston is maintaining an ongoing dialogue with customers in order to continuously follow-up and mitigate the situation.

Market Risks

Foreign Exchange Risk

The Group operates internationally and is therefore exposed to transaction and translation risks arising from fluctuations in foreign exchange rates which may have an effect on profit or loss and financial position. Transaction risks arise from cash flows generated by purchase and sales activities while translation risks arise from converting items in the statements of profit or loss and the statements of financial

position of non-euro subsidiaries into the Group's reporting currency.

The invoicing currency for a large proportion of the Group's deliveries is the euro, which is also the Group's reporting currency. The most significant foreign exchange risk arises from exchange rate fluctuations between the euro and the US dollar, but the Group may also have significant exposures in Chinese Yuan, English Pound and Swiss Franc. The US dollar accounted for approximately 23 per cent of the net sales of in 2021 (28 per cent in 2020). The Euro and US dollar together accounted for approximately 83 per cent of the invoicing in 2021 (88 per cent in 2020).

The Group did not have foreign currency denominated loans. The Group's internal loans are either short-term working capital credit facilities or subordinated long-term loans denominated on a case-by-case basis either in the local currency of the foreign subsidiary or in the reporting currency of the Group.

The objective for foreign exchange risk management is primarily to secure the planned result of group companies from unexpected cur-

rency fluctuations. Possible hedging of foreign exchange risk is conducted in accordance with the Treasury Policy and the group companies are responsible for reporting their respective foreign currency items. In 2021, large orders in USD and the percentage of the most probable 18-month orders defined in the Treasury Policy were hedged by currency forward contracts. Cash flow hedging was based on IFRS 9 hedge accounting in 2021.

Cash flow hedging is presented in note 27. The Group has not hedged net investments in foreign entities nor internal loans.

For the sensitivity analysis as defined in IFRS 7, a possible +/- 10 per cent change in the main currencies was assessed, with all other factors remaining unchanged. The sensitivity analysis is based on the foreign currency denominated assets and liabilities as of 31 December 2021. The

analysis takes into consideration the impact of foreign exchange derivatives, if such instruments have been used, which offsets the effects of changes in foreign exchange rates.

In the table below, the effect of the main currencies on consolidated result before taxes has been analysed. Only risks that are related to financial instruments are included in the analysis.

EUR thousand	Currency Forwards			Change in currency rate, Gross position		Change in currency rate, Net position Impact on the income statement	
	Gross position	Nominal value	Net position	-10 per cent	+ 10 per cent	-10 per cent	+ 10 per cent
USD/EUR	-16,523	15,829	-694	-1,836	1,502	-77	63
BRL/EUR	-808	-	-808	-90	73	-90	73
CHF/EUR	-348	-	-348	-39	32	-39	32
CNY/EUR	-4,559	-	-4,559	-507	414	-507	414
GBP/EUR	20	3,365	-3,345	2	-2	-372	304
	-22,218	19,194	-9,754				

Interest Rate Risk

Possible changes in the interest rates cause a risk that will affect the result of the Group. The objective of interest risk management is to minimize, if necessary, the effect of interest rate fluctuations on the Group's annual result.

As a measurement for the management of interest rate risk has been used an effect of the 1 per cent changed of interest rates to interest expenses for the period of 12 months. At the end of 2021 this effect was EUR 159 thousand (EUR 218 thousand).

On 31 December 2021, the Group's interest-bearing net debt mainly consisted of loans agreed with lenders in the financing agreement signed in 2019.

For the sensitivity analysis as defined by IFRS 7, a possible +1 / -0.5 percentage point change in the interest rates was assessed. The effect of the change on the Group's result before taxes given the level of debt with floating interest rates on 31 December 2021 is EUR -0.16 / +0.18 (-0.22 / +0.23) million.

Credit and Counterparty Risk

The Group becomes exposed to credit and counterparty risks when it grants payment time to the customers. The credit worthiness of these counterparties may decrease and

affect the Group's result. Credit risk management is conducted in accordance with the Group's Credit Management Policy.

The objective for credit risk management is to reduce this risk as much as possible without compromising the flexibility needed by different business areas. Risk management is performed together with the business management with the objective to avoid major credit risk concentrations and to verify, that sufficient guarantees and collaterals are received. The Group reduces its credit risk by using letters of credit and various types of guarantees received from the customers to secure the receivables. In addition, the Group uses advance payments to reduce risk and to accelerate fund inflows. Glaston is closely monitoring and managing its liquidity and financial position. Credit risks are mitigated through stringent customer payment terms with significant customer advances. Orders are only registered in the order book upon receipt of a customer advance.

At the end of 2021 19.6 (15.3) per cent of Group's trade receivables were secured by LCs.

The Group's client base is diversified over several different geograph-

ical areas and customer segments which reduces major concentrations of credit risk. The largest single customer's share of the Group's receivables is not significant in terms of risk management. Significant unfavourable changes in the level of investment demand might, however, cause changes in the development of the Group's credit risk.

The Group's liquid funds are invested to mitigate risk and only counterparties with high credit rating are accepted. The investment portfolio consist mainly of money market deposits or commercial papers.

Trade receivables

The quality of trade receivables is assessed by each group company based on the Group's Credit Management Policy. Based on these assessments, impairment losses on trade receivables are recognized in accordance with the Credit Policy.

The total carrying amount of trade receivables on 31 December 2021 was EUR 12.5 million (EUR 14.7 million).

Ageing analysis and changes in allowance account of trade receivables are presented in Note 17 to the consolidated financial statements.

Liquidity Risk

Liquidity risk is defined as the risk that the Group's funds and borrowing facilities become insufficient to meet the business needs or that significant extra costs are incurred in order to arrange the financing needed.

Liquidity risk is managed through effective use of advance payments in order to reduce the amount of working capital tied up in the operations. A special focus is set on the working capital management and the development is monitored regularly. Short- and long-term cash planning is part of group companies' operational activity

together with the Group Treasury. As a measurement for the liquidity risk are the Group's liquid funds and unused credit facilities. Group Treasury reports the Group's liquidity position regularly to the management and to the Board of Directors of Glaston Corporation.

The Group's funding is mainly organized by using the approximately EUR 75 million facilities agreement signed in 2019 from which EUR 35 million is committed credit facilities. The covenant terms of the financing package are described in the section on Management of capital.

Committed credit facilities

EUR million	In use	Unused	Total
Committed credit facilities 31.12.2021	8.1	26.9	35.0
Committed credit facilities 31.12.2020	15.4	19.6	35.0

Committed credit facilities include bank overdraft and guarantee limits and EUR 7.5 million revolving credit facility maturing on 31 March 2023.

Maturity analysis of financial liabilities 31 December 2021

EUR thousand

Maturity of financial liabilities	Carrying amount	Contractual cash flows	Maturing in		
			< 12 months	1-2 years	> 2 years
Financial liabilities					
Interest bearing loans	34,405	38,644	7,257	31,388	-
Other interest-bearing loans	2,159	2,210	2,210	-	-
Lease liabilities	8,557	10,413	1,675	1,964	4,918
Trade payables	15,853	15,853	15,853	-	-
Total	60,974	67,120	26,995	33,352	4,918

Maturity analysis of financial liabilities 31 December 2020

EUR thousand

Maturity of financial liabilities	Carrying amount	Contractual cash flows	Maturing in		
			< 12 months	1-2 years	> 2 years
Financial liabilities					
Interest bearing loans	46,500	50,228	6,211	4,853	39,164
Other interest-bearing loans	2,172	2,206	21	1,685	499
Lease liabilities	8,211	11,754	1,590	1,313	5,308
Trade payables	13,186	13,186	13,186	-	-
Total	70,068	77,373	21,008	7,851	44,971

Management of Capital

The objective for management of capital is to secure the continuation of operations at all times and to maintain an appropriate capital structure. In the capital management planning process, both current and future needs of the business are taken into consideration together with securing flexibility and competitive pricing of financing.

The primary measure for the Group's capital structure is net gearing. It is calculated as the ratio between net interest-bearing debt to equity. The Group's equity ratio is also used as a measure for the capital structure. It is calculated as the ratio between equity to the total assets adjusted with advance payments received. Additionally, the Group's liquid funds are monitored regularly.

The Group's loan agreements include covenants and other terms and conditions which are linked to consolidated key figures. If the covenant terms are not fulfilled, negotiations with the lenders will be initiated. These negotiations may lead to notice of termination of financial agreements. The covenants in use are net interest-bearing debt to equity (net gearing ratio) and net interest-bearing debt to EBITDA (leverage). Group treasury is responsible for monitoring the covenants and reports the situation regularly to management and the Board of Directors of Glaston Corporation. All covenant terms during the financial year have been met.

EUR thousand	31 December, 2021	31 December, 2020
Interest-bearing net debt		
Non-current interest-bearing liabilities	37,287	50,648
Current interest-bearing liabilities	7,834	6,234
Cash and cash equivalents	-26,852	-23,259
Total	18,269	33,623
Equity		
Attributable to owners of the parent	68,030	68,881
Total	68,030	68,881
Total assets	197,283	207,281
Advances received	-36,334	-40,142
Total	160,949	167,138
Equity ratio, %	42.3%	41.2%
Net gearing, %	26.9%	48.8%

The consolidated equity and thus the capital structure is decreased by dividends and return of capital paid and acquisition of Glaston Corporation's own shares. The equity can be increased by disposal of own shares and share issues. Equity is also affected by the result for the reporting period, as well as by changes in fair value reserve and exchange differences included in equity.

Shares and Shareholders

Shares and Voting Rights

Glaston Corporation has one class of shares. The number of outstanding shares is 84,289,911 and each share carries one vote at general meetings of shareholders. There are no limitations to transfer the shares. At the end of 2021 and 2020, Glaston Corporation's share capital amounted to EUR 12,696,000. The share has no nominal value. The share's counter book value is EUR 0.15 per share. Glaston's shares are registered in the book-entry securities system maintained by Euroclear Finland Ltd.

According to the Articles of Association of Glaston Corporation, a shareholder whose proportion of all the company's shares or the votes conferred by the shares - either alone or together with other shareholders as defined hereinafter - reaches or exceeds 33 1/3 per cent or 50 per cent is obligated, upon a demand by the other shareholders, to redeem their shares and the securities entitling their holders to shares under the Companies Act according to the provisions of this article.

According to the Articles of Association of Glaston Corporation the redemption price in respect of shares shall be the higher of the following:

a) the weighted average price of trading in the share during the last ten (10) trading days on the Nasdaq Helsinki Ltd. before the day when the company received from the Redeeming Shareholder a notification that the shareholding or voting rights limit as set forth above had been reached or exceeded or, should such notification be lacking or fail to be received by the deadline, when the company's Board of Directors otherwise received knowledge of it;

b) the average price, weighted by the number of shares, which the Redeeming Shareholder has paid for the shares which he has purchased or otherwise received during the last twelve (12) months before the day specified in paragraph a) above.

The redemption obligation set forth in the Articles of Association does not pertain to a shareholder who can prove that the shareholding or voting rights limit entailing a redemption obligation was reached or exceeded before the relevant provision of these Articles of Association was entered in the Trade Register.

Number of shares and treasury shares	2021	2020
Number of shares (registered)		
Number of shares 1 January	84,289,911	84,289,911
Number of shares 31 December	84,289,911	84,289,911

Share-based incentive plan and management's shareholding

Share-based incentive plan is presented in detail in Note 28.

The Board of Directors' and Executive Management Group's share ownership is presented in detail in Note 29.

Equity attributable to owners of the parent per share	2021	2020
Equity attributable to owners of the parent, EUR thousand	68,030	68,881
Number of shares	84,289,911	84,289,911
Equity attributable to owners of the parent per share, EUR	0.81	0.82
Distribution of profit		
Return of capital per share, EUR ⁽¹⁾	0.03	0.02

¹⁾ The Board of Directors' proposal to the Annual General Meeting.

Segment Information

Glaston's reportable segments as of 1 January 2021 are Glaston Heat Treatment, Glaston Insulating Glass and Glaston Automotive & Display. 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. Comparable figures are restated.

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.

Reportable segment

EUR thousand 2021	Heat Treatment	Insulating Glass	Automotive & Display	Total segments	Unallocated and eliminations	Total
External net sales	74,652	81,611	25,593	181,857	805	182,662
Internal net sales	-	266	3	269	-269	-
Total net sales	74,652	81,877	25,596	182,126	536	182,662
Operating result	599	4,589	-90	5,098	7	5,105
Financial items	-	-	-	-	-3,945	-3,945
Income taxes	-	-	-	-	-549	-549
Result for the reporting period	599	4,589	-90	5,098	-4,487	611
Segment assets	67,190	67,802	32,193	167,185	-	167,185
of which investments	1,708	2,854	606	5,168	-	5,168
Other assets	-	-	-	-	30,099	30,099
Total assets	67,190	67,802	32,193	167,185	30,099	197,283
Segment liabilities	37,677	30,300	5,722	73,700	-	73,700
Other liabilities	-	-	-	-	54,262	54,262
Total liabilities	37,677	30,300	5,722	73,700	54,262	127,962
Operative net working capital	-18,986	-4,556	7,937	-15,605	-105	-15,709

Segment assets include external trade receivables and inventory, and segment liabilities include external trade payables and advance payments received. In addition, segment assets and liabilities include business related prepayments and accruals as well as other business related receivables and liabilities. Segment assets and liabilities do not include loan receivables, prepayments and receivables related to financial items, interest-bearing liabilities, accruals and liabilities related to financial items, income and deferred tax assets and liabilities nor cash and cash equivalents.

2020	Heat Treatment	Insulating Glass	Automotive & Display	Total segments	Unallocated and eliminations	Total
External net sales	61,973	81,927	24,268	168,168	1,899	170,067
Internal net sales	17	356	-2	371	-371	-0
Total net sales	61,990	82,283	24,266	168,539	1,528	170,067
Operating result	-1,267	3,564	-2,910	-613	72	-541
Financial items	-	-	-	-	-2,761	-2,761
Income taxes	-	-	-	-	-2,161	-2,161
Result for the reporting period	-1,267	3,564	-2,910	-613	-4,850	-5,463
Segment assets	69,801	78,423	28,622	176,846	-	176,846
of which investments	1,810	946	612	3,368	-	3,368
Other assets	-	-	-	-	30,435	30,435
Total assets	69,801	78,423	28,622	176,846	30,435	207,281
Segment liabilities	33,003	35,109	4,003	72,114	-	72,114
Other liabilities	-	-	-	-	66,285	66,285
Total liabilities	33,003	35,109	4,003	72,114	66,285	138,399
Operative net working capital	-11,857	2,081	7,301	-2,475	-254	-2,729

Non-cash income and expenses included in operating result⁽¹⁾

	2021	2020
Segment total	-596	147
Unallocated	-	-
Total non-cash expenses and income	-596	147

¹⁾ Excluding impairment.

In 2021, non-cash income and expenses included the following items: impairment losses of trade receivables EUR 0.7 million, impairment losses of inventory EUR 0.3 million, changes in provisions EUR 0.4 million.

In 2020, non-cash income and expenses included the following items: impairment losses of trade receivables EUR 0.7 million, impairment losses of inventory EUR 0.5 million, changes in provisions EUR 1.4 million.

Personnel

Number of personnel at the end of the year by segment

	2021	2020
Heat Treatment	283	293
Insulating Glass	359	330
Automotive & Display	103	94
Total Segments	745	717
Unallocated	5	6
Total Glaston Group	750	723

Number of personnel at the end of the year by geographical location

	2021	2020
Finland	184	169
Other EMEA*	364	351
Americas*	49	54
APAC*	153	149
Total	750	723

Entity-wide disclosures

EUR thousand

Net sales by product groups

	2021	2020
Goods sold	173,735	162,205
Services rendered	8,927	7,862
Total	182,662	170,067

Net sales by country by destination

	2021	2020
Finland	4,300	6,300
Other EMEA*	91,378	88,147
Americas*	55,447	44,697
APAC*	31,536	30,924
Total	182,662	170,067

Assets by country

	2021	2020
Finland	66,208	77,317
Other EMEA*	95,469	94,549
Americas*	17,388	18,371
APAC*	18,218	17,044
Total	197,283	207,281

*EMEA = Europe, the Middle East and Africa

*Americas = North, Central and South America

*APAC = China and the rest of the Asia-Pacific area

Glaston's revenues from any single external customer do not exceed 10 per cent of Glaston's total revenue.

Revenue from contracts with customers

Classification of net sales

EUR thousand

2021	Heat Treatment	Insulating Glass	Automotive & Display	Total segment	Unallocated and eliminations	Total
External net sales	74,652	81,611	25,593	181,857	805	182,662
Internal net sales	-	266	3	269	-269	-
Total net sales	74,652	81,877	25,596	182,126	536	182,662
Revenue recognition						
Over time	53,399	45,459	10,332	109,190	-	109,190
At a point in time	21,253	36,418	15,264	72,936	536	73,472
Total net sales	74,652	81,877	25,596	182,126	536	182,662
2020	Heat Treatment	Insulating Glass	Automotive & Display	Total segment	Unallocated and eliminations	Total
External net sales	61,973	81,927	24,268	168,168	1,899	170,067
Internal net sales	17	356	-2	371	-371	-0
Total net sales	61,990	82,283	24,266	168,539	1,528	170,067
Revenue recognition						
Over time	39,092	17,774	8,040	64,905	-	64,905
At a point in time	22,899	64,509	16,226	103,634	1,528	105,162
Total net sales	61,990	82,283	24,266	168,539	1,528	170,067

Contract assets and liabilities

	31.12.2021	31.12.2020	1.1.2020
Contract assets			
Trade receivables	4,372	4,239	4,860
Project income receivables	14,322	27,347	12,647
Contract assets total	18,694	31,586	17,506
Contract liabilities			
Advance payments	-35,160	-35,339	-17,280
Project expense liabilities	-1,945	-1,935	-2,485
Contract liabilities total	-37,104	-37,274	-19,765
Gross contract assets/liabilities	-18,410	-5,689	-2,258

Contractual receivables are recognized when project billing is lower than revenue recognized based on the progress of the project and, similarly, advances received and contractual liabilities are recognized if project billing exceeds the revenue recognized on the basis of the project.

Contractual liabilities are recognized as revenue as the project is completed. Projects subject to partial revenue recognition are, as a rule, completed in less than a year from start-up.

	31.12.2021	31.12.2020
Transaction price allocated to performance obligations that are partially or fully unsatisfied at the end of the reporting period		
Allocated transaction price expected to be recognised as revenue	77,168	44,052

Other Operating Income

Other operating income

EUR thousand	2021	2020
Capital gains on sale of property, plant and equipment	930	195
Sale of Handling business*	900	-
Rents	986	984
Government grants	716	664
Insurance compensation	1	3
Other income	751	482
Other operating income total	4,284	2,329

(* In order to boost internal efficiency, Glaston divested its glass handling business to Cimec Oy on 30 September.

In this connection, the companies signed a distribution agreement for the handling devices and Glaston will continue to offer the handling devices under the Glaston brand to its customers. The divestment will enable increased capacity for the insulating glass business at the Neuhausen-Hamburg facility. The divestment did not have any impact on personnel.

Government grants

2021

Glaston Finland Oy was granted a total of EUR 60 thousand from Business Finland's innovation finance.

Glaston Finland Oy was granted the State Treasury's business COVID cost support of EUR 500 thousand.

Australian branch office of Glaston Finland Oy was granted a COVID cost subsidy of EUR 31 thousand.

Glaston Singapore Pte. Ltd. was granted a total of EUR 78 thousand from Government Job Support Scheme (JSS).

Glaston Switzerland AG was granted a total of EUR 46 thousand subsidy contribution for R&D project.

2020

Glaston Group was granted four government grants related to the COVID-19 pandemic in 2020.

Glaston Finland Oy was granted the State Treasury's business cost support of EUR 132 thousand. The aid was granted from 1 April to 31 May to companies whose turnover had declined due to the COVID-19 pandemic.

Glaston Finland Oy was granted a total of EUR 120 thousand from Business Finland's development and feasibility study financing.

The Australian branch office of Glaston Finland Oy was granted a cost subsidy of AUD 58 thousand.

Glaston UK Ltd was granted a discretionary cost subsidy of GBP 10 thousand.

Materials and Other Operating Expenses

EUR thousand	2021	2020
Materials		
Materials and supplies, purchases during the period	-82,916	-65,509
Change in inventories of materials and supplies	-48	355
Total materials	-82,964	-65,155
Other operating expenses		
Leases	-3,184	-3,021
Losses on sale of property, plant and equipment	-5	-15
Subcontracting and maintenance	-4,331	-4,674
Commissions	-1,576	-1,645
Freight expenses	-5,200	-3,294
Travel expenses	-3,883	-3,414
External services, not production related	-3,274	-3,149
IT, internet and phone	-5,948	-5,966
Electricity, heating	-1,214	-1,298
Marketing expenses	-845	-510
Other expenses	-4,131	-3,202
Total other operating expenses	-33,590	-30,188
Fees for professional services rendered by auditors		
Auditing, KPMG	-321	-325
Auditing, EY	-	-51
Auditing, other companies	-17	-138
Other services	-9	-72
Tax advisory	-140	-108
Total	-486	-693

EUR thousand	2021	2020
Research and development costs		
Recognized in profit or loss	-5,116	-4,746
Amortization of capitalized development costs during the reporting period	-1,335	-1,078
Total	-6,450	-5,823
As a percentage of net sales	3.5%	3.4%
Capitalized development costs during the reporting period, total	1,840	1,695

The auditor of Glaston Group during the financial years of 2021 and 2020 has been KPMG.

Employee Benefits and Number of Personnel

EUR thousand	2021	2020
Employee benefits		
Wages and salaries	48,579	44,935
Pension expenses	3,789	3,556
Other personnel expenses	6,003	5,323
Total personnel expenses	58,371	53,815

Share-based incentive plans are described in more detail in Note 28 to the consolidated financial statements.

Pension expenses

Defined benefit plans	231	316
Defined contribution plans	3,558	3,240
Total pension expenses	3,789	3,556

Pension benefits are presented in more detail in Note 19 to the consolidated financial statements.

Number of personnel

Number of personnel, average	731	744
Personnel in Finland, end of the period	184	169
Personnel outside Finland, end of the period	566	554
Total	750	723

Financial Income and Expenses

EUR thousand	2021	2020
Interest income		
Interest income on loans and receivables	333	185
Total interest income	333	185
Dividend income		
Dividend income measured at fair value through other comprehensive income	0	9
Interest expenses		
Interest expenses on financial liabilities measured at amortized cost	-1,363	-1,288
Interest expenses on lease liabilities	-469	-486
Other interest expenses	-10	-103
Total interest expenses	-1,841	-1,877
Other financial expenses		
On bank fees	-223	-214
Currency derivatives financial	-2	18
Guarantee expenses	-362	-345
Impairment losses of loan receivables ^(*)	-1,869	-221
Other financial expenses	-88	-98
Total other financial expenses	-2,544	-860
Foreign exchange differences, net		
On financial liabilities measured at amortized cost	-113	-67
On loans and receivables	218	-149
Other foreign exchange gains and losses	11	-2
Total foreign exchange differences	116	-218
Total financial income and expenses in financial items	-3,936	-2,762

EUR thousand	2021	2020
Net foreign exchange differences in operating result		
Net sales	-741	655
Purchases	450	-247
Other operating expenses	54	-59
Total	-237	350
Derivatives recognized in profit or loss		
Currency derivatives, hedge accounting		
Realized currency derivatives recognized in net sales	-574	-275
Total	-574	-275
Recognized in other comprehensive income		
Fair value changes of financial assets measured at fair value through other comprehensive income	-2,834	-120
Total in other comprehensive income	-2,834	-120

Borrowing costs were not capitalized in Glaston Group in 2021 or 2020 as Glaston has not had any qualifying assets as defined in IAS 23 Borrowing Costs.

Impairment losses on trade receivables are presented in Note 17.

^(*) Glaston wrote off balance sheet items related to the Heliotrope partnership, Stock exchange release 30.11.2021

Income Taxes

EUR thousand	2021	2020
Income tax charge in income statement		
Current income tax charge	-1,142	-1,205
Adjustments in respect of current income tax of previous years	309	67
Deferred tax charge	746	-805
Other	38	-218
Total income tax charge	-49	-2,161
Income taxes recognized in other comprehensive income and in equity		
Deferred taxes		
Share-based incentive plan recognized in equity	-34	-9
Actuarial gains and losses arising from defined benefit plans	-567	276
Fair value changes of financial assets measured at fair value through other comprehensive income	-	-1
Total taxes recognized in other comprehensive income and in equity	-601	266

EUR thousand	2021	2020
Reconciliation of income tax expense calculated at statutory tax rates with income tax expense in the income statement		
Profit before taxes	1,160	-3,302
Tax at the tax rate applicable to the parent	-232	660
Difference due to different tax rates of foreign subsidiaries	-494	-357
Tax exempt income and non-deductible expenses	-467	-2,181
Losses, where no deferred tax benefit is recognized	-1,676	-1,335
Deferred taxes recognized during the reporting period in respect of previous years' temporary differences	727	-202
Withholding taxes and adjustments in respect of current income tax of previous periods	347	58
Use of losses for which deferred tax has not been recognized	812	1,195
Deferred tax assets recognized in respect of confirmed losses in previous years	935	-
Income taxes in the income statement	-49	-2,161
Effective tax rate	4%	-65%

The Group companies have tax losses totalling EUR 40.1 (47.8) million, which can be applied against future taxable income. A deferred tax asset has not been recognized for all tax losses, due to the uncertainty regarding the extent to which they can be used. Tax losses expire in the period 2022-2031. Some of the losses do not have an expiration date. Over the next two years, the losses will expire by approximately EUR 7 million.

Deferred tax assets are recognized for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be

available, against which tax credits and deductible temporary differences can be utilized. Changes in tax rates have been taken into account when calculating deferred taxes. Corporate tax rate in Finland is 20.0 percent.

Deferred tax liability has not been recognized in 2021 or 2020 of the undistributed earnings of Finnish or foreign subsidiaries as the majority of such earnings can be transferred to the owner without any tax consequences.

EUR thousand	2021	2020
Tax assets and tax liabilities		
Deferred tax assets	2,643	1,625
Assets for current tax	137	351
Deferred tax liabilities	9,263	7,764
Liabilities for current tax	763	886

Reconciliation of deferred tax assets and deferred tax liabilities 2021

Deferred tax assets	1 January	Exchange difference	Change in income statement (- tax expense)	Recognized in equity	Recognized in other comprehensive income	31 December
Unrealized internal profits, inventory	137	-	37	-	-	174
Confirmed tax losses carried forward	600	-	662	-	-	1,262
Share-based payments	-6	-	-	-25	-	-31
Other temporary differences	894	78	266	-	-	1,239
Deferred tax assets in statement of financial position	1,625	78	965	-25	-	2,643

Other temporary differences consist of expenses which were not tax deductible in the reporting period, but will be tax deductible in future.

Deferred tax liabilities	1 January	Exchange difference	Change in income statement (+ tax expense)	Recognized in equity	Recognized in other comprehensive income	31 December
Untaxed reserves	-351	-	512	-	-	161
Defined benefit employee benefits	-603	-	-	-	1,170	567
Fair value changes of financial assets	-1	-	-	-	-	-1
PPA allocation	5,871	-	-501	-	-	5,371
Other temporary differences	2,849	33	207	-7	83	3,165
Deferred tax liabilities in statement of financial position	7,764	33	219	-7	1,253	9,263

Other temporary differences consist of, among other things, differences between local and IFRS accounting principles, which create timing differences in recognizing revenue and expenses.

Total change in deferred taxes in income statement (- tax expense)	746
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Reconciliation of deferred tax assets and deferred tax liabilities 2020

	1 January	Exchange difference	Change in income statement (- tax expense)	Recognized in equity	Recognized in other comprehensive income	31 December
Deferred tax assets						
Unrealized internal profits, inventory	91	-	45	-	-	137
Confirmed tax losses carried forward	800	-	-200	-	-	600
Share-based payments	-	-	-	-6	-	-6
Other temporary differences	364	-191	721	-	-	894
Deferred tax assets in statement of financial position	1,256	-191	567	-6	-	1,625

Other temporary differences consist of expenses which were not tax deductible in the reporting period, but will be tax deductible in future.

	1 January	Exchange difference	Change in income statement (+ tax expense)	Recognized in equity	Recognized in other comprehensive income	31 December
Deferred tax liabilities						
Untaxed reserves	-411	-	59	-	-	-351
Defined benefit employee benefits	-401	5	69	-	-276	-603
Fair value changes of financial assets	47	-	-	-	-48	-1
PPA allocation	5,871	-	-	-	-	5,871
Other temporary differences	1,563	-28	1,244	70	-	2,849
Deferred tax liabilities in statement of financial position	6,670	-23	1,372	70	-324	7,764

Other temporary differences consist of, among other things, differences between local and IFRS accounting principles, which create timing differences in recognizing revenue and expenses.

Total change in deferred taxes in income statement (- tax expense)	-805
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Depreciation, Amortization and Impairment of Assets

EUR thousand	2021	2020
Depreciation and amortization		
Intangible assets		
Intangible rights	2,863	2,830
Capitalized development expenditure	1,338	1,090
Property, plant and equipment		
Buildings and constructions	2,003	2,116
Machinery and equipment	1,611	1,909
Other tangible assets	122	172
Total depreciation and amortization	7,937	8,116
Impairment losses		
Property, plant and equipment		
Machinery and equipment	-12	-10
Total impairment losses	-12	-10
Total depreciation, amortization and impairment	7,924	8,107

Impairment of assets

Goodwill and intangible assets with indefinite useful life are tested for impairment annually in accordance with IAS 36. Glaston does not have other intangible assets than goodwill with indefinite useful life and which are not amortized. Intangible assets not yet in use are also tested during the reporting period for impairment. Impairment testing is performed also

always when there is indication that the recoverable amount of an asset or cash generating unit is lower than its carrying amount.

Glaston's cash generating units are Heat Treatment Technologies, Insulating Glass Technologies and Automotive Glass Technologies.

Due to the changes in segment reporting and re-organization the cash-generating units Heat Treat-

ment Service and Heat Treatment Machines were combined into a single cash-generating unit Heat Treatment Technologies unit on 1 January 2021. CGUs are combined as the cash flow they generate is not independent of each other. The units use common resources and have a common customer base. The cash flows generated by new combined Heat Treatment Technologies CGU are largely independent of the cash flows generated by other assets or groups of assets.

Goodwill has been tested for impairment by comparing the recoverable amount of the cash generating unit, to which the goodwill has been allocated, with the carrying amount of the cash generating unit. Impairment loss is recorded if the recoverable amount is lower than the carrying amount. Consistent methods have been used in testing property, plant and equipment and intangible assets. If the asset has been classified as held for sale, the recoverable amount used is the fair value of the asset less costs of sale.

The recoverable amount of a cash generating unit is its value in use, based on its discounted future cash flows.

These cash flows are based on the forecasts and estimates approved by the management. Forecasts and estimates are used as a basis of the future cash flows for a maximum of five years. Cash flows have, however, been adjusted so that the future cash flows used in impairment testing exclude any cash flows from uncommitted future restructuring and cash flows arising from improving or enhancing the asset's performance. The cash flows of restructuring programs, in which the Group was committed at the date of the testing, are included in testing.

Subsequent cash flows are estimated by extrapolating the cash flow estimates. Terminal values have been calculated using Western European long-range growth rate if Western Europe has been considered to be the main market area of the cash-generating unit. If the main market areas are considered to have moved or to move over to other areas, such as Asia or other emerging markets, this growth has been taken into account in terminal value.

The assumptions used in impairment calculations are mainly the same

as in estimates. The assumptions, such as for example market development on short term and price development of products, are based on past experience and information gathered from external sources. Assumptions on market development on longer term are based on external sources, such as market studies on development of flat glass consumption. The new products are expected to receive good response from customers and this is expected to give Glaston a better position on the market compared to competitors. Restructuring measures to improve cost structure have already improved and will further improve profitability.

The discount rate used in arriving at the recoverable amount is the pre-tax weighted average cost of capital, which reflects the current market assessment of time value of money and of risks related to the assets and the countries of operation. Also the industry's median capital structure has been taken into account in determining the discount rate as well as Glaston's cost of debt.

There are no changes in the sources of information used in determining the discount rates. The importance of the different geographical areas has slightly changed due to the change in the geographical focus of business. This has had an impact on defining the risk-free interest rates and country risk premiums. The impact of the global economic uncertainty on the level of interest rates in different geographical areas has affected the determination of the discount rate.

Discount rates have been calculated separately for each cash generating unit and they can vary between the units. The discount rate depends, among other things, on the geographical allocation of cash flows as well as the relative importance of these cash flows. These can differ between the cash generating units.

The most significant assumptions used in value in use calculations in 2021	Heat Treatment Technologies	Insulating Glass Technologies	Automotive Glass Technologies
Pre-tax discount rate	10.7%	14.3%	11.1%
Long-term growth rate	1.0%	1.0%	1.0%

The most significant assumptions used in value in use calculations in 2020	Heat Treatment Machines	Heat Treatment Services	Insulating Glass Technologies	Automotive Glass Technologies
Pre-tax discount rate	10.5%	11.9%	12.7%	10.7%
Long-term growth rate	1.0%	1.0%	1.0%	1.0%

Impairment testing of goodwill

Goodwill

EUR million

Cash generating unit	1 January, 2021	31 December, 2021
Heat Treatment Technologies	30.6	30.6
Insulating Glass Technologies	19.4	19.4
Automotive Glass Technologies	8.3	8.6
Total	58.3	58.6

Cash generating unit	1 January, 2020	31 December, 2020
Heat Treatment Machines	4.1	4.1
Heat Treatment Services	26.5	26.5
Insulating Glass Technologies	19.4	19.4
Automotive Glass Technologies	8.3	8.3
Total	58.3	58.3

Sensitivity analysis

The recoverable amounts used in impairment testing are subject to change if the assumption used in calculation of the recoverable amounts changes.

The management estimates, that in most cases, a reasonably possible change in a key assumption do not cause the cash generating unit's carrying amount to exceed its recoverable amount. The cases in which a reasonably possible change in a key assumption would cause the carrying amount of a cash generating unit to exceed its recoverable amount are presented in the table.

The recoverable amounts of these cash generating units exceed their carrying amounts by 89 per cent in the Heat Treatment Technologies business, by 52 in the Insulating Glass Technologies business and by 100 per cent in the Automotive Glass Technologies business.

A change in an assumption which, other things being equal, would cause the recoverable amount to equal the carrying amount:

Post-tax discount rate	Value assigned to the assumption	Value Change
Heat Treatment Technologies	9.4%	17.1%
Insulating Glass Technologies	9.0%	13.1%
Automotive Glass Technologies	9.1%	17.8%

Long-term growth rate	Value assigned to the assumption	Value Change
Heat Treatment Technologies	1.0%	-14.1%
Insulating Glass Technologies	1.0%	-5.7%
Automotive Glass Technologies	1.0%	-16.5%

The costs of Heat Treatment Technologies business are estimated to be 91 per cent of the estimated net sales during the testing period. Should the costs be 7 percentage points higher, the recoverable amount, other things being equal, would equal the carrying amount.

The costs of Insulating Glass Technologies business are estimated to be 89 per cent of the estimated net sales during the testing period. Should the

costs be 2 percentage points higher, the recoverable amount, other things being equal, would equal the carrying amount.

The costs of Automotive Glass Technologies business are estimated to be 87 per cent of the estimated net sales during the testing period. Should the costs be 6 percentage points higher, the recoverable amount, other things being equal, would equal the carrying amount.

Impairment of property, plant and equipment and intangible assets and reversal of impairment loss

In 2021 and in 2020, Glaston had no impairment losses.

Intangible Assets

Glaston has no other intangible assets than goodwill with indefinite useful life. All intangible assets with the exception of goodwill are amortized over their useful lives.

EUR thousand	Capitalized development expenditure	Intangible rights	Goodwill	Other capitalized expenditure	Advances paid	Total
2021						
Acquisition cost at beginning of year	23,123	25,657	52,067	503	3,590	104,940
Other increases	254	941	-	-	2,017	3,212
Decreases	-	-212	-	-	-408	-620
Reclassifications and other changes	2,207	246	-	-	-2,492	-39
Exchange differences	78	241	277	-	51	648
Acquisition cost at end of year	25,662	26,872	52,345	503	2,758	108,140
Accumulated amortization and impairment at beginning of year	-20,926	-12,877	6,260	-503	-	-28,045
Accumulated amortization relating to decreases and transfers	32	211	-	-	-	244
Amortization during the reporting period	-1,338	-2,863	-	-	-	-4,200
Reclassifications and other changes	-32	9	-	-	-	-23
Exchange differences	-71	-231	-	-	-	-302
Accumulated amortization and impairment at end of year	-22,334	-15,749	6,260	-503	-	-32,327
Carrying amount at end of year	3,328	11,123	58,605	0	2,758	75,813
2020						
Acquisition cost at beginning of year	22,759	24,566	52,067	503	2,336	102,232
Other increases	55	116	-	-	2,349	2,520
Reclassifications and other changes	331	1,036	-	-	-1,098	270
Exchange differences	-21	-61	-	-	2	-80
Acquisition cost at end of year	23,123	25,657	52,067	503	3,590	104,941
Accumulated amortization and impairment at beginning of year	-19,857	-10,074	6,260	-503	-	-24,173
Amortization during the reporting period	-1,090	-2,830	-	-	-	-3,919
Reclassifications and other changes	-	-33	-	-	-	-33
Exchange differences	20	60	-	-	-	81
Accumulated amortization and impairment at end of year	-20,926	-12,877	6,260	-503	-	-28,046
Carrying amount at end of year	2,198	12,779	58,327	0	3,590	76,894

Property, Plant and Equipment

Glaston has given liens on chattel as security for liabilities. These are presented in Note 26. At the end of 2021 and 2020, Glaston did not have any pledged property, plant and equipment or intangible assets as security for liabilities.

At the end of 2021 and 2020, Glaston had no contractual commitments for the acquisition of property, plant and equipment.

In 2021 or 2020, Glaston did not receive any material third party compensation for items of property, plant

and equipment that were impaired, lost or given up.

Glaston China has reported the expansion of its factory as investment property. In 2016, the expansion part was leased out to a third party for a period of ten years. Rental income

in 2021 was EUR 0.3 million. Costs related to investment property were EUR 0.2 million.

EUR thousand 2021	Land and water areas	Buildings and constructions	Investment property	Machinery and equipment	Other tangible assets	Advances paid and assets under construction	Total property, plant and equipment	Right-of-use assets	Total property, plant and equipment and right-of-use assets
Acquisition cost at beginning of year	5,910	28,391	2,535	18,584	716	1,248	57,384	16,281	73,665
Other increases	1,177	-	-	267	1	510	1,956	1,834	3,790
Decreases	-381	-863	-	-759	-55	-94	-2,153	-	-2,153
Reclassifications and other changes	-	-	-	704	182	-1,052	-165	269	104
Exchange differences	-	857	292	378	24	-	1,551	-	1,551
Acquisition cost at end of year	6,706	28,385	2,827	19,174	868	613	58,573	18,384	76,957
Accumulated depreciation and impairment at beginning of year	-	-17,857	-632	-15,456	-313	-	-34,259	-9,368	-43,627
Accumulated depreciation relating to decreases and transfers	-	605	-	702	55	-	1,363	-	1,363
Depreciation during the reporting period	-	-655	-138	-908	-122	-	-1,823	-1,929	-3,752
Reclassifications and other changes	-	-	-	315	-168	-	147	222	369
Exchange differences	-	-680	-81	-344	-21	-	-1,127	-	-1,127
Accumulated depreciation and impairment at end of year	-	-18,586	-852	-15,691	-570	-	-35,699	-11,075	-46,774
Carrying amount at end of year	6,706	9,798	1,975	3,484	298	613	22,874	7,310	30,184

EUR thousand 2020	Land and water areas	Buildings and constructions	Investment property	Machinery and equipment	Other tangible assets	Advances paid and assets under construction	Total property, plant and equipment	Right-of-use assets	Total property, plant and equipment and right-of-use assets
Acquisition cost at beginning of year	5,910	28,448	2,601	19,769	588	1,092	58,407	17,702	76,109
Other increases	-	-	-	360	30	456	847	857	1,704
Decreases	-	-	-	-887	-	-87	-974	-	-974
Reclassifications and other changes	-	-	-	-500	113	-213	-600	-2,277	-2,877
Exchange differences	-	-57	-65	-158	-15	-	-296	-	-296
Acquisition cost at end of year	5,910	28,391	2,535	18,584	716	1,248	57,384	16,281	73,665
Accumulated depreciation and impairment at beginning of year	-	-17,201	-513	-15,580	-73	-	-33,367	-9,254	-42,621
Accumulated depreciation relating to decreases and transfers	-	-	-	569	-	-	569	-	569
Depreciation during the reporting period	-	-690	-134	-1,064	-172	-	-2,061	-2,134	-4,195
Reclassifications and other changes	-	-	-	484	-80	-	404	2,020	2,423
Exchange differences	-	34	15	135	12	-	197	-	197
Accumulated depreciation and impairment at end of year	-	-17,857	-632	-15,456	-313	-	-34,259	-9,368	-43,627
Carrying amount at end of year	5,910	10,534	1,903	3,128	403	1,248	23,125	6,913	30,038

Carrying amount of machinery and equipment used in
production 31 December, 2021

2,736

Carrying amount of machinery and equipment used in
production 31 December, 2020

2,061

Other investments

Financial assets measured at fair value through other comprehensive income

EUR thousand	Shares and other long-term investments
2021	
Carrying amount 1 January	2,906
Impairment [*]	-2,899
Carrying amount 31 December	7
2020	
Carrying amount 1 January	3,078
Fair value changes recognized in other comprehensive income	-172
Carrying amount 31 December	2,906

Glaston's long term financial assets have been classified into assets recognized at fair value through other comprehensive income. The classification depends on the business model under which the financial assets are managed as well as the characteristics of the instrument's cash flows. A financial asset item is

derecognized from the statement of financial position when Glaston's contractual right to the cash flows from the financial asset item expire or the financial asset item is transferred to an external party and the transfer fulfills the asset derecognition requirements of IFRS 9.

^{*} Glaston wrote off balance sheet items related to Heliotrope partnership, Stock exchange release 30.11.2021.

Inventories

EUR thousand	2021	2020
Inventories		
Materials and supplies	15,554	15,290
Work in process	7,856	6,173
Finished goods	3,660	3,549
Advances paid	207	97
Total inventories	27,277	25,109
Impairment losses of inventory during the period	-818	-937
Reversals of impairment losses of inventory during the period	545	394
Total	-273	-543

Receivables

Receivables

EUR thousand	2021	2020
Trade receivables	12,503	14,645
Trade receivables, falling due after 12 months ⁽¹⁾	3	6
Total trade receivables	12,506	14,651
Finance leasing receivables	90	87
Finance leasing receivables, falling due after 12 months ⁽¹⁾	467	557
Prepaid expenses and accrued income	1,407	1,538
Prepaid expenses and accrued income, falling due after 12 months ⁽¹⁾	139	128
Other receivables	2,959	1,228
Other receivables, falling due after 12 months ⁽¹⁾	2,325	2
Current loan receivables	156	222
Non-current loan receivables ⁽¹⁾	-	1,402
Total receivables	20,048	19,815

⁽¹⁾ In non-current assets

Prepaid expenses and accrued income consist mainly of accruals of financial items, fair values of derivative instruments, accruals related to sales, accruals related to insurances and other accruals.

Prepaid expenses and accrued income related to derivative instruments are disclosed in more detail in Note 25.

Credit quality of other receivables is based on the debtors' payment history.

Other receivables are not past due nor impaired.

Each loan receivable has been individually analyzed for a possible impairment loss. These analyses are based on the financial position and future cash flows of the debtor. Debtors have no external credit rating. In 2021, EUR 1.6 million impairment loss was recognized.

Ageing analysis of trade receivables at 31 December

	Carrying amount of trade receivables after recognizing allowance account	Not past due	Past due			
			< 30 days	31-180 days	181-360 days	> 360 days
2021	12,506	9,322	2,103	840	170	72
2020	14,651	9,766	2,890	1,434	387	175

Allowance account of trade receivables is used based on expected credit losses. These impairment losses are recognized in profit or loss. If the impairment loss recognized in the allowance account becomes final, trade receivables are decreased with the amount of the impairment loss and allowance account is adjusted respectively.

The counterparties of trade receivables do not normally have external credit rating. The credit quality of these receivables is assessed based on assessment of the impairment of financial assets based on expected credit losses and on the payment history of the customers and third party credit reports.

Also the trade receivables past due are analyzed both in reporting unit level and individually. If the days past due exceed the time limits set in the Group's credit policy, an impairment loss is recognized of the trade receivable. The estimate made for doubtful receivables is based on a review of all trade receivables outstanding on the reporting date as well as on an assessment of the impairment of financial assets based on expected credit losses. The gross amount of impaired trade receivables at the end of the reporting period was EUR 1.6 (1.5) million, and the impairment loss of these receivables was EUR 1.4 (1.4) million.

If the counterparty of a trade receivable is insolvent, the trade receivable is individually determined to be impaired even though the

trade receivable were not past due. Otherwise the trade receivables not past due are not determined to be impaired.

Impairment losses of trade receivables and changes in allowance account of trade receivables

EUR thousand

Allowance account 1 January, 2020	2,359
Exchange difference	-179
Charge for the year	1,117
Utilized	-1,651
Unused amounts reversed	-292
Allowance account 31 December, 2020	1,354
Exchange difference	156
Charge for the year	801
Utilized	-438
Unused amounts reversed	-467
Allowance account 31 December, 2021	1,405

Impairment losses of trade receivables recognized in profit or loss, net (- income)

2021	698
2020	703

Finance lease receivables

	2021		2020	
	Minimum lease receivables	Unearned finance income	Minimum lease receivables	Unearned finance income
Finance lease receivables are due as follows				
No later than 1 year	90	20	87	23
Later than 1 year and no later than 5 years	394	47	381	60
Later than 5 years	89	4	193	11
Total finance lease receivables	574	71	661	93
Present value of minimum lease receivables	577		663	

Total Comprehensive Income Included in Equity

2021 EUR thousand	Other restricted equity reserves	Fair value reserve	Retained earnings	Cumulative exchange difference	Total
Total other comprehensive income					
Total exchange differences on translating foreign operations	-	8	26	1,344	1,378
Change in actuarial gains and losses	-	-	1,762	-	1,762
Taxes on actuarial gains and losses arising from defined benefit plans	-	-	-567	-	-567
Fair value changes of financial assets measured at fair value through comprehensive income	-	-	-2,834	-	-2,834
Hedging	-	-55	-	-	-55
Income taxes on fair value changes of financial assets measured at fair value through comprehensive income	-	-	-	-	-
Other comprehensive income	-	-48	-1,613	1,344	-316
Gain /loss	-	-	1,111	-	1,111
Total comprehensive income	-	-48	-502	1,344	795
2020					
Total other comprehensive income					
Total exchange differences on translating foreign operations	-2	-	-6	-627	-635
Change in actuarial gains and losses	-	-	1,565	-	1,565
Taxes on actuarial gains and losses arising from defined benefit plans	-	-	276	-	276
Fair value changes of financial assets measured at fair value through comprehensive income	-	-172	53	-	-120
Hedging	-	-277	-	-	-277
Income taxes on fair value changes of financial assets measured at fair value through comprehensive income	-	-1	-	-	-1
Other comprehensive income	-2	-450	1,888	-627	809
Gain/loss	-	-	-5,463	-	-5,463
Total comprehensive income	-2	-450	-3,575	-627	-4,654

Other restricted equity reserves

Other restricted equity funds include restricted capital not included in the share capital of subsidiaries.

Fair value reserve

The fair value reserve includes changes in the fair values of investments measured at fair value through other comprehensive income and changes in the fair value of instruments used in cash flow hedging if the hedge is effective and meets the criteria of hedge accounting requirements.

Pensions and Other Defined Long-term Employee Benefits

The Group has a defined benefit pension plan in Glaston Switzerland AG, Switzerland. The Group has also defined contribution pension plans, of which the charge to the income statement was EUR 3.9 (3.2) million.

In addition to defined benefit pensions, Glaston has no other long-term defined employee benefits in 2021 and 2020.

Amounts in the statement of financial position relating to defined benefit pension plans

EUR thousand	2021	2020
Present value of unfunded obligations	20,380	20,026
Fair value of plan assets	22,404	19,496
Total deficit of defined benefit pension plans	2,024	-530
Difference	2,024	-530
Amounts in the statement of financial position		
Liabilities	-6	-530
Assets	2,024	-
Net liability (asset +)	2,018	-530

Amounts in the statement of financial position relating to other long-term employee benefits

EUR thousand	Present value of obligation	Fair value on plan assets	Total
1.1.2020	18,513	16,720	1,793
Interest expense / income	81	80	1
Current service cost	58	52	6
Past service cost	857	-	857
Employee contributions	-	-	-
Employer contributions	490	490	-
Benefits paid	-	563	-563
Actuarial gains (-) / losses (+)	-16	-16	-
Other gains (-) / losses (+) on settlement	41	-	41
Return on plan assets (excluding amounts included in the net interest expense)	9	1,606	-1,597
31.12.2020	20,033	19,496	537

EUR thousand	Present value of obligation	Fair value on plan assets	Total
1.1.2021	20,939	20,385	554
Interest expense / income	43	42	1
Current service cost	837	-	837
Past service cost	-420	-	-420
Employee contributions	493	493	-
Employer contributions	-	558	-558
Benefits paid	336	336	-
Actuarial gains (-) / losses (+)	-1,857	-	-1,857
Other gains (-) / losses (+) on settlement	10	-	10
Return on plan assets (excluding amounts included in the net interest expense)	-	592	-592
31.12.2021	20,381	22,406	-2,025

Plan asset classes

EUR thousand	2021	2020
Cash and cash equivalents	672	585
Equity instruments	7,842	6,824
Debt instruments	7,170	6,239
Real estate	4,481	3,899
Other	2,240	1,950
Total plans assets	22,405	19,496

Sensitivity analysis, defined benefit obligation

EUR thousand	Changes in parameters	2021	2020
Discount rate	- 0.25%	21,209	19,527
Discount rate	+ 0.25%	19,610	17,720
Interest rate on retirement savings capital	- 0.25%	20,112	18,307
Interest rate on retirement savings capital	+ 0.25%	20,655	18,874
Salary increase	- 0.25%	20,271	18,432
Salary increase	+ 0.25%	20,491	18,743
Life expectancy	+ 1 year	20,791	18,953
Life expectancy	- 1 year	19,969	18,221

The pension foundation is able to adapt the contribution and benefits. Risk for the employer is the case of underfunding that may involve additional payments from the employer.

The Group expects to contribute EUR 570 thousand to its other long-term employee benefit plans in 2022.

Actuarial assumptions

	2021 Defined pension plans	2020 Defined pension plans
Discount rate, %	0.40%	0.20%
Future salary increase, %	1.00%	1.00%
Duration in years	15.7	19.1

Amounts for the current and previous periods, defined benefit pensions

EUR thousand	2021	2020
Defined benefit pension obligation	-6	-530
Plan assets	2,024	-
Surplus / deficit (-)	2,018	-530

Interest-bearing Liabilities

Non-current interest-bearing liabilities

EUR thousand	2021	2020
Loans from financial institutions	30,405	44,028
Lease liabilities	6,882	6,620
Total non-current interest-bearing liabilities	37,287	50,648

Maturity of long term interest bearing liabilities

	1-2 years	2-3 years	3-5 years	> 5 years	Total
Loans from financial institutions	30,405	-	-	-	30,405
Lease liabilities	1,794	1,297	2,319	1,472	6,882
Total	32,199	1,297	2,319	1,472	37,287

Non-current liabilities by currency

EUR	30,405	44,028
Total	30,405	44,028

Current interest-bearing liabilities

Loans from financial institutions	6,159	4,644
Lease liabilities	1,675	1,590
Total current interest-bearing liabilities	7,834	6,234

Interest-bearing net liabilities

Non-current interest-bearing liabilities	37,287	50,648
Current interest-bearing liabilities	7,834	6,234
Cash	-26,852	-23,259
Total	18,269	33,623

Group's funding is mainly organized by using the Facilities Agreement signed in March 2019.

Some of the Group's loan agreements include covenants and other terms and conditions which are linked to consolidated key figures. If the covenant terms are not fulfilled, negotia-

tions with the lenders will be initiated. These negotiations may lead to notice of termination of financial agreements. Covenant terms are described in more detail in Note 3.

The liquidity and currency risk related to interest-bearing debt is described in more detail in Note 3.

	1.1.2021	Cash flow*	Effective rate and Exchange differences	Reclassification	31.12.2021
Non-current interest-bearing liabilities	50,648	-7,239	36	-6,159	37,287
Current interest-bearing liabilities	6,234	-4,559	-	6,159	7,834
Total	56,882	-11,798	36	-	45,121

*Cash flow includes the changes of leasing agreements

Leases

Leases in the balance sheet

EUR million

Right-of-use assets	Buildings	Vehicles	Others	Total
Carrying amount at 1 January 2020	7.5	0.6	0.4	8.4
Additions	0.1	0.6	0.1	0.9
Decrease	-0.3	0.0	-	-0.3
Depreciation expense	-1.3	-0.5	-0.3	-2.1
Carrying amount at 31 December 2020	6.0	0.7	0.2	6.9
Additions	0.8	1.3	0.7	2.8
Decrease	-	-0.5	-	-0.5
Depreciation expense	-1.2	-0.5	-0.2	-1.9
Carrying amount at 31 December 2021	5.6	1.0	0.7	7.3

EUR million

Lease liabilities	2021	2020
Carrying amount at beginning of the period	8.2	9.9
Additions	2.2	0.4
Interest expense	0.5	0.5
Rental payment	-2.3	-2.6
Carrying amount at end of the period	8.6	8.2

The average lessee's borrowing rate applied to all lease liabilities at the date initial application is 2.91%. Maturity of lease liabilities is shown in Note 20.

Leases in profit and loss statement

EUR million

	2021	2020
Depreciation of right-of-use assets	-1.9	-2.1
Interest expense on lease liabilities	-0.5	-0.5
Low value lease expense	-0.2	-0.2
Short-term lease expense	-0.1	-0.1
Total amounts recognised in profit or loss	-2.8	-2.9

Provisions

Non-current provisions

EUR thousand

	Warranty provision	Other provisions	Total
2021			
Carrying amount 1 January	141	122	263
Reclassification	-125	-	-125
Increase in provisions	191	1	192
Provisions released during the period	-32	-	-32
Carrying amount 31 December	174	123	297

2020

Carrying amount 1 January	358	160	517
Reclassification	-415	-	-415
Increase in provisions	198	3	201
Provisions released during the period	-	-40	-40
Carrying amount 31 December	141	122	263

Warranty provisions

Glaston grants to its machine deliveries a guarantee period of 1 to 2 years. During the guarantee period Glaston repairs the defects, if any, of the machines and carries the costs of the repairing. The warranty provisions are expected to be realized within the next two years.

Restructuring provisions

Glaston has recorded restructuring provisions for rationalization measures by closing production units or reducing activities at the units. Restructuring provisions only include expenses that are necessarily entailed by the restructuring, and which are not associated with the on-going activities.

Current provisions

2021

	Warranty provision	Restructuring provision	Other provisions	Total
Carrying amount 1 January	2,602	787	142	3,531
Exchange difference	83	6	10	99
Reclassification	125	-	-	125
Increase in provisions	2,288	-	82	2,370
Provisions used during the period	-802	-575	-81	-1,458
Provisions released during the period	-2,132	-41	-12	-2,186
Carrying amount 31 December	2,164	177	141	2,482

2020

Carrying amount 1 January	3,270	258	387	3,916
Exchange difference	-8	-47	-3	-58
Reclassification	141	-	-	141
Increase in provisions	2,698	748	15	3,462
Provisions used during the period	-1,293	-172	-177	-1,642
Provisions released during the period	-2,206	-	-80	-2,286
Carrying amount 31 December	2,602	787	142	3,531

Reclassification refers to a transfer from long-term to short-term

The restructuring provision includes, but is not limited to, estimated provisions for employee benefits related to personnel whose employment has been terminated. For some of the provisions it is not possible to estimate timing of the outflow of economic benefits, for example as the timing of such outflows are dependent on the actions of an external party.

Other provisions

Other provisions include, among other things, litigation provisions and provisions for costs, for which third party compensation has not yet been recognized.

Interest-free Liabilities

Current interest-free liabilities

EUR thousand	2021	2020
Trade payables	15,853	13,186
Advances received	36,334	40,142
Accrued expenses and deferred income	14,622	11,942
Other current interest-free liabilities	2,451	1,883
Total current interest-free liabilities	69,259	67,153

Accruals mainly consist of cost accruals for machinery deliveries, accrued personnel expenses, accruals related to net sales and purchases, accruals of interests and other accruals.

Financial Assets and Liabilities

EUR thousand 31 December, 2021	Note	Financial assets measured at fair value through other comprehensive income (*	Financial assets and liabilities at fair value through profit and loss (*	Loans and receivables	Financial liabilities at amortized cost	Total carrying amounts	Total fair value
Cash	3	-	-	26,852	-	26,852	-
Trade receivables	17	-	-	12,506	-	12,506	-
Other interest-free receivables	17	-	-	3,183	-	3,183	-
Current loan receivables	17	-	-	156	-	156	-
Other non-current interest-free receivables	17	-	-	2,325	-	2,325	-
Shares and other long-term investments	15	7	-	-	-	7	-
Non-current interest-bearing liabilities	20	-	-	-	-37,287	-37,287	-36,384
Current interest-bearing liabilities	20	-	-	-	-7,834	-7,834	-7,986
Trade payables	23	-	-	-	-15,853	-15,853	-
Other current interest-free liabilities	23	-	-663	-	-1,788	-2,451	-
Total		7	-663	45,021	-62,762	-18,397	-44,370

*If the fair value is not mentioned separately, the carrying amount is equal to fair value.

31 December, 2020	Note	Financial assets measured at fair value through other comprehensive income (*	Financial assets and liabilities at fair value through profit and loss (*	Loans and receivables	Financial liabilities at amortized cost	Total carrying amounts	Total fair value
Cash	3	-	-	23,259	-	23,259	-
Trade receivables	17	-	-	14,651	-	14,651	-
Other interest-free receivables	17	-	-	1,406	-	1,406	-
Receivables related to financial liabilities		-	-	-	113	113	-
Current loan receivables	17	-	-	222	-	222	-
Other non-current interest-free receivables	17	-	-	2	-	2	-
Non-current loan receivables	17	-	-	1,402	-	1,402	-
Shares and other long-term investments	15	2,906	-	-	-	2,906	-
Non-current interest-bearing liabilities	20	-	-	-	-50,648	-50,648	-48,497
Current interest-bearing liabilities	20	-	-	-	-6,234	-6,234	-6,163
Trade payables	23	-	-	-	-13,186	-13,186	-
Other current interest-free liabilities	23	-	-733	-	-1,150	-1,883	-
Total		2,906	-733	40,942	-71,105	-27,991	-54,660

*If the fair value is not mentioned separately, the carrying amount is equal to fair value.

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

	2021	2020
1 January	2,842	2,842
Impairment losses ⁽¹⁾	-2,842	-
31 December	0	2,842

⁽¹⁾Glaston wrote off balance sheet items related to Heliotrope partnership, Stock exchange release 30.11.2021.

Fair value measurement hierarchy	31.12.2021				31.12.2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Listed shares	-	-	-	-	-0	-	8	8
Other long-term investments	-	-	-	-	-	-	2,834	2,834
Currency forward contracts	-	-	-	-	-	310	-	310
Total	-	-	-	-	-0	310	2,842	3,151
Liabilities								
Financial liabilities	-	-44,370	-	-44,370	-	-54,660	-	-54,660
Currency forward contracts	-	-341	-	-341	-	-	-	-
Total	-	-44,711	-	-44,711	-	-54,660	-	-54,660

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

Specific valuation techniques used to value financial instruments include:

- The fair value of forward foreign exchange contracts is determined by using forward rates at the closing date
- The use of quoted market prices or dealer quotes for similar instruments

Derivative Instruments

Glaston hedges 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. Maturity of the agreement is under 12 months.

Valuation methods of derivative instruments are presented in the Summary of Significant Accounting Policies and hedging principles in Note 3.

Nominal and fair values of derivative instruments

EUR thousand	2021		2020	
	Nominal value	Fair value	Nominal value	Fair value
Currency forwards	19,195	-341	12,304	310

EUR thousand	2021	2020
Derivative instruments in the income statement		
Items included in net sales	-574	-275
Financial items	-2	18
Derivative instruments in the statement of financial position, receivables and liabilities		
Accrued expenses and deferred income		
Currency forwards	663	733

Contingencies

EUR thousand	2021	2020
Loans secured with mortgages or pledges		
Loans from financial institutions	35,000	46,500
Liens on chattel	487,500	487,500
Carrying amount of pledged securities	25,986	25,982
Total mortgages, liens on chattel and pledged assets	513,486	513,482
Contingent liabilities		
Liens on chattel		
On behalf of own commitments	487,500	487,500
Securities pledged		
On behalf of own commitments	25,986	25,982
Total	513,486	513,482
Total contingent liabilities	522,282	522,495

Liens on chattel are related to companies: Glaston Services Ltd. Oy, Glaston Finland Oy, Glaston Emerging Technologies Oy and Uniglass Engineering Oy.

All companies are jointly responsible for the debts of Glaston Group.

Guarantees

On behalf of own commitments	8,629	8,958
On behalf of others	168	56
Total	8,796	9,014

Operating leases as a lessor

Glaston has some operating lease agreements in which the Group acts as a lessor. The minimum future payments to be received from non-cancellable operating lease agreements are presented in the table below.

	2021	2020
Minimum future payments of operating leases		
Maturity within one year	883	873
Maturity later than one year and not later than five years	1,675	1,689
Maturity later than five years	81	213
Total minimum future payments of operating leases	2,639	2,776

Other contingent liabilities and litigations

At year end Glaston Tianjin Co. Ltd. has endorsed EUR 1.0 million of bank drafts. The expiring dates of the bank drafts are during the first half of year 2022.

Glaston Group can be a defendant or plaintiff in a number of legal proceedings incidental to those operations. The Group does not expect the outcome of any unmentioned legal proceedings currently pending, either individually or in the aggregate, to have material adverse effect upon the Group's consolidated financial position or result.

Shares and Holdings

Group companies			Group holding %	Parent holding %
Glaston Oyj Abp	Helsinki	Finland		
Uniglass Engineering Oy	Tampere	Finland	100,0%	100,0%
Glaston Services Ltd. Oy	Tampere	Finland	100,0%	100,0%
Glaston Emerging Technologies Oy	Tampere	Finland	100,0%	
Glaston Finland Oy	Tampere	Finland	100,0%	
Glaston International Oy	Tampere	Finland	100,0%	
Glaston America, Inc.	Mount Laurel, NJ	United States	100,0%	
Glaston UK Ltd. *	Shropshire	United Kingdom	100,0%	
Glaston France S.A.R.L.	Paris	France	100,0%	
Glaston Singapore Pte. Ltd.	Singapore	Singapore	100,0%	
Glaston Tianjin Co. Ltd.	Tianjin	China	100,0%	
Glaston Management (Shanghai) Co. Ltd.	Shanghai	China	100,0%	
Glaston China Co. Ltd.	Tianjin	China	100,0%	
LLC Glaston	Moscow	Russia	100,0%	
Glaston Brasil Ltda	São Paulo	Brasil	100,0%	
Glaston Hong Kong Ltd.	Hong Kong	China	100,0%	
Glaston Germany GmbH **	Neuhausen-Hamberg	Germany	100,0%	
OOO Bystronic Steklo RUS	Moscow	Russia	100,0%	
Bystronic glass Machinery (Shanghai) Co. Ltd.	Shanghai	China	100,0%	
Glaston Swizerland AG	Bützberg	Switzerland	100,0%	
Bystronic glass UK Ltd.	Shropshire	United Kingdom	100,0%	

* For the year ending 31 December 2021, Glaston UK Ltd and Bystronic glass UK Ltd were entitled to exemption from audit under section 479A of the UK Companies Act 2006.

**Pursuant to Sec. 291 German Commercial Code, all EU subsidiaries included in these consolidated financial statements are exempt from the duty to prepare their own consolidated financial statements and group management report for the subgroups in question. For the following German corporations, the exempting provision pursuant to Sec. 264 (3) German Commercial Code applies in addition: Glaston Germany GmbH.

Changes in subsidiaries in 2021

- Bystronic glass Inc. was merged to Glaston America Inc. in January 2021
- Bystronic glass (Shanghai) Co. Ltd. was merged to Glaston Tianjin Co. Ltd. in June 2021

Changes in subsidiaries in 2020

- Bystronic Asia Pte. Ltd. was merged to Glaston Singapore Pte. Ltd in September 2020
- Glaston Germany GmbH was merged to Bystronic Lenhardt GmbH in September 2020
- Bystronic Lenhardt GmbH name was changed to Glaston Germany GmbH in September 2020
- Bystronic Maschinen AG name was changed to Glaston Switzerland in September 2020

Share-based Incentive Plans

Share-based incentive plans

Glaston's share-based incentive plans are directed to the Group's key personnel as part of the Group's incentive schemes.

The plans aim to align the interests of the company's shareholders and key personnel in the Group in order to raise the value of Glaston.

The expenses arising from the incentive plans have been recognized in profit or loss during the vesting periods.

The cash-settled portion of the incentive plans is recorded as a liability in the statement of financial position, if it has not been paid. Glaston has recorded the personnel costs arising from the share-based incentive plans to the extent it is liable to pay them.

On 8 August 2019, the Board of Directors of Glaston Corporation approved a new share-based incentive plan for the Group key employees. The aim of the new incentive plan is to align the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term, to retain the key

employees at the company and to offer them a competitive incentive plan that is based on earning and accumulating the company's shares.

The Performance Share Plan 2019–2023 comprises three performance periods, calendar years 2019–2021, 2020–2022 and 2021–2023. The Board of Directors resolves on the plan's performance criteria and on the performance levels at the beginning of each performance period. The key employees will receive the company's shares as a reward, if the performance levels of the performance criteria, set by the Board of Directors, are achieved. As a rule, no reward will be paid, if a key employee's employment or service terminates before the reward payment.

The CEO and each member of the Executive Management Group of the Company must hold 50% of the net number of shares he or she has received on the basis of the plan, until the number of the company's shares he or she holds corresponds to the value of his or her gross annual base salary. Such number of shares

must be held as long as such person's employment or service in a company belonging to the Group Company continues.

Performance Period 2021–2023

The potential reward of the performance period 2021–2023 will be based on the Glaston Group's comparable EBITA and Services Net Sales during a period of 1 January 2021–31 December 2023. If the performance levels of the performance criteria for the performance period 2021–2023 are achieved in full, the payable rewards correspond to a maximum total of 700,000 Glaston Corporation shares, including also the proportion to be paid in cash.

The potential reward from the performance period 2021–2023 will be paid in 2024 in a manner resolved by the Board of Directors, either partly in the company's shares and partly in cash, in which case the cash proportion is intended to cover taxes and tax-related costs arising from the reward to the key employee, or fully in cash.

The reward to be paid on the basis of the plan may be reduced, if the

reward cap set by the Board of Directors is reached. In total 17 key employees, including the CEO and members of the Executive Management Group, belong to the target group of the plan in the performance period 2021–2023.

Performance Period 2020–2022

The potential reward of the performance period 2020–2022 will be based on Glaston Group's comparable EBITA and average net gearing during a period of 1 January 2020–31 December 2022. If the performance levels of the performance criteria for the performance period 2020–2022 are achieved in full, the payable rewards correspond to a maximum total of 500,000 Glaston Corporation shares, including also the proportion to be paid in cash.

The potential reward from the performance period 2020–2022 will be paid in 2023 in a manner resolved by the Board of Directors, either partly in the company's shares and partly in cash, in which case the cash proportion is intended to cover taxes and tax-related costs arising from the

reward to the key employee, or fully in cash.

The reward to be paid on the basis of the plan may be reduced, if the reward cap set by the Board of Directors is reached. In total 17 key employees, including the CEO and members

of the Executive Management Group, belong to the target group of the plan in the performance period 2020–2022.

Performance Period 2019–2021

The reward of the performance period 2019–2021 is based on the

Glaston Group's comparable EBITA and average net gearing during a period of 1 January 2019–31 December 2021. The performance levels of the performance criteria for the performance period 2019–2021 are partly achieved and the payable rewards

correspond to a maximum total of 24,750 Glaston Corporation shares, including also the proportion to be paid in cash.

Basic information of the share-based plans	2021-2023	2020-2022	2019-2021
Grant date	23 June 2021	14 February 2020	13 September 2019
Nature of the plan	Shares/cash	Shares/cash	Shares/cash
Target group	Key personnel	Key personnel	Key personnel
Maximum amount of shares (including cash)	700,000 shares	500,000 shares	198,000 shares
Total amount of shares at the end of the performance period (including cash)	-	-	24,750 shares
Performance period begins	1 January 2021	1 January, 2020	1 January, 2019
Performance period ends	31 December 2023	31 December, 2022	31 December, 2021
End of restriction period/ payment	1 April 2024	1 April, 2023	1 April, 2022
Vesting conditions	Group's comparable EBITA and Service Net Sales Service period	Group's comparable EBITA and average net gearing Service period	Group's comparable EBITA and average net gearing Service period
Maximum contractual life, years	3	3	3
Remaining contractual life, years	2	1	0
Number of persons involved 31 December 2021	17	17	6
Effect on the profit or loss for the period and on financial position	2021	2020	
Effect on the result of the reporting period, EUR thousand	206	30	

Related Parties

Parties are considered to be related parties if a party is able to exercise control over the other or substantially influence its decision-making concerning its finances and business operations. Glaston Group's related parties include the parent of the Group (Glaston Corporation), and its subsidiaries. Also the shareholders, which have significant influence in Glaston through shareholding, are considered to be related parties, as well as the companies controlled by these shareholders.

Related parties also include the members of the Board of Directors, the Group's Executive Management Group, the CEO and their family members as well as the companies controlled by them.

Glaston follows the same commercial terms in transactions with associates and other related parties as with third parties.

Total accrual based remuneration of the Board of Directors and the Executive Management Group was EUR 2,851 (2,024) thousand.

Remuneration of the Executive Management Group, accrual based

EUR thousand	2021	2020
CEO Anders Dahlblom 1.1.2021-31.12.2021		
Salaries	341,280	-
Bonuses	228,826	-
Share based benefit	126,500	-
Total	696,606	-
Fringe benefits	14,164	-
Total	710,770	-
Statutory pension payments (Finnish TyEL or similar plan)	124,521	
Voluntary pension payments	38,880	

Remuneration of the Executive Management Group, accrual based

EUR thousand	2021	2020
CEO Arto Metsänen 1.1.2020-31.5.2020		
Salaries	-	187,963
Bonuses	-	-
Share based benefit	-	-
Total	-	187,963
Fringe benefits	-	100
Total	-	188,063
Statutory pension payments (Finnish TyEL or similar plan)	-	35,648
Voluntary pension payments	-	23,942
Acting CEO Sasu Koivumäki 1.6.2020- 31.12.2020		
Salaries	-	153,600
Bonuses	-	73,335
Share based benefit	-	-
Total	-	226,935
Fringe benefits	-	7,623
Total	-	234,558
Statutory pension payments (Finnish TyEL or similar plan)	-	10,400
Voluntary pension payments	-	20,405
Total other Executive Management Group		
Salaries	1,274,287	1,079,846
Bonuses	426,775	158,687
Share based benefit	31,680	-
Total	1,732,742	1,238,533
Fringe benefits	53,572	32,040
Total	1,786,314	1,270,573
Statutory pension payments (Finnish TyEL or similar plan)	197,941	156,100
Voluntary pension payments	37,659	21,195

The remuneration includes salaries only for the period of membership of the Executive Management Group.

The CEO's period of notice is 3 months. In the event the company would give notice to the CEO, he will receive an additional remuneration equaling 12 months' salary.

Compensation of the CEO and other members of the Executive Management Group consists of a fixed monthly salary, an annual bonus and a share-based incentive plan intended as a long-term incentive (described in more detail in Note 28). The criteria for bonus payments are consolidated result, result of the business area or business unit as well as functional targets. The maximum annual bonus of the CEO is 80 per cent of the annual salary. The maximum annual bonus of the other members of the Executive Management Group is 40 per cent of the annual salary.

The retirement age of the CEO of Glaston Corporation and other members of the Executive Management Group is according to the normal local legislation, ie. 63-68 years.

Remuneration of the Board of Directors, accrual based

EUR	2021		2020	
	annual fee	meeting fee	annual fee	meeting fee
Veli-Matti Reinikkala, Chairman of the Board of Directors ⁽¹⁾	60,000	15,400	15,000	1,000
Sebastian Bondestam, Deputy Chairman of the Board of Directors	47,500	8,000	47,500	6,250
Sarlotta Narjus	30,000	8,000	30,000	10,250
Antti Kaunonen	30,000	8,000	30,000	10,750
Arja Talma ⁽²⁾	30,000	6,000	-	-
Tero Telaranta	30,000	7,500	30,000	6,750
Michael Willome ⁽³⁾	30,000	8,000	22,500	2,750
Teuvo Salminen ⁽⁴⁾	17,500	1,800	70,000	9,300
Kai Mäenpää ⁽⁵⁾	15,000	1,000	30,000	9,250
Total	290,000	63,700	275,000	56,300

The members of Glaston Corporation's Board of Directors were paid an annual remuneration and a meeting fee; other compensation was not paid. The Chairman of Glaston Corporation's Board of Directors was paid EUR 60,000 (60,000) annually, the Deputy Chairman EUR 40,000 (40,000) annually and each of the members EUR 30,000 (30,000) annually. In addition, a meeting fee of EUR 800 per meeting held in the Chairman's home country and EUR 1,500 per meeting held elsewhere were paid to the Chair-

man. The other members of Glaston Corporation's Board of Directors were paid EUR 500 per meeting held in the Board member's home country and EUR 1,000 per meeting held elsewhere. For the Board Meeting, which is held per capsulam, will be paid half of the regular fee. Member of the Board may, at his/her discretion, choose to receive the annual fixed remuneration partly in company shares and partly in cash so that approximately 40% of the annual fixed remuneration is paid in Glaston Corporation's shares.

The members of Glaston Corporation's Committees are paid for every meeting, that member has participated, EUR 500 per meeting held in the Board member's home country and EUR 1,000 per meeting held elsewhere. In addition, to the Chairman of Audit Committee was paid an annual fee of EUR 10,000 and to the Chairman of Compensation Committee an annual fee of EUR 7,500.

Board of Directors, share ownership*

	Glaston shares	
	31.12.2021	31.12.2020
Veli-Matti Reinikkala, Chairman of the Board of Directors ⁽¹⁾	500,000	180,000
Sebastian Bondestam, Deputy Chairman of the Board of Directors	35,137	21,344
Sarlotta Narjus	-	-
Antti Kaunonen	86,349	76,005
Arja Talma ⁽²⁾	10,344	
Tero Telaranta	10,720	376
Michael Willome ⁽³⁾	-	-
Teuvo Salminen ⁽⁴⁾		306,057
Kai Mäenpää ⁽⁵⁾		15,000

*Share ownership includes also the ownership of Glaston Corporation shares by the related parties of the person in question and entities controlled by the person in question.

Executive Management Group, share ownership*

	Glaston shares	
	31.12.2021	31.12.2020
Anders Dahlblom, CEO ⁽⁶⁾	420,000	-
Sasu Koivumäki	89,979	89,979
Miika Äppelqvist ⁽⁷⁾	6,815	6,815
Päivi Lindqvist	38,680	38,680
Artturi Mäki	4,731	4,731
Robert Prange	30,000	15,000
Taina Tirkkonen	27,500	27,500
Hannele Anonen ⁽⁸⁾	-	
Dietmar Walz	-	-
Juha Liettyä ⁽⁹⁾		91,665
Arto Metsänen ⁽¹⁰⁾		660,000

⁽¹⁾ Member of the Board of Directors from 4.9.2020

⁽²⁾ Member of the Board of Directors from 13.4.2021

⁽³⁾ Member of the Board of Directors from 28.5.2020

⁽⁴⁾ Member of the Board of Directors until 13.4.2021

⁽⁵⁾ Member of the Board of Directors until 13.4.2021

⁽⁶⁾ CEO and Member of the Executive Management Group from 1.1.2021

⁽⁷⁾ Member of the Executive Management Group from 1.12.2020

⁽⁸⁾ Member of the Executive Management Group from 1.8.2021

⁽⁹⁾ Member of the Executive Management Group until 30.11.2020

⁽¹⁰⁾ CEO and Member of the Executive Management Group until 1.6.2020

Events after End of the Reporting Period

Stock exchange release

27 January 2022

The Board of Directors of Glaston Corporation has resolved on the share-based incentive plan 2022-2026 for the Group key employees in accordance with the terms and conditions materially corresponding to the terms and conditions of the share-based incentive plan 2019-2023.

The aim of the incentive plan is to align the objectives of the shareholders and the key employees in order to increase the value of the company in the long term, to retain the key employees at the company, and to offer them a competitive incentive plan that is based on earning and accumulating the company's shares.

The Performance Share Plan 2022-2026 comprises three performance periods, calendar years 2022-2024, 2023-2025, and 2024-2026. The Board of Directors resolves on the

plan's performance criteria and on the performance levels at the beginning of each performance period. The key employees will receive the company's shares as a reward, if the performance levels of the performance criteria, set by the Board of Directors, are achieved. As a rule, no reward will be paid, if a key employee's employment or service terminates before the reward payment.

The CEO and President and each member of the Executive Management Group of the Company must hold 50% of the net number of shares he or she has received on the basis of the plan until the number of the company's shares he or she holds corresponds to the value of his or her gross annual base salary. Such number of shares must be held as long as such person's employment or service in a company belonging to the Group Company continues.

Income Statement of the Parent Company (FAS)

EUR thousand	1 January - 31 December		
	Note	2021	2020
Net sales	2	4,098	2,812
Other operating income	3	5,083	4,822
Personnel expenses	4	-2,801	-2,101
Depreciation, amortization and impairment losses	5	-460	-443
Other operating expenses	6	-10,543	-7,118
Operating profit / loss		-4,624	-2,027
Net financial items	7	-716	-1,126
Profit /loss before appropriations and taxes		-5,340	-3,152
Appropriations	8	-2	2
Income taxes	9	300	-1
Profit / loss for the financial year		-5,042	-3,152

Balance Sheet of the Parent Company (FAS)

EUR thousand	at 31 December		
	Note	2021	2020
Assets			
Non-current assets			
Intangible assets	10	1,277	1,526
Tangible assets	10	22	30
Subordinated loan receivable Group Companies	12,13	36,846	36,846
Investments	11,12	17,211	17,211
Non-current assets, total		55,356	55,614
Current assets			
Non-current receivables	13	78,000	77,700
Current receivables	13	12,421	17,189
Cash and bank		20,895	15,127
Current assets, total		111,316	110,017
Total assets		166,673	165,630

EUR thousand	at 31 December		
	Note	2021	2020
Equity and liabilities			
Equity			
Share capital		12,696	12,696
Reserve for invested unrestricted equity		112,584	114,270
Retained earnings		-42,123	-38,972
Profit / loss for the financial year		-5,042	-3,152
Total equity	14	78,115	84,843
Accumulated appropriations	15	100	97
Liabilities			
Non-current liabilities	16	31,006	42,507
Current liabilities	17	57,453	38,183
Total liabilities		88,458	80,690
Total equity and liabilities		166,673	165,630

Parent Company Cash Flow Statement (FAS)

EUR thousand	2021	2020
Cash flow from operating activities		
Profit / loss for the financial period	-5,042	-3,152
Adjustments:		
Income taxes for the period	-300	1
Deferred taxes	2	-2
Financial income and expenses	716	1 126
Depreciation, amortization and impairment	460	443
Proceeds from disposal of tangible and intangible assets	51	-73
Other adjustments	-2 817	-36
Cash flow before change in net working capital	-6,929	-1,694
Change in net working capital		
Change in current interest-free receivables	5,306	426
Change in current interest-free liabilities	19,558	3,561
Cash flow from operating activities before financial items and taxes	17,935	2,294
Interests paid and payments made for other financial items and income taxes		
Interests and other financial expenses paid	-2,317	-2,557
Dividends received	-	3
Interest received	2,716	220
Income taxes paid	-	-1
Cash flow from operating activities before extraordinary items	18,334	-41
Cash flow from operating activities	18,334	-41

EUR thousand	2021	2020
Cash flow from investing activities		
Investments in tangible and intangible assets	-254	-756
Proceeds from disposal of tangible and intangible assets	-0	349
Cash flow from investing activities	-254	-407
Cash flow from financing activities		
Drawn-down of non-current loans	-	7,500
Repayments of non current loans	-7,500	-
Change in current intra-group receivables	994	-
Change in current intra-group loans	-	6,299
Drawn-down of current loans	-4,121	-1,121
Repayments of current loans	-1,686	-
Cash flow from financing activities	-12,313	12,677
Change in cash and cash equivalents	5,767	12,229
Cash and cash equivalents at the beginning of the period	15,127	2,898
Cash and cash equivalents at the end of the period	20,895	15,127
Change in cash and cash equivalents	5,767	12,229

Summary of Significant Accounting Policies

Glaston Corporation is a public limited liability company organized under the laws of the Republic of Finland. Glaston's shares are publicly traded in the Nasdaq Helsinki Ltd. Small Cap in Helsinki, Finland. Glaston Corporation is domiciled in Helsinki, Finland and its registered office is Lönnrotinkatu 11, 00120 Helsinki, Finland. Glaston Corporation is the parent of Glaston Group.

The financial statements of Glaston Corporation are prepared in accordance with Finnish Accounting Standards (FAS). The consolidated financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standards (IFRS), and Glaston Corporation applies in its separate financial statements the same accounting principles as Glaston Group to the extent it is possible within the framework of Finnish accounting practice. The accounting principles of Glaston Group are presented in the Notes to the Consolidated Financial Statements (Note 1).

The main differences in the accounting principles between Glaston Corporation's separate financial statements and Glaston Group's consolidated financial statement are presented in the following texts.

Fixed assets

Contrary to IAS38, intangible assets in the parent company's financial statements also include investments acquired as cloud services that meet the definition of an intangible asset.

Share - based incentive plans

At the end of the incentive period, the share-based incentive plans paid in cash have been recognized in the parent company's financial statements as personnel expenses and accrued liabilities.

Financial Assets and Liabilities and Derivative Instruments

Financial assets and liabilities with the exception of derivative instruments are recorded at cost or at cost less

impairment losses. Fair value changes of derivatives are recognized in financial items. Valuation methods of derivatives are presented in the accounting policies of Glaston Group.

Finance Leasing

Lease payments are recognized as lease expenses. Leasing obligations are presented as contingent liabilities.

Appropriations

The parent's appropriations consist of group contributions received from and given to subsidiaries.

Untaxed Reserves

Untaxed reserves consist of a depreciation difference. This difference between scheduled depreciation and amortization and the depreciation and amortization deducted in arriving to taxable profit is presented as a separate item in the income statement and in the balance sheet.

Net Sales

EUR thousand	2021	2020
Net sales by business		
Manufacturing industry	4,098	2,812
Net sales by country by destination		
Finland	465	383
Other EMEA	2,971	2,075
Americas	634	340
Asia	28	14
Total	4,098	2,812

EMEA = Europe, the Middle East and Africa

Americas = North, Central and South America

Asia = China and the rest of the Asia-Pacific area

Other Operating Income

EUR thousand	2021	2020
Charges from group companies	5,083	4,749
Proceeds from sale of business operations	-	63
Proceeds from sale of fixed assets	-	10
Other operating income, total	5,083	4,822

Personnel Expenses

EUR thousand	2021	2020
Salaries and fees	-2,367	-1,740
Pension expenses	-377	-323
Other personnel expenses	-58	-39
Total	-2,801	-2,101
Salaries and remuneration paid to members of the Board of Directors and Managing Director	1,064	854
Employees during financial year, average		
White collar	13	10
Total	13	10

Depreciation, Amortization and Impairment Losses

EUR thousand	2021	2020
Depreciation and amortization according to plan		
Intangible assets		
Intangible rights	-314	-327
Other capitalized expenditure	-138	-62
Tangible assets		
Machinery and equipment	-8	-53
Total depreciation and amortization according to plan	-460	-443
Total depreciation and amortization according to plan and impairment losses	-460	-443

Other Operating Expenses

EUR thousand	2021	2020
Rents	-198	-211
Information and communications technology expenses	-5,107	-5,002
Travel expenses	-37	-47
Intra-group credit loss	-2,839	-35
Other expenses	-2,363	-1,822
Other operating expenses, total	-10,543	-7,118
Fees paid to auditors		
Fees paid to principal auditors for audit	-57	-55
Fees paid to principal auditors for other services	-4	-33
Total	-61	-88

Net Financial Items

EUR thousand	2021	2020
Dividend income		
From external parties	-	3
Dividend income, total	-	3
Interest and other financial income		
From group companies	1,432	1,511
From external parties	91	29
Interest and other financial income	1,522	1,540
Interest and other financial income, total	1,522	1,543
Interest and other financial expenses		
To group companies	-415	-535
Impairment losses of of intra-group receivables	-	-
To external parties	-1,823	-2,133
Interest and other financial expenses, total	-2,239	-2,668
Net financial items, total	-716	-1,126
Other financial income and expenses include foreign exchange gains and losses (net)	73	-13

Appropriations

EUR thousand	2021	2020
Difference between depreciation and amortization according to plan and depreciation and amortization in taxation	-2	2
Total	-2	2

Income Taxes

EUR thousand	2021	2020
Income taxes for operations	-	-1
Change in deferred tax assets	300	-
Total	300	-1

Fixed Assets

Intangible assets EUR thousand	Intangible rights	Other capitalized expenditure	Advance payments and investments in progress	Total
Acquisition cost 1 January, 2021	5,404	1,284	118	6,806
Additions	-	-	225	225
Disposals	-	-	-22	-22
Reclassifications	255	-	-255	-
Acquisition cost 31 December, 2021	5,659	1,284	66	7,010
Accumulated amortizations and impairment losses 1 January, 2021	-4,614	-666	-	-5,280
Amortization of the period	-314	-138	-	-452
Accumulated amortizations and impairment losses 31 December, 2021	-4,928	-805	-	-5,732
Carrying amount at 31 December, 2021	732	480	66	1,277
Carrying amount at 31 December, 2020	790	618	118	1,526

Tangible assets EUR thousand	Intangible rights	Other capitalized expenditure	Advance payments and investments in progress	Total
Acquisition cost 1 January, 2021	305	129	-0	434
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers between items	-	-	-	-
Adjustment to acquisition cost	-	-	-	-
Acquisition cost 31 December, 2021	305	129	-0	434
Accumulated depreciations and impairment losses 1 January, 2021	-285	-119	-	-404
Accumulated depreciations of disposals and transfers	-	-	-	-
Depreciation for the period	-8	-	-	-8
Adjustment to cumulative depreciations	-	-	-	-
Accumulated depreciations and impairment losses 31 December, 2021	-293	-119	-	-412
Carrying amount 31 December, 2021	12	10	-0	22
Carrying amount at 31 December, 2020	20	10	-	30

Investments

EUR thousand	Shares Group companies	Shares Others	Subordinated loan receivable Group companies	Total
Carrying amount at 1 January, 2021	17,204	8	36,846	54,058
Decrease	-	-	-	-
Carrying amount at 31 December, 2021	17,204	8	36,846	54,058

Shares and holdings owned by the Parent

Subsidiary shares

EUR thousand	Ownership %	Number of shares	Carrying amount
Uniglass Engineering Oy, Tampere, Finland	100%	20,000	2,351
Glaston Services Ltd. Oy, Tampere, Finland	100%	1,800,000	14,853
Total			17,204

Other

Other shares and holdings			8
Total			8

Receivables

EUR thousand	2021	2020
Non-current receivables		
Receivables from external parties		
Deferred tax assets	300	-
Total	300	-
Receivables from group companies		
Loan receivables	77,700	77,700
Total	77,700	77,700
Non-current receivables, total	78,000	77,700
Current receivables		
Receivables from external parties		
Trade receivables	2	-
Other receivables	33	33
Prepaid expenses and accrued income	314	605
Total	349	638
Receivables from group companies		
Trade receivables	2,660	5,211
Loan receivables	7,920	8,915
Accrued interest receivables	1,341	2,347
Prepaid expenses and accrued income	151	79
Total	12,073	16,551
Current receivables, total	12,421	17,189
Relevant items of prepaid expenses and accrued income		
Financial items	279	557
Other	186	126
Prepaid expenses and accrued income, total	465	683

Equity

EUR thousand	2021	2020
Share capital 1 January	12,696	12,696
Share capital 31 December	12,696	12,696
Reserve for invested unrestricted equity 1 January	114,270	114,270
Capital repayment	-1,686	-
Reserve for invested unrestricted equity 31 December	112,584	114,270
Retained earnings 1 January	-42,123	-38,972
Retained earnings 31 December	-42,123	-38,972
Profit / loss for the financial year	-5,042	-3,152
Equity at 31 December	78,115	84,843
Distributable funds at 31 December		
Reserve for invested unrestricted equity	112,584	114,270
Retained earnings	-42,123	-38,972
Profit / loss for the financial year	-5,042	-3,152
Distributable funds	65,419	72,147

Accumulated Appropriations

EUR thousand	2021	2020
Accumulated depreciation difference 1 January	97	100
Increase (+) / decrease (-)	2	-2
Accumulated depreciation difference 31 December	100	97

Non-current Liabilities

EUR thousand	2021	2020
Liabilities to external parties		
Loans from financial institutions	31,000	42,500
Other liabilities	6	7
Liabilities to external parties, total	31,006	42,507
Non-current liabilities, total	31,006	42,507

Current Liabilities

EUR thousand	2021	2020
Liabilities to external parties		
Loans from financial institutions	4,000	4,121
Trade payables	420	454
Other liabilities	94	44
Accrued expenses and deferred income	1,395	933
Liabilities to external parties, total	5,909	5,553
Liabilities to group companies		
Other interest-bearing liabilities	51,497	32,596
Trade payables	46	35
Liabilities to group companies, total	51,544	32,631
Current liabilities, total	57,453	38,183
Accrued expenses and deferred income		
Salary and other personnel expense accruals	953	299
Interests	222	391
Other	220	244
Accrued expenses and deferred income, total	1,395	933

The Group's funding and covenant terms are described in the Consolidated Financial statement, Note 3.

Contingent Liabilities

EUR thousand	2021	2020
Leasing liabilities		
Maturity within one year	56	30
Maturity later than one year	90	8
Total	145	38
The leasing agreements have normal terms.		
Other rental liabilities		
Maturity within one year	49	97
Maturity later than one year	0	40
Total	49	137
Pledges		
On behalf of group companies	7,734	6,338
Loans secured with pledged assets and mortgages		
Loans from financial institutions	35,000	46,500
Liens on chattel		
On own behalf	97,500	97,500
Carrying amount of pledged securities	17,204	17,204

Mortgages, liens on chattel and pledged assets are given on own and other group companies behalf.

Liens on chattel are given jointly with Glaston Services Ltd. Oy, Glaston Finland Oy, Glaston Emerging Technologies Oy and Uniglass Engineering Oy.

Signatures for the Board of Directors' Review and Financial Statements

Helsinki, 14 February 2022

Veli-Matti Reinikkala
Chairman of the Board

Sebastian Bondestam
Deputy Chairman of the Board

Sarlotta Narjus Arja Talma

Michael Willome

Antti Kaunonen Tero Telaranta

Anders Dahlblom
CEO

The Auditor's note

Our auditor's report has been issued today.

Tampere, 14 February 2022

KPMG Oy Ab
Authorised public accountants

Lotta Nurminen
Authorized Public Accountant, KHT

Auditor's Report

To the Annual General Meeting of
Glaston Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Glaston Corporation (business identity code 1651585-0) for the year ended 31 December, 2021. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's income statement, balance sheet, statement of cash flows and notes.

In our opinion

- performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and

financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee and Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in

compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 8 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of

the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter

How the matter was addressed in the audit

Revenue recognition (Note 1 Summary of Significant Accounting Policies, Note 2 Critical Accounting Estimates and Judgments and Note 6 Revenue from contracts with customers)

The consolidated revenue comprise different revenue flows based on different contract types, such as sale of machines, spare parts and services.

Revenue from the sale of goods is recognized at a point in time or over time when the buyer receives the goods or gains control. Revenue from services rendered and repair work is recognized when the service has been rendered or the work has been completed.

The most significant risks relate to revenue from tailor-made glass processing machine deliveries for which the revenue is recognized over time applying percentage of completion method. These involve management judgment related to measuring the progress towards complete satisfaction of the performance obligation and total estimated costs. Net sales for the reporting period includes EUR 109.2 million revenue recognized over time representing 60 percent of total net sales.

Selection of revenue recognition methods and revenue recognition involve management judgement and thus revenue recognition is considered a key audit matter.

Our audit procedures included evaluation of the revenue recognition principles applied by the Group and assessment of their appropriateness by reference to IFRS standards.

We have obtained an understanding of processes relating to different revenue flows and identified and assessed internal controls over revenue recognition as well as tested their effectiveness. In addition, we performed substantive testing and analytical procedures, partly based on data analytics, in order to assess the appropriateness of revenue recognition and the accounting treatment of recording revenue and the related expenses in the correct period.

We assessed the control environment in respect of the main sales software and the related user rights management.

We discussed with the management the revenue recognition practices applied and decisions involving management judgement which had an impact on revenue recognition.

Furthermore, we considered the appropriateness of the Group's disclosures in respect of revenue recognition principles and net sales.

Valuation of goodwill (Note 1 Summary of Significant Accounting Policies, note 2 Critical Accounting Estimates and Judgments, note 12 Depreciation, Amoritzation and Impairment of Assets and note 13 Intangible Assets)

Value of goodwill amounts to EUR 58.6 million, which is 30 percent of the total assets and 86 percent of the consolidated equity.

Goodwill is not amortized, instead it is tested for impairment at least on an annual basis. Impairment tests are based on future cash flow forecasts and determining the underlying key assumptions require management judgment.

Due to the high level of management judgment related to the forecasts used in goodwill impairment tests and the significant carrying amounts involved, valuation of goodwill is considered as a key audit matter.

We have assessed the key assumptions used in the calculations, such as profitability, discount rate and long-term growth rate with relation to the forecasts presented to the Board of Directors, external references and our own views.

We involved KPMG valuation specialists when assessing the technical accuracy of the calculations and comparing the assumptions used with external market and industry data.

In addition, we considered the appropriateness of the Group's disclosures in respect of goodwill impairment testing.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent com-

pany or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform

audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a

going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on May 28, 2020, and our appointment represents a total period of uninterrupted engagement of 2 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise

appears to be materially misstated.

With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Tampere, 14 February 2022
KPMG OY AB

Lotta Nurminen
Authorised Public Accountant, KHT



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Business identity code: 1651585-0

Glaston Corporation is the glass processing industry's innovative technology leader supplying equipment, services and solutions to the architectural, automotive, solar and appliance industries. The company also supports the development of new technologies integrating intelligence to glass. Glaston is committed to providing its clients with both the best know-how and the latest technologies in glass processing, with the purpose of building a better tomorrow through safer, smarter, and more energy efficient glass solutions. Glaston operates globally with manufacturing, services, and sales offices in 10 countries and its shares (GLA1V) are listed on Nasdaq Helsinki Ltd.