

Relaxing Moments



Natural Wellbeing

HARVIA PLC HALF-YEAR FINANCIAL REVIEW

JANUARY–JUNE 2021

**STRONG DEMAND AND HIGH VOLUMES RESULTED
IN EXCELLENT PROFITABILITY**

Tapio Pajuharju, CEO

Ari Vesterinen, CFO

12 AUGUST 2021



#healingwithheat

HIGHLIGHTS



Strong demand and high volumes resulted in excellent profitability

- Revenue and profitability increased significantly
- Strong revenue growth in all product groups and market areas
- Awareness and popularity of sauna on the rise – advance demand prevails
- Excellent work in supply chain at Harvia, EOS and Almost Heaven Saunas (AHS)

Investments in increasing production capacity

- Current investment projects in Romania and China completed
- Finland and USA proceeding according to plan
- Strong demand causes incremental investments – underway in Finland and USA
- Future plans at EOS and sauna factories

EOS Group is part of the family and Kirami is onboarding well

- EOS performing ahead of plan
- EOS approvals for North America and China/Asia proceeding – lack of componentry causing minor delay
- Kirami integration kicked off with good speed and excellent spirit



H1: EXCEPTIONALLY STRONG GROWTH DURING THE FIRST HALF OF 2021



- **Revenue** grew by 88.4% to EUR 86.5 million (45.9). At comparable exchange rates, revenue grew by 93.9% to EUR 88.9 million. The impact of acquisitions on growth was substantial, but organic revenue growth was also strong at 60.8%.
- **Adjusted operating profit** was EUR 24.4 million (9.6), making up 28.2% (20.9) of the revenue. At comparable exchange rates, the adjusted operating profit grew to EUR 25.3 million (28.5% of the revenue).
- **Operating profit** was EUR 23.9 (7.7) million, making up 27.7% (16.7) of the revenue.
- **Earnings per share** were EUR 0.93 (0.30).
- **Operating free cash flow** amounted to EUR 12.2 million (10.4).
- **Net debt** amounted to EUR 38.4 million (43.6) and **leverage** was 0.9 (2.2).
- **Equity ratio** was 39.3% (41.3).



Q2: EXCEPTIONALLY STRONG GROWTH DURING THE SECOND QUARTER OF 2021



- **Revenue** grew by 83.4% to EUR 46.8 million (25.5). At comparable exchange rates, revenue grew by 88.4% to EUR 48.1 million. The impact of acquisitions on growth was substantial, but organic revenue growth was also strong at 60.0%.
- **Adjusted operating profit** was EUR 13.2 million (5.4), making up 28.3% (21.1) of the revenue. At comparable exchange rates, the adjusted operating profit grew to EUR 13.7 million (28.4% of the revenue).
- **Operating profit** was EUR 12.9 (4.6) million, making up 27.5% (17.9) of the revenue.
- **Earnings per share** were EUR 0.49 (0.17).
- **Operating free cash flow** amounted to EUR 4.0 million (4.5). Capacity investments totaled EUR 4.1 million and net working capital increase was EUR 6.5 million in the second quarter of 2021. Kirami acquisition increased net working capital by EUR 3.6 million.

SYSTEMATIC EXECUTION OF STRATEGY



Increasing the value of the average purchase

- MyHarvia continues strong and new EOS spa mobile remote control solution was introduced.
- Harvia GreenFlame family expanding.
- Complete sauna rooms with very strong performance and strong order book. Limited capacity affecting lead times.
- Kirami Scandinavian still water hot tubs complementing the backyard paradise concept.

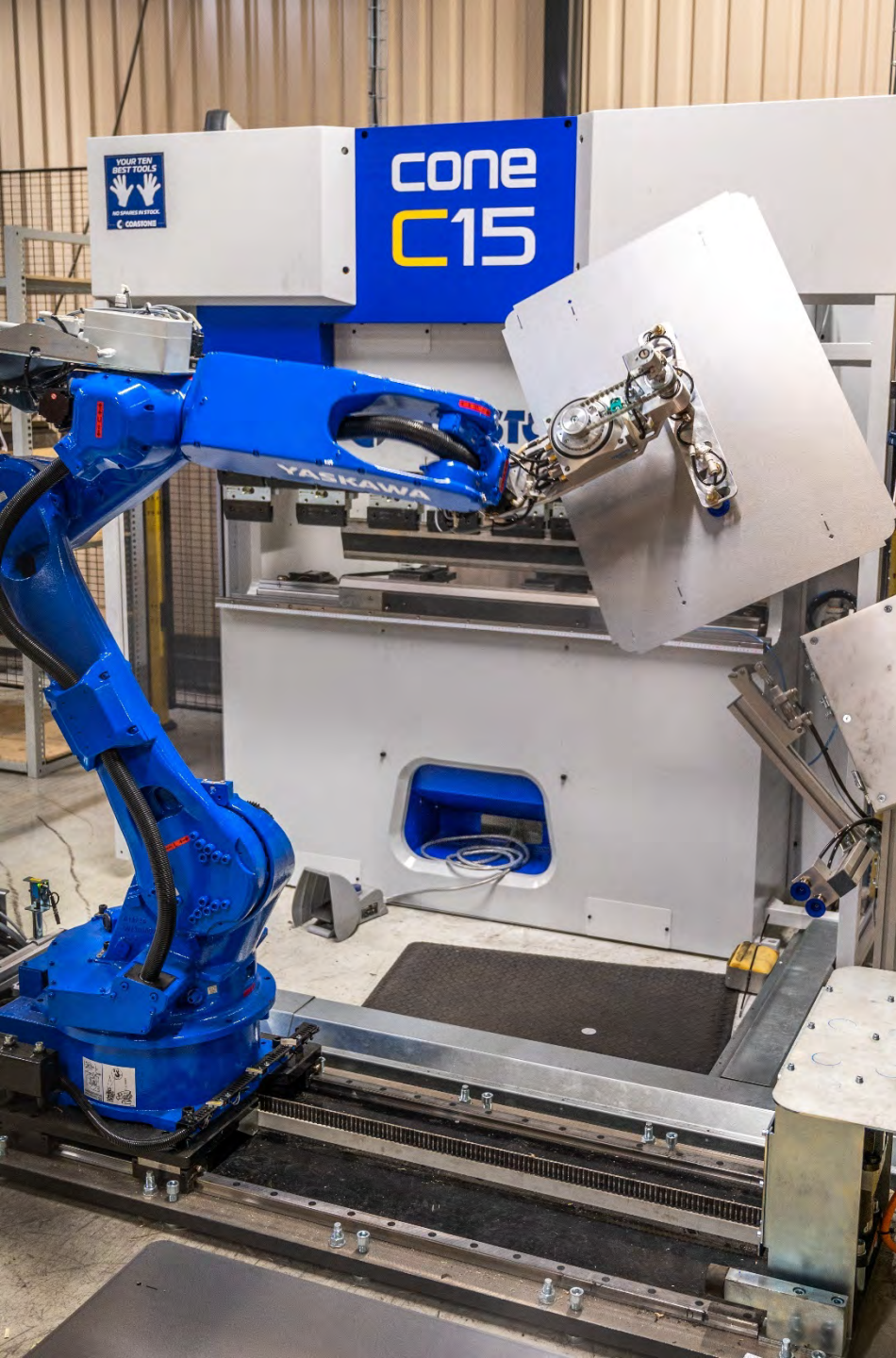
Geographical expansion

- Central Europe and Scandinavia enjoying strong performance in all brands and all categories.
- Southern Europe, Arabian markets and Asia gradually returning closer to normal.
- Asian insight improving and baby steps taken.
- Overall Harvia gaining share.

Productivity improvement

- Current investment projects in Romania and China completed.
- USA transition into new factory in schedule.
- Finland expansion according to plan, some incremental machinery included in the plan due to high demand.
- Solid productivity despite challenges in supply chain and increased manpower.
- New incremental projects mainly for capacity expansion initiated.





IMPACT OF THE PANDEMIC ON HARVIA'S BUSINESS

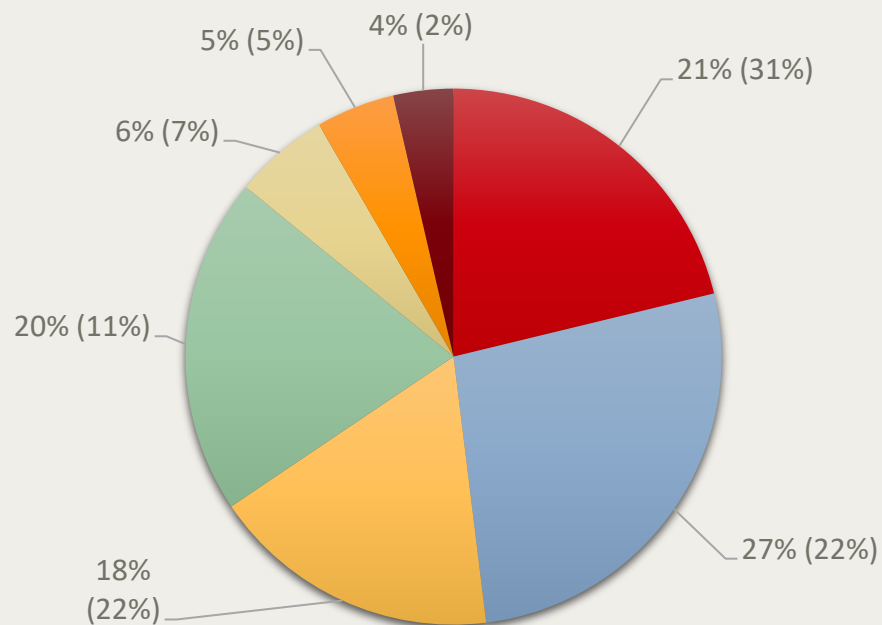


- **Awareness and popularity of the sauna have increased**, further boosting the underlying solid demand in the sauna and spa market.
- Harvia's management estimates that **part of this growth is generated by advance demand** and thus will not affect the long-term growth expectations of the sauna and spa market.
- **Harvia has maintained good operational capability** despite the pandemic and continued the systematic improvement of productivity.
- Despite the challenging situation in the sourcing environment, **we have been able to keep the impact of delivery and pricing challenges of materials and components modest**. We have also actively addressed our pricing. We expect this challenging situation to continue at least for the rest of the year.
- **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.

H1: STRONG PERFORMANCE IN ALL MARKET AREAS AND PRODUCT GROUPS



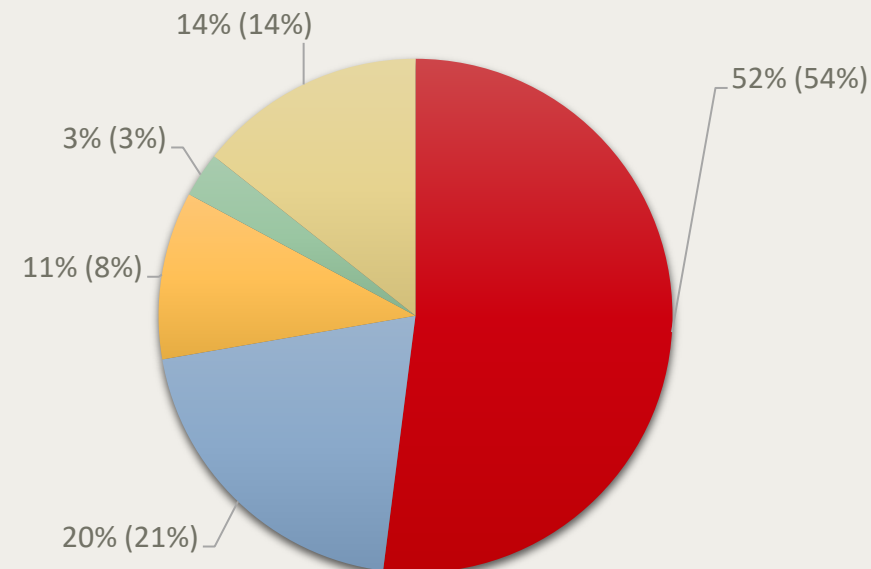
Revenue by market area, %



- Finland
- North America
- Russia
- Other countries*
- Other European countries
- Germany
- Scandinavia

- Revenue grew by 88.4% to EUR 86.5 million (45.9).
- Significant growth in all of Harvia's key markets, especially in Germany.
- The EOS and Kirami acquisitions increased revenue in Finland, other European countries, Germany and Russia.

Revenue by product group, %



- Sauna heaters
- Sauna rooms & Scandinavian hot tubs
- Control units
- Steam generators
- Other product groups, spare parts and services

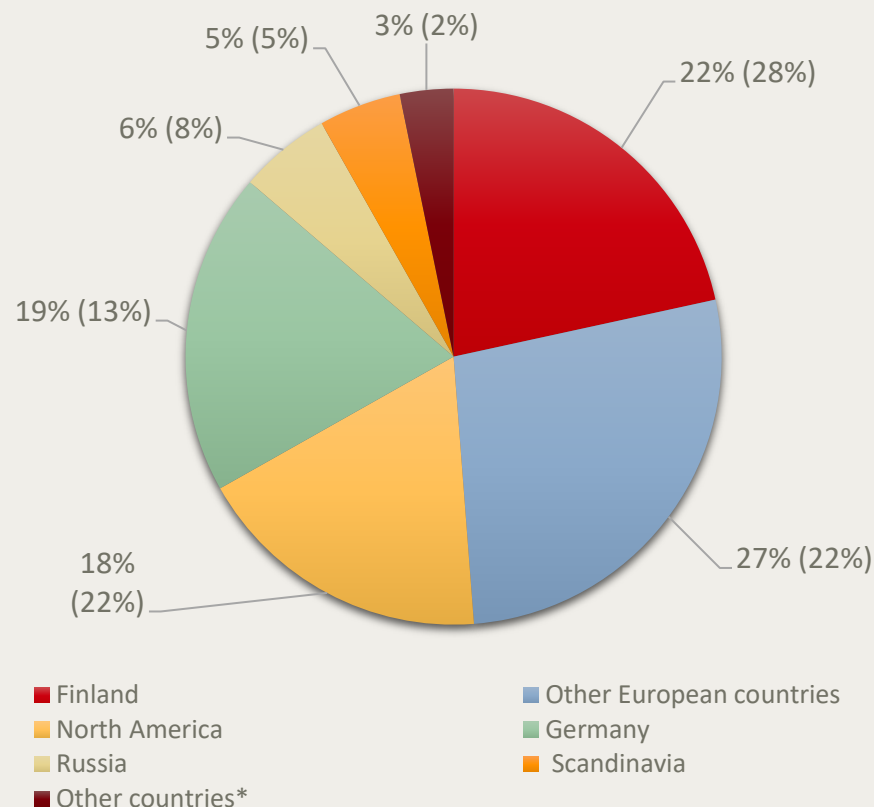
- Revenue growth in all product groups.
- Sauna room sales growth continued, driven by strong demand in the US and Central Europe.
- Acquisitions increased the revenue of sauna heaters, Scandinavian hot tubs, control units and other product groups.

* The largest of which: Arab countries and Asia.

Q2: STRONG PERFORMANCE IN ALL MARKET AREAS AND PRODUCT GROUPS

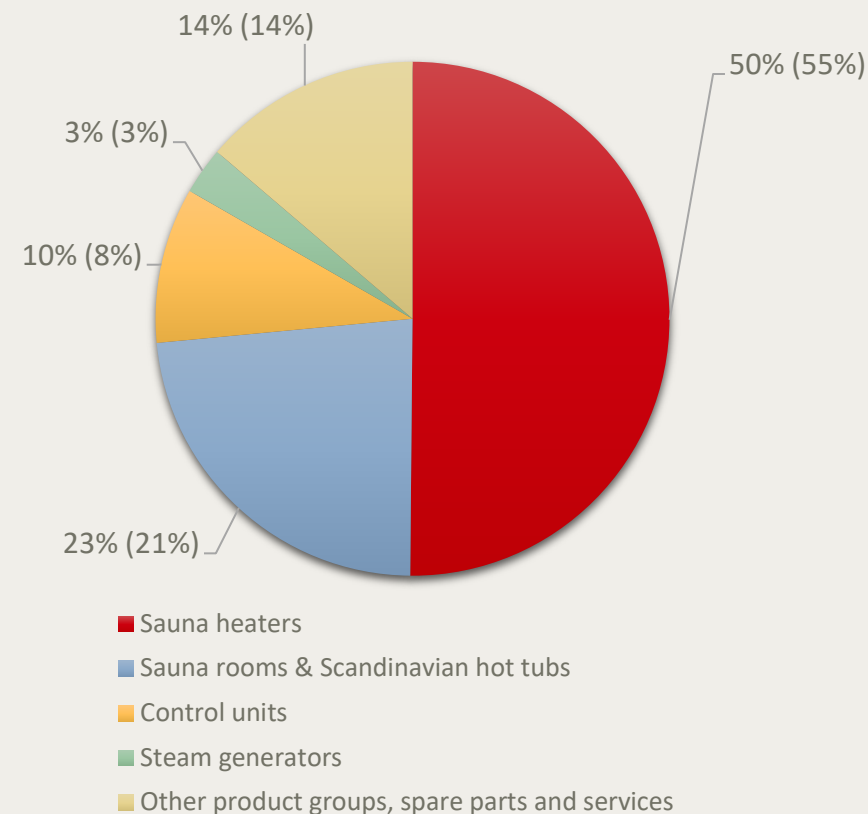


Revenue by market area, %



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Revenue by product group, %



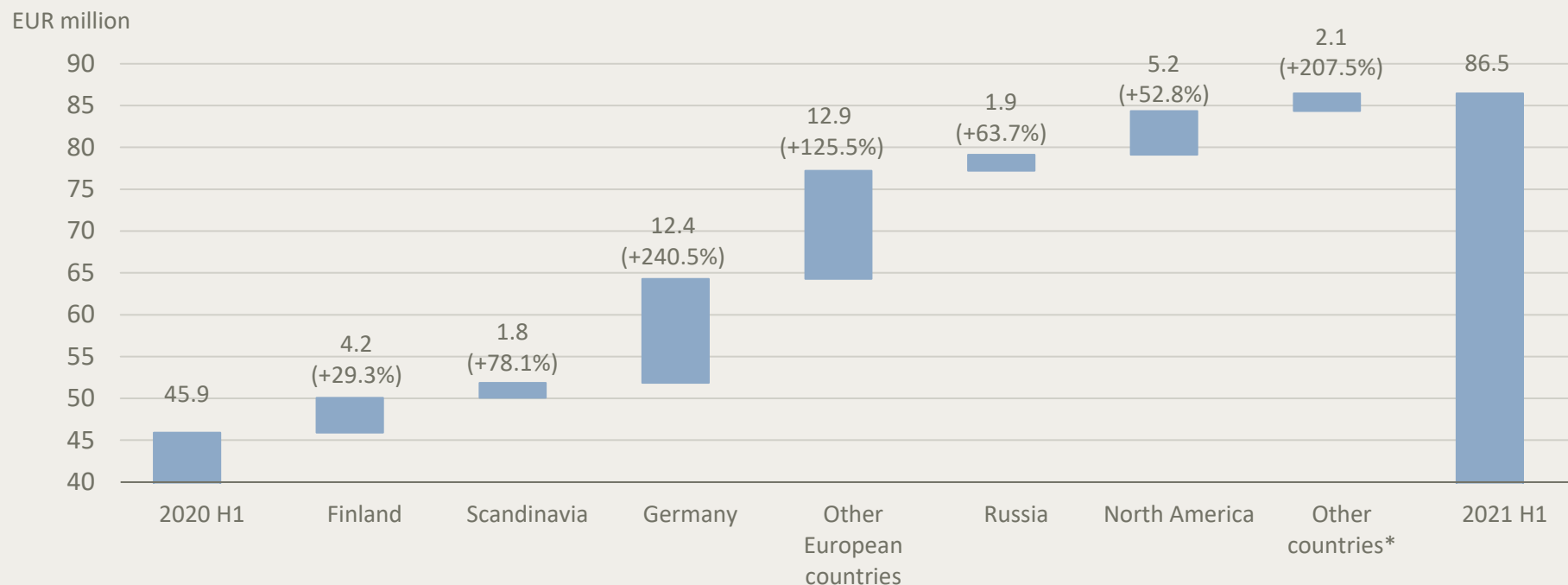
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H1 2021: REVENUE INCREASED BY 88.4%



Revenue by market area 1–6/2020 vs 1–6/2021



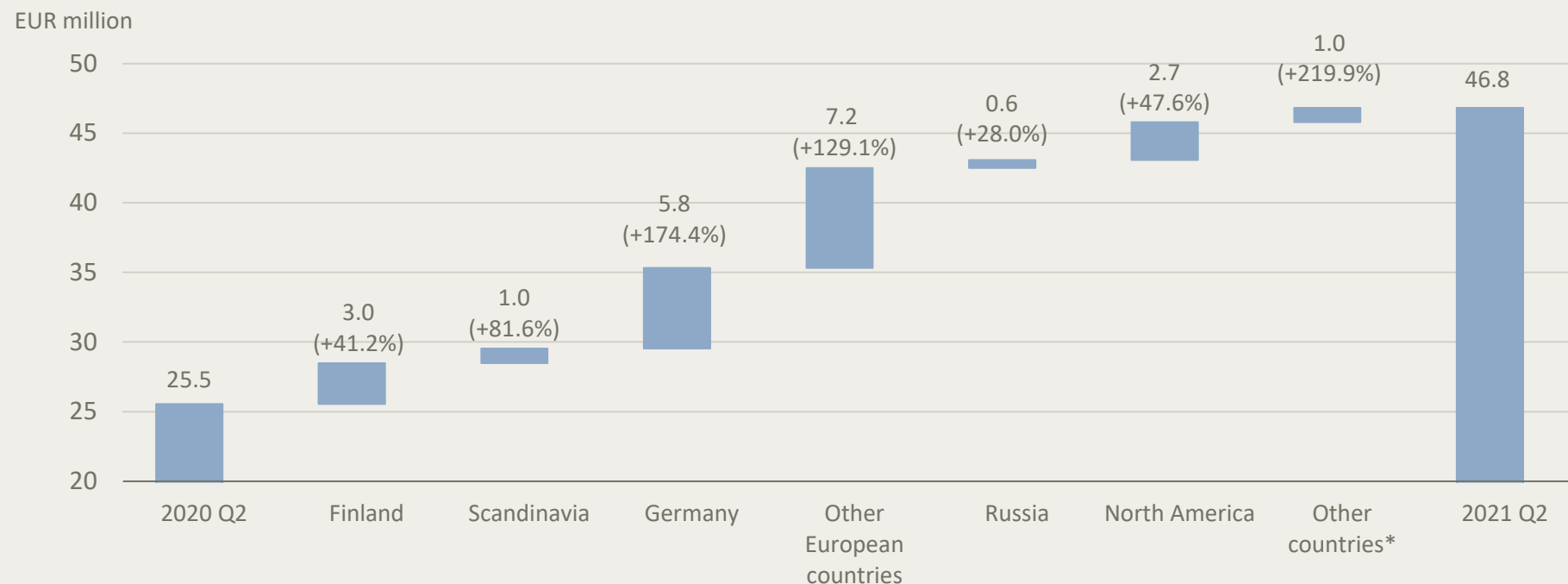
- Significant growth in all of Harvia's key markets, strong organic revenue growth especially in Germany.
- Acquisitions increased the Group's revenue in Finland, Germany, other European countries and Russia
- Organic revenue growth was 60.8%.
- At comparable exchange rates, revenue grew by 93.9% to EUR 88.9 million.
- The growth in other countries is driven mainly by Arab and Asian countries.

* The largest of which: Arab countries and Asia.

Q2 2021: REVENUE INCREASED BY 83.4%



Revenue by market area 4–6/2020 vs 4–6/2021



- Significant growth in all of Harvia's key markets, strong organic revenue growth especially in Germany.
- Acquisitions increased the Group's revenue in Germany, other European countries, Finland and Russia.
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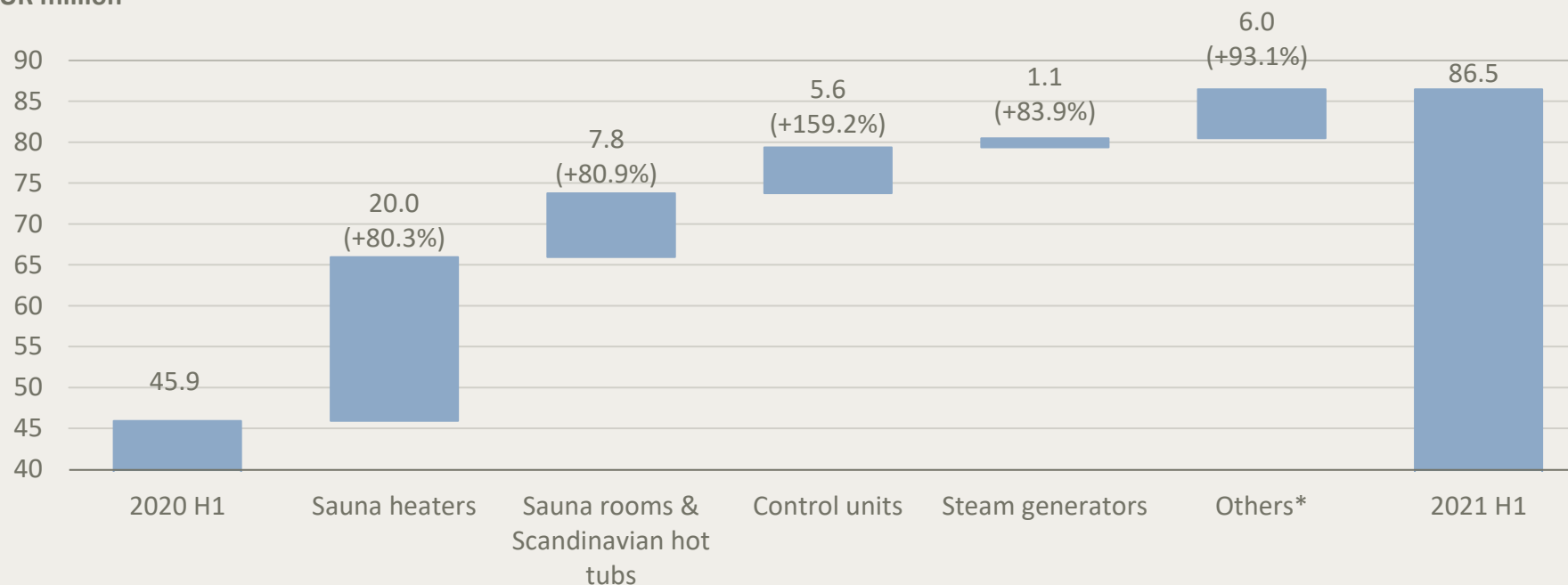
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H1 2021: GROWTH IN ALL PRODUCT GROUPS



Revenue by product group 1–6/2020 vs 1–6/2021

EUR million



- Revenue growth was especially strong in the sauna heater product group, sauna rooms, control units and 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 acquisitions of EOS Group and Kirami boosted the sales of electric heaters, Scandinavian hot tubs, control units and other product groups.

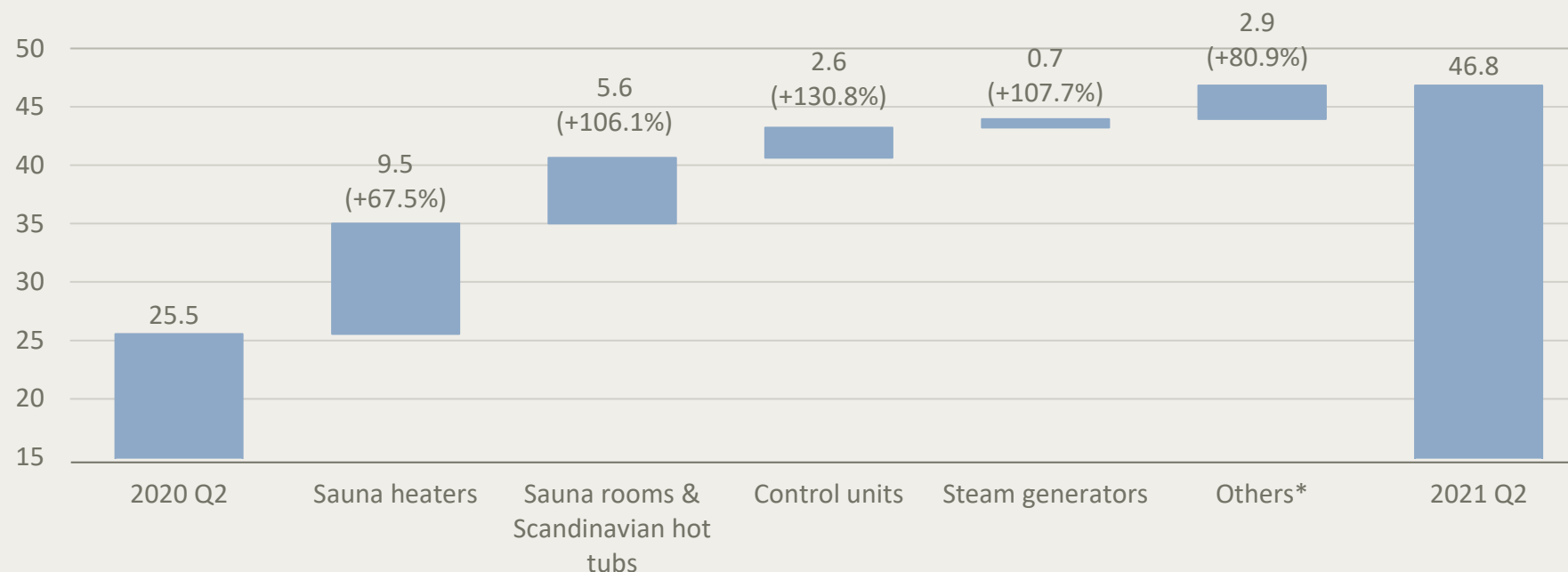
* Includes among others, spa components, infrared radiators, services and sauna equipment.

Q2 2021: GROWTH IN ALL PRODUCT GROUPS



Revenue by product group 4–6/2020 vs 4–6/2021

EUR million



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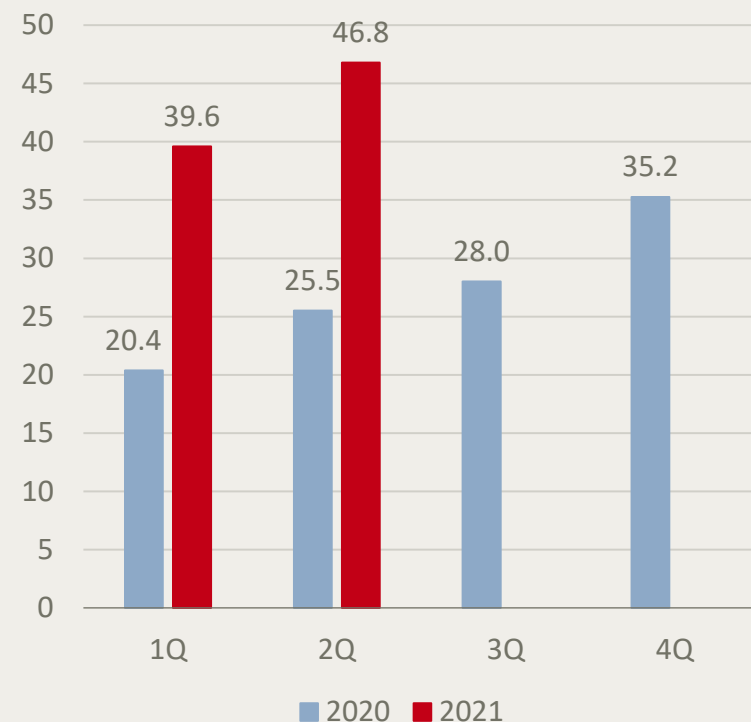
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REVENUE AND ADJUSTED OPERATING PROFIT



Revenue

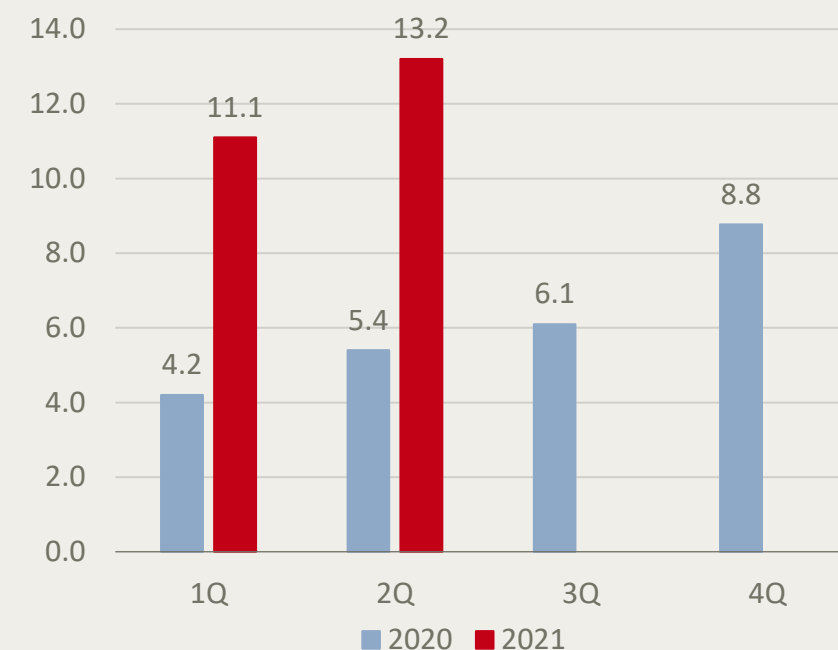
EUR million



- In Q2, strong growth especially in Germany and other European countries.
- At comparable exchange rates, revenue grew by 88.4% and was EUR 48.1 million.

Adjusted operating profit

EUR million



- Adjusted operating profit grew to EUR 13.2 million (5.4), making up 28.3% (21.1) of the revenue in the second 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



KIRAMI ACQUISITION



- Leading Scandinavian still water hot tub manufacturer – founded in 2001.
- The purchase price was 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.
- After the transaction, Harvia owns 100% of Kirami Oy. Kirami also owns 50% of an Estonian production company Metagrupp OÜ and 51% of a sales company Kirami Sweden AB, the shares of which were 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.
- 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.
- Last 12 months' net sales at closing EUR 22 million. 42% of the total net sales come from export activities, 58% from domestic sales.

HARVIA

Sauna & Spa

FINANCIALS

ARI VESTERINEN, CFO

HARVIA'S KEY FIGURES IN THE REPORTING PERIOD



Million EUR	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	2020
Revenue	46.8	25.5	83.4%	86.5	45.9	88.4%	109.1
Adjusted EBITDA*	14.6	6.4	127.5%	27.0	11.5	135.5%	28.8
% of revenue	31.2%	25.2%		31.2%	24.9%		26.4%
Adjusted operating profit*	13.2	5.4	146.0%	24.4	9.6	154.2%	24.4
% of revenue	28.3%	21.1%		28.2%	20.9%		22.4%
Basic EPS (EUR)	0.49	0.17	182.2%	0.93	0.30	209.6%	0.83
Operating free cash flow	4.0	4.5	-11.3%	12.2	10.4	16.6%	28.7
Investments in tangible and intangible assets	-4.1	-0.4	981.5%	-5.5	-0.7	715.8%	-2.6
Net debt	38.4	43.6	-11.8%	38.4	43.6	-11.8%	31.9
Leverage	0.9	2.2		0.9	2.2		1.1
Net working capital	29.5	22.3	32.3%	29.5	22.3	32.3%	18.0
Adjusted return on capital employed (ROCE)	103.4%	43.4%		103.4%	43.4%		73.3%
Equity ratio	39.3%	41.3%		39.3%	41.3%		42.0%
Number of employees at end of period	822**	563	46.0%	822**	563	46.0%	617

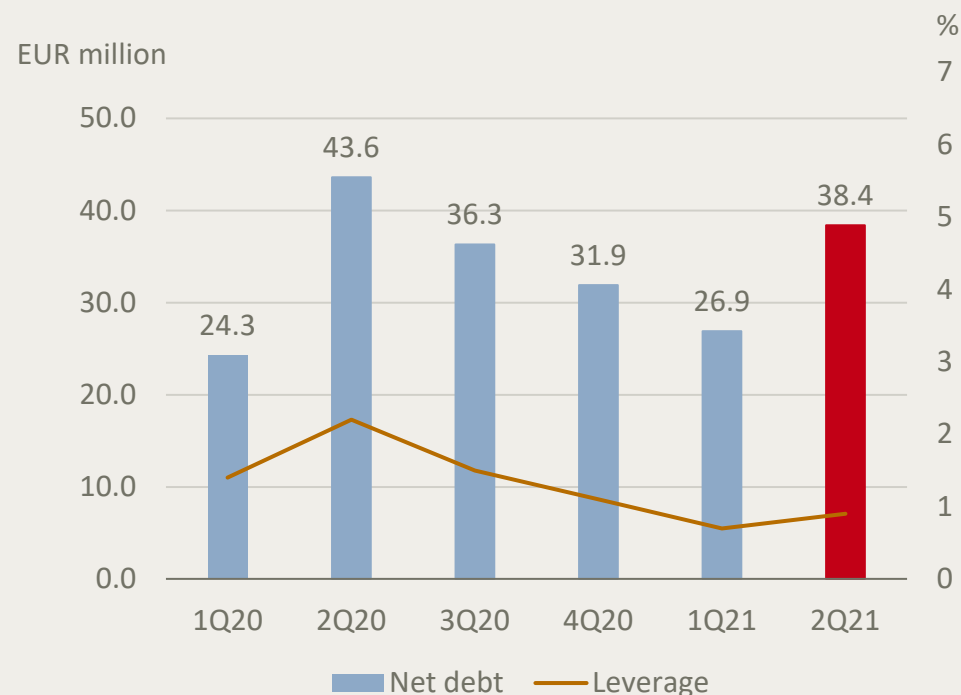
* Adjusted by items affecting comparability.

** Includes the personnel of Kirami, totaling 83 employees on 30 June 2021.

NET DEBT INCREASED DUE TO M&A, INCREASE IN CAPEX AND NWC

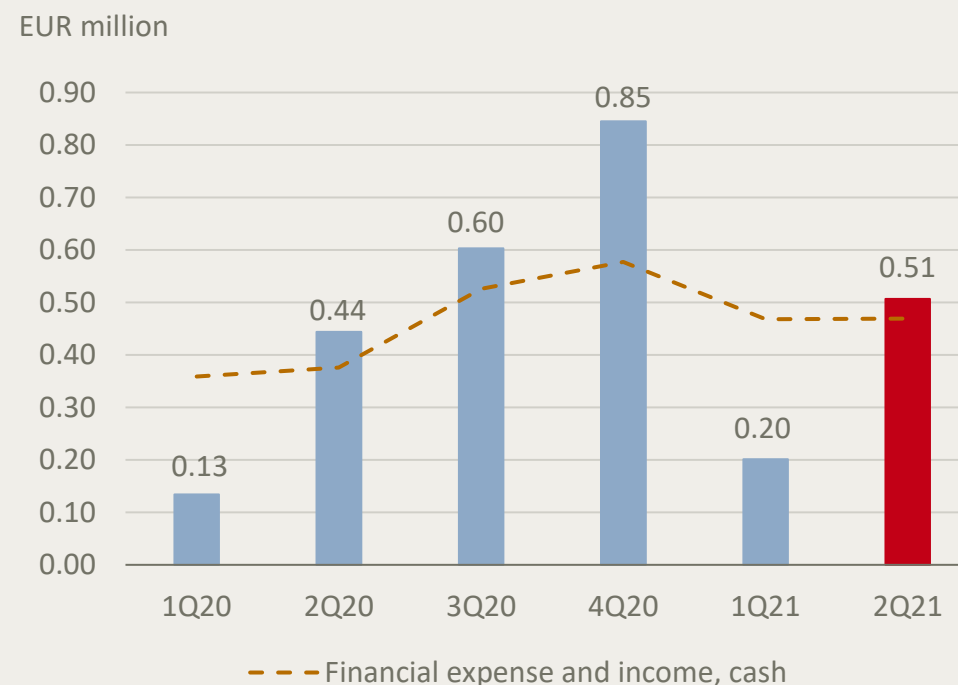


Net debt (EUR million) and leverage (%)



- At the end of June 2021, the company's net debt amounted to EUR 38.4 million (43.6). Interest-bearing liabilities were EUR 56.8 million (56.4) and lease liabilities EUR 3.0 million (2.9). Cash and cash equivalents were EUR 21.4 million (15.7).
- Leverage was 0.9 (2.2).

Net finance costs, EUR million

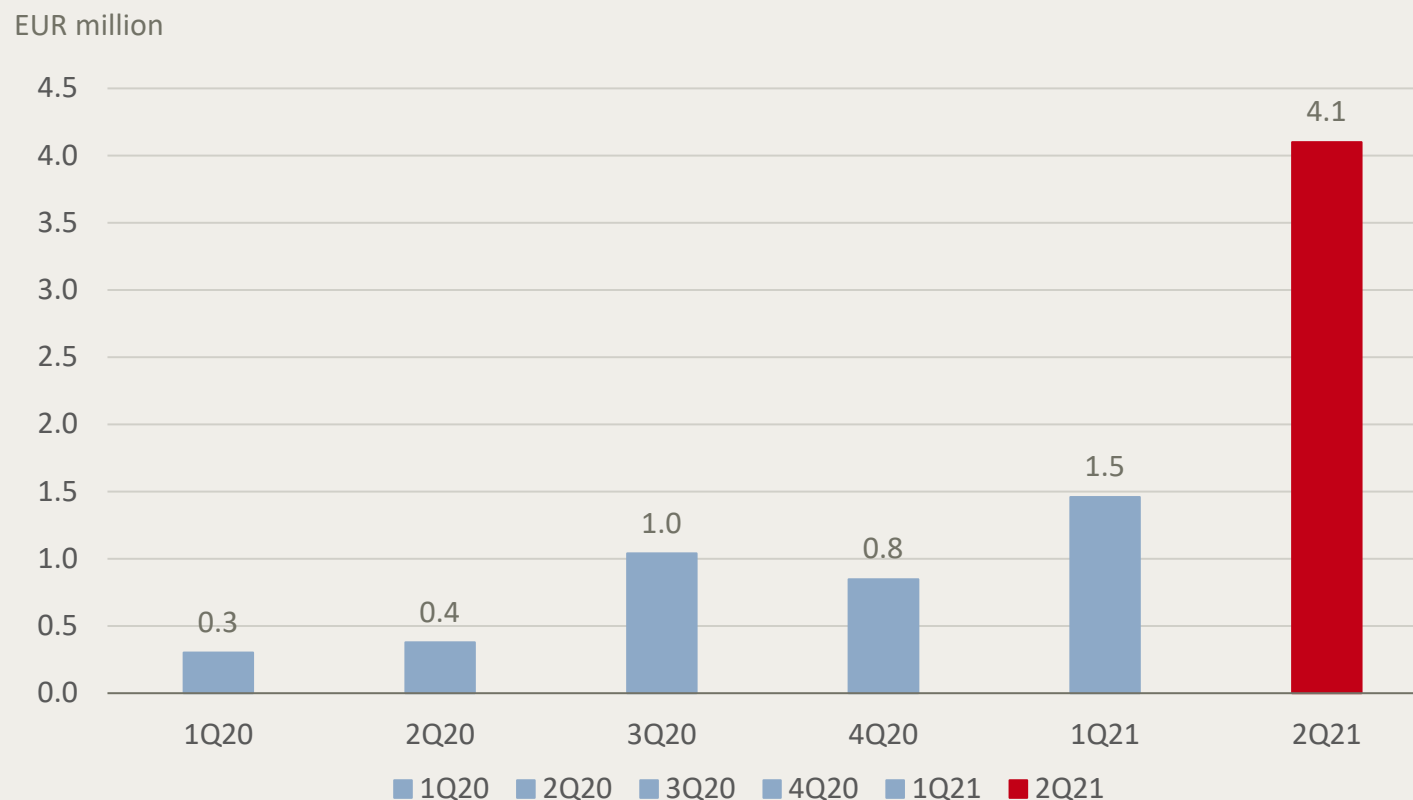


- Net financial expenses paid in cash were on Q1 level.

INVESTMENTS



Investments in tangible and intangible assets, EUR million

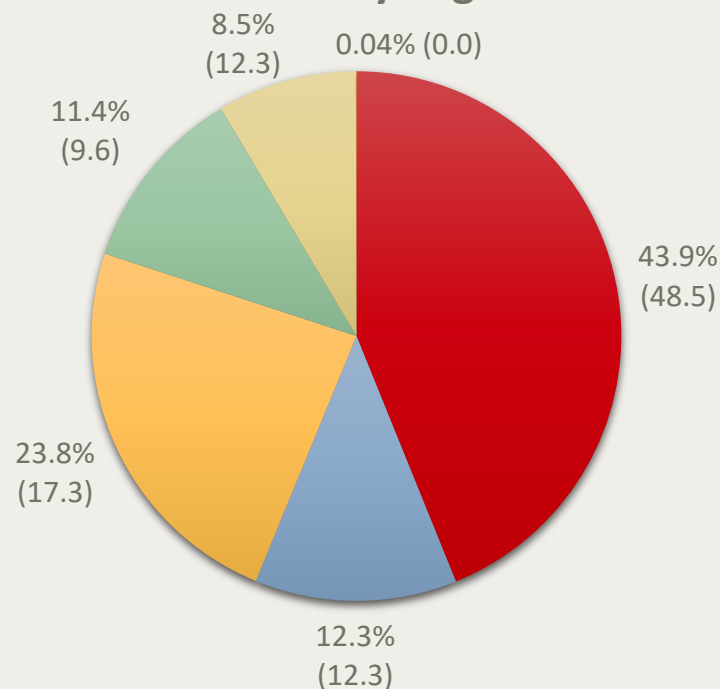


- Due to increased demand, Harvia is investing in increasing production capacity in Finland, US and Romania.
- In April 2021, Harvia acquired a new facility in Lewisburg, West Virginia, USA. Harvia is also investing in increasing the production capacity of its Muurame factory in Finland by building an expansion to the factory, acquiring new modern machinery as well as streamlining the factory layout.
- Harvia estimates that the full year capital expenditure in 2021 will be approximately EUR 10 million.

HARVIA'S SHAREHOLDERS (30 JUNE 2021)

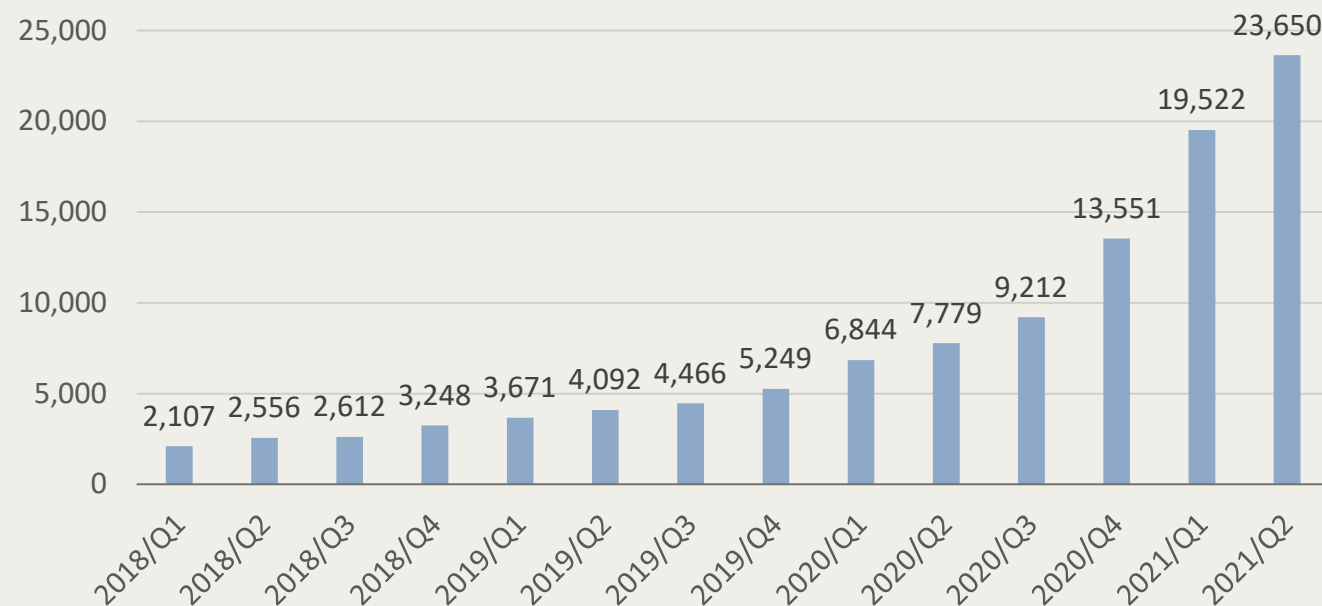


Distribution by Segment



- Nominee registered and outside Finland
- Onvest Oy
- Households
- Corporations
- Banks and insurance companies
- Harvia Plc's own shares

Number of Shareholders



- At the end of June 2021, the number of shareholders totaled 23,650 (including nominee registers).
- Harvia holds a total of 7,057 own shares related to the share-based incentive program. The shares correspond to 0.04% of the total number of shares.
- The shareholding of the Board of Directors, management and personnel was 6.2%.
- The market value of Harvia's share capital on 30 June 2021 was EUR 953.4 million (204.7).

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, 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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HARVIA

Sauna & Spa

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