

The Harvia logo consists of the word "HARVIA" in a bold, white, sans-serif font, centered within a solid red square. Below the square, the words "Sauna & Spa" are written in a smaller, white, sans-serif font.

HARVIA

Sauna & Spa

Harvia strengthens its position in the sauna and spa market by acquiring still water hot tub manufacturer Kirami

28 May 2021 | Tapio Pajuharju, CEO | Ari Vesterinen, CFO

Today's agenda



1. Transaction overview
2. Kirami in brief
3. Transaction rationale
4. Financials



Transaction overview



- Harvia acquires Kirami Oy, a leading Finnish still water hot tub manufacturer and pioneer in wood-heated hot tubs globally.
- The acquisition complements Harvia's sauna and spa offering well and strengthens Harvia's leading position as a global sauna and spa experience brand.
- Kirami's value proposition 'Warmer Feelings' and offering support Harvia's 'Healing with Heat' mission very well.





Transaction overview



- **The purchase price is EUR 7 million at closing** and on top of this, a delayed purchase price of EUR 0–4 million after three years' period based on Kirami's EBITDA development.
- Harvia will finance the acquisition with cash funds.
- After the transaction, Harvia owns 100% of Kirami Oy. Kirami also owns 50% of an Estonian production company Metagroupp OÜ and 51% of a sales company Kirami Sweden AB, the shares of which are included in the transaction as well.
- The acquisition is expected to create annual synergies of approx. one million euros, which are expected to be realized in full by the end of 2023 – e.g. distribution, sourcing and logistics, and R&D.
- Kirami's operations will continue as is, and management and personnel will carry out their tasks without changes. Kirami will continue as an independent brand.
- The top management of Kirami Oy is committed to working for the company at least for the next three years.

Transaction supports well Harvia's mission



MISSION
Healing with Heat.

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KIRAMI IN BRIEF





One of the largest manufacturers of still water hot tubs globally



- Family business established in 2001
- Leading Finnish still water hot tub manufacturer and pioneer in wood-heated hot tubs globally
- Revenue EUR 16 million in fiscal year ended September 2020
- 42% of revenue from export; Central Europe and Scandinavia key export markets
- Approx. 40 employees in total at production facility in Sastamala and sales office in Turku. In addition, Kirami employs seasonal workforce in production and logistics in April–August. In 2020, the total number of employees during the high season was about 60.

Family business Kirami established in Sastamala in 2001



Mika Rantanen
CEO



Eero Rantanen
CFO



Versatile offering for modern backyard living



Main product wood-heated still-water hot tubs



Offering complemented by hot tub accessories, outdoor saunas and other products for outdoor living



KIRAMI

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TRANSACTION RATIONALE

Transaction rationale



Supports our 'Healing with Heat' mission and enables new wellness innovations in the future



Supports our aim of increasing the value of average purchase, geographical expansion, and improving our productivity



Complements our offering for modern backyard living with a new product category

Transaction objectives



Increasing sales and market share

- Growing Harvia's market share especially in residential sauna and spa solutions
- Cross-selling saunas and hot tubs, offering an entire wellness experience for modern backyard living
- Increasing the sales of Kirami products further especially in Central Europe and Scandinavia

Developing and expanding offering

- Expanding the hot tub offering to electrically heated or hybrid still water hot tubs
- Introducing wood-heated still water hot tubs with cleaner combustion
- Hot-cold treatments have gained popularity; researching the potential of cold water tubs
- Developing Harvia's own still water hot tub model/range



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FINANCIALS

Key financials of Kirami



EUR million	10/2018–9/2019	10/2019–9/2020	Last 12 months (5/2020–4/2021*)
Net sales	8.6	16.0	22.1
Net sales growth	+4.6%	+85.3%	+38.4%
Adjusted EBITDA	0.5	2.3	3.3
Adjusted EBITDA margin	5.7%	14.5%	15.0%
Adjusted EBIT	0.2	2.1	3.1
Adjusted EBIT margin	2.9%	13.4%	14.1%

** Indicative net sales and profitability of last 12 months prior to the acquisition, unaudited figures. The fiscal year of Kirami Oy is October 2020–September 2021.*



Effect on Harvia's financials



- Illustrative combined revenue of Harvia for the financial year 2020, after the Kirami acquisition, amounts to EUR 128.6 million and adjusted EBITDA to EUR 31.7 million.
- Harvia's net debt will increase to EUR 38.3 million and long-term liabilities to EUR 56.6 million. Harvia's equity ratio is 40.4% (42.0% pro forma at the end of 2020).
- Expected synergies of approx. one million euros annually; estimated to realize in full by the end of 2023.
- Identified key sources of synergy: distribution, sourcing and logistics, and R&D.
- One-off integration and post-closing costs are estimated to total EUR 0.4 million over the years 2021 and 2022.

Q&A



Relaxing Moments

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Natural Wellbeing

#healingwithheat