

Relaxing Moments



Natural Wellbeing

HARVIA PLC INTERIM REPORT

JANUARY–MARCH 2021

Tapio Pajuharju, CEO

Ari Vesterinen, CFO

5 MAY 2021

#healingwithheat



HIGHLIGHTS

Revenue and operating result especially strong, driven by exceptionally favorable demand

- Revenue and profitability increased significantly
- Revenue growth in all product groups and market areas
- On top of the increased popularity of Sauna & Spa, the pandemic has temporarily boosted the demand for Sauna & Spa products
- Excellent work in supply chain at Harvia, EOS and Almost Heaven Saunas (AHS)

Investments in increasing production capacity and productivity

- Due to growing demand, Harvia has invested in production machinery in Romania, China and Finland.
- Investments in increasing production capacity of AHS Renick factory in the US were finalized.
- Due to the favorable market dynamics, we are continuously evaluating investment opportunities in incremental capacity or improved productivity.
- The AHS factory in Lewisburg, WV and the Muurame expansion are progressing according to plan.

EOS group is an integral part of the family

- Integration progressing according to plan
- Sales approvals for North America and China/Asia in the process



EXCEPTIONALLY STRONG GROWTH DURING THE FIRST QUARTER OF 2021



- **Revenue** grew by 94.6% to EUR 39.6 million (20.4). At comparable exchange rates, revenue grew by 100.3% to EUR 40.8 million. The impact of EOS on growth was substantial, but organic revenue growth was also strong at 61.9%.
- **Adjusted operating profit** was EUR 11.1 million (4.2), making up 28.1% (20.6) of the revenue. At comparable exchange rates, the adjusted operating profit grew to EUR 11.6 million (28.5% of the revenue).
- **Operating profit** was EUR 11.0 (3.1) million, making up 27.9% (15.3) of the revenue.
- **Earnings per share** was EUR 0.44 (0.13).
- **Operating free cash flow** amounted to EUR 8.1 million (5.9).
- **Net debt** amounted to EUR 26.9 million (24.3) and **leverage** was 0.7 (1.4).
- **Equity ratio** was 44.2% (57.1).

SYSTEMATIC EXECUTION OF STRATEGY



Increasing the value of the average purchase

- Launch of MyHarvia was well received.
- New EOS models introduced to the Central European market.
- Sales of complete sauna rooms experiencing strong growth. Limited capacity prolonged all lead times.

Geographical expansion

- North America – Almost Heaven Saunas as well as sales of Harvia heaters and equipment very strong.
- Russia – new distribution model working.
- Gradual expansion in Scandinavia continues.
- Markets impacted by the pandemic gradually waking up. Asia still somewhat challenged.

Productivity improvement

- Supply chain together with our partners doing excellent work in ramping up capacity.
- Further gradual increase in manpower with solid productivity KPIs.
- New machinery up and running in Romania & USA.
- Further expansion and productivity improvement CAPEX as planned.





IMPACT OF THE PANDEMIC ON HARVIA'S BUSINESS

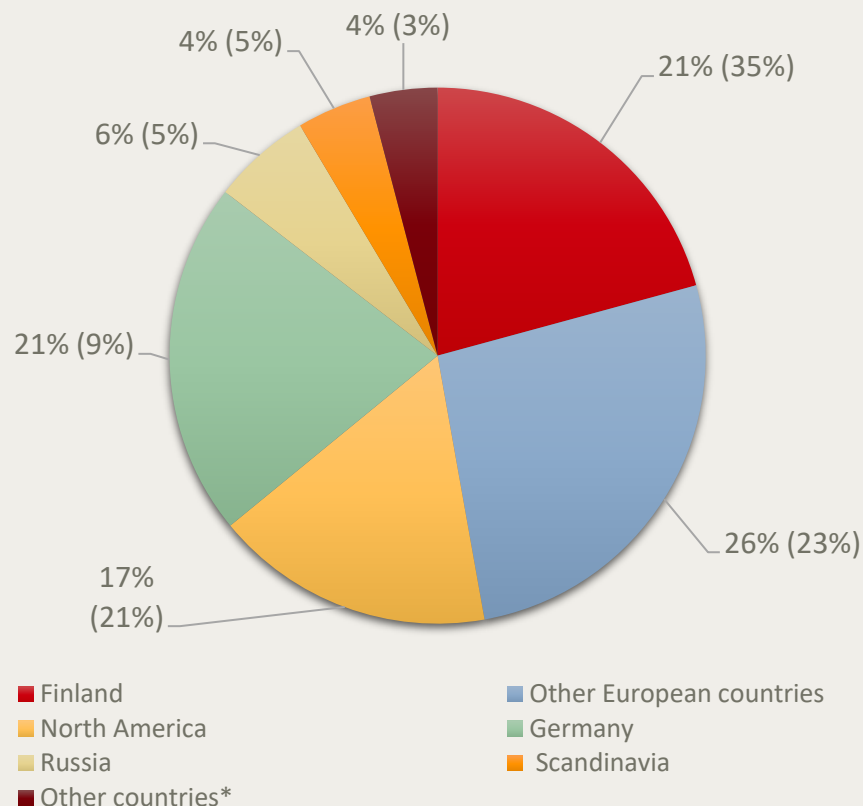


- **The awareness, popularity and usage of sauna have increased**, further boosting the underlying solid demand in the sauna and spa market.
- Harvia's management estimates that **part of this growth is generated by advance demand** and thus, will not affect long-term growth expectations of the sauna and spa market or Harvia's long-term targets.
- **Harvia has maintained a good operational capability** despite the pandemic and continued the systematic improvement of productivity.
- Despite the challenging situation in the markets, **the availability and pricing of key materials have remained favorable**. However, the outlook for the rest of the year regarding the availability and pricing of key raw materials and componentry is volatile.
- **We have focused on and succeeded in protecting the health and safety of our personnel**, and measures have been well adopted in all Harvia units.

Q1: STRONG PERFORMANCE THROUGH ALL MARKET AREAS AND PRODUCT GROUPS



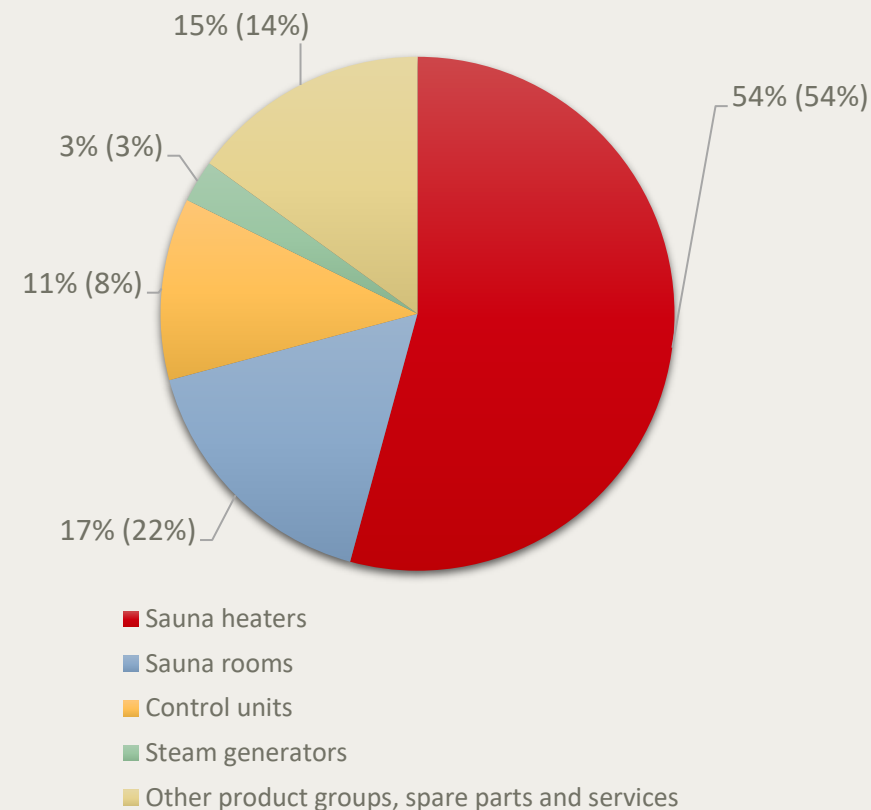
Revenue by market area, %



- Revenue grew by 94.6% to EUR 39.6 million (20.4).
- Significant growth in all of Harvia's key markets, especially in Germany.
- The EOS acquisition increased revenue in Germany, other European countries and Russia.
- Organic revenue growth was 61.9%.

* The largest of which: Arab countries and Asia.

Revenue by product group, %

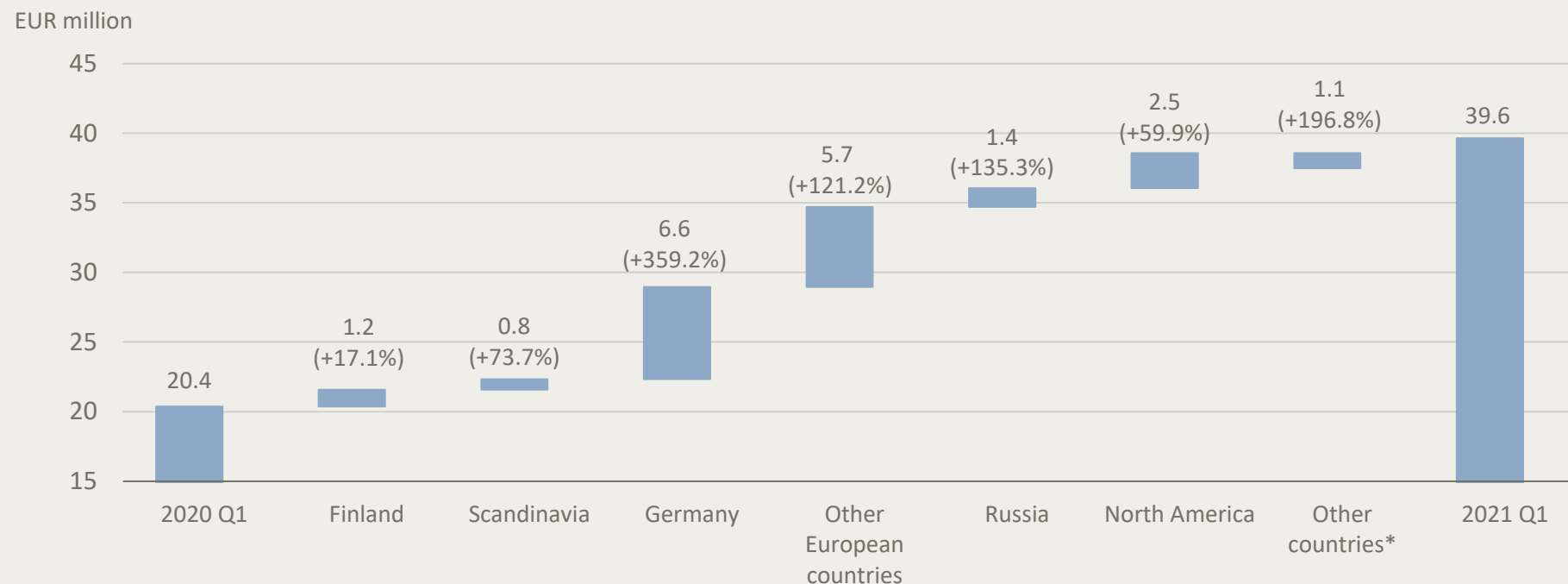


- Revenue growth in all product groups.
- Sauna room sales growth continued, driven by strong demand in the US and Central Europe.
- EOS Group acquisition increased the revenue of sauna heaters, control units and other product groups.

Q1 2021: REVENUE INCREASED BY 94.6%



Revenue by market area 1–3/2020 vs 1–3/2021



- Significant growth in all of Harvia's key markets, strong organic revenue growth especially in Germany.
- EOS acquisition increased the Group's revenue in Germany, in other European countries and in Russia
- At comparable exchange rates, revenue grew by 100.3% to EUR 40.8 million.
- The growth in other countries is related mainly to Arab countries.

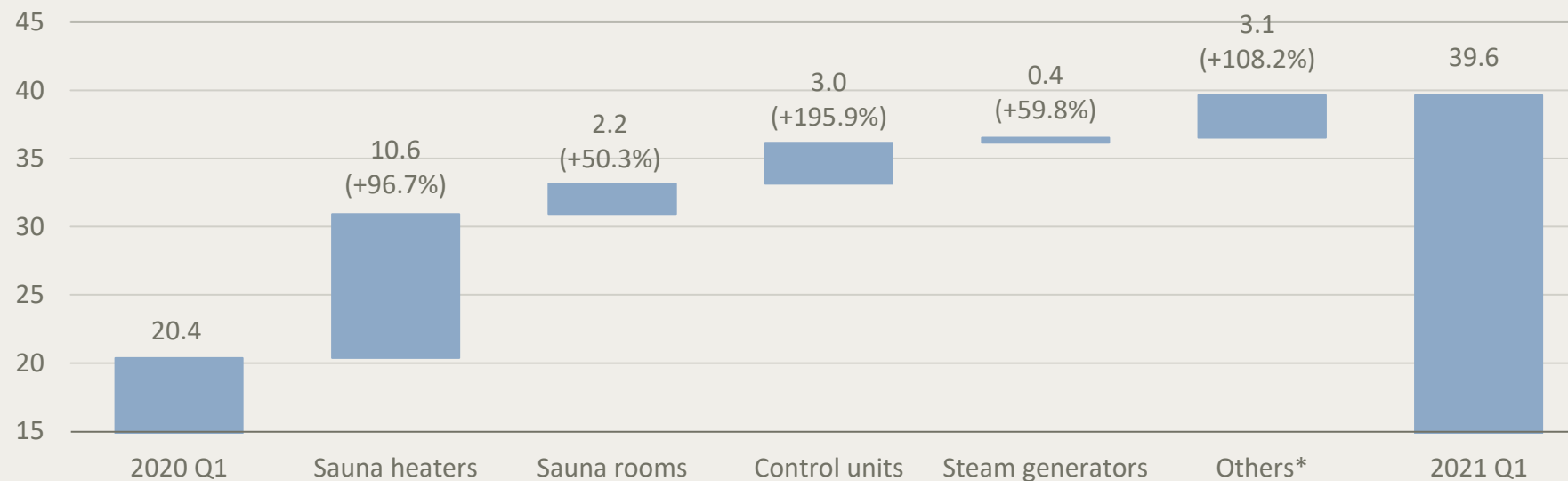
* The largest of which: Arab countries and Asia.

Q1 2021: GROWTH IN ALL PRODUCT GROUPS



Revenue by product group 1–3/2020 vs 1–3/2021

EUR million



- Revenue growth was especially strong in the sauna heater product group, in control units and in other product groups.
- Sauna heater sales improved in both electric and wood burning heaters, especially in Germany, Scandinavia and other European countries.
- Solid growth of sauna rooms especially in North America and Central Europe.
- The acquisition of EOS Group boosted the sales of electric heaters, control units and other product groups.

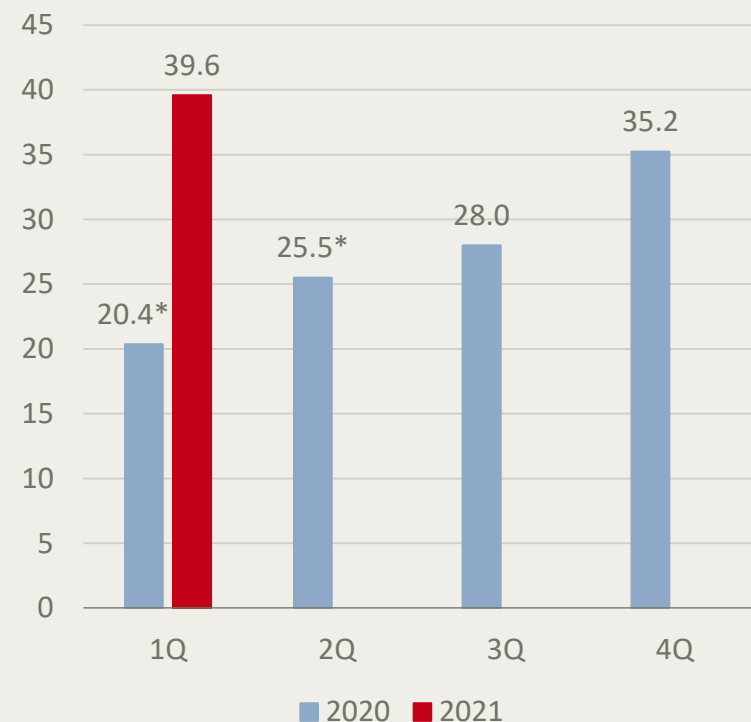
* Includes among others, spa components, infrared radiators, services and sauna equipment.

REVENUE AND ADJUSTED OPERATING PROFIT



Revenue

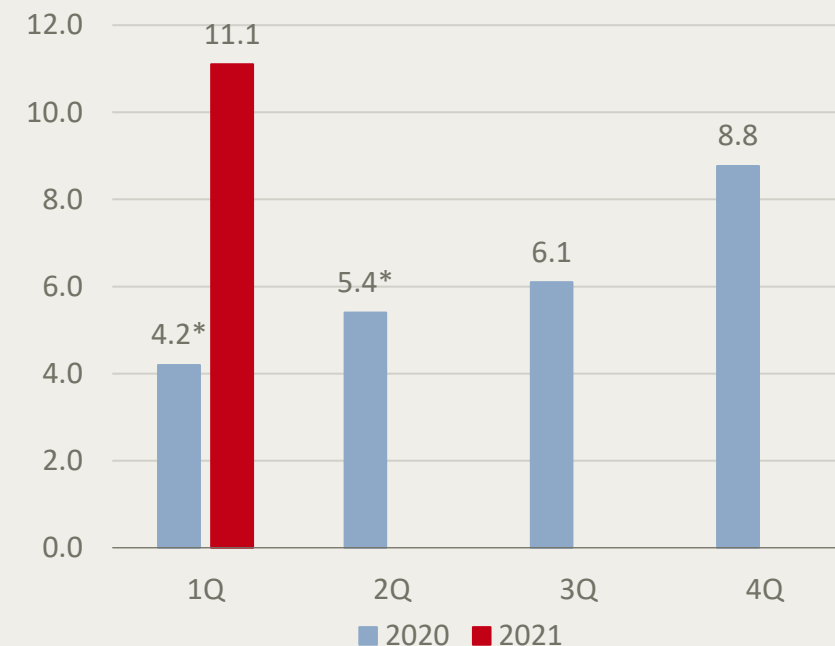
EUR million



- In Q1 strong growth especially in Germany, Russia, Scandinavia and other European countries.
- At comparable exchange rates, revenue grew by 100.3% and was EUR 40.8 million.

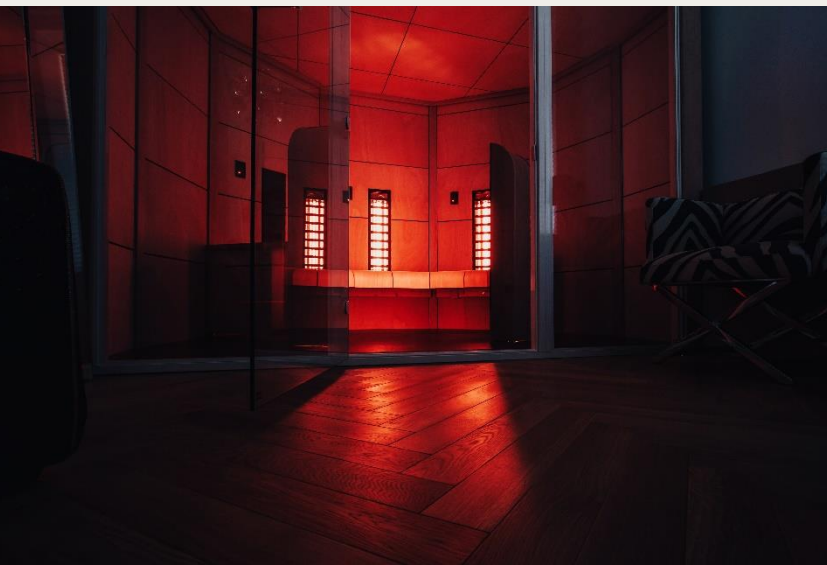
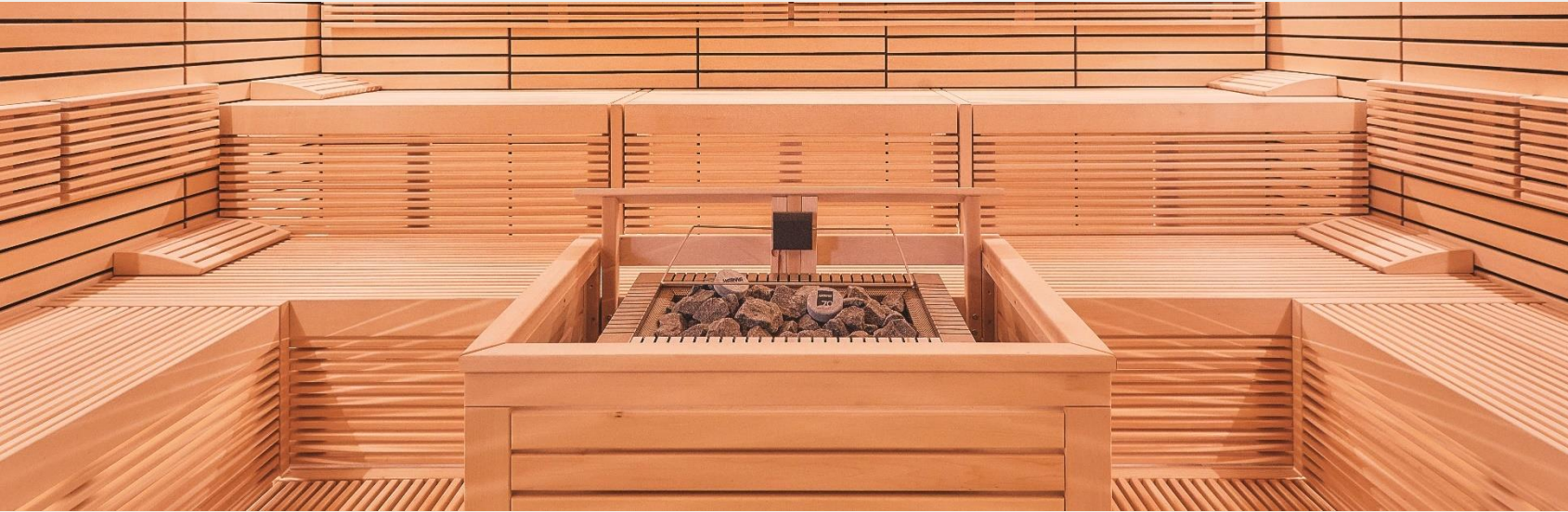
Adjusted operating profit

EUR million

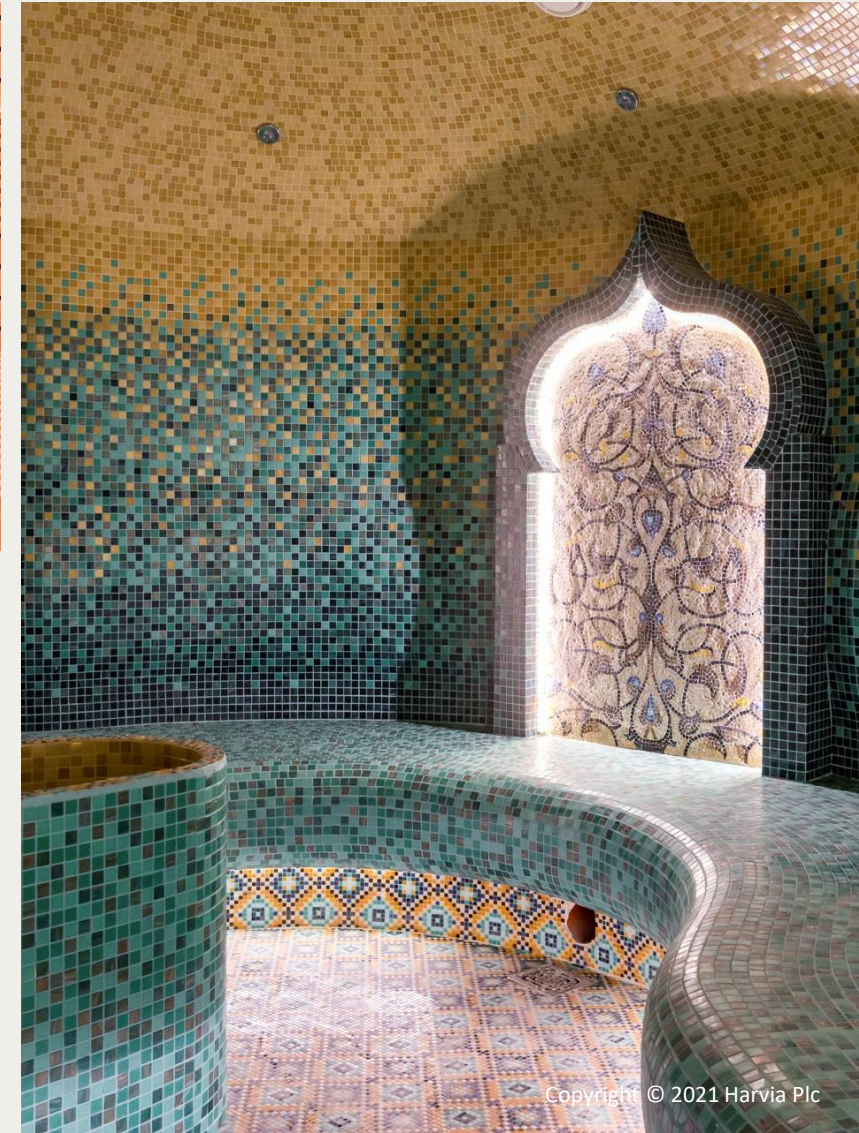


- Adjusted operating profit grew to EUR 11.1 million (4.2), making up 28.1% (20.6) of the revenue in the first quarter.

PRODUCTS FOR ALL THREE SAUNA TYPES AND ALL CULTURES



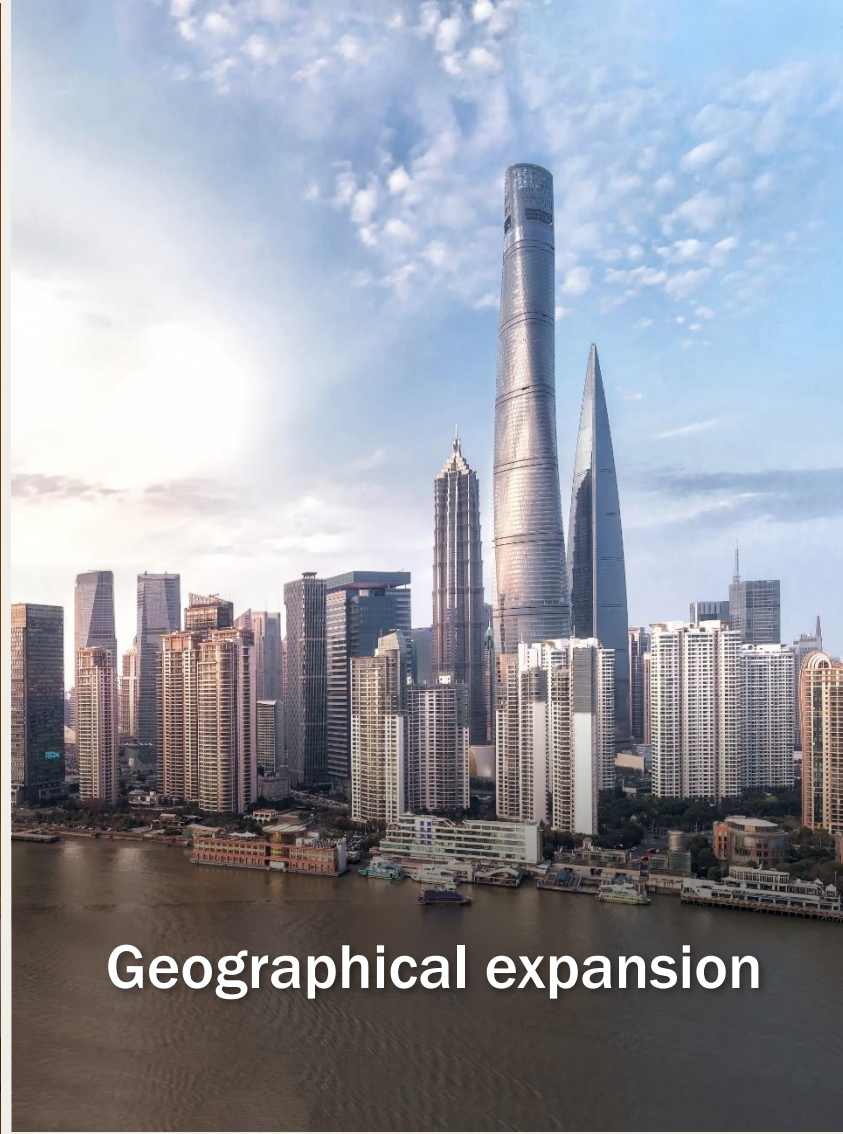
Harvia's diverse product offering covers all three sauna types and meets the needs of both private and professional customers.



HARVIA AIMS TO BE THE LEADING PLAYER IN THE SAUNA AND SPA MARKET



Increasing the value of the
average purchase



Geographical expansion



Productivity improvement

The Harvia logo is a red square with the word "HARVIA" in white, bold, sans-serif capital letters.

HARVIA

Sauna & Spa

The background of the slide is a close-up photograph of a sauna's interior. It features a wall covered in small, square mosaic tiles in various shades of blue and green, arranged in a complex, swirling pattern. A brass shower fixture with a handheld showerhead and a central faucet is visible in the lower half of the image. The lighting is warm and focused on the shower area.

FINANCIALS

ARI VESTERINEN, CFO

HARVIA'S KEY FIGURES IN THE REPORTING PERIOD



| Million EUR | 1-3/2021 | 1-3/2020 | Change, % | 2020 |
|---|----------|----------|-----------|-------|
| Revenue | 39.6 | 20.4 | 94.6% | 109.1 |
| Adjusted EBITDA* | 12.3 | 5.0 | 145.7% | 28.8 |
| % of revenue | 31.1% | 24.7% | | 26.4% |
| Adjusted operating profit* | 11.1 | 4.2 | 164.8% | 24.4 |
| % of revenue | 28.1% | 20.6% | | 22.4% |
| Basic EPS (EUR) | 0.44 | 0.13 | 246.7% | 0.83 |
| Operating free cash flow | 8.1 | 5.9 | 38.2% | 28.7 |
| Investments in tangible and intangible assets | -1.5 | -0.3 | 383.8% | -2.6 |
| Net debt | 26.9 | 24.3 | 10.5% | 31.9 |
| Leverage | 0.7 | 1.4 | | 1.1 |
| Net working capital | 21.0 | 15.2 | 37.7% | 18.0 |
| Adjusted return on capital employed (ROCE) | 91.0% | 37.7% | | 73.3% |
| Equity ratio | 44.2% | 57.1% | | 42.0% |
| Number of employees at end of period | 686** | 399 | 71.9% | 617** |

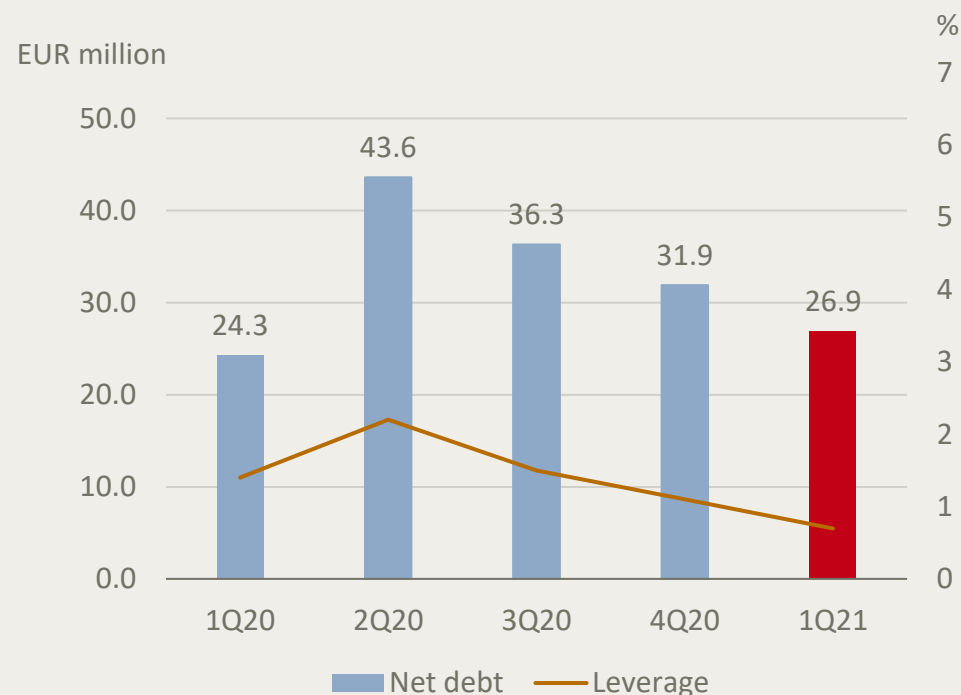
* Adjusted by items affecting comparability.

** Includes the personnel of EOS Group, totaling 168 employees on 31 March 2021.

NET DEBT LOWER DUE TO STRONG CASH BALANCE

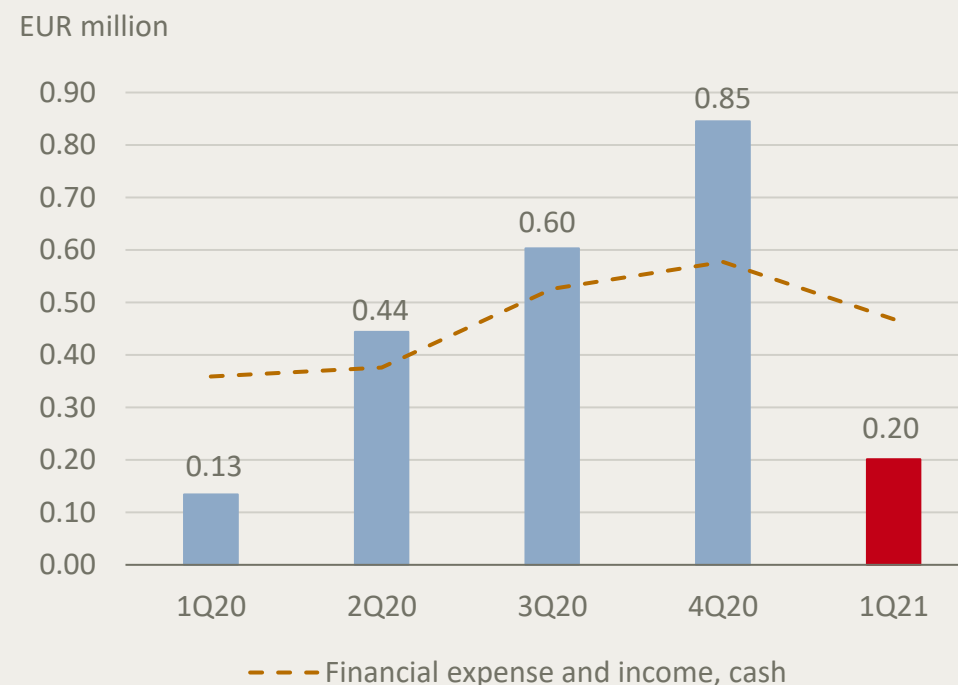


Net debt (EUR million) and leverage (%)



- At the end of March 2021, the company's net debt amounted to EUR 26.9 million (24.3). Long-term liabilities were EUR 58.8 million (38.6). Cash and cash equivalents were EUR 32.5 million (14.8).
- Leverage was 0.7 (1.4).

Net finance costs, EUR million

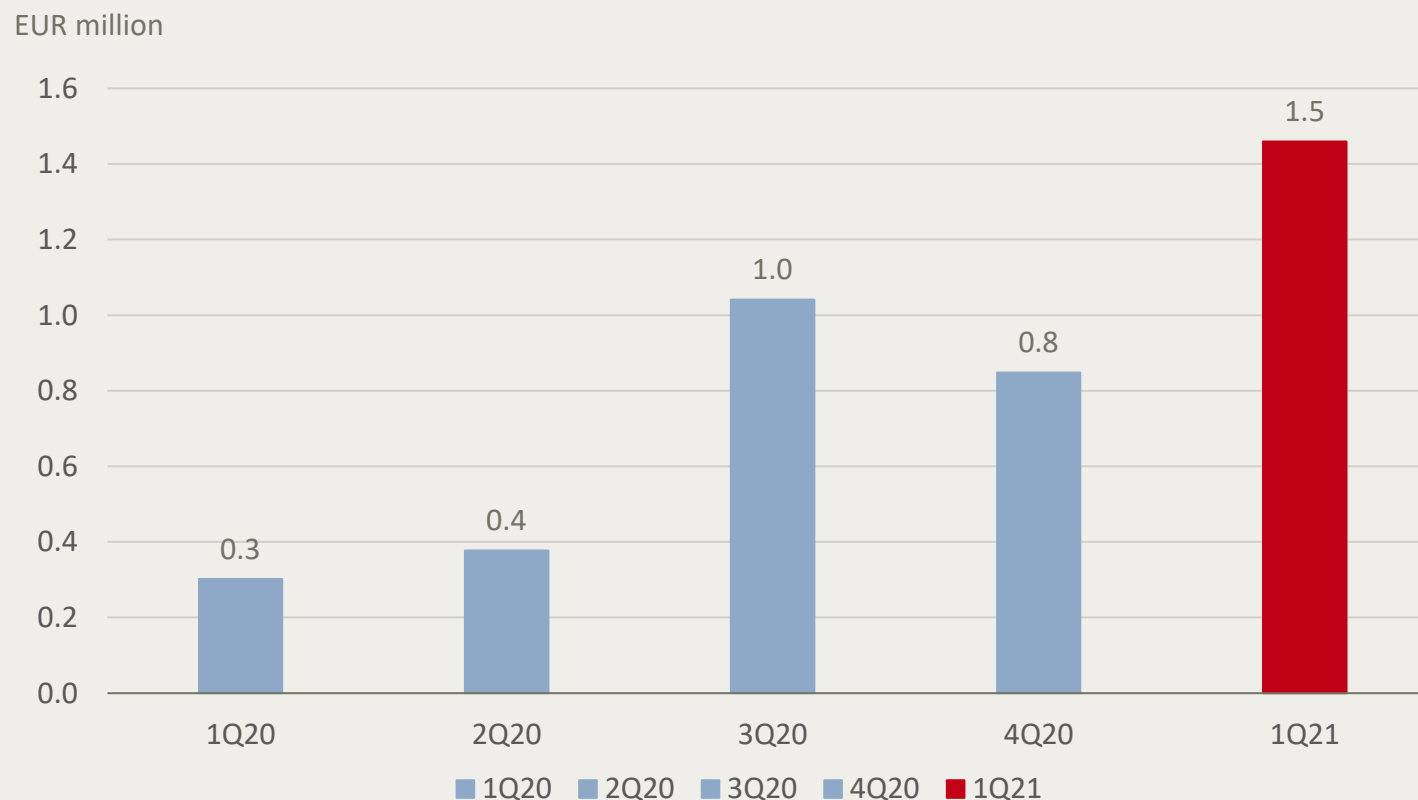


- Net finance costs were lower than in previous quarters due to exchange rate differences.
- Interest expenses of the new long-term loan drawn in 2020 increased the finance costs paid compared to Q1 2020.

INVESTMENTS



Investments in tangible and intangible assets, EUR million



- Due to increased demand, Harvia is investing in increasing production capacity in Finland, US and Romania.
- Harvia has agreed to acquire a new facility in Lewisburg, West Virginia, USA. Harvia is also investing in increasing the production capacity of its Muurame factory in Finland by building an expansion to the factory, acquiring new modern machinery as well as streamlining the factory layout.

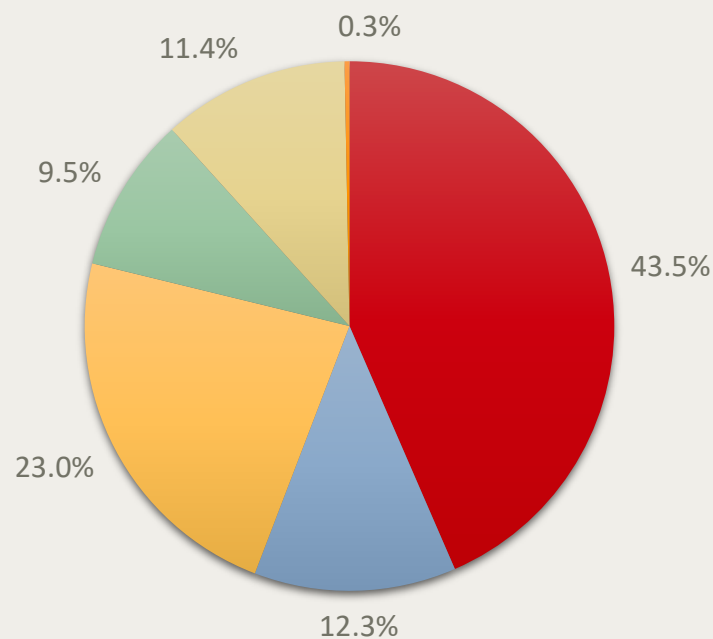
FURTHER INVESTMENTS INTO GROWTH: ACQUISITION OF NEW PRODUCTION FACILITY IN WEST VIRGINIA, USA IN 2021



HARVIA'S SHAREHOLDERS (31 MARCH 2021)

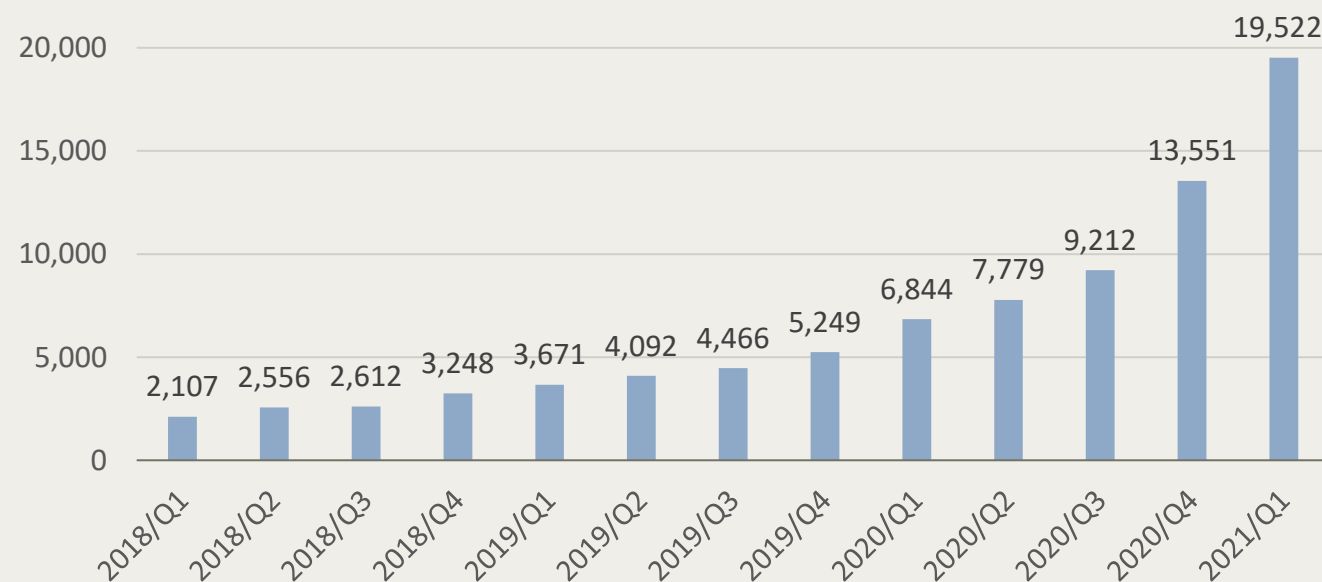


Distribution by Segment



- Nominee registered and outside Finland
- Onvest Oy
- Households
- Banks and insurance companies
- Private corporations
- Harvia Oyj's own shares

Number of Shareholders



- At the end of March 2021, the number of shareholders totaled 19,522 (including nominee registers).
- Harvia completed the repurchase of own shares on 14 December 2020, after which Harvia holds 50,000 own shares, corresponding to 0.27% of total number of shares.
- The shareholding of Board of Directors, management and personnel was 6.1%.

HARVIA'S LONG-TERM FINANCIAL TARGETS



GROWTH

>5%

Average annual revenue growth

PROFITABILITY

>20%

Adjusted operating profit margin¹

LEVERAGE

1.5x–2.5x

Net debt/adjusted EBITDA²

Harvia does not publish a short-term outlook.

HARVIA'S DIVIDEND POLICY

- Regularly increasing dividend
- Bi-annual payout
- At least 60% of group 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.



DISTRIBUTION OF DIVIDEND EUR 0.51 PER SHARE




The Annual General Meeting decided that a dividend of EUR 0.20 per share will be paid to shareholders, as well as a dividend of EUR 0.12 to celebrate Harvia's 70-year anniversary.

These were paid to shareholders who were registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date of the dividend of 12 April 2021. The dividends were paid on 19 April 2021.

The Annual General Meeting authorized 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.

The Board of Directors expects to decide on the payment of the extra dividend at its meeting to be held in mid-October 2021.



Q&A

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