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Glaston Corporation

Financial Statements bulletin

1 January – 31 December 2023

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Glaston's Financial Statement Bulletin January 1 – December 31, 2023: Steady improvement in profitability throughout 2023

As of October 1, 2023, Glaston has two reporting segments: Architecture and Mobility, Display & Solar. Services business is included in the reporting segments. On November 24, 2023, the company published comparative information according to the new structure.

October–December 2023 in brief

- Orders received totaled EUR 57.6 (51.7) million
- Net sales totaled EUR 59.7 (59.8) million
- Comparable EBITA was EUR 4.6 (4.2) million, i.e. 7.6 (7.0)% of net sales
- The operating result (EBIT) was EUR 2.7 (2.5) million
- Cash flow from operating activities was EUR 13.1 (8.7) million
- Comparable earnings per share were EUR 0.039 (0.027)

January–December 2023 in brief

- Orders received totaled EUR 220.3 (253.0) million
- Net sales totaled EUR 219.7 (213.5) million
- Comparable EBITA was EUR 14.9 (13.6) million, i.e. 6.8 (6.4)% of net sales
- The operating result (EBIT) was EUR 8.1 (7.6) million
- Comparable earnings per share were EUR 0.104 (0.074)
- The Board of Directors proposes a capital repayment of EUR 0.05 per share

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.

Interim CEO Antti Kaunonen:

"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. We saw good development in the Mobility market, particularly in China, whereas the Architectural market slowed down, reflecting the lower construction activity in several regions. The fourth-quarter order intake was up 11% and totaled EUR 57.6 million due to the good order intake development in the Mobility, Display & Solar segment. Also, the upgrade order intake recovered in the final quarter. The full-year order intake was down 13% reflecting the slowdown in the Architectural market.

Fourth-quarter net sales were at the same level as in the corresponding period of the previous year and totaled EUR 59.7 million while net sales for the full year increased by 3%. Fourth-quarter and full-year profitability improved. Comparable fourth-quarter EBITA was EUR 4.6 million (7.6% margin) driven by good year-on-year development in the Architecture segment. Profitability development in the Mobility, Display & Solar segment was unsatisfactory.

The strategy execution continued in line with plans. The new company structure came into effect on October 1st, and during the quarter the organizational change was completed and implemented. The purpose of the reorganization is to accelerate the strategy execution and at the same time enhance the customer experience with lifecycle solutions and improve operational excellence and efficiency. Our strategic initiative to set up production of Automotive pre-processing equipment in Tianjin, China, was completed in the final quarter as the transfer of basic capabilities and know-how was completed. This initiative burdened the segment's profitability in 2023 but has already proved its worth as we can see a clear upturn in pre-processing equipment orders from China.

We continued our investments in product development with automation and digitalization at the forefront of our development work. Our customers increasingly require more automation, starting with easier operation and reaching up to fully automated lines. Automation provides significant benefits to production efficiency and quality and it also optimizes energy consumption by making the processes more efficient.

We continued our progress in sustainability. In the latter part of the year, we set new, science-based emission reduction targets and submitted them to the Science Based Targets initiative for validation. Glaston is committed to reducing absolute scope 1 and 2 GHG emissions by 50% by 2032, compared to the 2022 base year. This target is in line with limiting global warming to 1.5°C. Glaston is also committed to reducing scope 3 GHG emission intensity by 58% per square meter of sold glass processing capacity within the same target period.

Safety continued to be a key focus area throughout the year. Our group-wide safety target is zero accidents. In 2023, our lost-time accidents increased by four to a total of ten, and our accident frequency rate LTIFR was 6.3, which shows that we need to further increase focus on safety. Our employee engagement rate was at the same level as in the previous year and was 70. Our target is an employee engagement rate of over 75 out of 100.

We started the new year 2024 by revisiting our strategy. Due to the significant changes in the global economy and Glaston's addressable markets starting to soften in 2023, we have adjusted the timeframe for achieving our strategic targets from 2025 to reach them in the medium term (3−5 years). We have also updated our net sales and ROCE targets. We expect 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.

The past year was another eventful year for Glaston and special thanks go to our employees and customers. I also want to thank our shareholders for their continued trust in the company.

Despite the prevailing market uncertainty, there are some early signs that the Architectural market is slowly starting to recover from the low levels in 2023, and driven by China, we expect the positive development in the Mobility market to continue. On this basis, we expect net sales and comparable EBITA to stay at the same level or increase slightly in 2024 compared to 2023."

GLASTON GROUP'S KEY FIGURES

Changes in the company's reporting

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.

EUR million	10–12/2023	10–12/2022	Change%	1–12/2023	1–12/2022	Change%
Orders received	57.6	51.7	11.4%	220.3	253.0	-12.9%
of which service operations	20.2	18.5	9.4%	74.4	72.5	2.6%
of which service operations, %	35.1%	35.7%		33.8%	28.6%	
Order book at end of period	106.5	138.3	-23.0%	106.5[3)]	138.3	-23.0%
Net sales	59.7	59.8	-0.2%	219.7	213.5	2.9%
of which service operations	20.0	21.1	-5.3%	76.0	76.4	-0.5%
of which service operations, %	33.5%	35.3%		34.6%	35.8%	
EBITDA	4.7	4.3	8.4%	15.7	15.3	2.7%
Items affecting comparability[1)]	0.9	0.9	3.8%	3.3	2.3	43.8%
Comparable EBITDA	5.6	5.2	7.6%	19.0	17.6	8.0%
Comparable EBITDA, %	9.3%	8.7%		8.7%	8.2 %	
Comparable EBITA	4.6	4.2	9.0%	14.9	13.6	9.1%
Comparable EBITA, %	7.6%	7.0%		6.8%	6.4%	
Operating result (EBIT)	2.7	2.5	7.5%	8.1	7.6	6.6%
Profit/loss for the period	2.3	1.3	70.7%	5.0	3.1	63.1%
Comparable earnings per share, EUR[2)]	0.039	0.027	43.5%	0.104	0.074	40.8%
Cash flow from operating activities	13.1	8.7	50.2%	13.8	10.2	35.4%
Return on capital employed (ROCE), %, (annualized)				8.1%	6.9%	
Comparable return on capital employed (ROCE), %, (annualized)				12.7%	10.5%	
Equity ratio, %				45.2%	44.0%	
Net gearing, %				15.8%	19.5%	
Number of employees at end of period				802	783	2.4%

1) + cost, - income
2) change in comparable EPS formula, net of tax added
3) The order backlog for Insulating Glass Technologies was adjusted in 2023 for the partial cancellation of orders with one customer, totaling EUR 19.4 million

OPERATING ENVIRONMENT

Architectural glass equipment

In the final quarter of the year, the Architectural glass market continued 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, investment uncertainty among customers and their customers increased.

Due to customers' lower machinery utilization and investment activity, the markets for tempering and laminating equipment continued to slow down. 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.

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

Operating environment in the regions
In the **EMEA** region, an overall slowdown was noted. In Europe, the uncertainty in the architectural market increased due to rapidly increasing financing costs and the high inflationary environment. In addition, demand in Europe was also affected by customers' lower machinery utilization. In the Services markets, demand continued to improve for both upgrades as well as spare parts and service work.

Also in the final quarter, the **Americas** was the most active market. The commercial markets continued to be strong. The residential markets were slower throughout the year. 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 remained at a modest level.

In **China**, the architectural glass markets continued to be soft. Despite the difficult market conditions, demand for high-end Insulating Glass equipment was good. Demand for tempering and laminating lines remained low. In the Services markets, the slow demand continued. Elsewhere in the APAC region, the markets for new machines and services were challenging.

The supply chain situation continued to improve, with most of the supply categories improving in terms of availability.

Mobility, Display & Solar glass equipment

After a weak start to the quarter, activity in the mobility glass market picked up. Driven by the need for capacity extension, the demand environment for Glaston's Automotive pre-processing equipment in China developed favorably. In the rest of the world, and western countries in particular, very good development was noted for automotive heat treatment equipment due to the need for investments in new technologies. With the increasing share of electric vehicles, the shift in production between the major regions, especially towards China, continued.

The display glass market saw no major changes. While the traditional display market has not shown extraordinary activity, the automotive display market again showed increased interest in new designs and capacity extensions

The Services business picked up compared to the corresponding period in the previous year with growth in all regions. In particular, the markets in North America and EMEA offer a platform for modernizing the installed base.

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

Operating environment in the regions
In **Europe**, no major changes in the markets were observed and the market continued to be slow as the automotive glass industry consolidated.

In **North America,** the market saw strong and steady investments, mainly 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.

In **China**, the markets continued at a good level with strong investments in capacity expansion. The move to electric vehicles supported market growth.

FINANCIAL DEVELOPMENT OF THE GROUP

Orders received and order book

Glaston Group's **October−December 2023** orders received were EUR 57.6 (51.7) million, up 11%, supported by the positive development in order intake for Mobility glass processing equipment while order intake for the Architecture segment saw a slight drop and was EUR 38.3 (40.1) million. The Mobility, Display & Solar segment order intake was EUR 19.0 (11.2) million. With the upgrade order intake improving towards year-end, the total Services business order intake returned to solid growth of 9% year-on-year.

The **January–December 2023** orders received 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 Architectural 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 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	10-12/2023	10-12/2022	Change%	1-12/2023	1-12/2022	Change%
Architecture	38.3	40.1	-4.4%	165.8	211.2	-21.5%
Mobility, Display & Solar	19.0	11.2	69.3%	53.5	40.9	30.7%
Total segments	**57.3**	**51.3**	**11.7%**	**219.2**	**252.1**	**-13.0%**
Unallocated and eliminations	0.2	0.3	-30.1%	1.0	0.9	10.6%
Total Glaston Group	**57.6**	**51.7**	**11.4%**	**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 the Mobility, Display & Solar order book totaled EUR 16.9 (9.9) million or 16% of the Group's 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	0.0	0.0	-
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 orders with one customer, totaling EUR 19.4 million

Net sales

The **October–December 2023** net sales were at the same level as in the corresponding period in the previous year and totaled EUR 59.7 (59.8) million. Net sales development was stable in both segments.

The Architecture segment's net sales were at the same level as in the corresponding period in 2022 and totaled EUR 45.7 (45.6) million. Net sales in the Mobility, Display & Solar segment were EUR 13.7 (13.9) million. In the fourth quarter, the Services business net sales were down by 5%.

Of total net sales, the Architecture segment accounted for 77% and the Mobility, Display & Solar segment for 23%. Geographically, the EMEA region accounted for 51%, the Americas for 29%, and Asia and the Pacific (APAC) accounted for around 20% of the company's total fourth-quarter net sales.

January–December 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 at the same level as in the previous year and totaled EUR 43.6 (43.1) million. The total Services net sales were at the same level as in the comparison period.

Net sales EUR million	10-12/2023	10-12/2022	Change%	1-12/2023	1-12/2022	Change%
Architecture	45.7	45.6	0.3%	175.1	169.5	3.3%
Mobility, Display & Solar	13.7	13.9	-0.8%	43.6	43.1	1.1%
Total segments	**59.5**	**59.5**	**0.0%**	**218.7**	**212.6**	**2.9%**
Unallocated and eliminations	0.2	0.3	-37.9%	1.0	0.9	8.0%
Total Glaston Group	**59.7**	**59.8**	**-0.2%**	**219.7**	**213.5**	**2.9%**

Operating result and profitability

October–December 2023 comparable EBITA was EUR 4.6 (4.2) million, or 7.6 (7.0)% of net sales. The increase in the comparable EBITA margin was fully attributable to the profitability improvement in the Architecture segment whereas the Mobility, Display & Solar segments EBITA turned into a loss. The comparable operating result was EUR 3.6 (3.3) million, or 6.0 (5.6)% of net sales. The fourth-quarter operating result was EUR 2.7 (2.5) million. Items affecting comparability amounted to EUR -0.9 (-0.9) million and were mainly legal costs related to an intensive phase in an ongoing patent dispute in the US and ICT-related costs. Financial income and expenses amounted to EUR -0.1 (-0.4) million. The result before taxes was EUR 2.5 (2.0) million. The result for the fourth quarter was EUR 2.3 (1.3) million and earnings per share were EUR 0.027 (0.016). The comparable earnings per share were EUR 0.039 (0.027).

January–December 2023 comparable EBITA amounted to EUR 14.9 (13.6) million, i.e. 6.8 (6.4)% of net sales. Also 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).

Comparable operating result (EBIT) and EBITA EUR million	10–12/2023	10–12/2022	Change%	1–12/2023	1–12/2022	Change%
Operating result	2.7	2.5	7.5 %	8.1	7.6	6.6%
Items affecting comparability1)	0.9	0.9	3.8%	3.3	2.3	43.8%
Comparable EBIT	**3.6**	**3.3**	**6.6 %**	**11.4**	**9.9**	**15.1%**
Operating result	**2.7**	**2.5**	**7.5 %**	**8.1**	**7.6**	**6.6%**
Amortization and purchase price allocation1)	1.0	0.8	18.6%	3.5	3.7	-6.9%
EBITA	**3.7**	**3.3**	**10.3%**	**11.6**	**11.3**	**2.2%**
Items affecting comparability1)	0.9	0.9	3.8%	3.3	2.3	43.8%
Comparable EBITA	**4.6**	**4.2**	**9.0%**	**14.9**	**13.6**	**9.1%**
% of net sales	7.6%	7.0%	9.2%	6.8%	6.4%	6.1%

1) + cost, -income

FINANCIAL DEVELOPMENT OF THE REPORTING SEGMENTS

Architecture reporting segment

Architecture segment's fourth quarter in brief:

- The slowdown in market activity continued
- Order intake was down 4%, insulating glass technologies orders increased, tempering and laminating declined
- Net sales at the previous year's level, good profitability development

Architecture KEY RATIOS EUR million	10–12/2023	10–12/2022	Change%	1–12/2023	1–12/2022	Change%
Orders received	38.3	40.1	-4.4%	165.8	211.2	-21.5%
of which service operations	15.7	14.3	10.4%	55.0	56.2	-2.0%
of which service operations, %	41.1%	35.6%		33.2%	26.6%	
Order book at end of period	89.6	128.4	-30.2%	89.6[1)]	128.4	-30.2%
Net sales	45.7	45.6	0.3%	175.1	169.5	3.3%
of which service operations	15.0	15.7	-4.0%	56.8	57.5	-1.1%
of which service operations, %	32.9%	34.3%		32.4%	33.9%	
Comparable EBITA	4.5	3.9	17.3%	15.1	11.9	26.4%
Comparable EBITA, %	9.9%	8.4%		8.6%	7.0%	
Operating result (EBIT)	3.0	2.6	13.4%	10.4	7.2	43.3%
Operating result (EBIT), %	6.5%	5.7%		.5.9%	4.3%	

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

Orders received and order book

The cautious development in the Architecture market was reflected in the segment's **fourth-quarter** order intake, which was down 4% compared to the corresponding period in the previous year and totaled EUR 38.3 (40.1) million. Tempering and Laminating Technologies were heavily impacted by the growing market uncertainty and the order intake for these technologies was down 46%, while the order intake for Insulating Glass Technologies was up 25%. The Americas continued to be the most active market as the commercial glass market in the Americas remained strong. Orders were received for FC and RC Series tempering lines, a laminating line as well as a VARIO BOX insulating glass line. In the EMEA region, tempering and insulating glass lines were ordered. In China, demand for high-end insulating glass lines continued with orders for the TPS® lines. The Services order intake increased by 10% as the upgrades order intake were at a good level and field services developed positively.

The segment's **January–December 2023** order intake declined by 22% compared to the corresponding period in the previous year and totaled EUR 165.8 (211.2) million. The order intake for Tempering and Laminating Technologies was EUR 41.7 (55.7) million, down 25%. The order intake for Insulating Glass Technologies was EUR 69.1 (99.3) million, down 30%. The comparison period included one exceptionally large order of EUR 31 million, of which EUR 19.4 million was canceled in June 2023. Adjusting for the cancellation, the Insulating Glass Technologies order intake declined by 14%. Services orders declined by 2% as spares volumes were stable and upgrades orders at lower level in earlier quarters.

The Architecture segment's order book decreased by 30% and stood at EUR 89.6 (128.4) million at the end of the period.

Financial development

The segment's **October–December 2023** net sales were EUR 45.7 (45.6) million. Machines net sales grew 2% against a strong comparison period as the delivery capability was good in the factory locations. Architectural Tempering and Laminating net sales were EUR 13.7 million, up 11% and Insulating Glass net sales were EUR 17.7 million, down 4%. Services net sales were down 4% as upgrades net sales as well as tempering and laminating spare parts sales declined. Fourth-quarter comparable EBITA was EUR 4.5 (3.9) million, i.e. 9.9 (8.4)% of net sales. Good progress in profitability was mainly driven by clear improvement in gross margin in Machines.

The segment's **January–December 2023** net sales were up 3% and totaled EUR 175.1 (169.5) million. Architectural Tempering and Laminating net sales were EUR 53.3 (51.9) million, up 3%. Insulating Glass net sales were EUR 67.2 (63.1) million, up 6%. Services net sales were at the same level as in the previous year. Lower net sales in upgrades was compensated by growth in field services.

Comparable EBITA was EUR 15.1 (11.9) million, i.e. 8.6 (7.0)% of net sales. Machines volume and margin improvement drove profit higher, whereas slightly higher fixed costs and lower other operating income impacted negatively.

Mobility, Display & Solar reporting segment

Mobility, Display & Solar segment's fourth quarter in brief:

- New orders up 69% with a strongly improving order intake for mobility pre-processing and heat treatment equipment
- Net sales at previous year's level, unsatisfactory profitability
- Actions progressing to regain profitability

Mobility, Display & Solar KEY RATIOS EUR million	10–12/2023	10–12/2022	Change%	1–12/2023	1–12/2022	Change%
Orders received	19.0	11.2	69.3%	53.5	40.9	30.7%
of which service operations	4.4	4.2	6.0 %	19.3	16.3	18.4 %
of which service operations, %	23.4%	37.3%		36.2 %	39.9%	
Order book at end of period	16.9	9.9	70.1%	16.9	9.9	70.1%
Net sales	13.7	13.9	-0.8%	43.6	43.1	1.1%
of which service operations	4.9	5.4	-8.9%	19.2	18.9	1.3%
of which service operations, %	36.0%	39.2%		44.0%	43.9%	
Comparable EBITA	0.0	0.2	-116.0%	-0.5	1.5	-130.0%
Comparable EBITA, %	-0.2%	1.2%		-1.1%	3.6%	
Operating result (EBIT)	-0.3	-0.3	-23.1%	-2.5	0.3	-1,056.9%
Operating result (EBIT), %	-2.5%	-2.0%		-5.7%	0.6%	

Orders received

In the fourth quarter, the Mobility, Display & Solar segment's order intake saw strong growth and was up by 69% compared to the low level of the corresponding period in the previous year, totaling EUR 19.0 (11.2) million. Driven by the strong demand environment in China, several automotive pre-processing line orders from Chinese customers were received. Automotive heat treatment lines were also in high demand and the order intake included, among other things, a ScreenMax bending furnace for a customer in the EMEA region and a significant order for an advanced MATRIX EVO furnace for a customer in Americas. Display orders continued to be at a low level. Customers' interest in extending the lifetime of their machinery and improving productivity continued. In total, Services orders increased by 6%.

Driven by the strong market growth in China and the good demand environment in the US**, January–December 2023** orders received increased by 31% compared to the corresponding period in the previous year and totaled EUR 53.5 (40.9) million. Services orders were up by 18% driven by upgrades and spare parts.

The segment's order book increased by 70% and stood at EUR 16.9 (9.9) million at the end of the period.

Financial development

The Mobility, Display & Solar segment's **fourth-quarter** net sales were at the same level as in the corresponding period in the previous year and were EUR 13.7 (13.9) million. Machines net sales were stable whereas Services net sales declined mainly due to lower spare parts sales.

The segment's comparable EBITA was EUR 0.0 (0.2) million. Profitability was affected by lower gross margin driven by lower share of services and geographical mix. The gross margin of pre-processing machines delivered from China continued to improve but is not yet at the targeted level.

January–December 2023 net sales were slightly up and totaled EUR 43.6 (43.1) million. Machines' net sales were stable whereas Services were in slight growth driven by spare parts sales. Comparable EBITA was EUR -0.5 (1.5) million, i.e. -1.1 (3.6)% of net sales, and was mainly due to a lower margin for the first projects delivered from China after the production transfer as well as higher fixed costs.

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.

The fourth-quarter cash flow from operating activities, before the change in net working capital, was EUR 3.5 (3.1) million. Cash flow from the change in working capital was EUR 9.6 (5.6) million. Cash flow from operating activities was EUR 13.1 (8.7) million. Net cash flow from investing activities was EUR -2.1 (-2.3) million and cash flow from financing activities was EUR -2.0 (-2.0) 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.

In order 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 business function in connection with the organizational change. The processes and ways of working for the new function were defined during the summer and early autumn. In the final quarter, the new function started operating fully.

In the fourth quarter, automation and digitalization continued to be the leading themes in product development with focus on projects and innovations related to the automation of the core products and further development of robotic and operator-free machine operations. The continuous improvement of the Autopilot continued with new features for the flat tempering and flat lamination autopilot. 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. Development of the superior Thermo Plastic Spacer (TPS®) technology continued and the first thin triple insulating glass (IG) line that can handle glass down to 0.5 mm thickness as the middle pane was delivered. The final IG product can be similar to double IG in thickness and weight but has the performance of triple IG units. This makes it very well-suited for retrofitting existing windows. In Mobility, Display & Solar product development, the focus continued to be on broadening the application field of the products.

January–December 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 and personnel

In June 2023, Glaston announced its plan to redefine its organization. The new organizational structure came into effect on October 1, 2023, and in the final quarter, the implementation was completed.

In the fourth quarter, the group-wide employee survey, measuring the employee engagement rate, was conducted. In total, 82% of employees across the organization responded to the survey. The engagement rate was the same as in the previous year and was 70.

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 (775) employees.

Changes to the Executive Leadership Team

The company's president & CEO Anders Dahlblom resigned from the company on November 15, 2023 due to personal reasons and Glaston's Board of Directors nominated Board member Antti Kaunonen as the interim CEO on the same date. Antti Kaunonen continued as a member of Glaston's Board of Directors but stepped down from his role as a member of the Board's People and Remuneration Committee. Due to the resignation, the Board of Directors started the search for a new CEO.

Reflecting the new organizational structure, the Executive Leadership Team consisted of: 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.

STRATEGY

To accelerate the execution of the strategy, Glaston disclosed in June its 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, Glaston has two Business Areas (BA): Architecture and Mobility, Display & Solar. The Architecture BA consists of three Business Lines, Heat Treatment Laminating technologies, Heat Treatment Tempering technologies and Insulating Glass technologies. The Mobility, Display & Solar BA consists of two Business Lines, Pre-processing and MDS Heat Treatment. In addition, two new global Business Functions, Automation & Innovation, and Sourcing & Supply Chain Management (SCM) have been created.

In the fourth quarter, the transfer of basic capabilities and knowledge sharing for the production of Automotive pre-processing equipment in Tianjin was completed. Going forward, technology transfer will focus on specific in-depth knowledge sharing. 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 the final quarter of the year, the installation of the first two CHF Solar lines started at the customer's premises, and the following three were shipped from the factory in Tianjin. Originally, the deliveries were scheduled for the first half of 2023 but due to the customer's readiness to receive the machines, the deliveries were postponed.

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% and 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. For the second year in a row, the employee engagement rate was 70 and NPS was 62 (53). As the number of respondents for NPS 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 remain at the forefront of moving the industry towards a more sustainable future, and 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 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 and a total of nearly 800 solar panels with a capacity of over 300 kWp have been installed on the roof of the factory. The panels generate energy for the plant's own use and some electricity is also fed into the grid.

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 is committed 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 is also committed 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. Based on the assessment, Glaston will prepare its future sustainability reporting requirements.

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

In addition to the strategic targets, Glaston has set other sustainability targets. More information on the topics and progress will be available in Glaston's sustainability report 2023.

The EU taxonomy

Glaston has activities that qualify as environmentally sustainable according to the EU Taxonomy Regulation. Glaston's insulating glass technologies and related services, as well as glass processing equipment and services for processing glass for photovoltaic modules, are activities that enable substantial contributions to climate change mitigation.

In 2023, 46 (43)% of the Group's turnover was taxonomy eligible. Of the total investments, 34 (28)% were taxonomy eligible and 25 (28)% of the operating expenditure. Glaston's taxonomy-eligible activities comply with all Do No Significant Harm (DNSH) criteria as set out in the regulation. Compliance with Minimum Social Safeguards has been assessed at the company level. Based on this assessment, Glaston meets the criteria for alignment with Minimum Safeguards. Therefore, in 2023, 46% of the Group's turnover was also taxonomy aligned. Of total investments, 34% were taxonomy aligned as well as 25% of the operating expenditure.

More detailed information on Taxonomy eligibility and alignment and the calculation method will be available in Glaston's Annual Review 2023.

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 December 31, 2023, was EUR 12.7 (12.7) million.

			No. of shares	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

*) trading-weighted average

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

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 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.

Glaston has 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. 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

Glaston Corporation's Annual General Meeting (AGM) was held on April 4, 2023, in Helsinki. The AGM adopted the financial statements and discharged the members of the Board of Directors and the President & CEO from liability for the financial year 2022. The Annual General Meeting resolved that a return of capital of EUR 0.04 per share be distributed for the financial year ended on December 31, 2022.

The Annual General Meeting re-elected as members of the Board of Directors the current Board members: Mr. Veli-Matti Reinikkala, Mr. Sebastian Bondestam, Mr. Antti Kaunonen, Ms. Sarlotta Narjus, Ms. Arja Talma, Mr. Tero Telaranta and Mr. Michael Willome.

In addition, the Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own shares and the issuance of shares.

The resolutions of the Annual General Meeting are available in the stock exchange release dated April 4, 2023.

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, 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 shareholder 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.

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

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.

Glaston's long-term strategic and operational risks and uncertainties are described in detail in the Annual Review 2023 in the Report of the Board of Directors.

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.

THE 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 that based on the balance sheet to be adopted for the 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, April 11, 2024. The Board of Directors proposes to the Annual General Meeting that the return of capital be paid on April 25, 2024.

The Annual Review 2023, including the financial statements and the review of the Board of Directors, will be available on the company website www.glaston.net on March 19, 2024, at the latest.

Helsinki, February 14, 2024
Glaston Corporation
Board of Directors

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 31 DECEMBER 2023

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Net sales	**59.7**	**59.8**	-0.2%	**219.7**	**213.5**	2.9%
Other operating income	0.7	0.9		2.5	3.6	
Expenses	-55.7	-56.4		-206.5	-201.8	
Depreciation, amortization and impairment	-1.4	-1.3		-5.1	-5.4	
Depreciation of right-of-use assets	-0.6	-0.6		-2.5	-2.3	
Operating result	**2.7**	**2.5**	7.5%	**8.1**	**7.6**	6.6%
Financial items, net	-0.1	-0.4		-0.8	-2.5	
Interest expenses on lease liabilities	-0.1	-0.1		-0.4	-0.4	
Result before income taxes	**2.5**	**2.0**	21.7%	**6.9**	**4.7**	45.0%
Income taxes	-0.2	-0.7		-1.8	-1.6	
Profit / loss for the period	**2.3**	**1.3**	70.7%	**5.0**	**3.1**	63.1%
Earnings per share, EUR	0.027	0.016		0.060	0.037	

STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Profit / loss for the period	**2.3**	**1.3**	**5.0**	**3.1**
Other comprehensive income that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	-0.2	-2.0	-0.3	0.5
Cash flow hedges	0.2	1.7	0.3	0.7
Cash flow hedges, taxes	0.0	-0.1	-0.2	-0.1
Other comprehensive income that will not be reclassified subsequently to profit or loss:				
Actuarial gains and losses arising from defined benefit plans	-0.1	-2.1	-0.1	-2.1
Taxes on actuarial gains and losses arising from defined benefit plans	0.0	0.4	0.0	0.4
Other comprehensive income for the reporting period	**-0.1**	**-2.0**	**-0.2**	**-0.5**
Total comprehensive income for the reporting period	**2.2**	**-0.7**	**4.9**	**2.6**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	31.12.2023	31.12.2022
Assets		
Non-current assets		
Goodwill	58.2	58.7
Other intangible assets	18.9	17.5
Property, plant and equipment	23.2	22.6
Right-of-use assets	5.9	6.2
Financial assets measured at fair value through other comprehensive income	0.0	0.0
Loan and other non-current receivables	0.5	0.6
Deferred tax assets	1.6	2.1
Total non-current assets	**108.2**	**107.8**
Current assets		
Inventories	35.8	32.0
Receivables		
Trade and other receivables	18.6	24.0
Contract assets	13.7	9.0
Assets for current tax	-	-
Total receivables	32.3	33.0
Cash equivalents	20.2	22.2
Total current assets	**88.3**	**87.1**
Total assets	**196.5**	**194.9**

EUR million	31.12.2023	31.12.2022
Equity and liabilities		
Equity		
Share capital	12.7	12.7
Other restricted equity reserves	0.1	0.1
Reserve for invested unrestricted equity	102.0	105.3
Treasury shares	-0.2	-
Other unrestricted equity reserves	0.5	0.4
Retained earnings	-50.5	-55.0
Exchange difference	4.7	5.0
Total equity	**69.3**	**68.4**
Non-current liabilities		
Non-current interest-bearing liabilities	19.9	23.9
Non-current lease liabilities	5.1	5.9
Non-current interest-free liabilities and provisions	0.4	0.4
Deferred tax liabilities	9.6	9.1
Total non-current liabilities	**35.0**	**39.3**
Current liabilities		
Current interest-bearing liabilities	4.0	4.0
Current lease liabilities	2.0	1.7
Current provisions	3.5	3.2
Trade and other current interest-free payables	81.2	73.1
Contract liabilities	0.4	3.9
Liabilities for current tax	1.0	1.1
Total current liabilities	**92.2**	**87.1**
Total liabilities	**127.2**	**126.5**
Total equity and liabilities	**196.5**	**194.9**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Cash flows from operating activities				
Cash flow before change in net working capital	3.5	3.1	12.3	10.5
Change in net working capital	9.6	5.6	1.5	-0.3
Net cash flow from operating activities	**13.1**	**8.7**	**13.8**	**10.2**
Cash flow from investing activities				
Purchases of non-current assets	-2.2	-2.3	-7.5	-5.8
Proceeds from sale of business	-	-		
Proceeds from sale of other non-current assets	0.1	0.0	0.2	0.4
Net cash flow from investing activities	**-2.1**	**-2.3**	**-7.3**	**-5.5**
Cash flow before financing	**11.0**	**6.4**	**6.4**	**4.7**
Cash flow from financing activities				
Aquisiton of treasury shares	-	-	-0.2	-
Increase in non-current liabilities		-2.0	-	24.0
Decrease in non-current liabilities	-	-	-	-31.0
Changes in loan receivables (increase - / decrease +)	-	-	-	0.3
Increase in short-term liabilities	-	2.0	-	6.3
Decrease in short-term liabilities	-2.0	-2.0	-4.0	-8.2
Return of capital	-0.0	-	-3.4	-2.5
Net cash flow from financing activities	**-2.0**	**-2.0**	**-7.6**	**-11.2**
Effect of exchange rate changes	-0.2	-1.9	-0.9	1.9
Net change in cash and cash equivalents	**8.9**	**2.6**	**-2.1**	**-4.6**
Cash and cash equivalents at the beginning of period	11.3	19.7	22.2	26.9
Cash and cash equivalents at the end of period	20.2	22.2	20.2	22.2
Net change in cash and cash equivalents	**8.9**	**2.6**	**-2.1**	**-4.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Other restr. equity	Reserve for inv. unrestr. equity	Treasury shares	Other un-restr. equity	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2023	**12.7**	**0.1**	**105.3**	**-**	**0.4**	**-55.0**	**5.0**	**68.4**
Total compr. income for the period	-	-	-	-	0.2	4.9	-0.3	**4.9**
Acquisition of own shares	-	-	-	-0.2	-	-	-	**-0.2**
Share-based incentive plan	-	-	-		-	-0.2	-	**-0.2**
Taxes on share-based incentive plan	-	-	-		-	0.0	-	**0.0**
Return of capital	-	-	-3.4		-	-	-	**-3.4**
Other changes	-	0.0	-	-	-0.1	-0.2	-	**-0.3**
Equity at 31 December 2023	**12.7**	**0.1**	**102.0**	**-0.2**	**0.5**	**-50.5**	**4.7**	**69.3**

EUR million	Share capital	Other restr. equity	Reserve for inv. unrestr. equity	Treasury shares	Other un-restr. equity	Ret. earnings	Exch. diff.	Total equity
Equity at 1 January, 2022	**12.7**	**0.1**	**107.9**	**-**	**-0.3**	**-56.8**	**4.5**	**68.0**
Total compr. income for the period	-	-	-	-	0.7	1.5	0.5	**2.6**
Share-based plan, net of tax	-	-	-	-	-	0.2	-	**0.2**
Taxes on share-based incentive plan	-	-	-	-	-	0.0	-	**0.0**
Return of capital	-	-	-2.5	-	-	-	-	**-2.5**
Other changes	-	-	-	-	-	0.2	-	**0.2**
Equity at 31 December 2022	**12.7**	**0.1**	**105.3**	**-**	**0.4**	**-55.0**	**5,0**	**68.4**

KEY RATIOS	31.12.2023	31.12.2022
EBITDA, as % of net sales	7.2%	7.2%
Comparable EBITDA, as % of net sales	8.7%	8.2%
Operating profit (EBIT), as % of net sales	3.7%	3.6%
Comparable EBITA, as % of net sales	6.8%	6.4%
Profit / loss for the period, as % of net sales	2.3%	1.4%
Gross capital expenditure, EUR million	7.5	5.8
Gross capital expenditure, as % of net sales	3.4%	2.7%
Equity ratio, %	45.2%	44.0%
Gearing, %	44.8%	51.9%
Net gearing, %	15.8%	19.5%
Net interest-bearing debt, EUR million	10.9	13.3
Capital employed, end of period, EUR million	100.4	104.0
Return on equity, %	7.3%	4.5%
Return on capital employed, %	8.1%	6.9%
Comparable Return on capital employed, %	12.7%	10.5%
Number of personnel, average	804	775
Number of personnel, end of period	802	783

PER SHARE DATA	31.12.2023	31.12.2022
Number of registered shares, end of period (1.000)	84 290	84 290
Number of registered shares, end of period, excluding treasury shares (1.000)	84 040	84 290
Number of shares, average, excluding treasury shares (1.000)	84 218	84 290
EPS, total, basic and diluted, EUR	0.060	0.037
Comparable EPS, total, basic and diluted, EUR	0.104	0.074
Equity attributable to owners of the parent per share, EUR	0.82	0.81
Return of capital per share, EUR1)	0.05	0.04
Return of capital yield / share, %1)	6.8%	4.4%
Price per earnings per share (P/E) ratio	12.3	24.6
Price per equity attributable to owners of the parent per share	0.89	1.11
Market capitalization of registered shares, EUR million	61.9	76.0
Share turnover, %, number of shares traded, % of the average registered number of shares	8.5%	9.7%
Number of shares traded, (1.000)	7 180	8 153
Closing price of the share, EUR	0.74	0.90
Highest quoted price, EUR	1.09	1.19
Lowest quoted price, EUR	0.73	0.71
Volume-weighted average quoted price, EUR	0.89	0.95

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

The reconciliation of alternative performance measures

Items affecting comparability

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Re-structuring	-0.1	-0.4	-2.1	-1.6
Other	-0.8	-0.5	-1.2	-0.6
Items affecting comparability	**-0.9**	**-0.9**	**-3.3**	**-2.3**

Comparable operating result (EBIT) and EBITA

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Operating result	2.7	2.5	8.1	7.6
Items affecting comparability[1)]	0.9	0.9	3.3	2.3
Comparable EBIT	**3.6**	**3.3**	**11.4**	**9.9**
Operating result	**2.7**	**2.5**	**8.1**	**7.6**
Amortization and purchase price allocation[1)]	1.0	0.8	3.5	3.7
EBITA	**3.7**	**3.3**	**11.6**	**11.3**
Items affecting comparability[1)]	0.9	0.9	3.3	2.3
Comparable EBITA	**4.6**	**4.2**	**14.9**	**13.6**
% of net sales	7.6%	7.0%	6.8%	6.4%

[1)] + cost, - income

Comparable ROCE% and EPS

EUR million	1-12/2023	1-12/2022
Profit/loss for the period before taxes	6.9	4.7
Financial expenses	1.4	2.7
Purchase price allocation[1)]	1.4	1.6
Total	9.7	9.1
Total annualized	9.7	9.1
Items affecting comparability[1)]	3.3	2.3
Total	12.9	11.4
Equity	69.3	68.4
Interest bearing liabilities	31.1	35.5
Avg (1.1.and end of period)	102.2	108.6
Comparable ROCE%	**12.7%**	**10.5%**
Profit/loss for the period	5.0	3.1
Purchase price allocation[1)]	1.4	1.6
Items affecting comparability[1)]	3.3	2.3
-tax	-0.9	-0.8
Total	8.8	6.2
Number of shares, average	84.2	84.3
Comparable earnings per share, EUR	**0.104**	**0.074**

[1)] + cost, - income

Per share data

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

Diluted earnings per share:
Net result attributable to owners of the parent / Average diluted number of shares outstanding

Dividend per share*:
Dividends paid / Number of issued shares at end of the period

Dividend payout ratio*:
(Dividend per share x 100) / Earnings per share

Dividend yield per share*:
(Dividend per share x 100) / Share price at end of the period

Equity attributable to owners of the parent per share:
Equity attributable to owners of the parent at end of the period / Number of shares at end of the period, excluding treasury shares

Average trading price:
Shares traded (EUR) / Shares traded (volume)

Price per earnings per share (P/E):
Share price at end of the period / Earnings per share (EPS)

Price per equity attributable to owners of the parent per share:
Share price at end of the period / Equity attributable to owners of the parent per share

Share turnover:
The proportion of number of shares traded during the period to weighted average number of shares, excluding treasury shares

Market capitalization:
Number of shares at end of the period x share price at end of the period

Number of shares at period end:
Number of issued shares - treasury shares

*The definition is also applied with return of capital

Financial ratios

EBITDA:
Profit / loss before depreciation, amortization, and impairment

Operating result (EBIT):
Profit / loss after depreciation, amortization, and impairment

Cash and cash equivalents:
Cash + other financial assets (includes cash and cash equivalents at amortized cost)

Net interest-bearing debt:
Interest-bearing liabilities (includes interest-bearing liabilities at amortized cost) - cash and cash equivalents

Financial expenses:
Interest expenses of financial liabilities + fees of financing arrangements + foreign currency differences of financial liabilities

Equity ratio. %:
Equity (Equity attributable to owners of the parent + non-controlling interest) x 100 / (Total assets - advance payments received)

Gearing, %:
(Interest-bearing liabilities x 100) / Equity (Equity attributable to owners of the parent + non-controlling interest)

Net gearing, %:
(Net interest-bearing debt x 100) / Equity (Equity attributable to owners of the parent + non-controlling interest)

Return on capital employed, % (ROCE):
(Profit / loss before taxes + financial expenses x 100) / (Equity + interest-bearing liabilities, average of 1 January and end of the reporting period)

Return on equity, % (ROE):
(Profit / loss for the reporting period x 100) /Equity (Equity attributable to owners of the parent + non-controlling interest), average of 1 January and end of the reporting period

Other 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 depreciation, 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 liabilities, average of 1 January and end of the reporting period)

Comparable earnings per share (Comparable EPS):
Net result attributable to owners of the parent +/- (items affecting comparability+ amortization of purchase price allocations) net of tax / Average number of shares outstanding

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.

NOTES

Basis of preparation

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

Glaston's Financial Statements are audited. The auditor's report has been given on 14 February 2024. Quarterly information and interim reports are not audited.

As a result of rounding differences, the figures presented in the tables may not add up to the total.

1. SEGMENT INFORMATION

Orders received

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Architecture	38.3	40.1	165.8	211.2
Mobility, Display & Solar	19.0	11.2	53.5	40.9
Total segments	**57.3**	**51.3**	**219.2**	**252.1**
Unallocated and eliminations	0.2	0.3	1.0	0.9
Total Glaston Group	**57.6**	**51.7**	**220.3**	**253.0**

Net sales

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Architecture	45.7	45.6	175.1	169.5
Mobility, Display & Solar	13.7	13.9	43.6	43.1
Total segments	**59.5**	**59.5**	**218.7**	**212.6**
Unallocated and eliminations	0.2	0.3	1.0	0.9
Total Glaston Group	**59.7**	**59.8**	**219.7**	**213.5**

Comparable EBITA

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Architecture	4.5	3.9	15.1	11.9
Mobility, Display & Solar	0.0	0.2	-0.5	1.5
Total segments	**4.5**	**4.0**	**14.6**	**13.5**
Unallocated and eliminations	0.1	0.2	0.3	0.1
Total Glaston Group	**4.6**	**4.2**	**14.9**	**13.6**
Comparable EBITA %	7.6%	7.0%	6.8%	6.4%

Comparable EBITA %

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Architecture	9.9%	8.4%	8.6%	7.0%
Mobility, Display & Solar	-0.2%	1.2%	-1.1%	3.6%
Total segments	**7.6%**	**6.8%**	**6.7%**	**6.3%**
Unallocated and eliminations	28.5%	47.6%	26.5%	16.3%
Total Glaston Group	**7.6%**	**7.0%**	**6.8%**	**6.4%**

Operating result (EBIT)

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Architecture	3.0	2.6	10.4	7.2
Mobility, Display & Solar	-0.3	-0.3	-2.5	0.3
Total segments	**2.6**	**2.3**	**7.9**	**7.5**
Unallocated and eliminations	0.1	0.2	0.3	0.1
Total Glaston Group	**2.7**	**2.5**	**8.1**	**7.6**
Operating result %	4.5%	4.2%	3.7%	3.6%

Segment assets

EUR million	1-12/2023	1-12/2022
Architecture	139.2	136.8
Mobility, Display & Solar	34.4	32.8
Total segment assets	**173.6**	**169.6**
Other assets	22.9	25.3
Total assets	**196.5**	**194.9**

Segment liabilities

EUR million	1-12/2023	1-12/2022
Architecture	72.4	68,6
Mobility, Display & Solar	12.6	12,0
Total segment liabilities	**85.0**	**80.6**
Other liabilities	42.1	45.9
Total liabilities	**127.2**	**126.5**

Personnel at the end of the period

	1-12/2023	1-12/2022
Architecture	630	624
Mobility, Display & Solar	171	157
Others	1	2
Total personnel at the end of the period	**802**	**783**

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ORDERS RECEIVED, ORDER BOOK, NET SALES AND OPERATING RESULT BY QUARTERS

Orders received

EUR million	10-12/2023	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Architecture	38.3	41.8	43.6	42.0	40.1	73.1	50.0	47.9
Mobility, Display & Solar	19.0	10.2	9.6	14.6	11.2	12.8	6.1	10.8
Total segments	**57.3**	**52.1**	**53.3**	**56.6**	**51.3**	**85.9**	**56.1**	**58.7**
Unallocated and eliminations	0.2	0.1	0.4	0.3	0.3	0.2	0.1	0.2
Total Glaston Group	**57.6**	**52.2**	**53.6**	**56.9**	**51.7**	**86.2**	**56.2**	**59.0**

Order book

EUR million	10-12/2023	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Architecture	89.6	99.7	101.9	123.7	128.4	130.6	92.8	81.3
Mobility, Display & Solar	16.9	12.6	13.3	15.4	9.9	11.7	13.2	16.8
Total segments	**106.5**	**112.3**	**115.2**	**139.0**	**138.3**	**142.3**	**106.0**	**98.1**
Unallocated and eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Glaston Group	**106.5**	**112.3**	**115.2**	**139.0**	**138.3**	**142.3**	**106.0**	**98.1**

Net sales

EUR million	10-12/2023	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Architecture	45.7	43.5	43.2	42.6	45.6	38.7	42.5	42.6
Mobility, Display & Solar	13.7	9.8	11.6	8.4	13.9	9.0	10.8	9.5
Total segments	**59.5**	**53.4**	**54.8**	**51.0**	**59.5**	**47.7**	**53.3**	**52.1**
Unallocated and eliminations	0.2	0.1	0.4	0.3	0.3	0.2	0.1	0.2
Total Glaston Group	**59.7**	**53.5**	**55.2**	**51.3**	**59.8**	**47.9**	**53.5**	**52.3**

Comparable EBITA

EUR million	10-12/2023	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Architecture	4.5	4.0	3.3	3.3	3.9	1.6	3.1	3.3
Mobility, Display & Solar	0.0	-0.1	0.0	-0.3	0.2	0.8	0.4	0.2
Total segments	**4.5**	**3.9**	**3.3**	**2.9**	**4.0**	**2.4**	**3.6**	**3.5**
Unallocated and eliminations	0.1	0.0	0.1	0.1	0.2	0.1	-0.1	0.0
Total Glaston Group	**4.6**	**3.9**	**3.4**	**3.0**	**4.2**	**2.5**	**3.5**	**3.5**
Comparable EBITA %	7.6%	7.3%	6.2%	5.8%	7.0%	5.1%	6.6%	6.6%

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Comparable EBITA %

EUR million	10-12/2023	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Architecture	9.9%	9.2%	7.6%	7.7%	8.4%	4.2%	7.3%	7.9%
Mobility, Display & Solar	-0.2%	-1.4%	0.2%	-3.9%	1.2%	8.8%	4.0%	1.6%
Total segments	**7.6%**	**7.2%**	**6.0%**	**5.8%**	**6.8%**	**5.0%**	**6.7%**	**6.7%**
Unallocated and eliminations	28.5%	29.9%	26.7%	23.1%	47.6%	28.6%	-36.1%	-9.8%
Total Glaston Group	**7.6%**	**7.3%**	**6.2%**	**5.8%**	**7.0%**	**5.1%**	**6.6%**	**6.6%**

Operating result (EBIT)

EUR million	10-12/2023	7-9/2023	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022	1-3/2022
Architecture	3.0	2.6	2.3	2.5	2.6	0.7	1.6	2.3
Mobility, Display & Solar	-0.3	-1.0	-0.5	-0.7	-0.3	0.4	0.2	-0.1
Total segments	**2.6**	**1.6**	**1.8**	**1.8**	**2.3**	**1.1**	**1.8**	**2.2**
Unallocated and eliminations	0.1	0.0	0.1	0.1	0.2	0.1	-0.1	0.0
Total Glaston Group	**2.7**	**1.7**	**1.9**	**1.9**	**2.5**	**1.2**	**1.8**	**2.2**
Operating result %	4.5%	3.1%	3.5%	3.7%	4.2%	2.5%	3.4%	4.2%

ORDERS RECEIVED, ORDER BOOK AND NET SALES BY PRODUCT AREAS

Orders received by product area

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Architectural Tempering and Laminating Technologies	7.2	13.5	41.7	55.7
Insulating Glass Technologies	15.4	12.3	69.1	99.3
Mobility, Display and Solar Technologies	14.6	7.0	34.1	24.6
Services	20.2	18.5	74.4	72.5
Unallocated and eliminations	0.2	0.3	1.0	0.9
Glaston Group, total	**57.6**	**51.7**	**220.3**	**253.0**

Order book by product area

EUR million	31.12.2023	31.12.2022
Architectural Tempering and Laminating Technologies	26.9	45.4
Insulating Glass Technologies	57.0	77.9
Mobility, Display and Solar Technologies	16.3	8.6
Services	6.3	6.4
Unallocated and eliminations	-	-
Glaston Group, total	**106.5**	**138.3**

Net sales by product area

EUR million	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Architectural Tempering and Laminating Technologies	13.7	12,3	53.3	51.9
Insulating Glass Technologies	17.7	18,4	67.2	63.1
Mobility, Display and Solar Technologies	9.1	9,0	24.7	24.9
Services	20.0	21,1	76.0	76.4
Unallocated and eliminations	-0.7	-1,0	-1.5	-2.8
Glaston Group, total	**59.7**	**59.8**	**219.7**	**213.5**

NET SALES BY REGION

Geographical distribution of net sales EUR million	**10-12/2023**	**10-12/2022**	**1-12/2023**	**1-12/2022**
Americas	17.4	20.3	72.4	60.9
EMEA	30.2	28.8	113.4	112.2
APAC	12.1	10.6	33.9	40.4
Glaston Group, total	**59.7**	**59.8**	**219.7**	**213.5**

2. FINANCIAL RISK MANAGEMENT

Liquidity risk

Liquidity risk is managed through the 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 working capital management and the development is monitored regularly. Short- and long-term cash planning is part of group companies' operational activity together with the Group Treasury. As a measurement for the liquidity risk are the Group's liquid funds and unused credit facilities. Group Treasury reports the Group's liquidity position regularly to the management and to the Board of Directors of Glaston Corporation.

The covenants in use are net interest-bearing debt to equity (gearing ratio) and 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 have been met.

Glaston Corporation has signed a new 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.

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

Net interest bearing debt

EUR million	**31.12.2023**	**31.12.2022**
Loans from financial institutions	24.0	28.0
Lease liabilities	7.1	7.6
Cash	20.2	22.2
Total	**10.9**	**13.3**
Net gearing, %	**15.8**	**19.5**

Credit risk

The Group becomes exposed to credit and counterparty risks when it grants payment time to the customers. The creditworthiness of these counterparties may decrease and affect Group's result. Credit risk management is conducted in accordance with the Group's Credit Management Policy.

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.

Risk management is performed together with the business management with the objective of avoiding 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 accelerate fund inflows.

At the end of December 2023, 13.7 (5.0 on 31.12.2022) percent of the Group's trade receivables were secured by LCs and incoming bank guarantees.

Ageing analysis of trade receivables EUR million			**Past due**			
	Carrying amount of trade receivables after recognizing allowance account	Not past due	< 30 days	31-180 days	181-360 days	> 360 days
31.12.2023	11.2	7.7	1.9	1.5	0.1	-0.0
31.12.2022	17.8	12.3	4.0	1.3	0.1	0.0

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Changes in property, plant and equipment

EUR million	**1-12/2023**	**1-12/2022**
Carrying amount at beginning of the period	22.6	22.9
Additions	2.7	2.1
Disposals	-0.2	-0.4
Depreciation and amortization	-1.9	-1.9
Reclassification and other changes	-0.0	-0.2
Exchange differences	-0.1	0.0
Carrying amount at end of the period	23.2	22.6

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

EUR million

Changes in intangible assets	**1-12/2023**	**1-12/2022**
Carrying amount at beginning of the period	76.1	75.8
Additions	4.8	3.7
Disposals	-0.1	-0.0
Depreciation and amortization	-3.2	-3.5
Reclassification and other changes	0.0	0.0
Exchange differences	-0.4	0.1
Carrying amount at end of the period	77.2	76.1

4. LEASES

LEASES IN THE BALANCE SHEET

EUR million

Right-of-use assets	**1-12/2023**	**1-12/2022**
Carrying amount at beginning of the period	6.2	7.3
Additions	2.1	1.3
Depreciation expense	-2.5	-2.3
Carrying amount at end of the period	5.9	6.2

Lease liabilities EUR million	**1-12/2023**	**1-12/2022**
Carrying amount at beginning of the period	7.6	8.6
Additions	2.1	1.3
Interest expense	0.4	0.4
Rental payment	-2.9	-2.7
Carrying amount at end of the period	7.1	7.6

LEASES IN PROFIT AND LOSS STATEMENT

EUR million	**1-12/2023**	**1-12/2022**
Depreciation of right-of-use assets	-2.5	-2.3
Interest expense on lease liabilities	-0.4	-0.4
Short-term lease expense	-0.5	-0.4
Total amounts recognised in profit or loss	**-3.4**	**-3.2**

5. CONTINGENT LIABILITIES

EUR million	**31.12.2023**	**31.12.2022**
Mortgages and pledges		
On own behalf	314.1	314.1
Guarantees		
On own behalf	11.9	15.3
On behalf of others	0.3	0.3

Mortgages and pledges include EUR 21.6 million shares in group companies.

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 a material adverse effect upon the Group's consolidated financial position or results of operations.

6. DERIVATIVE INSTRUMENTS

EUR million	**31.12.2023**		**31.12.2022**	
	Nominal value	Fair value	Nominal value	Fair value
Currency forwards				
Currency forward contracts	14.4	0.2	18.7	0.1
Interest rate derivatives				
Interest rate derivatives	12.0	0.4	12.0	0.6

Glaston hedge foreign currency-denominated sales and cash flows of binding orders received with currency forwards. In fulfilling the conditions of hedge accounting, cash flow hedge accounting under IFRS 9 is applied with respect to currency derivatives.

Derivative instruments are used only for 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.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE

Financial instruments at fair value include derivatives. Other financial instruments at fair value through profit or loss can include mainly Glaston's current investments, which are classified as held for trading i.e. which have been acquired or incurred principally for the purpose of selling them in the near future.

Fair values of publicly traded derivatives are calculated based on quoted market rates at the end of the reporting period (fair value hierarchy level 1). All Glaston's derivatives are publicly traded.

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

Fair value measurement hierarchy:

Level 1 = quoted prices in active markets

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

Level 3 = not based on observable market data

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

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

Fair value hierarchy, fair values

EUR million	31.12.2023				31.12.2022			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Assets								
Other shares	-	-	0.0	**0.0**	-	-	0.0	**0.0**
Currency forward contracts	-	0.2	-	**0.2**	-	0.5	-	**0.5**
Interest rate derivatives	-	0.7	-	**0.7**	-	0.6	-	**0.6**
Total	**-**	**0.9**	**0.0**	**0.9**	**-**	**1.1**	**0.0**	**1.1**
Liabilities								
Currency forward contracts	-	-0.0	-	**-0.0**	-	-0.4	-	**-0.4**
Interest rate derivatives	-	-	-	**-**	-	-	-	**-**
Total	**-**	**-0.0**	**-**	**-0.0**	**-**	**-0.4**	**-**	**-0.4**