A man with curly hair and a beard, wearing a blue denim jacket over a green shirt and blue jeans, is captured mid-jump on a rooftop terrace. He has one arm raised in a celebratory gesture. The background shows a modern building with a curved facade and a cloudy sky.

Glaston Q4 2023: Steady improvement in profitability throughout 2023

February 15, 2024

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Q4 AND FULL-YEAR 2023 IN BRIEF



Q4 2023 in brief

- The Architectural glass markets continued to slow down
- In the Mobility, Display & Solar markets, activity in the Mobility markets picked up while the display market saw no major changes
- Due to the good order intake development in the MDS segment, order intake was up 11%
- Net sales were at the same level as in the previous year, EUR 59.7 million
- Strong profitability development with EBITA margin at 7.6%
- The new organizational structure came into effect on October 1st


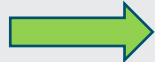


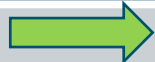
Full-year 2023 in brief

- The Architectural markets slowed down. In the Mobility, Display & Solar markets, demand for automotive glass equipment developed favorably, particularly in China
- Order intake was down 13% reflecting the slowdown in the Architectural market
- Net sales totaled EUR 219.7 million, up 3%
- The EBITA margin was 6.8%. EBITA improved clearly in the Architectural segment and declined in the Mobility, Display & Solar segment
- Strategy execution continued in line with plans
- Safety was a key focus area throughout the year
- Good progress in sustainability



Strategic targets - performance in 2023

Financial targets		2023	2022	2021
Annual average net sales clearly exceeding the addressable equipment market growth		+3%	+17%	+7%
Comparable EBITA 10%		6.8%	6.4%	6.1%
Comparable ROCE 16%		12.7%	10.5%	6.1%

Non-financial targets		2023	2022	2021
Net Promoter Score >40		62	53	-
Lost Time Accidents zero, LTIFR		6.3	3.9	3.3
Employee engagement rate >75 (out of 100)		70	70	-
CO2* emissions in relation to net sales -50%		-61%	-57% Target achieved	-13%

Market environment in Q4

EMEA

- An overall slowdown was noted in the **Architectural** market with increased uncertainty in Europe
- For **Automotive**, the market in Europe continued to be slow
- For **Services** markets, demand continued to improve for upgrades, spare parts and field services

AMERICAS

- For **Architectural**, Americas was the most active market and the commercial markets continued to be strong. In the US, the new energy regulations drove demand for Insulating Glass technologies
- For **Automotive**, the market continued to be good for special products such as recreational vehicles and heavy vehicles
- For **Services**, demand was modest

APAC

- In China, demand for **architectural glass** continued to be soft with low demand for tempering and laminating lines. However, demand for high-end Insulating Glass equipment was good
- For **Automotive**, market activity continued at a good level with investments in capacity expansion
- Elsewhere in the APAC region, the markets for new machines and Services were challenging

Strategy execution

- To accelerate strategy implementation and to better serve the customers, Glaston reorganized its structure
- The transfer of basic capabilities and knowledge sharing for the production of Automotive pre-processing equipment in Tianjin, China was completed
- The transition to local automotive sourcing in China improved gradually throughout the year
- In 2022, Glaston entered the market of tempering technologies for solar panel production in China. In Q4, 2023, the installation of the first solar lines started at the customer's premises



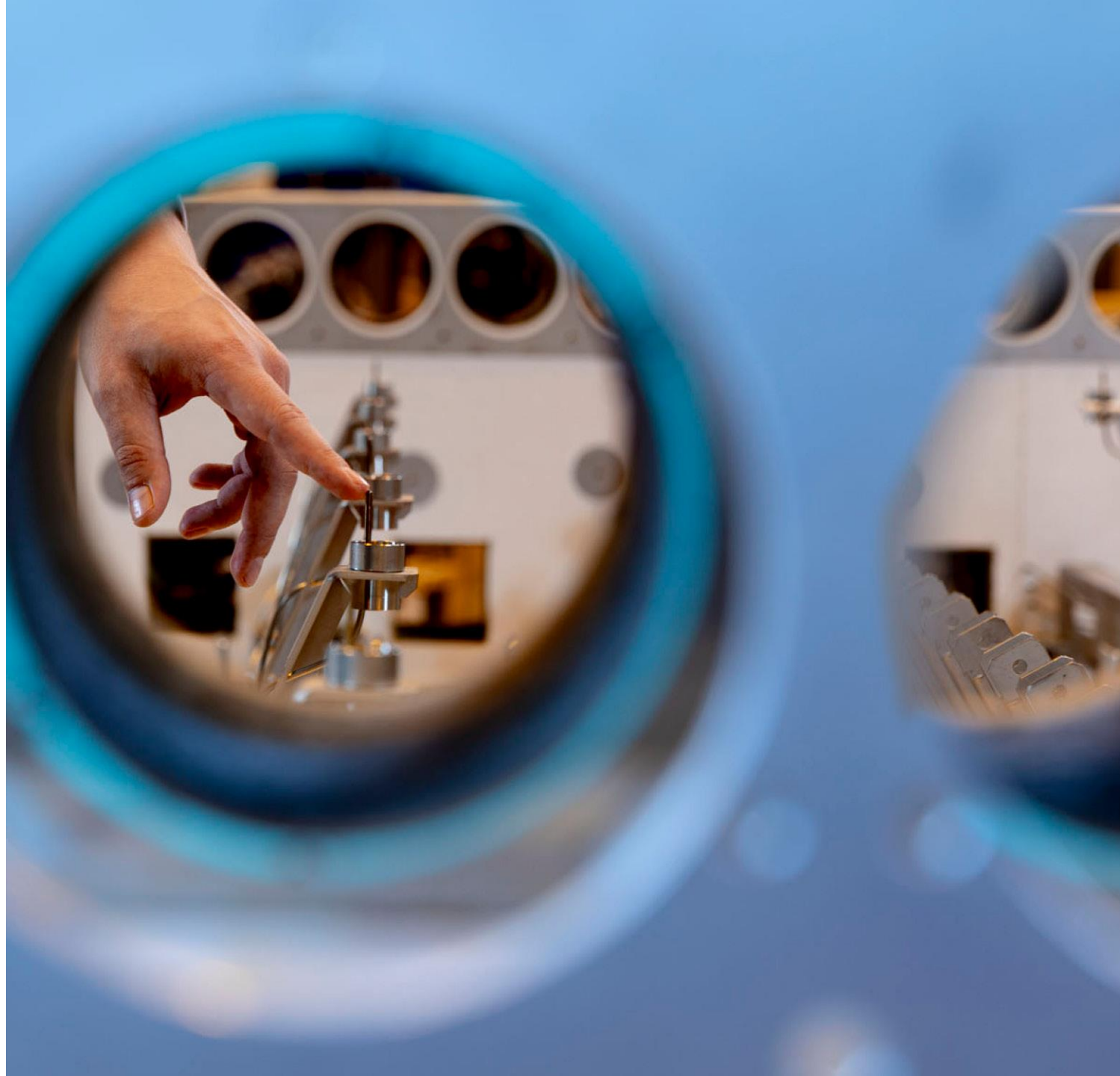
Sustainability highlights

- Glaston continued to reduce the carbon footprint of its own operations
- Glaston submitted a new emissions reduction target to the SBTi*) covering the upstream and downstream value chain
- Glaston conducted a Double Materiality Assessment as introduced as part of the EU's Corporate Sustainability Reporting Directive (CSRD)
- Glaston joined the United Nations Global Compact initiative
- The majority of main suppliers committed to Glaston's Supplier Code of Conduct



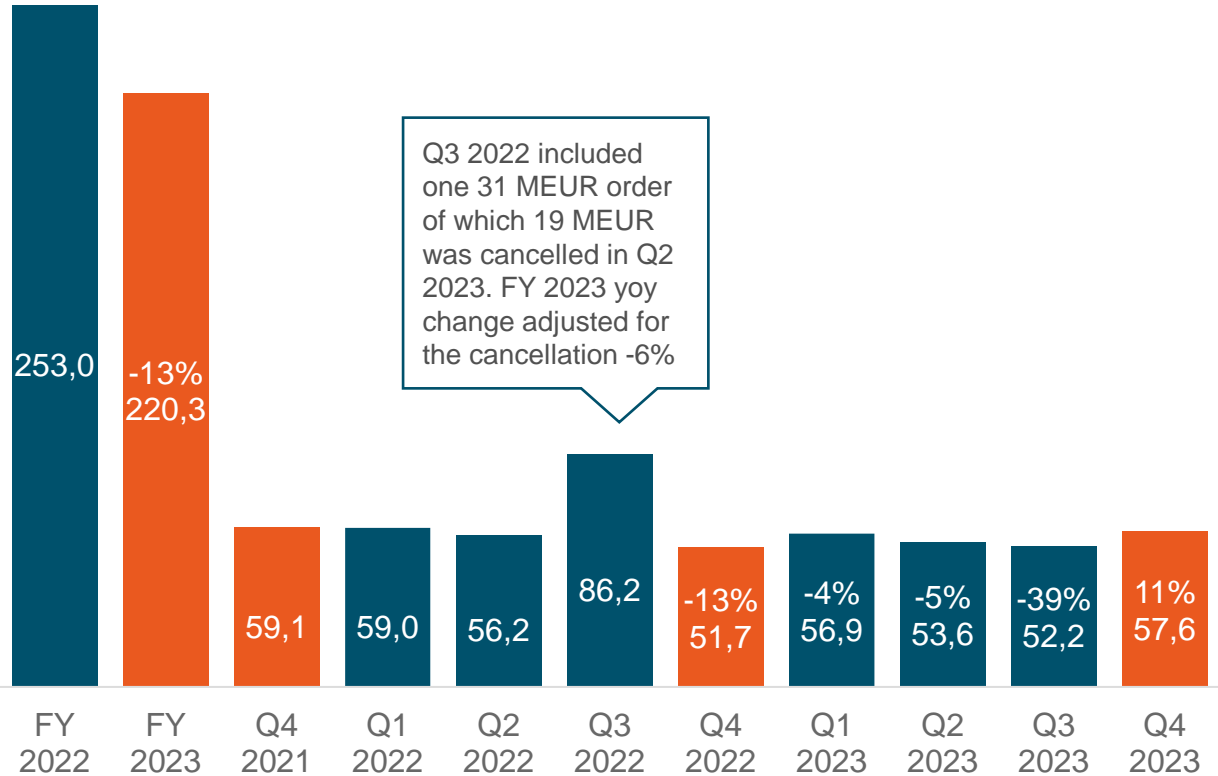
Since 2022, nearly 800 solar panels have been installed on the roof of the production unit in Switzerland

FINANCIAL DEVELOPMENT

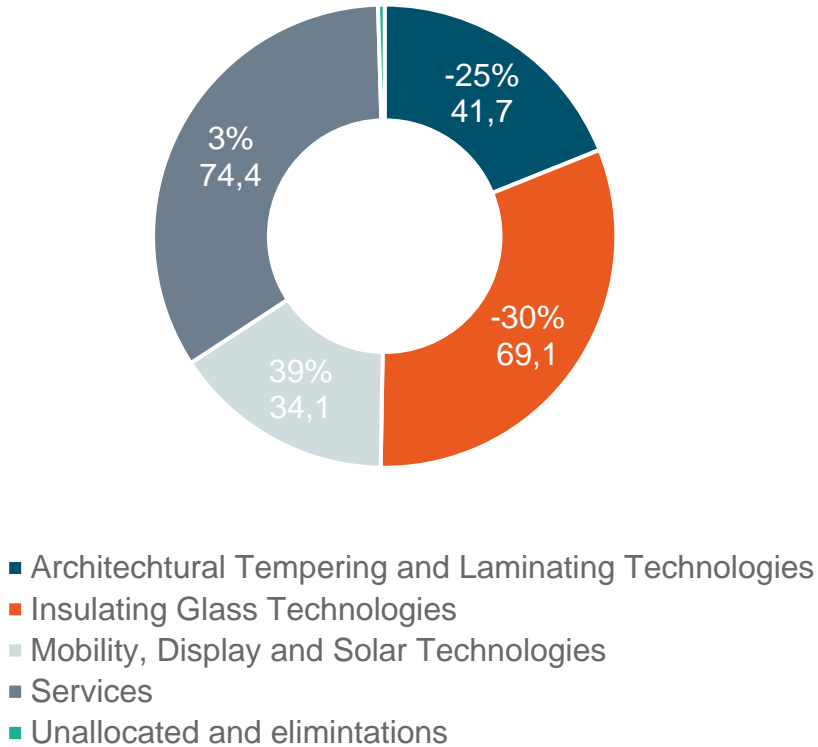


Good level of new orders in Q4, up by 11% yoy

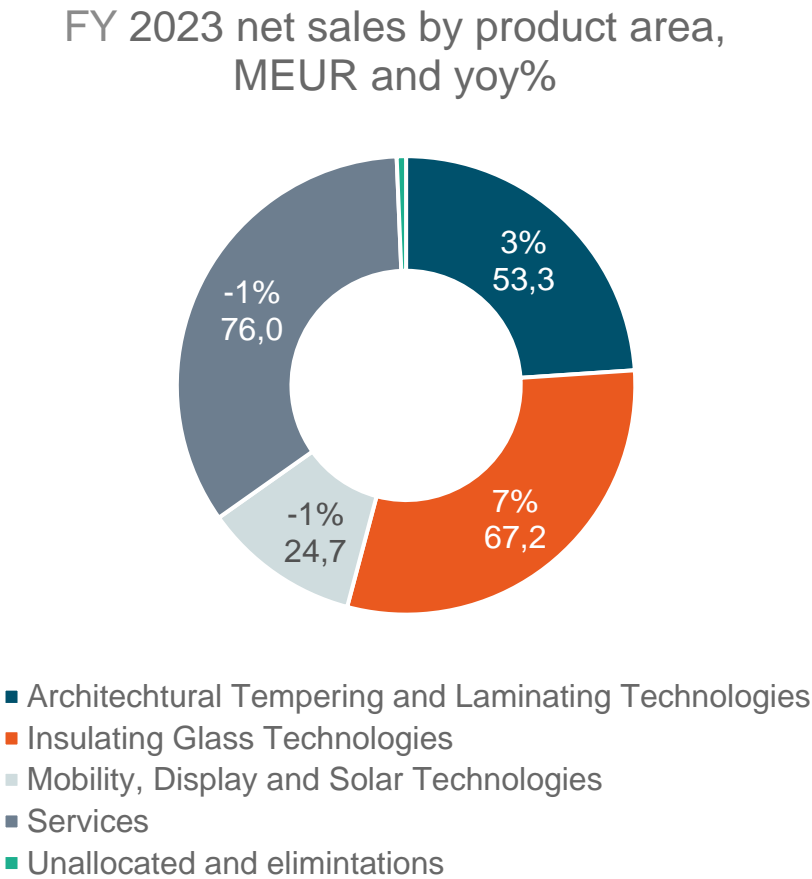
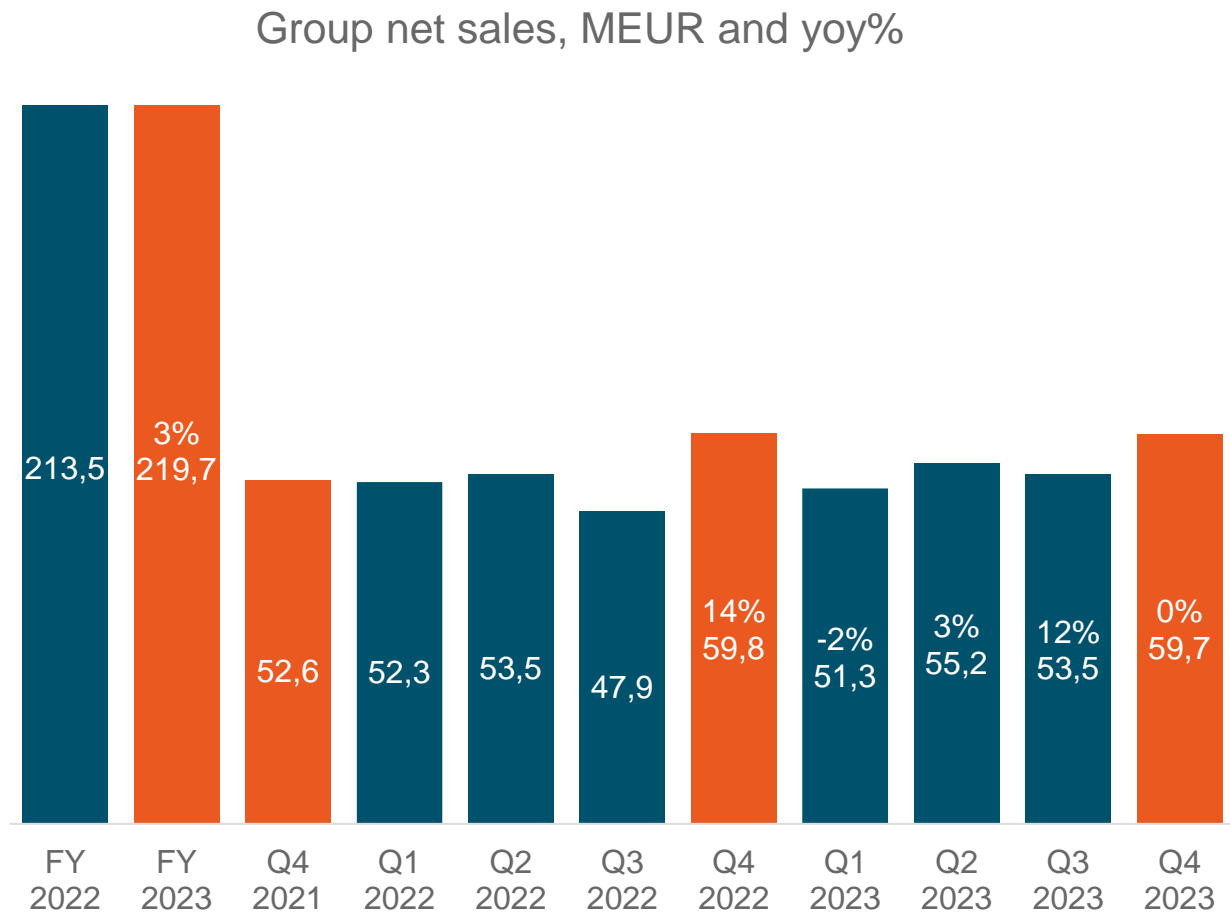
Group orders received, MEUR and yoy%



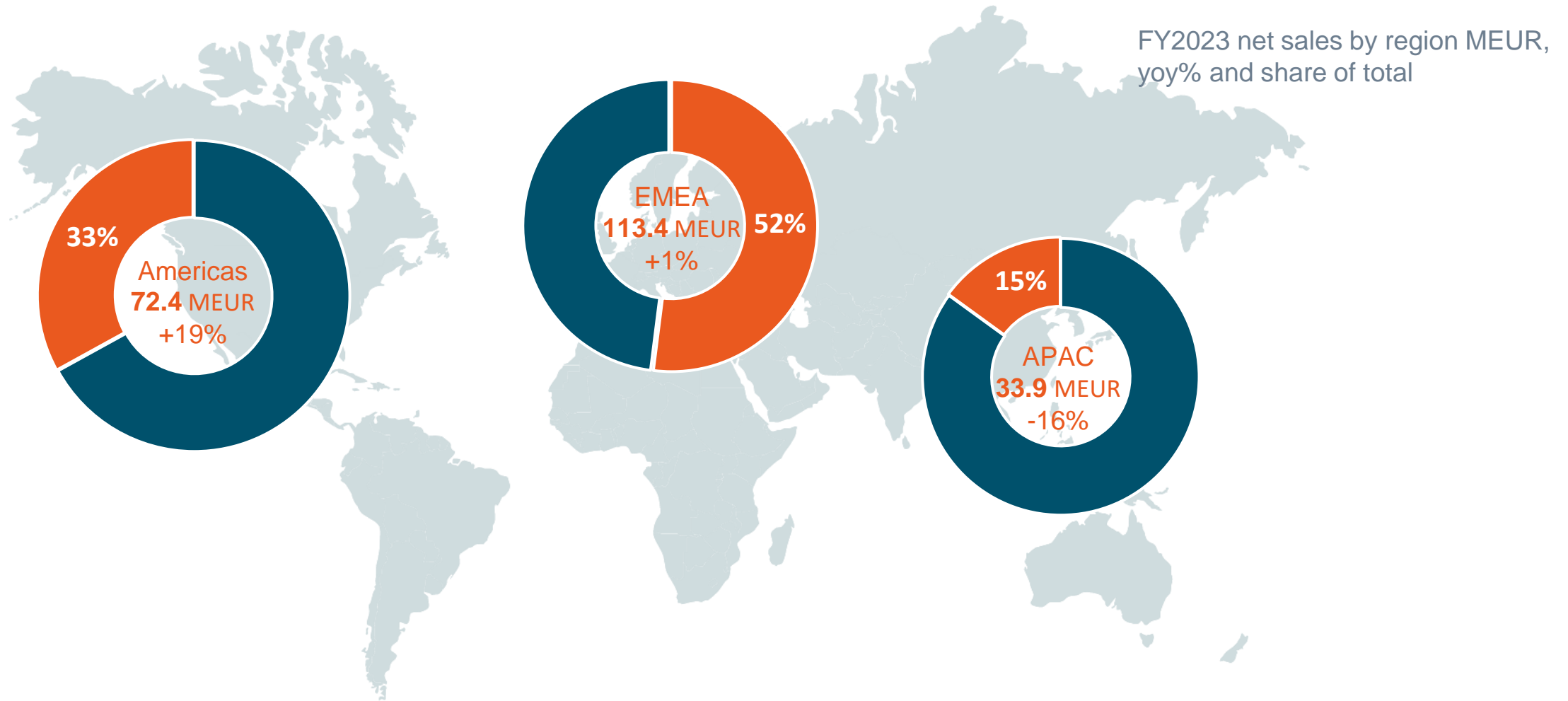
FY 2023 orders received by product area, MEUR and yoy%



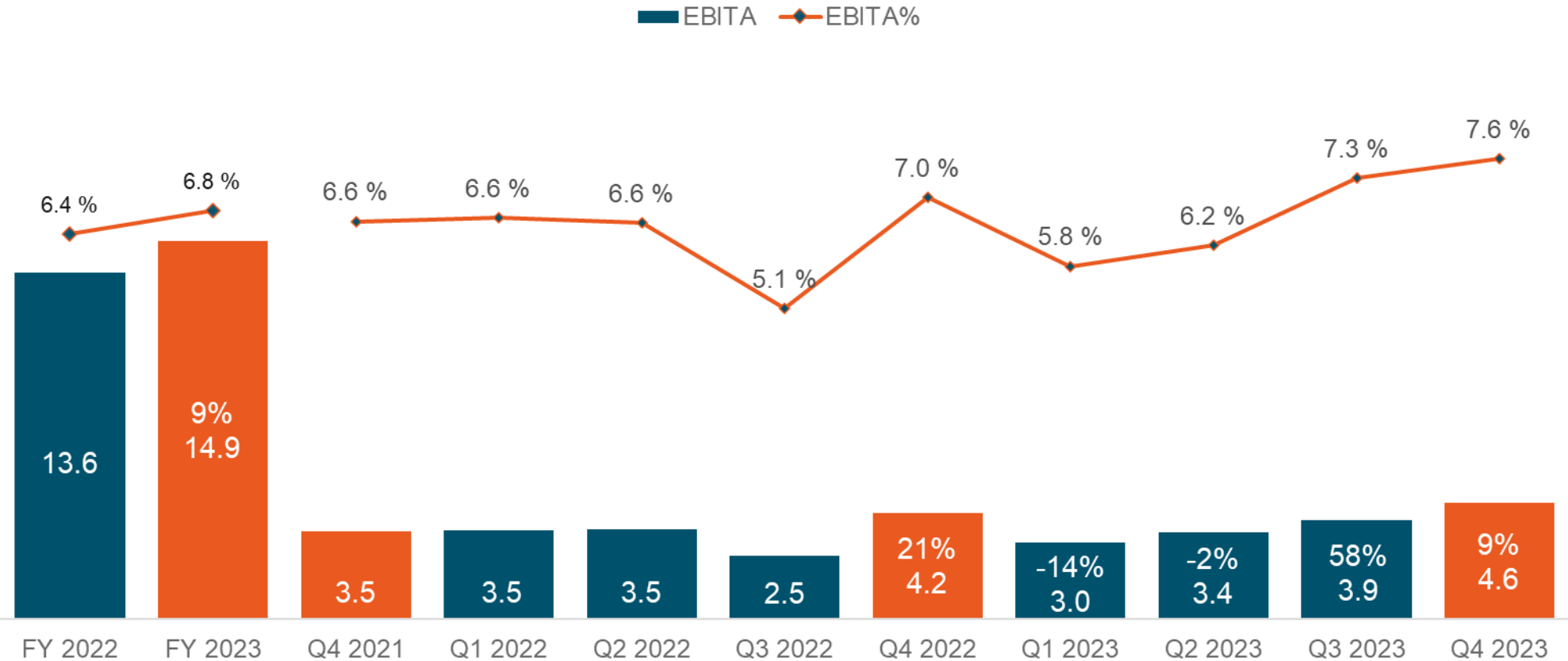
Net sales flat against high comparison figure



Americas strong growth region in 2023, APAC declined



Steady progress in profitability every quarter in 2023



REPORTING SEGMENTS



Architecture – strong profitability

- Machine orders were down by 13%
 - Tempering and Laminating Technologies heavily impacted by market uncertainty whereas positive development for Insulating Glass Technologies
- Services order intake increased by 10%, upgrades orders back at good level
- Net sales flat against a strong comparison period
- Strong EBITA margin at 9.9% mainly driven by gross margin improvement in Machines

MEUR	Q4 2023	vs Q4 2022*	FY 2023	vs FY 2022*
Order intake	38.3	-4%	165.8	-22%
Order backlog	-	-	89.6	-30%
Net sales	45.7	+0%	175.1	+3%
Comparable EBITA	4.5	+17%	15.1	+26%
Comparable EBITA%	9.9%	8.4%	8.6%	7.0%

* yoy% change and for EBITA% the comparison period margin level

2023 figures adjusted for the cancelled order

- FY order intake -14% yoy
- Order backlog -18% yoy

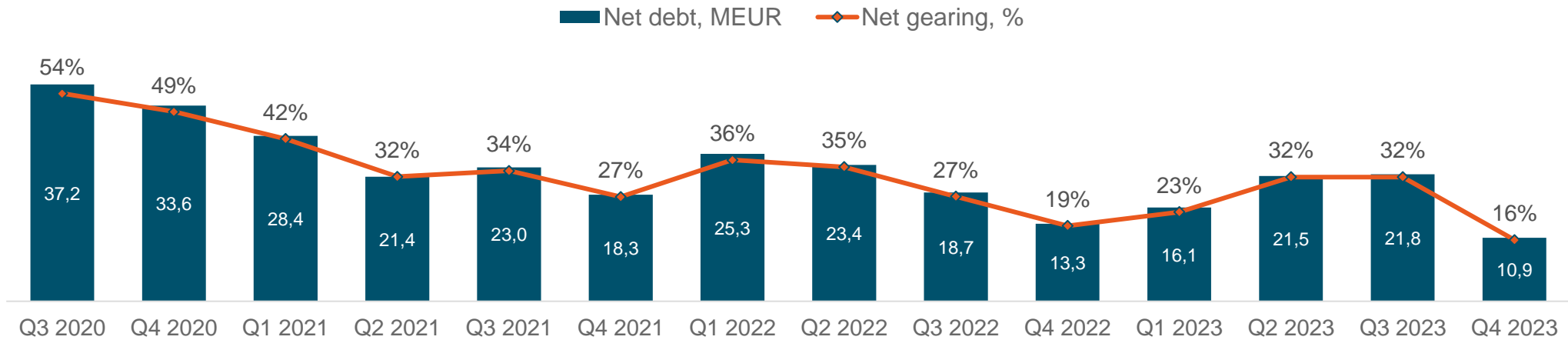
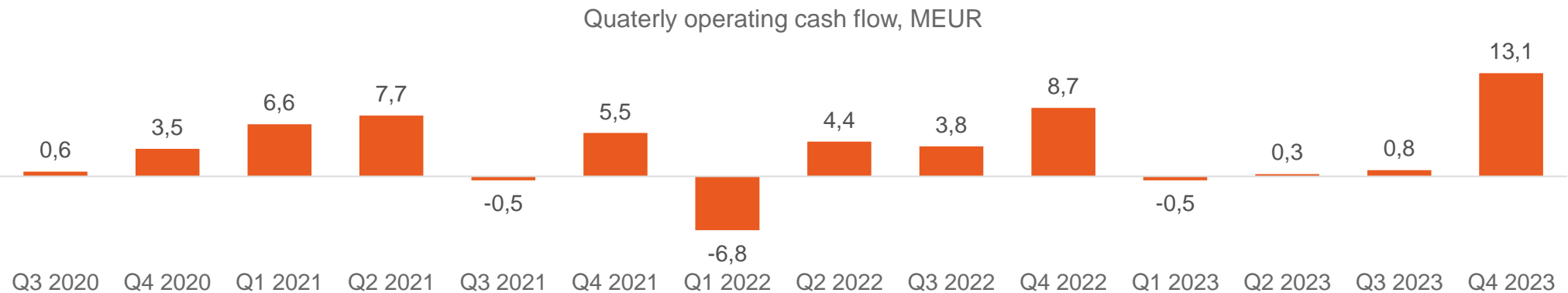
Mobility, Display & Solar – strong growth in orders, EBITA continued at break-even

- Strong order intake growth, +69%, driven by strong demand in China
- Net sales on same level as in the comparison period
 - Machines net sales stable
 - Services net sales declining due to lower spare parts sales
- Profitability was burdened by lower gross margin as services share and regional mix were weaker than Q4 2022
- China-delivered pre-processing machines margins improving but not yet at target levels

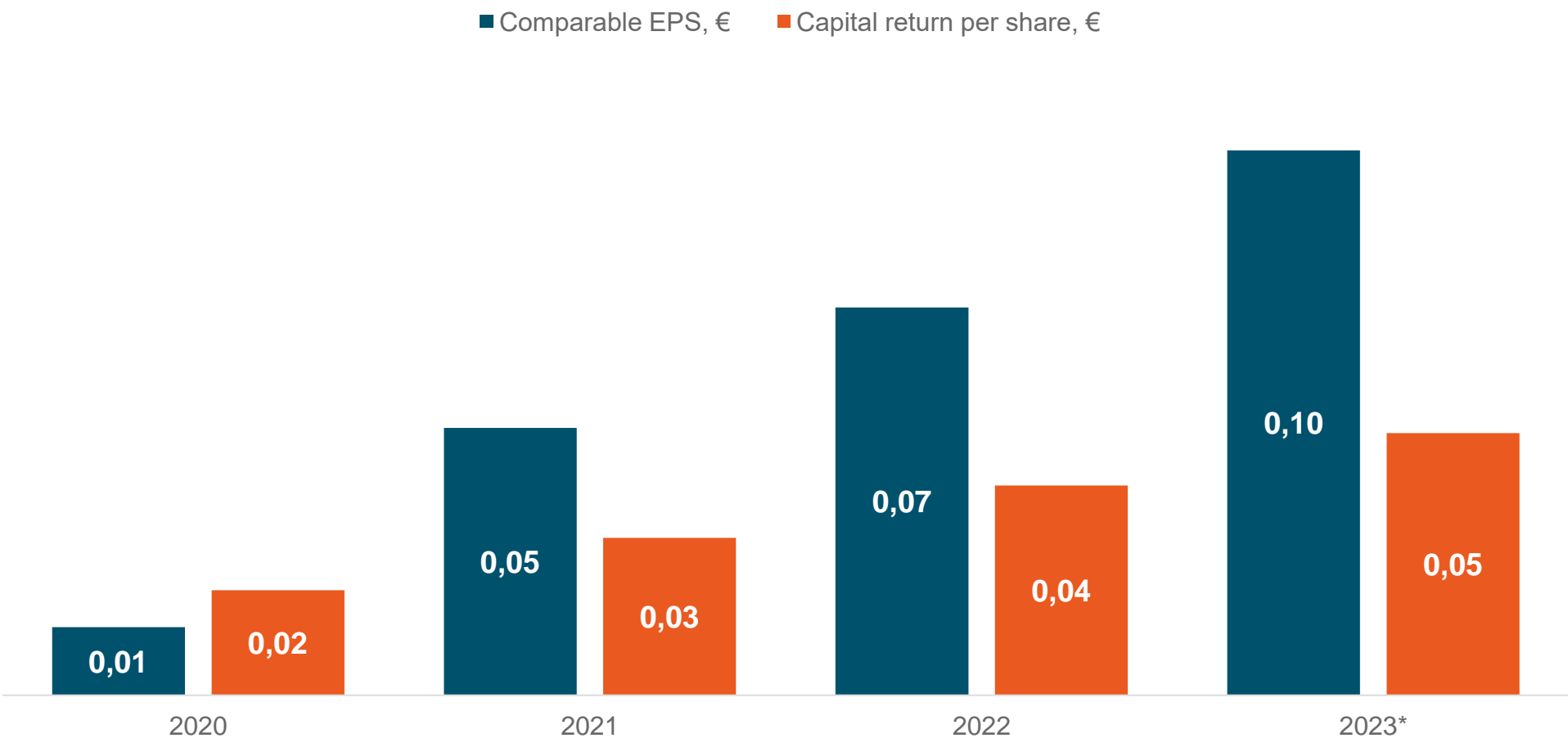
MEUR	Q4 2023	vs Q4 2022*	FY 2023	vs FY 2022*
Order intake	19.0	+69%	53.5	+31%
Order backlog	-	-	16.9	+70%
Net sales	13.7	-1%	43.6	+1%
Comparable EBITA	0.0	-116%	-0.5	-130%
Comparable EBITA%	-0.2%	1.2%	-1.1%	3.6%

* yoy% change and for EBITA% the comparison period margin level

Very strong operating cash flow as usual in Q4



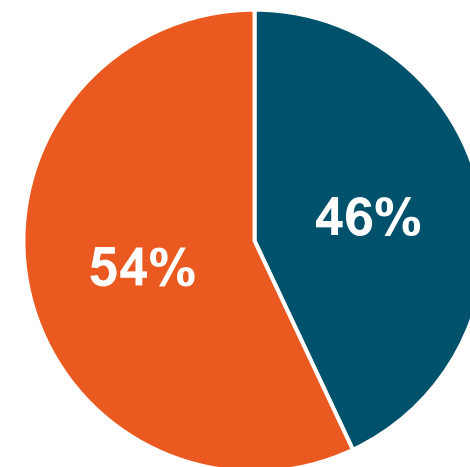
Continued progress in EPS and capital return



Glaston EU taxonomy alignment 2023

- Glaston's businesses **enabling climate change mitigation** are:
 - **Insulating glass technologies** and related services, which enable energy efficiency of buildings
 - **Glass processing technologies** and related services for **photovoltaic (PV) glass** that enable the production of renewable electricity
- **Taxonomy alignment** requires that the business fulfills strict technical screening criteria to prove that it has a role in reaching EU's environmental objectives
- More information will be available in Glaston's Annual Review 2023

In 2023, taxonomy aligned businesses
46 (43)% of total net sales
34 (28)% of Capex and 25 (28)% of Opex



■ Aligned ■ Not aligned

OUTLOOK 2024



Glaston's outlook for 2024

Glaston starts the year with a lower order backlog than the previous year. However, given the expected improving market activity during the year, Glaston Corporation estimates that its net sales and comparable EBITA will stay at the same level or increase slightly in 2024 from the levels reported for 2023.

In 2023, Group net sales totaled EUR 219.7 million and comparable EBITA was EUR 14.9 million.



REVISED STRATEGIC TARGETS



Megatrends accelerating Glaston's business



Urbanization & rise of megacities

Regulation
Circular economy
Energy efficiency



Climate change & resource scarcity

Environmental
awareness
Carbon footprint
Safety



Economical & political reality

China economy
Geopolitical
tension



Embedded technology

Automation
Robotics
New
technologies

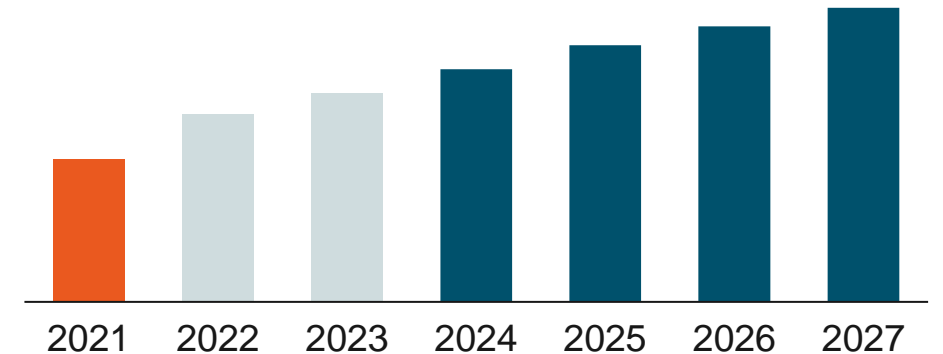
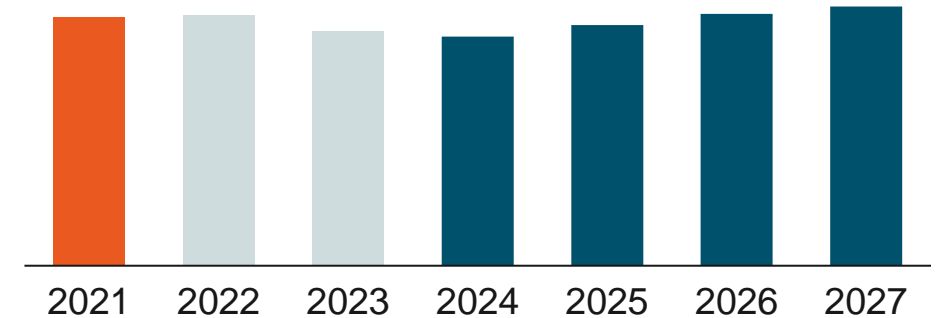


Social sustainability

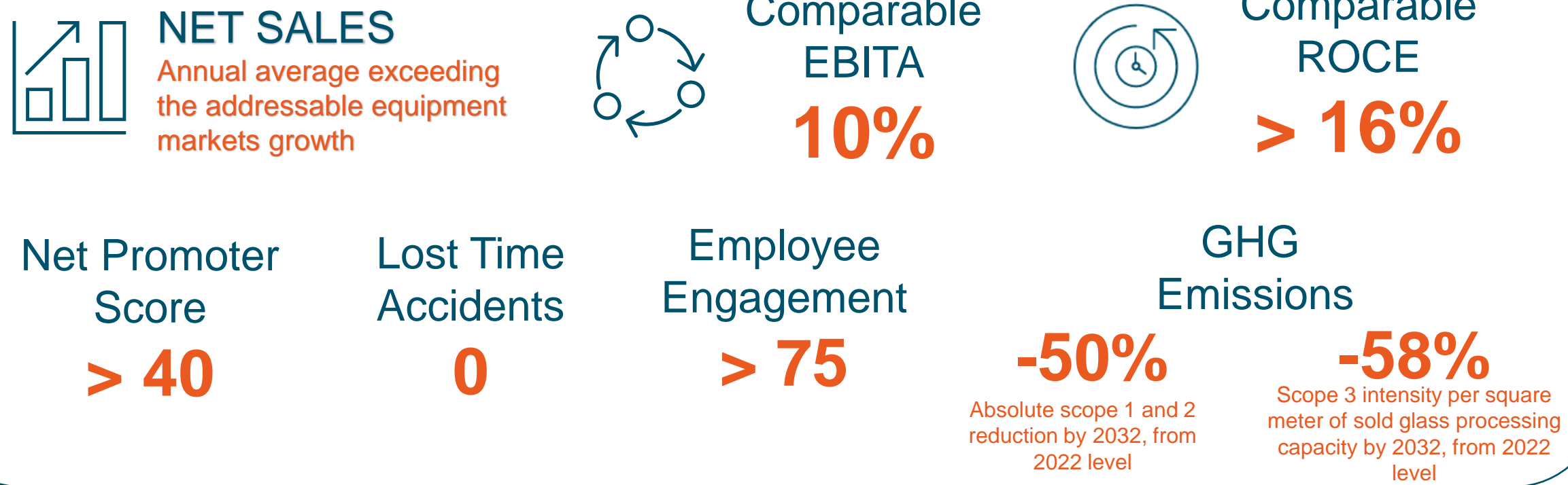
Human rights
Responsibility
Safety at work
Talent shortage

Glaston's addressable equipment market*

- The architectural glass processing equipment market is expected to gradually recover from -6 % in 2023 back to approximately 5% during 2025-2026
- The mobility, display and solar glass processing equipment market is expected to grow more than 5% each year



Glaston’s medium-term strategic targets*



Business Area-specific Must-win initiatives

Architecture	Mobility, Display & Solar
Services	

Glaston-wide Cornerstone initiatives

*) Medium-term (3-5 years), emission targets by 2032. For more details, see 15 February 2024 Stock Exchange Release

Strategy focus areas

Glaston strategic initiatives

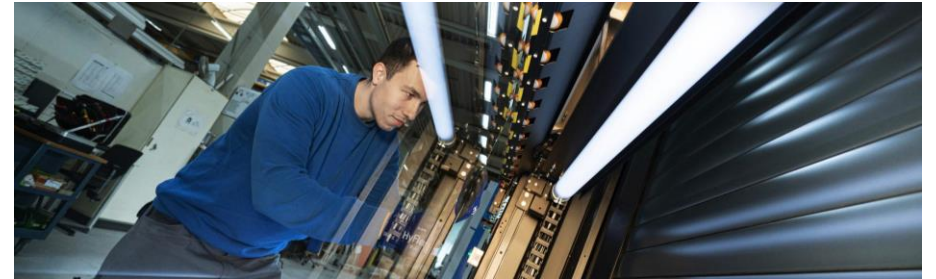
- Strengthening commercial excellence within technology leadership
- Glaston plans to continue to invest in product development at similar levels as in 2023 (4.2 % of net sales)
- Review the need to expand the production capacity of Insulating Glass lines

Lifecycle thinking

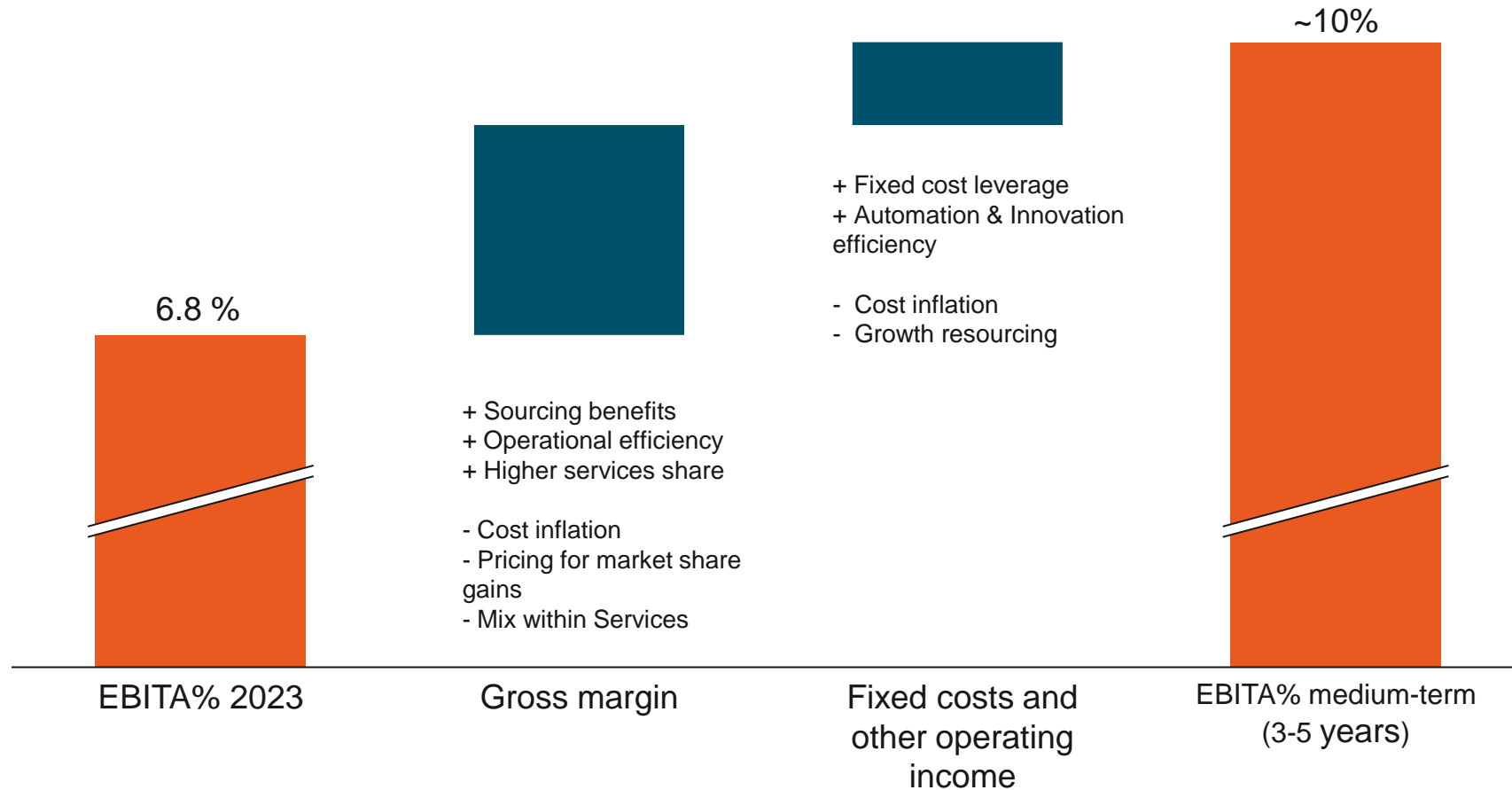
- Expanding the approach from machine lifecycle into customer lifecycle, including customer focus from offering development to serving installed base

Extended focus on profitability and operational excellence

- Focused innovation portfolio management
- Utilize Glaston's global reach in sourcing and supply chain management to improve profitability



Comparable EBITA drivers in medium-term (3-5 years)



QUESTIONS

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Financial reports in 2024

Interim report January-March 2024,
on Friday, 3 May 2024

Half year financial report 2024,
on Friday, 9 August 2024

Interim report January-September 2024,
on Wednesday, 30 October 2024



This Q4/2023 financial report provides future prospects involving risk and uncertainty factors, and other factors as a result of which the performance, operation, or achievements of Glaston may substantially deviate from the estimates. Forward-looking statements relating to future prospects are subject to risks, uncertainties and assumptions, the implementation of which depends on the future business environment and other circumstances.



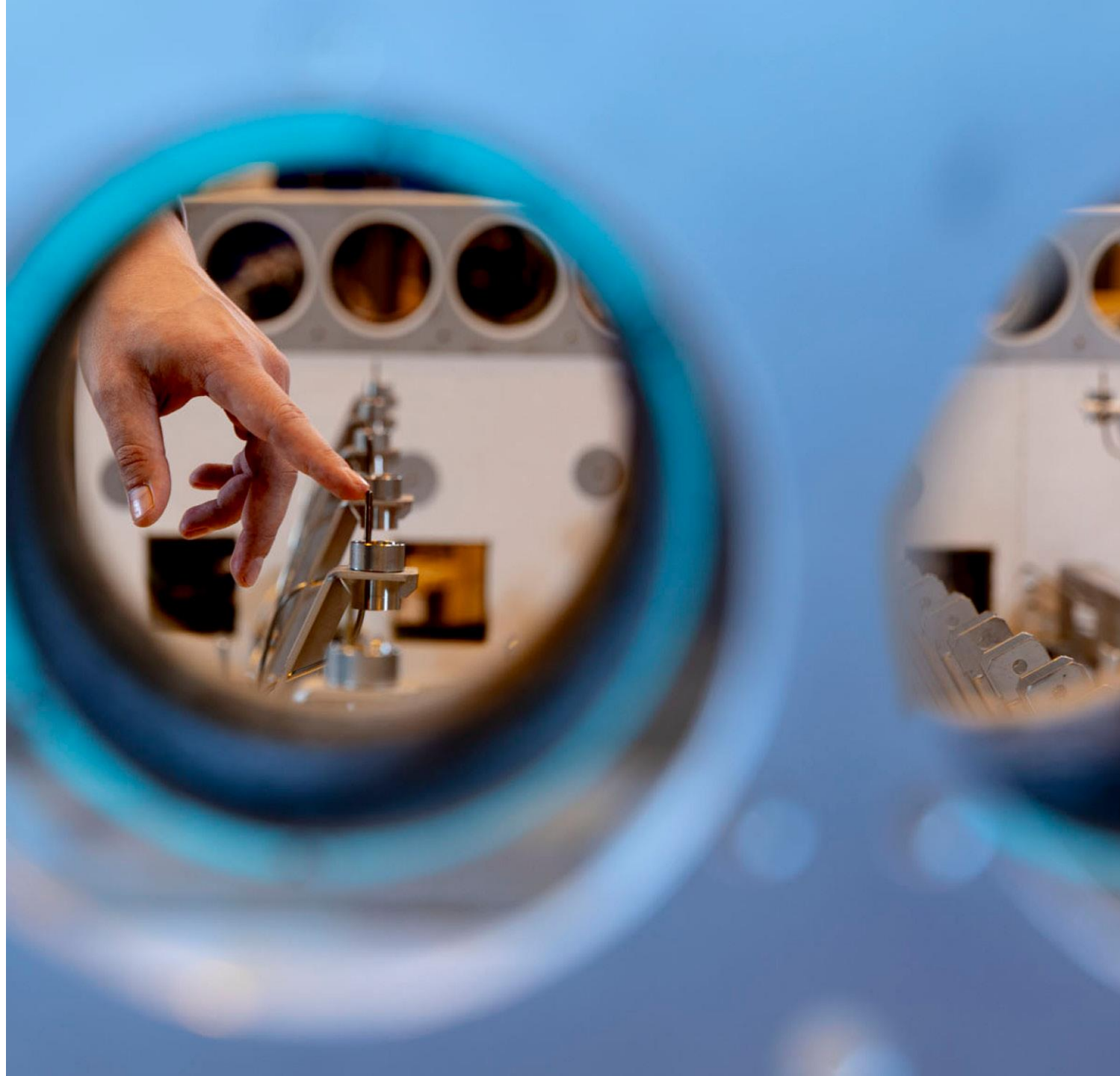
> www.glaston.net

Thank you!

IR-contact: pia.posio@glaston.net

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Appendix

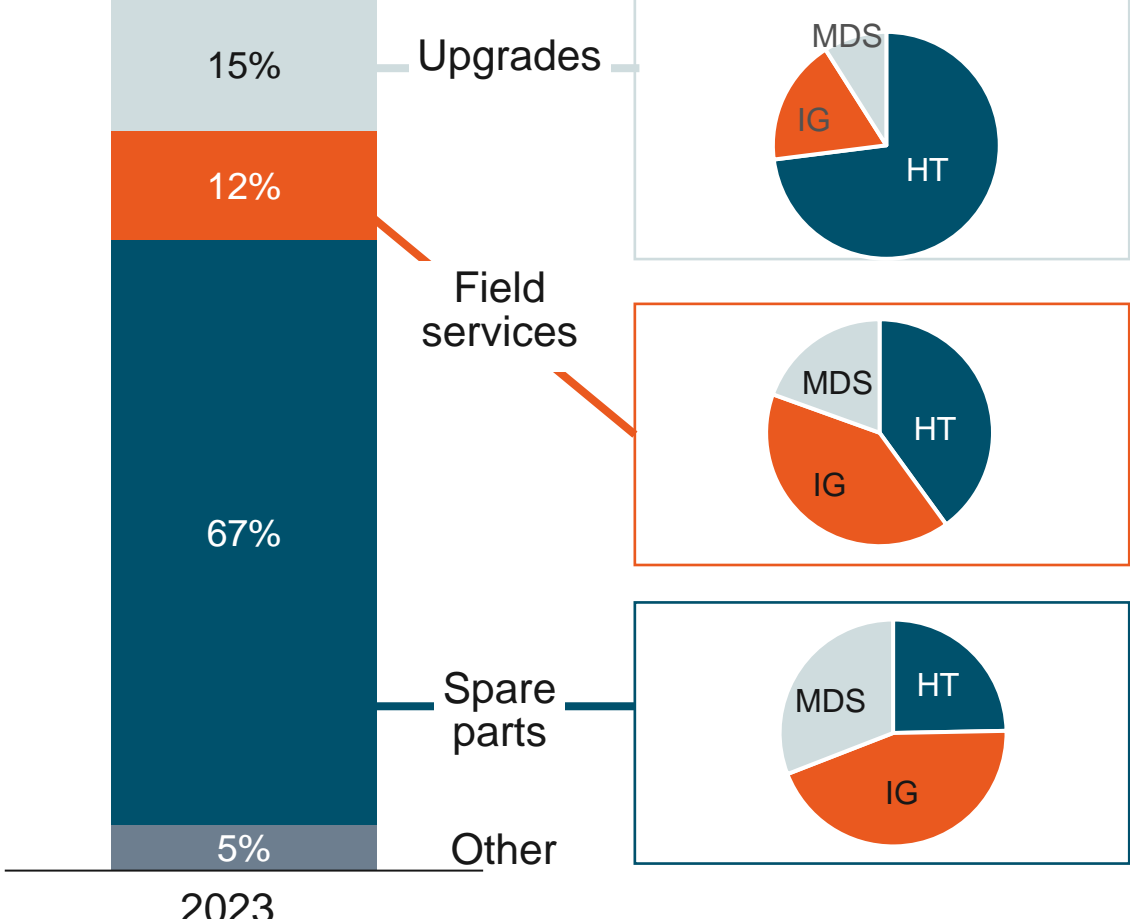
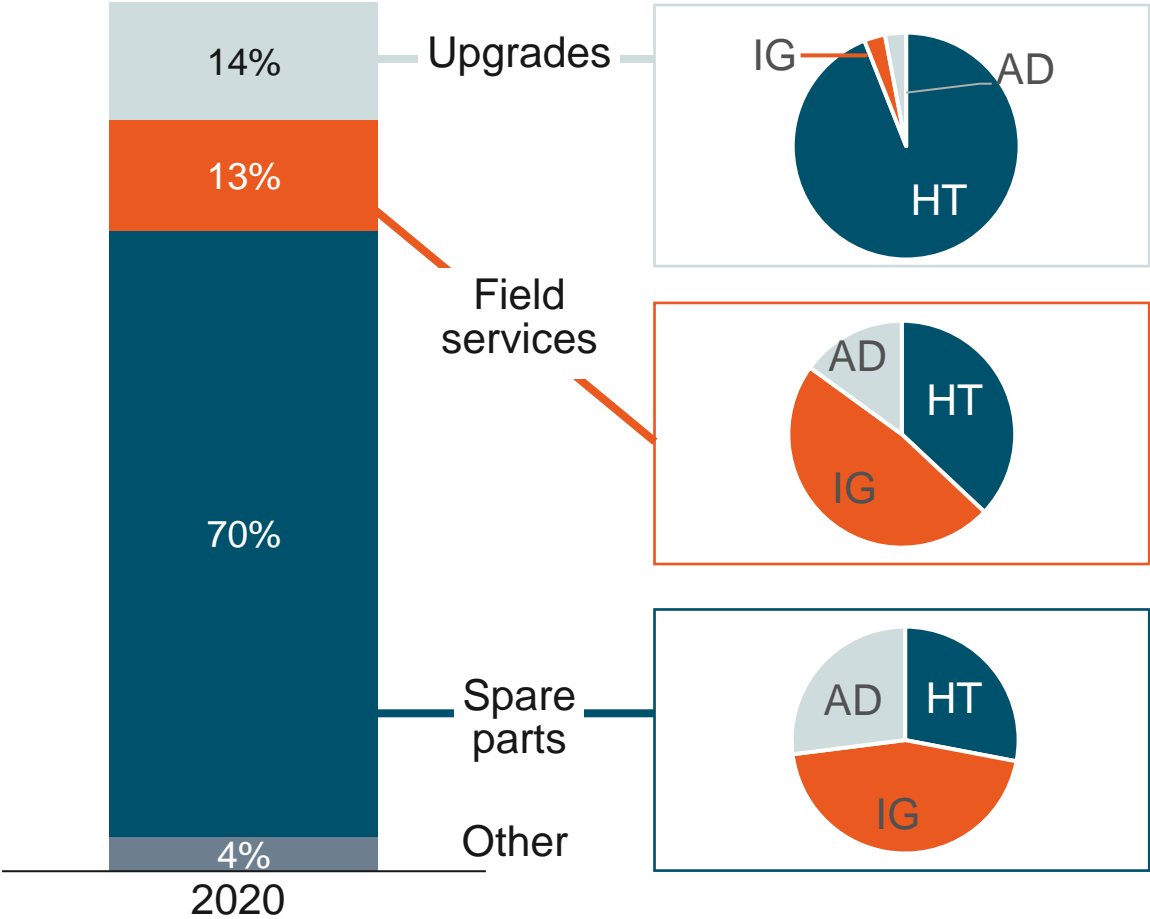


Key Figures

MEUR	10–12/2023	10–12/2022	Change%	1–12/2023	1–12/2022	Change%
Order intake	57.6	51.7	11.4%	220.3	253.0	-12.9%
Order backlog*)	106.5	138.3	-23.0%	106.5	138.3	-23.0%
Net sales	59.7	59.8	-0.2%	219.7	231.5	2.9%
Comparable EBITA	4.6	4.2	9.0%	14.9	13.6	9.1%
EBITA%	7.6%	7.0%	9.2%	6.8%	6.4%	6.1%

*) The order backlog for Insulating Glass Technologies was adjusted in 2023 for the partial cancellation of orders with one customer, totaling EUR 19.4 million

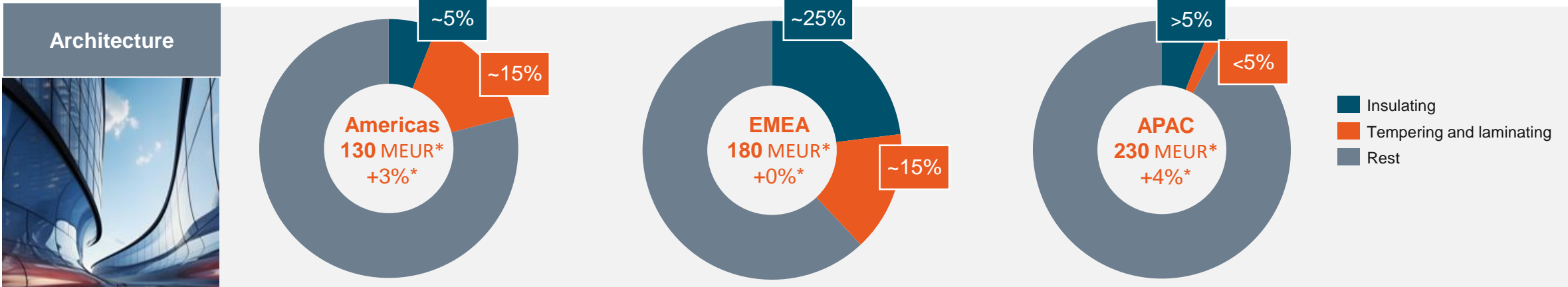
Glaston Services portfolios



Note: 2020 and 2023 not comparable: Glaston reporting segments changed on 1 October 2023 from Insulating Glass, Heat Treatment and Automotive & Display into Architecture and Mobility, Display & Solar, HT Automotive moved to MDS HT. 'Other' includes internal Services sales and 3rd party handling equipment sales. 2023 HT = Tempering and Laminating Services

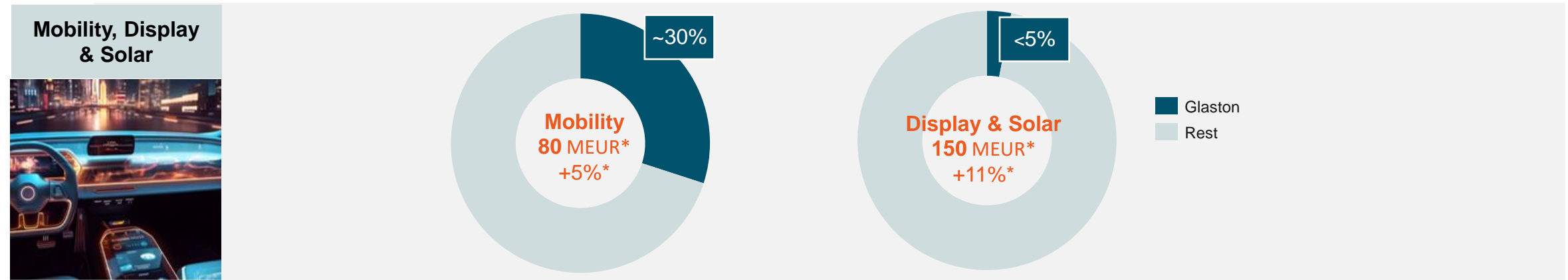
Equipment market view

Architectural Market – Regional view



Market size 2022*, Growth % 2023-2027*, Market share 2022**

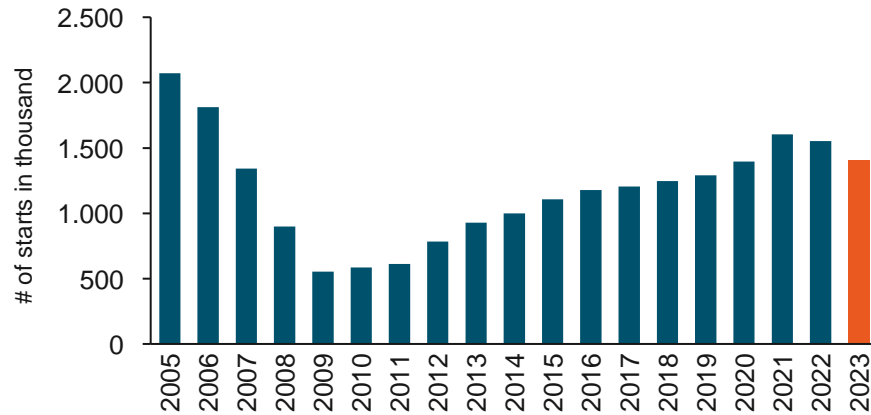
Mobility, Display & Solar Market – Global view



Market size 2022*, Growth % 2023-2027*,Market share 2022**

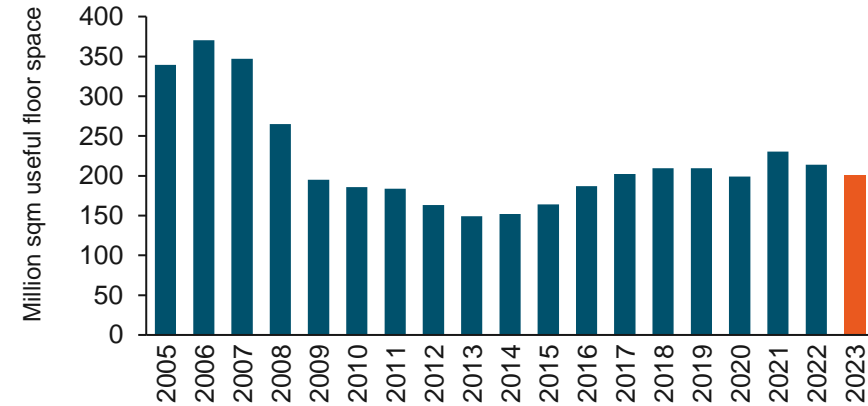
US and EU architectural end-market indicators

US housing starts



Source: FRED

EU residential building permits



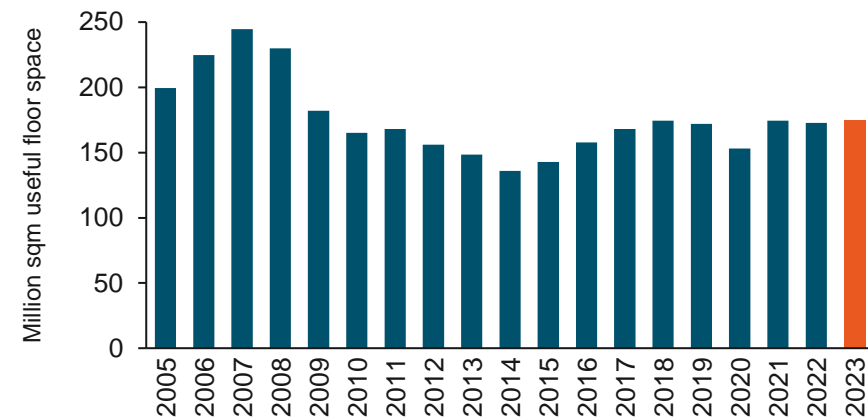
Source: Eurostat

Dodge momentum index



Source: Dodge construction network

EU non-residential building permits



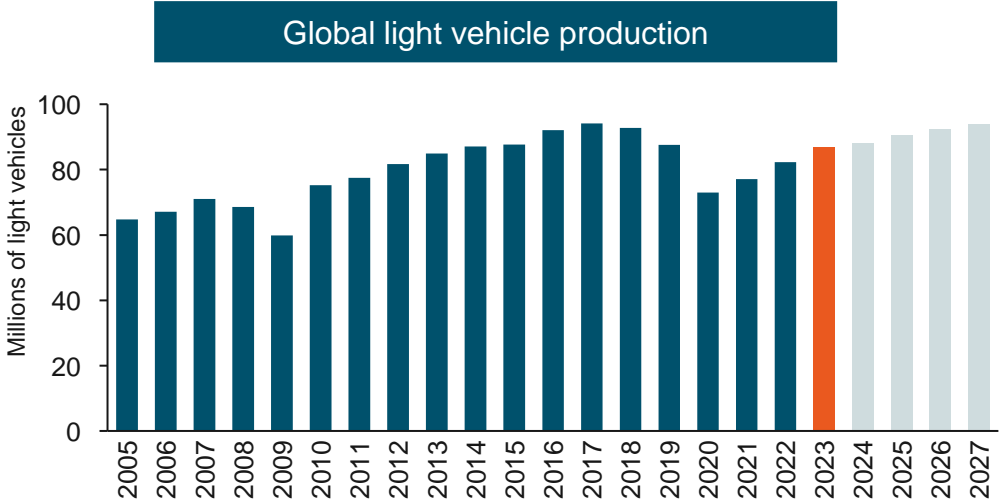
Source: Eurostat

APAC architectural end-market indicators

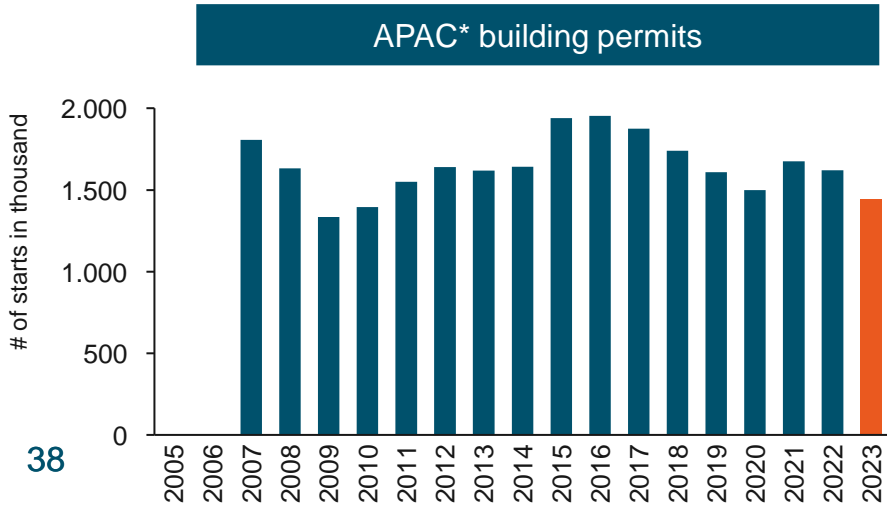


Source: China NBS

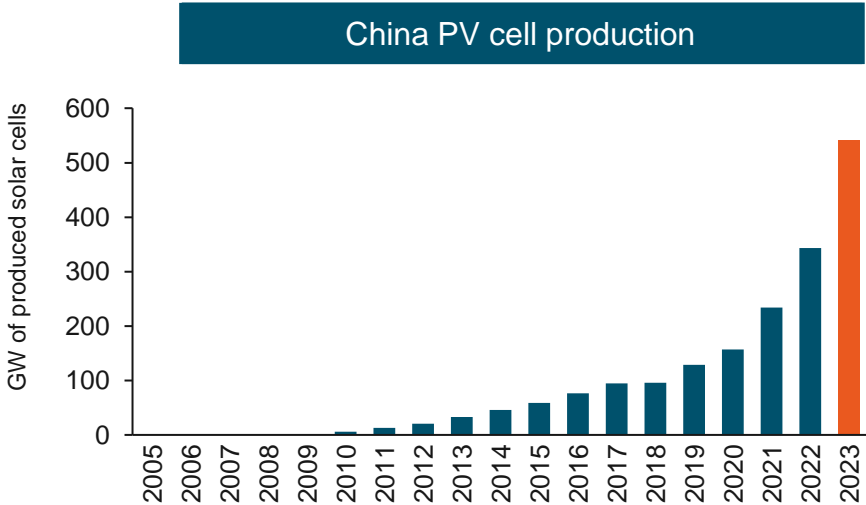
Mobility & Solar end-market indicators



Source: OICA, S&P Global July '23



Source: FRED, Kosis, 2023 estimate based on YTD performance *) Japan, Korea, New Zealand, Australia



Source: China NBS

Glaston's strategic targets

Targets medium-term (3-5 years), emission targets by 2032	2023	2022	2021
Annual average net sales exceeding the addressable equipment markets growth	+3%	+17%	+7%
Comparable EBITA 10%	6.8%	6.4%	6.1%
Comparable ROCE above 16%	12.7%	10.5%	6.1%
Net Promoter Score above 40	62	53	-
Lost Time Accidents zero, measured by LTIFR	6.3	3.9	3.3
Employee engagement rate above 75 (out of 100)	70	70	-
GHG emissions reduction targets:			
<ul style="list-style-type: none"> Reduce absolute scope 1 and 2 GHG emissions by 50% by 2032, compared to the 2022 base year 	1,238 tCO ₂ e	1,491 tCO ₂ e	2,608 tCO ₂ e
<ul style="list-style-type: none"> Reduce the scope 3 GHG emission intensity by 58% per square meter of sold processing capacity by 2032, compared to the 2022 base year 	To be disclosed in the Annual Review 2023	0.0043 tCO ₂ /m ²	