

Relaxing Moments



Natural Wellbeing

HARVIA PLC INTERIM REPORT

JANUARY–SEPTEMBER 2021

**HARVIA Q3: STRONG GROWTH AND EXCELLENT
PROFITABILITY CONTINUED**

Tapio Pajuharju, CEO

Ari Vesterinen, CFO

4 NOVEMBER 2021



#healingwithheat

HIGHLIGHTS

HARVIA

Sauna & Spa

Harvia Q3: Strong growth and excellent profitability continued

- 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
- Despite the challenging times, the whole Harvia team has done excellent work – Thank you!

Investments in increasing productivity and capacity at par with plan

- Finland at par with plans – some upgrades in the machinery
- USA at par with plans – estimated to start late November
- Incremental investments initiated at EOS Germany and Romanian sauna factory
- Kirami expanding warehousing capacity

Kirami onboarding well and EOS performance very strong

- Kirami integration at par with plans and in good spirit
- Sauna-Eurox enabling Harvia to build sustainable and safe professional sauna stones business
- EOS performance very strong in DACH and other European markets – excellent work



Q3: STRONG GROWTH CONTINUED DURING THE THIRD QUARTER OF 2021



- **Revenue** grew by 65.1% to EUR 46.2 million (28.0). At comparable exchange rates, revenue grew by 65.4% to EUR 46.3 million. On top of very strong organic revenue growth of 42.5%, Harvia enjoyed substantial revenue growth due to acquisitions.
- **Adjusted operating profit** was EUR 11.8 million (6.1), making up 25.5% (21.8) of the revenue. At comparable exchange rates, the adjusted operating profit grew to EUR 11.6 million (25.2% of the revenue).
- **Operating profit** was EUR 11.6 (6.0) million, making up 25.1% (21.4) of the revenue.
- **Earnings per share** were EUR 0.44 (0.22).
- **Operating free cash flow** amounted to EUR 4.4 million (7.9). Capacity investments totaled EUR 2.5 million and net working capital increase was EUR 6.6 million.



1–9/2021: STRONG PERFORMANCE



- **Revenue** grew by 79.6% to EUR 132.6 million (73.9). At comparable exchange rates, revenue grew by 83.0% to EUR 135.2 million. The impact of acquisitions on growth was substantial, but organic revenue growth was also strong at 53.9%.
- **Adjusted operating profit** was EUR 36.1 million (15.7), making up 27.2% (21.2) of the revenue. At comparable exchange rates, the adjusted operating profit grew to EUR 37.0 million (27.3% of the revenue).
- **Operating profit** was EUR 35.5 (13.7) million, making up 26.8% (18.5) of the revenue.
- **Earnings per share** were EUR 1.37 (0.52).
- **Operating free cash flow** amounted to EUR 16.6 million (18.3).
- **Net debt** amounted to EUR 38.9 million (36.3) and **leverage** was 0.8 (1.5).
- **Equity ratio** was 41,4% (42.2).

SYSTEMATIC EXECUTION OF STRATEGY



Increasing the value of the average purchase

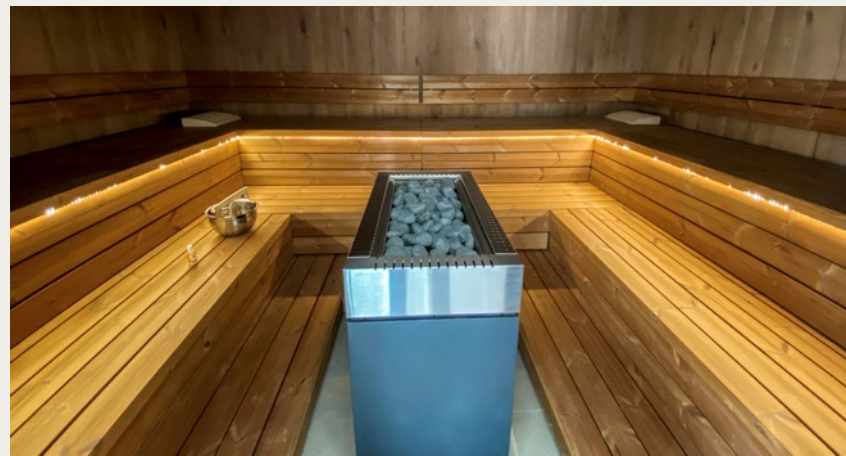
- Premium models in heaters and equipment performing well
- Professional channel gradually reopening
- Sales of complete sauna rooms performing well, but limited by capacity, causing long lead times
- Sauna heater stone offering expanding and adding value

Geographical expansion

- All markets performing well
- Despite of pandemic challenges, Southern Europe, Arab markets and Asia gradually returning closer to normal
- Preparations for Japan expansion well in line with plans
- New approvals for EOS delayed due to the pandemic but at least US approval is expected to be obtained by year-end

Productivity improvement & capacity expansion

- All main investments on par with plans
- In USA, new factory starts operations in late November
- Finland on par with plans. New machinery acquired to boost capabilities
- Romania expansion initiated and Kirami expanding warehousing capacity
- EOS Driedorf Capex for new machinery, installation still this year





IMPACT OF THE PANDEMIC ON HARVIA'S BUSINESS

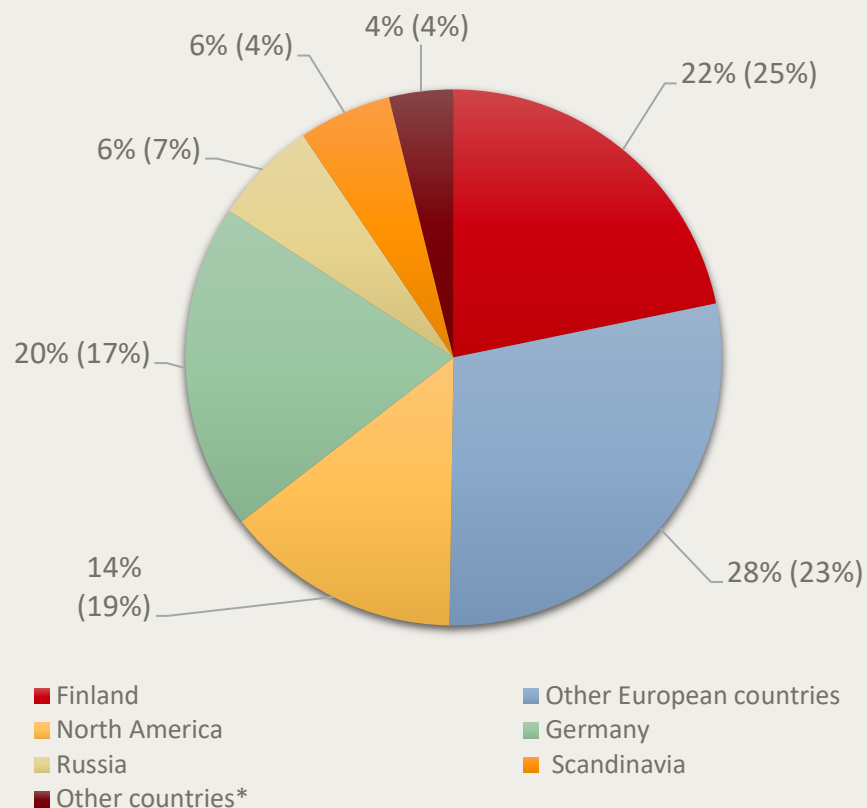


- **Awareness and popularity of the sauna have increased**, further boosting the underlying solid demand in the sauna and spa market.
- Harvia's management estimates that **part of this growth is generated by advance demand** and thus will not affect the long-term growth expectations of the sauna and 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 under control**. We have been forced to actively address our pricing. We expect this challenging situation to continue at least for the first half of 2022.
- **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.

Q3: STRONG GROWTH CONTINUED IN ALL MARKET AREAS AND PRODUCT GROUPS

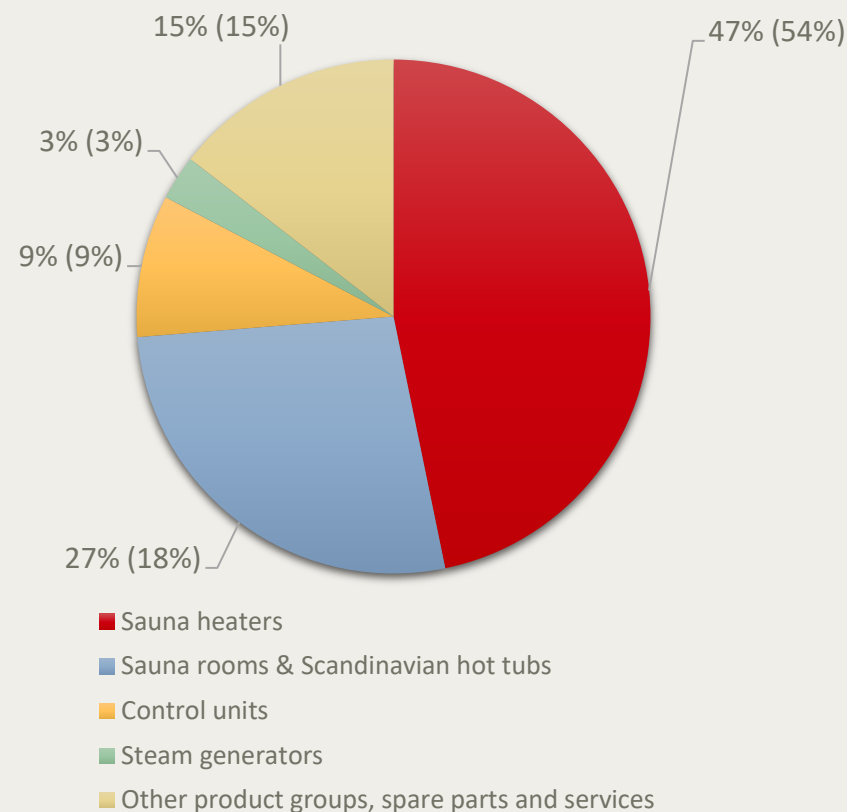


Revenue by market area, %



- Revenue grew by 65.1% to EUR 46.2 million (28.0).
- Significant growth in all of Harvia's key markets, especially in Germany and in other European countries.

Revenue by product group, %



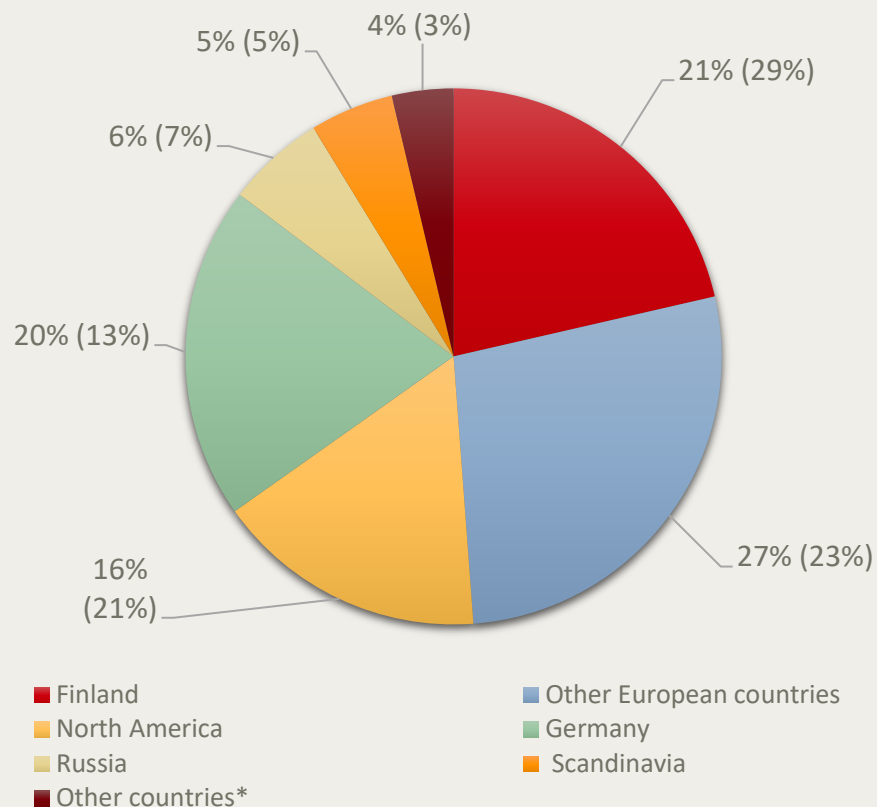
- Revenue growth in all product groups.
- Sauna room sales growth continued, driven by strong demand in the US and Central Europe.

* The largest of which: Arab countries and Asia.

JANUARY–SEPTEMBER 2021: STRONG PERFORMANCE IN ALL MARKET AREAS AND PRODUCT GROUPS

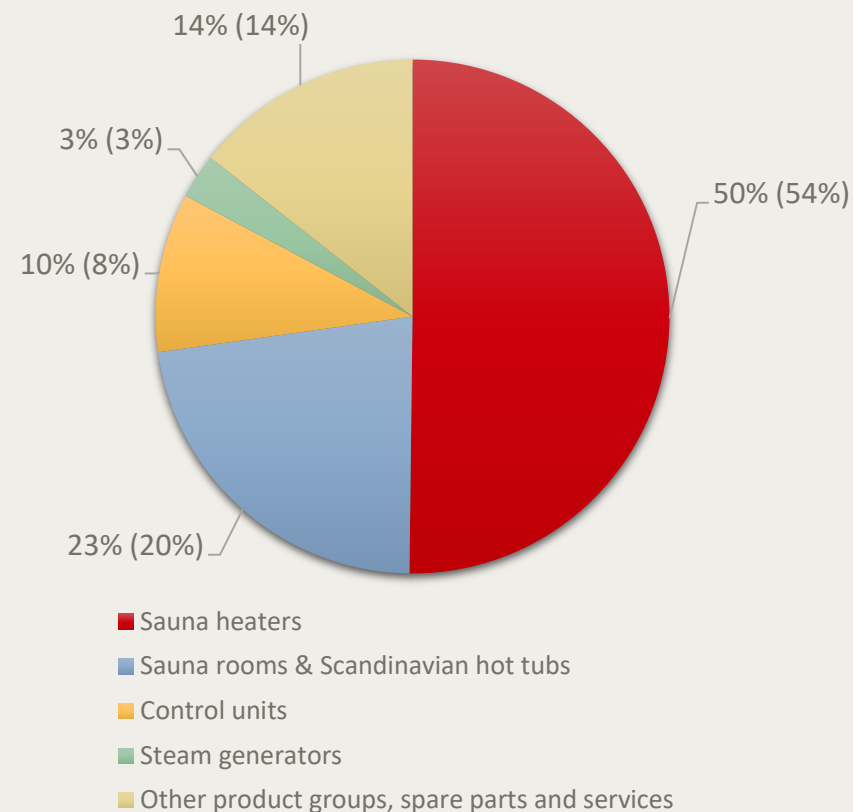


Revenue by market area, %



- Revenue grew by 79.6% to EUR 132.6 million (73.9).
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Revenue by product group, %



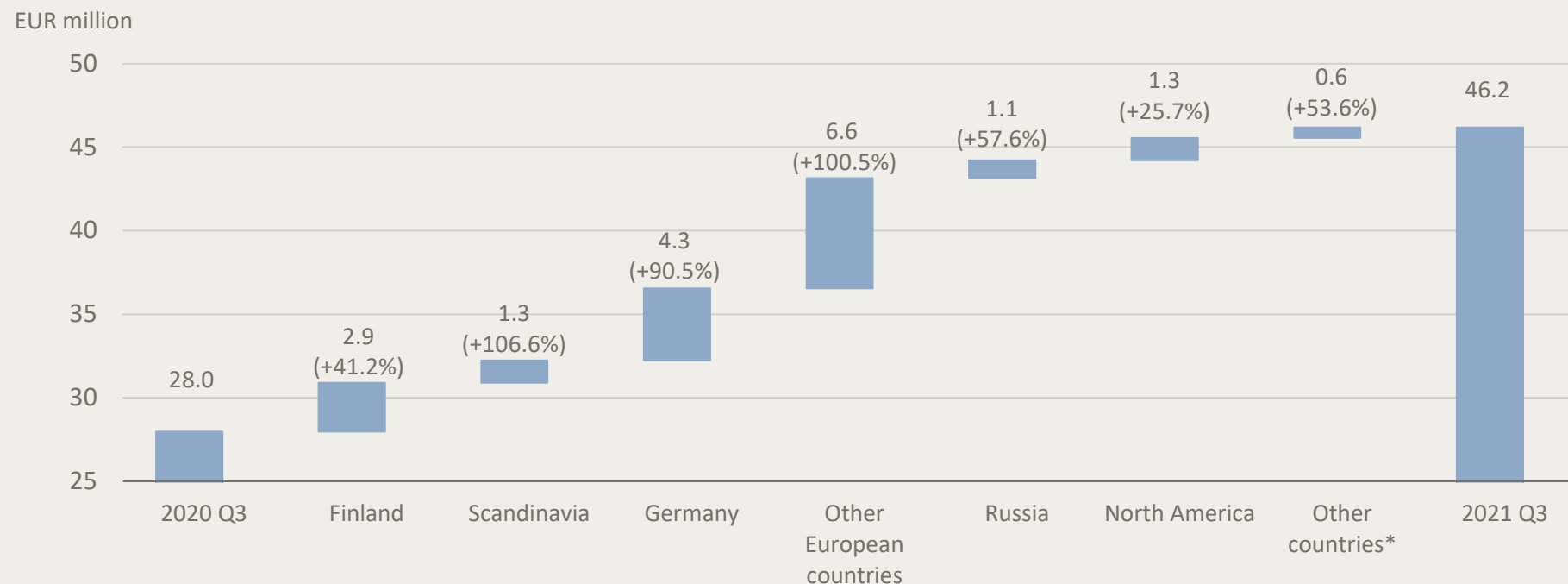
- Revenue growth in all product groups.
- Sauna room sales growth continued, driven by strong demand in the US and Central Europe.

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Q3 2021: REVENUE INCREASED BY 65.1%



Revenue by market area 7–9/2020 vs 7–9/2021



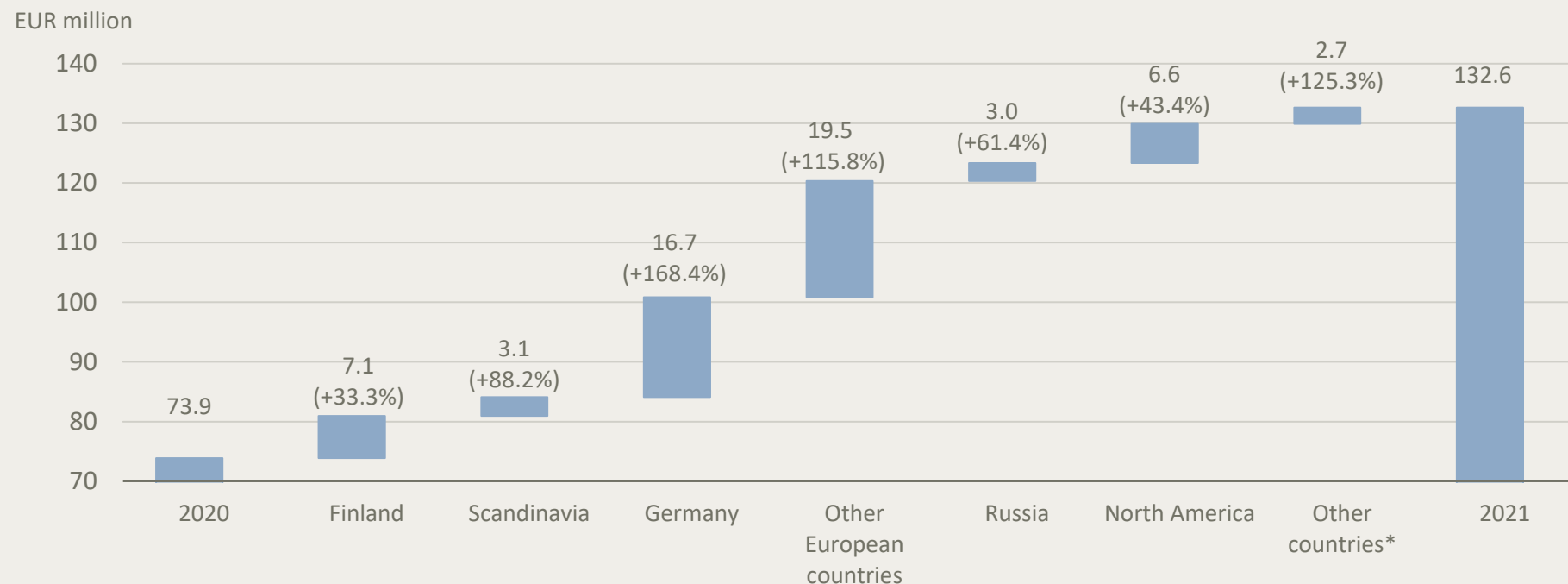
- Significant growth in all of Harvia's key markets, strong organic growth especially in Germany and other European countries.
- Organic revenue growth was 42.5%.
- At comparable exchange rates, revenue grew by 65.4% to EUR 46.3 million.
- The growth in other countries was driven mainly by Arab and Asian countries.

* The largest of which: Arab countries and Asia.

JANUARY–SEPTEMBER 2021: REVENUE INCREASED BY 79.6%



Revenue by market area 1–9/2020 vs 1–9/2021



- Significant growth in all of Harvia's key markets. Strong revenue growth especially in Germany and in other European countries.
- Organic revenue growth was 53.9%.
- At comparable exchange rates, revenue grew by 83.0% to EUR 135.2 million.
- The growth in other countries is driven mainly by Arab and Asian countries.

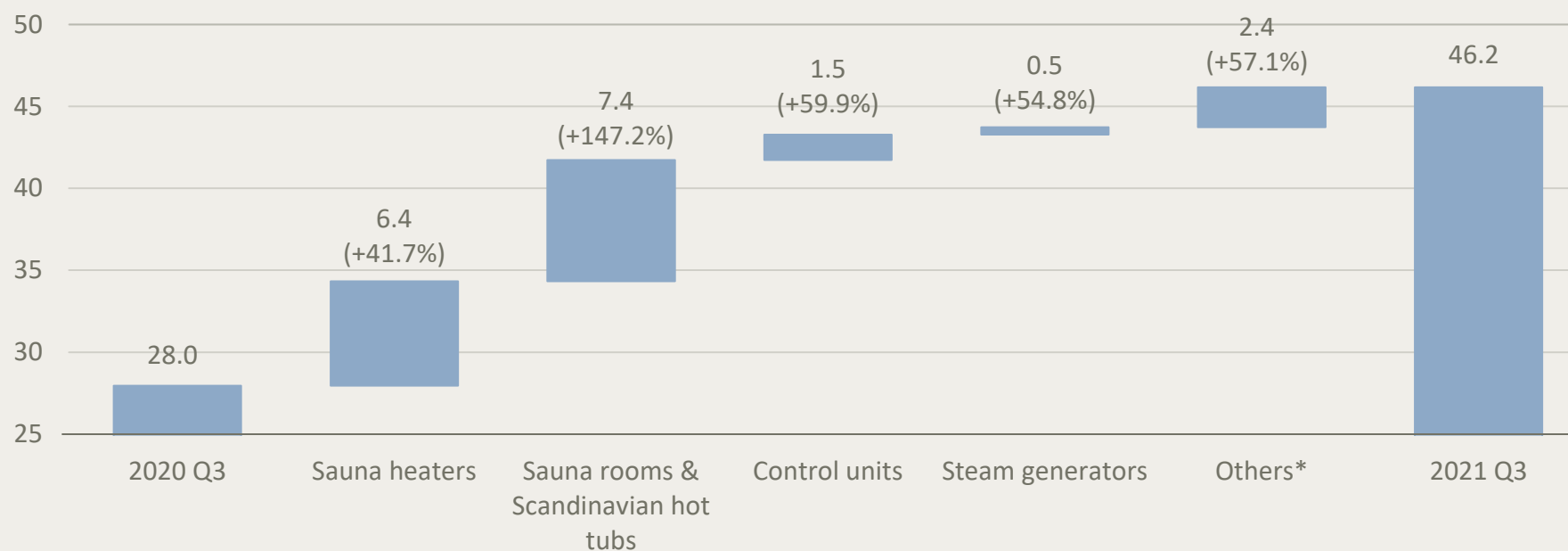
* The largest of which: Arab countries and Asia.

Q3 2021: STRONG GROWTH CONTINUED



Revenue by product group 7–9/2020 vs 7–9/2021

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.

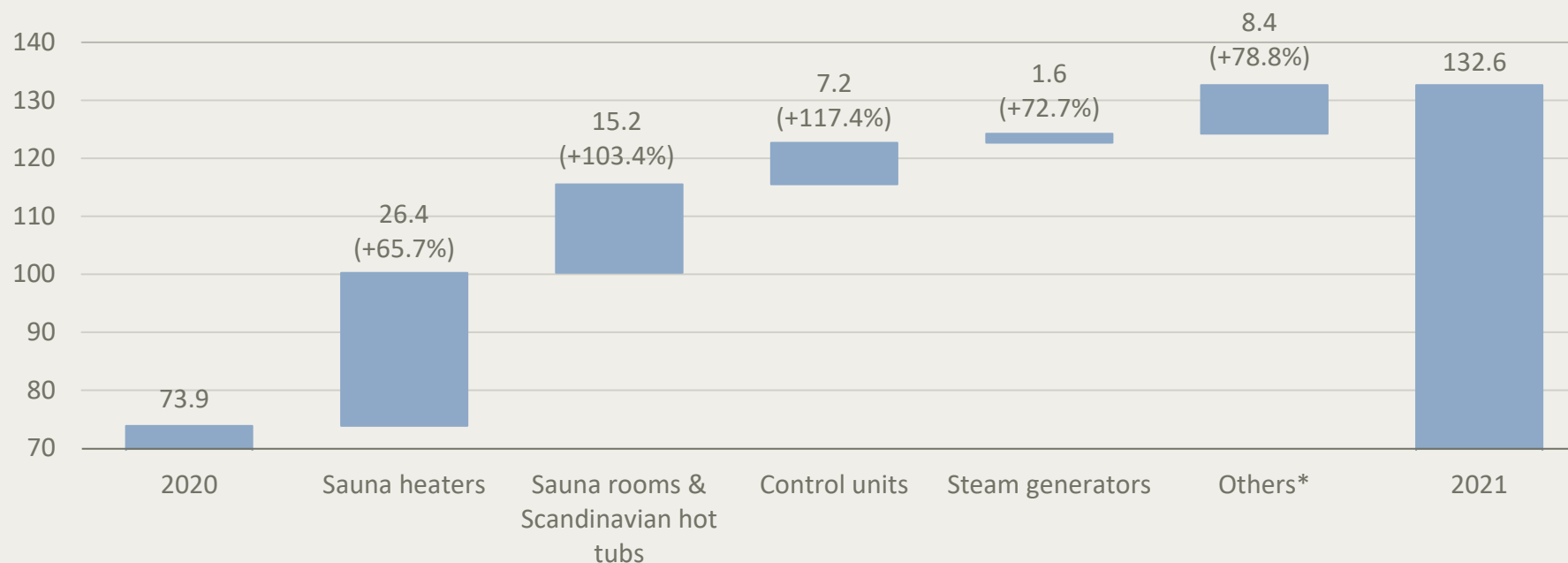
* Includes among others, spa components, infrared radiators, services and sauna equipment.

JANUARY–SEPTEMBER 2021: GROWTH IN ALL PRODUCT GROUPS



Revenue by product group 1–9/2020 vs 1–9/2021

EUR million



- Revenue growth was especially strong in the sauna heater product group, sauna rooms & Scandinavian hot tubs, 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.

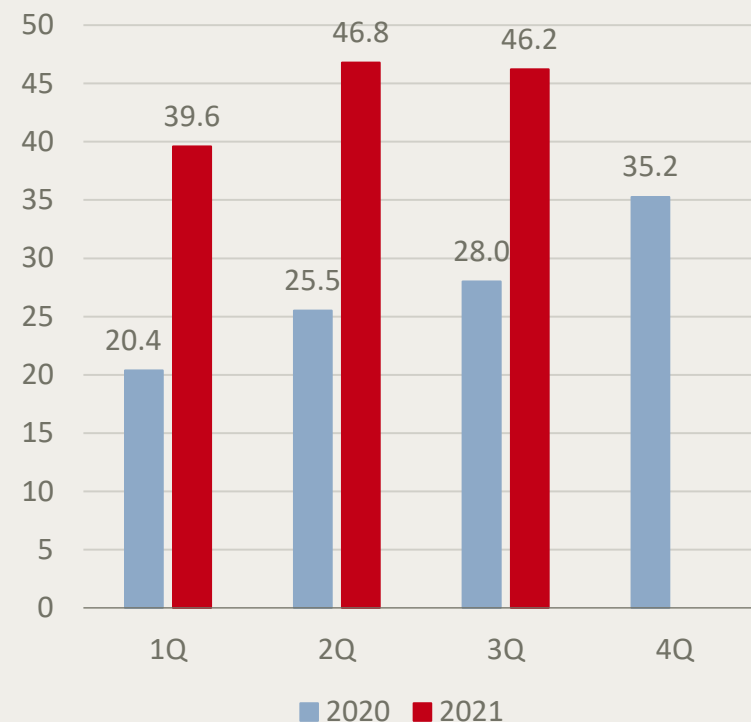
* Includes among others, spa components, infrared radiators, services and sauna equipment.

REVENUE AND ADJUSTED OPERATING PROFIT



Revenue

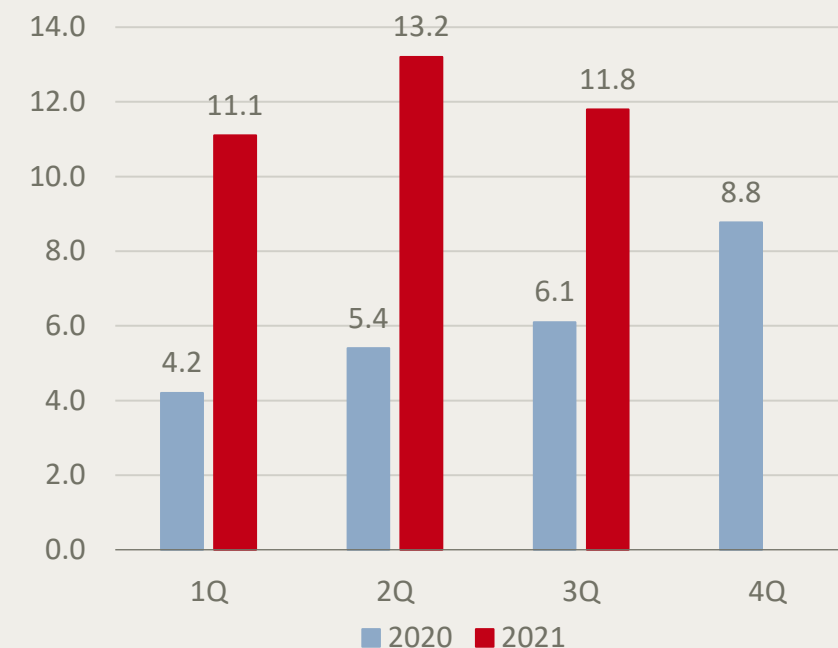
EUR million



- In Q3, strong growth especially in Germany and other European countries.
- At comparable exchange rates, revenue grew by 65.4% and was EUR 46.3 million.

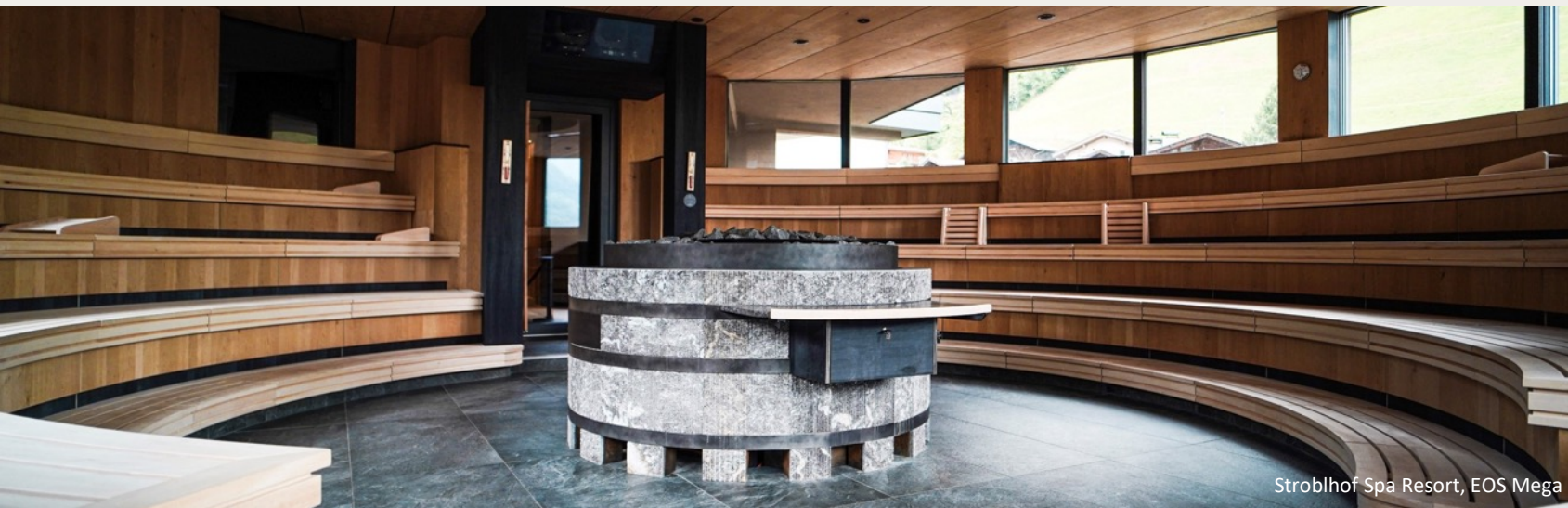
Adjusted operating profit

EUR million

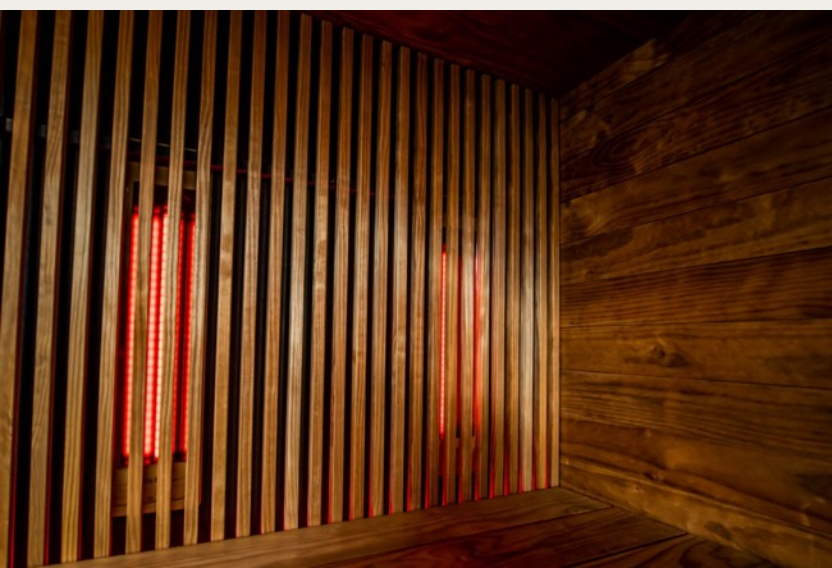


- Adjusted operating profit grew to EUR 11.8 million (6.1), making up 25.5% (21.8) of the revenue in the third quarter.

PRODUCTS FOR ALL THREE SAUNA TYPES AND ALL CULTURES



Stroblhof Spa Resort, EOS Mega



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

MERGERS AND ACQUISITIONS IN 2021



KIRAMI

- Leading Scandinavian still water hot tub manufacturer and pioneer in wood-heated hot tubs globally – founded in 2001.
- The acquisition complements Harvia's sauna and spa offering well and strengthens Harvia's leading position as a global sauna and spa experience brand.
- 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 will continue as an independent brand.



SAUNA-EUROX

- One of the world's largest suppliers of safe and sustainable sauna stones both for professional and home use.
- Founded in 1991 and based in Luvia, Western Finland.
- The acquisition also included Sauna-Eurox Oy's sister company Parhaat Löylt Oy. Consolidated revenue of the acquired companies totaled approximately EUR 3.2 million in 2020.
- The acquisition enables Harvia to offer a one stop shop in sauna stones, with an option to increase capacity.



FINANCIALS

ARI VESTERINEN, CFO

HARVIA'S KEY FIGURES IN THE REPORTING PERIOD



Million EUR	7-9/2021	7-9/2020	Change, %	1-9/2021	1-9/2020	Change, %	1-12/2020
Revenue	46.2	28.0	65.1%	132.6	73.9	79.6%	109.1
Adjusted EBITDA*	13.4	7.4	82.1%	40.4	18.8	114.6%	28.8
% of revenue	29.1%	26.4%		30.5%	25.5%		26.4%
Adjusted operating profit*	11.8	6.1	93.1%	36.1	15.7	130.5%	24.4
% of revenue	25.5%	21.8%		27.2%	21.2%		22.4%
Basic EPS (EUR)	0.44	0.22	104.2%	1.37	0.52	165.3%	0.83
Operating free cash flow	4.4	7.9	-43.9%	16.6	18.3	-9.4%	28.7
Investments in tangible and intangible assets	-2.5	-1.0	136.1%	-8.0	-1.7	364.8%	-2.6
Net debt	38.9	36.3	7.2%	38.9	36.3	7.2%	31.9
Leverage	0.8	1.5		0.8	1.5		1.1
Net working capital	36.7	19.7	85.7%	36.7	19.7	85.7%	18
Adjusted return on capital employed (ROCE)	112.4%	54.9%		112.4%	54.9%		73.3%
Equity ratio	41.4%	42.2%		41.4%	42.2%		42.0%
Number of employees at end of period	810**	587	38.0%	810**	587	38.0%	617

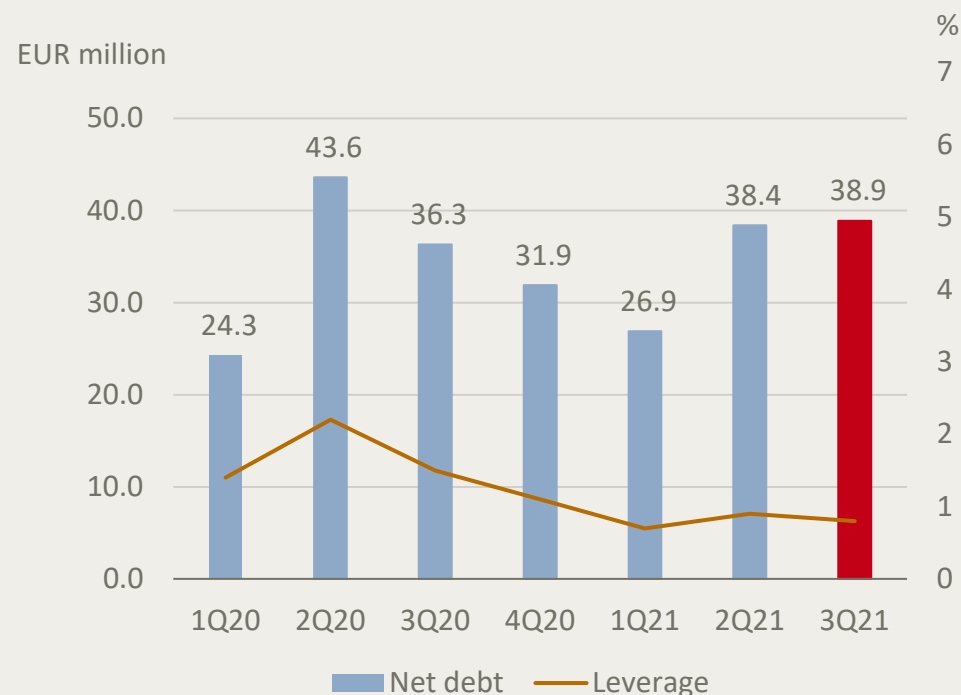
* Adjusted by items affecting comparability.

** Includes the personnel of Kirami & Sauna-Eurox, totaling 70 employees on 30 September 2021.

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

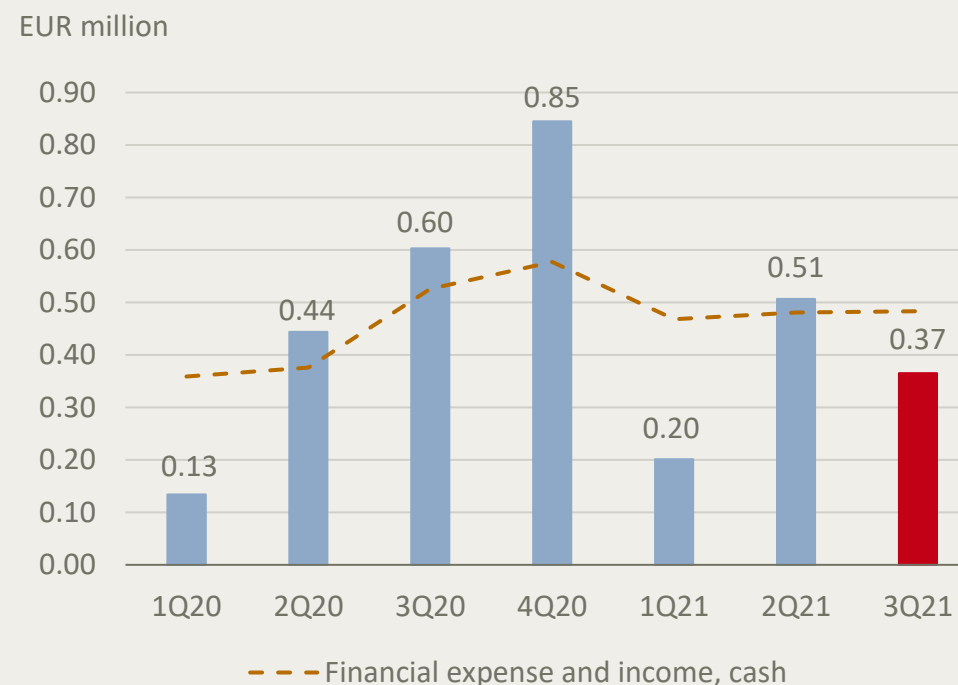


Net debt (EUR million) and leverage (%)



- At the end of September 2021, the company's net debt amounted to EUR 38.9 million (36.3). Interest-bearing bank liabilities were EUR 56.8 million (56.4) and lease liabilities EUR 3.0 million (2.9). Cash and cash equivalents were EUR 20.9 million (22.9).
- Leverage was 0.8 (1.5).

Net finance costs, EUR million

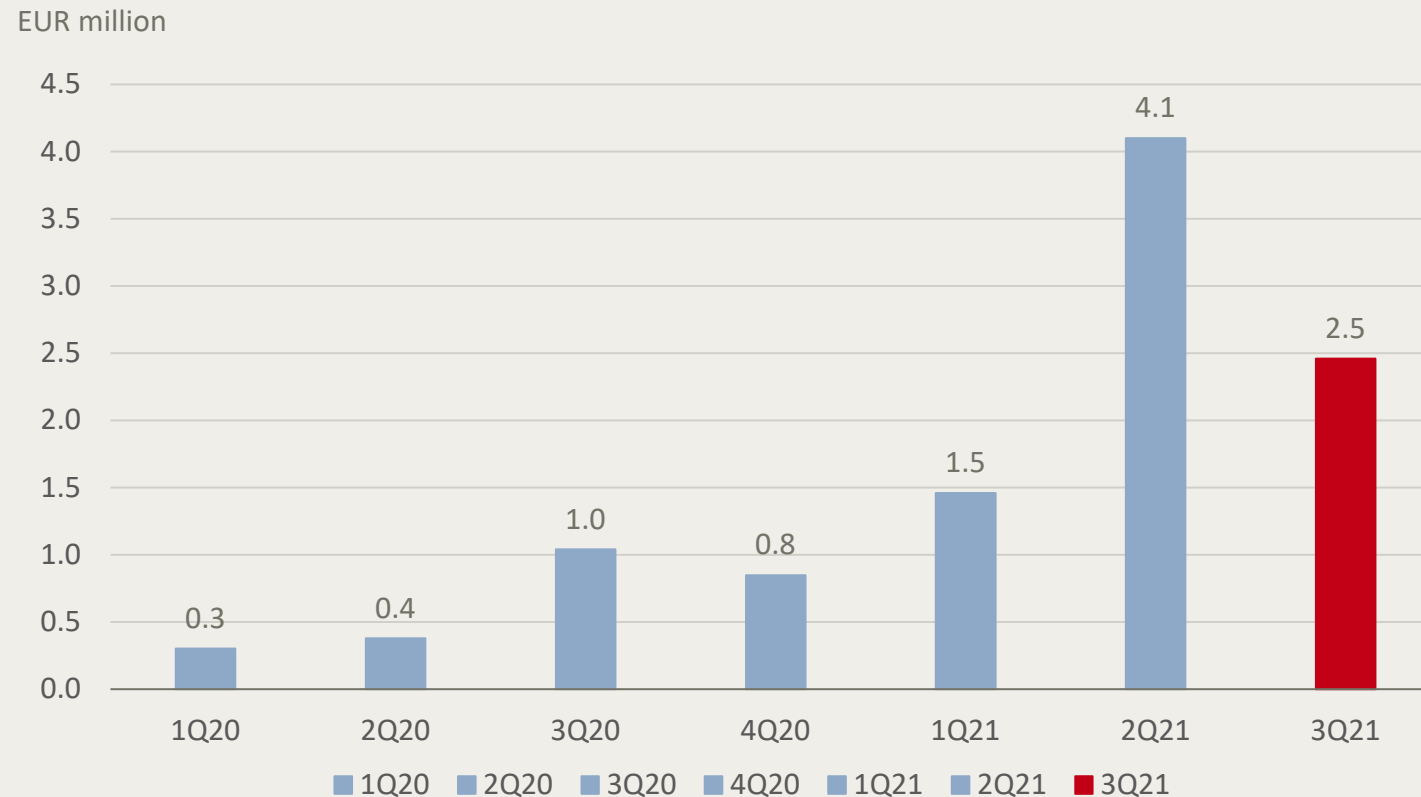


- Net financial expenses paid in cash were on normal level.

INVESTMENTS



Investments in tangible and intangible assets, EUR million

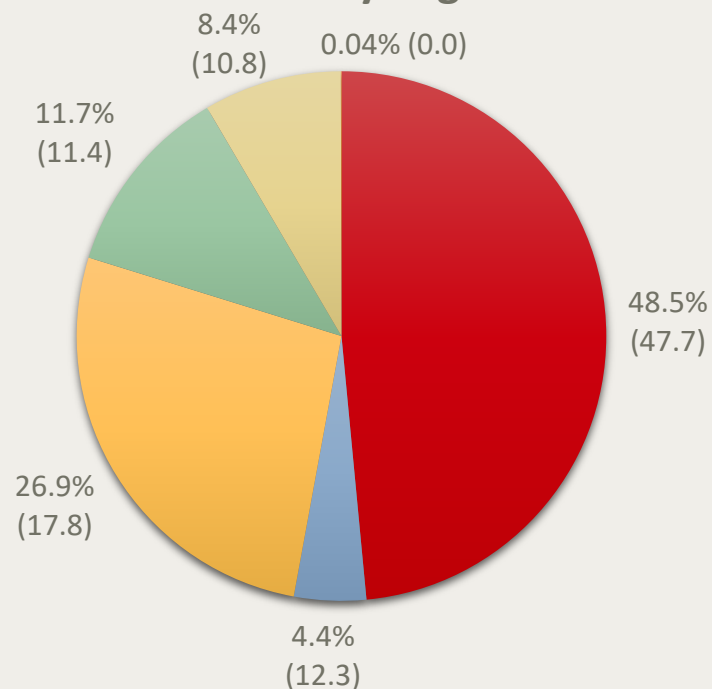


- Due to increased demand, Harvia is investing in increasing production capacity in Finland, USA and Romania.
- In April 2021, Harvia acquired a new facility in Lewisburg, West Virginia, USA. Harvia is also investing in increasing the production capacity of its Muurame factory in Finland by building 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 10–11 million.

HARVIA'S SHAREHOLDERS (30 SEPTEMBER 2021)

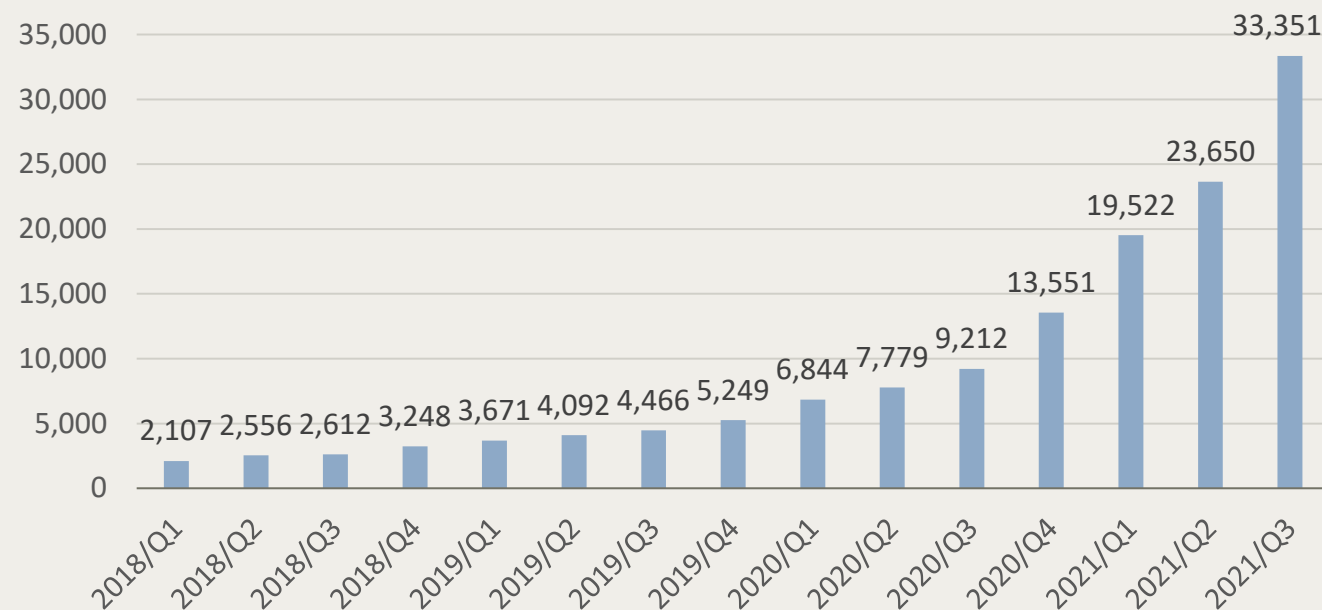


Distribution by Segment



- 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 September 2021, the number of shareholders totaled 33,351 (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 6.0%.
- The market value of Harvia's share capital on 30 September 2021 was EUR 859,9 million (332,8).

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 decided on the payment of the extra dividend of EUR 0.19 at its meeting held on 15 October 2021. The dividend was paid on 26 October 2021.



The text "Q&A" is written in a large, bold, red, sans-serif font. It is centered within a white rectangular border. The background of the entire image is a close-up of a wooden sauna interior, showing a metal bucket filled with dark, wet sauna stones in the foreground and wooden planks in the background.

Q&A

Relaxing Moments

HARVIA

Sauna & Spa

Natural Wellbeing

#healingwithheat