

Relaxing Moments

HARVIA

Sauna & Spa

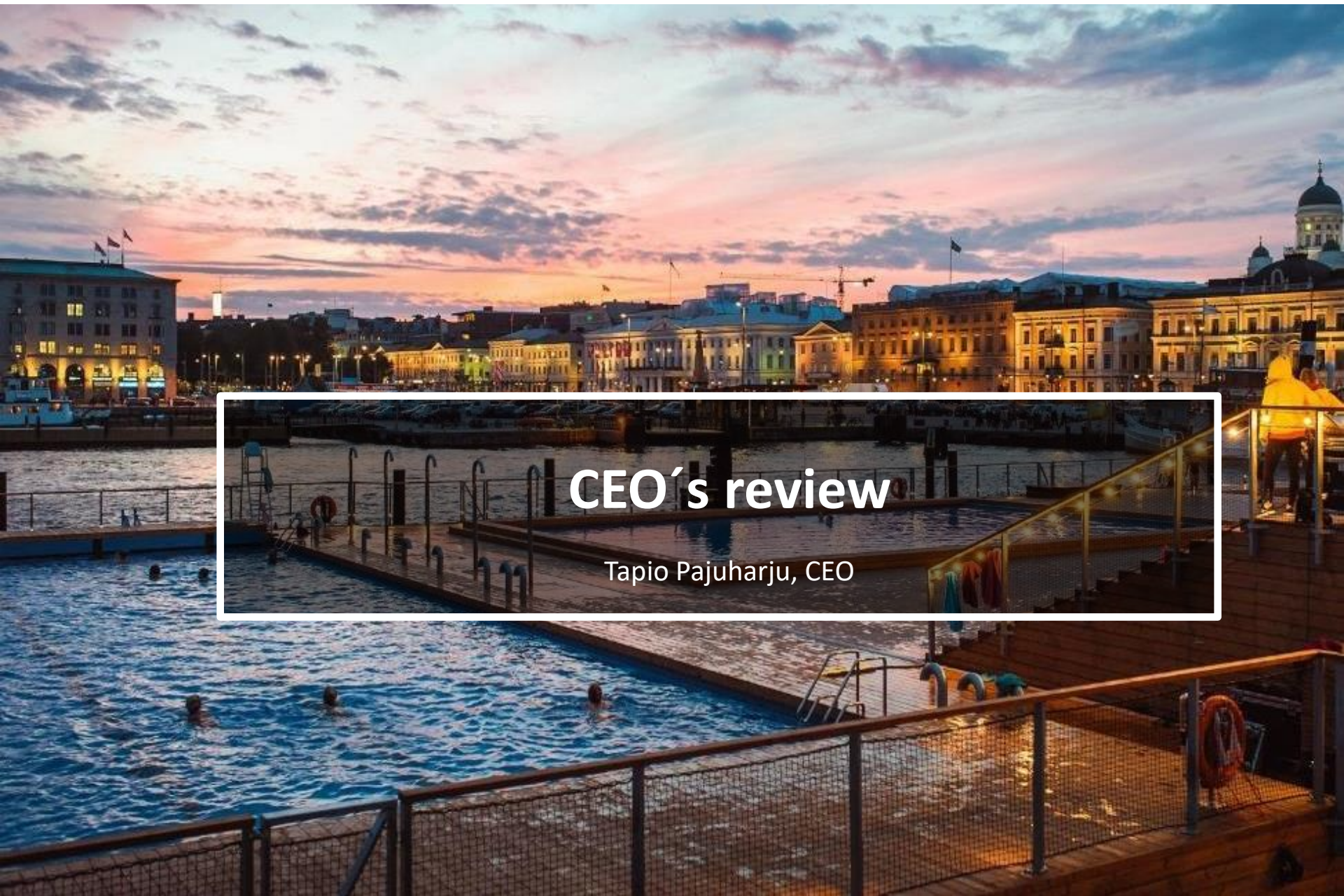
Natural Wellbeing

Harvia Plc
Welcome to the Annual General Meeting!

2 April 2020

CEO's review

Tapio Pajuharju, CEO



A woman with her hair in a bun, wearing a white textured bathrobe and white slippers, is walking away from the camera down a modern, brightly lit hallway. The hallway has dark grey tiled floors and light-colored walls. To the left, there are rows of white textured lounge chairs. To the right, there are glass doors with vertical blinds. In the background, there is a small table with a potted plant.

OUR MISSION

Harvia's mission is to allow everyone across the globe to experience the healing and relaxing effects of taking a sauna.

OUR VISION

We are a trusted partner in creating diverse sauna experiences that promote natural well-being. We are the market leader in all sauna categories across all continents due to our extraordinary level of innovation and insight.

Members of the Harvia management team



Tapio Pajuharju
CEO



Ari Vesterinen
Chief Financial
Officer



David Ahonen
Export Director



Anssi Pelkonen
Sales Director,
Finland



**Markus
Wörmanseder**
Sales Director,
Central Europe



Tomas Hjalmeby
Sales Director,
Scandinavia



Timo Harvia
Director,
Research &
Development and
Quality



Mika Suoja
Vice President,
Operations &
Sourcing



Päivi Juolahti
Vice President,
Marketing
From June 2020

Very strong and profitable growth continued

- In addition to strong revenue growth, we improved the profitability of our business and continued the continuous improvement of productivity as planned
- We opened new sales channels and leveraged upselling successfully

New, advanced products and solutions

- We launched several technologically advanced sauna and spa products, such as the Harvia Cilindro Plus Spot heater equipped with a wireless control switch and the outdoor sauna collection's Solide Compcat design sauna
- We expanded AHS's offering and updated the PRO 20 series

Developing business operations in the United States

- During the year, the integration of Almost Heaven Saunas's business operations proceeded as planned and operational profitability improved even faster than anticipated
- Measures taken at the Renick factory to further improve productivity

Key figures in 2019: strong growth

Revenue

74.1

EUR million

Adjusted operating
profit

13.9

EUR million (+27.9%)

Personnel

395

Revenue growth

19.6%

Adjusted operating
profit margin

18.7% (17.5)

Earnings per share

0.51

EUR (0.41)

Equity ratio

56.6%

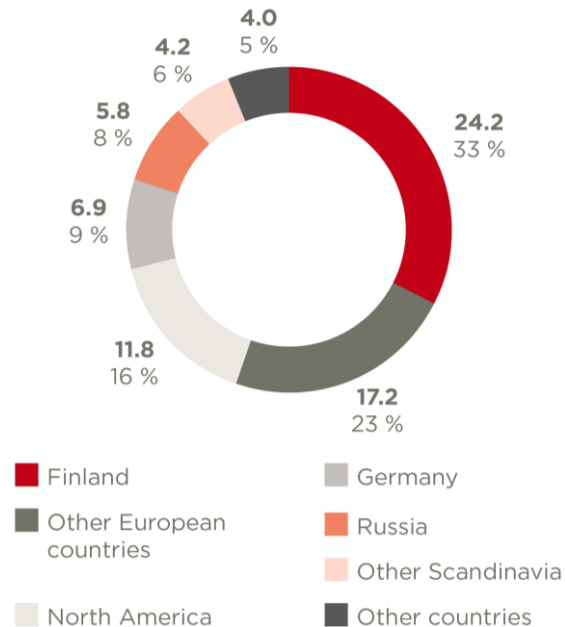
Operating free cash flow

15.2

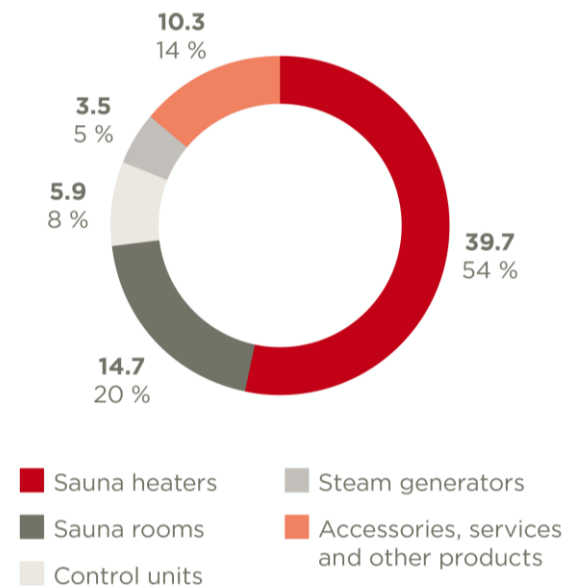
EUR million

Growth in all product groups and almost all key market areas

Revenue by market area
EUR million / %



Revenue by product group
EUR million / %

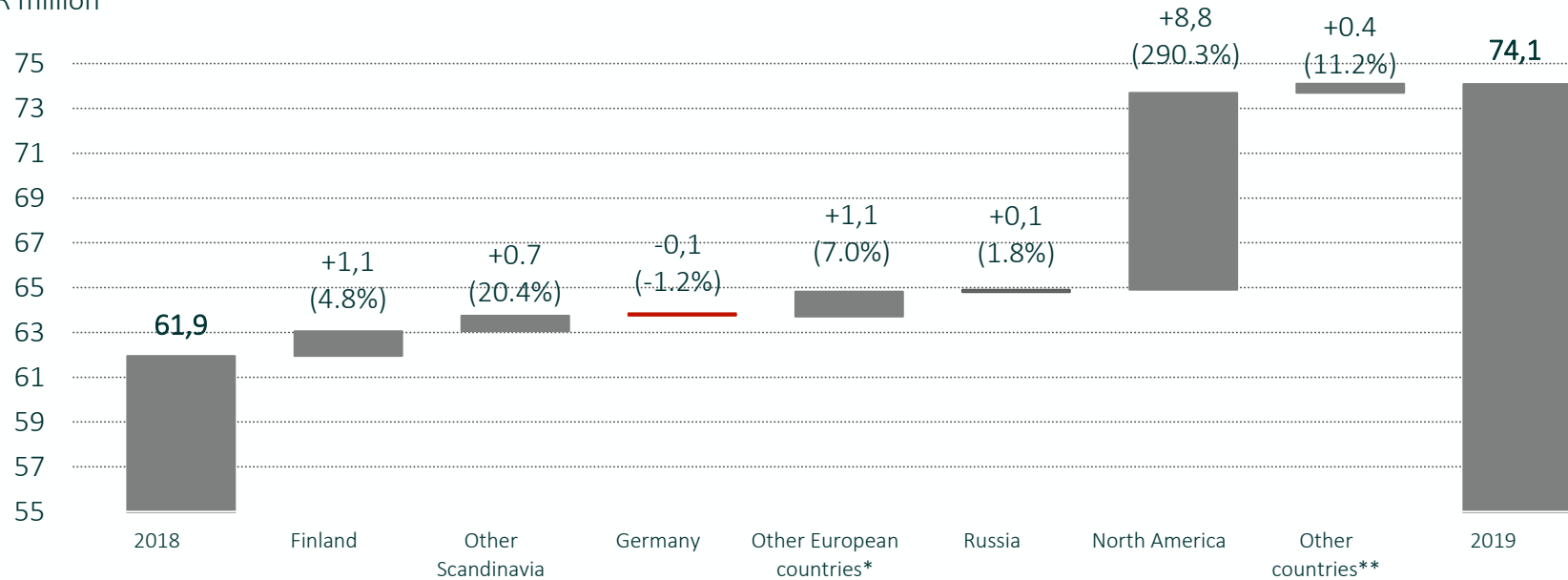


- The growth was especially strong in Other Scandinavia, Finland, North America and Other countries like e.g. in France, Switzerland, the UK, Benelux, Poland and Arab countries
- The German market improved towards the end of the year but fell short from expectations
- In Russia, we have maintained our market position but volatility continued

- Growth in all product groups
- Good growth in sauna heaters and steam generators
- Especially sauna rooms grew

Revenue by market area 2018 vs 2019

EUR million



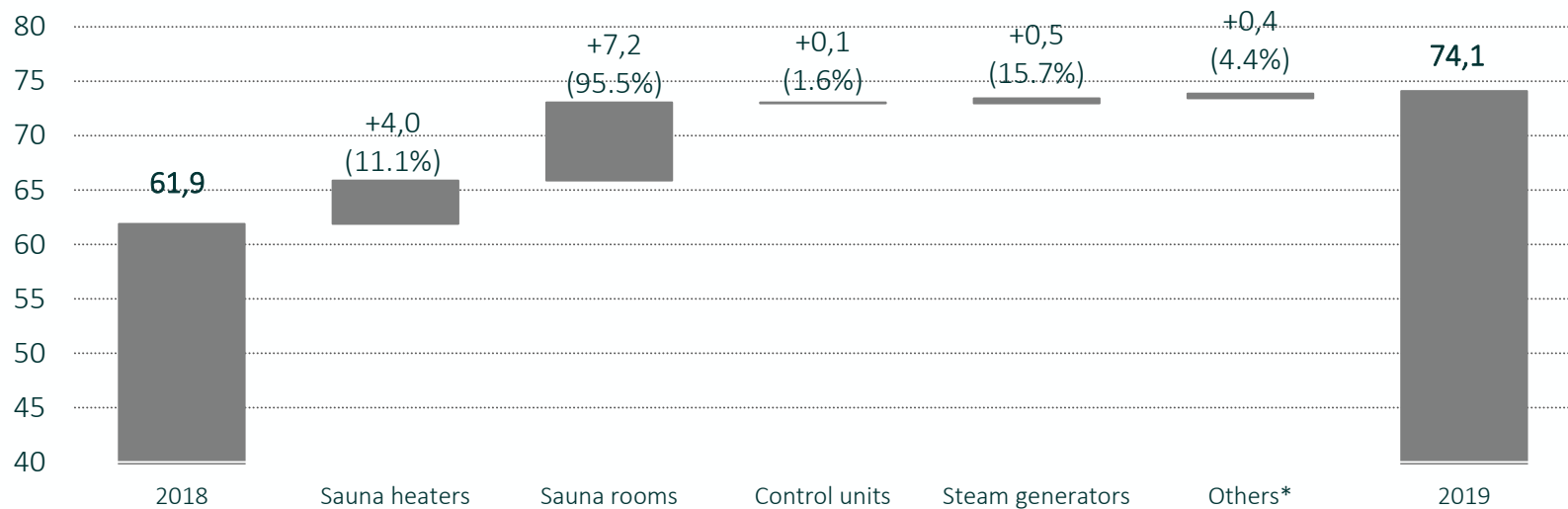
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- The German market improved towards the end of the year but fell short from expectations
- In Russia, we have maintained our market position, but volatility continued
- At comparable exchange rates, revenue grew by 19.0% to EUR 73.7 million.

*"Other EU countries" market area has been replaced with "Other European countries" market area.

** The largest of which: Arab countries and Asia.

Revenue by product group 2018 vs 2019

EUR million



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- Good growth in sauna heaters and steam generators
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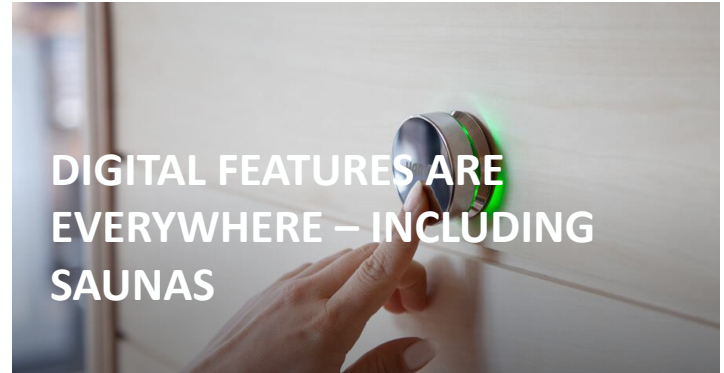
Our most important product launches



Trends supporting our business



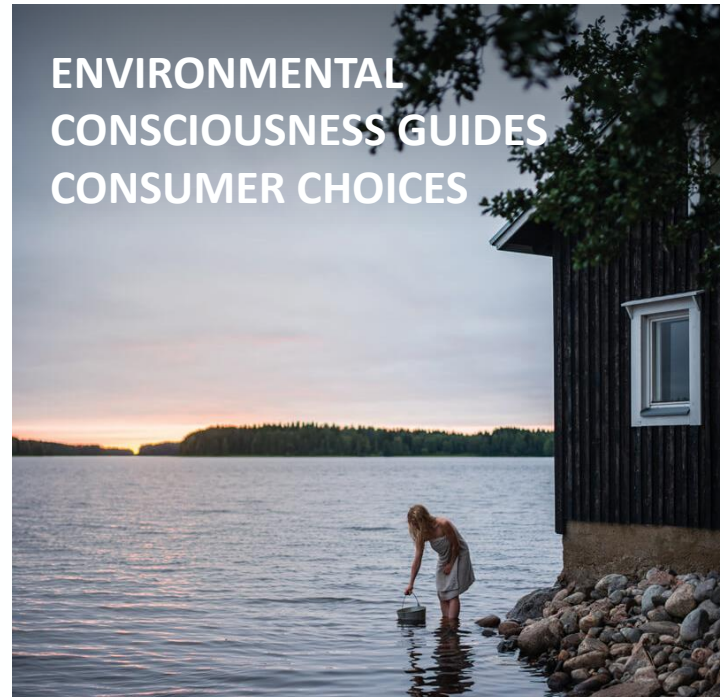
THE CURRENT HEALTH TREND SUPPORTS THE SAUNA MARKET'S GROWTH



DIGITAL FEATURES ARE EVERYWHERE – INCLUDING SAUNAS



THE GROWING MIDDLE CLASS HAS PURCHASING POWER



ENVIRONMENTAL CONSCIOUSNESS GUIDES CONSUMER CHOICES



HARVIA'S GOAL IS TO BE THE LEADING PLAYER IN THE SAUNA AND SPA MARKET.

INCREASING THE VALUE OF THE AVERAGE PURCHASE

GEOGRAPHICAL EXPANSION

PRODUCTIVITY IMPROVEMENT



Harvia's strategy

INCREASING THE VALUE OF THE AVERAGE PURCHASE

- Product innovations and sauna and spa products with the most advanced features
- Additional sales by offering sauna equipment and accessories that increase product safety and sauna comfort.
- Developing the sales of premium products

GEOGRAPHICAL EXPANSION

- Continuous development and strengthening of the distributor network
- Improving the availability and visibility of the product offering
- Leveraging new sales channels and cross-selling opportunities and optimizing distribution strategies

PRODUCTIVITY IMPROVEMENT

- Improving operational efficiency by optimizing processes and the geographical structure of production
- Enhancing the efficiency of purchasing and logistics
- Investments and increasing automation

Events after the reporting period



- In March 2020, Harvia signed an agreement to acquire the majority of the German EOS Group
- EOS is a technology leader for professional and premium sauna and spa products. The acquisition complements Harvia's professional and premium sauna offering well and strengthens Harvia's leading position as a professional global sauna and spa experience brand
- The purchase price is EUR 19.7 million and it is based on the debt-free evaluation of EUR 25.5 million for the entire EOS Group at the time of signing the deal
- Harvia will finance the acquisition by interest-bearing debt and own cash funds
- The acquisition is expected to create annual synergies of at least EUR 2.2. million, which are expected to be realized in full by 2024
- One-off integration and post-closing costs are estimated to total EUR 1.4 million over the years 2020 and 2021
- In 2019, EOS had revenue of EUR 17.3 million, adjusted EBITDA of EUR 3.2 million and adjusted EBIT of EUR 2.8 million. The company employs approximately 150 persons.
- EOS General manager Rainer Kunz will join Harvia's management team in April 2020.
- The transaction is expected to be finalized in March– April 2020



Harvia's long-term financial targets

GROWTH

>5%

Average annual revenue growth

PROFITABILITY

20%

Adjusted operating profit¹

LEVERAGE

1,5x-2,5x

Net debt/adjusted EBITDA²

HARVIA'S DIVIDEND POLICY

- Regularly increasing dividend
- Bi-annual payout
- At least 60% of net income in total

1) Adjusted operating profit is operating profit before items affecting comparability.

2) Excluding the future impacts of changes in IFRS reporting standards.



Dividend payout EUR 0.38 per share

The Board of Directors proposes that, based on the adopted balance sheet for the financial year 2019, no more than EUR **0.38** per share be paid as dividend and that the remainder of the distributable funds be transferred to shareholders' equity.

The Board of Directors proposes that the dividend is divided into two instalments so that the Annual General Meeting would decide on a dividend of EUR **0.19** per share that will be paid to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date of 6 April 2020. The Board of Directors proposes that the dividend be paid on 15 April 2020.

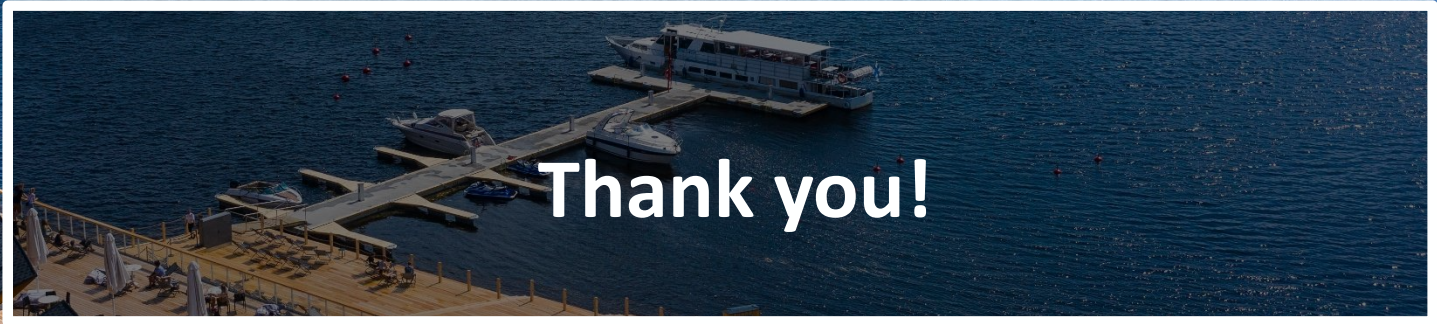
In addition, the Board of Directors proposes that the Annual General Meeting would authorise the Board of Directors to decide, at its discretion, on the payment of an extra dividend of no more than EUR 0.19 per share.

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Thank you!