ANNUAL REVIEW 2023

glaston
seeing it through®

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President & CEO's Review

Persistent work continued for steadily improving profitability

The year 2023 was a year of steady progress for Glaston. We are relentlessly working to reach our strategic goals and especially the improvement in profitability throughout the year was a good achievement.

During the year the glass processing equipment markets developed unevenly. Despite the geopolitical tension and prevailing market uncertainty, there are some early signs that the Architectural glass processing equipment market is slowly at some point in 2024 starting to recover from the low levels in 2023, and driven by China, we expect the positive development in the Mobility market to continue.

The full-year orders received were down 13% reflecting the slowdown in the Architectural market, totaling EUR 220.3 million. On the other hand, in the final quarter of 2023, we saw good order intake development in the Mobility, Display & Solar segment and the upgrade order intake recovering.

For the full year, net sales growth was 3% and net sales totaled EUR 219.7 million. Full-year comparable EBITA margin was 6.8% and comparable EBITA increased by 6.1% compared to the previous year. Differences between segments were apparent with EBITA improving clearly in the Architectural segment yet declining in the MDS segment.

Strategy execution in line with plans in 2023

Safety continued to be a key focus area throughout the year. In 2023, our lost-time accidents increased by four to a total of ten, and our accident frequency rate LTIFR was 6.3. Fostering the safety culture continues, as we need to improve to reach our group-wide safety target of zero accidents.

Knowledgeable and engaged employees are key for Glaston to succeed. Continuous work on skills development and creating an inclusive

> We are committed to contributing and investing in sustainable business.

culture requires ongoing dialogue and open feedback. We measured again the Employee Engagement level and maintained the level of 70 out of 100.

Glaston succeeds together with our customers. Having a competitive offering is a result of customer-driven development with a focus on long product lifecycles. Customer satisfaction is validated through ongoing dialogue as well as measuring the Net Promoter Score (NPS), which was 62. The efforts to increase the number of responses from all customer segments and regions will continue.

Our strategic investments are starting to pay off. While continuing to harness the market growth potential and putting even more focus on lifecycle revenue growth, we will extend our profitability improvement actions. In the renewed organization, the Glaston team will further develop commercial excellence and leverage the increased efficiencies and global benefits of scale to accelerate strategy execution.

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	-
CO_2* emissions in relation to net sales -50%	→	-61%	-57% Target achieved	-13%

*scope 1 and 2

Megatrends supporting sustainable business

Megatrends continue to support Glaston's business in the longer term. The fight against climate change, increased demand for energy-efficient solutions as well as an increased pressure for renewable energy production is strongly impacting glass processing. Glaston is well-positioned to provide the solutions that address these demands, especially with Glaston's insulating glass technologies and capabilities for high-volume solar panel glass tempering production. We will continue to invest in our capabilities to contribute to the climate work of the glass industry's value chain.

In November 2023, Glaston set new science-based emission targets, which include decreasing the direct scope 1 and 2, and especially indirect scope 3 emissions by 2032. We have submitted the targets to the Science Based Targets initiative for validation and estimate that the final, validated targets will be published during the second half of 2024.

The past year was another eventful year for Glaston. I want to thank the Glaston team for your focus, dedication and contribution to our steady progress in 2023.

I also want to thank our customers, investors and other stakeholders for your continuous trust and support.

Antti Kaunonen,
Interim CEO
15 November 2023 -

SUSTAINABILITY

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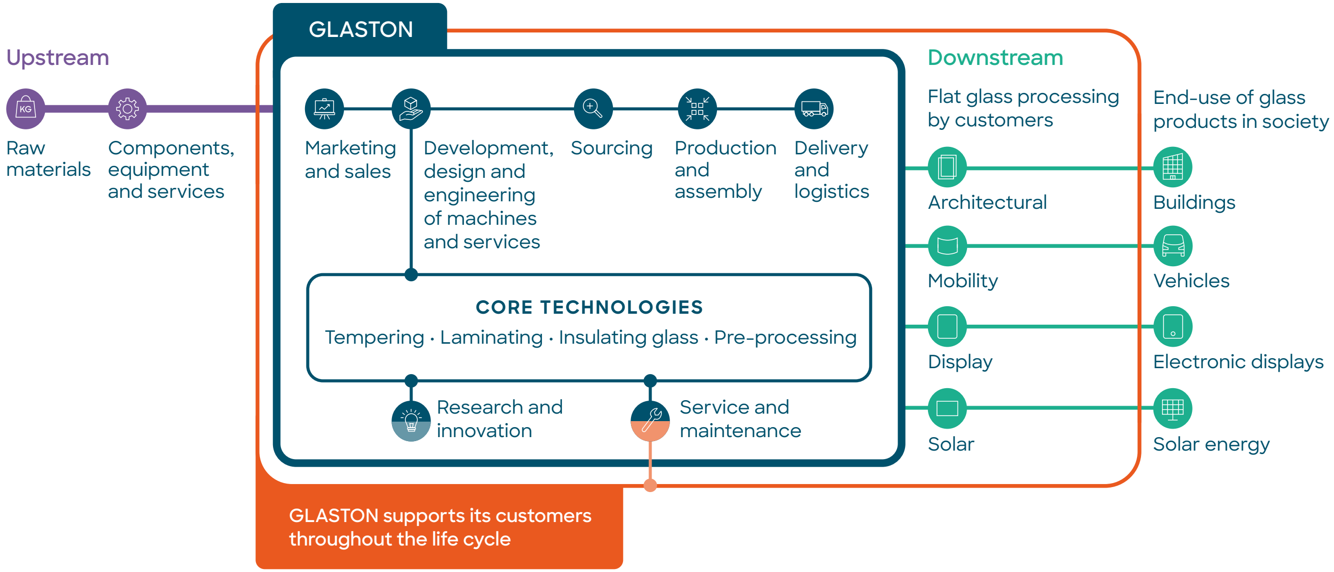
Glaston's value chain



Glaston's purpose is to build a better tomorrow through safer and more energy-efficient glass solutions. Glaston is a trailblazer in glass processing technologies and services, and glass processed with the company's machines is used in architectural glass, mobility glass, display and solar energy industries. Most of the glass produced using the company's technology is supplied to the construction industry.

Glaston sees the promotion of sustainable development as an opportunity, and the company wants to be involved in developing sustainable societies of the future. Moreover, Glaston is involved in preparing standards and policies relating to the sustainability of the glass industry regarding energy efficiency and safety, among other themes.

Suppliers of goods and services play an important role in Glaston's value chain. Glaston selects its suppliers carefully and aims for long-term good relationships with its key suppliers. This ensures that the company's partners understand and comply with the company's requirements for both processes and products. Key materials purchased for the manufacture of machines include steel structures, electric and automation components, power centers and process blowers.

More than 90% of Glaston's purchases are from the EMEA region, and the majority of Glaston's approximately 2,000 subcontractors are located in Europe, where the company's largest assembly and production units are located.

Glaston operates globally with manufacturing, services and sales offices in nine countries and customers in more than 100 countries. Glaston's plants in Finland, Switzerland and China assemble machines and in Germany manufacture machines. Glaston has a total of 4,000 installed and operational machine lines. In accordance with its life cycle model, Glaston has actively developed its maintenance services, as regular maintenance extend the service life of machines and increase their safety.

Succeeding together with the customers is at the core of Glaston's strategy and values. The company's customers process glass for the architectural, mobility, display and solar energy markets. Glaston continuously develops its operating methods that increase customer value and enhance the customer experience.

Glaston develops its industry in an active and diverse manner. The company promotes the development of the glass processing industry and the technologies it uses in its own operations and with its partners. Glaston is an active member of many glass industry committees and working groups in preparing standards on safety glass. In addition, Glaston engages in close cooperation with different research and educational institutions.

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 used in the architectural glass, automotive glass, display and solar energy industries. Most of the glass produced with the company's technology is supplied to the construction industry.

In line with its vision, Glaston seeks to lead the global glass processing industry forward with innovative technologies and lifecycle solutions. The company creates value by providing technologies that enable the processing of glass into safe and energy-efficient glass solutions.

Glaston's mission is to continue to develop cutting-edge technological solutions for sustainable glass processing, while ensuring that the company's operations and value chain meet ever-increasing expectations for sustainability. These lay the foundation for the sustainable and profitable growth of Glaston's business.

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

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

The fight against climate change is also strongly impacting glass processing and this has led to rapid development of thin glass and glass used in solar energy solutions, such as solar panels. As the industry's innovative technology leader, Glaston is strongly involved in this development, and is continually launching more advanced technology to meet stricter market requirements.

Glaston's Business Areas focus on different sectors

In the new organizational structure, which came into effect on 1 October 2023, Glaston has two Business Areas (BA):

Glaston Architecture

The **Architecture** BA consists of Glaston's tempering and laminating technologies and insulating glass technologies as three business lines.

The business lines Tempering and Laminating offer a wide and technologically advanced range of heat treatment machines, maintenance, upgrade and modernization services, and spare parts for glass flat tempering and laminating.

Most of the personnel in the business lines focusing on tempering and laminating technologies are located in Finland.

The Insulating Glass business line provides high technology machines for the manufacture of insulating glass, maintenance, upgrade and modernization services, and spare parts. Most of the business line's personnel are located in Germany.

Glaston Mobility, Display & Solar

The Mobility, Display & Solar BA consists of two business lines. The Pre-processing business line offers pre-processing technologies for the mobility and display glass industries as well as the related Services business, and the MDS Heat Treatment business line offers heat treatment technologies and related services for the mobility, display and solar panel glass markets.

Most of the business area's personnel are located in Switzerland.

In addition, Glaston has two new global business functions: **Automation & Innovation** and **Sourcing & Supply Chain Management**.

Glaston as a company

Glaston is the glass processing industry's innovative technology leader, providing equipment, services and solutions to the architectural, mobility, display and solar energy industries. The company also supports new technologies integrating smart features into glass.

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 nine countries. From these locations, Glaston serves its customers, who operate in over 100 countries. The company is domiciled in Helsinki, Finland.

Glaston's corporate structure was reorganized in October 2023. The goal of the new organization is to enhance the customer experience, accelerate to execution of the strategy and improve operational efficiency. Glaston has two Business Areas (BA), Architecture and Mobility, Display & Solar, which better match customers' end-use segments. The company also has two global business functions: Automation & Innovation and Sourcing & Supply Chain Management.

Most of the company's business is focused on the Architectural market.

Glaston also 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.

As part of Glaston's strategic projects promoting business growth, the company has invested in the manufacturing of locally produced equipment in China. In 2023, the company launched the production of automotive glass pre-processing equipment products at the Tianjin factory, in addition to the production of previous tempering and insulating glass equipment. Glaston has also entered the market for solar panel glass technologies in China with a new flat tempering line suitable for solar panel glass processing. The first CHF Solar lines were delivered to customers from the Tianjin factory during 2023.

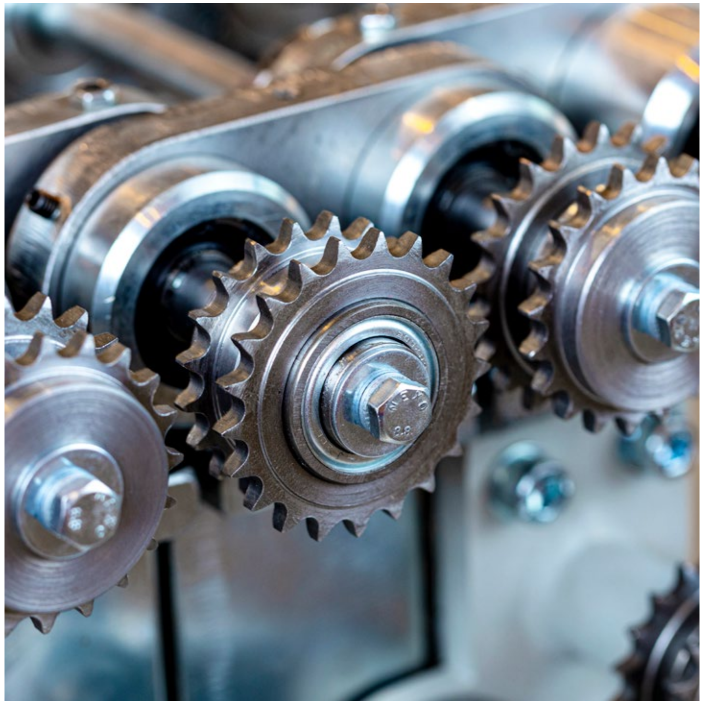
Glaston Corporation's share (GLA1V) is listed on the main list of Nasdaq Helsinki Ltd. At the end of 2023, Glaston had 7,472 shareholders. At the end of the year, the company's largest shareholders were Ahlstrom Capital B.V. (26.39%), Hymy Lahtinen Oy (12.22%), Varma Mutual Pension Insurance Company (7.50%), Ilmarinen Mutual Pension Insurance Company (7.31%) and OP-Finland Small Firms Mutual Fund (6.04%).

Cornerstones of strategy

The objective of Glaston's strategy is improving growth and profitability. Growth measures defined by Glaston's business lines and the successful implementation of the strategy will be supported by Group-wide cornerstone initiatives: innovate with customers, digitalization, empowering Glastonians, sustainable operations, and mastering sourcing and manufacturing.

Glaston's strategic cornerstone initiatives
Implementation of the strategy is 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 transformation: building the tools and infrastructure across all Glaston operations to lead the industry's digital transformation.
3. Empowering Glastonians to thrive: is essential in 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. Sustainable operations: 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.



The strategy is supported by medium-term (3-5 years) targets promoting sustainability:

- Customer satisfaction score (Net Promoter Score, NPS) over 40
- Safety at work target of zero lost time accidents (LTA, progress measured as accident frequency, LTIFR)
- Employee engagement rate over 75 (0–100)
- Glaston's CO_2 emissions from own operations (Scope 1 + 2) 50% down from 2022 level and value chain (Scope 3) CO_2 emissions intensity down by 58% per m^2 of sold glass processing capacity by 2032.

In 2023, implementation of the five cornerstone initiatives proceeded well according to plan.

The **'Innovate with customers to win'** initiative developed and harmonized processes and prioritization at the Group level to ensure the products market-fit based on customer needs. In addition, the harmonization of sales tools and processes and the development of strategic customer account management continued.

The **'Lead digital transformation'** initiative continued the implementation of Glaston's digital vision by completing several ICT projects. New ICT activities were surveyed, and prioritization was harmonized. Next, the development projects for 2024 will be prioritized.

The **'Empower Glastonians to thrive'** initiative focused on committing employees, among other things, which translated into lower personnel turnover. In addition, investments were made in identifying Glaston employees' skills and talent. A training program aimed at the sales organization was completed during the year.

The **'Elevate sustainability'** initiative continued the implementation of the sustainability roadmap prepared the previous year. Measures to reduce emissions continued, and the company set new Science Based Targets-aligned emissions reduction targets. In order to prepare for future reporting requirements, Glaston conducted a Double Materiality Assessment as introduced as part of EU's Corporate Sustainability Reporting Directive (CSRD) effective from 2024.

In order to accelerate the **'Master global sourcing & manufacturing'** initiative, the new Sourcing & Supply Chain Management business function was established in connection with the organizational change, developing and harmonizing tools and reporting further to facilitate efficient sourcing, among other things. In addition, the sourcing practices and quality indicators for purchases will be harmonized. In China, strengthening local sourcing continues.

Continuous dialogue and development work

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 equipment and services, Glaston invests significantly in the continuous development of its technology portfolio and its research and development activities.

Glaston's goal is to be a reliable and responsible partner for its stakeholders. The 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 key sustainability themes is Responsible member of society, and the company is actively and diversely involved in developing its industry. For example, the Glass Performance Days (GPD) event, organized by Glaston, brings together glass industry actors to discuss and share knowledge on new innovations and trends. After a four-year break due to the coronavirus pandemic, the GPD was held again in Tampere in June 2023.

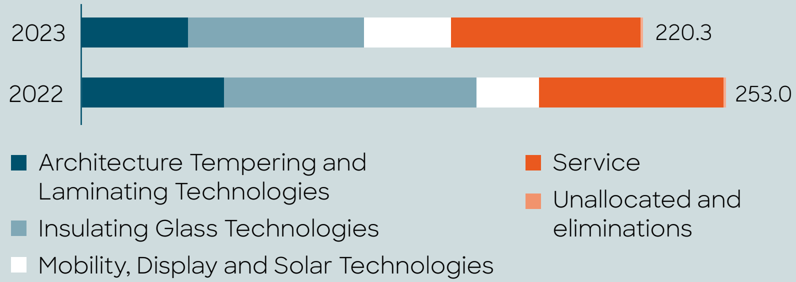
In 2023, Glaston determined, through interviews conducted in connection with a materiality assessment, the views and expectations of customers, suppliers, shareholders and Glaston's supervisors with regard to the company's sustainability. In addition, an internal survey also identified the most important sustainability issues for the company's personnel. The views of the various stakeholders guide the focus of the company's sustainability work and future sustainability reporting.

Scope of the report

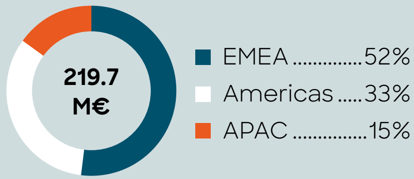
This sustainability report describes Glaston Group's operations in 2023. The content of the report and the themes covered are based on Glaston's strategy as well as a materiality assessment of sustainability. The report covers the entire Group.

Key Figures 2023

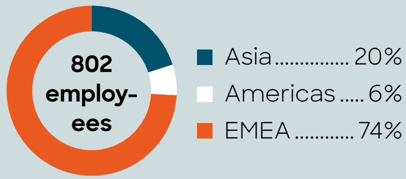
Received orders by product area, € million



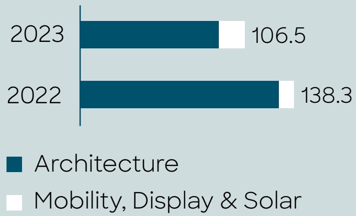
Net sales per region, %



Personnel per region at end of year, %



Order book, € million



Comparable EBITA, € million

Megatrends supporting sustainable 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. The development of energy prices and the tightening of building requirements further underline the importance of energy efficiency.

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 more energy-efficient societies by offering its customers a wide range of machines and services that enable them to manufacture more energy-efficient glass products.

Climate change and energy efficiency

The use of glass in buildings has increased significantly; well-designed glass usage 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 and insulating glass.

The rise in energy prices and availability concerns have impacted the European glass industry, which is an energy-intensive industrial sector traditionally dependent on natural gas. On the other hand, energy-related risks may drive demand for energy-efficient solutions and, for example, energy produced by solar panels.

As environmental awareness increases and construction laws and regulations become stricter, the energy-saving requirements for buildings will tighten. Insulating and energy-saving 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 panels.

Safety and healthiness

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 increased demand for tempered 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.

In addition, the abundant natural light made possible by large glass surfaces has been shown to be an important factor in improving the well-being of residents and employees.

The importance of a safe and healthy life and working environment has grown and for Glaston safety is also a strong priority internally. Occupational health and safety is a potentially significant human rights issue, and related risks are proactively identified and prevented.

> Safety is an important focus area for Glaston.

Social responsibility

For a company to succeed in attracting skilled and motivated employees, it must also assume its social responsibility and set itself ambitious sustainability goals. Diversity and equality are important themes in the societal debate and in ensuring the well-being of employees. Glaston works actively to provide a safe and good workplace for its personnel.

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

Glaston's sustainability and its management

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

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 impacts of its production processes.

Glaston recognizes its responsibility for environmental and climate impacts throughout its value chain, and the company's goal is to actively anticipate and prevent potential environmental risks. Glaston's solutions, product development and maintenance services covering the entire life cycle of machines meet the growing demand for more energy-efficient, more environmentally sustainable and safer glass solutions.

As the technology leader in the glass industry, Glaston's operations are built on talented people and their ability to innovate new products as well as serve and attract customers worldwide. The commitment of its employees is therefore an essential and strategic goal for Glaston. The company wishes to offer Glastonians a safe and engaging working environment where they can continuously develop their skills.

This reporting for 2023 is based on the topics identified as material at the end of 2021, which have been updated to reflect Glaston's strategy and changes in the operating environment.

Glaston's material sustainability topics are:

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

Double Materiality Assessment reinforces Glaston's direction

As part of Glaston's preparation for reporting under the EU's Corporate Sustainability Reporting Directive (CSRD), the company conducted a Double Materiality Assessment in 2023.

The assessment identified the key sustainability themes that could have a financial impact on Glaston as well as the most significant sustainability impacts of Glaston's operations on its external or internal personnel.

The most relevant themes identified were climate change and issues concerning Glaston's own personnel, such as safety at work, workload and well-being, diversity, equality and inclusion.

Other themes identified as important were responsible business, circular economy, human rights and safety of value-chain employees, safety of customers and end users, and biodiversity and ecosystems.

In connection with the assessment, a number of customers, suppliers, shareholders, and Glaston supervisors were interviewed about their views and expectations regarding the company's sustainability. In addition, an internal survey comprehensively identified the most important responsibility themes in the opinion of personnel. More than 200 Glastonians answered the survey.

Glaston's Board of Directors has approved the results of the assessment and the company will use them in its preparations for future reporting requirements.

Managing sustainability

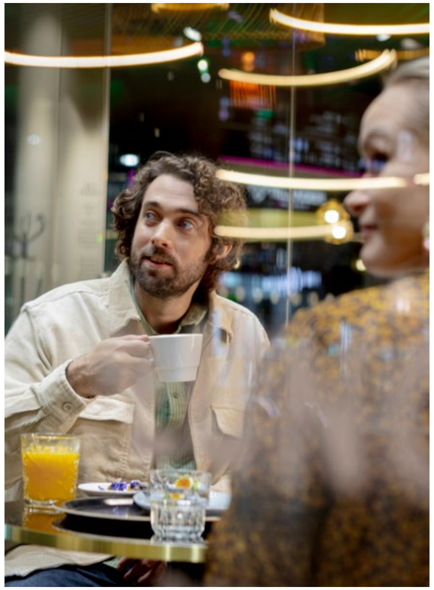
One of the focus areas of Glaston's strategy is sustainability. To demonstrate this, the strategy has set four targets addressing sustainability. The work towards the set sustainability targets is steered by a roadmap, approved by the Executive Leadership Team and the Board of Directors, which includes a plan and a timetable of measures.

The Sustainability Policy, approved by Glaston's Board of Directors in autumn 2023, describes the principles and priorities related to the management and leadership of the Group's sustainability and defines the responsibilities for different functions. The most important responsibilities are described in the attached table.

Sustainability governance structure

General Meeting of Shareholders	· The Annual General Meeting approves the annual sustainability reporting as part of the financial statements and appoints an assurance provider for the sustainability report.
Board of Directors	· decides on the sustainability strategy as part of the Group's business strategy, including the setting of targets addressing sustainability · assesses the results of the sustainability work at least once a year · approves the annual sustainability reporting and is responsible for ensuring that reporting is adequately monitored · decides on the target setting of short- and long-term incentives and whether they include sustainability-related metrics · approves all sustainability-related policies and the result of the Double Materiality Assessment.
Committees of the Board of Directors	· The Audit Committee is responsible for overseeing and evaluating sustainability reporting, the effectiveness of internal control, and risk management of the reporting process. The committee also reviews all policies related to sustainability before they are approved by the Board of Directors. · The People and Remuneration Committee prepares the principles of the company's remuneration model for approval by the Board of Directors.
Chief Executive Officer	· has overall responsibility for the implementation of the sustainability agenda as part of the execution of the strategy · is responsible for setting up an appropriate organization for sustainability work and ensuring the necessary resources and expertise are in place · is responsible for the appropriate implementation of sustainability reporting · approves the annual sustainability report.
Executive Leadership Team	· is responsible for integrating sustainability impacts, risks and opportunities into the business strategy · assesses and approves strategic direction, materiality assessment, target setting and performance, and risk assessments in sustainability matters · monitor the results of sustainability work at least every six months · approves sustainability guidelines and decides on policies to be sent to the Board of Directors for approval

Chief Financial Officer & Sustainability Function	· the CFO is responsible for sustainability matters at Executive Leadership Team level and leads the Group's Sustainability Function · the CFO oversees sustainability reporting, and the Finance organization is responsible for analyzing and managing risks related to the reporting process · the head of the Sustainability Function steers the operational sustainability work · the Sustainability Function, in cooperation with the business areas and functions, is responsible for Group-level environmental and climate change matters.
Sustainability Working Group	· coordinates sustainability work and is responsible for the systematic development and monitoring of the sustainability agenda as well as reporting to the Executive Leadership Team and the Board of Directors · prepares targets and policies for decision-making by the Executive Leadership Team and the Board of Directors · is responsible for regular materiality assessment and sustainability risk assessment.
Business areas, functions and companies	· are responsible for the practical implementation of sustainability work as well as measuring and reporting results.



As part of the company's commitment to sustainable and responsible business practices, Glaston joined the UN Global Compact in spring 2023.

Glaston is also committed to setting company-wide science-based emissions reduction targets. The targets were submitted to the Science-Based Targets initiative (SBTi) for evaluation and validation in late 2023. The emissions reduction targets support the goal of the Paris Agreement to limit global warming to 1.5°C.

By continuously and purposefully improving its operations, Glaston aims both to promote the sustainability of its own operations and help its customers and the entire architecture value chain achieve the global Sustainable Development Goals.

Sustainability targets

Glaston's sustainability work is guided by Group-wide strategic targets promoting sustainability:

- Safety at work: zero lost time accidents (LTA, measured as accident frequency, LTIFR) by 2025
- Employee engagement rate over 75 (0–100) by 2025
- Glaston's CO_2 emissions from own operations (Scope 1 + 2) 50% down from 2022 level and value chain (Scope 3) CO_2 emissions intensity down by 58% per m^2 of sold glass processing capacity by 2032
- Customer satisfaction score Net Promoter Score, (NPS) over 40 by 2025

In February 2024, Glaston adjusted the timeframe for achieving the strategic targets from 2025 to the medium term (3-5 years). In 2022, Glaston achieved its emissions target for Scope 1 & 2 and the target was updated in 2023. In addition to these key targets, Glaston has set other targets for its sustainability work, which are explained in more detail for each topic in this report.

> The Sustainability Policy describes the principles and priorities related to the management and leadership of sustainability.

As part of the company's corporate responsibility work, Glaston's financing agreement, signed in 2022, has been linked to the sustainability targets. The loan margin of the financing agreement takes into account the reduction of the company's CO_2 emissions and success in reaching safety at work targets annually.

Key responsibility objectives *)

Topic	Indicator	Target	Achieved 2023	Achieved 2022	Timetable
Responsible business	Training of personnel in the Code of Conduct	Training coverage 100%	98%	93%	Continuous
Safe workplace	Accident frequency (LTIFR), number of accidents per million hours worked	Accident frequency zero	6.3	3.9	Continuous
	Reports of workplace harassment	No harassment cases	3 cases reported	1 case reported	Continuous
	Employee engagement rate	Employee engagement rate over 75 (0–100)	70	70	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**)	-61%	-57%, target achieved	2025
	Emissions in value chain	Calculate emissions and set target for emissions reduction	322,644 t CO_2e target set and submitted to SBTi for valida-tion	684,150 t CO_2e	2032
Responsible sourcing	Suppliers' com-mitment to Glaston's Code of Conduct (new and current suppliers)	Commitment coverage 100%	74% of main suppliers	75% of main suppliers	2025
Responsible partner	Industry's best customer experience	Customer satisfaction score (NPS) over 40	62	53	2025
	Technologically advanced and material- and energy-efficient products	R&D, % of net sales	4.2%	4.3%	Continuous

*) In February 2024, Glaston adjusted the timeframe for reaching the strategic targets from 2025 to the medium term (3-5 years).

**) A new emissions reduction target covering the entire value chain was set in 2023.

An ethical and sustainable approach

Sustainability targets:
- Coverage of Code of Conduct training (personnel) 100%

Key strategic priorities:
- Ensuring compliance with the Code of Conduct
- Anti-corruption policy training
- Fair business and competition training
- Creating audit model for agents
- Audit of agents

Glaston's day-to-day activities are guided by the Code of Conduct, which is approved by the Board of Directors. The Code of Conduct provides all Glaston personnel with guidelines on acting in an ethically sustainable way in the workplace, in interaction with various partners, customers and suppliers, and also 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.

The Code of Conduct is published in Finnish, English, German and Chinese so that as many Glastonians as possible can read it in their own language. Training in the Code of Conduct is arranged for all personnel, and every Glaston employee must attend such training every two years. Training is also an integral part of the induction of new employees.

Training was organized once again in 2023, and at the end of the year, 98% of personnel had completed it. The objective of the training is not only to familiarize Glaston's personnel with the Code of Conduct but also to support and strengthen Glaston's common ethical approach and to identify and address any problem areas.

Glaston has 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.

Glaston has a whistleblowing channel through which both personnel and external stakeholders can anonymously report any potential and perceived violations of the Code of

Conduct or other responsibility policies. In 2023, four notifications were made, of which three were classified after investigation as infringements.

Glaston investigates all reported incidents promptly and confidentially and takes appropriate action based on the findings of the investigation.

The whistleblowing channel has been moved to a new system, which is easier to use and offers more language options. In connection with the introduction of the new system, personnel were reminded and instructed on how to use the channel.

Sustainability Policy clarifies the division of responsibilities

At the end of 2023, Glaston's Board of Directors approved the company's new Sustainability Policy. The policy outlines the operating practices, roles and responsibilities for the company's sustainability management, clarifying and strengthening the division of responsibilities between the Board of Directors, the CEO and the Executive Leadership Team, the Sustainability Working Group and business operations. In addition, the policy sets out how sustainability targets are set and reported on.

The Sustainability Policy and Code of Conduct are complemented by other policies and guidelines that guide a sustainable approach:

- Glaston's Supplier Code of Conduct
- People Policy
- Environment and Climate Change Policy
- Human Rights Policy
- Anti-Corruption and Anti-Bribery Policy
- Sourcing Guidelines
- Safety and Occupational Health Policy,
- Information Security Policy and
- Taxation Policy.

In 2023, the Board of Directors approved Glaston's new Environment and Climate Change Policy and People Policy, which define the company's commitment to systematic reduction of environmental loading and fair working practices.

Glaston is committed to the principle of equal opportunities, and no discrimination or harassment of any kind is permitted. The People Policy helps create a working environment in which all of the company's employees can flourish and develop.

Developing Glaston's understanding of human rights

Glaston is committed to respecting human and labor rights as defined in internationally recognized principles, such as the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The Human Rights Policy, approved by Glaston's Board of Directors, describes the Group's key risks and impacts related to human rights as well as the measures to assess, prevent and mitigate these risks and negative impacts.

The Human Rights Policy addresses, for example, the right of everyone working in Glaston's value chain to health and safety at work, good working conditions, a living wage and equal and non-discriminatory treatment.

In autumn 2023, Glaston carried out a human rights risk assessment in collaboration with an external expert. Occupational safety risks, both in Glaston's own operations and in the production of its customers, were identified as serious in terms of their potential impact. In addition, risks were identified in relation to supply chain working conditions and to equal and non-discriminatory treatment in the company's own operations.

The study also defined key measures for managing identified human rights risks and assessed and developed Glaston's current human rights due diligence process.

Glaston's human rights due diligence process systematically identifies, assesses and prioritizes adverse human rights impacts of business activities. Glaston strives to prevent and mitigate these impacts and take the necessary measures to correct them.

Risks and impacts related to human rights are assessed using various risk assessments. Glaston has processes in place to assess and mitigate risks related to occupational safety, supplier performance and employee engagement. These processes are also being constantly developed to assess human rights impacts. The goal is, in the future, to include consideration of human rights impacts in the selection, evaluation and inspection processes for Glaston's suppliers.

The company recognizes the need for learning with regard to human rights and is continuously developing its understanding of the impacts of its activities. Cooperation with partners is crucial for enabling Glaston to promote human rights throughout the value chain. The company's representatives engage in dialogue with various stakeholders through, for example, supplier visits, employee surveys, customer satisfaction surveys and interviews, investor dialogue and safety surveys.

Combating bribery and corruption throughout the value chain

Glaston has its own operating locations in nine countries, and from these Glaston serves its customers in over 100 countries. In addition, the company's own operations are complemented by a global agent network. Glaston recognizes that there is a possible risk of corruption and fraud in the company's operating regions and countries.

In its everyday activities, Glaston is committed to combating bribery and corruption. Glaston's anti-bribery and anti-corruption policy clearly outlines the company's practices and increases Glaston 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 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.

Anti-bribery and anti-corruption training has been updated, and the revised training will be rolled out Group-wide in early 2024. Training is organized particularly for the company's management and sales organization as well as for other individuals whose working duties involve an increased risk of corruption.

> Glaston is committed to respecting human and labor rights.

As a preventive measure to minimize the risk of bribery and corruption, all agent agreements related to Glaston's sales are concluded centrally. Particular attention is paid to commissions paid, which should be at a reasonable level. During 2023, work began on the development of a new audit model for the evaluation of sales agents was launched.

Glaston takes competition rules very seriously and every employee must act in accordance with them. Glaston regularly organizes training for its personnel on fair business and fair competition issues. The training material has been revised towards the end of 2023 and will be rolled out during 2024. The online training is always available on the company's intranet. In addition, policy briefings are regularly held for personnel working at the customer interface.

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. Glaston has identified seven goals that also emerge from its own strategy and are most material to the company. These provide a broader frame of reference for Glaston's work, and the company supports the achievement of these goals in its own activities.

Glaston's responsibility theme	UN Sustainable Development Goals	Implementation in Glaston
Responsible operations	**Goal 3** Ensure healthy lives and promote well-being for all at all ages **Goal 4** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	· systematic development of occupational health and safety · minimizing health risks: e.g. in Finland, enhanced health checks for the over 50-year-olds, hobby sessions and exercise benefits · 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 member of society	**Goal 7** Ensure access to affordable, reliable, sustainable and modern energy for all **Goal 11** Make cities and human settlements inclusive, safe, resilient and sustainable	· 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 and clean technologies and production processes · participating in the development of society by paying taxes, wages and dividends
Responsible partner	**Goal 9** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation **Goal 12** Ensure sustainable consumption and production patterns **Goal 17** Revitalize the Global Partnership for Sustainable Development	· efficient use of energy and materials and minimizing materials and other waste · glass processing machine energy-efficiency at heart of product development, long life cycle, high utilization rate and optimizing production efficiency and quality through automation · proactive and regular maintenance by utilizing cloud services and opportunities offered by IoT · Ahlström Collective Impact cooperation with UNICEF Finland

Responsible own activities

Human resources
- Health & safety and risk prevention
- Competencies and skills, development and training
- Diversity and inclusion
- Equality, anti-discrimination, anti-harassment
- Good leadership

Environment
- Climate impact oversight and scenarios
- Risks and opportunities related 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, healthy and committed personnel are the foundation of Glaston's success. We ensure the continuous development of the skills of personnel by providing an inspiring and appreciative work environment in which each Glastonian with their abilities and needs is recognized. We succeed together with our personnel.

Sustainability targets:

- Employee engagement rate over 75 (0–100)
- No workplace harassment
- Accident frequency zero

Key strategic priorities:

- We are an equal employer that values diversity
- Our management culture strengthens success together
- We encourage skills development
- We enable career advancement
- We attend to well-being and safety at work

Glaston's personnel

During 2023, the number of Glaston personnel developed moderately and in accordance with the strategy, and there were 802 (783) Glaston employees at the end of the year. At the end of 2023, Glaston had operations in nine countries, of which the three largest, by employee numbers, were Germany, Finland and China. In 2023, employee turnover was 8.8%. In Germany, employee turnover was 8.2%, in Finland 3.9% and in Switzerland 13.1%. Most employment relationships are permanent and the average age of personnel is 44.3 years.

Of Glaston's personnel, 84% are men and 16% are women. At the end of 2023, there were five men and two women on Glaston's Board of Directors, and three of the nine members of the company's Executive Leadership Team were women.

Together, towards success

Glaston's HR work is guided by the new People Policy, approved by the Board of Directors at the end of 2023, which sets out the company's principles with regard to, among other things, diversity, equality and inclusion. The policy helps Glaston create a working environment in which all of the company's employees can flourish and develop.

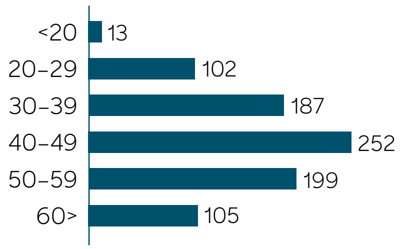
Empowering Glaston people to thrive is one of the strategic cornerstone initiatives. Important factors in achieving success are played by leadership development, a work culture that values equality and diversity, encouraging Glaston employees to further develop their competence, supporting various career paths, and attending to well-being and safety at work.

The common leadership principles are the basic pillars of Glaston's management, which spell out what good leadership at Glaston looks like and what is expected from supervisors. The company supports supervisors to deepen their competence and leadership skills through a variety of methods.

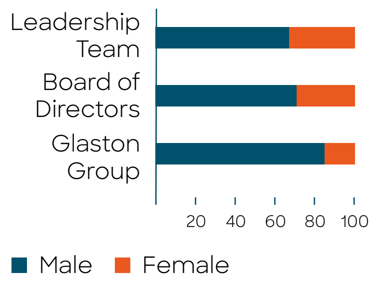
Glaston's operating culture is constantly being developed. It is important to the company that every Glastonian is in a role where they can harness and develop their expertise.

As an employer, Glaston also wants to hear and better understand the individual needs of Glaston employees so that the company can offer properly targeted measures to support the success of its personnel and customers. The company's goal is to enable a culture where every Glastonian can shine.

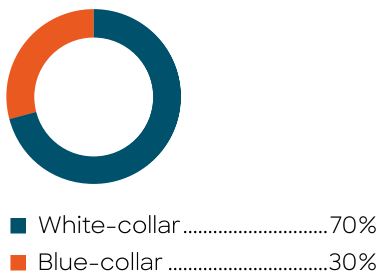
Employee age distribution



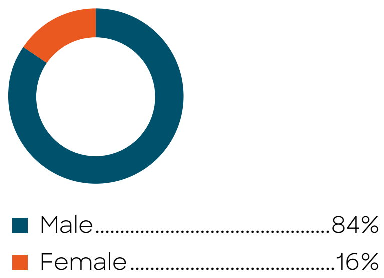
Gender distribution in Glaston, %



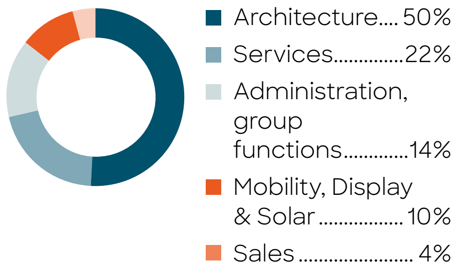
Employees by type of employment, %



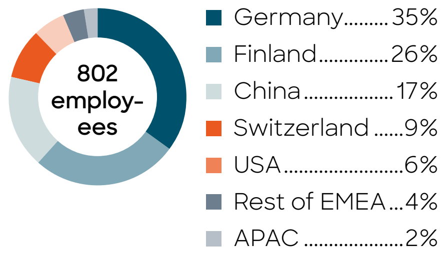
Gender distribution, %



Personnel per function



Personnel at end of year (FTE), %



Employer worthy of employee engagement

Glaston works hard to ensure that the company is an attractive employer where personnel can thrive, feel good and develop. Engaged employees play an important role in achieving strategic goals. One of the Group-wide strategic targets is to raise the employee engagement rate to over 75 (on a scale of 0–100).

The company conducts an annual personnel survey to measure Glastonians' engagement with the company. The 2023 results showed an engagement rate of 70 (0–100), which is a good outcome.

Glaston's personnel stated that they were particularly satisfied with the diversity of the work community, cooperation with colleagues, the meaningfulness of the work and the inclusive culture. Issues related to managing one's own health, stress and work load as well as mutual communication and the giving of feedback were identified as particular areas for development.

The personnel survey functions as part of the development of a culture of continuous discussion and feedback. With the aid of the survey, the company monitors its success in matters important to Glaston employees, as well as coping at work and job satisfaction. The annual survey also enables the company to monitor the development of issues raised in employee feedback.

The company has celebrated the long careers of many Glastonians, which demonstrates to Glaston the engagement of its personnel. Employment relationships at Glaston are long, averaging 10.8 years in 2023. The company also seeks to promote its personnel's mobility and career paths from one position to another.

Skills development and growing in roles

Expert staff are the foundation of Glaston's success, and the average age of Glaston employees, around 44 years, is a good indication that the organization has a wealth of valuable skills built up through experience.

Recognition of Glastonians' competencies and skills also plays an important role in achieving strategic goals. For this reason, the company has begun to identify more systematically the competencies and skills as well as the competence development needs of each Glastonian. The company has also turned its attention to identifying less experienced Glaston employees who can be supported and encouraged to grow into various strategic roles. In this way, Glaston will ensure the continuity of its business.

Glaston regularly conducts People Deep Dive discussion processes, aimed at better identifying both the organization's capabilities and the kind of resources the implementation of Glaston's strategy requires. Based on them, plans are created on how to increase, develop and engage the necessary expertise. Based on the identified competence needs, local development measures, training and recruitment have been initiated.

Thanks to Glaston's internal eSkills online learning platform, training is flexibly available. In addition to training, the company offers continuous skills development through work assignments. Glaston's industry is demanding, and through years of work many Glastonians have grown into top experts in their field.

Each year, a performance appraisal is conducted with all employees in which they discuss with their supervisor current issues as well as their goals and development needs. Based on the appraisal, personal goals and a development plan are drawn up for each employee.

All Glaston personnel are covered by a performance bonus scheme based on the company's financial performance. In addition, the company rewards, through the Glaston Way awards, good work performance that supports the achievement of the strategic goals.

Well-being at work

Glaston is a global company and its personnel have diverse backgrounds and cultures, which the company views as a strength. Glaston operates in the technical field, where the gender distribution has traditionally been strongly male-dominated. The company seeks to actively enrich the diversity of its work community, both in terms of the gender of personnel and other individual background factors.

Inclusion, i.e. participation in the work community, being seen and heard, and the fact that everyone can feel safe and express their own thoughts, is an important component in ensuring the well-being of Glaston employees. Glaston considers it important to develop operating practices and processes to better take into account possible unconscious biases in them. For Glaston, inclusion also means both that we know each other and Glastonians' skills and strengths well. This way, the company can better involve people in different projects and roles in which they can succeed.

In Glaston, equality is important, and no discrimination or harassment of any kind is permitted. All reported cases of discrimination and harassment are investigated and appropriate action is taken where necessary. In 2023, three incidents were reported.

With the shift to remote and hybrid working, Glaston has paid particular attention to employees' coping in work and physical condition. For example, in Finland, Glaston offers its personnel the opportunity to develop mental well-being, joint hobby sessions and exercise benefits as well as the option of using a company bicycle.

Safety on the agenda every day

Occupational safety is high on Glaston's agenda, and zero accidents leading to absence has been set as the Group-wide occupational safety target. In order to create a safety culture, safety standards as well as the reporting of accidents and near misses have been harmonized throughout the Group. Through improved reporting, the company is also able to react better than before to the resourcing of personnel during absences.

Alongside reporting and operating principles, a safe work culture is also built on common safety awareness, anticipation, and learning from near-miss situations. A safe work culture also means a sense of mental safety, namely that everyone considers themselves to be heard and seen as part of the work community.

The work to develop a safety culture is continuous, and during 2023 it included, for example, safety training at all operating locations. Communication of safety issues is also tightly integrated into the Group's internal channels.

In April, the Group-wide Safety Week was held for the second time, during which a large number of safety-related activities were organized, such as fire drills and chemical management training at different operating locations. In addition, during the week, presentations were made of safety-improving projects implemented at various operating locations, and lessons learned for promoting occupational safety and health were shared.

Reporting of near-miss situations is encouraged, and a new reporting tool has been introduced to streamline the reporting of situations and incidents. Indeed, Glastonians' safety awareness has constantly improved and more near-miss situations were reported than before.

Safety management

The development and management of safety at Glaston is the responsibility of a steering group consisting of representatives of different functions and locations that closely monitors the development of indicators that measure occupational safety. The day-to-day management and development of occupational safety is the responsibility of the company's various units, and occupational safety issues are discussed in local occupational safety committees. Occupational safety reviews are conducted every three months and, based on them, necessary measures are agreed upon.

At all of Glaston's assembly and production units, fire and evacuation exercises and occupational safety training are organized regularly. Attention is also paid to the ergonomics of work.

Glaston's employees also work on customers' premises in product installation, maintenance and training tasks. Particularly when working on premises other than Glaston's own, it is important to be able to build a safe work environment even before starting work, in order to minimize possible risks and avoid accidents.

Glaston's target is zero accidents at work. This target has still not been reached; in 2023, there was a total of 10 lost-time accidents at work or on a business trip (six in 2022), and the accident frequency was 6.3 (3.9 in 2022). The most typical accidents are hand injuries, such as cuts and various sprains.

Sustainable business as an opportunity

Sustainability targets:

- Glaston's CO_2 emissions from own operations (Scope 1 + 2) 50% down from 2022 level and value chain (Scope 3) CO_2 emissions intensity down by 58% per m^2 of sold glass processing capacity

Key strategic priorities:

- Drive down Scope 1 & 2 CO_2 emissions
- Evaluation of Scope 3 Science-Based Targets
- Reducing Scope 3 emissions

Glaston views the promotion of sustainable development as an opportunity, and the company wants to be involved in developing the sustainable societies of the future. In addition, Glaston is involved in creating industry standards and practices in relation to sustainability, such as for energy efficiency and safety.

Glaston's environmental work is driven by the environmental and climate change policy approved by the Board of Directors, which defines a commitment to systematic reduction of environmental loading. Glaston recognizes its responsibility for environmental and climate impacts throughout the company's value chain and proactively seeks to prevent and mitigate potential environmental impacts and risks arising from its operations.

To support sustainable consumption, Glaston focuses on developing and delivering sustainable, upgradeable and energy-efficient products. Glaston also offers its customers maintenance and modernization services that can extend the life cycle of the machines considerably.

In glass industry sustainability issues, there is an emphasis on the energy consumption of glass manufacturing and further processing and the emissions it generates. Glass production processes consume a lot of energy, and in Europe, for example, the glass industry is dependent on natural gas. In addition to energy efficiency, Glaston encourages the glass industry to improve glass recycling as an important means of reducing the carbon footprint of production.

Most of the glass processed on Glaston's machines ends up in construction. The technologies developed by Glaston enable the production of energy-efficient insulating glass, which has a significant positive climate impact. In addition, tempered or heat-strengthened glass is a significant component in solar panels, which enable emission-free electricity production.

Energy-efficient technology

The most significant environmental and climate-change impacts of Glaston's operations are associated with the use of machines sold, particularly the electricity consumption of tempering machines. The tempering process, in which the glass is heated to +600°C and then cooled back down to room temperature, requires a lot of electricity. Glaston's product development has long focused on improving the energy efficiency of machines, and in the tempering process of coated energy-saving glass, for example, electricity consumption has been clearly reduced.

Through automation and continuous technological development, it is possible to efficiently optimize the electricity consumption of machines in both heating and cooling. Old production lines can also be updated with new technologies and innovations.

In product development, Glaston focuses on the automation of core processes, tempering, laminating and the production of insulating glass. Automation brings significant benefits in terms of production efficiency and quality, and reduces the amount of glass waste in production. Automation also optimizes energy consumption by making processes more efficient. For example, the energy used in cooling the tempering process can be reduced by up to 50% by optimizing the use of the loading area. Automation also results in better safety, as minimizing manual actions ensures a safer working environment for all personnel. Glaston Autopilot is a model example of how automation changes glass tempering through intelligent automation. Glaston Autopilot reduces the need for machine operator input by providing process control without parameters. It automatically sets all the necessary parameters based on the positioning of the glass sheet on the line, allowing the operator to simply monitor the process.

Environmental impact management and continuous improvement

Glaston's own operations, which mainly consist of the assembly of glass processing machinery, do not pose a significant risk of air, water or soil pollution. In the company's activities, Glaston's most significant environmental impacts arise from energy consumption and related emissions.

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 a certified ISO 14001 environmental management system. Glaston's Executive Leadership Team and Board of Directors monitor the development of the Group's environmental indicators annually. In addition, the company's premises undergo regular energy audits, and the energy efficiency and low emission levels of properties are constantly being developed.

For example, nearly 800 solar panels, with a total capacity of more than 300 kWp, have already been installed on the roof of the Bützberg production plant in Switzerland. The panels produce energy for the production plant's own use, and some electricity is also fed into the grid.

Glaston's properties are not located in biodiversity-sensitive areas. The company is, however, committed to monitoring any significant changes

The goal: to reduce emissions throughout the value chain

"Promoting sustainability and the green transition is part of our strategy: we offer a comprehensive range of machines and services for the production of heat-treated glass, the manufacturing of insulating glass, and the processing of automotive and display glass applications. Our product portfolio also includes technologies for the production of solar cell glass.

For us, it is important to reduce the emissions caused by our operations, a significant proportion of which is generated in our value chain. In particular, the heat treatment processes involved in the further processing of glass requires a lot of electricity. In the tempering process, for example, glass is heated to high temperature and then rapidly cooled. Tempered safety glass is commonly used in construction, vehicles and solar panels.

In 2022, our absolute Scope 3 emissions increased by 192% compared to the previous year, mainly due to the imputed electricity consumption of equipment sold for large production volumes in solar panel glass production in Southeast Asia. In 2023 absolute emissions decreased by 53% compared with the previous year. It is expected that we will continue to see significant fluctuation in our absolute emissions in the coming years. The fluctuation in the amount of emissions largely comes down to the type of machines our customers order from us and the availability of zero-emission energy in different market areas. For this reason, we have set our value chain emissions reduction target in ratio to sold glass processing capacity.

Glaston has been working for decades to reduce the electricity consumption of its products, and achieving further improvements is no longer easy. We are already a frontrunner in the energy efficiency of glass processing equipment, and in order to achieve the emission targets we have set, we must further improve the energy efficiency of our equipment. The means available include developing energy-saving innovations as well as more holistic solutions to support our customers in achieving their emissions reduction goals," says **Marko Mökkönen**, Director, Sustainability.

affecting biodiversity and ecosystems and to taking proactive remedial action. Biodiversity can also be supported through small actions. For example, in Bützberg in 2023, in connection with the installation of new charging stations, a flower meadow was planted to replace a former lawn, thus supporting local biodiversity.

Reducing emissions from own operations

One of Glaston's four strategic targets has been to halve the CO_2 emissions intensity (emissions in relation to net sales) of the company's own operations by 2025. This target was already achieved in 2022 through investments made in energy efficiency and use of renewable energy as well as the shift to using emission-free energy. In Switzerland, for example, a new heat distribution system will significantly reduce natural gas consumption.

The achieved target was the first step in Glaston's climate work and the bar has been raised again. At the end of 2023, the company committed to setting science-based emissions reduction targets. Glaston is committed to halving its absolute Scope 1 and Scope 2 emissions by 2032 compared with the baseline year 2022. This target is in line with limiting global warming to 1.5°C.

In order to achieve the emissions reduction targets for its own operations, Glaston intends to phase out the use of natural gas and other fossil energy sources and to continue to increase significantly the proportion of renewable energy. In 2023, of emissions from Glaston's own operations, fuels and natural gas (Scope 1) accounted for around 45% and electricity and district heat (Scope 2) for around 55%.

Responsibility for emissions throughout the value chain

Scope 1 and 2 emissions from Glaston's own operations represent a small fraction of Glaston's total emissions. The majority, around 99%, of all emissions associated with Glaston's activities arise in the company's value chain (Scope 3). The most significant sources of emissions are the electricity consumed during the life cycle of the machines manufactured by Glaston (81%) and emissions arising from purchased products and services (17%).

A very important element of Glaston's science-based climate targets is to reduce the energy consumption and thereby the in-use emissions of the machines the company manufactures. The continuously operating tempering lines used for high-volume production consume significantly more electricity than lower-volume lines. Continuously operating machines, on the other hand, are more energy efficient.

Glaston's annual Scope 3 emissions are significantly affected by the type of glass processing solutions that customers purchase. Glaston supplies its customers with different machines in different years, which is why absolute Scope 3 emissions fluctuate from year to year. It is also to be assumed that, as the number of new machines sold increase, the company's absolute Scope 3 emissions will also increase.

In order for the reduction of emissions caused by new glass processing machines to be achievable in a

Science-based emissions targets

Glaston is committed to setting company-wide science-based emissions reduction targets. In accordance with the Paris Agreement, the science-based targets are aimed at limiting global warming to 1.5°C.

Glaston's emission reduction targets by 2032:

- Scope 1 (direct emissions) -50% of 2022 level, absolute emissions
- Scope 2 (purchased energy emissions) -50% of 2022 level, absolute emissions
- Scope 3 (value chain emissions) -58% emission intensity (tCO_2e/m^2 of sold glass processing capacity)

The Scope 3 targets have been submitted to the Science-Based Targets initiative (SBTi) for validation. The final emission reduction target is expected to be published in autumn 2024.

The SBTi is a collaboration of the World Resources Institute (WRI), the World Wildlife Fund (WWF), the UN Global Compact and CDP. The companies committed to the initiative set for their operations science-based emissions reduction targets based on the emissions reduction targets of the Paris Agreement, that support measures to limit global warming to 1.5°C.

relevant way, Glaston has committed to reduce the intensity of its Scope 3 emissions by 58% per m2 of sold glass processing capacity by 2032.

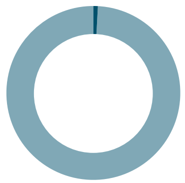
To achieve the Scope 3 intensity target, Glaston will further improve the energy efficiency of products sold, support its customers in their emissions reduction initiatives and reduce emissions in other parts of the value chain.

Logistics account for a minor proportion of Glaston's total emissions. Transport of manufactured machines to customers is handled by forwarding companies using land or sea transports. Transport of smaller and urgent spare parts is also handled by air freight.

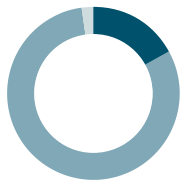
Recycling of packaging materials and waste

The primary aim is to prevent the generation of waste. The goal is to minimize the amount of waste, and particularly the amount that ends up other than in final disposal. The packaging waste generated in Glaston's operations is sorted and either recycled or used in energy production. In 2023, the total amount of waste decreased. However, the relative amount of landfill waste increased due to the increased production volume of the Chinese factory.

Glaston's greenhouse gas emissions 2023



Scope 3 emissions by category 2023



Waste disposal 2023

Energy consumption (MWh)

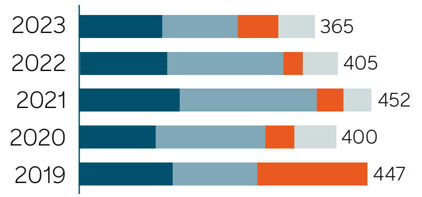
	2023	2022
Fuel oil, diesel and natural gas	3,711	2,852
Purchased electricity and heat	5,972	6,523
Total	**9,683**	**9,375**

Greenhouse gas emissions (tCO_2e)

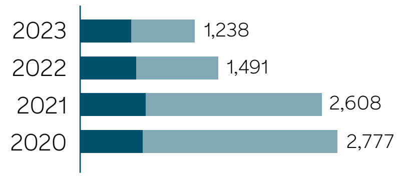
	2023	2022	2021	2020
Scope 1	552	605	708	678
Scope 2	686	886	1,900	2,099
Scope 3*)	322,644	684,150	287,348	
Total	**323,883**	**685,641**	**289,956**	**2,777**

*) Scope 3 emissions calculated since 2021

Waste by manufacturing unit, tonnes



Development of Scope 1 & 2 emissions



Responsible business

Generating economic value added

Sustainable value creation requires motivated and healthy employees, competitive products and solutions as well as satisfied customers and responsible partners. Sustainable operations facilitate Glaston's ability to fulfill its financial 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 2023, Glaston Group's net sales totaled EUR 219.7 million, of which service operations accounted for 35%. Glaston acquired materials, products and services totaling EUR 140 million. Glaston had an average of 804 employees in 2023. Salaries and bonuses to personnel totaled EUR 57.8 million and pension expenses EUR 4.9 million. The company's investments in product development totaled EUR 3.8 million.

Value added generated and distributed

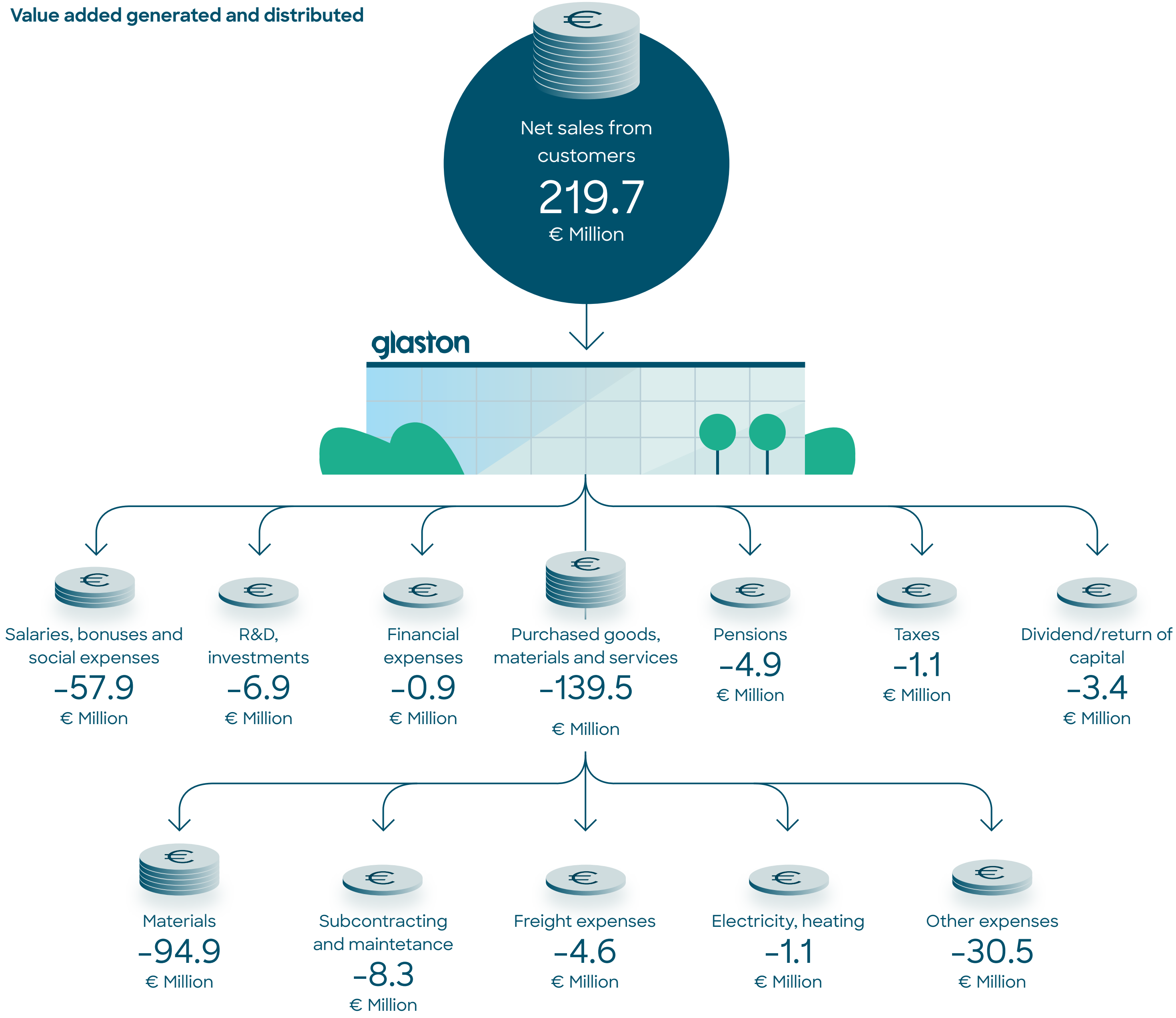
		2023	2022
Value added generated			
Customers	Net sales	219,708	213,520
	Other operating income	2,488	3,583
Value added distributed			
Suppliers	Purchased goods, materials and services	139,509	138,047
Employees	Salaries, bonuses and social expenses	57,853	54,673
Employees	Pensions paid	4,869	4,163
Financiers	Financial expenses	854	2,189
Owners	Dividend/return of capital	3,372	2,529
Public sector	Taxes	1,140	707
Business development	R&D, investments	6,896	7,654
Personnel, average		804	775

Tax policy

The tax policy approved by Glaston's Board of Directors sets out the company's tax strategy and forms the general framework for Glaston's tax administration, internal responsibilities and risk management as well as key measures and audits. The principles of the tax policy also apply to Glaston's external service providers.

Glaston does not engage in aggressive tax planning nor artificial transactions or structures whose purpose is to produce tax advantages. Glaston Group companies are located solely for business reasons. Responsible tax planning and the utilization of legal tax advantages and incentives are, however, acceptable when related to commercial activities.

Value added generated and distributed



Responsible sourcing

Suppliers

- Supplier requirements, assessments and audits
- Human rights and workplace safety in the supply chain
- Anti-corruption in the supply chain and sourcing
- Environmental issues in the supply chain

Fair and honest business

Sustainability targets:
- Main suppliers' commitment to Glaston's Supplier Code of Conduct 100%

Key strategic priorities:
- Defining supplier audit model, and the launch of audits
- Supplier Code of Conduct implementation
- Scope 3 reduction actions towards suppliers

Developing sustainable sourcing

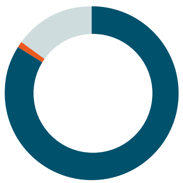
In its Code of Conduct, Glaston undertakes to promote fair competition, act fairly towards its suppliers, service providers and subcontractors, and respect human rights in all of its activities. The company's Policy for Human Rights addresses, for example, the right of everyone working in Glaston's value chain to health and safety, good working conditions, a living wage and equal and non-discriminatory treatment.

Suppliers of goods and services play an important role in Glaston's value chain. Most of Glaston's approximately 2,000 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.

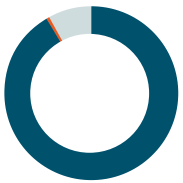
Over 90% of Glaston's purchases come from the EMEA area, with the remainder coming from, among other places, Asia and the USA. The most significant materials purchased for machine manufacturing include steel structures, electrical and automation components, power centers and process blowers.

Supply chain disruptions related to the availability of raw materials and components impact Glaston's business to some extent. 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 respon-

Suppliers per region, %



Purchases per region, %



sible sourcing, which includes, among other things, supplier requirements and audits as well as safeguarding human rights and workplace safety. In addition, anti-corruption in the supply chain and sourcing is systematically developed.

Glaston requires its suppliers to commit to the company's Supplier Code of Conduct. The Glaston Supplier Code of Conduct is published in Finnish, English, German and Chinese and is available on the company's website. The Supplier Code of Conduct has been incorporated into purchase agreements, so in the future all Glaston suppliers will be required to commit to it. By the end of 2023, 74% of main suppliers had committed to the Code of Conduct.

Glaston has processes in place to assess and manage risks related to supplier performance. These processes are also being constantly developed to assess human rights impacts. For example, Glaston's supplier audit model has been developed and, in addition to quality, price and security of supply, the audits take into consideration the sustainability of suppliers and due diligence assessment related to human rights.

Development of the supplier audit model continued in 2023 and will be rolled out in 2024. The functioning of the model will be monitored and, if necessary, further developed. The aim of the revision is to take sustainability better into account and to harmonize the supplier audit method used in all Glaston's operating countries as well as the documentation of data.

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. Glaston accepts as its suppliers only companies that are not subject to sanctions of any kind and have not committed any regulatory offences.

Fair business starts with own activities

Glaston is committed to combating bribery and corruption, which can occur in both sourcing and sales. Glaston's anti-bribery and anti-corruption policy clearly sets out the company's approach and increases employees' awareness of the risk of corrupt payments, unequivocally prohibits the payment and receipt of bribes, and ensures that the company conducts business in accordance with fair ground rules.

Glaston takes competition rules very seriously and every employee must act in accordance with them. Glaston complies internationally with EU competition legislation, while also taking into account all stricter local rules. Any violations or suspicions of improper activity or payments can be reported anonymously via Glaston's whistleblowing channel.

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

In 2023, anti-bribery and anti-corruption training was updated, and the revised training will be rolled out Group-wide in 2024. Training is arranged particularly for the company's management and sales organization as well as for other individuals whose working duties involve an increased risk of corruption.

Responsible partner

Customer

- User experience and customer satisfaction

Products & Services

- Machine quality, reliability and longevity, life-cycle management
  - Safe operation of machines and user training for customers
  - Digitalization and automation
  - Information security
  - Energy and material efficiency targeting circular economy
- End product quality, safety and recyclability

Market’s best customer experience

Sustainability targets:

- Industry’s best customer experience, NPS over 40

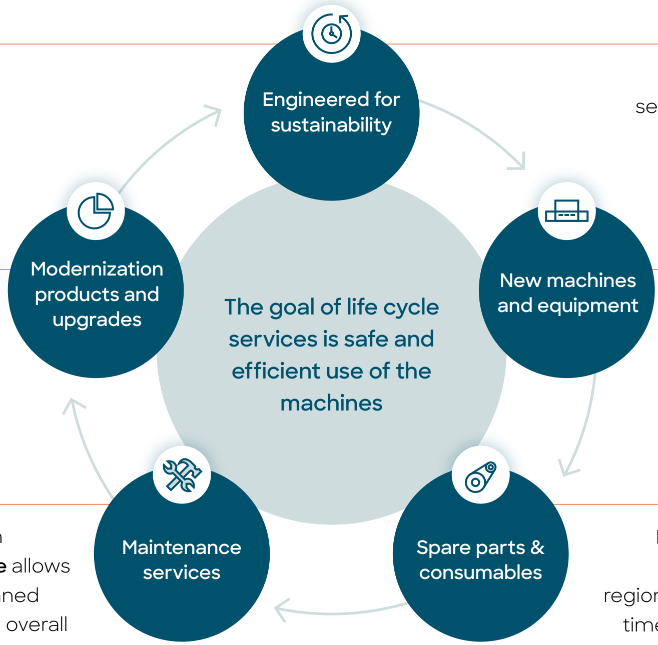
Key strategic priorities:

- Business strategy: product development & customer experience, digitalization & automation
- Sustainability integrated into offering development
- Machine energy and material efficiency targeting circular economy
- LCA and circularity assess-ment of selected products

Customer support throughout the life cycle

Glaston invests in the development of digital services. Connecting machines to the **Glaston Insight** cloud service facilitates for the customer real-time support in the event of disruptions with no delays

We **engineer** our products and services for sustainable use through high quality materials and leading process designs



Modernizing a machine with new technology extends its life cycle and reduces energy consumption in glass processing. We offer digital services to improve productivity

We provide **training** to our customers securing improved glass quality and production efficiency with minimized waste

Our **remote monitoring and support** with **predictive and preventative maintenance** allows shutdown planning and reduces unplanned repairs for high end product quality and overall equipment efficiencies

In **spare parts**, we focus on quality, durability and availability through regional delivery centers, reducing lead times and the adverse environmental impact of transports

At the heart of Glaston’s strategy and values is success with its customers. The company is constantly developing its operating practices, which increase the value received by customers and improve the customer experience.

One of Glaston’s strategic cor-nerstone initiatives is Innovate with customers to win, which focuses on understanding customers’ needs and its seamless integration with our inno-vation and development work.

As the operating environment changes, higher quality and more ver-satile features are continually required from end products. Production machines must be able to produce larger, more uniform and thinner glass surfaces, and production must also be able to adapt flexibly to making differ-ent types of glass. Glaston develops technologies and solutions that meet these changing customer needs, and product development work is often done in partnership with customers.

One of Glaston’s strategic targets is related to customer satisfaction. The target is that customers’ recommendation rate (Net Promoter Score, NPS) is above 40. Glaston's customer survey has been developed to cover a wider range of customers in different business areas and geographical regions. The customer recommendation rate (NPS) was 62 in 2023. As the number of respondents remains relatively low, the results cannot be considered fully representative. In 2024, the efforts to increase the number of responses from all customer segments and regions will continue.

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 can have decades-long operating lives. Glaston's machines are designed to withstand constant use at high utilization rates. The company interacts closely with customers, as the machines are regularly serviced to ensure consistent performance.

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, including possible risks to personnel during the various stages of the machine's use.

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

Remote monitoring and support based on proactive and preventive maintenance enable outage planning and reduce unplanned repairs. Glaston also offers its customers training and support as well as digital services to improve productivity and glass quality. Connecting machines to the Glaston Insight cloud service enables the customer to monitor and report on production in real time, and provides rapid customer support in the event of disruptions.

FLACHGLAS Wernberg GmbH in Germany improves overall energy management with Glaston upgrade products

Martin Werner, Technical Manager at FLACHGLAS Wernberg GmbH, tells about the company's latest blower inverter modernizations on two tempering lines: "Upgrades are a very good opportunity to improve energy consumption. Simply by changing the furnace or adding new components, we have achieved better process quality. We can also do something good for the environment by running our machines for longer. And most importantly, the upgrades help us save money. Our oldest Glaston tempering furnace has been producing glass for over 30 years, a good example of machine durability and quality."

Automation will revolutionize the future of glass processing

In the glass processing industry, use of automation is still very much in its infancy and, instead of automation, the industry has relied on skilled labor to ensure high-quality products.

The automation used has mainly focused on long production series and high-capacity processing. However, automated solutions are also suitable for different production needs, and they can process glass flexibly and versatilely, even in mixed production.

Nearly every stage of glass processing can benefit from automation. For example, automated loading and unloading improves the efficiency, quality and safety of glass production. Automation can also be used to optimize the energy consumption of machines and reduce the need for manual tasks.

For example, one of our flagship products, Glaston Autopilot, is designed to automate glass tempering lines. The Autopilot automatically sets all the necessary parameters based on the position of the glass sheet, leaving the operator to simply monitor the process. Machine operators with less glass processing experience can easily manage these systems, which helps glass processors struggling with the challenges of finding a skilled workforce.

In the glass processing industry, automation offers a significant path to meeting the challenges posed by labor shortages, stricter legislation and safety regulations, and energy costs.

Developer of demanding products

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

The main themes of Glaston's product development are projects and innovations related to glass processing and robotics that facilitate the transition towards fully automated glass processing.

One of Glaston's latest innovations is the tempering process Autopilot, which is based on the same solutions used in autonomous passenger cars. Autopilot presages a huge change for the entire glass processing industry, as it minimizes the need for machine operator input and offers process control without parameters.

Through automation, Glaston helps its customers to produce higher quality glass continuously at a higher utilization rate. In addition to quality and reliability, optimization also improves energy and material consumption and reduces wastage.

Responsible member of society

Sustainable tomorrow

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

Technology leader, developing the glass industry

Key strategic priorities:
- Glass Performance Days to promote glass industry development
- Contributing to reducing GHG emissions in glass processing
- Start-up and research cooperation

Glaston is actively and diversely involved in developing its industry. The company promotes 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 in ISO's (International Organization for Standardization) working groups preparing safety glass (tempered and laminated glass) standards. Via these, Glaston is able to influence the creation of industry standards and communicate through 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

Through an apprenticeship into working life

As the skills gap grows, it is increasingly important to invest in training young talent. Glaston Germany has been training its own experts in industrial professions for decades. Two apprenticeship managers currently supervise a total of 21 apprenticeship students, who complete four years of electrical or mechanical engineering training.

Glaston Germany places particular emphasis on value-added training, in which young people are given their own projects at a very early stage. This takes place in the company's own apprenticeship workshop, which has a wide range of machines and tools.

Activities are based on a modern training method, which is always adapted to suit the "current generation". All apprentice students are supported in a variety of ways, from recruitment to transfer to a department. Insulating glass production plants use diverse technology, so Glaston Germany provides young people with high-quality training that is highly valued in the region.

Glaston Germany is particularly proud of the fact that many of its apprenticeship students have been among the best in their class. This encourages the company to continue to invest in young talent in the future.

AHLSTRÖM COLLECTIVE IMPACT

Joint support for children's future

Glaston is participating in the Ahlström Collective Impact (ACI) initiative, launched in 2020, which operates in collaboration with UNICEF Finland. By connecting the companies and foundations of the Ahlström network, the initiative enhances the impact of individual organizations, with the aim of improving the lives of children worldwide.

In 2023, ACI continued its support for UNICEF's Global Education Program. An investment of nearly EUR 800,000 went towards the program, which provides support to millions of children who need the opportunity to continue their education and develop skills to succeed in life.

ACI cooperation is strongly aligned with Glaston's value Together we build the future. Securing children's future means securing their education. More than 600 million children and young people worldwide do not reach the minimum level in reading and mathematics, even though two-thirds of them attend school.

As part of the collaboration, UNICEF Finland provided training to the staff of ACI companies and foundations on children's rights and how to take them into account in business. In addition to general orientation, the webinars focused on, for example, issues such as children's rights in supply chains and creating family-friendly workplaces. Glaston personnel also participated in these events.

By joining forces with the Ahlström network companies and by increasing our own understanding, Glaston can better contribute to a better future for children.

In 2023, in addition to Glaston, the ACI network consisted of Ahlström Capital, Ahlstrom, Antti Ahlström Perilliset, Ahlström Invest, Walter Ahlström Foundation, Destia, Enics, Detection Technology, M&J Recycling, Avain Yhtiöt, Suominen, and Eva Ahlström Foundation, the founder of the network.

thesis and trainee job positions to talent of the future. In Germany, the company has its own apprenticeship program. In addition, Glaston's conducts development and engineering projects in new glass technologies.

Glass Performance Days promoting development of glass industry

The Glass Performance Days (GDP) conferences, organized by Glaston, are among the glass industry's most prestigious events and bring together the entire industry, from researchers, architects and designers to glass producers, processors, equipment suppliers and end users.

After a four-year break, the GPD was held in Tampere in summer 2023. Sustainable business was on the agenda of the event, and the commitment of industry actors to a sustainable future and sustainability work was strongly on display.

The GDP conferences aim to disseminate the latest information among industry actors and to promote the development of new areas of application and technological features. A key part of the GPD conference is the Step Change program, which aims to showcase, bring together and promote new technologies, research groups and startup companies. The program aims to promote the commercialization and utilization of innovations in the glass industry by connecting startups and growth companies with established glass industry players. Glaston has been organizing GPD conferences since 1992, and they have been attended by thousands of glass professionals from around the world.

GOVERNANCE

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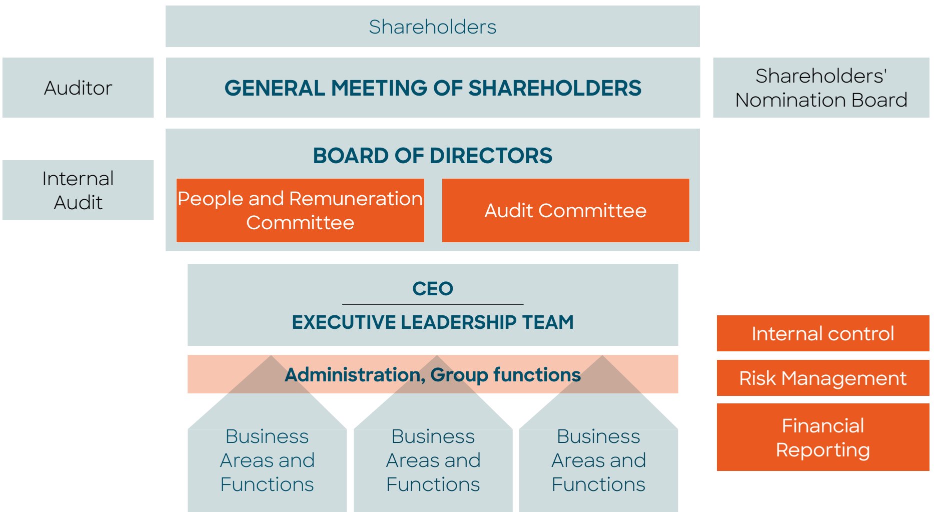
Corporate Governance Statement 2023

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 2023.

Governance model December 31, 2023



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 Leadership Team.

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 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 shareholders' 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 Chair and a Deputy Chair 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 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 leadership, appoints and dismisses the President & CEO and decides on the President & CEO's employment and other benefits. In addition, the Chair of the Board approves the salary and other benefits of the Executive Leadership Team. The Board approves the Executive Leadership Team'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 management, 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, 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 Counsel 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 Leadership Team may also attend meetings of the Board. The Auditor attends all Audit Committee meetings and at least one Board meeting per year.

Board of Directors in 2023

At the Annual General Meeting, held on April 4, 2023, the Members of the Board of Directors Veli-Matti Reinikkala, Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Arja Talma, Tero Telaranta and Michael Willome were re-elected as members 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 2023, Veli-Matti Reinikkala has served as Chair of the Board, and Sebastian Bondestam as Deputy Chair.

In 2023, the Board evaluated its performance and procedures through an evaluation conducted by a third party. In the evaluation, the members considered, among other things, diversity of the Board, the 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 2023, key themes on the Board's agenda were the implementation of the company's strategy for 2021-2025 as well as planning and follow-up of the strategic initiatives. In addition, planning and following-up the execution of Glaston's new organization that came into force as of October 1, 2023 and the implications of the organizational change on the strategy were on the agenda. Toward the end of the year the resignation of the CEO, appointing the interim CEO and the recruitment process of the new CEO were handled.

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 except for Antti Kaunonen, who took over the role as interim CEO as of November 15, 2023. Board Members Tero Telaranta and Sebastian Bondestam are dependent on a significant shareholder of the Company, Ahlstrom Capital B.V., whose ownership was 26.39% on December 31, 2023. The Members of the Board have no conflicts of interest between the duties they have in the Company and their private interests.

General Counsel Kaisa Latva 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 2023.

Members of the Board of Directors December 31, 2023

Member of the Board	Member since	Independence	Year of birth	Share ownership on December 31, 2023	Education	Main occupation
Veli-Matti Reinikkala	2020, Chair of the Board	Independent of the company and of significant shareholders	1957	825,042 shares	eMBA, Non-executive Director	Board Professional
Sebastian Bondestam	2018, Deputy Chair of the Board	Independent of the company, dependent on a significant shareholders	1962	69,456 shares	M.Sc.(Eng.)	Uponor Infra Oy, President; Uponor Corporation, Deputy to the CEO
Antti Kaunonen	2018	Dependent of the company, independent of significant shareholders	1959	162,686 shares	D.SC.(Tech), MBA	Board member and Advisor. As of November 15, 2023 interim CEO at Glaston
Sarlotta Narjus	2016	Independent of the company and of significant shareholders	1966	no shares	M.Sc. Archi-tecture SAFA	SARC Architects Ltd, CEO
Arja Talma	2021	Independent of the company and of significant shareholders	1962	36,681 shares	M.Sc. (Econ.), eMBA	Board Professional
Tero Telaranta	2017	Independent of the company, dependent on a significant shareholder	1971	37,057 shares	M.Sc.(Eng.), M.Sc.(Econ.)	A.Ahlström Oy, 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

Meeting attendance of Members of the Board 2023

In 2023, Glaston's Board of Directors convened 12 times. The meeting attendance is reported on the next page.

	Board meetings	Audit Committee	People and Remuneration Committee
Veli-Matti Reinikkala	12/12		3/4
Sebastian Bondestam	12/12		4/4
Antti Kaunonen	12/12		3/3
Sarlotta Narjus	12/12	5/5	
Arja Talma	12/12	5/5	
Tero Telaranta	12/12	5/5	
Michael Willome	12/12		4/4

Committees of the Board of Directors

Glaston's Board of Directors has two committees: the Audit Committee and the People and Remuneration 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 Chair of the Committee reports the results to the Board of Directors.

Audit Committee in 2023

On December 15, 2022, Glaston Corporation's Board of Directors decided on changes in the composition of the Board of Directors' Audit Committee and the changes entered into force on January 1, 2023. Until the Annual General Meeting on April 4, 2023, Arja Talma served as Chair, and Sarlotta Narjus and Tero Telaranta as members 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 April 4, 2023, the composition of the Audit Committee remained unchanged, and Arja Talma served as Chair, and Sarlotta Narjus and Tero Telaranta as members of the Audit Committee.

In 2023, the Audit Committee met five times. The meeting attendance is reported in the table to the left.

In 2023, the committee selected an outsourced internal audit service provider and agreed on an internal audit charter besides its regular reviews of financial reporting, audit and risk management.

People and Remuneration Committee

The People and Remuneration Committee assists the Board of Directors by preparing matters within the competence of the Board of Directors. The Board of Directors is responsible for the duties it assigns to the Committee.

The Board of Directors specifies the duties of the People and Remuneration Committee in a charter confirmed by the Board of Directors. Key duties of the Committee include preparing the remuneration policy and remuneration report for the Board and the Annual General Meeting, preparing salaries and other benefits of Glaston's CEO and other members of the Executive Leadership Team, preparing the nomination of the CEO and other members of the Executive Leadership

Team and their successors, and preparing proposals for Glaston's short- and long-term incentive schemes as well as monitoring the company's key personnel's successor and development plan. In addition, the Committee's duties include carrying out all other duties assigned to the Committee by the Board of Directors.

The People and Remuneration Committee convenes at the invitation of the Chair, as necessary and at least twice a year. The Members of the Board of Directors and the CEO have the right to attend the meetings of the Committee.

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

People and Remuneration Committee in 2023

On December 15, 2022, Glaston Corporation's Board of Directors decided on changes in the composition of the Board of Directors' People and Remuneration Committee and the changes entered into force on January 1, 2023. Until the Annual General Meeting on April 4, 2023, Veli-Matti Reinikkala served as Chair, and Sebastian Bondestam, Sarlotta Narjus, Antti Kaunonen and Michael Willome as members of the People and Remuneration Committee. After the Annual General Meeting, Veli-Matti Reinikkala continued as Chair, with Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, and Michael Willome as members of the committee. The members of the People and Remuneration Committee were independent of the Company. Sebastian Bondestam is dependent on a significant shareholder of the Company.

On November 15, 2023, the Board of Directors nominated Antti Kaunonen as the interim CEO of the company and he stepped down from his role as a member of the People and Remuneration Committee.

In 2023, the People and Remuneration Committee met four times. The meeting attendance is reported in the table above. 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 accordance with its duties, the committee also started to prepare the appointment of Glaston's new President & CEO. 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 legislation, 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 Chair 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 are 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 Chair 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 leadership 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 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 the Nomination Board. If the votes are tied, then the Chair's vote shall be decisive. If the votes are tied in the election of the Chair, the member candidate for Chair nominated by the shareholder who had the largest number of shares when the Nomination Board was established shall be elected as Chair.

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 2023

Until August 31, 2023, the Shareholders' Nomination Board comprised of Lasse Heinonen (Chair), 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 Ilmarinen Mutual Pension Insurance Company.

In accordance with its charter, the Nomination Board prepared its proposal concerning the Board composition and remuneration to the AGM 2023. 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 remain unchanged and to be as follows: Chair EUR 70,000, Vice Chair EUR 43,000 and Members EUR 33,000. In addition, the Nomination Board proposed that meeting fees shall be paid in accordance with earlier practice for each meeting of the Board of Directors that a Member of the Board has attended as follows: EUR 800 to the Chair of the Board for meetings held in the Chair's home country and EUR 1,500 for meetings held elsewhere; EUR 500 to other Members of the Board for meetings held in the home country of the respective Member and EUR 1,000 for meetings held elsewhere and for per capsulam Board Meetings half of the normal fee shall be paid.

Based on ownership on September 1, 2023, 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 Ilmarinen Mutual Pension Insurance Company. Veli-Matti Reinikkala, Chair of the Glaston Corporation's Board of Directors, served as an advisory member of the Nomination Board.

In its organizing meeting on September 7, 2023, the Nomination Board elected Lasse Heinonen amongst its members as the Chair. The Board met two times during 2023 and the average attendance of members was 92%. No fees were paid to the members of the Nomination Board.

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 Leadership Team.

Anders Dahlblom served as President & CEO of the company from January 1, 2021 until November 15, 2023, when he resigned due to personal reasons. In connection with this, Glaston's Board of Directors nominated Board member Antti Kaunonen as the interim CEO as of the same date.

Deputy CEO

Sasu Koivumäki, CSO (Chief Sales Officer), has served as Deputy CEO since January 1, 2015. The Deputy 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 Leadership Team

The Chair of the Company's Board of Directors appoints, on the proposal of the President & CEO, the Members of the Executive Leadership Team and confirms their remuneration and other contractual terms. The Company's President & CEO acts as the Chair of the Executive Leadership Team. The Executive Leadership Team 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 Leadership Team 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.

Until October 1, 2023, the composition of the Executive Leadership Team 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 (until June 30, 2023) and Riikka Laitasalo (as of August 1, 2023), and General Counsel Kaisa Latva (as of April 1, 2023).

In order to accelerate the execution of the strategy for the period 2021-2025, Glaston announced in June 2023 the plan to reorganize the company's structure. In the new structure that came into effect on October 1, 2023, Glaston has two Business Areas (BA): Architecture and Mobility, Display & Solar. In connection to the organizational changes, the following appointments were made to the Executive Leadership Team: Miika Äppelqvist was appointed SVP Architecture, Robert Prange was appointed SVP Automation & SCM, and José Yepes was appointed SVP Mobility, Display & Solar. Dietmar Walz, SVP Insulating Glass Technologies, left the Group to seek new opportunities outside Glaston on October 1, 2023.

As of October 1, 2023, Glaston's Executive Leadership Team has included Anders Dahlblom, President & CEO (until November 15, 2023), Antti Kaunonen Interim CEO (as of November 15, 2023); Sasu Koivumäki, Chief Sales Officer and Deputy CEO; Miika Äppelqvist, SVP Architecture; José Yepes, SVP Mobility, Display & Solar; Robert Prange, SVP Automation & SCM; Artturi Mäki, SVP Services; Päivi Lindqvist, Chief Financial Officer; Kaisa Latva, General Counsel, and Riikka Laitasalo, SVP People and Culture.

The Executive Leadership Team convened 11 times in 2023.

Executive Leadership Team December 31, 2023

	Area of responsibility	Member since	Year of birth	Education	Share ownership on 31.12.2023 *)
Antti Kaunonen	CEO	Member of the Board of Directors since 2018. Interim CEO and Member of the Executive Leadership Team as of 15 November 2023	1959	D.SC.(Tech), MBA	162,686 shares
Other members of the Executive Leadership Team					
Sasu Koivumäki	CSO Deputy CEO since 2015	Employed by the Company since 2002, Member of the Executive Leadership Team since 2012	1974	M.Sc.(Econ.)	94,735 shares
Riikka Laitasalo	SVP People & Culture	Employed by the company and Member of the Executive Leadership Team since August 2023	1979	M.Sc. (Econ.)	No shares
Kaisa Latva	General Counsel	Employed by the company and Member of the Executive Leadership Team since April 2023	1987	LL.M.	No shares
Päivi Lindqvist	Chief Financial Officer	Employed by the company and Member of the Executive Leadership Team since 2016	1970	M.Sc.(Econ), MBA	42,217 shares
Artturi Mäki	SVP Services	Employed by the company and Member of the Executive Leadership Team since 2016	1969	M.Sc.(Eng.)	8,390 shares
Robert Prange	SVP Automation & SCM	Employed by the company since 2019. Member of the Executive Leadership Team since 2020	1970	Dr. Ing.	46,099 shares
José Yepes	SVP Mobility, Display & Solar	Employed by the company since 2019. Member of the Executive Leadership Team since October 2023	1976	Mechanical Engineer and MAS in Business Engineering Management	No shares
Miika Äppelqvist	SVP Architecture	Employed by the company since 2013. Member of the Executive Leadership Team since 2020	1981	M.Sc. Industrial engineering and management	8,027 shares

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

Remuneration of the CEO & President and the Executive Leadership Team is described in the Remuneration Report 2023 and on the company's website.

At the end of 2023, the extended leadership team, Leadership Forum, comprised, in addition to the above-mentioned members of the Executive Leadership Team, of Kimmo Kuusela (VP Strategic Accounts & Innovation, Architectural Business), Riku Färm (BL Architecture, Tempering & Laminating), Taavi Kovero (BL MDS Heat Treatment), Marcus Schrod (VP Operations, Neuhausen), Pekka Nieminen (General Manager and VP, Sales and Operations, China), Marco Stehr (SVP Sales and service, EMEA), Pia Posio (VP Marketing, Communications and IR), Jens Mayr (SVP Insulating Glass Business Line), Joe Butler (SVP Sales & Service, Americas), Janne Puhakka (VP, ICT & Digitalization), Magnus Sjöblom (Business Control & Strategy) and Alexander Klotz (Global Sourcing & SCM). The Leadership Forum met three times in 2023.

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 Group-wide principles for the main areas of its operations 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 Finance 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 Finance organization, which maintains operating guidelines and standards relating to financial reporting and is responsible for internal communication relating to them. The Group Finance organization also supervises compliance with these guidelines and standards.

The Group's Finance 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 Finance's organization. The principles are applied consistently throughout the Group and a consistent Group reporting system is in place.

In 2023, the Audit Committee selected an outsourced internal audit service provider after a tendering process. The Audit Committee has approved an internal audit charter and internal audit plan for 2024.

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 operations. 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 risks relating to business opportunities and on 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 are able to determine the level of risk that the Company's business functions are potentially 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 Leadership Team 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.

Utilizing the risk management process, risks are systematically identified and assessed in each segment and at Group level. In addition, at each level actions are specified to achieve an acceptable risk level. 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 88. The management and organization of the Group's financial risks are presented in more detail in Note 5.4 of the consolidated financial statements on page 159.

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 2023

At the 2023 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 2023, the Group's auditing costs totaled approximately EUR 404 thousand, of which KPMG received approximately EUR 327 thousand. In addition, auditing units belonging to KPMG have provided legal statements to a total value of EUR 10 thousand and other advice to Group companies to a total value of EUR 49 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 finance function. 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 controls. 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 shareholders, 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 for Governing Bodies 2023

Introduction

This Remuneration Report for the financial year 2023 (the "Remuneration Report") describes the remuneration for Governing Bodies of Glaston Corporation ("Glaston" or the "Company") as required by the Finnish Securities Market Act (746/2012, as amended), the Finnish Companies Act (624/2006, as amended) 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 2023 and has been approved by the Board of Directors (also the "Board") of Glaston.

The principles, decision-making processes, and practices 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 and further information about remuneration is available at Glaston website: www.glaston.net/investors.

The remuneration principles in Glaston are designed to attract and retain the Company's management persons who 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 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 temporary deviations from the policy have taken place during the financial year 2023. Further, no clawbacks of the remuneration have taken place during the said financial year 2023.

Development of remuneration in relation to the 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 2019-2023.

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.

With respect to the remuneration development for the financial years 2019-2023, the following shall be noted.

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 below 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 totaled 790 on 31 December 2019 (31 December 2018: 357) while net sales in January-December 2019 totaled EUR 181.0 million (2018: EUR 101.1 million).

Further, 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 remuneration 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 labor cost reduction actions continued to have an effect also in 2021 but were canceled in early 2021 as a result of the improved market situation. In 2021, these actions did not concern the President and CEO and the Deputy CEO. No actions affecting the remuneration were taken after 2021 due to the pandemic.

Due to the nature of the Board's duties and responsibilities, the remuneration of the Board includes fixed remuneration only. The effect of the Bystronic glass transaction on Glaston and its operations has also been reflected in the remuneration level of the Board of Directors.

Remuneration development

EUR	2019	2020	2021	2022	2023
Annual remuneration of the Board	283,550	331,300	353,700	345,900	365,700
Annual remuneration of the President and CEO	467,466	163,598[1]	330,622[2]	644,244	472,977[3]
Annual remuneration of the Deputy CEO [4]	305,777	108,645[5]	337,574	378,192	367,872[6]
Annual remuneration of the Acting President and CEO	-	254,558[7]	-	-	43,772[8]
Average salary development [9]	61,500	60,400	66,500	70,500	72,000

Key financial metrics

EUR 1000	2019[10]	2020	2021	2022	2023
Net sales	181,018	170,067	182,662	213,520	219,708
Comparable operating result (EBIT)	5,941	3,225	6,569	9,917	11,418
Comparable EBITA	9,746	7,742	11,098	13,624	14,869

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

[2] Remuneration for Anders Dahlblom.

[3] Remuneration for Anders Dahlblom until 15 November 2023.

[4] Deputy CEO's (Sasu Koivumäki) remuneration presented here for 2019-2023 is excluding reimbursement of costs and expenses paid directly to third parties based on the expatriate agreement.

[5] Remuneration from the period 1 January to 31 May 2020 to Sasu Koivumäki, who was appointed as an Acting President and CEO for the rest of the year 2020.

[6] In FY2023, the reimbursement of costs and expenses paid directly to third parties amounting to in total EUR 148,780. Total remuneration including also third party fees thus amounting to EUR 516,652.

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

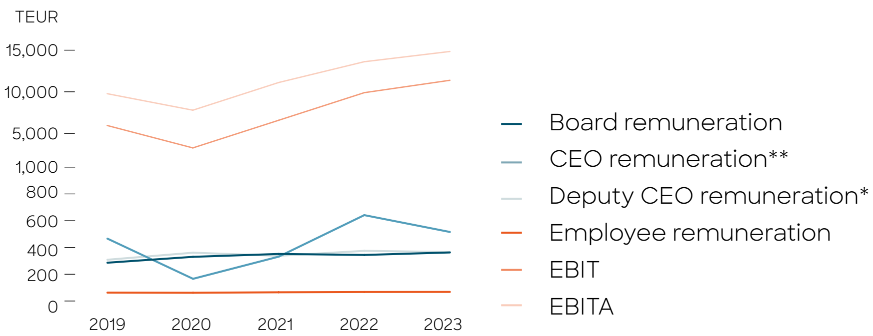
[8] Remuneration from period 15 November to 31 December 2023 to Interim CEO Antti Kaunonen.

[9] Average 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.

[10] Bystronic glass consolidated as of April 1, 2019.

The relation between remuneration development and the Company's performance has been further illustrated in the chart below:

Remuneration and financial development



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

** CEO remuneration for 2023 includes also the remuneration paid to Interim CEO Antti Kaunonen.

Remuneration of the Board of Directors

The 2023 Annual General Meeting resolved that an annual fee of EUR 70,000 shall be paid to the Chair of the Board, EUR 43,000 to the Deputy Chair and EUR 33,000 to other Members of the Board.

Further, the 2023 Annual General Meeting resolved that a member of the Board may 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 2023 of the Company is published.

A meeting fee of EUR 800 shall be paid to the Chair for meetings in the Chair's home country and EUR 1,500 for meetings held 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 People and Remuneration 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 Chair of the Audit Committee shall be paid an annual fee of EUR 10,000 and the Chair of the People and Remuneration 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 2023 were in compliance with the Remuneration Policy.

In the financial year 2023, 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 below, four members of the Board chose to receive the annual fixed remuneration partly in company shares.

Board	Audit Committee	People and Remuneration Committee	Annual fee (EUR)	Meeting fees (EUR)	Remuneration in total (EUR)
Veli-Matti Reinikkala, Chair of the Board		Chair	77,500	16,700	94,200
Sebastian Bondestam, Deputy Chair of the Board		Member	43,000 Of which EUR 17,200 paid in Glaston shares	8,500	51,500
Antti Kaunonen		Member[11)]	33,000 Of which EUR 13,200 paid in Glaston shares	8,000	41,000
Sarlotta Narjus	Member		33,000	9,000	42,000
Arja Talma	Chair		43,000 Of which EUR 13,200 paid in Glaston shares	9,000	52,000
Tero Telaranta	Member		33,000 Of which EUR 13,200 paid in Glaston shares	9,000	42,000
Michael Willome		Member	33,000	10,000	43,000
Total			**295,500**	**70,200**	**365,700**

[11] Until 15 November 2023

Remuneration of the President and CEO, the Deputy CEO and the Interim CEO

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

Anders Dahlblom served as the President and CEO until 15 November 2023, after which Antti Kaunonen has served as the Interim CEO in addition to his role as a member of the Board of Directors. Anders Dahlblom continued to support the Interim CEO for a transition period during the financial year 2023. Chief Sales Officer Sasu Koivumäki served as the Deputy CEO during the financial year 2023.

In 2023, the President and CEO Anders Dahlblom was paid the total remuneration of EUR 472,977. The relative proportion of the fixed pay was 63% and variable pay 37% (supplementary pension not included). The different components are described in more detail below.

In 2023, Deputy CEO Sasu Koivumäki was paid total remuneration of EUR 367,872. The relative proportion of the fixed pay was 77% and variable pay 23% (supplementary pension not included). The different components are described in more detail below.

Further, total remuneration paid to Sasu Koivumäki in 2023 is excluding reimbursement of costs and expenses in the amount of EUR 148,780 paid directly to third parties based on the expatriate agreement. Koivumäki has worked as an expatriate in Singapore as of November 2021.

In 2023, Interim CEO Antti Kaunonen was paid the total remuneration of EUR 43,772, which did not include any variable pay.

Actualised remuneration of the President & CEO, and Deputy CEO for 2023

CEO & President Anders Dahlblom

- Base salary 56%
- Benefits 2%
- Variable pay (STI+LTI) 34%
- Supplementary pension 8%

Deputy CEO Sasu Koivumäki

- Base salary 52%
- Benefits 27%
- Variable pay (STI+LTI) 15%
- Supplementary pension 6%

Performance Actualisation 2023 (STI and LTI)

President and CEO and Deputy CEO participated in the short-term incentive plan in 2023.

The **short-term incentive (STI)** opportunity of the President and CEO was in 2023 tied to the following metrics:

KPI	Weight	Achievement
Glaston EBITA	70%	Above min, below target
Glaston Order Intake	30%	Above min, below target

The **short-term incentive (STI)** opportunity of the Deputy CEO was in 2023 tied to the following metrics:

KPI	Weight	Achievement
Glaston EBITA	40%	Above min, below target
Glaston Order Intake	50%	Above min, below target
South East Asia (SEA) Order Intake	10%	Above min, below target

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 retain the key personnel and to offer them with a competitive reward plan based on the earning and accumulating the Company's shares.

President and CEO and the Deputy CEO participate in the Performance Share Plan 2022–2026 which comprise of three (3) performance periods: calendar years 2022–2024, calendar years 2023-2025 and calendar years 2024-2026. 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 the participant's 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 first performance period under the Performance Share Plan 2022–2026 (LTI 2022–2024), objectives were set regarding the Group as follows:

KPI	Weight
Group Cumulative Comparable EBITA after LTI and STI	80%
Service Net Sales	20%
Total	**100%**

For the second performance period under the Performance Share Plan 2022–2026 (LTI 2023–2025), objectives were set regarding the Group as follows:

KPI	Weight
Group Cumulative Comparable EBITA after LTI and STI	30%
Service Net Sales	30%
EPS	40%
Total	**100%**

Additionally, the President and CEO and the Deputy CEO participate(d) in the Performance Share Plan 2019–2023 which comprised 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 Performance Share Plan 2019–2023 (LTI 2019–2021 and LTI 2020–2022) objectives were set regarding Group Cumulative Comparable EBITA and Average Net Gearing as follows:

KPI	Weight
Group Cumulative Comparable 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 was approximately 9.7% and for the performance period LTI 2020–2022 approximately 14%.

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

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

The maximum opportunity for the third performance period was 128,000 shares for the President and CEO, and 56,000 shares for the Deputy CEO. The achievement (%) for the performance period LTI 2021–2023 was 39.7%. Anders Dahlblom stepped down from his role as the President and CEO and will therefore not be entitled to the payout from LTI 2021-2023 plan.

Summary of remuneration to the President and CEO and Deputy CEO

Element	Remuneration Description		
	President and CEO	**Deputy CEO**	**Interim CEO (as of 15 November 2023)**
FIXED Base salary and benefits	EUR 297,369 Including taxable fringe benefits: mobile phone, company car, lunch benefit	EUR 283,026 Excluding utilities and fees paid directly to third parties amounting to in total of EUR 148,780 (EUR 516 652 such fees included)	EUR 43,772 Including taxable fringe benefits: mobile phone
VARIABLE Short-term incentive (STI)	Performance year 2022 (paid in 2023): EUR 175,608 Performance year 2023 (paid in 2024): EUR 81, 840[12] The maximum amount of the President & CEO's annual bonus: 80% of the annual salary.	Performance year 2022 (paid in 2023): EUR 79,447 Performance year 2023 (paid in 2024): EUR 34,011 The maximum amount of the Deputy CEO's annual bonus: 40% of the annual salary.	Performance year 2023 (paid in 2024): N/A For 2024, the Interim CEO shall be entitled to pro rata STI for each full quarter the Interim CEO serves in the position in line with the principles of the President & CEO.
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 on 1 January 2021 and thus did not participate in **LTI 2019–2021** or **2020–2022**. The maximum reward for the **LTI 2021–2023** is 128,000 shares, including also the portion to be paid in cash.[13]	Finalized plans: **LTI 2019–2021** (paid in 2022): EUR 4,484 (The maximum reward was 40,000 shares, including also the portion to be paid in cash). **LTI 2020-2022** (paid in 2023): EUR 5,399 (The maximum reward was 40,000 shares, including also the portion to be paid in cash). **LTI 2021–2023** (payable in 2024): 22,232 shares (The maximum reward was 56,000 shares, including also the portion to be paid in cash). Monetary value will be determined at the time of the payout.	-
VARIABLE Long-term incentive (LTI) 2022-2026 For additional information on long-term incentive plans, please see Glaston's website.	Finalized plans: N/A Ongoing plans: N/A	Finalized plans: N/A Ongoing plans: The maximum reward for the ongoing **LTI 2022–2024** is 56,000 shares, including also the portion to be paid in cash. The maximum reward for the ongoing **LTI 2023–2025** 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 fixed earnings amounting to EUR 39,962 in 2023. 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 fixed earnings amounting to EUR 31,579 in 2023. The Deputy CEO may retire in accordance with the stipulations of the applicable law.	-

[12] Calculated pro rata until 15 November 2023

[13] There will be no payout for LTI 2021-2023 plan for Anders Dahlblom due to his resignation

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The Board of Directors' Review 2023

As of October 1, 2023, the company has two reporting segments: Architecture and Mobility, Display & Solar. Services business is included in the reporting segments. The Architecture Business Area consists of flat tempering and laminating technologies and insulating glass technologies and related services businesses. The Mobility, Display & Solar Business Area consists of pre-processing and heat treatment technologies and related services businesses for the mobility, display and solar glass markets.

The Group's Business Areas (BA) Architecture and Mobility, Display & Solar are the same as the operating segments and the reporting segments. On November 24, 2023, the company published comparative information according to the new structure.

Financial year 2023 in brief

Despite market uncertainty and increasing geopolitical tensions, 2023 was a year of steady progress for Glaston. During the year the glass processing equipment markets developed unevenly: the Architectural markets slowed down while in the Mobility, Display & Solar segment, the demand for automotive glass developed favorably, particularly in China.

The prevailing Architectural market uncertainty combined with the high inflationary environment and interest rates increased cautiousness in investment decisions among customers and their customers. This was reflected in the order intake, which decreased by 13% compared to 2022. Net sales were up 3% year-on-year and totaled EUR 219.7 million. Profitability improved, with comparable EBITA margin amounting to 6.8%.

The strategy execution progressed. The new organizational structure aiming to accelerate the strategy execution and enhancing the customer experience came into effect on October 1, 2023. Ramping up the capabilities for the production of automotive glass pre-processing machines in Tianjin continued as planned, and the demand for the lines manufactured in Tianjin clearly supported the order intake. Creating a local supply chain for the production of automotive glass lines has taken longer than initially estimated. However, the transition to local sourcing improved during the year and the positive development is expected to continue.

Due to the weakening market sentiment, actions were launched in September to adapt the organization to the prevailing market environment. Adjustment measures were taken in Finland and Switzerland, and included, among other actions, terminations of employment contracts.

We continued our progress in sustainability. Glaston set new science-based short-term emission reduction targets in line with the Science Based Targets initiative (SBTi). The efforts are in line with limiting global warming to 1.5°C in accordance with the Paris Agreement.

The company's President & CEO Anders Dahlblom resigned from the company on November 15, 2023 due to personal reasons and Board member Antti Kaunonen has acted as the interim CEO as of the same date.

Operating environment

Architectural glass

After a positive start to the year, the Architectural glass market began to decline due to the slowdown in the residential and commercial glass markets. As a result of the prevailing market uncertainty combined with the high interest rates, the investment uncertainty among customers and their customers increased.

Due to customers' lower machinery utilization and investment activity, the markets for tempering and laminating equipment slowed down. The capacity-driven tempering line investments were significantly reduced due to overcapacity in the market for basic tempered glass. Demand for laminating technologies was also subdued. The importance of features such as energy-efficiency and automation was highlighted even further, which drove demand for flat tempering and flat laminating lines, however, at a lower level.

For Insulating Glass equipment, many investments are capability-driven and market activity continued at a reasonable level as customers invested in new equipment to meet the demand for more energy-efficient glass solutions. The Thermo Plastic Spacer (TPS®) technology continued to gain traction.

Services markets improved towards the end of the year and the upgrades market was more active compared to the previous quarters. Also. demand for field services increased.

Operating environment in the regions

In the EMEA region, a market slowdown was noted as of the second quarter and demand for Insulating Glass and Heat Treatment equipment weakened. As a result of economic uncertainty due to higher interest rates and limited investments, the overall market sentiment weakened in Europe. In addition, demand in Europe was also affected by customers' lower machinery utilization. In the Services markets, demand improved for both upgrades as well as spare parts and field service towards the end of the year.

The Americas performed well throughout the year. The commercial markets continued to be strong whereas the residential markets were slower throughout the year, which impacted the performance of all Architecture business lines. In the US, investments were driven by the new energy regulations, and positive market traction was noted for Insulating Glass technologies, enabling better insulation properties. For Services, demand for upgrades was slow throughout the year while demand for spare parts and field services was strong, despite the slow fourth quarter.

In China, the architectural glass market was soft throughout the year with low demand for tempering and laminating lines. Despite the difficult market conditions, demand for high-end Insulating Glass equipment was good. In the Services markets, demand was slow. Elsewhere in the APAC region, the markets for new machines were subdued. For Services, demand for spare parts and field services was good.

Mobility, Display and Solar glass

In 2023, the automotive industry continued its positive development with global vehicle production growing by 7-8%. Nevertheless, production was still clearly below pre-covid levels resulting in a weak investment environment. Fuelled by positive market sentiment, investment in new equipment increased, which was reflected in a good order intake for automotive glass machines. With the increasing share of electric vehicles, shifts in production between the major regions, especially towards China, could be seen.

While the traditional display market has not shown extraordinary activities, the automotive display market again showed increased interest in new designs and capacity extensions. Display orders however remained at a modest level.

In 2022, Glaston entered the market of tempering technologies for solar panel production in China. The first deal was closed in September 2022 and a follow-up order was received in September 2023. Due to the customer's readiness to receive the machines, the installations were postponed for several months. In the final quarter of 2023, installations of the first lines began at the customer's premises providing valuable insight for coming projects.

The Services business remained at a reasonable level showing growth compared to the previous year. Good demand for upgrade products was noted and the trend is expected to continue as customers want to extend the lifetime of their machines as well as increase their productivity.

The supply chain situation improved during the year. Despite some shortages, supply availability was back to pre-COVID-19 pandemic levels.

Operating environment in the regions

In Europe, production started to slowly increase as the industry recovered from the chip shortages and energy price increases, but was way below the pre-covid levels. As glass processors were not yet operating at full capacity, or only for a short time, investments remained modest.

In North America, the market continued strong outside of the traditional automotive market, i.e. for special products such as recreational vehicles (RVs) and heavy vehicles. The cautious signs of market recovery in South America continued, but the increased activity was not reflected in the order intake.

In China, strong expansion in the vehicle market was noted with production approximately 10% higher than before the COVID-19-pandemic and almost as big as North America and Europe combined. The market activity continued at a good level and Glaston's ability to serve the market with locally manufactured products supported the order intake.

Financial development of the Group

Orders received and order book

Orders received in the financial year 2023 totaled EUR 220.3 (253.0) million, down 13% compared to the corresponding period in the previous year due to the weaker performance in the Architecture segment. The comparison period included one major Architecture segment order of EUR 31 million of which EUR 19 million was canceled in June 2023. Order intake performance for Architecture equipment was down 22% and totaled EUR 165.8 (211.2) million. Adjusting for the canceled order, the decline was 14%. For the Mobility, Display & Solar segment, the order intake saw an increase of 31%, and totaled EUR 53.5 (40.9) million. The total Services business order intake was up 3% compared to the corresponding period in 2022.

Orders received, EUR million	1-12/2023	1-12/2022	Change%
Architecture	165.8	211.2	-21.5%
Mobility, Display & Solar	53.5	40.9	30.7%
Total segments	**219.2**	**252.1**	**-13.0%**
Unallocated and eliminations	1.0	0.9	10.6%
Total Glaston Group	**220.3**	**253.0**	**-12.9%**

At the end of the final quarter, the order book stood at EUR 106.5 (138.3) million and was 23% lower than in the corresponding period in 2022. Adjusting the comparison period for the canceled order, the order book declined by 10%. The order book decreased by 30% in Architecture and increased by 70% in Mobility, Display & Solar. The Architecture order book totaled EUR 89.6 (128.4) million, representing 84% of the Group's order book while Mobility, Display & Solar order book totaled EUR 16.9 (9.9) million or 16% of the Group total.

Order book, EUR million	31.12.2023	31.12.2022	Change%
Architecture[1)]	89.6	128.4	-30.2%
Mobility, Display & Solar	16.9	9.9	70.1%
Total segments	**106.5**	**138.3**	**-23.0%**
Unallocated and eliminations	–	–	–
Total Glaston Group	**106.5**	**138.3**	**-23.0%**

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

Net sales

In 2023, net sales totaled EUR 219.7 (213.5) million, up 3 % compared to the corresponding period in the previous year. The Architecture segment's net sales totaled EUR 175.1 (169.5) million, up 3%. The Mobility, Display & Solar segment's net sales were on the same level as in the previous year and totaled EUR 43.6 (43.1) million. Also, Services net sales were on the same level as in the comparison period.

Of total net sales, the Architecture segment accounted for 80% and the Mobility, Display & Solar segment for 20%. Geographically, the EMEA region accounted for 52%, the Americas for 33% and Asia and the Pacific (APAC) for around 15% of the company's net sales.

Net sales, EUR million	1-12/2023	1-12/2022	Change%
Architecture	175.1	169.5	3.3%
Mobility, Display & Solar	43.6	43.1	1.1%
Total segments	**218.7**	**212.6**	**2.9%**
Unallocated and eliminations	1.0	0.9	8.0%
Total Glaston Group	**219.7**	**213.5**	**2.9%**

Operating result and profitability

The financial year 2023 comparable EBITA amounted to EUR 14.9 (13.6) million, i.e. 6.8 (6.4)% of net sales. In the full year, EBITA improved clearly in the Architecture segment and declined in Mobility, Display & Solar. The comparable operating result was EUR 11.4 (9.9) million, i.e. 5.2 (4.6)% of net sales. The Group's operating result was EUR 8.1 (7.6) million. Items affecting comparability totaled EUR -3.3 (-2.3) million and were mainly related to the transfer of the production of Automotive pre-processing products to China and other restructuring costs. Financial income and expenses amounted to EUR -0.8 (-2.5) million. The result before taxes was EUR 6.9 (4.7) million. The result for the financial year was EUR 5.0 (3.1) million. Earnings per share were EUR 0.060 (0.037) and comparable earnings per share were EUR 0.104 (0.074).

EUR million	1-12/2023	1-12/2022	Change%
Operating result	8.1	7.6	6.6%
Items affecting comparability[(1]	3.3	2.3	43.8%
Comparable EBIT	**11.4**	**9.9**	**15.1%**
Operating result	**8.1**	**7.6**	**6.6%**
Amortization and purchase price allocation	3.5	3.7	-6.9%
EBITA	11.6	11.3	2.2%
Items affecting comparability[(1]	3.3	2.3	43.8%
Comparable EBITA	**14.9**	**13.6**	**9.1%**
% of net sales	6.8%	6.4%	

[(1] + cost, - income

Financial development of the reporting segments

Architecture reporting segment in brief

- Due to the prevailing market uncertainty and high interest rates, the markets slowed down
- Orders received were down 22% with Tempering and Laminating Technologies more heavily affected
- Net sales were up 3%, with Tempering and Laminating Technologies and Insulating Glass Technologies contributing to the outcome
- Profit improved due to higher volume and margin improvement

Architecture segment key figures, EUR million	1-12/2023	1-12/2022	Change%
Orders received	165.8	211.2	-21.5%
of which service operations	55.0	56.2	-2.0%
of which service operations, %	33.2%	26.6%	
Order book at end of period	89.6[1)]	128.4	-30.2%
Net sales	175.1	169.5	3.3%
of which service operations	56.8	57.5	-1.1%
of which service operations, %	32.4%	33.9%	
Comparable EBITA	15.1	11.9	26.4%
Comparable EBITA, %	8.6%	7.0%	
Operating result (EBIT)	10.4	7.2	43.3%
Operating result (EBIT), %	5.9%	4.3%	

[1)] The order backlog for Insulating Glass technologies was adjusted in 2023 for the partial cancellation of one order, totaling EUR 19.4 million..

Mobility, Display & Solar reporting segment in brief

- Improving market activity, North America and China the most active markets
- Order intake up 31% with good demand for Automotive heat treatment lines and pre-processing lines manufactured in China
- Net sales on the same level as in the previous year
- Profitability development unsatisfactory, corrective measures ongoing

Mobility, Display & Solar segment key figures, EUR million	1-12/2023	1-12/2022	Change%
Orders received	53.5	40.9	30.7%
of which service operations	19.3	16.3	18.4%
of which service operations, %	36.2%	39.9%	
Order book at end of period	16.9	9.9	70.1%
Net sales	43.6	43.1	1.1%
of which service operations	19.2	18.9	1.3%
of which service operations, %	44.0%	43.9%	
Comparable EBITA	-0.5	1.5	-130.0%
Comparable EBITA, %	-1.1%	3.6%	
Operating result (EBIT)	-2.5	0.3	-1,056.9%
Operating result (EBIT), %	-5.7%	0.6%	

Financial position, cash flow and financing

At the end of December, Glaston Group's balance sheet total was EUR 196.5 (194.9) million. Intangible assets amounted to EUR 77.1 (76.1) million, of which goodwill was EUR 58.2 (58.7) million. At the end of the period, property, plant, and equipment amounted to EUR 23.2 (22.6) million and inventories to EUR 35.8 (32.0) million.

The comparable return on capital employed (ROCE) was 12.7 (10.5)%.

At the end of December, the company's net gearing was 15.8 (19.5)%. The equity ratio was 45.2 (44.0)%. Net interest-bearing debt totaled EUR 10.9 (13.3) million.

In January-December 2023, Glaston's cash flow from operating activities was EUR 13.8 (10.2) million. Net cash flow from investing activities was EUR -7.3 (-5.5) million and cash flow from financing activities was EUR -7.6 (-11.2) million.

Capital expenditure and product development

Glaston Group's January-December 2023 gross capital expenditure totaled EUR 7.5 (5.8) million and was primarily related to product development. Depreciation and amortization of property, plant, and equipment, and of intangible assets, totaled EUR -7.6 (-7.7) million.

To further strengthen the company's product development and innovation efforts and speed up the time-to-market for development projects, Glaston established a group-wide Automation & Innovation function in connection to the organizational change. The processes and ways of working for the new function were defined during summer and early autumn. In the final quarter, the new function started operating at full scale.

Automation and digitalization continued to be the leading themes in product development. The focus was on projects and innovations related to the automation of the core products and further development of robotic and operator-free machine operations.

To support the automation and quality scanning for heat-treated glass, a new AI-based online measurement device was launched to the market. In order to match future market needs, a strong focus was on the continuous development of the new self-learning Autopilot for tempering and lamination lines. In addition, the development of the new automation platform for all heat treatment machines, starting with the MATRIX EVO, and the development of new retrofit solutions for existing machines, continued. To better match customers' demand for double-glazing units, the sealing robot family offering in Insulating Glass technologies was extended by launching the COMFORT'SEALER to the market. In addition, development of the Thermo Plastic Spacer (TPS®) technology continued. For Insulating Glass upgrades, the extension of the offering continued with functional improvements such as sealing robot materials dosing systems and water systems.

In Mobility, Display & Solar product development, the focus continued to be on broadening the application field of the products. In Mobility, the first next-generation pre-processing CHAMP EVO lines were installed and operational at the customer's site. Enabling the customers to use their existing equipment for the next decade, the new CNC96 upgrade for the conversion of cell generations from 1996–2010 to the latest state-of-the-art control generation was introduced to the market.

In 2023, research and product development expenditure, excluding depreciation, totaled EUR 9.2 (9.2) million, of which EUR 3.8 (3.0) million was capitalized. Research and product development expenditure amounted to 4.2 (4.3)% of net sales.

Organization & personnel

Throughout the year, safety and well-being of the personnel were prominent themes. In order to develop the safety culture, safety standards were developed and harmonized, as well as the reporting of accidents and near misses throughout the Group. The group-wide safety week was organized in April with various initiatives to further develop safety at work at all Glaston sites. In connection with the safety week, also the first Glaston Safety Survey was conducted.

Due to the weakening market sentiment, actions were taken in September in the Heat Treatment and Automotive businesses to adapt the organizations to the prevailing market environment. Adjustment measures were taken in Finland and Switzerland, and included, among other actions, terminations of employment contracts. Furthermore, a total of five temporary employment contracts were not renewed in China.

In the latter part of the year, the group-wide employee survey, measuring the employee engagement rate, was conducted. In total, 82% of the employees across the organization answered the survey. The engagement rate was the same as in the previous year and was 70. The employee survey is part of the development of a culture of continuous discussion and feedback.

On December 31, 2023, Glaston Group had a total of 802 (783) employees. At the end of December, the Architecture segment employed 630 (624) and the Mobility, Display & Solar segment employed 171 (157) people. Of the Group's personnel, 35 %, i.e 282 employees, worked in Germany, 27 %, i.e. 214, worked in Finland, 12 % worked elsewhere in the EMEA area, 20 % worked in Asia and 6% worked in the Americas. In the full year 2023, the Group had an average of 804 (2022: 775, 2021: 731) employees. Total personnel costs amounted to EUR 69.2 million (2022: 65.4, 2021: 58.4), of which salaries and wages amounted to EUR 57.8 million (2022: 54.7, 2021: 48.6).

Changes in the Executive Leadership Team

On April 1, 2023, Kaisa Latva took up her position as General Counsel and member of the Executive Leadership Team. On May 26, 2023, the appointment of Riikka Laitasalo as SVP People and Culture and a member of the Executive Leadership Team was announced and she took up her position on August 1, 2023.

In connection to the planned organizational changes, the following appointments to the Executive Leadership Team were disclosed on June 6, 2023: SVP Heat Treatment Technologies Miika Äppelqvist was appointed SVP Architecture while SVP Automotive & Display Technologies Robert Prange was appointed SVP Automation & SCM. Dietmar Walz, SVP Insulating Glass Technologies, left the Group to seek new opportunities outside Glaston as of October 1, 2023.

On June 26, 2023, the appointment of José Yepes as SVP Mobility, Display & Solar and a member of the Executive Management Team was announced. José Yepes moved from the position of Vice President Sales at Glaston's Automotive & Display Business.

Anders Dahlblom served as President & CEO of the company until November 15, 2023, when he resigned due to personal reasons. In connection with this, Glaston's Board of Directors nominated Board member Antti Kaunonen as the interim CEO as of the same date. He continues on the Board but stepped down from his role as a member of the Board's People and Remuneration Committee.

On December 31, 2023, Glaston's Executive Leadership Team consisted of Antti Kaunonen, Interim CEO; Sasu Koivumäki, Chief Sales Officer and Deputy CEO; Miika Äppelqvist, SVP Architecture; José Yepes, SVP Mobility, Display & Solar; Robert Prange, SVP Automation & SCM; Artturi Mäki, SVP Services; Päivi Lindqvist, Chief Financial Officer; Kaisa Latva, General Counsel, and Riikka Laitasalo, SVP People and Culture.

Strategy

To accelerate the execution of the strategy for the period 2021-2025, Glaston disclosed in June 2023 the plan to reorganize the company's structure. The intention of the organizational change is also to enhance the customer experience with lifecycle solutions and improve operational excellence and efficiency.

In the new structure that came into effect on October 1, 2023, Glaston has two Business Areas (BA): Architecture and Mobility, Display & Solar. The Architecture BA consists of Laminating and Tempering technologies and Insulating Glass technologies as three Business Lines. The Mobility, Display & Solar BA consists of the automotive and display pre-processing technologies (Pre-processing) and heat treatment technologies for the mobility, display and solar glass markets (MDS Heat Treatment) as two Business Lines. In addition, two new global Business Functions - Automation & Innovation, and Sourcing & Supply Chain Management (SCM) - have been created.

Glaston disclosed in the summer of 2022 the plan to establish production for Automotive pre-processing equipment in Tianjin, China. In 2023, the production ramp-up continued in line with plans. Creating the local automotive supply chain network has taken longer than initially estimated. However, the transition to local sourcing improved throughout the year and the positive development is expected to continue.

In 2022, Glaston entered the market of tempering technologies for solar panel production in China with the CHF Solar line. The first deal was closed in September 2022 for five solar panel tempering lines with Chinese Kibing Glass, and a follow-up order for one additional line was received in September 2023. In the final quarter of 2023, the installation of the first two CHF Solar lines started at the customer's premises and the following three lines were shipped from the factory in Tianjin. The last one will be shipped in early 2024. Originally, the deliveries were scheduled for the first half of 2023 but the customer was not ready to receive the equipment.

Financial and non-financial target development

For the financial strategic targets, net sales increased by 3% compared to the previous year. Glaston estimates that the addressable equipment market for architectural glass processing declined by 6% and the addressable equipment market for mobility, display and solar glass grew by 11% in 2023. EBITA margin developed positively to 6.8% as did the return on capital employed (ROCE), which increased to 12.7%.

Financial targets by 2025	2023	2022	2021
Net sales – annual average clearly exceeding the addressable equipment market growth	+3%	+17%	+7%
EBITA -10%	6.8%	6.4%	6.1%
ROCE – 16%	12.7%	10.5%	6.1%
Non-financial targets by 2025	**2023**	**2022**	**2021**
Net promoter Score (NPS) over 40	62	53	-
Lost time injury frequency rate (LTFIR) zero	6.3	3.9	3.3
Employee engagement over 75 out of 100	70	70	-
Reduction of scope 1&2 CO_2 emissions in relation to net sales by 50% from the 2020 level	-61%	-57%, target achieved	-13%

For the non-financial strategic targets, the lost time injury frequency rate was 6.3 (3.9) as the number of accidents increased to a total of ten compared to six in 2022. As Glaston achieved its non-financial emissions reduction target in 2022, the company set in 2023 near-term company-wide emission reduction targets in line with climate science with the Science Based Targets initiative (SBTi). For the second year in a row, the strategic employee engagement rate was 70. In 2022, the measurement of the group-wide customer satisfaction target, Net Promoter Score (NPS) started and during 2023, measurement and scope were further developed. The customer satisfaction survey has been sent out for delivered machine projects and maintenance services, and the customers are asked to rate the success of the project and quality of services, and their willingness to recommend Glaston. In 2023, NPS was 62 (53). As the number of respondents remains relatively low, the results cannot be considered fully representative. In 2024, the efforts to increase the number of responses from all customer segments and regions will continue.

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. To support sustainable consumption, Glaston focuses on developing and delivering sustainable, upgradeable and energy-efficient products.

In 2023, Glaston continued its work on reducing the carbon footprint of its own operations. The energy efficiency and emission performance of the buildings are constantly being improved. In Switzerland, for example, the electricity generated by the solar panels installed on the roof of the factory in Bützberg almost doubled in 2023. Since 2022, nearly 800 solar panels with a capacity of over 300 kWp have been installed on the roof of the factory. The panels generate electricity for the plant's own use and some electricity is also fed into the grid. Emissions from Glaston's own operations (Scope 1 & 2) decreased by 17% and were 1,238 (1,491) tCO2e.

As part of Glaston's commitment to sustainable and responsible business practices, the company joined the United Nations Global Compact initiative in March 2023. In April, Glaston delivered its commitment letter to the international Science Based Targets initiative (SBTi) and in November, Glaston submitted its new emission reduction targets to the SBTi for validation. Glaston commits to reducing absolute Scope 1 and 2 GHG emissions by 50% by 2032, compared to the 2022 base year. The target is in line with limiting global warming to 1.5°C, which is currently the most ambitious criterion for setting science-based targets. Glaston also commits to reducing the scope 3 GHG emission intensity by 58% per square meter of sold glass processing capacity within the same target period. Glaston estimates that the final, validated target will be published during the second half of 2024.

During the spring, Glaston conducted a Double Materiality Assessment as introduced as part of the EU's Corporate Sustainability Reporting Directive (CSRD) effective from 2024. Through the Double Materiality Assessment, Glaston identified material sustainability topics by evaluating sustainability-related impacts as well as risks and opportunities and their potential financial effects. The assessment was approved by Glaston's Board of Directors in October. Based on the assessment, Glaston will prepare its future sustainability reporting requirements.

In November, Glaston was re-certified as a 'Nasdaq ESG Transparency Partner'.

As part of the company's corporate responsibility work, Glaston's financing agreement is linked to sustainability targets and the loan margin of the financing agreement is adjusted by the achievement of Glaston's sustainability objectives annually. The objectives are safety at work, measured as a decrease of lost time accidents (lost time injury frequency rate) and CO_2 emissions (scope 1 & 2) in relation to net sales.

In addition to the strategic non-financial targets, Glaston has set other sustainability targets. To meet the set targets, the implementation of the roadmap, created in 2022, progressed as planned.

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 2023 was EUR 12.7 (12.7) million.

1.1.-31.12.2023	**No. of shares and votes**	**Share turnover, EUR million**
GLA1V	84,289,911	6.4

	Highest	Lowest	Closing	Average price *)
Share price	1.09	0.73	0.74	0.89

	31.12.2023	**31.12.2022**
Market value	61.9	76.0
Number of shareholders	7.472	7.593
Foreign ownership, %	26.8	26.8

*) trade-weighted average

10 largest shareholders 31 December, 2023

	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	Veli-Matti Reinikkala	825,042	0.98%
10	Mininvest Oy	801,365	0.95%
	10 largest shareholders total	**57,362,567**	**68.05%**
	Nominee registered shareholders	2,629,983	3.12%
	Others	24,297,361	28.83%
	Total	**84,289,911**	**100.0%**

Ownership distribution 31 December, 2023

	Shares total	% of shares and votes
Households	19,404,349	23.0%
Public sector institutions	12,920,563	15.3%
Financial and insurance institutions	9,159,535	10.9%
Corporations	16,076,067	19.1%
Non-profit institutions	1,489,144	1.8%
Foreign countries	22,610,270	26.8%
Total	81,659,928	96.9%
Nominee registered	2,629,983	3.1%
Total	84,289,911	100.0%
Total	**84,289,911**	**100.0%**

Shareholders by share ownership 31 December, 2023

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1 – 100	1,875	25.1%	89,109	0.1%
101 – 1,000	3,209	42.9%	1,412,822	1.7%
1,001 – 10,000	2,055	27.5%	6,544,035	7.8%
10,001 – 100,000	283	3.8%	7,643,986	9.1%
100,001 – 99,999,999	50	0.7%	68,599,959	81.4%
Total	7,472	100.0%	84,289,911	100.0%
Number of shares issues			**84,289,911**	**100.0%**

The share ownership of the Board of Directors and the Executive Leadership Team is presented in Note 7.1 of the consolidated financial statements.

Share-based incentive plan

In January 2022, Glaston disclosed a share-based incentive plan for the period 2022-2026 for key employees. The Performance Share Plan comprises three performance periods: the 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.

Performance Period 2022-2024

The potential reward for the performance period 2022-2024 is based on the Glaston Group's cumulative comparable EBITA and cumulative services net sales during the period of January 1, 2022-December 31, 2024.

In total 13 key persons, including the company's key executive leaders, belong to the target group of the plan in the performance period 2022-2024.

Performance Period 2023-2025

The potential reward for the performance period 2023-2025 is based on Glaston Group's cumulative comparable EBITA, cumulative services net sales and cumulative earnings per share during the period of January 1, 2023- December 31, 2025.

In total 16 key persons, including the company's key executive leaders, belong to the target group of the plan in the performance period 2023-2025.

Additional information, including essential terms and conditions of the plan, is available in the stock exchange release dated January 27, 2022.

In August 2023, Glaston signed a contract with an external service provider for the administration of the share-based incentive plans for the company's key employees and for the acquisition of the shares. For this purpose, EAI Hedging 3 Oy was established in 2023, which, financed by Glaston, will acquire shares in accordance with the agreement in accordance with the provisions of the Limited Liability Companies Act regarding the financing of the acquisition of own shares. These shares are the property of EAI Hedging 3 Oy until the shares are handed over to the participants within the incentive systems. The legal ownership of the holding company is with Evli Alexander Incentives Oy.

On September 15, 2023, the service provider acquired 3,000 Glaston shares and on September 18, 2023 a total of 247,000 Glaston shares at an average price of EUR 0.8140. At the end of 2023, the shares on the balance sheet were 250,000 shares. The total number of shares acquired during the financial period represented 0.3% of the number of shares.

Governance

Annual General Meeting 2023

The Annual General Meeting of Glaston Corporation was held on April 4, 2023 in Helsinki. The General Meeting adopted the financial statements and consolidated financial statements for the financial period from January 1 to December 31, 2022 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year from January 1 to December 31, 2022.

In accordance with the proposal of the Board of Directors, the General Meeting resolved that a return of capital of EUR 0.04 per share be distributed for the financial year ending December 31, 2022.

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

The number of members of the Board of Directors was resolved to be seven. Mr. Veli-Matti Reinikkala, Mr. Sebastian Bondestam, Mr. Antti Kaunonen, Ms. Sarlotta Narjus, Ms. Arja Talma, Mr. Tero Telaranta and Mr. Michael Willome were re-elected as members of the Board of Directors.

Remuneration of the members of the Board of Directors

The General Meeting resolved that the annual fee of the members of the Board of Directors are the following: Chair of the Board of Directors is paid an annual fee of EUR 70,000, the Deputy Chair an annual fee of EUR 43,000 and the other members of the Board of Directors an annual fee of EUR 33,000.

Further, 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.

In addition, the General Meeting resolved, that meeting fees shall be paid for each meeting of the Board of Directors that a Member of the Board has attended so that the Chair of the Board is paid EUR 800 for meetings held in the Chair'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 that all members of the Audit and People and Remuneration Committees will be paid a meeting fee of EUR 500 for each meeting attended. In addition to the meeting fee, the Chair of the Audit Committee will be paid an annual fee of EUR 10,000 and the Chair of the People and Remuneration Committee will be paid an annual fee of EUR 7,500.

Auditor

The General Meeting elected the authorized public accounting firm KPMG Oy Ab as the Company's auditor.

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

The General Meeting authorized the Board of Directors to decide on the repurchase of the Company's own shares.

The number of own shares to be repurchased shall not exceed 8,000,000 shares, which corresponds to approximately 10% of all registered shares in the Company. The authorization is effective until June 30, 2024 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 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.

The authorization is effective until June 30, 2024 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 Chair of the Board and Sebastian Bondestam as Deputy Chair of the Board. In addition, the composition of the Board committees was resolved to be as follows:

Audit Committee: Arja Talma (Chair), Sarlotta Narjus, Tero Telaranta

People and Remuneration Committee: Veli-Matti Reinikkala (Chair), Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Michael Willome.

Shareholders' Nomination Board

On September 7, 2023, 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 September 1, 2023, the following persons were 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, Chair of the Company's Board of Directors, has served as an advisory member of the Nomination Board.

In its organizing meeting on September 7, 2023, the Nomination Board elected Lasse Heinonen amongst its members as the Chair.

Report on non-financial information 2023

Sustainable business has been set as a focus area in Glaston's strategy and the company has set non-financial targets alongside financial targets. They emphasize the sustainability of the company's business and the strategic importance of environmental, social and governance (ESG) commitments. Glaston's material responsibility themes are: responsibility in own operations (personnel, environment, responsible business), responsible procurement, responsible partner and responsible member of society. This Report of non-financial information includes the targets and key indicators for each material aspect of Glaston for the purposes of managing sustainability work. In addition, this Statement of non-financial information includes information about Glaston's taxonomy eligibility and alignment.

Sustainability will be discussed in more detail in Glaston's Annual Report, which will be published in week 12.

Glaston's business model and value creation

Glaston provides glass processing machines and related services to the architectural glass, mobility glass, display and solar glass industries. Glaston's portfolio includes heat treatment and insulating glass technologies and services in the architectural market, heat treatment technologies in the mobility, display and solar markets and pre-processing technologies in the mobility and display glass industry markets, as well as related services. Glaston has the most extensive portfolio in the sector.

As an innovative trailblazer in its industry, Glaston seeks to drive the industry toward a more sustainable future. The majority of the company's business concerns customers operating in the architecture segment. The key technologies of the company's products facilitate improving the energy efficiency and safety of buildings.

Glaston has sales and service offices and production in nine countries around the world. At the end of 2023, the company had four production plants: Tampere in Finland; Neuhausen in Germany, Bützberg in Switzerland, and Tianjin in China. At the end of the year, the company had 802 employees.

Glaston wants to have a positive impact on the societies in which it operates. The company creates value for its customers with its energy-efficient and reliable products and services, in particular. As an employer and buyer of goods and services, the company creates prosperity and jobs locally. In addition, the company creates financial value as a taxpayer in the countries in which it operates. Glaston engages in close cooperation with different research institutions and universities, which creates societal value through product development and innovation. In 2023, Glaston paid shareholders a return of capital of EUR 3.4 million. Glaston paid EUR 1.1 million in taxes.

Responsibility at Glaston

In accordance with Glaston's strategy, the company's objective is to build a better tomorrow through safer, smarter, and more energy-efficient glass solutions. As environmental awareness increases, the demand for more energy-efficient and environmentally more sustainable glass solutions will increase. Glaston continuously develops its product and service offering to be able to meet clients' increasing need for reducing the material and energy consumption and emissions of their production.

In Glaston's strategy, sustainable business is a key focus area, and non-financial targets have been introduced alongside the financial targets. The non-financial strategic targets promoting sustainable business are:

- Customer satisfaction (Net Promoter Score, NPS) over 40 by 2025.
- Group-wide occupational safety target: zero lost-time accidents (LTA), (progress is measured by accident frequency, LTIFR) by 2025.
- Employees' commitment rate over 75 (out of 100) by 2025.
- Reduction of absolute scope 1 and 2 GHG emissions by 50% by 2032, compared to the 2022 base year, and reduction of scope 3 GHG emission intensity by 58% per square meter of sold glass processing capacity by 2032.

Material responsibility aspects

Glaston updated the material aspects of its responsibility in late 2021, paying particular attention to the non-financial targets of the updated strategy. The material responsibility themes are: responsibility in own operations (personnel, environment, responsible business), responsible procurement, responsible partner and responsible member of society. In connection with the materiality assessment, the most significant climate and biodiversity risks associated with Glaston's operations and caused by them were also identified. In 2023, the implementation of the targets connected to the materiality themes continued. The results are reported in more detail in Glaston's Annual Report.

Responsible business conduct

At Glaston, responsibility is part of the day-to-day operations. Glaston is committed to complying with national and international law, regulations and commonly accepted operating methods in full in everything it does.

Glaston has prepared a Code of Conduct to be able to do more than the required minimum. The Code, approved by the company's Board of Directors, presents Glaston's ethical principles in a clear way, and it guides all of the company's operations. The Code of Conduct lays down the company's requirements and expectations with regard to responsible and ethical operations. The Code guides Glaston's employees in their day-to-day work with their colleagues and clients, suppliers and other stakeholders. The matters discussed include workplace practices, responsible business practices, environmental matters and sustainability. The Code of Conduct is published in Finnish, English, German and Chinese so that as many employees as possible can read it in their own language. A Code of Conduct training is mandatory for employees once every two years and it is also an integral part of the induction of new employees. Training in the Code is the key indicator of responsible business, with the coverage target set at 100 percent. In 2023, more than 98 percent of employees had completed the Code of Conduct training.

The Code of Conduct also includes a commitment to respecting human rights; all forms of harassment and other inappropriate treatment are strictly prohibited. Glaston is committed to preventing bribery and corruption in its day-to-day operations. Every Glaston employee should report any misdemeanors or violations of the Code of Conduct. Glaston investigates all reported incidents promptly and confidentially and takes appropriate action based on the findings of the investigation. During 2023, a total of four suspected misdemeanors or violations of the Code of Conduct were reported including the workplace harassment cases mentioned below, of which three led to the termination of employment.

The Code of Conduct is complemented by other policies and guidelines on responsible conduct: Sustainability Policy, Supplier Code of Conduct, Anti-bribery and anti-corruption policy, People Policy, Environmental and Climate Change Policy, Human Rights Policy, Information Security Policy, Tax Policy, Purchasing guidelines and Health & Safety Policy.

Glaston has a process in place to ensure that any breaches of the Code of Conduct and other guidelines can be reported. Potential violations of the Code can be reported by Glaston employees and external stakeholders in a number of ways, including through an externally maintained reporting channel through which employees and third parties can report anonymously. Glaston investigates all reported incidents promptly and confidentially and takes appropriate action based on the results of the investigation.

Fair competition

Glaston takes the competition rules very seriously and every employee must act in accordance with them. Glaston complies internationally with EU competition legislation, while also taking into account stricter local rules. Glaston regularly organizes training for its personnel and senior management on fair business and competition issues. The training material was revised towards the end of 2023 and will be rolled out during 2024. The fair competition online training is always available on the company's intranet. Any violations or suspicions of improper activity can be reported via the whistleblowing channel.

Taxation

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's Tax Policy defines Glaston Group's tax strategy as well as constitutes a general framework and guidelines for tax governance within the Group. The Tax Policy also provides a framework for tax risk management and determines key measures and controls to manage taxes.

Information security

Information security has become increasingly important, and particular attention has been paid to the development of information security in relation to both Glaston's own and its clients' data. IT security is monitored and audited, and Glaston's Executive Leadership Team and the Audit Committee of the Board of Directors regularly review information security matters and plan, and measures to manage risks. The company uses a SOC (Security Operations Center) service for monitoring information security events 24/7. No significant information security incidents were reported in 2023.

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 objectives and functions. The principles and operating method of risk management are specified in the risk management guideline approved by the company's Board of Directors. The leading principle of risk management is the continuous, systematic and appropriate development and execution of the risk management process, aiming to comprehensively identify and appropriately manage risks.

To help mitigate risks and drive ethical practices in the supply chain, Glaston's Supplier Code of Conduct states the sustainability standards expected from third parties. The Supplier Code of Conduct has requirements, for example, on anti-corruption, safety, human rights, as well as environmental and compliance topics. The Supplier Code of Conduct has been added to the purchasing contracts, so in the future, all Glaston suppliers will be required to adhere to it. By the end of 2023, 74% of the relevant suppliers had committed to the Code.

Management of sustainability

Sustainable business, environmental and social responsibility, and good corporate governance are included in the strategy approved by the Board of Directors. Sustainable business is promoted within a group-wide cornerstone project.

The Sustainability Policy adopted by Glaston's Board of Directors describes the Group's sustainability management and governance principles and priorities and defines responsibilities for different functions. The company's CFO is responsible for sustainability at management team level and leads the Group's Sustainability function. The Head of the Sustainability Function leads the operational sustainability work. The development of the sustainability agenda is promoted by the sustainability working group, tasked with coordinating the development of sustainable business at Glaston and implementing related practices. The Group reports on the development of responsible business to the Group's Executive Leadership Team and Board of Directors.

Personnel and social responsibility

At the end of 2023, Glaston had 802 employees (December 31, 2022: 783), of whom 212 (195) worked in Finland. The average number of employees during the year was 804 (775). Personnel expenses totaled EUR 69.2 (65.4) million in January–December.

Employees who are professional, committed and feel well are Glaston's strength. Glaston has committed to the continuous improvement of its employees' expertise, offering them a safe and inspiring work environment in which they can learn and develop.

Glaston's HR work is guided by the new People Policy approved by the Board of Directors in 2023, which sets out, among other things, the company's principles on diversity, equality and inclusion. All Glaston employees must be treated fairly and equally. Insulting and inappropriate behavior is not tolerated. Glaston is committed to equality, and therefore all harassment is prohibited. Glaston respects the freedom of association and recognizes the right to collective bargaining.

Employees and candidates must be treated and assessed based on their work-related abilities, and no one may be discriminated based on race, skin color, nationality, ethnic origin, religion, gender, sexual orientation, disability, trade union membership or political affiliations.

The company's aim is for no cases of workplace harassment to be reported. All reported cases are investigated, and if it is found warranted, the necessary action will be taken. The parties involved will be informed of the outcome of the process. Three suspected cases of workplace harassment were reported in 2023, and following the investigation, it resulted in the termination of the employment for two of the employees concerned.

Glaston's strategy highlights occupational safety and the commitment rate of personnel as focus areas. The employee engagement rate target set by the company is for the rate to increase to over 75 on a scale of 1–100 by 2025. The employee engagement is measured every year with an employer survey, and in 2023 the commitment rate was 70 (70).

The Group-level occupational safety target is zero lost-time accidents. In order to reach the target, safety has been incorporated into the ways of working. A safety working group, comprising representatives of different functions, works to manage and develop safety. In 2023, the accident frequency rate, or number of lost-time accidents per one million hours worked (LTIFR), was 6.3 (3.9).

Respect for human rights

Human rights belong to everyone. Glaston is committed to respecting all human rights recognized in the UN's Universal Declaration of Human Rights and existing human rights conventions. Glaston is committed to acting according to United Nations Guiding Principles on Business and Human Rights (UNGP) and OECD Guidelines for Multinational Enterprises. As of March 2023, Glaston is a signatory to the UN Global Compact and is thereby committed to its principles with respect to human rights, labour, the environment, and anti-corruption. Glaston is committed to the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

Glaston's fundamental principles relating to human rights are specified in Glaston's Code of Conduct, the principles being supplemented by the separate Human Rights Policy approved by the company's Board of Directors in 2023. Human rights are also addressed in Glaston's People Policy, which outlines the company's view of aspects such as diversity, equal treatment and engagement, freedom of association, remuneration and working hours.

In accordance with its Code of Conduct, Glaston treats its suppliers, service providers and subcontractors fairly. In order to ensure that human rights are also respected in the supply chain, the fundamental requirements set by the company are also incorporated into the Supplier Code of Conduct.

Glaston's Human Rights Policy describes the Group's key risks and impacts relating to human rights, as well as measures to assess, prevent and mitigate these risks and negative impacts. The Human Rights Policy addresses, among other things, the right of everyone in Glaston's value chain to health and safety, good working conditions, a living wage and equal and non-discriminating treatment.

In fall 2023, Glaston conducted an assessment of human rights-related risks with an external specialist. Risks relating to occupational safety, both in Glaston's own activities and customers' production, were identified as having the most serious possible impacts. In addition, risks were identified with working conditions in the supply chain and equal and non-discriminating treatment in own operations. The survey also identified key actions connected to the management of identified human rights risks. Glaston's Human Rights Policy is available on the company's website.

Glaston's human rights-related due diligence process identifies, assesses and prioritizes the negative human right impacts of business in a systematic manner. Glaston aims to prevent and mitigate these impacts and, if necessary, take corrective action to remedy the negative impacts.

The risks and impacts connected to human rights are assessed using various risk assessments. Glaston uses processes to assess and mitigate risks relating to occupational safety, supplier performance and employee engagement. These processes are also continuously developed to asses human rights impacts. The aim is to incorporate human rights impacts into Glaston's supplier selection, assessment and audit processes.

In 2023, no suspicions of violations of human rights were reported in the company.

Anti-corruption and anti-bribery

At Glaston, combating corruption and bribery is included in the company's Code of Conduct and the company undertakes to promote fair competition and comply with legislation in all of its operations. The Code of Conduct states that business relationships must be based on objective criteria. Direct or indirect payments must not be made or the company's funds transferred directly or indirectly to any party in order to obtain inappropriate benefit. The Code of Conduct requires avoiding conflicts of interest and refusing all inappropriate payments and benefits. Glaston's Code of Conduct is complemented by the anti-bribery and anti-corruption policy. The purpose of this policy is to increase Glaston employees' awareness of the risk of corrupt payments, to unequivocally prohibit the payment and receipt of bribes, and to ensure that the company conducts business honestly, in accordance with ethical standards and in compliance with anti-corruption laws, rules and regulations.

Combating corruption and bribery are covered in the mandatory Code of Conduct training. In addition, a separate anti-bribery and anti-corruption training program was developed in 2023. The training program will be implemented in the Group in early 2024.

In 2023, no bribery or suspicions of corruption emerged in the company.

Environmental responsibility

The majority of Glaston's environmental impacts are caused when customers use Glaston technologies throughout their lifecycle. The company's environmental work therefore covers its own operations, its supply chain and its customers. Glaston's environmental responsibility is guided by the company's commitment to science-based emission targets to limit global warming to 1.5 degrees Celsius. Glaston's commitment to environmental responsibility can be found in the Code of Conduct and in the Environmental and Climate Change Policy, approved by the Board of Directors. Both documents are publicly available on the company's website.

Glaston develops and designs its machines to endure use at a high utilization rate. Predictive and regular maintenance and an extensive range of upgrade products increase the efficiency of production operations and prolong the lifecycle of the machines. The lifecycle of Glaston's glass processing machines is up to tens of years thereby supporting the targets of sustainable development and circularity.

The development of the energy and material efficiency of products is a continuous effort. Improving the energy efficiency of the products has been at the core of product development work for a long time, and as a result of the development work, clients are able to process their glass increasingly energy-efficiently. In addition, the company invests in digital and IoT-based solutions and services in its product development. They make it possible to optimize the performance of the machine and real-time client support without environmentally burdening travel.

The safety of the use of Glaston machines is based on the EU Machine Directive and the EN standards mentioned therein. All Glaston machines made in Europe comply with the said EU Directive.

Glaston operates in accordance with the ISO 9001 quality management system in its assembly and production units. In Finland, Glaston manages environmental matters in accordance with the ISO 14001 environmental management system.

In Glaston's operations, the main environmental impacts are caused by the electricity consumed during the operation of the sold machines, and the products and services purchased for manufacturing. In its own operations, the most significant emissions arise from the energy used to heat its premises.

At the end of 2023, Glaston committed to set science-based emission reduction targets. Glaston commits to reducing absolute scope 1 and 2 GHG emissions by 50% by 2032, compared to the 2022 base year. The target is in line with limiting global warming to 1.5°Celsius. In order to achieve the emission reduction targets of its own operations, Glaston intends to phase out the use of natural gas and other fossil energy sources and to continue to significantly increase the share of renewable energy.

Emissions from Glaston's own operations represent a small proportion of the company's total emissions. The vast majority, around 99.8%, of all emissions related to Glaston's activities are generated in the company's value chain (scope 3) and the most significant sources of emissions are the electricity consumption of machines manufactured by Glaston (2022: 91%) and purchased goods and services (2022: 8%). Glaston commits to reducing the scope 3 GHG emission intensity by 58% per square meter of sold glass processing capacity by 2032. The target has been sent to the SBTi for evaluation, and Glaston estimates that the final, validated target will be published during the second half of 2024.

In 2023, there were no environmental accidents or significant spills reported.

Taxonomy eligibility and alignment

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 regulation applies to Glaston and requires disclosure of the share of environmentally sustainable revenue, capital expenditure and operating expenditure.

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. In June 2023, the EU Commission adopted the Environmental Delegated Act, EU 2023/2486, including the criteria under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. Glaston has evaluated the new criteria and does not have activities that could be classified under the new set of criteria.

For an eligible activity to be aligned with the EU Taxonomy it further has to comply with the Technical Screening Criteria (TSC) and the Do No Significant Harm (DNSH) Criteria. In addition, the company has to fulfill Minimum Social Safeguards.

Technical Screening Criteria

The technical screening criteria form the basis for taxonomy reporting and are criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the environmental objectives and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

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. Glaston's Insulating Glass technologies, machines, manufacturing lines, upgrade options and services that enable manufacturing of insulating glass unit systems are taxonomy-eligible activities, conforming with the definition and fulfilling the internationally standardized requirements and essential characteristics of insulating glass units. Further, hand-operated or power-driven lifting, handling, loading or unloading machinery, edge working machines and equipment are considered not to be taxonomy-eligible activities when not installed as a part of existing or new insulating glass manufacturing lines.

The EU Taxonomy has set clear requirements for windows and doors for substantial contribution to climate change mitigation in the Annex to the Commission Delegated Regulation*). The manufacture of energy-efficiency equipment for buildings, in accordance with Section 3.5 of the Annex, 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's) represent between 70 to 80% of the surface area of a window and are key components affecting their energy efficiency, which has been demonstrated in studies of CO_2 savings**). Insulating glass manufacturing technologies for windows are essential for achieving the set threshold in the regulation.

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.

Similarly, Glaston's technologies for processing glass for photovoltaic modules and related services is regarded as an enabling activity as it is a key component for manufacturing renewable energy technologies, and is covered in Section 3.1 by NACE code C28.99.

Further, Glaston has made an investment in a solar power plant at its production unit in Switzerland. The solar panels have been producing energy for the factory's own use since November 2022. The investment is covered in Annex 1 of the Delegated Regulation*), Section 7.6. Installation, maintenance and repair of renewable energy technologies by NACE code 43.21.

Based on this 46 (43)% of the Group's turnover is taxonomy eligible. In total, Glaston has identified 34 (28)% of the total investments to be taxonomy eligible as well as 25 (28) % of operating expenditure in 2023. The growth in investments is due to Glaston investing heavily in the development of insulating glass machines and tempering lines which are specified for manufacturing glass components for solar panel production.

Do No Significant Harm (DNSH)

Glaston has carried out an assessment to ensure that the do no significant harm criteria are met for the environmental objectives 2-6 listed above in accordance with the applicable technical screening criteria for Climate Change Mitigation. The assessment is based on scientific articles, industry association publications and established international product standards.Glaston's eligible activities comply with all DNSH criteria as set out in the regulation.

The DNSH criteria for disclosed activities for glass processing technologies for photovoltaic modules (3.1. manufacture of renewable technologies) and for insulating glass technologies (3.5 manufacture of energy efficiency equipment for buildings) are the same.

Glass is a fully recyclable and reusable material and does not contain substances of concern. Recycled glass is a valuable resource for the glass industry to replace virgin raw materials and input as a raw material to reduce energy consumption and CO2 emissions. Further, material offcuts generated in flat glass processing can be subject to direct recycling in glass manufacturing furnaces due to its high purity. In addition, flat glass products manufactured accordingly to relevant product standards ensure reasonable working life and durability. Also, insulated glass units can be dismantled, collected and recycled. Insulating glass units can be assigned with information on traceability and substances of concern when applicable.

Minimum safeguards (MS)

As set out in the EU Taxonomy Regulation, as well as in the final report on Minimum Safeguards published by the EU Platform on Sustainable Finance, Glaston has reviewed the Minimum Safeguards with respect to human rights, bribery and corruption, taxation and fair competition. Compliance with Minimum Social Safeguards has been assessed at company level. None of the indicators recommended for the assessment have been discovered in the company's operations. Based on this assessment, Glaston meets the criteria for alignment with Minimum Safeguards.

Glaston is committed to operating in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. Glaston is a signatory to the UN Global Compact and is therefore committed to its principles on human rights, labour, environment and anti-corruption. Glaston's Code of Conduct and Human Rights Policy set out the standards expected of all employees and all Glaston Group companies. Glaston also requires its business partners to comply with similar principles. The company therefore encourages its business partners to continuously improve and develop their human rights practices to meet the human rights standards and expectations set out in Glaston's Human Rights Policy. For more information, see the Responsible Business Conduct and Respect for Human Rights sections.

Conclusion

Glaston has reviewed the Technical Screening Criteria for each of its eligible activities and all the eligible activities also meet the Technical Screening Criteria for substantial contribution to climate change mitigation. Further, based on the analysis made by the company, the identified activities do no significant harm (DNSH) to any of the other five environmental objectives. Compliance with Minimum Social Safeguards has been assessed at the level of the whole company and based on the assessment Glaston determined the company fulfills the criteria for Minimum Social Safeguards.

Based on the assessment made by Glaston, 46 (43)% of the Group's turnover is taxonomy aligned. In total, Glaston has identified 34 (28)% of the total investments to be taxonomy aligned as well as 25 (28)% of operating expenditure in 2023. The growth in investments is due to Glaston invest-

*) 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 CO_2 saving in Europe, TNO, 2019.

ing heavily in development of insulating glass machines and tempering lines which are specified for manufacturing glass components for solar panel production. In addition, Glaston discloses information referred to in Article 8(6) and (7) of the amended Delegated Regulation (EU) 2021/2178 as in standard template 1, Nuclear and fossil gas related activities. Glaston does not have nuclear energy or fossil gas related activities***).

***) COMMISSION DELEGATED REGULATION (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities

Turnover

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria									
Economic activities	Code(s)	Turnover, EUR thousand	Proportion of turnover, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 1: Insulating glass technologies	CCM 3.5	95,968	44%	Y	N	N	N	N	N		Y	Y	Y	Y	Y	Y	42%	E	
Activity 2: Glass processing technologies for photovoltaic modules	CCM 3.1	3,792	2%	Y	N	N	N	N	N		Y	Y	Y	Y	Y	Y	1%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		99,760	46%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	43%		
Of which enabling		99,760	100%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	100%	E	
Of which transitional		0	0%	0%													0%		
A.2. Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Activity 1: None		0	0%														0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
A. Turnover of taxonomy eligible activities (A.1 + A.2)		99,760	46%	100%	0%	0%	0%	0%	0%								43%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		119,948	54%																
TOTAL		219,708	100%																

CapEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria									
Economic activities	Code(s)	CapEx, EUR thousand	Proportion of CapEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 1: Insulating glass technologies	CCM 3.5	2,691	28%	Y	N	N	N	N	N		Y	Y	Y	Y	Y	Y	24%	E	
Activity 2: Glass processing technologies for photovoltaic modules	CCM 3.1	368	4%	Y	N	N	N	N	N		Y	Y	Y	Y	Y	Y	1%	E	
Activity 3: Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment (Switzerland factory)	CCM 7.6	208	2%	Y	N	N	N	N	N		Y	Y	Y	Y	Y	Y	3%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**3,266**	**34%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**		**K**	**K**	**K**	**K**	**K**	**K**	**28%**		
Of which enabling		**3,266**	**100%**	**100%**							**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**100%**	**E**	
Of which transitional		**0**	**0%**	**0%**													**0%**		
A.2. Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Activity 1: None		0	0%														0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								0%		
A. CapEx of taxonomy eligible activities (A.1 + A.2)		**3,266**	**34%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								28%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		6,334	66%																
TOTAL		**9,600**	**100%**																

OpEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria									
Economic activities	Code(s)	OpEx, EUR thousand	Proportion of OpEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 1: Insulating glass technologies	CCM 3.5	2,425	25%	Y	N	N	N	N	N		Y	Y	Y	Y	Y	Y	28%	E	
Activity 2: Glass processing technologies for photovoltaic modules	CCM 3.1	17	0%	Y	N	N	N	N	N		Y	Y	Y	Y	Y	Y	0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**2,442**	**25%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**		**K**	**K**	**K**	**K**	**K**	**K**	**28%**		
Of which enabling		**2,442**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**100%**	**E**	
Of which transitional		**0**	**0%**	**0%**													**0%**		
A.2. Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Activity 1: None		0	0%														0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								0%		
A. OpEx of taxonomy eligible activities (A.1 + A.2)		**2,442**	**25%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								28%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		7,519	75%																
TOTAL		9,961	100%																

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

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Accounting policy

The consolidated financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (SIC and IFRIC). The Taxonomy key performance indicators (KPIs) have been calculated by using the financial information presented in Glaston's financial statements for the fiscal year 2023.

Turnover

Glaston has calculated KPI for turnover based on its interpretation of definitions presented in the Disclosures Delegated Act.

The numerator of turnover KPI, as defined in the Disclosures Delegated Act, includes the portion of net turnover derived from products or services, including intangibles, associated with Taxonomy aligned economic activities. The denominator equals Group total net sales that are reported in the Annual Report (see page 99) in accordance with IFRS for the period January 1 to December 31, 2023.

Glaston's taxonomy aligned turnover includes sales of insulating glass machines and services as well as sales of tempering lines which are specified for manufacturing glass components for solar panel production. For Insulating Glass technologies, machines, manufacturing lines, upgrade options and services that enable manufacturing of insulating glass unit systems are included whereas loading or unloading machinery, edge working machines and equipment when not installed as a part of an existing or new insulating glass manufacturing lines, are excluded.

Turnover KPI is calculated based on net sales per project and therefore double counting is avoided.

Capital expenditure

Glaston has calculated the KPI for taxonomy aligned CapEx based on its interpretation of definitions presented in the Disclosures Delegated Act.

The denominator of CapEx KPI, as defined in the Disclosures Delegated Act, includes additions to tangible and intangible assets during the financial year considered before depreciation, amortization and any re-measurements. Total capital expenditure covers costs that are accounted in accordance with IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets as well as IFRS 16 Leases. Glaston capitalizes development costs of new products. Additionally, CapEx includes other tangible and intangible assets, such as property, IT equipments and software, machinery and other equipments. Total CapEx inclusions are further described in Notes 3.1. Intangible Assets, 3.2. Tangible Assets and 3.3. Leases.

The numerator of CapEx KPI includes the part of capital expenditure, as defined in the Disclosures Delegated Act, that relates to assets or processes that are associated with taxonomy aligned economic activities. Should the capital expenditure relate only partly to taxonomy-aligned economic activity, the expenditure has been attributed through an allocation key based on net sales.

Operating expenditure

Glaston has calculated KPI for taxonomy aligned OpEx based on its interpretation on definitions presented in the Disclosures Delegated Act.

The denominator of OpEx KPI, as defined in the Disclosures Delegated Act, includes direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, day-to-day servicing (i.e. maintenance and repair) of property, plant and equipment. Research and development costs include personnel expenses and other fixed costs.

The numerator of OpEx KPI includes the part of operating expenditure, as defined in the Disclosures Delegated Act ****), that relates to assets or processes that are associated with taxonomy aligned economic activities.

Should the operating expenditure relate only partly to a taxonomy aligned economic activity, the expenditure has been attributed through an allocation key based on net sales. Depreciation is excluded from this KPI.

****) COMMISSION DELEGATED REGULATION (EU 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

Business risks

Glaston continuously analyses and evaluates risks that may result from changes in the business environment or the company's operational activities and plans for mitigation actions. The risk factors described below may potentially have a negative impact on the company's business or financial status and therefore on the company's value.

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 business cycles and megatrends in the global economy directly impact the company's operating conditions. 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, mobility, display and solar panel industries.

Currently, business operations globally are impacted by continued inflationary pressure, tighter monetary policies, increasing geopolitical risks and uncertain growth expectations in China. These are all contributing to a slowdown in global economic growth,and investment activity, and therefore pose a risk to the company's operations and profitability. Given the uncertainties of the real estate market in China, special focus is put on the company's strategy in China and Glaston is actively developing its offering and competitiveness in the Chinese markets.

The general increase in uncertainty may reduce customers' willingness to invest and thereby negatively impact Glaston's order intake, net sales and earnings.

Declined economic and investment activity has affected building industry development, which is an important driver, particularly for flat tempering and flat laminating products. 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 architectural safety glass and mobility 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 mobility industry customers. Long-term disruption and structural changes in the market could impact demand for the Group's mobility glass processing machines. Increasing mobility 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 through, among other things, the use of lighter vehicle structures, on which thin glass, in particular, will have a positive impact.

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. However, the growth in the Services business has not been at the level Glaston expected due to the above described lower overall activity in the markets. Therefore, Glaston is constantly evaluating opportunities to maximize service revenue e.g. through active installed base management.

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 also 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, 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.

Glaston's 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's architectural market. In 2023, ramping up the capabilities for production of automotive glass preprocessing equipment at Glaston's factory in China was completed in line with plans.

Technology and IPR risks

One of Glaston's most significant strategic risks is technology risk, i.e. the entry into the market by a competing machine or glass processing technology, which would result in a reduction of Glaston's market shares and require the company to make considerable investments in product development. This risk could also be realized if Glaston's technology would infringe third-party rights.

Corporate responsibility and climate change risks

Glaston has assessed its corporate responsibility risks, including risks related to climate change, in both its strategic and operational risk assessments. The risks were not found to be significant, however. The potential risks associated with responsibility, climate change and Glaston's products include regulatory changes, environmental protection and 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 solar panel glass processing 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 with lower electricity consumption than before.

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

Glaston recognizes that there are potential sustainability and reputational risks primarily related to the working conditions in the supply chain such as wages, working hours and safety. Glaston's expectations of their suppliers are defined in the company's Supplier Code of Conduct and a commitment to the Supplier Code of Conduct is required.

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 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 as well as the possibility of corruption and fraud 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.

In order to focus particular attention on risks related to bribery and corruption, the Code of Conduct is complemented by the Anti-bribery and anti-corruption policy approved by the Board of Directors. The purpose of this policy is to increase Glaston employees' awareness of the risk of corrupt payments, to unequivocally prohibit the payment and receipt of bribes, and to ensure that the company conducts business honestly, in accordance with ethical standards and in compliance with anti-corruption laws, rules and regulations. Local guidelines supplement the Group-level guidelines.

Glaston has a whistleblowing channel, which allows for anonymous reporting for both internal and external stakeholders on any suspected violations of the Code of Conduct and other guidelines.

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 even a single project may have significant financial implications if its size or contractual terms and conditions are exceptional.

Disruptions in supply chains

The supply chain disruptions continued in 2023, although with a clearly diminishing impact. Even though the supply chain situation improved, except for some electrical and control components, Glaston continues to actively mitigate the risks related to raw materials and component prices and 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 to particular attention. Severe cyber security attacks may impact the company's ability to conduct its business operations without interruptions. The company's IT Security Policy lists the targets and principles and defines the responsibilities with respect to IT security. The 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 is bringing new requirements for technological and business management expertise. The Group's ability to attract talent 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, interest rate and refinancing risks. Financial risks and their management are described in the section Management of Financial Risks of the Annual Review.

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

Corporate Governance Statement

Glaston has published a separate Corporate governance statement for 2023 that complies with the recommendations of the Finnish Corporate Governance Code for listed companies. The statement is available on the company's website.

Short-term risks and business uncertainties

The ongoing uncertainty in the global business environment with its impact on the Architectural market continues to constitute the main short-term risk for Glaston. Demand for Glaston's products in the Architecture Business Area is impacted by the general economic cycles, and especially the level of activity within the construction industry. The construction market is expected to develop unevenly. The cautious development is predicted to continue in Europe and China, and Glaston pays particular attention to the development of the construction market in China. In the Americas, and particularly in North America, the prospects are better.

Internationally, businesses are being impacted by the increased inflationary pressure. The tightening of monetary policy by central banks to tackle inflation has led to higher financing costs for investments, thereby leading to increased consideration for new investments or operating cost savings. Due to increasing market uncertainty and higher financing costs, customers may also wish to postpone or cancel their orders. Furthermore, the softening market conditions could adversely affect customers' payment capabilities. Political risks and uncertainties have increased and could lead to polarization and unexpected trade restrictions, thereby representing a risk to Glaston's business.

Glaston continuously monitors the development outlook of the global economy and its impact on the progress of its markets, with short-term risks mainly linked to the development of global investment demand. If the demand environment deteriorates substantially, this would mainly affect Glaston's net sales and earnings in the machines businesses with a delay of six to nine months. Any material slowdown in the demand for services would have a faster impact. Tighter availability and the higher cost of financing may also increase customer-related credit risks.

To accelerate the strategy execution, Glaston's new organization came into effect on October 1, 2023. Despite close follow-up and monitoring, there could be a risk of not being able to harness the planned financial and strategy execution benefits. Leadership and change management are key in mitigating the risk.

Major supply chain disruptions may impact the company's performance as component scarcity may cause revenue recognition delays, whereas heavily increasing prices of raw materials may add to short-term profitability pressure.

Glaston delivers projects, which involve risks related to engineering, project execution, and installation. A failure to plan or manage these projects could lead to higher-than-estimated costs, revenue recognition delays or disputes with customers.

Labor shortages and rising employee turnover are concerns in the market. Glaston's ability to maintain a high level of job satisfaction among its employees and also to attract new employees is further emphasized.

Events after the reporting period

On January 19, 2024, the Proposals of Glaston Corporation's Shareholders' Nomination Board to the Annual General Meeting 2024 were disclosed. The Nominations Board proposes that the current members of the Board of Directors Veli-Matti Reinikkala, Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Arja Talma, Tero Telaranta and Michael Willome shall be re-elected as Members of the Board of Directors. Furthermore, the Nomination Board proposes that the annual remuneration of the Members of the Board of Directors be as follows (current remuneration in brackets): Chair of the Board EUR 74,000 (70,000), Deputy Chair of the Board EUR 45,000 (43,000) and other Members of the Board EUR 35,000 (33,000). More information is available in the Stock Exchange release published on January 19, 2024.

On February 15, 2024, Glaston informed that the company's Board of Directors had approved partially revised strategic targets. Due to the significant changes in the global economy and Glaston's addressable markets started to soften in 2023, the time for reaching the strategic targets has been modified to reflect the current expectations. Glaston has adjusted the timeframe for achieving the strategic targets from 2025 to the medium term (3-5 years) except for the emissions reduction targets with a timeframe up to 2032.

For net sales and comparable return on capital employed, the targets are slightly adjusted. Glaston expects annual average net sales to exceed the addressable equipment market growth and the comparable return on capital employed (ROCE) to be above 16%. The target for comparable operating margin (EBITA) of 10% remains unchanged. Additional information is available in the stock exchange release dated February 15, 2024.

Glaston's outlook for 2024

Amid early signs of increasing market activity, Glaston expects the architectural glass processing equipment markets to start recovering slowly at some point in 2024. In Europe, demand is expected to remain at the current level with the recovery taking place towards the end of the year. In the Americas, the current demand level is expected to continue. In China, demand in the Architectural market is expected to remain at a reasonable level. In the mobility glass processing equipment market, the cautiously positive development is expected to continue driven by China. With global economic uncertainty and geopolitical tensions continuing, higher-than-normal uncertainty exists in relation to customers' decision-making.

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.

Board of Directors' proposal on the distribution of profits

The distributable funds of Glaston Corporation are EUR 59,814,764 of which EUR 2,071,515 represents the profit for the financial year. The company has no funds available for dividend distribution.

The Board of Directors proposes to the Annual General Meeting to be held on 9 April 2024 that the profit for the financial year 2023 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 2023, a return of capital of a total of EUR 4,201,996 be distributed., i.e. EUR 0.05 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, 11 April 2024. The Board of Directors proposes to the Annual General Meeting that the return of capital be paid on 25 April 2024.

The number of shares entitled to a return of capital on the date of the proposal on the distribution of profits is 84,039,911 corresponding to a total return of capital of EUR 4,201,996. EUR 55,612,769 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, February 14, 2024
Glaston Corporation
Board of Directors

Per Share Data

	2023	2022	2021
Earnings per share, EUR	0.060	0.037	0.013
Comparable earnings per share	0.104	0.074	0.051
Return of capital per share, EUR [1]	0.05	0.04	0.03
Return of capital ratio, % [1]	83.5%	109.1%	227.6%
Return of capital yield [1]	6.8%	4.4%	2.6%
Return of capital , EUR million [1]	4.2	3.4	2.5
Adjusted equity attributable to owners of the parent per share, EUR	0.82	0.81	0.81
Price per earnings per share (P/E) ratio	12.3	24.6	86.5
Price per equity attributable to owners of the parent per share	0.89	1.11	1.41
Number of shares at the end of the year	84,289,911	84,289,911	84,289,911
Number of shares at the end of the year, excluding treasury shares	84,039,911	84,289,911	84,289,911
Number of shares, average, excluding treasury shares	84,217,969	84,289,911	84,289,911

	2023	2022	2021
Share price and turnover			
Share price, year high, EUR	1.09	1.19	1.40
Share price, year low, EUR	0.73	0.71	0.72
Share price, volume-weighted year average, EUR	0.89	0.95	0.98
Share price, end of year, EUR	0.74	0.90	1.14
Number of shares traded (1.000)	7,180	8,153	20,577
% of average number of registered shares	8.5%	9.7%	24.4%
Market capitalization of registered shares, end of year, treasury shares excluded, EUR million	61.9	76.0	96.1

[1] year 2023; Board of Directors' proposal to 2024 Annual General Meeting

Financial Ratios

EUR thousand	2023	2022	2021
Income statement and profitability			
Net sales	219,708	213,520	182,662
Operating result	8,144	7,640	5,105
% of net sales	3.7%	3.6%	2.8%
Comparable operating result (EBIT)	11,418	9,917	6,569
% of net sales	5.2%	4.6%	3.6%
Comparable EBITA	14,869	13,624	11,098
% of net sales	6.8%	6.4%	6.1%
Financial income and expenses (net)	-1,272	-2,899	-3,945
% of net sales	-0.6%	-1.4%	-2.2%
Result before income taxes and non-controlling interests	6,872	4,740	1,160
% of net sales	3.1%	2.2%	0.6%
Income taxes	-1,830	-1,649	-49
Net profit / loss attributable to owners of the parent	5,042	3,091	1,111
% of net sales	2.3%	1.4%	0.6%
Return on capital employed (ROCE), %	8.1%	6.9%	2.8%
Comprable return on capital employed (Comparable ROCE), %	12.7%	10.5%	6.1%
Return on equity, %	7.3%	4.5%	1.6%
Gross capital expenditure	7,542	5,850	5,168
% of net sales	3.4%	2.7%	2.8%
Order book, EUR million	106.5	138.3	94.8

EUR million	2023	2022	2021
Property, plant and equipment and intangible assets	47,970	46,337	47,392
Goodwill	58,154	58,662	58,605
Non-current assets total	108,209	107,751	111,581
Equity attributable to owners of the parent	69,313	68,437	68,030
Liabilities	127,154	126,455	129,253
Total assets	196,466	194,892	197,283
Capital employed	100,394	103,974	113,152
Net interest-bearing debt	10,929	13,312	18,269
Equity ratio, %	45.2%	44.0%	42.3%
Gearing, %	44.8%	51.9%	66.3%
Net gearing, %	15.8%	19.5%	26.9%
Personnel			
Personnel, average	804	775	731
Personnel, at the end of the period	802	783	750

The reconciliation of alternative performance measures

EUR thousand	2023	2022	2021
Comparable operating result (EBIT) and EBITA			
Operating result	8,144	7,640	5,105
Items affecting comparability	3,274	2,278	1,464
Comparable EBIT	11,417	9,917	6,569
Operating result	8,144	7,640	5,105
Amortization and purchase price allocation [1]	3,451	3,707	4,530
EBITA	11,595	11,346	9,634
Items affecting comparability[1]	3,274	2,278	1,464
Comparable EBITA	14,869	13,624	11,098
% of net sales	6.8%	6.4%	6.1%

[1] + cost, - income

EUR thousand	2023	2022	2021
Comparable ROCE% and EPS			
Profit/loss for the period before taxes	6,872	4,740	1,160
Financial expenses	1,401	2,742	2,184
Purchase price allocation	1,380	1,638	2,503
Items affecting comparability	3,274	2,278	1,464
Total	12,927	11,399	7,311
Equity	69,313	68,437	68,030
Interest bearing liabilities	31,082	35,536	45,121
Avg (1.1. and end of period)	102,184	108,562	119,007
Comparable ROCE% annualized	**12.7%**	**10.5%**	**6.1%**
Profit/loss for the period	5,042	3,091	1,111
Purchase price allocation	1,380	1,639	2,503
Items affecting comparability	3,274	2,278	1,464
Tax	-931	-783	-793
Total	8,766	6,224	4,285
Number of shares, average	84,218	84,290	84,290
Comparable earnings per share	**0.104**	**0.074**	**0.051**

Definitions of Key Ratios

Per share data

Earnings per share (EPS)

$$\frac{\text{Net result attributable to owners of the parent}}{\text{Average number of shares}}$$

Dividend per share*

$$\frac{\text{Dividends paid}}{\text{Number of issued shares at end of the period}}$$

Dividend payout ratio*

$$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$$

Dividend yield per share*

$$\frac{\text{Dividend per share} \times 100}{\text{Share price at end of the period}}$$

Equity attributable to owners of the parent per share

$$\frac{\text{Equity attributable to owners of the parent at end of the period}}{\text{Number of shares at end of the period}}$$

Average trading price

$$\frac{\text{Shares traded (EUR)}}{\text{Shares traded (volume)}}$$

Price per earnings per share (P/E)

$$\frac{\text{Share price at end of the period}}{\text{Earnings per share (EPS)}}$$

Price per equity attributable to owners of the parent per share

$$\frac{\text{Share price at end of the period}}{\text{Equity attributable to owners of the parent per share}}$$

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

* Definitions are 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, %

$$\frac{\text{Equity (Equity attributable to owners of the parent +non-controlling interest) x 100}}{\text{Total assets - advance payments received}}$$

Gearing, %

$$\frac{\text{Net interest-bearing debt x 100}}{\text{Equity (Equity attributable to owners of the parent + non-controlling interest)}}$$

Net gearing, %

$$\frac{\text{Net interest-bearing debt x 100}}{\text{Equity (Equity attributable to owners of the parent + non-controlling interest)}}$$

Return on capital employed, % (ROCE)

$$\frac{\text{Profit / loss before taxes + financial expenses x 100}}{\text{Equity + interest-bearing liabilities (average of 1 January and end of the reporting period)}}$$

Return on equity, % (ROE)

$$\frac{\text{Profit / loss for the reporting period x 100}}{\text{Equity (Equity attributable to owners of the parent + non-controlling interest) (average of 1 January and end of the reporting period)}}$$

Alternative performance measures

Comparable EBIT:
Operating result after depreciation, amortization and impairment, +/- items affecting comparability + large, expensed cloud-computing investments.

Comparable EBITDA:
Operating result before amortization and impairment, +/- items affecting comparability + large, expensed cloud-computing investments.

Comparable EBITA:
Operating result before amortization, impairment of intangible assets and purchase price allocation +/- items affecting comparability + large, expensed cloud-computing investments.

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 l iabilities, 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) net of tax / 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

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Consolidated statement of profit or loss

EUR thousand	Note	1 January–31 December 2023	2022
Net sales	2.2.	**219,708**	**213,520**
Other operating income	2.3.	2,488	3,583
Changes in inventories of finished goods and work in progress	2.4.	1,599	1,016
Own work capitalized		604	606
Materials	2.4.	-94,917	-97,926
Personnel expenses	2.5.	-69,159	-65,357
Other operating expenses	2.4.	-44,591	-40,120
Depreciation, amortization and impairment	3.4.	-7,589	-7,681
Operating result		**8,144**	**7,640**
Financial income	2.8.	378	124
Financial expenses	2.8.	-1,649	-3,024
Financial items, net		-1,272	-2,899
Result before income taxes		**6,872**	**4,740**
Income taxes	2.9.	-1,830	-1,649
Profit for the period		**5,042**	**3,091**
Attributable to:			
Owners of the parent		5,042	3,091
Non-controlling interest		–	–
Earnings per share (EPS), EUR, basic and diluted	**2.10.**	**0.060**	**0.037**

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

Consolidated statement of comprehensive income

	1 January–31 December	
EUR thousand	**2023**	**2022**
Profit for the period	**5,042**	**3,091**
Other comprehensive income that will be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	-257	462
Cash flow hedges	343	726
Cash flow hedges, taxes	-159	-65
Other comprehensive income that will not be reclassified subsequently to profit or loss:		
Actuarial gains and losses arising from defined benefit plans	-129	-2,083
Actuarial gains and losses arising from defined benefit plans, taxes	28	445
Other comprehensive income for the reporting period	**-174**	**-515**
Total comprehensive income for the reporting period	**4,869**	**2,576**
Attributable to:		
Owners of the parent	4,869	2,576
Non-controlling interest	-	-

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

Consolidated statement of financial position

EUR thousand	Note	at 31 December 2023	2022
Assets			
Non-current assets			
Goodwill	3.1., 3.4.	58,154	58,662
Intangible assets	3.1.	18,906	17,473
Property, plant and equipment	3.2.	23,208	22,620
Right-of-use assets	3.3.	5,856	6,245
Financial assets measured at fair value through other comprehensive income	5.5.	8	8
Loan and other non-current receivables	4.2.	492	605
Deferred tax assets	2.9.	1,585	2,139
Total non-current assets		**108,209**	**107,751**
Current assets			
Inventories	4.1.	35,827	31,959
Trade and other receivables	4.2.	18,579	23,958
Contract assets	2.2.	13,699	9,000
Cash equivalents	5.2.	20,153	22,224
Total current assets		**88,258**	**87,141**
Total assets		**196,466**	**194,892**

EUR thousand	Note	at 31 December 2023	2022
Equity and liabilities			
Equity			
Share capital	5.3.	12,696	12,696
Other restricted equity reserves	5.3.	71	75
Reserve for invested unrestricted equity	5.3.	101,962	105,334
Treasury shares	5.3.	-203	-
Other unrestricted equity reserves	5.3.	505	373
Retained earnings	5.3.	-50,453	-55,032
Exchange difference	5.3.	4,735	4,992
Total equity		**69,313**	**68,437**
Non-current liabilities			
Non-current interest-bearing liabilities	5.6.	19,930	23,931
Non-current lease liabilities	5.6.	5,147	5,863
Non-current provisions	4.4.	368	427
Deferred tax liabilities	2.9.	9,557	9,096
Total non-current liabilities		**35,002**	**39,317**
Current liabilities			
Current interest-bearing liabilities	5.6.	4,039	4,039
Current lease liabilities	5.6.	1,966	1,703
Current provisions	4.4.	3,496	3,196
Trade and other current interest-free payables	4.3.	81,220	73,137
Contract liabilities	2.2.	424	3,936
Liabilities for current tax	2.9.	1,007	1,126
Total current liabilities		**92,152**	**87,138**
Total liabilities		**127,154**	**126,455**
Total equity and liabilities		**196,466**	**194,892**

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

Consolidated statement of changes in equity

EUR thousand 2023	Share capital	Other restricted equity reserves	Reserve for invested unrestricted equity	Treasury shares	Other unrestricted equity reserves	Retained earnings	Cumulative exchange difference	Total equity
Equity 1 January	**12,696**	**75**	**105,334**	**-**	**373**	**-55,032**	**4,992**	**68,437**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**5,042**	**-**	**5,042**
Other comprehensive income								
Total exchange differences on translating foreign operations	-	-	-	-	-	-	-257	-257
Actuarial gains and losses arising from defined benefit plans	-	-	-	-	-	-129	-	-129
Taxes on actuarial gains and losses arising from defined benefit plans	-	-	-	-	-	28	-	28
Cash flow hedges	-	-	-	-	343	-	-	343
Taxes on cash flow hedges	-	-	-	-	-159	-	-	-159
Total other comprehensive income	**-**	**-**	**-**	**-**	**184**	**-101**	**-257**	**-174**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**184**	**4,942**	**-257**	**4,869**
Acquisition of treasury shares	-	-	-	-203	-	-	-	-203
Share-based incentive plan	-	-	-	-	-	-182	-	-182
Taxes on share-based incentive plan	-	-	-	-	-	36	-	36
Capital distribution	-	-	-3,372	-	-	-	-	-3,372
Total transactions with the owners of the Company	**-**	**-**	**-3,372**	**-203**	**-**	**-146**	**-**	**-3,721**
Other changes	-	-4	-	-	-53	-216	-	-273
Equity 31 December	**12,696**	**71**	**101,962**	**-203**	**505**	**-50,453**	**4,735**	**69,313**

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

Consolidated statement of changes in equity

EUR thousand 2022	Share capital	Other restricted equity reserves	Reserve for invested unrestricted equity	Treasury shares	Other unrestricted equity reserves	Retained earnings	Cumulative exchange difference	Total equity
Equity 1 January	**12,696**	**75**	**107,863**	**-**	**-288**	**-56,846**	**4,530**	**68,030**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**3,091**	**-**	**3,091**
Other comprehensive income								
Total exchange differences on translating foreign operations	-	-	-	-	-	-	462	462
Actuarial gains and losses arising from defined benefit plans	-	-	-	-	-	-2,083	-	-2,083
Taxes on actuarial gains and losses arising from defined benefit plans	-	-	-	-	-	445	-	445
Cash flow hedges	-	-	-	-	726	-	-	726
Taxes on cash flow hedges	-	-	-	-	-65	-	-	-65
Total other comprehensive income	**-**	**-**	**-**	**-**	**661**	**-1,638**	**462**	**-515**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**661**	**1,453**	**462**	**2,576**
Acquisition of treasury shares	-	-	-	-	-	-	-	-
Share-based incentive plan	-	-	-	-	-	185	-	185
Taxes on share-based incentive plan	-	-	-	-	-	-37	-	-37
Capital distribution	-	-	-2,529	-	-	-	-	-2,529
Total transactions with the owners of the Company	**-**	**-**	**-2,529**	**-**	**-**	**148**	**-**	**-2,381**
Other changes	-	-	-	-	-	212	-	212
Equity 31 December	**12,696**	**75**	**105,334**	**-**	**373**	**-55,032**	**4,992**	**68,437**

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 2023	1 January–31 December 2022
Cash flows from operating activities		
Profit for the period	5,042	3,091
Adjustments [1]	8,852	10,191
Interest received	355	121
Interest paid	-920	-445
Other financing items	66	-1,744
Income taxes paid	-1,140	-707
Cash flows from operating activities before change in net working capital	**12,255**	**10,508**
Change in net working capital		
Change in inventories	-3,878	-4,405
Change in current receivables	-227	-1,873
Change in interest-free current liabilities	5,608	5,930
Change in net working capital, total	**1,502**	**-348**
Cash flows from operating activities	**13,757**	**10,160**
Cash flows from investing activities		
Other purchases of non-current assets	-7,542	-5,850
Proceeds from sale of other non-current assets	220	362
Cash flows from investing activities	**-7,322**	**-5,487**
Cash flow before financing	**6,435**	**4,673**

EUR thousand	1 January–31 December 2023	1 January–31 December 2022
Cash flows from financing activities		
Acquisiton of treasury shares	-203	-
Draw-down of non-current loans	-	24,000
Repayments of non-current loans	-	-31,000
Change in loan receivables (decrease +, increase -)	-	309
Draw-down of current loans	-	6,269
Repayments of current loans	-4,039	-8,232
Capital distribution	-3,372	-2,529
Cash flows from financing activities	**-7,614**	**-11,182**
Effect of exchange rate fluctuations	**-892**	**1,882**
Net increase (- decrease) in cash and cash equivalents	**-2,071**	**-4,628**
Cash and cash equivalents at beginning of period	22,224	26,852
Cash and cash equivalents at end of period	20,153	22,224
Net increase (- decrease) in cash and cash equivalents	**-2,071**	**-4,628**

[1] Cash flow supplemental information

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 2023	2022
Cash and bank	20,153	22,224
Total cash and cash equivalents	**20,153**	**22,224**
Cash flows from operating activities		
Adjustments		
Depreciation, amortization and impairments	7,589	7,681
Changes of provision	240	845
Financing items	1,272	2,899
Taxes	1,830	1,649
Others	-2,079	-2,883
Adjustments Total	**8,852**	**10,191**
Total cash outflow on lease liablities in cash flow from operating activities	-3,974	-3,563

1. General accounting policies

1.1. 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. From 1 October, the operations of Glaston Group are organized in two reportable segments which consists of operating segments.

The Board of Directors of Glaston Corporation has in its meeting on 14 February 2024 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.

1.2. Basis of preparation

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.

1.3. 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. The group has control over a company if, by being part of it, it is exposed to its variable return or is entitled to its variable return and it is able to influence this return by using its power over the company. In the fiscal year 2023, EAI Hedging 3 Oy has been established, which, financed by Glaston, will acquire shares in accordance with the agreement in accordance with the provisions of the Limited Liability Companies Act regarding the financing of the acquisition of own shares. These shares are used as part of Glaston's share-based incentive scheme in accordance with its terms. The legal ownership of the holding company is with Evli Alexander Incentives Oy, but based on the agreement, Glaston actually exercises control over the arrangement and acts as the principal, while EAI acts as an agent through the holding company. This control arising from contractual features leads to the fact that the holding company is combined with the IFRS consolidated financial statements as a so-called as a structured community. 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.

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.

1.4. Estimates and assessments by Management

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 the notes.

1.5. Applied New and Amended IFRS Standards and IFRIC 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 addition to the standards and interpretations presented in the financial statements for 2023, the Group will adopt IFRS standards, IFRIC interpretations and changes to existing standards and interpretations that enter into effect in 2024. These are not estimated to have a material effect on Glaston's consolidated financial statements.

Consolidated financial statements

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2.1. Reporting segments

Accounting policy

Glaston's new company structure came into effect on October 1, 2023 and in the new structure Glaston has two Business Areas (BA): Architecture and Mobility, Display & Solar which are the same as the operating segments and the reporting segments. As to taxonomy alignment, Glaston has conducted an analysis of its operations and concluded that the Insulating Glass technologies and related services included in the Architecture segment, as well as all equipment and services to solar energy technology providers included in the Mobility, Dispaly and Solar segment, are enabling activities that substantially contribute to climate change mitigation. Glaston's Insulating Glass technologies, machines, manufacturing lines, upgrade options and services that enable manufacturing of insulating glass unit systems are taxonomy aligned activities, conforming with the definition and fulfilling the internationally standardized requirements and essential characteristics of insulating glass units. Further, hand-operated or power-driven lifting, handling, loading or unloading machinery, edge working machines and equipment are considered not to be taxonomy aligned activities when not installed as a part of an existing or new insulating glass manufacturing lines. More information about sustainability at Glaston in available in Glaston's Annual Review and in the Board of Director's Non-Financial Information (NFI) report.

Segment assets include external trade receivables, fixed assets and inventory. 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.

Reporting segments

EUR thousand 2023	Architecture	Mobility, Display & Solar	Total segments	Unallocated	Total segments
External net sales	175,119	43,577	218,696	1,012	219,708
Internal net sales	0	26	26	-26	–
Total net sales	**175,119**	**43,603**	**218,721**	**986**	**219,708**
Operating result	10,363	-2,481	7,882	261	8,144
Financial items	–	–	–	-1,272	-1,272
Income taxes	–	–	–	-1,830	-1,830
Result for the reporting period	**10,363**	**-2,481**	**7,882**	**-2,840**	**5,042**
Segment assets	139,222	34,371	173,593	–	173,593
of which investments	5,577	1,965	7,542	–	7,542
Other assets	–	–	–	22,874	22,874
Total assets	**139,222**	**34,371**	**173,593**	**22,874**	**196,466**
Segment liabilities	72,449	12,564	85,012	–	85,012
Other liabilities	–	–	–	42,141	42,141
Total liabilities	**72,449**	**12,564**	**85,012**	**42,141**	**127,154**
Operative net working capital	**30,621**	**24,855**	**55,476**	**294**	**55,770**

EUR thousand 2022	Architecture	Mobility, Display & Solar	Total segments	Unallocated	Total segments
External net sales	169,463	43,142	212,605	915	213,520
Internal net sales	13	0	13	-13	–
Total net sales	**169,476**	**43,142**	**212,619**	**902**	**213,520**
Operating result	7,231	259	7,491	149	7,640
Financial items	–	–	–	-2,899	-2,899
Income taxes	–	–	–	-1,649	-1,649
Result for the reporting period	**7,231**	**259**	**7,491**	**-4,400**	**3,091**
Segment assets	136,812	32,780	169,592	–	169,592
of which investments	4,284	1,566	5,850	–	5,850
Other assets	–	–	–	25,301	25,301
Total assets	**136,812**	**32,780**	**169,592**	**25,301**	**194,892**
Segment liabilities	68,593	11,960	80,554	–	80,554
Other liabilities	–	–	–	45,901	45,901
Total liabilities	**68,593**	**11,960**	**80,554**	**45,901**	**126,455**
Operative net working capital	**8,079**	**22,250**	**30,329**	**198**	**30,528**

Non-cash income and expenses included in operating result

	2023	2022
Segment total	-567	1,142
Total non-cash expenses and income	**-567**	**1,142**

Non-cash income and expenses in 2023 included the following items: impairment losses of trade receivables EUR -1.0 million, impairment losses of inventory EUR 0.2 million, changes in provisions EUR 0.3 million.

Non-cash income and expenses in 2022 included the following items: impairment losses of trade receivables EUR 0.1 million, impairment losses of inventory EUR 0.2 million, changes in provisions EUR 0.8 million.

Personnel

Number of personnel at the end of the year by segment	2023	2022
Architecture	630	624
Mobility, Display & Solar	171	157
Total Segments	**801**	**781**
Unallocated	1	2
Total Glaston Group	**802**	**783**

Number of personnel at the end of the year by geographical location	2023	2022
Finland	214	195
Other EMEA*	382	377
Americas*	48	50
APAC*	158	161
Total	**802**	**783**

Entity-wide disclosures

Net sales by product groups	2023	2022
Goods sold	209,383	204,534
Services rendered	10,325	8,986
Total	**219,708**	**213,520**

Net sales by country by destination	2023	2022
Finland	8,695	5,326
Other EMEA*	104,724	106,895
Americas*	72,412	60,861
APAC*	33,878	40,439
Total	**219,708**	**213,520**

Assets by country	2023	2022
Finland	49,953	56,114
Other EMEA*	113,239	105,746
Americas*	13,253	13,832
APAC*	20,021	19,200
Total	**196,466**	**194,892**

*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.

2.2. Revenue from contracts with customer

Accounting policy

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.

Contractual assets 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 over time revenue recognition are, as a rule, completed in less than a year from start-up.

Estimates and assessments by Management

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.

Revenue from contracts with customer
Classification of net sales
EUR thousand

2023	Architecture	Mobility, Display & Solar	Total segment	Unallocated	Total
External net sales	175,119	43,577	218,696	1,012	219,708
Internal net sales	0	26	26	-26	-
Total net sales	**175,119**	**43,603**	**218,721**	**986**	**219,708**
Revenue recognition					
Over time	127,793	20,534	148,326	–	148,326
At a point in time	47,326	23,069	70,395	986	71,382
Total net sales	**175,119**	**43,603**	**218,721**	**986**	**219,708**

2022	Architecture	Mobility, Display & Solar	Total segment	Unallocated	Total
External net sales	169,463	43,142	212,605	915	213,520
Internal net sales	13	0	13	-13	-
Total net sales	**169,476**	**43,142**	**212,619**	**902**	**213,520**
Revenue recognition					
Over time	129,963	17,462	147,425	–	147,425
At a point in time	39,513	25,680	65,193	902	66,095
Total net sales	**169,476**	**43,142**	**212,619**	**902**	**213,520**

Contract assets and liabilities

	31.12.2023	31.12.2022
Contract assets		
Trade receivables	7,568	6,459
Project income receivables	79,721	49,897
Contract assets total	**87,288**	**56,356**
Contract liablities		
Advance payments	-73,590	-47,356
Project expense liablities	-424	-3,936
Contract liablities total	**-74,014**	**-51,292**
Gross contract assets/liabilities	**13,275**	**5,064**

	31.12.2023	31.12.2022
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	100,003	113,072

2.3. Other operating income

Accounting policy

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.

Other operating income

EUR thousand	2023	2022
Capital gains on sale of property, plant and equipment	54	20
Rents	1,021	1,038
Government grants	268	198
Insurance compensation	3	15
Legal compensation	249	1,229
Other income	894	1,083
Other operating income total	**2,488**	**3,583**

Government grants

2023

Glaston Finland Oy was granted a total of EUR 268 thousand from Business Finland's innovation finance.

2022

Glaston Finland Oy was granted a total of EUR 179 thousand from Business Finland's innovation finance.
Glaston Management Shanghai Co. Ltd. was granted tax cost subsidy of EUR 3 thousand.
Glaston Tianjin Co. Ltd was granted a Covid cost subsidy of EUR 16 thousand.

2.4. Materials and other operating expenses

EUR thousand	2023	2022
Materials		
Materials and supplies, purchases during the period	-97,236	-101,320
Change in inventories of materials and supplies	2,319	3,393
Total materials	**-94,917**	**-97,926**
Other operating expenses		
Leases	-3,974	-3,563
Losses on sale of property, plant and equipment	-0	-33
Subcontracting and maintenance	-8,344	-5,603
Commissions	-1,860	-1,656
Freight expenses	-4,648	-6,700
Travel expenses	-7,082	-6,108
External services, not production related	-4,989	-4,175
IT, internet and phone	-7,789	-6,459
Electricity, heating	-1,077	-1,201
Marketing expenses	-821	-1,365
Other expenses	-4,008	-3,257
Total other operating expenses	**-44,591**	**-40,120**

EUR thousand	2023	2022
Fees for professional services rendered by auditors		
Auditor KPMG		
Auditing	-327	-302
Legal statements	-10	-15
Tax advisory	-49	-83
Other services	-	-12
Total	**-386**	**-412**

The auditor of Glaston Group during the financial years of 2023 and 2022 has been KPMG. KPMG Oy Ab's fee from other than auditing was EUR 0 (12) thousand. Fee to other audit companies was EUR 77 (59) thousand.

EUR thousand	2023	2022
Research and development costs		
Recognized in profit or loss	-5,429	-6,186
Amortizationof capitalized development costs during the reporting period	-1,475	-1,475
Total	**-6,904**	**-7,662**
As a percentage of net sales	3.1%	3.6%
Capitalized development costs during the reporting period	**3,790**	**3,015**

2.5. Employee benefits and number of personnel

EUR thousand	2023	2022
Employee benefits		
Wages and salaries	57,853	54,673
Pension expenses	5,090	4,506
Other personnel expenses	6,216	6,178
Total personnel expenses	**69,159**	**65,357**
Pension expenses		
Defined benefit plans	221	343
Defined contribution plans	4,869	4,163
Total pension expenses	**5,090**	**4,506**

	2023	2022
Number of personnel		
Number of personnel, average	804	775
Personnel in Finland, end of the period	214	195
Personnel outside Finland, end of the period	588	588
Personnel total, end of the period	**802**	**783**

Information on the Group's excecutive management's employee benfits and other related party transactions is presented in Note 7.1.

Share-based incentive plans are described in more detail in Note 2.6. to the consolidated financial statements.

Pension benefits are presented in more detail in Note 2.7. to the consolidated financial statements.

2.6. Share-based incentive plans

Accounting policy

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 equity-settled share-based payment transactions have been recognized in profit or loss and in equity during the vesting periods.

Equity-settled share-based payment transactions are valued at the time of grant. Glaston has recorded the share-based incentive plans as equity-settled share-based payment transactions. The fair value of the part to be paid in shares is determined on the day the target group has accepted the terms of the arrangement. The portion of the reward paid in cash is revalued during the waiting period at each reporting time based on the share's stock exchange price at the time of review.

Share-based incentive plans

In January 2022, the Board of Directors of Glaston Corporation 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. From the Performance Share Plan 2019-2023 has been comprised two performance periods. 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 Leadership Team 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 2023–2025

The potential reward of the performance period 2023-2025 will be based on the Glaston Group's comparable EBITA, Service Net Sales and EPS during the period of 1 January 2023-31 December 2025. If the performance levels of the performance criteria for the performance period 2023-2025 are achieved in full, the payable rewards correspond to a maximum total of 516,000 Glaston Corporation shares, including also the proportion to be paid in cash.

The potential reward from the performance period 2023-2025 will be paid in 2026 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 16 key persons belong to the target group of the plan in the performance period 2023-2025.

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 416,800 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 13 key persons belong to the target group of the plan in the performance period 2022-2024.

Performance Period 2021–2023

The potential reward of the performance period 2021-2023 was based on the Glaston Group's comparable EBITA and Services Net Sales during the period of 1 January 2021–31 December 2023. The performance levels of the performance criteria for the performance period 2021-2023 are achieved partly and the rewards correspond to an approximate total of 193,697 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 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.

In total 13 key employees belong to the target group of the plan in the performance period 2021-2023.

Basic information of the share-based plans	2023-2025	2022-2024	2021-2023
Grant date	12 April 2023	27 January 2022	23 June 2021
Nature of the plan	Shares/cash	Shares/cash	Shares/cash
Target group	Key personnel	Key personnel	Key personnel
Maximum amount of shares (including cash)	516,000 shares	416,800 shares	487,900 shares
Total amount of shares at the end of the performance period (including cash)	-	-	approx. 193,697 shares
Performance period begins	1 January 2023	1 January 2022	1 January 2021
Performance period ends	31 December 2025	31 December 2024	31 December 2023
End of restriction period/ payment	1 April 2026	1 April 2025	1 April 2024
Vesting conditions	Group's comparable EBITA, Service Net Sales and EPS	Group's comparable EBITA and Service Net Sales	Group's comparable EBITA and Service Net Sales
	Service period	Service period	Service period
Maximum contractual life, years	3	3	3
Remaining contractual life, years	2	1	0
Number of persons involved 31 December 2023	16	13	13

Effect on the profit or loss for the period and on financial position	2023	2022
Effect on the result of the reporting period, EUR thousand	195	215

2.7. Pension benefits

Accounting policy

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, return on plan assets excluding interest income and change in effect of asset ceiling in other comprehensive income. Current and past service costs, net interest on net defined benefit liability and interest expense or income on effect of asset ceiling is 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.

Estimates and assessments by Management

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.

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 5.2 (4.4) million.

In addition to defined benefit pensions, Glaston has no other long-term defined employee benefits in 2023 and 2022.

Amounts in the statement of financial position relating to defined benefit pension plans

EUR thousand	2023	2022
Present value of funded obligations	25,826	21,536
Fair value of plan assets	26,998	22,225
Total deficit of defined benefit pension plans	1,172	689
Difference	**1,172**	**689**
Amounts in the statement of financial position		
1.1. Net liability (asset +)	-	2,018
Liabilities	-	-
Assets	-1,172	-2,707
Adjustment to asset ceiling	1,172	689
31.12. Net liability (asset +)	**-**	**-**

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
1.1.2023	**21,536**	**22,225**	**-689**
Foreign exchange difference	1,365	1,409	-44
Interest expense / income	506	524	-17
Current service cost	556	-	556
Past service cost	-19	-	-19
Employee contributions	604	604	-
Employer contributions	-	677	-677
Benefits paid	-927	-927	-
OCI: Actuarial gains (-) / losses (+)	2,193	-	2,193
Other gains (-) / losses (+) on settlement	11	-	11
OCI: Return on plan assets (excluding amounts included in the net interest expense)	-	2,486	-2,486
31.12.2023	**25,826**	**26,998**	**-1,172**

EUR thousand	Present value of obligation	Fair value on plan assets	Total
1.1.2022	**21,382**	**23,506**	**-2,124**
Interest expense / income	92	100	-8
Current service cost	720	-	720
Past service cost	-9	-	-9
Employee contributions	544	544	-
Employer contributions	-	611	-611
Benefits paid	1,740	1,740	-
OCI: Actuarial gains (-) / losses (+)	-2,942	-	-2,942
Other gains (-) / losses (+) on settelement	11	-	11
OCI:Return on plan assets (excluding amounts included in the net interest expense)	-	-4,275	4,275
31.12.2022	**21,536**	**22,225**	**-689**

Plan asset classes

EUR thousand	2023	2022
Cash and cash equivalents	810	667
Equity instruments	9,449	7,779
Debt instruments	8,639	7,112
Real estate	6,750	5,556
Other	1,350	1,111
Total plan assests	**26,998**	**22,225**

Actuarial assumptions

	2023 Defined pension plans	2022 Defined pension plans
Discount rate, %	1.95%	2.20%
Future salary increase, %	1.00%	1.00%
Duration in years	13.2	13.1

Sensitivity analysis, defined benefit obligation

	Changes in parameters (effect to obligation)	2023	2022
Discount rate	- 0.25%	26,692	22,245
Discount rate	+ 0.25%	25,017	20,869
Interest rate on retirement savings capital	- 0.25%	25,513	21,275
Interest rate on retirement savings capital	+ 0.25%	26,147	21,803
Salary increase	- 0.25%	25,729	21,451
Salary increase	+ 0.25%	25,923	21,616
Life expectancy	+ 1 year	26,239	21,859
Life expectancy	- 1 year	25,408	21,208

Glaston Switzerland AG is affiliated to the foundation “GEMINI Sammel-stiftung, which pension foundation is able to adapt the contribution and benefits. In case of underfunding there is a risk for the employer to be involved in additional payments to the foundation.

The Group expects to contribute EUR 704 thousand to its other long-term employee benefit plans in 2024.

2.8. Financial income and expenses

EUR thousand	2023	2022
Interest income		
Interest income on deposits	378	121
Total interest income	378	121
Interest expenses		
Interest expenses on financial liabilities measured at amortized cost	-1,341	-716
Interest expenses on lease liabilities	-434	-438
Interest rate derivatives	220	-
Other interest expenses	-60	-1
Total interest expenses	-1,614	-1,155
Other financial expenses		
On financial liabilities measured at amortized cost	-	-730
On bank fees	-225	-278
Currency derivatives forward points	-1	-6
Guarantee expenses	-89	-79
Impairment losses of loan receivables	-	155
Other financial expenses	-214	-207
Total other financial expenses	-529	-1,145
Foreign exchange differences, net		
On financial liabilities measured at amortized cost	-1	0
On loans and receivables	-132	-772
Other foreign exchange gains and losses	627	51
Total foreign exchange differences	494	-721
Total financial income and expenses in financial items	**-1,271**	**-2,899**

EUR thousand	2023	2022
Net foreign exchange differences in operating result		
Net sales	655	-1,039
Purchases	216	113
Other operating expenses	-8	-2
Total	**863**	**-928**

Derivatives recognized in profit or loss

EUR thousand	2023	2022
Currency derivatives, hedge accounting		
Realized currency derivatives recognized in net sales	-566	-1,457
Currency derivatives forward points	-1	-6
Total	**-567**	**-1,463**

Borrowing costs were not capitalized in Glaston Group in 2023 or 2022 as Glaston has not had any qualifying assets as defined in IAS 23 Borrowing Costs.

2.9. Income taxes

Accounting policy

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 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.

Changes in tax rates have been taken into account when calculating deferred taxes. The corporate tax rate in Finland is 20.0 percent.

Deferred tax liability has not been recognized in 2023 or 2022 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.

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. Other temporary differences in deferred tax assets consist of expenses which were not tax deductible in the reporting period, but will be tax deductible in future. Other temporary differences in deferred tax liablities consist of, among other things, differences between local and IFRS accounting principles, which create timing differences in recognizing revenue and expenses.

Estimates and assessments by management

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.

Income taxes

EUR thousand	2023	2022
Income tax charge in income statement		
Income tax of accounting period	-1,221	-780
Income tax of previous years	70	-257
Deferred tax charge	-671	-611
Other	-8	-2
Total income tax charge	**-1,830**	**-1,649**
Income taxes recognized in other comprehensive income and in equity		
Deferred taxes		
Share-based incentive plan recognized in equity	36	-37
Actuarial gains and losses arising from defined benefit plans	28	445
Cash flow hedge	-159	-65
Total taxes recognized in other comprehensive income and in equity	**-94**	**343**

EUR thousand	2023	2022
Reconciliation of income tax expense calculated at statutory tax rates with income tax expense in the income statement		
Profit before taxes	6,872	4,740
Tax at the tax rate applicable to the parent	-1,374	-948
Difference due to different tax rates of foreign subsidiaries	-454	18
Tax exempt income and non-deductible expenses	-219	-1,431
Losses, where no deferred tax benefit is recognized	-645	-1,108
Deferred taxes recognized during the reporting period in respect of previous years' temporary differences	321	1,125
Withholding taxes and adjustments in respect of current income tax of previous periods	-53	-254
Use of losses for which deferred tax has not been recognized	394	918
Deferred tax assets recognized in respect of confirmed losses in previous years	200	31
Income taxes in the income statement	**-1,830**	**-1,649**
Effective tax rate	27%	35%

The Group companies have tax losses totalling EUR 34.1 (31.7) 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 2024-2033. Some of the losses do not have an expiration date. Over the next two years, the losses will expire by approximately EUR 2.4 million.

EUR thousand	2023	2022
Tax assets and tax liabilities		
Deferred tax assets	1,585	2,139
Assets for current tax	-	-
Deferred tax liabilities	9,557	9,096
Liabilities for current tax	1,007	1,126

Reconciliation of deferred tax assets and deferred tax liabilities 2023

Deferred tax assets	1 January	Exchange difference	Other changes	Change in income statement (- tax expense)	Recognized in equity	Recognized in other comprehensive income	31 December
Unrealized internal profits, inventory	114	–	–	-6	–	–	108
Confirmed tax losses carried forward	738	–	–	675	–	–	1,413
Share-based payments	6	–	–	–	-36	–	-31
Other temporary differences	1,281	-8	65	-1,245	–	2	95
Lease liabilities	1,575	–	–	-47	–	–	1,528
Deferred tax netting	-1,575	–	–	47	–	–	-1,528
Deferred tax assets in statement of financial position	**2,139**	**-8**	**65**	**-575**	**-36**	**2**	**1,586**

Deferred tax liabilities	1 January	Exchange difference	Other changes	Change in income statement (+ tax expense)	Recognized in equity	Recognized in other comprehensive income	31 December
Untaxed reserves	187	–	-40	-3	–	–	144
Defined benefit employee benefits	123	–	–	–	-28	–	94
Fair value changes of financial assets	-1	–	–	–	–	–	-1
PPA allocation	4,207	–	–	-723	–	–	3,484
Other temporary differences	4,854	183	93	810	–	157	6,097
Right of use assets	1,301	–	–	-35	–	–	1,266
Deferred tax netting	-1,575	–	–	47	–	–	-1,528
Deferred tax liabilities in statement of financial position	**9,096**	**183**	**53**	**96**	**-28**	**157**	**9,557**

Total change in deferred taxes in income statement (- tax expense)	**-671**

Reconciliation of deferred tax assets and deferred tax liabilities 2022

Deferred tax assets	1 January	Exchange difference	Other changes	Change in income statement (- tax expense)	Recognized in equity	Recognized in other comprehensive income	31 December
Unrealized internal profits, inventory	174	-	-	-60	-	-	114
Confirmed tax losses carried forward	1,262	-	-	-524	-	-	738
Share-based payments	-31	-	-	-	37	-	6
Other temporary differences	1,239	35	-	36	-	-29	1,281
Deferred tax assets in statement of financial position	**2,643**	**35**	**-**	**-548**	**37**	**-29**	**2,139**

Deferred tax liabilities	1 January	Exchange difference	Other changes	Change in income statement (+ tax expense)	Recognized in equity	Recognized in other comprehensive income	31 December
Untaxed reserves	161	-	-	26	-	-	187
Defined benefit employee benefits	567	-	-	-	-	-445	123
Fair value changes of financial assets	-1	-	-	-	-	-	-1
PPA allocation	5,371	-	-	-1,164	-	-	4,207
Other temporary differences	3,165	121	-	1,201	-	94	4,581
Deferred tax liabilities in statement of financial position	**9,263**	**121**	**-**	**63**	**-**	**-351**	**9,096**

Total change in deferred taxes in income statement (- tax expense)	**-611**

2.10. Earnings per share

Earnings per share

Basic earnings per share are calculated by dividing the net result attributable to owners of the parent by the weighted share-issue adjusted average number of shares outstanding during the year, excluding shares acquired by the Group and held as treasury shares.
In calculating diluted earnings per share, the weighted average number of shares takes into account the dilutive effect of the share-based compensation plan.

Earnings per share

EUR thousand	2023	2022
Net profit for the year attributable to owners of the parent	**5,042**	**3,091**
Number of shares		
Weighted average number of shares outstanding	84,217,969	84,289,911
Diluted weighted average number of shares outstanding	84,573,103	85,043,569
Earnings per share from net profit attributable to equity holders of the parent, EUR		
Basic and diluted EPS, Group total	0.060	0.037

Consolidated financial statements

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3.1. Goodwill and intangible assets

Accounting policy

An 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. Glaston's intangible rights include patents, trademarks, softwares.

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 customization costs incurred, are recognised under Other operating expenses 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 intangible assets if the intangible assets are qualifying assets as defined in IAS 23 Borrowing Costs. In 2023 or 2022 Glaston did not have any qualifying assets.

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.

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.

Estimates and assessments by Management

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, it can have an effect on the result of the reporting period. At the end of the reporting period of 2023, Glaston had EUR 9.8 (7.6) million of capitalized development expenditure and related advance payments of the development expenditure on its statement of financial position.

Intangible assets

EUR thousand 2023	Capitalized development expenditure	Intangible rights	Customer relations	Goodwill	Advances paid	Total
Acquisition cost at beginning of year	27,336	16,056	11,400	52,402	4,756	111,950
Other increases	721	134	–	–	3,942	4,797
Decreases	–	-476	–	–	-110	-586
Reclassifications and other changes	3,854	1,208	–	–	-5,087	-25
Exchange differences	42	282	–	-508	61	-123
Acquisition cost at end of year	**31,954**	**17,203**	**11,400**	**51,894**	**3,409**	**115,859**
Accumulated amortization and impairment at beginning of year	-23,806	-13,994	-4,275	6,260	–	-35,815
Accumulated amortization relating to decreases and transfers	–	476	–	–	–	476
Amortization during the reporting period	-1,475	-597	-1,140	–	–	-3,211
Exchange differences	11	-285	–	–	–	-274
Accumulated amortization and impairment at end of year	**-25,269**	**-14,375**	**-5,415**	**6,260**	**–**	**-38,799**
Carrying amount at end of year	**6,685**	**2,828**	**5,985**	**58,154**	**3,409**	**77,060**

2022						
Acquisition cost at beginning of year	25,662	15,975	11,400	52,345	2,758	108,140
Other increases	212	72	–	–	3,419	3,702
Decreases	–	-229	–	–	-6	-235
Reclassifications and other changes	1,472	27	–	–	-1,499	0
Exchange differences	-10	211	–	58	84	342
Acquisition cost at end of year	**27,336**	**16,056**	**11,400**	**52,402**	**4,756**	**111,950**
Accumulated amortization and impairment at beginning of year	-22,334	-13,117	-3,135	6,260	–	-32,327
Accumulated amortization relating to decreases and transfers	–	197	–	–	–	197
Amortization during the reporting period	-1,468	-859	-1,140	–	–	-3,467
Exchange differences	4	-215	–	–	–	-210
Accumulated amortization and impairment at end of year	**-23,806**	**-13,994**	**-4,275**	**6,260**	**–**	**-35,815**
Carrying amount at end of year	**3,530**	**2,062**	**7,125**	**58,662**	**4,756**	**76,135**

3.2. Property, plant and equipment

Accounting policy

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.

Useful lives according to Group accounting policy 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 2023 or 2022 Glaston did not have any qualifying assets.

Glaston has given liens on chattel as security for liabilities. These are presented in Note 5.8. At the end of 2023 and 2022 Glaston did not have any pledged property, plant and equipment or intangible assets as security for liabilities.

At the end of 2023 and 2022 Glaston had not contractual commitments for the acquisition of property, plant and equipment.

In 2023 or 2022, 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 2023 was EUR 0.3 million. Costs related to investment property were EUR 0.1 million.

EUR thousand 2023	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	6,708	28,879	2,764	19,312	1,187	789	59,639	19,651	79,290
Other increases	–	474	–	631	–	1,641	2,745	1,786	4,532
Decreases	–	–	–	-435	-113	-138	-685	–	-685
Reclassifications and other changes	–	306	–	-69	319	-391	165	338	503
Exchange differences	–	358	-173	117	-16	–	285	–	285
Acquisition cost at end of year	**6,708**	**30,016**	**2,591**	**19,557**	**1,377**	**1,901**	**62,150**	**21,775**	**83,925**
Accumulated depreciation and impairment at beginning of year	-	-19,485	-976	-15,911	-647	–	-37,019	-13,420	-50,439
Accumulated depreciation relating to decreases and transfers	–	–	–	407	113	–	520	–	520
Depreciation during the reporting period	–	-726	-138	-858	-210	–	-1,933	-2,499	-4,432
Reclassifications and other changes	–	-92	–	-110	37	–	-165	–	-165
Exchange differences	–	-316	65	-106	13	–	-345	–	-345
Accumulated depreciation and impairment at end of year	**-**	**-20,619**	**-1,050**	**-16,578**	**-695**	**-**	**-38,942**	**-15,920**	**-54,861**
Carrying amount at end of year	**6,708**	**9,398**	**1,541**	**2,979**	**681**	**1,901**	**23,208**	**5,856**	**29,063**

EUR thousand 2022	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	6,706	28,385	2,827	19,174	868	613	58,573	18,384	76,957
Other increases	2	245	-	1,007	-	894	2,147	963	3,111
Decreases	-	-	-	-970	-88	-11	-1,069	-	-1,069
Reclassifications and other changes	-	-118	-	-25	391	-707	-459	303	-156
Exchange differences	-	368	-63	127	15	-	447	-	447
Acquisition cost at end of year	**6,708**	**28,879**	**2,764**	**19,312**	**1,187**	**789**	**59,639**	**19,651**	**79,290**
Accumulated depreciation and impairment at beginning of year	-	-18,586	-852	-15,691	-570	-	-35,699	-11,083	-46,782
Accumulated depreciation relating to decreases and transfers	-	-	-	605	88	-	693	-	693
Depreciation during the reporting period	-	-702	-149	-875	-153	-	-1,879	-2,324	-4,203
Reclassifications and other changes	-	118	-	163	-	-	281	-	281
Exchange differences	-	-315	25	-113	-12	-	-415	-	-415
Accumulated depreciation and impairment at end of year	**-**	**-19,485**	**-976**	**-15,911**	**-647**	**-**	**-37,019**	**-13,407**	**-50,426**
Carrying amount at end of year	**6,708**	**9,395**	**1,788**	**3,401**	**540**	**789**	**22,620**	**6,245**	**28,865**

Carrying amount of machinery and equipment used in production 31 December, 2023	2,331
Carrying amount of machinery and equipment used in production 31 December, 2022	2,662

3.3. Right-of-use assets

Accounting policy

All leases 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 asset, and a lease liability item corresponding to the present value of the asset, based on the obligation to make the lease payments. 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 lease payments based on the agreement. 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 currency-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.

Leases in the balance sheet

EUR thousand

Right-of-use assets	Buildings	Vehicles	Others	Total
Carrying amount at 1 January 2023	4,922	893	421	6,235
Additions	615	1,513	47	2,175
Decrease	–	-57	–	-57
Depreciation expense	-1,391	-750	-358	-2,499
Carrying amount at 31 December 2023	4,147	1,599	110	5,856
Carrying amount at 1 January 2022	5,600	983	719	7,301
Additions	677	556	53	1,286
Decrease	–	-25	-3	-28
Depreciation expense	-1,355	-621	-348	-2,324
Carrying amount at 31 December 2022	4,922	893	421	6,235

EUR thousand

Lease liabilities	2023	2022
Carrying amount at beginning of the period	7,566	8,551
Additions	2,058	1,320
Interest expense	434	438
Rental payment	-2,945	-2,743
Carrying amount at end of the period	**7,113**	**7,566**

Average incremental borrowing rate applied at the date of initial application was 4.13% for all lease liabilities valid at 2023.

Maturity of lease liabilities is shown in note 5.6.

Leases in profit and loss statement

EUR thousand	2023	2022
Depreciation of right-of-use assets	-2,488	-2,324
Interest expense on lease liabilities	-434	-438
Low value lease expense	-188	-266
Short-term lease expense	-359	-145
Total amounts recognised in profit or loss	**-3,469**	**-3,174**

3.4. Depreciation, amortization and impairment of assets

Accounting policy

Intangible and tangible 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. 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. 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. 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.

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. These are based on the most recent financial plans and forecasts that have been approved by the 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 used in arriving at the recoverable amount is the pre-tax weighted average cost of capital, which reflects the current market assessment of time as well as 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 acccount in determining the discount rate as well as Glaston's cost of debt.

Estimates and assessments by Management

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 the recoverable amount.

EUR thousand	2023	2022
Depreciation and amortization		
Intangible assets		
Intangible rights	1,737	1,999
Capitalized development expenditure	1,475	1,468
Property, plant and equipment		
Buildings and constructions	2,259	2,210
Machinery and equipment	1,952	1,840
Other tangible assets	210	153
Total depreciation and amortization	**7,632**	**7,669**
Impairment losses		
Intangible assets		
Capitalized development expenditure	–	8
Property, plant and equipment		
Machinery and equipment	-44	4
Total impairment losses	**-44**	**12**
Total depreciation, amortization and impairment	**7,589**	**7,681**

Impairment of assets

In 2023 goodwill has been allocated to correspond to the new structure.

The most significant assumptions used in value in use calculations in 2023	Architecture	Mobility, Display & Solar
Pre-tax discount rate	11.8%	13.4%
Long-term growth rate	1.0%	1.0%

The most significant assumptions used in value in use calculations in 2022	Heat Treatment Technologies	Insulating Glass Technologies	Automotive Glass Technologies
Pre-tax discount rate	10.8%	12.1%	10.5%
Long-term growth rate	1.0%	1.0%	1.0%

Impairment testing of goodwill

Goodwill

EUR million

Cash generating unit	1 January, 2023	31 December, 2023
Architecture	50.1	49.4
Mobility, Display & Solar	8.6	8.7
Total goodwill	**58.7**	**58.2**

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 to the right.

The recoverable amounts of these cash generating units exceed their carrying amounts by 88 per cent in the Architecture business and by 35 per cent in the Mobility, Display & Solar 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
Architecture	9.0%	25.8%
Mobility, Display & Solar	10.5%	23.6%

Long-term growth rate	Value assigned to the assumption	Value Change
Architecture	1.0%	-14.3%
Mobility, Display & Solar	1.0%	-2.8%

The costs of Architecture business are estimated to be 89 per cent of the estimated net sales during the testing period. Should the costs be 4 percentage points higher, the recoverable amount, other things being equal, would equal the carrying amount.

The costs of Mobility, Display & Solar business are estimated to be 92 per cent of the estimated net sales during the testing period. Should the costs be 1 percentage point higher, the recoverable amount, other things being equal, would equal the carrying amount.

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4.1. Inventories

Accounting policy

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.

Estimates and assessments by Management

Measurement of inventories 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.

EUR thousand	2023	2022
Inventories		
Materials and supplies	21,733	19,166
Work in process	9,323	8,217
Finished goods	4,205	4,132
Advances paid	566	445
Total inventories	**35,827**	**31,959**
Impairment losses of inventory during the period	-201	-149
Reversals of impairment losses of inventory during the period	361	374
Total	**160**	**225**

4.2. Trade and other receivables

Accounting policy

In measuring expected credit losses from trade receivables, Glaston applies the IFRS 9 simplified approach, which uses a lifetime expected loss allowance to be assessed and recognized regularly. Credit loss risk related to customer contract assets is covered mainly by the advance payments received from the clients. 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 the 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.

Trade receivables past due are analyzed on company level, 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.

If the counterparty of a trade receivables is insolvent, the trade receivables is individually determined to be impaired even though the trade receivables were not past due. Otherwise the trade receivables not past due are not determined to be impaired.

A finance lease receivable has been recognized when Glaston has leased machinery and equipment for production use, which have been treated as finance leases. 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.

Estimates and assessments by Management

Measurement of trade and other receivables includes some management estimates. 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.

Trade and other receivables

EUR thousand	2023	2022
Receivables		
Trade receivables	11,061	17,768
Trade receivables, falling due after 12 months [1]	96	-
Total trade receivables	11,157	17,768
Finance leasing receivables	97	94
Finance leasing receivables, falling due after 12 months [1]	276	373
Prepaid expenses and accrued income	2,144	2,548
Prepaid expenses and accrued income, falling due after 12 months [1]	119	131
Other receivables	5,278	3,548
Other receivables, falling due after 12 months [1]	-	100
Current loan receivables	-	-
Total receivables	**19,071**	**24,563**

[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 5.7.

Ageing analysis of trade receivables at 31 December

	Carrying amount of trade receivables after recognizing allowance account	Not past due	Past due < 30 days	Past due 31-180 days	Past due 181-360 days	Past due > 360 days
2023	11,157	7,706	1,875	1,489	95	-8
2022	17,768	12,334	3,997	1,279	122	36

Impairment losses of trade receivables and changes in allowance account of trade receivables

EUR thousand	
Allowance account 1 January, 2022	**1,405**
Exchange difference	227
Charge for the year	412
Utilized	-555
Unused amounts reversed	-338
Allowance account 31 December, 2022	**1,151**
Exchange difference	195
Charge for the year	1,457
Utilized	-591
Unused amounts reversed	-442
Allowance account 31 December, 2023	**1,770**

Impairment losses of trade receivables recognized in profit or loss, net (- income)

2023	1,000
2022	-69

Finance lease receivables

EUR thousand	2023		2022	
	Minimun lease receivables	Unearned finance income	Minimun lease receivables	Unearned finance income
Finance lease receivables are due as follows				
No later than 1 year	97	14	94	17
Later than 1 year and no later than 5 years	276	21	373	34
Later than 5 years	–	–	–	–
Total finance lease receivables	**373**	**34**	**467**	**51**
Present value of minimum lease receivables	**398**		**489**	

Operating leases as a lessor

Glaston has some other operating lease agreements where the Group acts as lessor. In Finland and China, premises adjacent to the factory are leased to external parties. The minimum payments for these non-cancellable lease agreements are shown in the table below.

	2023	2022
Minimum future payments of operating leases		
Maturity within 1 year	876	911
Maturity later than 1 year and not later than 5 years	926	1,348
Maturity later than 5 years	–	–
Total minimum future payments of operating leases	**1,802**	**2,259**

4.3. Trade payables and other interest-free liabilities

Current interest-free liabilities

EUR thousand	2023	2022
Trade payables	20,918	16,369
Advances received	43,091	39,488
Accrued expenses and deferred income	14,692	15,185
Other current interest-free liabilities	2,520	2,096
Total current interest-free liabilities	**81,220**	**73,137**

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.

4.4. Provisions

Accounting policy

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.

Estimates and assessments by Management

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

Non-current provisions

EUR thousand

2023	Warranty provision	Other provisions	Total
Carrying amount 1 January	296	131	427
Reclassification	-212	-	-212
Increase in provisions	270	20	290
Provisions released during the period	-109	-28	-138
Carrying amount 31 December	**244**	**124**	**368**

2022	Warranty provision	Other provisions	Total
Carrying amount 1 January	174	123	297
Reclassification	-282	-	-282
Increase in provisions	521	11	532
Provisions released during the period	-118	-3	-121
Carrying amount 31 December	**296**	**131**	**427**

Current provisions

2023	Warranty provision	Restructuring provision	Other provisions	Total
Carrying amount 1 January	2,930	124	142	3,196
Exchange difference	-47	17	6	-25
Reclassification	108	-5	-	103
Increase in provisions	2,459	293	40	2,792
Provisions used during the period	-1,532	-149	-44	-1,725
Provisions released during the period	-844	-	-	-844
Carrying amount 31 December	**3,072**	**280**	**144**	**3,496**

2022	Warranty provision	Restructuring provision	Other provisions	Total
Carrying amount 1 January	2,164	177	141	2,482
Exchange difference	3	21	2	26
Reclassification	282	-5	-	277
Increase in provisions	3,225	-	43	3,268
Provisions used during the period	-1,716	-70	-30	-1,816
Provisions released during the period	-1,028	-	-13	-1,042
Carrying amount 31 December	**2,930**	**124**	**142**	**3,196**

Reclassification refers to a transfer from long-term to short-term or change in classification.

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. 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 due to that 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.

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5. Capital structure and financial instruments

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5.1. Management of capital

The objective for management of capital is to secure the continuation of operations at all times and to maintain 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	2023	2022
Interest-bearing net debt		
Non-current interest-bearing liabilities	25,077	29,794
Current interest-bearing liabilities	6,005	5,742
Cash and cash equivalents	-20,153	-22,224
Total	**10,929**	**13,312**
Equity		
Attributable to owners of the parent	69,313	68,437
Total	**69,313**	**68,437**
Total assets	196,466	194,892
Advances received	-43,091	-39,488
Total	**153,375**	**155,404**
Equity ratio, %	45.2%	44.0%
Net gearing, %	15.8%	19.5%

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.

5.2. Cash and cash equivalents

Accounting policy

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.

EUR thousand	2023	2022
Cash and bank	20,153	22,224
Total cash and cash equivalents	**20,153**	**22,224**

5.3. Equity

Accounting policy

Other restricted equity reserves

Other restricted equity funds include restricted capital not included in the share capital of subsidiaries.

Other unrestricted equity reserves

Other unrestricted equity 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.

Reserve for invested unrestricted equity

The invested unrestricted equity fund includes equity investments and shares subscription price.

Treasury shares

Treasury shares acquired by the company and the related costs are presented as a deduction of equity. Gain or loss on surrender of treasury shares are recorded in reserve for invested unrestricted equity net of tax.

Exchange difference

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.

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.

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.

Share capital and number of shares

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 share-holders. There are no limitations to transfer the shares. On December 31, 2023, 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 Euro-clear Finland Ltd. The shares are subject to the redemption clause of the Articles of association.

Number of shares and treasury shares	2023	2022
Number of shares 1 January	84,289,911	84,289,911
Number of shares 31 December	84,289,911	84,289,911
Treasury shares	250,000	-
Number of shares excluding treasury shares 31 December	84,039,911	84,289,911

The company has an agreement with an external service provider for the man-agement of key personnel's share bonus systems and the acquisition of shares. On 31 December 2023, there were 250,000 shares on the balance sheet, which were acquired during the 2023 financial year. These shares are the property of EAI Hedging 3 Oy until the shares are handed over to the participants within the incentive systems.

The legal ownership of EAI Hedging 3 Oy is with an external service provider, but based on the agreement, Glaston Oyj Abp actually exercises control over the arrangement, which is why the holding company is combined with the IFRS con-solidated financial statements as a structured community.

	2023	2022
Equity attributable to owners of the parent, EUR thousand	69,313	68,437
Number of shares excluding treasury shares	84,039,911	84,289,911
Equity attributable to owners of the parent per share, EUR	**0.82**	**0.81**

	2023	2022
Distribution of profit		
Return of capital per share, EUR[1]	0.05	0.04

[1] The Board of Directors' proposal to the 2024 Annual General Meeting.

5.4. 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.

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 22 per cent of the net sales in 2023 (22 per cent). The Euro and US dollar together accounted for approximately 92 per cent of the invoicing in 2023 (82 per cent).

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 currency 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 2023, large orders in USD and the most probable orders by case-by-case assessment were hedged by currency forward contracts. Cash flow hedging was based on IFRS 9 hedge accounting in 2023. Cash flow hedging is presented in note 5.7. 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 2023. 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.

				Change in currency rate, Gross position		Change in currency rate, Net position impact on the income statement	
EUR thousand 2023	Gross position	Currency Forwards nominal value	Net position	- 10 per cent	+ 10 per cent	- 10 per cent	+ 10 per cent
USD/EUR	-36,196	14,385	-21,811	-4,022	3,291	-2,423	1,983
CHF/EUR	-233	-	-233	-26	21	-26	21
CNY/EUR	-17,822	-	-17,822	-1,980	1,620	-1,980	1,620
GBP/EUR	-1,184	-	-1,184	-132	108	-132	108
	-55,435	14,385	-41,050				

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 an effect of the 1 percent changed of interest rates to interest expences for the period of 12 months has been used. At the end of 2023 this effect was EUR 120 thousand (EUR 160 thousand).

On 31 December 2023, the Group's interest-bearing net debt mainly consisted of loans agreed with lenders in the financing agreement signed in 2022. In April 2022, Glaston entered into a 3-year interest rate swap with a nominal value of EUR 12 million to hedge a variable rate loan, which is subject to hedge accounting.

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 2023 is EUR -0.12 / +0.06 (-0.16 / +0.08) million and the effect to Group's equity is EUR +0,21 / -0,11 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. In measuring expected credit losses, Glaston applies the IFRS 9 simplified approach, which uses a lifetime expected loss allowance from trade receivables to be assessed and recognized regularly.

At the end of 2023, 13.7 (5.0) per cent of Group's trade receivables were secured by LCs.

The Group's client base is diversified over several different geographical 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.

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 2023 was EUR 11.2 million (EUR 17.8 million).

Ageing analysis and changes in allowance account of trade receivables are presented in Note 4.2. 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.

Glaston Corporation signed a long-term financing agreement in March 2022. The financing agreement consists of a EUR 30 million long-term loans as well as a EUR 25 million revolving credit facility. The agreement is for three years and includes two one-year options for extension of the loan period. In February 2023, the first of the two one-year options of the financing agreement was utilized and the loan period for the EUR 18 million long-term loan and for revolving credit facility was extended until March 2026. The loan margin of the financing agreement is adjusted by the achievement of Glaston's sustainability objectives annually. The objectives are Safety at work (decrease of lost time accidents, measured as lost time injury frequency rate LTIFR) and CO_2 emissions (Scope 1 & 2) in relation to net sales. The covenant terms of the financing package are described in the note 5.1. Management of capital.

Committed credit facilities

EUR million	In use	Unused	Total
Committed credit facilities 31.12.2023	3.0	22.0	25.0
Committed credit facilities 31.12.2022	2.0	23.0	25.0

Maturity analysis of financial liabilities 31 December 2023

EUR thousand			Maturing in		
Maturity of financial liabilities	**Carrying amount**	**Contractual cash flows**	**< 12 months**	**1-2 years**	**> 2 years**
Financial liabilities					
Loans from financial institutions	23,812	26,399	5,312	2,572	18,515
Other interest-bearing loans	157	161	41	40	80
Lease liabilities	7,113	7,783	2,282	1,983	3,518
Trade payables	20,918	20,918	20,918	–	–
Total	**52,000**	**55,260**	**28,552**	**4,595**	**22,112**

Maturity analysis of financial liabilities 31 December 2022

EUR thousand			Maturing in		
Maturity of financial liabilities	**Carrying amount**	**Contractual cash flows**	**< 12 months**	**1-2 years**	**> 2 years**
Financial liabilities					
Loans from financial institutions	27,774	30,025	4,909	4,777	20,339
Other interest-bearing loans	196	206	41	41	123
Lease liabilities	7,566	8,432	2,242	1,774	4,416
Trade payables	16,369	16,369	16,369	–	–
Total	**51,905**	**55,032**	**23,561**	**6,592**	**24,878**

5.5. Financial assets and liabilities by category

Accounting policy

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.

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.

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 trading 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.

Hedge accounting was used in hedging the trade receivables of projects and in hedging a variable rate loan. In April 2022, Glaston entered into a 3-year interest rate swap with a nominal value of EUR 12 million to hedge a variable rate loan, which is subject to hedge accounting. At the end of reporting period 2023, Glaston had open foreign exchange and interest rate 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.

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.

Financial assets and liabilities by category

EUR thousand 31 December, 2023	Note	Financial assets and liabilities measured at fair value through other comprehensive income	Financial assets and liabilities at fair value through profit and loss	Financial liabilities at amortized cost	Total carrying amounts	Total fair value
Cash	5.2.	–	–	20,153	20,153	–
Trade receivables	4.2.	–	–	11,157	11,157	–
Other interest-free receivables	4.2.	–	–	6,135	6,135	–
Derivatives (receivables)	5.7.	857	–	–	857	–
Shares and oher long-term investments		8	–	–	8	–
Non-current interest-bearing liabilities	5.6.	–	–	-25,077	-25,077	-22,718
Current interest-bearing liabilities	5.6.	–	–	-6,005	-6,005	-6,105
Trade payables	4.3.	–	–	-20,918	-20,918	–
Other current interest-free liabilities	4.3.	–	–	-2,520	-2,520	–
Derivatives (liabilities)	5.7.	-47	–	–	-47	–
Total		**818**	**-**	**-17,075**	**-16,257**	**-28,823**

31 December, 2022						
Cash	5.2.	–	–	22,224	22,224	–
Trade receivables	4.2.	–	–	17,768	17,768	–
Other interest-free receivables	4.2.	–	–	4,635	4,635	–
Other non-current interest-free receivables	4.2	–	–	100	100	–
Derivatives (receivables)	5.7.	1,087	–	–	1,087	–
Shares and oher long-term investments		7	–	–	7	–
Non-current interest-bearing liabilities	5.6	–	–	-29,794	-29,794	-27,852
Current interest-bearing liabilities	5.6	–	–	-5,742	-5,742	-5,872
Trade payables	4.3.	–	–	-16,369	-16,369	–
Other current interest-free liabilities	4.3.	–	–	-2,096	-2,096	–
Derivatives (liabilities)	5.7.	-395	–	–	-395	–
Total		**699**	**-**	**-9,274**	**-8,574**	**-33,724**

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

	31.12.2023				31.12.2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Currency forward contracts	–	857	–	857	–	1,087	–	1,087
Total	**-**	**857**	**-**	**857**	**-**	**1,087**	**-**	**1,087**
Liabilities								
Finacial liabilities	–	-28,823	–	-28,823	–	-33,724	–	-33,724
Currency forward contracts	–	-47	–	-47	–	-395	–	-395
Total	**-**	**-28,870**	**-**	**-28,870**	**-**	**-34,119**	**-**	**-34,119**

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

5.6. Borrowings and lease liabilities

Non-current interest-bearing liabilities

EUR thousand	2023	2022
Loans from financial institutions	19,930	23,931
Lease liablities	5,147	5,863
Total non-current interest-bearing liabilities	**25,077**	**29,794**

Maturity of long term interest bearing liabilities

	1-2 years	2-3 years	3-5 years	> 5 years	Total
Loans from financial institutions	2,000	17,812	118	-	19,930
Lease liablities	2,049	1,432	1,665	1	5,147
Total	**4,049**	**19,244**	**1,783**	**1**	**25,077**

Current interest-bearing liabilities

Loans from financial institutions	4,039	4,039
Lease liabilities	1,966	1,703
Total current interest-bearing liabilities	**6,005**	**5,742**

Interest-bearing net liabilities

Non-current interest-bearing liabilities	25,077	29,794
Current interest-bearing liabilities	6,005	5,742
Cash	-20,153	-22,224
Total	**10,929**	**13,312**

The Group's funding is mainly organized by using the Facilitites Agreement signed in March 2022.

All Group's loans from financial institutions are denominated in euros.

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. Covenant terms are described in more detail in Note 5.1.

The liquidity and currency risk related to interest-bearing debt is described in more detail in Note 5.4.

	1.1.2023	Cash flow*	Effective rate and Exchange differences	Reclassification	31.12.2023
Non-current interest-bearing liabilities	29,794	-490	-188	-4,039	25,077
Current interest-bearing liabilities	5,742	-3,776	-	4,039	6,005
Total	**35,536**	**-4,266**	**-188**	**-**	**31,082**

*Cash flow includes the changes of leasing agreements

5.7. Derivative instruments

Accounting policy

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 trading and entered at fair value through profit or loss, in whose changes 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 derivatives. If the hedge accounting conditions are not met, the result of hedging instruments 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.

Derivative instruments are used only for currency and interest rate 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.

In reporting periods 2023 and 2022, hedge accounting was used in hedging the trade receivables of projects. In April 2022, Glaston entered into a 3-year interest rate swap with a nominal value of EUR 12 million to hedge a variable rate loan, which is subject to hedge accounting. At the end of reporting periods 2023 and 2022, Glaston had open foreign exchange forward contracts.

Nominal and fair values of derivative instruments

	2023		2022	
EUR thousand	**Nominal value**	**Fair value**	**Nominal value**	**Fair value**
Currency forwards	14,385	213	18,736	102
Interest rate forwards	12,000	384	12,000	578

EUR thousand	**2023**	**2022**
Derivative instruments in the income statement		
Items included in net sales	-566	-1,457
Financial items	-1	-6
Derivative instruments in the statement of financial position, receivables and liabilities		
Accrued expenses and deferred income		
Currency and interest rate forwards	47	395
Accrued income		
Currency and interest rate forwards	857	1,087

5.8. Contingencies

EUR thousand	2023	2022
Loans secured with mortgages or pledges		
Loans from financial institutions	24,000	28,000
Liens on chattel	292,500	292,500
Carrying amount of pledged securities	21,590	21,590
Total mortgages, liens on chattel and pledged assets	**314,090**	**314,090**
Contingent liabilities		
Liens on chattel		
On behalf of own commitments	292,500	292,500
Securities pledged		
On behalf of own commitments	21,590	21,590
Total	**314,090**	**314,090**

Liens on chattel are related to companies: Glaston Services Ltd. Oy and Glaston Finland Oy. Glaston Corporation, Glaston Finland Oy and Glaston Services Ltd. Oy are jointly responsible for the debts of Glaston Group.

Guarantees		
On behalf of own commitments	11,855	15,308
On behalf of others	276	261
Total	**12,131**	**15,569**
Total contingent liabilities	**326,221**	**329,659**

Other contingent liabilities and litigations

At year end, Glaston Tianjin Co. Ltd. has endorsed EUR 2.0 million of bank drafts. The expiring dates of the bank drafts are in the first half of year 2024.

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.

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6. Group stucture

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6.1. Shares and holdings

Group companies			Group holding %	Parent holding %
Glaston Oyj Abp	Helsinki	Finland		
Uniglass Engineering Oy	Tampere	Finland	100%	100%
Glaston Services Ltd. Oy	Tampere	Finland	100%	100%
Glaston Finland Oy	Tampere	Finland	100%	
Glaston International Oy	Tampere	Finland	100%	
Glaston America, Inc.	Cherry Hill, NJ	United States	100%	
Glaston UK Ltd.	Shropshire	United Kingdom	100%	
Glaston Singapore Pte. Ltd.	Singapore	Singapore	100%	
Glaston Tianjin Co. Ltd.	Tianjin	China	100%	
Glaston Management (Shanghai) Co. Ltd.	Shanghai	China	100%	
Glaston China Co. Ltd.	Tianjin	China	100%	
Glaston Brasil Ltda	São Paulo	Brasil	100%	
Glaston Hong Kong Ltd.	Hong Kong	China	100%	
Glaston Germany GmbH **	Neuhausen-Hamberg	Germany	100%	
Glaston Switzerland AG	Bützberg	Switzerland	100%	
Bystronic Glass UK Ltd.	Shropshire	United Kingdom	100%	
EAI Hedging 3 Oy	Helsinki	Finland	0%	0%

In the fiscal year 2023, EAI Hedging 3 Oy has been established, which, financed by Glaston, will acquire shares in accordance with the agreement in accordance with the provisions of the Limited Liability Companies Act regarding the financing of the acquisition of own shares. These shares are used as part of Glaston's share-based incentive scheme in accordance with its terms. The legal ownership of the holding company is with Evli Alexander Incentives, but based on the agreement, Glaston actually exercises control over the arrangement and acts as the principal, while EAI acts as an agent through the holding company. This control arising from contractual features leads to the fact that the holding company is combined with the IFRS consolidated financial statements as a so-called structured community.

"**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 2023

- Bystronic Glass Machinery (Shanghai) Co. Ltd was liquidated in May 2023
- Glaston France S.A.R.L. was liquidated in July 2023

Changes in subsidiaries in 2022

- Glaston Emerging Technologies Oy was merged to Glaston Services Ltd Oy in July 2022
- OOO Bystronic Steklo was liquidated in July 2022
- LLC Glaston's shares were sold in July 2022

Consolidated financial statements

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7.1. 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 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 Leadership Team, 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 Leadership Team was EUR 2,745 (2,950) thousand.

Remuneration of the Executive Leadership Team, accrual based

EUR	2023	2022
CEO		
Salaries	334,904	323,707
Bonuses	45,725	191,079
Share based benefit	-	-
Total	380,630	514,786
Fringe benefits	10,757	13,888
Total	**391,387**	**528,674**
Statutory pension payments (Finnish TyEL or similar plan)	102,574	144,073
Voluntary pension payments	39,962	37,303

Anders Dahlblom served as the President and CEO until 15 November 2023, after which Antti Kaunonen has served as the Interim CEO. The CEO salaries above in the 2023 column include the total combined salaries of Dahlblom and Kaunonen.

EUR	2023	2022
Total other Executive Leadership Team		
Salaries	1,495,668	1,454,942
Bonuses	169,433	386,170
Share based benefit	137,989	19,879
Total	1,803,091	1,860,991
Fringe benefits	184,451	214,718
Total	**1,987,542**	**2,075,709**
Statutory pension payments (Finnish TyEL or similar plan)	265,644	302,202
Voluntary pension payments	43,257	40,096

The remuneration the Executive Leadership Team includes salaries only for the period of membership.

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 Leadership Team 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 2.6). 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 Leadership Team is 40 per cent of the annual salary.

The retirement age of the CEO of Glaston Corporation and other members of the Executive Leadership Team is according to the normal local legislation, ie. 63-68 years.

Remuneration of the Board of Directors, accrual based

	2023			2022		
EUR	annual fee	meeting fee	total	annual fee	meeting fee	total
Veli-Matti Reinikkala, Chair of the Board of Directors	77,500	16,700	94,200	67,500	15,900	83,400
Sebastian Bondestam, Deputy Chair of the Board of Directors	43,000	8,500	51,500	49,750	6,750	56,500
Sarlotta Narjus	33,000	9,000	42,000	32,250	6,750	39,000
Antti Kaunonen	33,000	8,000	41,000	32,250	6,250	38,500
Arja Talma	43,000	9,000	52,000	42,250	6,750	49,000
Tero Telaranta	33,000	9,000	42,000	32,250	7,250	39,500
Michael Willome	33,000	10,000	43,000	32,250	7,750	40,000
Total	**295,500**	**70,200**	**365,700**	**288,500**	**57,400**	**345,900**

The members of Glaston Corporation's Board of Directors were paid an annual remuneration and a meeting fee; other compensation was not paid. The 2022 Annual General Meeting resolved that an annual fee of EUR 70,000 (70,000) shall be paid to the Chair of the Board, EUR 43,000 (43,000) to the Deputy Chair and EUR 33,000 (33,000) to other Members of the Board. In addition, a meeting fee of EUR 800 (800) per meeting held in the Chair's home country and EUR 1,500 per meeting held elsewhere were paid to the Chair. 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 a Board Meeting, which is hold per capsulam, half of the regular fee will be paid. 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 members of Glaston Corporation's Audit and People and Remuneration Committees are paid for every meeting, that a 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, the Chair of the Audit Committee was paid an annual fee of EUR 10,000 and the Chair of the People and Remuneration Committee an annual fee of EUR 7,500.

Board of Directors, share ownership

	Glaston shares	
	31.12.2023	31.12.2022
Veli-Matti Reinikkala, Chair of the Board of Directors	825,042	720,558
Sebastian Bondestam, Deputy Chair of the Board of Directors	69,456	51,255
Sarlotta Narjus	-	-
Antti Kaunonen	162,686	148,718
Arja Talma	36,681	22,713
Tero Telaranta	37,057	23,089
Michael Willome	-	-

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 Leadership Team, share ownership

	Glaston shares	
	31.12.2023	31.12.2022
Antti Kaunonen, interim CEO	162,686	148,718
Sasu Koivumäki	94,735	89,979
Miika Äppelqvist	8,027	6,815
Päivi Lindqvist	42,217	38,680
Artturi Mäki	8,390	4,731
Robert Prange	46,099	40,000
José Yepes	-	-
Riikka Laitasalo	-	-
Kaisa Latva	-	-

7.2. Events after end of the reporting period

On January 19, 2024, the Proposals of Glaston Corporation's Shareholders' Nomination Board to the Annual General Meeting 2024 were disclosed. The Nominations Board proposes that the current members of the Board of Directors Veli-Matti Reinikkala, Sebastian Bondestam, Antti Kaunonen, Sarlotta Narjus, Arja Talma, Tero Telaranta and Michael Willome shall be re-elected as Members of the Board of Directors. Furthermore, the Nomination Board proposes that the annual remuneration of the Members of the Board of Directors be as follows (current remuneration in brackets): Chair of the Board EUR 74,000 (70,000), Deputy Chair of the Board EUR 45,000 (43,000) and other Members of the Board EUR 35,000 (33,000).

Income statement of the parent company (FAS)

	1 January - 31 December		
EUR thousand	Note	2023	2022
Net sales	2	**6,204**	**4,041**
Other operating income	3	5,997	5,271
Material and services	4	-984	-
Personnel expenses	5	-3,696	-3,303
Depreciation, amortization and impairment losses	6	-401	-365
Other operating expenses	7	-8,437	-7,179
Operating profit / -loss		**-1,316**	**-1,535**
Net financial items	8	-317	-237
Profit / loss before appropriations and taxes		**-1,632**	**-1,772**
Appropriations	9	3,992	-4
Income taxes	10	-288	-
Profit / loss for the financial year		**2,072**	**-1,775**

Parent company financial statements

Balance sheet of the parent company (FAS)

		at 31 December	
EUR thousand	Note	2023	2022
Assets			
Non-current assets			
Intangible assets	11	2,880	1,903
Tangible assets	11	34	16
Subordinated loan receivable Group Companies	11.12	36,846	36,846
Investments	12.13	17,211	17,211
Non-current assets, total		**56,971**	**55,977**
Current assets			
Non-current receivables	14	78,003	78,000
Current receivables	14	16,790	13,027
Cash and bank		13,698	13,322
Current assets, total		**108,492**	**104,349**
Total assets		**165,463**	**160,326**

		at 31 December	
EUR thousand	Note	2023	2022
Equity and liabilities			
Equity			
Share capital		12,696	12,696
Hedging reserve		307	463
Reserve for invested unrestricted equity		106,684	110,056
Retained earnings		-48,941	-47,165
Profit / loss for the financial year		2,072	-1,775
Total equity	15	**72,818**	**74,274**
Accumulated appropriations	16	111	103
Liabilities			
Non-current liabilities	17	20,000	24,000
Current liabilities	18	72,534	61,949
Total liabilities		**92,534**	**85,949**
Total equity and liabilities		**165,463**	**160,326**

Parent company cash flow statement (FAS)

EUR thousand	2023	2022
Cash flow from operating activities		
Profit / loss for the financial period	2,072	-1,775
Adjustments:		
Income taxes for the period	288	-
Deferred taxes	-3,992	4
Financial income and expenses	317	237
Depreciation, amortization and impairment	401	365
Proceeds from disposal of tangible and intangible assets	-	-17
Other adjustments	-15	-14
Cash flow before change in net working capital	-931	-1,202
Change in net working capital		
Change in current interest-free receivables	-1,026	-860
Change in current interest-free liabilities	920	-146
Cash flow from operating activities before financial items and taxes	-1,037	-2,208
Interests paid and payments made for other financial items and income taxes		
Interests and other financial expenses paid	-1,938	-1,694
Interest received	1,803	1,456
Cash flow from operating activities before extraordinary items	-1,173	-2,445
Cash flow from operating activities	**-1,173**	**-2,445**

EUR thousand	2023	2022
Cash flow from investing activities		
Investments in tangible and intangible assets	-1,395	-968
Cash flow from investing activities	**-1,395**	**-968**
Cash flow from financing activities		
Drawn-down of non-current loans	-	24,000
Repayments in non-current loans	-4,000	-31,000
Change in current intra-group receivables	10,315	5,369
Drawn-down of current loans	4,000	4,000
Repayments of current loans	-4,000	-4,000
Return of capital	-3,372	-2,529
Cash flow from financing activities	**2,944**	**-4,159**
Change in cash and cash equivalents	**376**	**-7,572**
Cash and cash equivalents at the beginning of the period	13,322	20,895
Cash and cash equivalents at the end of the period	13,698	13,322
Change in cash and cash equivalents	**376**	**-7,572**

1. Summary of significant accounting policies

Glaston Corporation is a public limited liability company organized under the laws of Republic of Finland. Glaston's shares are publicly traded on 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

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

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. Derivatives are recognized at fair value 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

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 the appropriations in the income statement and as a separate item in the balance sheet.

Group contributions received from and given to subsidiaries are presented as appropriations.

Notes to parent company financial statements (FAS) / Note 2

2. Net Sales

EUR thousand	2023	2022
Net sales by business		
Service sales	6,204	4,041
Net sales by country by destination		
Finland	1,673	534
Other EMEA	3,761	2,812
Americas	704	559
Asia	66	136
Total	**6,204**	**4,041**

EMEA = Europe, the Middle East and Africa
Americas = North, Central and South America
Asia = China and the rest of the Asia-Pacific area

Notes to parent company financial statements (FAS) / Note 3

3. Other Operating Income

EUR thousand	2023	2022
Charges from group companies	5,997	5,271
Other operating income, total	**5,997**	**5,271**

Notes to parent company financial statements (FAS) / Note 4

4. Material and services

EUR thousand	2023	2022
External services	-984	-
Total	**-984**	**-**

Notes to parent company financial statements (FAS) / Note 5

5. Personnel Expenses

EUR thousand	2023	2022
Salaries and fees	-3,010	-2,679
Pension expenses	-634	-545
Other personnel expenses	-51	-78
Total	**-3,696**	**-3,303**
Salaries and remuneration paid to members of the Board of Directors and Managing Director	757	875

Employees during financial year, average		
White collar	24	18
Total	**24**	**18**

6. Depreciation, Amortization and Impairment Losses

EUR thousand	2023	2022
Depreciation and amortization according to plan		
Intangible assets		
Intangible rights	-261	-228
Other capitalized expenditure	-131	-131
Tangible assets		
Machinery and equipment	-8	-6
Total depreciation and amortization according to plan	**-401**	**-365**

7. Other Operating Expenses

EUR thousand	2023	2022
Rents	-213	-195
Information and communications technology expenses	-5,889	-5,214
Travel expenses	-121	-97
Losses on disposals of assets	-	-5
Credit losses	-52	-
Other expenses	-2,161	-1,668
Other operating expenses, total	**-8,437**	**-7,179**
Fees paid to auditors		
Audit	-80	-61
Statutory statements	-8	-7
Other services	-	-12
Total	**-88**	**-80**

8. Net Financial Items

EUR thousand	2023	2022
Interest and other financial income		
From group companies	1,413	1,395
From external parties	555	145
Interest and other financial income	**1,969**	**1,541**
Interest and other financial income, total	**1,969**	**1,541**
Interest and other financial expenses		
To group companies	-634	-402
To external parties	-1,652	-1,375
Interest and other financial expenses, total	**-2,285**	**-1,777**
Net financial items, total	**-317**	**-237**
Other financial income and expenses include foreign exchange gains and losses (net)	-11	19

9. Appropriations

EUR thousand	2023	2022
Received group contributions	4,000	-
Difference between depreciation and amortization according to plan and depreciation and amortization in taxation	-8	-4
Total	**3,992**	**-4**

10. Income Taxes

EUR thousand	2023	2022
Income taxes for operations	-88	-
Change in deferred tax assets	-200	-
Total	**-288**	**-**

11. Fixed Assets

Intangible assets EUR thousand	Intangible rights	Other capitalized expenditure	Advance payments and investments in progress	Total
Acquisition cost 1 January, 2023	5,681	1,276	926	7,884
Additions	–	1	1,368	1,369
Disposals	-387	-89	–	-476
Reclassifications	1,811	50	-1,861	–
Acquisition cost 31 December, 2023	**7,106**	**1,238**	**434**	**8,777**
Accumulated amortizations and impairment losses 1 January, 2023	-5,053	-928	–	-5,981
Accumulated amortizations of disposals and transfers	387	89	–	476
Amortization of the period	**-255**	**-137**	**–**	**-392**
Accumulated amortizations and impairment losses 31 December, 2023	**-4,922**	**-975**	**–**	**-5,897**
Carrying amount at 31 December, 2023	**2,184**	**263**	**434**	**2,880**
Carrying amount at 31 December, 2022	628	349	926	1,903

Tangible assets EUR thousand	Intangible rights	Other capitalized expenditure	Advance payments and investments in progress	Total
Acquisition cost 1 January, 2023	170	113	–	283
Additions	26	–	–	26
Disposals	-74	–	–	-74
Acquisition cost 31 December, 2023	**123**	**113**	**–**	**235**
Accumulated depreciations and impairment losses 1 January, 2023	-164	-103	–	-267
Accumulated depreciations of disposals and transfers	74	–	–	74
Depreciation for the period	-8	–	–	-8
Accumulated depreciations and impairment losses 31 December, 2023	**-99**	**-103**	**–**	**-202**
Carrying amount 31 December, 2023	**24**	**10**	**–**	**34**
Carrying amount at 31 December, 2022	6	10	–	16

12. Investments

EUR thousand	Shares Group companies	Shares Others	Subordinated loan receivable Group companies	Total
Carrying amount at 1 January, 2023	17,204	8	36,846	54,058
Carrying amount at 31 December, 2023	**17,204**	**8**	**36,846**	**54,058**

13. 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**

14. Receivables

EUR thousand	2023	2022
Non-current receivables		
Receivables from external parties		
Deferred tax assets	100	300
Other receivables	203	-
Total	303	300
Receivables from group companies		
Loan receivables	77,700	77,700
Total	77,700	77,700
Non-current receivables, total	**78,003**	**78,000**
Current receivables		
Receivables from external parties		
Trade receivables	97	55
Other receivables	97	33
Prepaid expenses and accrued income	1,026	1,234
Total	1,220	1,322
Receivables from group companies		
Trade receivables	3,833	3,088
Loan receivables	6,341	7,058
Group Contribution receivables	4,000	-
Accrued interest receivables	1,341	1,341
Prepaid expenses and accrued income	55	217
Total	15,570	11,704
Current receivables, total	**16,790**	**13,027**
Relevant items of prepaid expenses and accrued income		
Interest SWAP	384	578
Financial items	219	293
Prepaid insurances	15	110
Other	464	470
Prepaid expenses and accrued income, total	**1,081**	**1,451**

15. Equity

EUR thousand	2023	2022
Share capital 1 January	12,696	12,696
Share capital 31 December	12,696	12,696
Hedging reserve account 1 January	463	-
Change in financial year	-156	463
Hedging reserve account 31 December	307	463
Reserve for invested unrestricted equity 1 January	110,056	112,584
Capital repayment	-3,372	-2,529
Reserve for invested unrestricted equity 31 December	106,684	110,056
Retained earnings 1 January	-48,941	-47,165
Retained earnings 31 December	-48,941	-47,165
Profit / loss for the financial year	2,072	-1,775
Equity at 31 December	**72,818**	**74,274**
Distributable funds at 31 December		
Reserve for invested unrestricted equity	106,684	110,056
Retained earnings	-48,941	-47,165
Profit / loss for the financial year	2,072	-1,775
Distributable funds	**59,815**	**61,115**

Notes to parent company financial statements (FAS) / Note 16

16. Accumulated Appropriations

EUR thousand	2023	2022
Accumulated depreciation difference 1 January	103	100
Increase (+) / decrease (-)	8	4
Accumulated depreciation difference 31 December	**111**	**103**

Notes to parent company financial statements (FAS) / Note 17

17. Non-current Liabilities

EUR thousand	2023	2022
Liabilities to external parties		
Loans from financial institutions	20,000	24,000
Liabilities to external parties, total	20,000	24,000
Non-current liabilities, total	**20,000**	**24,000**

Notes to parent company financial statements (FAS) / Note 18

18. Current Liabilities

EUR thousand	2023	2022
Liabilities to external parties		
Loans from financial institutions	4,000	4,000
Trade payables	847	-
Other liabilities	306	108
Accrued expenses and deferred income	1,656	1,662
Deferred tax liability	77	116
Liabilities to external parties, total	6,886	5,886
Liabilities to group companies		
Other interest-bearing liabilities	65,603	56,005
Accrued expenses and deferred income	46	59
Liabilities to group companies, total	65,649	56,063
Current liabilities, total	**72,534**	**61,949**
Accrued expenses and deferred income		
Salary and other personnel expense accruals	804	931
Interests	342	236
Other	556	554
Accrued expenses and deferred income, total	**1,702**	**1,720**

19. Contingent Liabilities

EUR thousand	2023	2022
Leasing liabilities		
Maturity within one year	54	68
Maturity later than one year	40	62
Total	**94**	**130**
The leasing agreements have normal terms.		
Other rental liabilities		
Maturity within one year	51	48
Maturity later than one year	1	2
Total	**52**	**50**
Pledges		
On behalf of group companies	7,580	10,858
Loans secured with pledged assets and mortgages		
Loans from financial institutions	24,000	28,000
Liens on chattel		
On own behalf	97,500	97,500
Carrying amount of pledged securities	14,853	14,853

Mortgages, liens on chattel and pledged assets are given on behalf of own and other group companies.

Liens on chattel are given jointly with Glaston Services Ltd. Oy and Glaston Finland Oy.

Signatures for the Board of Directors' Review and Financial Statements

Helsinki, 14 February 2024

Veli-Matti Reinikkala
Chair of the Board

Sebastian Bondestam
Deputy Chair of the Board

Sarlotta Narjus

Arja Talma

Michael Willome

Antti Kaunonen

Tero Telaranta

Antti Kaunonen
CEO

The Auditor's note
Our auditor's report has been issued today.

Tampere, 14 February 2024

KPMG Oy Ab
Authorised public accountants

Lotta Nurminen
Authorized Public Accountant, KHT

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

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, 2023. 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 material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards 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.

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 2.4 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 2.2 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. These involve management estimates related to measuring the progress towards complete satisfaction of the performance obligation and total estimated costs. Net sales for the reporting period include EUR 148.3 million revenue recognized over time representing 68 percent of total net sales. Selection of revenue recognition methods and revenue recognition involve management judgement and estimates 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 and estimates 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 3.1 Intangible Assets and 3.4 Depreciation, Amortization and Impairment of Assets)	
Value of goodwill amounts to EUR 58.2 million, which is 30 percent of the total assets and 84 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 estimates. Due to the high level of management estimates 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 impairment 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 IFRS Accounting Standards 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 company 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

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 4 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 or 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 2024
KPMG OY AB

LOTTA NURMINEN
Authorised Public Accountant, KHT

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Website: www.glaston.net
Business identity code: 1651585-0

Glaston Corporation is the glass processing industry's innovative technology leader supplying equipment, services and solutions to the architectural, mobility, solar and display 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 9 countries. Glaston Corporation is a public limited liability and its shares (GLA1V) are listed on NASDAQ Helsinki Ltd. Small Cap..